

DRIVING ADDICTION



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WATCHDOG

Tobacco Sponsorship in Formula One, 2021

Executive Summary

In 2020, as Formula 1 celebrated its 70th anniversary, STOP exposed the scale of one of the sport's greatest scandals: It had made an estimated \$4.5 billion to date from tobacco companies. STOP and Formula Money revealed that Philip Morris International (PMI) and British American Tobacco (BAT) collectively had been increasing their spending since 2019 to promote their brands and addictive products to F1's worldwide fan base. STOP expressed alarm about the resurgence of Big Tobacco in the sport, the potential impact on younger fans and how the sponsorships are in conflict with both a global treaty and the United Nations Sustainable Development Goals (SDGs).

The 2021 report reveals how tobacco companies are continuing to exploit their links to the sport as F1 expands its promotional activities to increase its appeal to younger audiences and new countries are added to the race calendar. PMI and BAT have pushed tobacco sponsorship to its highest levels since 2006. Together, they are spending an estimated \$105 million on F1 sponsorship in the 2021 season. This is on par with 2020, with total spending estimated at \$75 million from PMI and \$30 million from BAT.

It is money the tobacco companies may consider well spent. The \$30 million spent by BAT in 2020 earned an estimated \$54 million in on-screen exposure for its brands, according to exclusive analysis carried out on behalf of STOP. Much of this exposure was seen by the young demographics the tobacco industry desperately wants to reach.

Races themselves are hugely valuable gatherings which, when not under COVID restrictions, allow social media influencers, politicians, celebrities, royalty and sports stars to mingle and offer sponsors opportunities for corporate hospitality. F1 events provide the forums for access, as well as brand exposure, that tobacco firms crave and utilize.

Tobacco sponsorship conflicts with F1's commitments to the United Nations

In 2001 it appeared that the sport's governing body, the Fédération Internationale de l'Automobile (FIA), had caught up with the rest of the sporting world when it announced that it was acting to end tobacco sponsorship by the end of the 2005 season. Yet PMI maintained its relationship with Ferrari after this date and started advertising on the cars once again in 2018. This report estimates that PMI has spent more than \$2 billion on F1 sponsorship over the years. BAT re-joined the sport in 2019.

Formula 1, the most visible of the FIA's competitions, is owned by Liberty Media. The company and the FIA are working to grow F1's audience by adding new countries to the race calendar, extending into e-sports, forming new media partnerships and increasing the sport's social media presence. As Big Tobacco is excluded from advertising and sponsorship in nearly all sports, it eagerly turns to F1 to exploit this global footprint.

A global treaty on health, the World Health Organization Framework Convention on Tobacco Control (WHO FCTC), obliges governments to end all tobacco advertising, promotions and sponsorships; implementation of the treaty is also a target in the SDGs.

Every cent of tobacco companies' brand exposure in F1 in the fifteen years since the sport failed to fully remove all tobacco advertising and sponsorship undermines the treaty and national bans on tobacco advertising. While FIA leadership talks about its commitment to the SDGs and being "Purpose Driven," more young people in more countries are now being exposed to tobacco company brands because of F1.

Tobacco companies are reaching F1's young fans

PMI and BAT have used non-traditional brands to claim they are not in breach of the sponsorship ban. PMI created the Mission Winnow brand, which it says is about an aspiration to transform the company. BAT has also promoted corporate slogans such as "A Better Tomorrow." Yet trademarks for both slogans are associated with tobacco products. In addition, BAT has explicitly promoted its nicotine pouch brand Velo and e-cigarette brand Vuse.

This branding does not feature at every race, particularly in countries with strong national regulations against tobacco advertising and sponsorship. For instance, PMI removed Mission Winnow branding from the Ferrari cars in some European countries in 2021. Yet the same F1 fans protected by strong laws in their own country are then exposed to tobacco branding by coverage of races from other countries, and in promotional and marketing activity by the sport, the teams and their tobacco sponsors.

It is a conflict the FIA does not, so far, appear to be willing to confront.

F1 claims it has 433 million unique global viewers for its races. BAT's brands on the McLaren cars, with the team's podium finishes and battles for pole position, ensure plenty of screen time. According to analysis carried out on behalf of STOP, the Velo brand alone earned an estimated \$36 million in exposure.

That exposure is increasingly among a younger demographic. Two-thirds of fans are aged under 45 and the majority of new fans are aged under 35. A third of them are under 25. These fans are heavily engaged on social media. Followers of F1 on the major platforms increased by 36% in 2020. Views of F1 video content increased by 47% and total engagement nearly doubled.

The Netflix show "Drive to Survive" has also been identified as a key factor in increasing F1's youth appeal. And as PMI and BAT have invested heavily in their F1 presence, their branding can appear ubiquitous when McLaren and Ferrari are seen in coverage of the sport, on social media and in the Netflix show—even in an image on a news program for children.

From music festivals to competitions, driver conversations to glamorous parties, the STOP report sets out examples of these tobacco

companies using every channel to exploit their F1 links, reaching young consumers. Where it cannot ensure its brand is featured, such as in the official F1 driving game, BAT creates an alternative: BAT and McLaren launched their own e-sports initiative, Velo Eseries, pitting celebrities against influencers.

Tobacco companies want to recruit new, young customers for their products: F1 once again finds itself complicit in this effort.

Conclusion

Tobacco sponsorship of F1 is now at a level comparable with 2006, when the sport supposedly banned such activity. It shows no sign of slowing as it rides F1's mission to expand its global reach. Indeed, F1 has given tobacco a license to be present on more platforms and in more venues than it could ever achieve on its own.

F1 still hasn't been able to shake its addiction to Big Tobacco's money and the price may be paid by a new generation of young race enthusiasts across the globe.

But there's an opportunity for change, as the sport elects a new President of the FIA in December 2021. STOP's message for the presidential candidates is clear: To protect the future of the sport's young fanbase, F1 must end all tobacco sponsorship and stop driving addiction.

Key Findings

Spending remained at the highest levels since 2006

- Tobacco companies Philip Morris International (PMI) and British American Tobacco (BAT) will spend an estimated \$105 million on Formula 1 in 2021. This is the same amount they spent in 2020,¹ which itself marked the highest spending in the sport by tobacco companies since 2006.
- This comprised an estimated \$75 million spent by PMI on Ferrari sponsorship and \$30 million spent by BAT on McLaren sponsorship.
- PMI increased its lead as the biggest-spending tobacco company in F1 history. It has now spent an estimated total of \$2.3 billion on the sport, more than half the total \$4.5 billion spent by all tobacco companies on F1.

Big Tobacco sponsorship was a good bet for exposure to F1 fans

- Throughout the 2020 season, BAT branding on the McLaren cars received exposure from race broadcasts alone that was calculated to be worth around \$54 million if the time on-screen had been bought as traditional TV advertising slots.
- This was almost triple the estimated \$19 million exposure BAT brands received in 2019. The increase was driven by a number of factors including increased BAT branding on the McLaren cars, more frequent use of BAT's own brands (less frequently replaced by, for example, partner brands) and the improved performance of the McLaren team resulting in increased broadcast exposure.
- The most-exposed BAT brand featured on the McLarens in 2020 was Velo, BAT's nicotine pouch product brand. Velo received exposure from race broadcasts worth an estimated \$36.7 million.

- BAT-associated brands, such as Dufry, which operates duty-free and duty-paid shops and convenience stores at retail hubs, also received race broadcast exposure worth an estimated \$7.5 million from the BAT/McLaren partnership, when this brand replaced BAT branding at some races.
- After a Ferrari team launch event for the 2020 car where PMI's Mission Winnow brand featured prominently, securing significant media coverage, the brand then did not appear on the Ferrari cars in 2020, though PMI remained the main sponsor of the team and did promote Mission Winnow extensively on social media, through major announcements and more. The missing branding itself resulted in media coverage for PMI and Ferrari. The brand has returned to the car in 2021.

More young people are seeing BAT and PMI brands via F1

- Interest in F1 among young adults is growing. Data from IPSOS found that 61% of new F1 fans are aged under 35, and 36% under 25. This makes F1 a very attractive proposition for sponsors looking to target that demographic.
- With an estimated 38% of its fans aged 18-24, McLaren has the youngest fan base of any team, except AlphaTauri. This gives the team a far younger demographic than F1 itself which has only 32% of fans in the age 18-24 demographic.
- Similarly, among F1 drivers McLaren driver Lando Norris attracts the fourth-highest percentage of fans aged 18-24—38.9% of his fans are in this demographic. His McLaren teammate, Daniel Ricciardo, is in seventh place among this age group—the highest-placed driver aged over 30.

1. This figure differs from the estimate in 2020's Driving Addiction: F1 and Tobacco Advertising report, which was a pre-season calculation based on assumptions around sponsorship activity. The revised calculation is based upon observation of actual activity in the 2020 season. Ref: <https://exposetobacco.org/wp-content/uploads/Tobacco-Sponsorship-in-Formula-One.pdf>

Tobacco companies are finding new ways to promote their brands beyond the track

- Data shows that almost all users who directly engage with @MissionWinnow on social media are aged 34 or under.
- Quirky Q&As with drivers and promotions, such as digital wallpaper giveaways, are very popular with young adults engaging with Mission Winnow on social media. Ferrari's Mission Winnow giveaway even appeared to have attracted the attention of a fan aged under 18.
- Analysis of search data shows that interest in Mission Winnow spikes during Grands Prix weekends and during major announcements about the Ferrari team.
- The controversial green Mission Winnow logo that debuted on the Ferrari cars in 2021 generated a great deal of interest in the brand. Google searches for Mission Winnow hit their highest level of 2021 by far around the time of the launch of the livery.
- BAT has used social media to associate its McLaren partnership with music-focused initiatives that appeal to young adults. This includes a partnership with the Tomorrowland festival and a Velo-sponsored British Grand Prix afterparty.
- Gaming has also been a big draw for BAT and it launched a Velo-sponsored celebrity e-sports series with McLaren in early 2021. This circumvented restrictions on the official Formula 1 video game which does not show tobacco-related brands on the digital representations of the cars.

Tobacco-Related Brands in F1 in 2021

| Brand | Company | Team | Type of brand |
|------------------------------|---------|---------|----------------------------|
| Mission Winnow* | PMI | Ferrari | PMI corporate initiative |
| A Better Tomorrow* | BAT | McLaren | BAT slogan |
| Accelerating Transformation* | BAT | McLaren | BAT slogan |
| Velo | BAT | McLaren | BAT Nicotine pouch product |
| Vuse | BAT | McLaren | BAT e-cigarette product |

*This has been registered as a trademark in respect to tobacco products as well as next generation products.