

DRIVING ADDICTION

F1 and Tobacco Advertising



STOPPING TOBACCO
ORGANIZATIONS & PRODUCTS





V-Power

BRIDGESTONE

AMD

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MAHLE
OIL
SKF
brembo

acer

vodafone

Marlboro



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Executive Summary

Formula 1 racing is one of the most-watched events in the world, with reportedly more than 500 million fans globally. But as the sport celebrates its 70th anniversary, the scale of one of its greatest scandals is only now coming to light.

F1 is the only global sports series—apart from its counterpart in motorcycle racing, MotoGP—that still permits the tobacco industry to use its teams and events to target fans across the world. Every image of tobacco branding on F1 cars and drivers that appears in global broadcast, online and news media helps the tobacco industry undermine national tobacco advertising bans. Its owner and rights holder, Liberty Media, is helping tobacco companies beam brands that represent addictive and harmful products into homes around the world where children are watching. Exposure to tobacco brands through F1 e-sports may encourage more people, especially young men, to start or continue tobacco use.

In its #PurposeDriven initiative, the sport's governing body, the Fédération Internationale de l'Automobile (FIA), claims that it wants to promote a net positive contribution to society. That is impossible while it allows tobacco companies that contribute to health, environmental and economic harm to remain involved in F1.

F1: Addicted to tobacco money

This report finds that, over the years, **Formula 1 has made more than \$4.4 billion* from tobacco companies advertising their brands and products. This will rise to \$4.5 billion in the 2020 season.** After years of declining sponsorship spend—brought on by growing global awareness of tobacco's harms, national bans on tobacco advertising and sponsorship, a supposed ban on tobacco sponsorship of F1 and a global treaty to curb tobacco use—2019 spending was back to 2011 levels: a staggering \$100 million.

Tobacco companies get a lot for their money. Sponsorship-generated exposure in 2019 is estimated to have been worth at least \$150.3 million for Philip Morris International's (PMI) campaign with Ferrari (for which it paid \$75 million) and \$27.6 million for the various brands promoted by British American Tobacco (BAT) on the McLaren cars.

On the surface, these sponsorships may appear to be less overt since the days when cars, driver suits, helmets and hospitality suites were emblazoned with cigarette brands, but they still represent tobacco brands. In 2018, PMI debuted its "Mission Winnow" branding on Ferrari cars and in 2019, BAT rejoined F1 sponsorship, branding McLaren cars with logos of the company's vaping and alternative products and its "A Better Tomorrow" initiative. While BAT has proceeded to advertise its next generation products outright, PMI has claimed that Mission Winnow does not and will not advertise or promote any PMI-branded tobacco or e-cigarette products. Both companies have, nevertheless, registered "Mission Winnow" and "A Better Tomorrow" as trademarks for use with respect to tobacco products, among other categories.

Finishing last in protecting people from tobacco advertising

In the early 2000s, a growing number of countries started to ban tobacco advertising and more sports stopped taking tobacco money. F1 lagged behind, with the sport's governing body, the FIA, eventually announcing that tobacco sponsorship should stop at the end of the 2006 season.

The recommendation from the FIA was implemented in 2006 but the tobacco industry didn't really leave because the governing body could not enforce a ban. PMI continued to sponsor and exploit its close association with the Ferrari team, including using F1 cars in Marlboro ads. After 2006, it continued to explore ways to represent the Marlboro brand on Ferrari cars, including the infamous "barcode" logo, finally scrapped in 2010.

Today, PMI claims Mission Winnow complies with F1 regulations, but if the trademark represents the company's "tobacco products," that would include the 800 billion cigarettes PMI produces every year. BAT continues to push the boundaries of F1's regulations by showcasing not just corporate branding, but also e-cigarette and nicotine pouch product brands on the McLaren livery.

Both PMI and BAT use their F1 links in corporate PR and social media; between them, they use car launches, team successes, F1 e-sports and more to attract the attention of F1 fans.

Research suggests that even the tobacco brands

that left the sport benefitted from long-term recall of their association with F1. The same is likely to be the case with these new brands. And the branding for PMI and BAT is pervasive, enjoying the most impactful, prominent placements on the cars and driver suits to maximize media exposure.

For 2020, BAT has considerably expanded its sponsorship of McLaren. Almost double the amount of branding was seen on the cars at the season-opener in Austria, advertising an oral tobacco product, Velo. This expanded branding is worth an estimated \$40 million, boosting total annual spending by tobacco companies on F1 to \$115 million in 2020.

The association with a technology-driven sport is valuable to PMI and BAT as they roll out their respective “corporate transformation” narratives. It’s more advantageous for their corporate brands to be associated in consumers’ minds with technology and innovation instead of the less attractive reality of cigarette smoke and tobacco-related disease and death.

Driving addiction

PMI and BAT have not changed: They produce and sell hundreds of billions of cigarettes annually, while more than 8 million people die from tobacco use every year. And their new products are not safe, either: There is no safe way to consume tobacco. In short, their business continues to be producing and selling addictive and harmful products, often targeting children and young people.

And that explains why tobacco companies use F1. When Liberty Media bought the rights to the sport, it said it would work to expand its global audience and attract a younger demographic. F1 now has the greatest proportion of fans under the age of 25 of all global sports leagues (with the exception of the National Basketball Association (NBA)). Some 62% of fans accumulated in the last two years were under the age of 35.

Fourteen years after tobacco sponsorship was supposed to be driven out of F1, and despite claims from the FIA that it supports the aims of the World Health Organization (WHO) Framework Convention on Tobacco Control, teams are still taking money from the tobacco industry as it looks to addict yet another generation on harmful products.

It’s time for F1 to finally wave the checkered flag on all tobacco advertising.

Key Takeaways

- Tobacco companies have spent an estimated \$4.4 billion on F1 teams and events over the years. This will reach more than \$4.5 billion by the end of the 2020 season.
- Tobacco sponsorship spending decreased after a 2006 ban, but didn’t stop and eventually began to grow.
- In 2019, tobacco spending increased to 9.4% of all team sponsorship by value, the highest share since 2011.
- In 2019, Philip Morris International and British American Tobacco spent almost \$100 million on F1 sponsorships.
- It’s estimated that this has increased to \$115 million in the 2020 season due to increased spend by BAT.
- The 2019 sponsorship-generated exposure is estimated to be worth at least \$150.3 million for PMI’s Mission Winnow campaign with Ferrari and \$27.6 million for the various brands promoted by BAT on the McLaren livery.
- F1 fans are an attractive audience to the tobacco industry: F1 has the greatest proportion of fans under the age of 25 of all global sports leagues (with the exception of the NBA), and 62% of fans accumulated in the last two years were under the age of 35.
- F1 fans are more likely than the general population to be high earners, making them a prime audience for the tobacco industry’s next generation products.
- Research indicates that even if Mission Winnow and the BAT brands ceased their branding in 2020, the sponsorship might still be associated with the sport by a large number of F1 fans in 2032.
- The COVID-19 pandemic has highlighted concerns about the impact of tobacco use on lung health, the risk of developing conditions including heart disease and diabetes and its deleterious effect on the immune system. Governments, health experts and the WHO are urging people to quit tobacco use. The FIA can protect F1 audiences, especially younger fans, from the harmful influence of tobacco company advertising by banning all tobacco company sponsorship from the end of the 2020 season.

*Currency listed in U.S. dollars

01 Introduction

METHODOLOGY

- Further details on specifics of the methodology can be found throughout the report.
- Sponsorship data from 2004 onwards is taken from the Formula Money Sponsorship Database. Data from before 2004 has been calculated using the same methods as the database which are detailed below.
- All figures are given in United States dollars (USD) unless otherwise specified.

SPONSORSHIP

Sponsor definitions

- The Formula Money list of partners corresponds to that on the teams' websites, communications material by the teams or sponsors and on lists of sponsors provided to Formula Money by the teams. Companies that have branding on the cars/driver-wear, but are not referenced as sponsors in one of these contexts are not included on our sponsor lists, unless there are exceptional circumstances.
- Companies that have branding related solely to driver sponsorships are not included.
- Funding from team owners is not included unless the team owner is also classed as a sponsor on the team's main list of sponsors. Where this is the case, the value of the sponsorship only is listed, not the total team owner spend if this is different. For this reason, Red Bull does not usually appear on the list of sponsors of Red Bull Racing, but is instead classed as team owner spend.
- Sponsorship from engine manufacturers includes only the purchase of branding on the car. Discounts on paid-for engine supplies and technical support are not included.

Logo location diagrams

- Approximate size of logo is indicated by font size.
- The diagrams represent the typical location of the sponsor's logos and may differ at certain races.
- Areas of the car listed are sponsorship areas rather than the technical names for parts of the car. For example, "airbox" covers both the airbox and engine cover as sponsor logos often cover both parts.

Values

- Very few actual F1 sponsorship values are publicly available. Our estimates are based on detailed examination of a number of factors, including the overall team revenues, known prices of similar sponsorships, location and size of logos, benefits other than branding, and the performance of the team at the time the deal was signed. In the case of series sponsors and trackside advertisers, Formula One Group company documents reveal total series sponsorship and advertising for the seasons and we make our estimates match that final total.
- The value of trackside advertising packages is based on an average of all similar advertisers throughout the season and therefore may fluctuate from year to year for the same deal.

Sponsorship sectors

- Sponsors are categorized by their main area of business or the area of business most prominent in their sponsorship with the F1 team. For example, electronics company Casio is classed under Fashion & Beauty rather than Telecoms & Technology because its partnership with the Toro Rosso team is focused on its watch brand.

BROADCAST EXPOSURE VALUE

One of the most important benefits of a Formula One sponsorship is exposure to the sport's 471 million unique global viewers. By using the lap-by-lap performance of each team along with the extent of sponsors' exposure during a given race, Formula Money has calculated the advertising value equivalent of team sponsorships factoring in the effects of race performance on brand visibility.

The focus of the data is not time on-screen but is instead the global media value of each sponsor's exposure. The data covers all brands featured on F1 cars during the relevant period, including sponsors, team owners and engine manufacturers. The data also includes the exposure achieved by trackside advertisers at each race.

The data is race-performance based so exposure is calculated for the duration of the race only and excludes branding of on-screen graphics. Exposure gained from pre-race events, the podium, practice sessions and qualifying is not included in the totals unless otherwise specified.

Formula Money also weights exposure according to the size of each race's global television audience. This means that the most-watched races on the calendar are awarded a higher per-second exposure value to account for their higher audience.

More details of the methodology can be found in Section 03.



Hockenheim Germany 2019
Editorial credit: cristiano barni / Shutterstock.com

02 Formula One Sponsorship Overview

BACKGROUND

THE FORMULA ONE world championship is often referred to as the world's most-watched annual sporting event, making it a valuable platform for brands and countries looking to reach a wide, international audience. The Formula One Group recorded a global TV audience of 471 million unique viewers of F1 in 2019, meaning that around 6% of the world's population watches F1 on TV.

Studies have shown that around the world, Formula One viewers tend to be more likely than the general population to be high earners and highly educated. They are drawn to the sport by a combination of speed, glamour and technology. In many key markets they are predominantly young and male.

These figures mean that Formula One attracts some of the world's biggest companies wherever it takes place around the world. Top executives from these brands visit each race and thousands of guests of the sponsors experience F1's hospitality. The races also attract a significant number of VIPs and celebrities, from the worlds of sport, showbusiness and politics, as well as more than 4 million spectators each season.

The high exposure combined with the fans' profile makes the sport particularly attractive to tobacco companies who are keen to access the young male demographic around the globe. It is a growing demographic. Liberty Media, which bought F1 in 2017, has made it clear that it wants to bring the sport to a younger audience and has been increasing its social media presence and introducing initiatives such as an e-sports championship and a Netflix series in order to do this.

FORMULA ONE'S POPULARITY: IN ITS OWN WORDS

Fanbase

- Research for F1 by Nielsen found that the sport had more than 500 million fans in the 27 markets that it monitored. The biggest fanbases were said to be in China (81.3 million), Brazil (54.7 million), Mexico (45.5 million), the United States (34.6 million) and India (31.1 million).¹

Global reach

- F1 held races in 21 countries in 2019, with 22 on the calendar in 2020 with new additions in Vietnam and the Netherlands.

Television

- F1 had 471 million unique viewers globally in 2019, including 405.5 million in the sport's top 20 markets, according to figures published by Formula One.
- The largest audiences in terms of unique viewers were in Brazil, China, Germany, the United States and Italy. The Middle Eastern audience grew by 239.6% to 17.6 million unique viewers in 2019.
- F1 had a cumulative global audience of 1.922 billion in 2019, its highest since 2012 and an increase of 9% on the previous year. It was the third consecutive year of growth.

Digital

- F1 also found that its social media followers (Facebook, Twitter, Instagram and YouTube combined) numbered 24.9 million in 2019, a 32.9% increase on 2018. Total impressions were up by 48.5% to 15.5 billion. It had 405 million interactions, up 82%.
- Formula1.com reached 409.8 million page views in 2019, an increase of 22.9%.

Race attendance

- F1 found that cumulative race attendance increased by 1.75% in 2019 to 4,164,948 ². Eight races had more than 200,000 spectators over the race weekend: Britain, Mexico, Australia, Singapore, the United States, Belgium, Hungary and Austria.
- F1's high end corporate hospitality operation, the Paddock Club, had 80,118 visitors in 2019, an increase of 7.15%.

¹ Formula One Group, F1 broadcast to 1.9 billion total audience in 2019, Formula1.com, 21 January 2020

² Formula One Group, Grand Prix attendance surpasses 4 million in 2019, Formula1.com, 19 December 2019

FORMULA ONE DEMOGRAPHICS

There have been a number of extensive surveys of F1 fans' views in recent years which have revealed a great deal about the typical fan of the sport. The surveys indicate that F1 fans globally tend to be young, male and more likely than the general population to be high earners. The data below is compiled from the following sources:

[GMR]

Formula One Global Media Report (annual to 2016)

[Reddit]

AMA with Matt Roberts, Research & Analytics Director at Formula 1, Reddit r/formula1, January 6, 2020

AMA with Matt Roberts, Research & Analytics Director at Formula 1, Reddit r/formula1, December 19, 2019

[F1.com]

F1 broadcast to 1.9 billion total audience in 2019,

Formula1.com, January 21, 2020

[Autosport]

Autosport, F1 Racing and Motorsport News fan survey, 2015

[GPDA]

Fan survey for the Grand Prix Drivers Association, by Motorsport.com and Repucom, 2015

Gender

Formula One fans are predominantly male.

- More than 90% of F1 viewers in the United States are male [GMR 2015] and more than 70% are male in Russia [GMR 2014] and India [GMR 2013]. Both China and Italy have more male than female fans [GMR 2015]. However, in Spain [GMR 2014] F1 viewers are slightly more likely to be female than the general population.
- 92.2% of respondents to the 2015 Autosport Formula 1 Fan Survey were male [Autosport]. Autosport is a British publication, so it is likely that a large number of respondents came from Britain and the rest of the English-speaking world.

Age

The most recent official data indicates an increasingly younger fanbase, particularly following the expansion of

F1's social media operations.

- According to Matt Roberts, Research & Analytics Director of Formula One, "14% of F1 TV viewers are under 25, although that's in line with the global population. [...] In fact, F1 has the greatest proportion of under 25s of all global sports leagues (with the exception of the NBA) [Reddit]."
- Roberts adds that new fans are likely to be younger: "we've done a lot of work looking at who is becoming new fans. 62% of new fans are under 35. Things like Netflix, e-sports, F1 TV pro, etc. have been extremely helpful at growing those audiences." He adds that this has been "helped by e-sports and Netflix" [Reddit].
- Data compiled by Nielsen confirmed that of F1's 500 million fans (across 27 markets), 62% of new fans accumulated in the last two years were under the age of 35 [F1.com].
- Fans in newer F1 markets tend to be younger than in traditional markets.
- In China, fans are around 5% more likely to be in the 25-34 age group than the population as a whole [GMR 2015]. Chinese fans are around a third less likely to be in the 55-64 age group than the general population.
- However, in some older F1 markets the typical fan is much older. In the United States [GMR 2015] F1 fans were overwhelmingly more likely to be over 45 than the general population. Nearly 30% of U.S. fans fit into the 55-64 age group; these people were young adults when the last American world champion Mario Andretti won his title in 1978.
- Of the 217,756 respondents to the 2015 Grand Prix Drivers Association survey, over half were in the 25-44 age group, with an average age of 37 [GPDA]. They came from 194 countries, with the highest numbers in the U.K., France and the United States.
- 59.3% of respondents to the 2015 Autosport survey were 18-40 years old. Another 27.3% were aged 41-60, 9.4% were aged 61+, and only 3.9% were aged under 18 [Autosport].

- The 2014 Global Media Report found that 61% of users of the sport's official website, F1.com, were aged 25-44 [GMR 2014].
- 80% of the audience for F1's e-sports series is under the age of 35 [Reddit]. The series launched in 2017.

Income

Formula One fans are generally wealthier than the general population.

- Almost 70% of F1 TV viewers in the United States were in the top earning bracket [GMR 2015], making nearly twice as much money as the average American.
- Chinese F1 fans are better educated than the general population, with more than 20% having attended university. F1 viewers in Italy are more likely than the general population to come from the top AA or MA social demographic while almost half of Indian F1 viewers are from the AB social demographic. Russian F1 fans are more likely to be medium or high income than the population as a whole [GMR].
- Around 70% of a typical European F1 TV audience is in the ABC1 demographic group, a proportion 25% higher than the general TV-watching population [GMR].

THE APPEAL OF FERRARI

Ferrari is Formula One's oldest team, having competed every year since the championship began in 1950. It has won more championships and more races than any other team (15 drivers' championships, 16 constructors' championships, 237 race wins until 2019). The team has a long-standing partnership with Philip Morris International.

In 2019, Brand Finance found that Ferrari was the world's strongest brand³, increasing its score by three points from 91.5 to 94.8 out of 100 on the previous year, enabling it to overtake McDonald's, Coca-Cola, Lego and Disney. The report explained that "Ferrari has remained synonymous with style and performance."

³ Brand Finance Global 500 2019, January 2019

F1 INVOLVEMENT OF THE TOP 15 COUNTRIES WITH THE HIGHEST GDP

In 2019, 13 of the 15 countries with the highest GDP hosted a Grand Prix. The only two which did not—India and South Korea—both hosted a Grand Prix as recently as 2013.

	COUNTRY	GDP (\$M)*	F1 INVOLVEMENT
1	United States	20,494,100	2019 GP in Austin
2	China	13,608,152	2019 GP in Shanghai
3	Japan	4,970,916	2019 GP in Suzuka
4	Germany	3,996,759	2019 GP in Hockenheim
5	United Kingdom	2,825,208	2019 GP in Silverstone
6	France	2,777,535	2019 GP in Paul Ricard
7	India	2,726,323	GP until 2013
8	Italy	2,073,902	2019 GP in Monza
9	Brazil	1,868,626	2019 GP in São Paulo
10	Canada	1,712,510	2019 GP in Montreal
11	Russia	1,657,554	2019 GP in Sochi
12	South Korea	1,619,424	GP until 2013
13	Australia	1,432,195	2019 GP in Melbourne
14	Spain	1,426,189	2019 GP in Barcelona
15	Mexico	1,223,809	2019 GP in Mexico City

NO. OF TOP 15 COUNTRIES INVOLVED IN F1 IN 2019 = 13

*2018 data

Source: World Bank (GDP data only)

F1 INVOLVEMENT OF THE TOP 10 TOURIST DESTINATIONS

Eight of the top 10 tourist destinations in the world hosted a Grand Prix in 2019.

	COUNTRY	NO. OF TOURISTS	F1 INVOLVEMENT
1	France	89.0m	2019 GP in Paul Ricard
2	Spain	83.0m	2019 GP in Barcelona
3	United States	80.0m	2019 GP in Austin
4	China	63.0m	2019 GP in Shanghai
5	Italy	62.0m	2019 GP in Monza
6	Turkey	46.0m	GP until 2011
7	Mexico	41.0m	2019 GP in Mexico City
8	Germany	39.0m	2019 GP in Hockenheim
9	Thailand	38.0m	No GP
10	United Kingdom	36.0m	2019 GP in Silverstone

NO. OF TOP 10 DESTINATIONS INVOLVED IN F1 IN 2019 = 8

Source: UNWTO Tourism Highlights
2019 (tourism figure only)

SPONSORSHIP IN FORMULA ONE

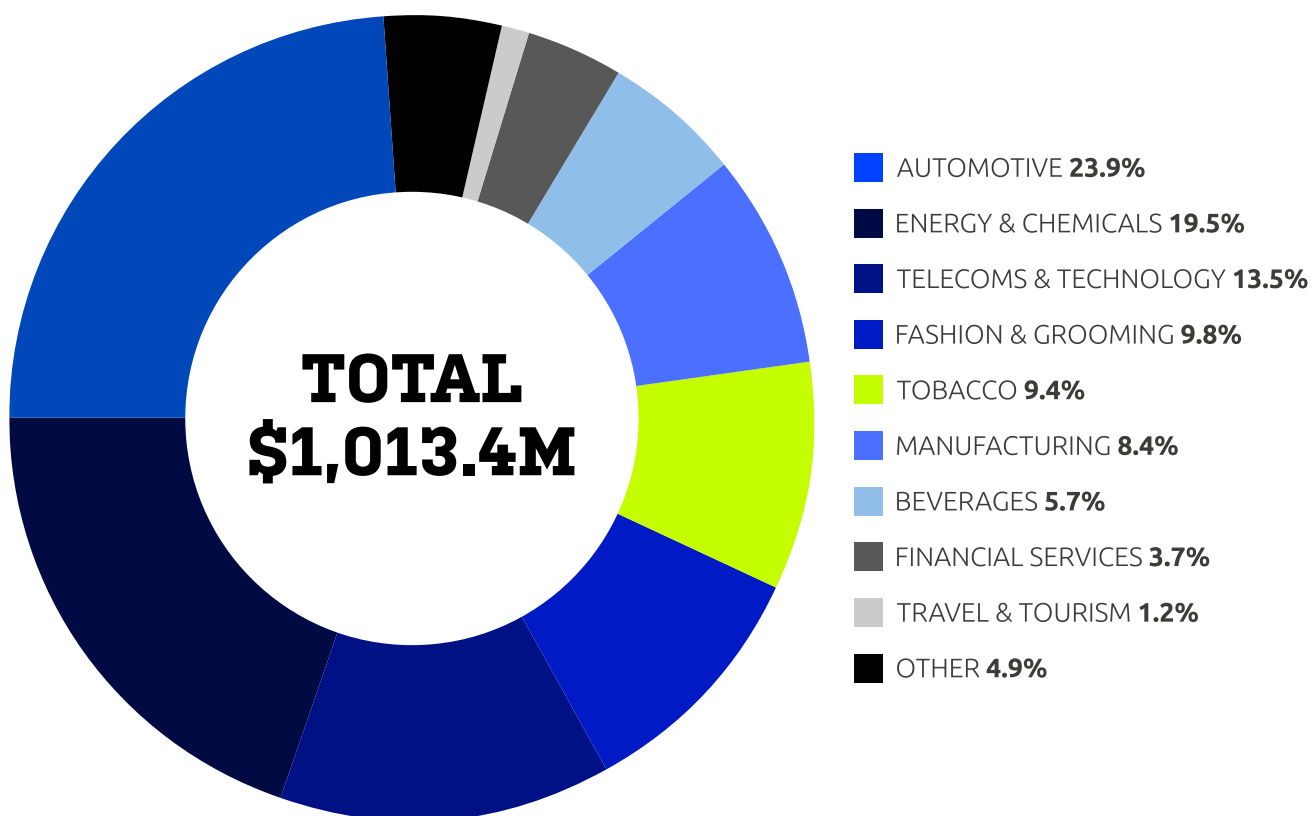
The popularity of F1 makes it a very attractive property for sponsors. The sport itself receives more than \$300 million annually in sponsorship revenue, with more than a billion dollars going to the ten teams.

Sponsorship is one of the three main sources of revenue for the teams alongside prize money and team owner spending. As the top team budgets are more than \$500 million annually, big-spending sponsors can make a significant difference to a team's potential for success. This is particularly true of the smaller teams who often don't have funding from their owners.

We estimate that the biggest-spending team sponsor in 2019 was Malaysian oil giant Petronas with its estimated \$90 million title sponsorship of the championship winning Mercedes team. Philip Morris's estimated \$75 million sponsorship of Ferrari was second.

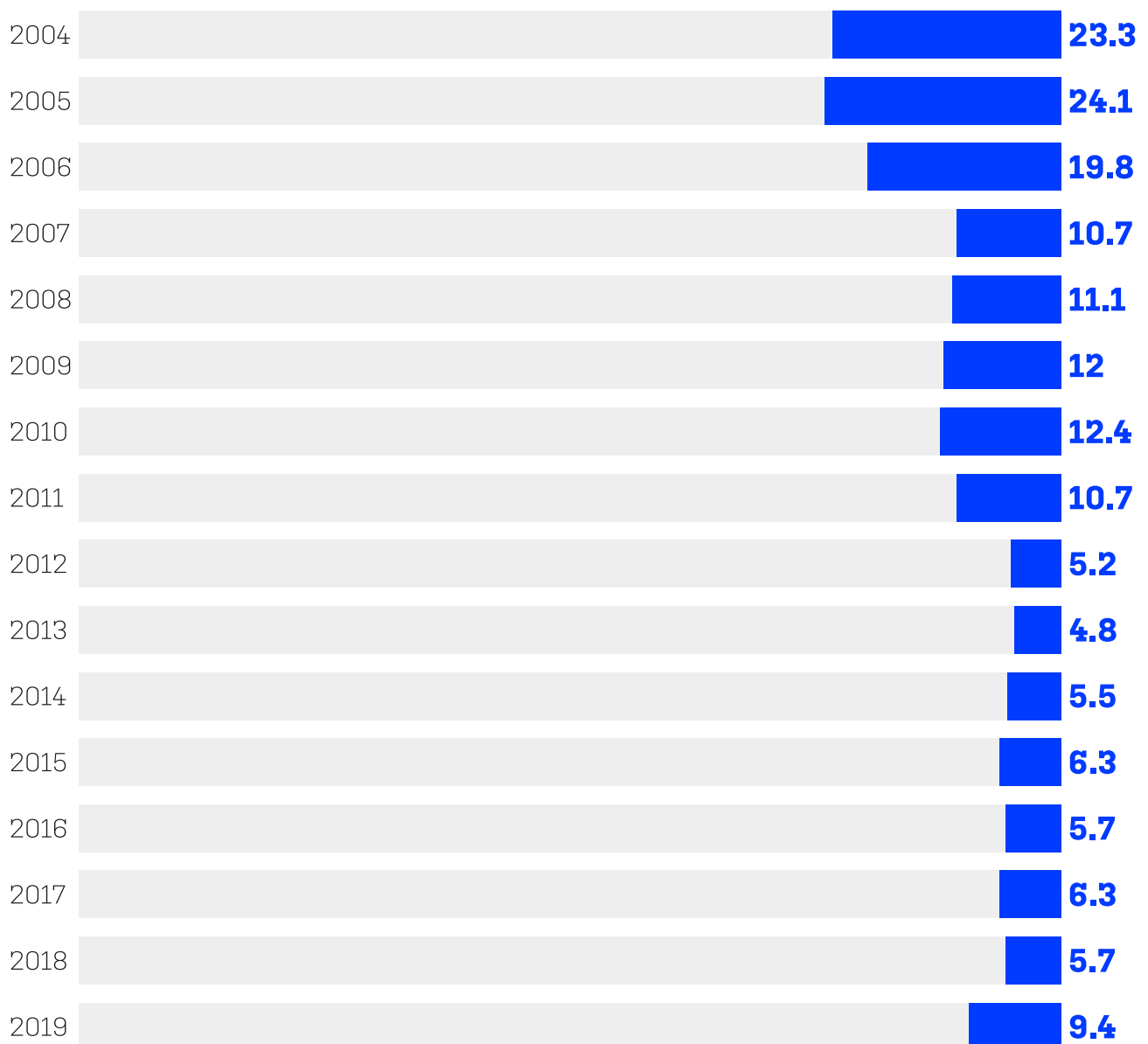
F1 TEAM SPONSORSHIP 2019

Tobacco represented almost a tenth of all F1 team sponsorship in 2019, an estimated \$95 million out of \$1,013.4 million.

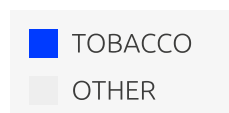


TOBACCO SPONSORSHIP AS A PERCENTAGE OF ALL TEAM SPONSORSHIP 2004-2019

Tobacco companies were one of the main sources of sponsorship for F1's teams until they were banned from overt advertising in the sport in 2006. Following the ban, tobacco company funding in F1 dropped significantly—from almost a quarter of all team sponsorship to just a few percent (entirely coming from one sponsor, Philip Morris International). In 2019, with the return of British American Tobacco, the percentage of team sponsorship coming from the tobacco sector increased to its highest level since 2011.



Source: Formula Money Sponsorship Database



03 Tobacco Sponsorship in F1 2019-2020

BACKGROUND

PHILIP MORRIS INTERNATIONAL (PMI) has sponsored Ferrari in F1 since 1973, with its Marlboro brand becoming the team's title partner in 1997. However, between 2007 and 2018, no overt branding for PMI brands was displayed on the Ferrari cars due to tobacco advertising restrictions. In late 2018, that changed. Ferrari announced that it would start to carry branding for "Mission Winnow," a vague initiative connected to PMI's investment in tobacco alternatives.

Mission Winnow is different from most F1 sponsors in that it is not the name of a product or service. PMI's CEO André Calantzopoulos said that "through Mission Winnow we want to let the world know how we have changed, to share our pride in the transformation that people of PMI have achieved as well as our dedication to rigorous science and innovation that can lead to a better future." Louis C. Camilleri, who is both Ferrari's chief executive and PMI's chairman, added that "Winnow is not a brand, however. It has nothing to do with tobacco but is about the transition from cigarettes to electronic". However, some observers thought that the design and color of the branding was reminiscent of Marlboro logos.

Although Mission Winnow's message was cryptic, its branding was seen on a wide variety of products and initiatives connected to Ferrari. The strangest of these was *Winnow Your Words: Kimi's Book of Haiku*, a book featuring quotations from Ferrari driver Kimi Räikkönen turned into haiku poetry. Only 1,500 copies were originally released as part of the Mission Winnow launch press kit. However, due to demand, 10,000 extra copies were published and put on sale.

Riccardo Parino, vice president of PMI global partnerships, said: "We never expected that *Kimi's Book of Haiku* would generate such a buzz. We saw it as a light-hearted but real demonstration of winnowing and an ideal way to engage people about the guiding principles of our initiative. We are delighted that thousands of Formula 1 fans around the world will now be able to appreciate this book while enjoying Räikkönen's thoughts." Money raised from the book sales was donated to the Grand Prix Trust for F1 workers who have fallen on difficult times.

It wasn't long before another tobacco company followed in PMI's footsteps. In February 2019, McLaren announced it would be running that season with branding for "A Better Tomorrow", an initiative launched by British American Tobacco (BAT). The company had not been seen in F1 since 2006, when its Lucky Strike brand had sponsored the Honda team.

According to BAT the sponsorship was a way to "continue to support our corporate strategy by accelerating our transformation. "Accelerating Transformation" is at the heart of our commitment to achieving A Better Tomorrow by growing our portfolio of New Category products." Unlike Mission Winnow, BAT made it clear that it would use the sponsorship to promote tobacco alternatives.

Both companies were adamant that the campaigns had nothing to do with traditional tobacco brands, with a PMI spokesperson stating in May, "We have been clear that Mission Winnow does not and will not advertise or promote any PMI-branded tobacco or e-cigarette products," while BAT's group head of corporate affairs, Simon Cleverly, commented that "many public health bodies around the world recognize the potential reduced-risk nature of e-cigarettes and the role they can play in helping smokers to quit and it therefore seems counter-intuitive that there is pressure to limit awareness of these products."

Following the BAT announcement, the European Union's Health, Food Safety and Energy department announced that it would be investigating the relationship between tobacco companies and F1. In March 2019, the World Health Organization urged governments "to implement their domestic laws banning tobacco advertising, promotion and sponsorship in the strongest possible ways" and asked sporting bodies "to enforce bans on tobacco advertising, promotion and sponsorship at sporting events."¹ It noted that Mission Winnow had been registered as a trademark by PMI for "for use with respect to tobacco products" among other categories.⁴

The Australian Department of Health also investigated, leading to PMI dropping the branding from the season opener in Melbourne. By the second race of the season, Mission Winnow was back, but it was abandoned again

⁴ <https://www.who.int/news-room/detail/14-03-2019-who-urges-governments-to-enforce-bans-on-tobacco-advertising-promotion-and-sponsorship-including-in-motor-sport>



Ferrari Mission Winnow 2019
Editorial credit: Jens Mommens / Shutterstock.com

at the Canadian Grand Prix in June. It didn't return until 10 races had passed, reappearing at October's Japanese Grand Prix.

BAT was more overt about its sponsorship's connections to tobacco. Although slogans such as "A Better Tomorrow" and "Accelerating Transformation" appeared on the car, the tobacco alternatives Lyft, Vuse and Vype were also advertised. This branding appeared even at races in countries with strong tobacco advertising restrictions such as Britain, Spain and Italy.

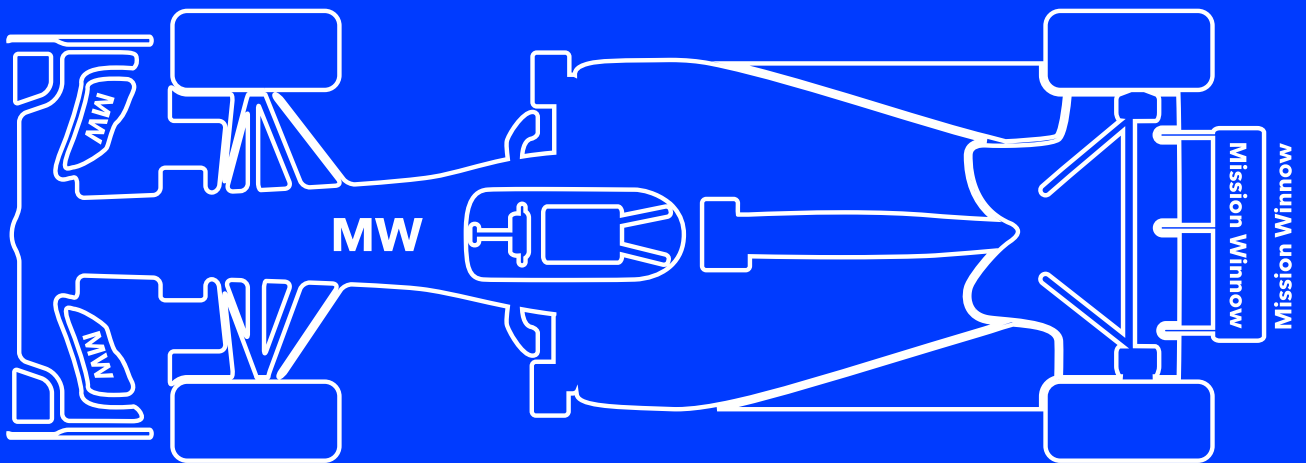
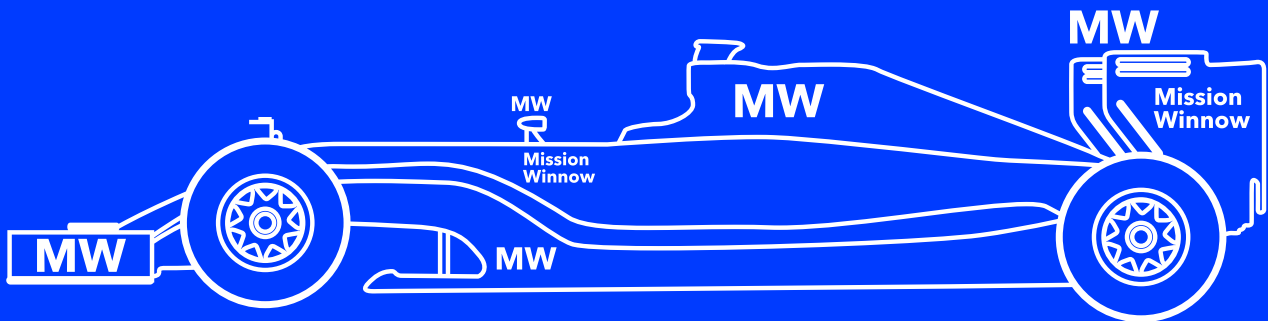
It appears that the sponsorships had a successful first year. BAT is expected to have an increased presence on the McLaren cars throughout 2020 as it will be the team's "Principal Partner" for the first time. The benefits include "significantly increased branding positions on the Formula 1 car—including highly visible new sidepod branding, inside halo and front wing branding positions" and "a commitment for the two companies to co-create marketing content to drive increased awareness of the partnership." Mission Winnow branding is also expected to be seen again throughout the 2020 season.

**PHILIP MORRIS INTERNATIONAL BRANDING
2019 SEASON WITH FERRARI**

ESTIMATED F1 SPONSORSHIP SPEND 2019	\$75.0 million
BRAND	Mission Winnow
SPONSORED TEAM	Ferrari
OWNER	Philip Morris International

- Mission Winnow branding appeared on the Ferrari cars at only 10 of the season’s 21 races (Bahrain, China, Azerbaijan, Spain, Monaco, Japan, Mexico, United States, Brazil and Abu Dhabi), avoiding almost all of the European rounds.
- At other races, branding celebrating Ferrari’s 90th anniversary appeared instead of the Mission Winnow logos.
- Main logo locations of Mission Winnow branding:
Large on rear wing; large on reverse of rear wing; large on airbox; medium on rear wing endplate; medium on inside of rear wing endplate; medium on top of tub; medium on side of tub; medium on bargeboard; medium on front wing endplate; medium on front wing; small on edge of sidepod; small on side of cockpit; small on halo; small on wing mirror; driver helmet; chest of driver overalls.

MAIN MISSION WINNOWER BRANDING LOCATIONS 2019





BRITISH AMERICAN TOBACCO BRANDING 2019 SEASON WITH MCLAREN

ESTIMATED F1 SPONSORSHIP SPEND 2019	\$20.0 million
BRAND	A Better Tomorrow, Lyft, Vuse, Vype, Accelerating Transformation
SPONSORED TEAM	McLaren
OWNER	British American Tobacco

- Due to tobacco advertising restrictions, British American Tobacco chose not to advertise its own brands on the car at several races during 2019. Its vaping brand Vype appeared at Bahrain, Azerbaijan, Monaco and Mexico; another vaping brand, Vuse, appeared in the United States; its tobacco alternative Lyft (not to be confused with the ride-sharing service of the same name) appeared in Spain, Austria, Britain, Germany, Italy and Russia, and its “A Better Tomorrow” and “Accelerating Transformation” slogans appeared in China and Abu Dhabi respectively.
- At many races non-BAT brands were featured in the branding slots, most of them local retail outlets that carry BAT products. The alternate brands included 7-Eleven (Australia, Singapore), Couche-Tard (Canada), Dufry (France, Brazil), Night&Day (Belgium) and FamilyMart (Japan).



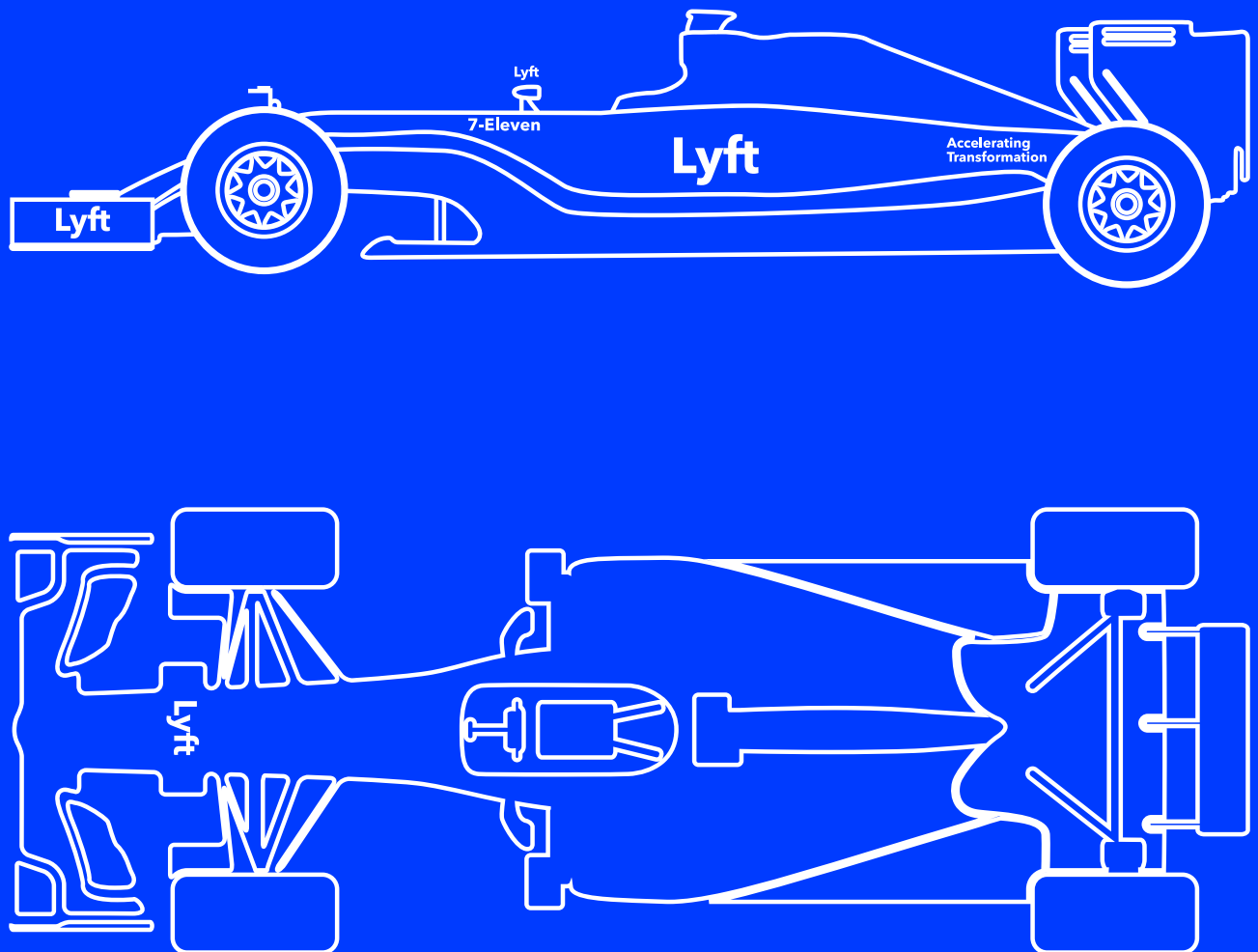
McLaren 2019
Editorial credit: cristiano barni / Shutterstock.com

BRANDS PROMOTED BY BRITISH AMERICAN TOBACCO 2019

BRAND	TYPE	RACES
7-ELEVEN	Retail partner	Australia, Singapore
A BETTER TOMORROW	Slogan	China
ACCELERATING TRANSFORMATION	Slogan	Abu Dhabi
COUCHE-TARD	Retail partner	Canada
DUFY	Retail partner	France, Hungary, Brazil
FAMILY MART	Retail partner	Japan
LYFT	Tobacco alternative	Spain, Austria, Britain, Germany, Italy, Russia
NIGHT&DAY	Retail partner	Belgium
VUSE	Vaping brand	United States, Abu Dhabi
VYPE	Vaping brand	Bahrain, Azerbaijan, Monaco, Mexico

Source: Formula Money Sponsorship Database

MAIN BRITISH AMERICAN TOBACCO BRANDING LOCATIONS 2019



Note: Some locations were only used at some of the races.

**BRITISH AMERICAN TOBACCO ASSOCIATED BRANDS 2019
MAIN ON-CAR BRANDING LOCATIONS: SUMMARY**

BRAND	RACES	LOCATION
7-ELEVEN	Australia, Singapore	Medium on side of tub; Medium on front wing endplate; Small on wing mirror; Small on top of nose
A BETTER TOMORROW	China	Medium on side of tub; Medium on front wing endplate; Small on wing mirror; Small on top of nose
ACCELERATING TRANSFORMATION	Abu Dhabi	Medium on sidepod
COUCHE-TARD	Canada	Medium on sidepod; Medium on front wing endplate; Small on wing mirror; Small on top of nose
DUFREY	France, Hungary, Brazil	Large on sidepod (Brazil only); Medium on side of tub (excluding Brazil); Medium on front wing endplate; Small on wing mirror; Small on top of nose
FAMILY MART	Japan	Large on sidepod; Medium on front wing endplate; Small on wing mirror; Small on top of nose
LYFT	Spain, Austria, Britain, Germany, Italy, Russia	Large on sidepod (Britain and Russia only); Medium on side of tub (excluding Britain and Russia); Medium on front wing endplate; Small on wing mirror; Small on top of nose; Very small on halo (Britain only)
NIGHT&DAY	Belgium	Medium on side of tub; Medium on front wing endplate; Small on wing mirror; Small on top of nose
VUSE	United States, Abu Dhabi	Large on sidepod; Medium on front wing endplate; Small on wing mirror; Small on top of nose; Very small on halo
VYPE	Bahrain, Azerbaijan, Monaco, Mexico	Large on sidepod (Monaco and Mexico only); Medium on side of tub (excluding Monaco and Mexico); Medium on front wing endplate; Small on wing mirror; Small on top of nose; Very small on halo (Monaco only)

Source: Formula Money Sponsorship Database

BROADCAST EXPOSURE

Overview and methodology

One of the most important benefits of any Formula One sponsorship is exposure to the sport's 471 million unique global viewers.⁵ The broadcast exposure data in this report is calculated by Formula Money's own methods which we have developed and which differ from other methods as they are focused on performance.

By using the lap-by-lap performance of each team along with the extent of sponsors' coverage during a given race, Formula Money calculates the advertising value equivalent of team sponsorships weighted to reflect the effects of race performance on brand visibility.

Formula One fans are more likely to pay attention to the action on screen if it features the leading drivers or a battle for a major position. The focus of the Formula Money's exposure data therefore differs from other valuations. It is not focused on time on-screen but instead focuses on how the global media value of each sponsor's exposure is affected by performance. The value of exposure is weighted to reflect each team's on-track performance on a lap-by-lap basis.

There are three types of performance weighting covering teams that run in the top three during the race, in the top 10 and which finish in a points scoring position. Most of

the weighting is based on average lap position rather than finishing position in order to better reflect the focus of fans' attention during the race. A driver who runs in first place for the first two-thirds of a race is therefore boosted by the weighting even they do not finish.

Formula Money also weights exposure according to the size of each race's global television audience. This means that the most-watched races on the calendar are awarded a higher per-second exposure value to account for their higher audience. The Japanese Grand Prix which is in an unfavorable time zone for many of F1's main markets receives the lowest rating. TV weighting for new races is based on races taking place within a similar time zone and at a similar stage of the season.

As Formula Money's data is performance-based, it covers only exposure gained during the race itself—from the start lights to the checkered flag. This means that the calculated value of the exposure is a conservative figure as it does not include exposure outside the race itself.

The data

The tables below show Formula Money's calculation of the advertising value equivalent for both Philip Morris and British American Tobacco branding during each race in 2019. As the data is performance-focused, the tables also highlight the teams' performance during each race.

⁵ Formula One Global Broadcast Report

PHILIP MORRIS INTERNATIONAL BROADCAST EXPOSURE 2019

Philip Morris's sponsorship of Ferrari generated exposure worth \$150.3 million for the Mission Winnow brand in 2019. This is around double the estimated price of the sponsorship and the figure does not include any exposure generated outside of broadcasts of the race.

It could have been even higher. Mission Winnow was removed from the Ferrari cars for 10 races in the middle of the season, which included all three of Ferrari's 2019 wins. We estimated that Mission Winnow may have missed out on additional exposure worth more than \$157 million due to the lack of branding.

RACE	BRAND	ADVERTISING VALUE EQUIVALENT OF EXPOSURE	FINISHING POSITION	
Australia	-	-	4th	5th
Bahrain	Mission Winnow	\$18,422,818	3rd	5th
China	Mission Winnow	\$14,432,235	3rd	5th
Azerbaijan	Mission Winnow	\$16,454,510	3rd	5th
Spain	Mission Winnow	\$19,182,577	4th	5th
Monaco	Mission Winnow	\$12,768,403	2nd	DNF
Canada	-	-	2nd	3rd
France	-	-	3rd	5th
Austria	-	-	2nd	4th
Britain	-	-	3rd	16th
Germany	-	-	2nd	DNF
Hungary	-	-	3rd	4th
Belgium	-	-	1st	4th
Italy	-	-	1st	13th
Singapore	-	-	1st	2nd
Russia	-	-	3rd	DNF
Japan	Mission Winnow	\$9,440,516	2nd	6th
Mexico	Mission Winnow	\$20,355,715	2nd	4th
United States	Mission Winnow	\$8,309,311	4th	DNF
Brazil	Mission Winnow	\$16,052,656	8th	18th
Abu Dhabi	Mission Winnow	\$14,901,916	3rd	5th
TOTAL		\$150,320,657	4th	5th

Source: Formula Money calculated.

BRITISH AMERICAN TOBACCO BROADCAST EXPOSURE 2019

British American Tobacco's branding generated significantly less exposure than Mission Winnow in 2019 at only \$27.5 million for all branding and \$19.1 million for BAT's own brands only. This was due to a number of factors—in particular that BAT's brands had fewer logos than Mission Winnow and that Ferrari performed much stronger in the championship than McLaren.

RACE	BRAND	ADVERTISING VALUE EQUIVALENT OF EXPOSURE	FINISHING POSITION	
Australia	7-Eleven	\$282,784	12th	DNF
Bahrain	Vype	\$804,181	6th	19th
China	A Better Tomorrow	\$88,403	14th	18th
Azerbaijan	Vype	\$1,443,621	7th	8th
Spain	Lyft	\$606,802	8th	DNF
Monaco	Vype	\$3,004,976	6th	11th
Canada	Couche-Tard	\$654,518	11th	DNF
France	Dufry	\$1,418,978	6th	9th
Austria	Lyft	\$1,451,361	6th	8th
Britain	Lyft	\$2,399,723	6th	11th
Germany	Lyft	\$787,649	5th	DNF
Hungary	Dufry	\$1,852,864	5th	9th
Belgium	Night&Day	\$621,271	11th	DNF
Italy	Lyft	\$729,508	10th	DNF
Singapore	7-Eleven	\$890,512	7th	12th
Russia	Lyft	\$2,089,692	6th	8th
Japan	FamilyMart	\$1,230,827	5th	11th
Mexico	Vype	\$801,304	13th	DNF
United States	Vuse	\$2,978,006	7th	8th
Brazil	Dufry	\$1,393,908	3rd	8th
Abu Dhabi	Vuse	\$1,963,975	8th	10th
	Accelerating Transformation	\$119,559		
TOTAL		\$27,614,422	6th	11th
BAT brands only		\$19,149,201		

Source: Formula Money calculated.

EXPOSURE BY BRAND 2019 BRITISH AMERICAN TOBACCO BRANDING LOCATIONS

The three best-performing brands in the British American Tobacco branding slots were all BAT's vaping or tobacco alternative products: Lyft, Vype and Vuse. Although A Better Tomorrow was advertised as the main brand of the partnership, it received the lowest exposure, as the only race it appeared at was China.

BRAND	ADVERTISING VALUE EQUIVALENT OF EXPOSURE
LYFT	\$8,064,734
VYPE	\$6,054,082
VUSE	\$4,941,982
DUFRY	\$4,665,750
FAMILYMART	\$1,230,827
7-ELEVEN	\$1,173,296
COUCHE-TARD	\$654,518
NIGHT&DAY	\$621,271
ACCELERATING TRANSFORMATION	\$119,559
A BETTER TOMORROW	\$88,403
TOTAL	\$27,614,422

Source: Formula Money calculated.

04 History of Tobacco Sponsorship in F1

BACKGROUND

TOBACCO SPONSORS ARE some of the oldest commercial partners in Formula One, but they were not involved in the very earliest years of the sport. Although F1 is now heavily associated with brightly-colored brand-covered liveries, that was not always the case.

In the early years of the world championship the sport's governing body, the FIA, did not allow external branding on the cars, with most teams racing in national colors. However, in 1968 fuel suppliers BP and Shell withdrew from F1 and Firestone decided it would start charging for tires. To boost the teams' income and entice back the technical partners, the FIA decided to permit sponsorship in F1 for the first time.

It was the most significant move in the commercial history of the sport. Colin Chapman, the shrewd owner of Team Lotus, swiftly signed a £85,000-a-year deal with Imperial Tobacco. To the shock of the FIA, who

had reportedly expected to see a few discrete logos for automotive partners, when Chapman's cars took to the track for the Monaco Grand Prix their traditional British racing green livery had been replaced by paintwork resembling Gold Leaf cigarette packets.

The FIA was outraged but there was no turning back the tide. Soon almost all the grid was running with a title sponsor and brands including Marlboro became more prominent than the names of the teams themselves. Some broadcasters even reduced their coverage of the sport as a result, while the BBC's advertising restrictions meant it was originally difficult to persuade it to show any of the sponsor-rich races at all.

Within a few years sponsorship was part of the sport's DNA. As governments placed more and more restrictions on tobacco advertising, cigarette brands became the predominant sponsorship sector in the sport. In 1996, for example, all of the top six teams in the championship carried prominent logos for tobacco brands.

EXAMPLE PRICES OF EARLY FORMULA ONE TOBACCO SPONSORSHIPS

SPONSORSHIP

VALUE

Gold Leaf title sponsorship of Lotus team 1968-1971

Reported \$250,000 for three years

Marlboro "Official Cigarette" sponsorship of United States Grand Prix West at Long Beach 1979-1981

\$60,000 for 1979, \$75,000 for 1980 and \$91,000 for 1981

Marlboro title sponsorship of proposed 1985 New York Grand Prix

\$1.5m – rejected by Marlboro as did not provide significantly more exposure than a standard trackside advertising package

Title sponsorship of Lotus team 1990 (6th in championship in 1989)

\$13 million

Source: Formula Money research; tobacco company documents (Marlboro and Camel figures)

MAJOR TOBACCO BRAND SPONSORSHIPS IN F1

TOBACCO BRAND	SPONSORSHIP
BARCLAY	Arrows 1984-1986 Williams 1988-1990
BENSON & HEDGES	Jordan 1996-2004
CAMEL	Lotus 1987-1990 Williams 1991-1993 Benetton 1991-1993
EMBASSY	Hill 1973-1975 Blignaut 1974
GAULOISES	Ligier 1996 Prost 1997-2000
GITANES	Ligier 1976-1983, 1985, 1990-1996
GOLD LEAF	Lotus 1968-1971
HOLLYWOOD	March 1977
JOHN PLAYER	Lotus 1972-1978, 1981-1986 British GP 1972-1978, 1984 European GP 1983
LUCKY STRIKE/555/BETTER TOMORROW	Scribante 1972-1975 Blignaut 1973 South African GP 1975 BAR 1999-2005 Honda 2006 McLaren 2019-present
MARLBORO/PHILIP MORRIS	BRM 1972-1973 Ferrari 1973-present McLaren 1974-1996 British GP 1979-1983, 1985 Alfa Romeo 1981-1983 Hungarian GP 1992-2005 Spanish GP 1994-2005 Argentine GP 1995-1998 Brazilian GP 1999-2001
MILD SEVEN	Benetton 1994-2001 Renault 2002-2006
PLAYER'S	Canadian GP 1997-1998
RIZLA	Hesketh 1976-1977 RAM 1980
ROTHMANS	March 1977, 1982 Williams 1994-1997
SAMSON	Shadow 1979
SG GIGANTE	Portuguese GP 1992
SKOAL BANDIT	RAM 1984-1985
SOBRANIE	Jordan 2005
TABATIP	Shadow 1976
WEST	Zakspeed 1985-1989 McLaren 1997-2005
WINFIELD	Williams 1998-1999

Note: Covers race title sponsorships, team title sponsorship and some other major team sponsorships.

Trackside advertising deals are not included.

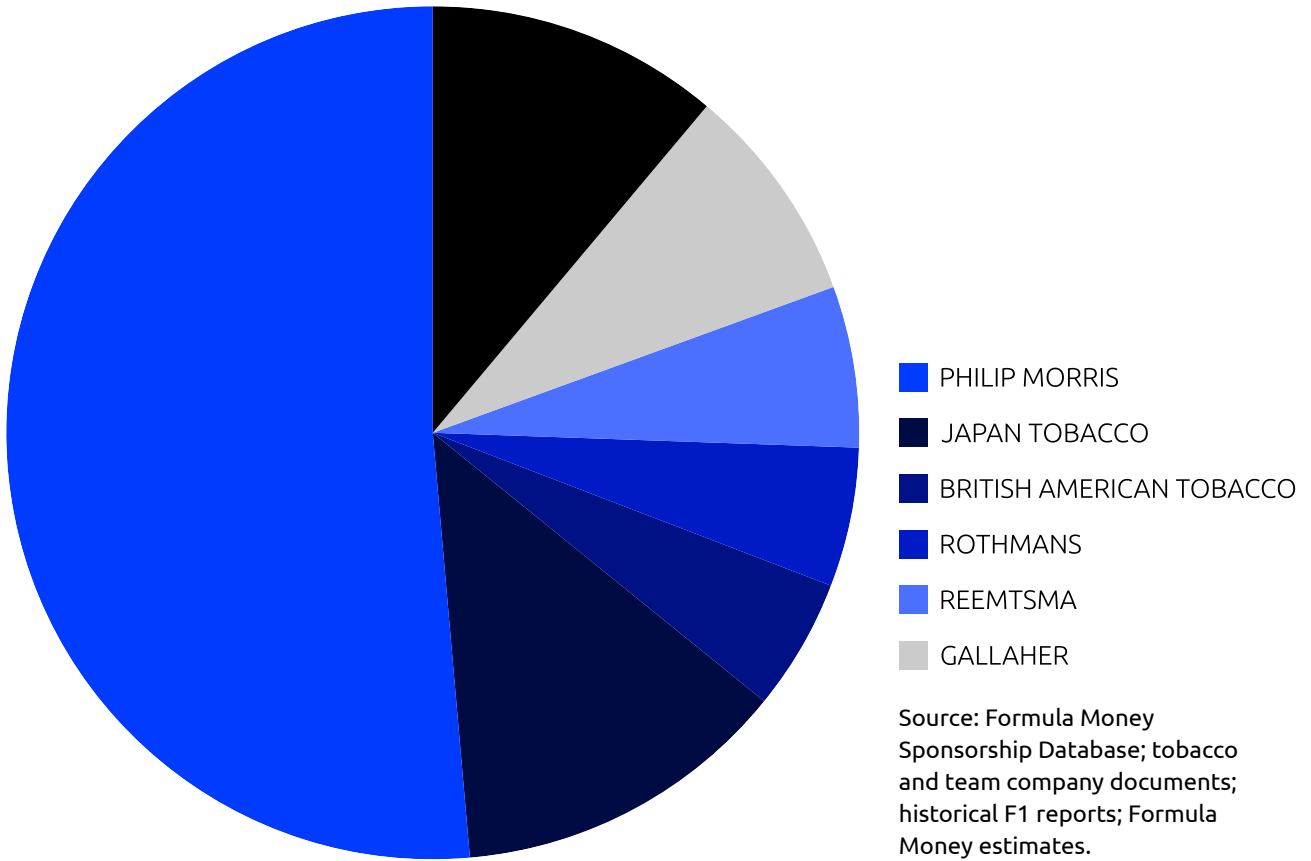
Source: Formula Money compiled

THE BIGGEST SPENDING TOBACCO COMPANIES IN F1 HISTORY

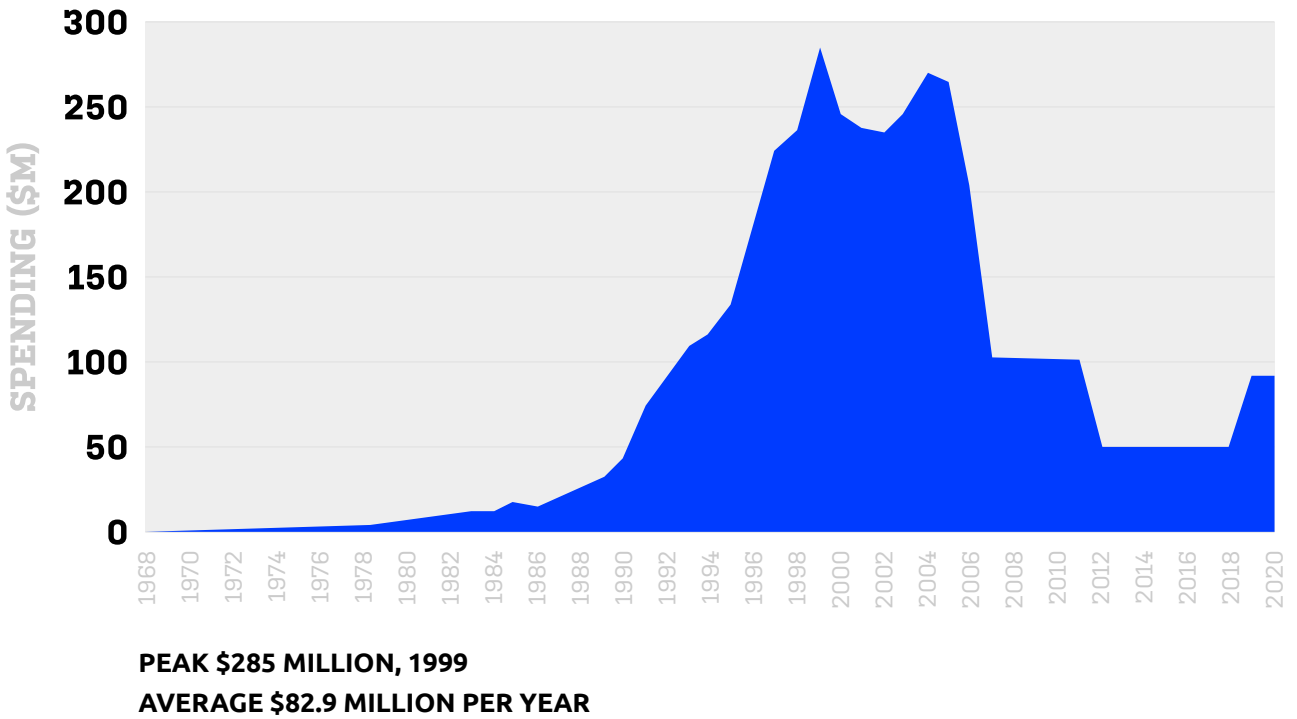
COMPANY	MAIN SPONSORS	EST. VALUE
PHILIP MORRIS/ALTRIA	Marlboro, Mission Winnow	\$2,266.7m
JAPAN TOBACCO	Mild Seven	\$481.2m
BRITISH AMERICAN TOBACCO	Lucky Strike, 555, Better Tomorrow	\$375.9m
ROTHMANS	Rothmans, Winfield	\$260.7m
REEMTSMA	West	\$234.5m
GALLAHER	Benson & Hedges, Sobranie	\$223m
RJ REYNOLDS	Camel, Barclay	\$187.5m
SEITA	Gitanes, Gauloises	\$186m
IMPERIAL	JPS, West, Gold Leaf, Embassy	\$177.3m
VILLIGER	Tabatip	\$0.1m
TOTAL		\$4,392.9M

Notes:

- Covers team title sponsorships, other major team sponsorship deals, race title sponsorships and major trackside advertising packages. Estimates are conservative due to the difficulty of accurately identifying all trackside advertising packages at older races due to more limited availability of race footage and photographs. Some minor team sponsorships may also not be included.
- In some cases, tobacco companies changed ownership during a sponsorship tenure. For example, Reemtsma was acquired by Imperial Tobacco in 2002, in the middle of West's sponsorship of McLaren. We have attributed all West sponsorship up until 2002 to Reemtsma and from 2003 onwards to Imperial.



TOBACCO COMPANY SPENDING ON F1 BY YEAR



Source: Formula Money Sponsorship Database; tobacco and team company documents; historical F1 reports; Formula Money estimates.

05 Focus on Tobacco Sponsorship 1997-2006

BACKGROUND

FORMULA ONE'S POPULARITY surged in the 1990s, making it a particularly attractive platform for tobacco companies, who were facing increasing restrictions on advertising and sponsorship. In 1999, tobacco companies spent an estimated \$285 million on F1—the highest amount in any single year.

But it was due to come to an end. In the U.K., where most of F1's teams are based, the Tobacco Advertising and Promotion Act 2002 banned advertising at sports events from 2005. The European Union phased in a gradual ban on tobacco advertising from 2001, while the World Health Organization introduced the Framework Convention on Tobacco Control in 2005 to ban "all tobacco advertising, promotion and sponsorship."

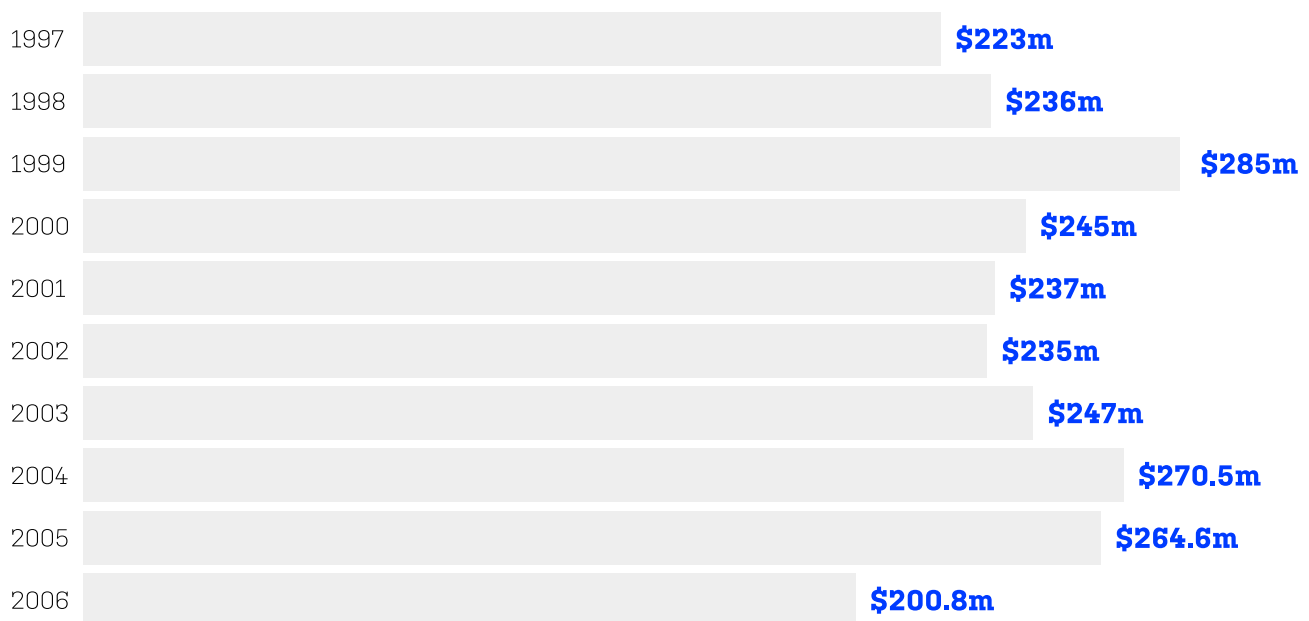
Teams were heavily reliant on tobacco money and it comprised 21% of all F1 sponsorship in 2004. They got

around the ban by running alternate liveries in countries where tobacco advertising was not allowed. However, under increasing pressure, F1's governing body, the FIA, banned tobacco sponsorship of motorsport teams from the end of 2006.

West (McLaren) and Sobranie (Jordan) disappeared at the end of 2005, while Mild Seven (Renault) and British American Tobacco (Honda) continued to the end of the following season. Only Marlboro continued beyond 2006, choosing to continue its partnership with Ferrari despite being unable to display its logos on the cars.

As tobacco companies were blocked from other advertising opportunities, their spending on F1 increased and almost half their total spending in F1 occurred in the 10 years leading up to the ban at the end of 2006. The following pages detail how much they spent and why F1 was such an attractive prospect.

TOBACCO SPENDING IN F1 1997-2006



Source: Formula Money Sponsorship Database; tobacco and team company documents; historical F1 reports; Formula Money estimates.

TOBACCO SPENDING IN F1 BY BRAND 1997-2006

TOBACCO BRAND	EST. SPONSORSHIP SPEND
MARLBORO	\$859.7m
MILD SEVEN	\$421.2m
WEST	\$382.0m
LUCKY STRIKE/555	\$345.0m
BENSON & HEDGES	\$190.0m
WINFIELD	\$100.0m
GAULOISES	\$90.0m
ROTHMANS	\$40.0m
PLAYER'S	\$8.0m
SOBRANIE	\$8.0m
TOTAL	\$2,443.9M

Source: Formula Money Sponsorship Database; tobacco and team company documents; historical F1 reports; Formula Money estimates.

F1'S APPEAL TO SPONSORS

THE DECADE LEADING up to the phasing out of tobacco sponsorship in 2006 was a time of great growth for Formula One. Large TV audiences and an increasingly global profile made the sport attractive for sponsors from a wide range of sectors, not just tobacco.

During the decade F1 added its first ever races in Malaysia, the Middle East, China and Turkey, while the United States returned to the calendar in 2000 after an eight-year absence. Michael Schumacher's record-breaking success drove the popularity of F1 in his home country of Germany, and also in Italy, the home market of his team, Ferrari. When Fernando Alonso became the first Spanish driver to win the championship at the 2005 Brazilian Grand Prix, 10.5 million of his compatriots tuned in to watch. Just three years previously, F1 had not even been shown on national TV.

The sport had both high attendances and high TV audiences—an average of 91,912 spectators at the track on raceday in 2006⁶ and 588 million unique viewers watching the season on TV.⁷

These fans included a large number of young affluent males which was a strong attraction for certain kinds of advertisers. In April 2005, the FIA commissioned a global survey of F1's fans.⁸ More than 93,000 fans responded. As many as 91% of respondents were male, 82% were aged between 16 and 44, and 57% were managers, professionals or technical specialists. Senior/middle management and professionals combined represented 32% of respondents.

As many as 85% of respondents agreed with the statement that F1 was "the pinnacle of motorsport" while 86% agreed that it "showcases the most advanced technology in motorsport."

TV attracted a more general audience but the same patterns were noticeable. Formula One Management's 2005 Formula One Global Broadcast Report found that F1's viewing audience was weighted 60-40 towards males, compared to a 48-52 female weighting for the general television population demographic. A younger audience was characteristic of new markets. In Spain, 34% of the F1 audience came from the 16-34 age group, compared to 27% of the national demographic, while in

China the same age group accounted for 30% of the F1 audience compared to 12% of the whole.

It also found that the typical F1 viewer came from the middle income sector or higher; for example, in Italy 8.2% of F1 viewers were from the AB demographic compared to 6.6% of the population, while in China 14% of viewers were university educated compared to just 7% of the population.

A survey by agency Performance/SportZ found that in Germany and Italy, F1 was the most popular sport, beating even football.

6 Formula Money Grand Prix Attendance Report
7 2006 Formula One Global Broadcast Report
8 The FIA/AMD Formula 1 Survey 2005, TNS Sport

REASONS FOR TOBACCO COMPANY INVOLVEMENT IN F1

PREMIUM IMAGE

Gary Carey, then head of sponsorship at British American Tobacco, said in 2005 that Lucky Strike was “pretty much a small brand in comparison to the likes of Marlboro so we saw Formula One as being able to enhance that premium positioning for us.”⁹

ACCESS TO THE RIGHT DEMOGRAPHIC

In the late 1990s, Benson & Hedges wanted to market itself to “young, premium full-flavor smokers [who] like to be individual”.¹⁰ It was identified that one way to do this was to “capture the attitude of F1 (danger, risk, glamour, excitement, indulgence, power, living on the edge).”

Carey noted that from BAT’s perspective, 70% of Lucky Strike’s target market had an appreciation of F1. Between BAT buying the Tyrrell team in 1998 and the 2005 season, awareness of the company’s F1 sponsorship almost doubled to 39%.

FORMULA ONE FANS DID NOT HAVE NEGATIVE REACTIONS TO TOBACCO BRANDING

According to research from British American Tobacco¹¹, among fans “there were not any particularly strong feelings against tobacco sponsors in F1. Most respondents seemed pragmatic in recognizing that F1 is an expensive sport and needs companies to sponsor it. Therefore the association with cigarettes is inevitable.”

HIGH BRAND RECOGNITION AND RECALL

The research from British American Tobacco also found that “the main sponsors/products in F1 remembered by respondents were mainly tobacco related: Marlboro, West, Mild Seven, Gitanes, Winston¹², Winfield, Lucky Strike.

“Generally most respondents said they remember advertisements seen on the race track billboards and on the cars themselves. The sponsors/advertisers on driver overalls/helmets were not as well recalled as those on the car. In some cases the car takes the name of the sponsor i.e. the Benson & Hedges car, the Marlboro car.”

LUCKY STRIKE SPONTANEOUS SPONSORSHIP AWARENESS

	TOTAL LUCKY STRIKE MARKETS	4 KEY MARKETS (including Japan and Germany)
1998	20%	20%
1999	24%	25%
2000	28%	27%
2001	27%	27%
2002	28%	31%
2003	29%	32%
2004	37%	35%
2005	39%	39%

Carey also explained that “Camel pulled out of Formula One in 1993 but they still have on average about a 20% residual awareness level and that’s due to them having the right long-term strategy and the right program on the ground.”

⁹ Interview with Gary Carey, SportBusiness: The Business of Formula One, 2006

¹⁰ M&C Saatchi marketing document for Benson & Hedges, August 1997

¹¹ Renault / British American Racing: Partners in Progress, May 1999

¹² Note: Winston did not sponsor an F1 team. Fans were possibly confusing the brand with the similarly named Winfield, or were recalling Winston’s sponsorship of the NASCAR racing championship.

MARLBORO 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$859.7 million
TOTAL F1 SPONSORSHIP SPEND	\$2,266.7 million
SPONSORSHIPS 1997-2006	Ferrari, Hungarian GP, Spanish GP, Argentine GP, Brazilian GP, trackside advertising
OWNER	Philip Morris International

MARLBORO SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
1997	Ferrari, Hungarian GP, Spanish GP, Argentine GP	\$74.0m
1998	Ferrari, Hungarian GP, Spanish GP, Argentine GP	\$77.0m
1999	Ferrari, Hungarian GP, Spanish GP, Brazilian GP	\$77.0m
2000	Ferrari, Hungarian GP, Spanish GP, Brazilian GP	\$87.0m
2001	Ferrari, Hungarian GP, Spanish GP, Brazilian GP	\$92.0m
2002	Ferrari, Hungarian GP, Spanish GP	\$88.0m
2003	Ferrari, Hungarian GP, Spanish GP	\$88.0m
2004	Ferrari, Hungarian GP, Spanish GP	\$95.5m
2005	Ferrari, Hungarian GP, Spanish GP	\$97.5m
2006	Ferrari	\$83.7m
TOTAL		\$859.7M

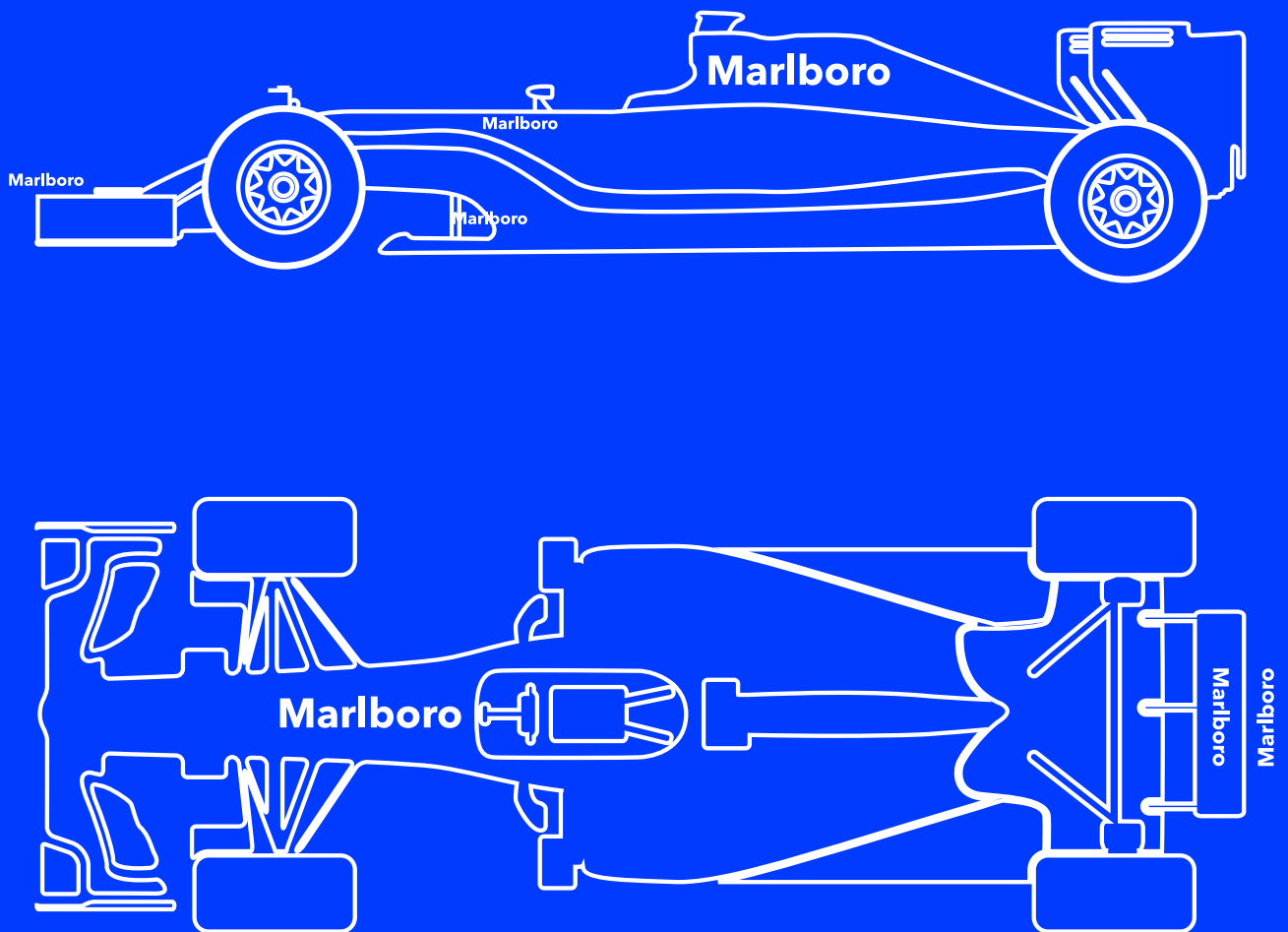
Source: Formula Money Sponsorship Database; other Formula Money estimates.

Notes: MARLBORO

- As title partner of the team which won the drivers' championship between 2000 and 2004 and the constructors' championship from 1999 to 2004, Marlboro was unsurprisingly the highest paying-tobacco sponsor during the 10-year period.
- The amount Marlboro paid to Ferrari reached an estimated \$80 million a year between 2001 and 2006.
- At non-tobacco races, the Marlboro logos were replaced with a black and white barcode symbol that echoed Marlboro's black font on white chevron logo.
- Marlboro was the only tobacco brand to continue its team sponsorship after the end of 2006—and the only team tobacco sponsor left in the sport until British American Tobacco joined McLaren in 2019. However, it ended its trackside advertising and race title sponsorship deals at the end of 2005.

EXAMPLE MARLBORO BRANDING LOCATIONS FERRARI IN 2005

Marlboro branding occupied three of the four most prominent branding locations on the Ferrari car: the front and back of the rear wing, and the engine cover.



MILD SEVEN 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$421.2 million
TOTAL F1 SPONSORSHIP SPEND	\$481.2 million
SPONSORSHIPS 1997-2006	Benetton, Renault, trackside advertising
OWNER	Japan Tobacco

MILD SEVEN SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
1997	Benetton	\$25m
1998	Benetton	\$25m
1999	Benetton	\$25m
2000	Benetton	\$30m
2001	Benetton	\$30m
2002	Renault	\$40m
2003	Renault	\$50m
2004	Renault	\$66m
2005	Renault	\$65.1m
2006	Renault	\$65.1m
TOTAL		\$421.2M

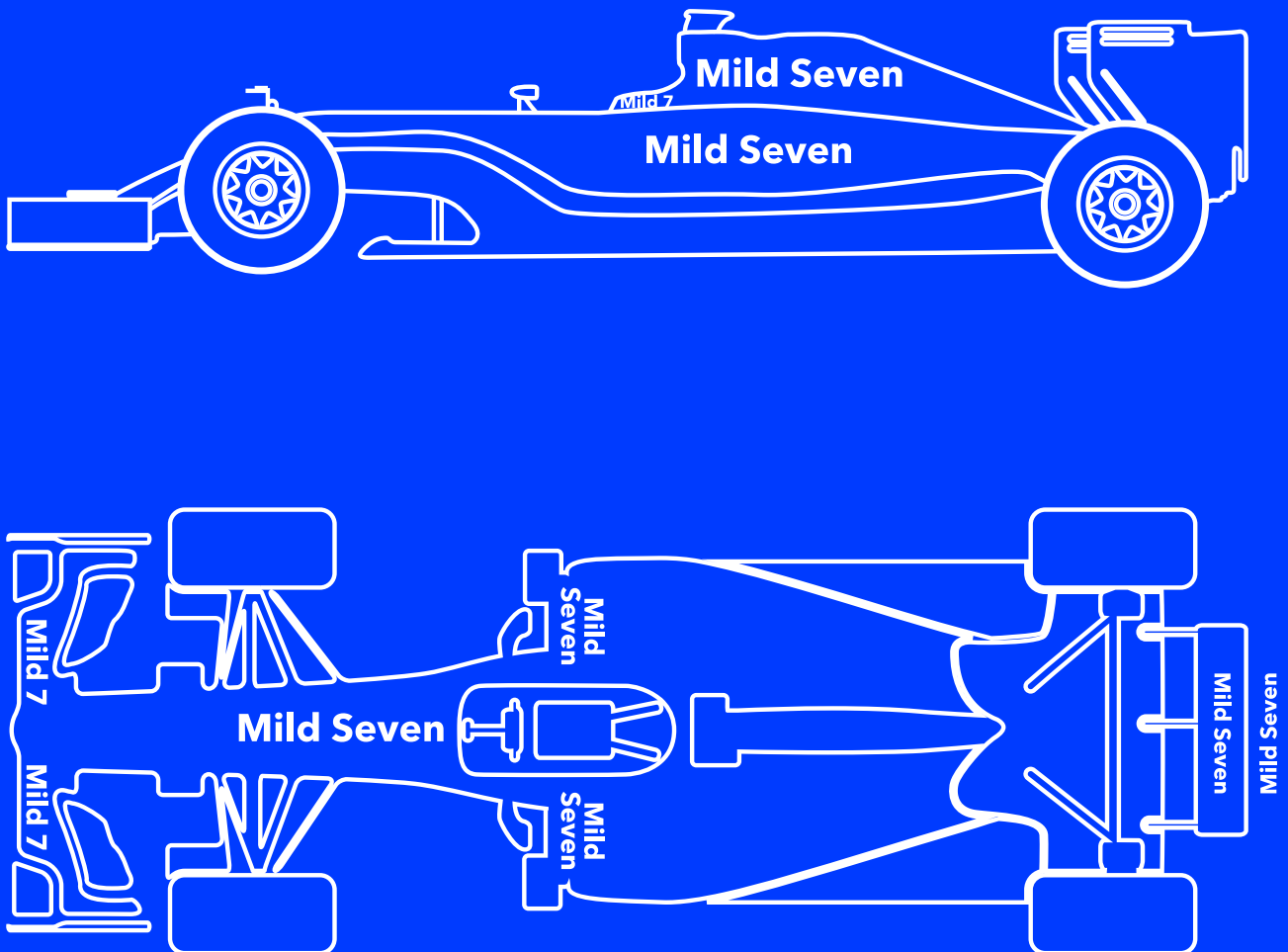
Source: Formula Money Sponsorship Database; other Formula Money estimates.

Notes: MILD SEVEN

- Mild Seven joined Formula One in 1994 as title sponsor of the race-winning Benetton team. Benetton went on to claim that year’s drivers’ title with Michael Schumacher, and both titles the following year, making Mild Seven one of the most prominent tobacco brands in F1.
- When Benetton exited F1 at the end of 2001, Mild Seven stayed on as title sponsor under the team’s new owners, Renault.
- With Renault, the brand would be present on two more championship winning cars in 2005 and 2006.
- Mild Seven’s non-tobacco branding was less conspicuous than many of its rivals—simply replacing the words “Mild Seven” with “Team Spirit.”
- Renault F1 president Patrick Faure admitted in 2006 that “the departure of cigarettes in 2007 is not easy to replace. They were really paying a good part of the budget. I don’t see easily one sponsor replacing them.”

EXAMPLE MILD SEVEN BRANDING LOCATIONS RENAULT IN 2002

In the early 2000s Mild Seven branding appeared on all the major branding locations of the Benetton/ Renault F1 car. Although the number of logos was later reduced it remained the team's main sponsor up until 2006.



WEST 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$382.0 million
TOTAL F1 SPONSORSHIP SPEND	\$384.5 million
SPONSORSHIPS 1997-2006	McLaren
OWNER	Reemtsma to 2002, Imperial from 2003

WEST SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
1997	McLaren	\$35.0m
1998	McLaren	\$35.0m
1999	McLaren	\$35.0m
2000	McLaren	\$37.0m
2001	McLaren	\$40.0m
2002	McLaren	\$50.0m
2003	McLaren	\$50.0m
2004	McLaren	\$50.0m
2005	McLaren	\$50.0m
2006	n/a	n/a
TOTAL		\$382.0M

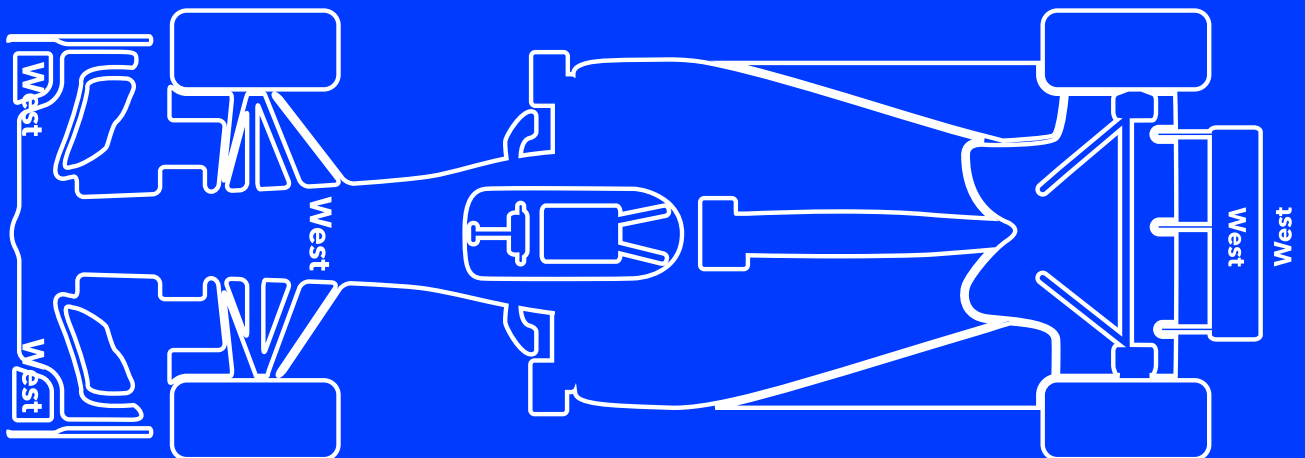
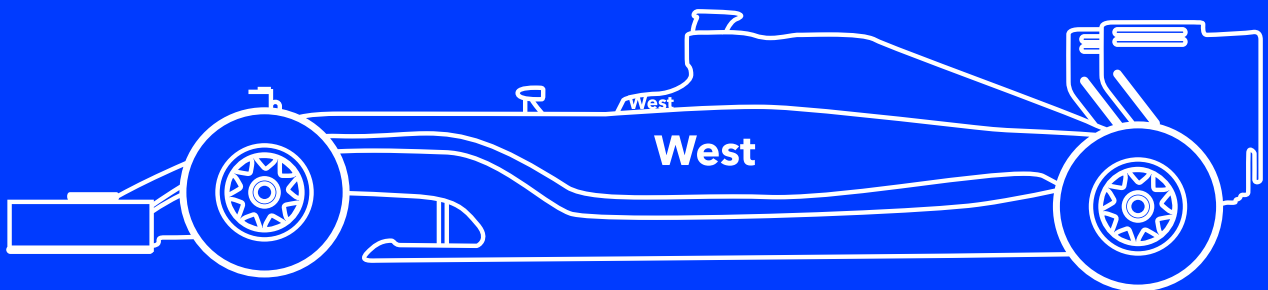
Source: Formula Money Sponsorship Database; other Formula Money estimates.

Notes: WEST

- West joined McLaren as title sponsor in 1997 after the team lost its long standing sponsorship deal with Marlboro following a series of under-performing seasons.
- However, McLaren returned to form in 1997 and won the drivers' championship in 1998 and 1999, bringing significant levels of exposure to West.
- West's non-tobacco branding consisted of replacing the word "West" with the first name of the driver, e.g. "Mika" for Mika Hakkinen's car or "David" for David Coulthard.
- Unlike most team tobacco sponsors, West chose to end its sponsorship of McLaren at the end of the 2005 season, rather than continue under heavy branding restrictions in 2006.

EXAMPLE WEST BRANDING LOCATIONS MCLAREN IN 1998

West had very prominent branding on the McLaren, particularly on the sidepod and both sides of the rear wing.



LUCKY STRIKE / 555 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$345.0 million
TOTAL F1 SPONSORSHIP SPEND	\$375.9 million
SPONSORSHIPS 1997-2006	British American Racing, Honda
OWNER	British American Tobacco

LUCKY STRIKE / 555 SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
1997	n/a	n/a
1998	n/a	n/a
1999	British American Racing	\$48.0m
2000	British American Racing	\$39.0m
2001	British American Racing	\$40.0m
2002	British American Racing	\$42.0m
2003	British American Racing	\$44.0m
2004	British American Racing	\$41.0m
2005	British American Racing	\$41.0m
2006	Honda	\$50.0m
TOTAL		\$345.0M

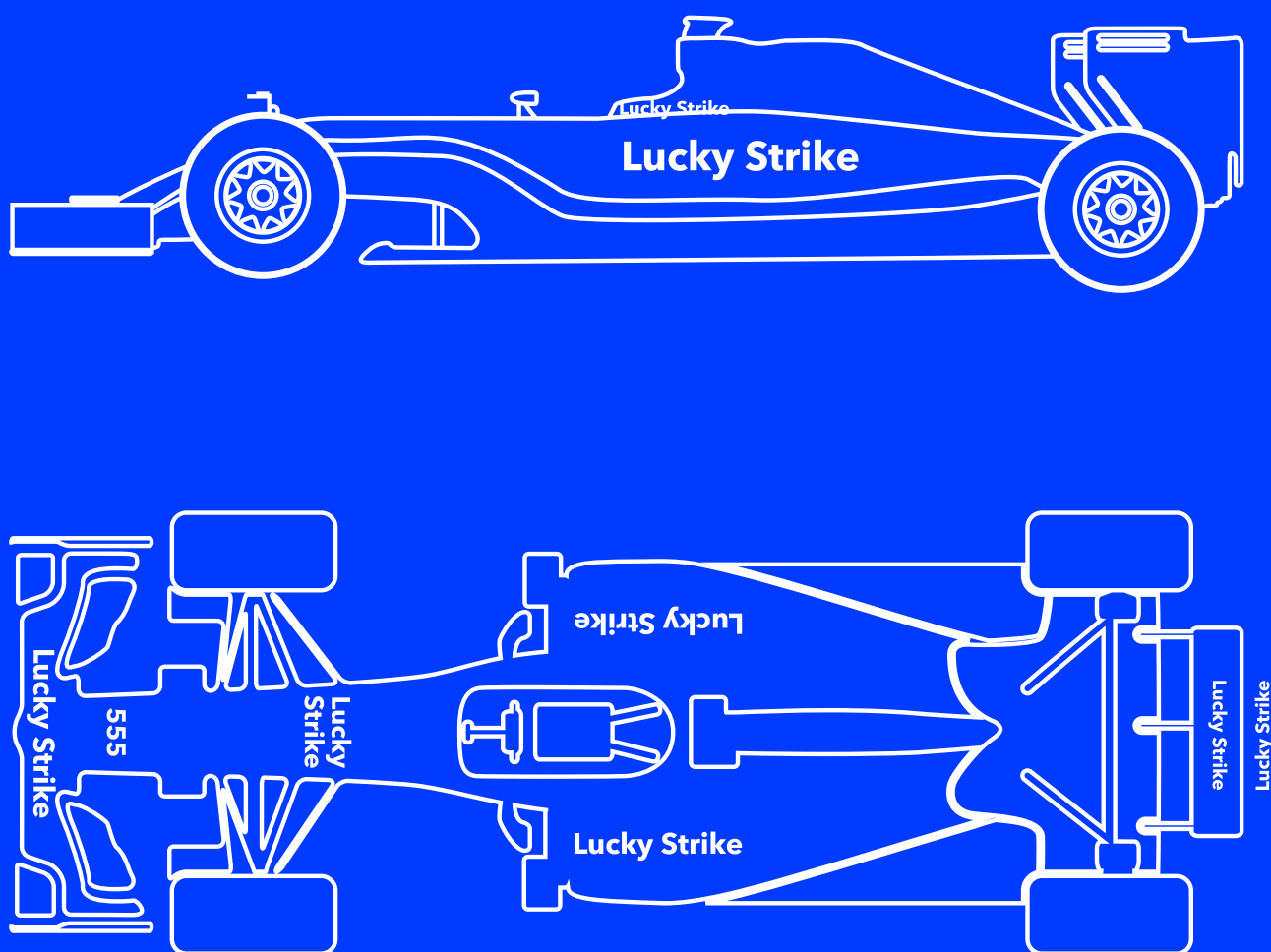
Source: British American Racing team accounts (1999-2005); Formula Money Sponsorship Database (2006).

Notes: LUCKY STRIKE / 555

- British American Tobacco (BAT) was the first (and so far only) tobacco company to own a Formula One team when it became the majority shareholder in the Tyrrell team ahead of the 1998 season. The total purchase price was \$25 million.¹³ The team changed its name to British American Racing (BAR) and ran a BAT branded livery from 1999.
- According to BAT's former head of sponsorship, Gary Carey, "given that there were five other tobacco sponsors in there we saw it as giving us a point of differentiation and also using it as a vehicle for employee pride and participation. It really gave us access that another title sponsor wouldn't get in terms of commercial benefits."¹⁴
- As the team was based in the U.K. where companies are obligated to list related party transactions in their annual account, the extent of BAT's spending on the team is well documented.
- The tobacco company spent an average of \$42.1 million a year on the team under its ownership, peaking at \$48 million in 1999.
- BAT fully sold its team to Honda in time for the 2006 season and the end of tobacco branding, but continued as title partner for one final year.
- The first cars for British American Racing had different liveries—one for Lucky Strike and one for 555. However, F1's governing body, the FIA, ruled that each team must run both its cars in substantially the same livery and BAR was forced to switch to predominantly Lucky Strike branding. 555 had a single logo on the car and a larger presence on the liveries at certain races (including the 2006 Chinese GP).
- Non-tobacco branding involved replacing the Lucky Strike logo with a similar red circle.

EXAMPLE LUCKY STRIKE BRANDING LOCATIONS BRITISH AMERICAN RACING IN 2002

British American Tobacco originally intended to run one of the British American Racing cars in a Lucky Strike livery and the other in a 555 livery. However, after F1's governing body declared both cars must carry substantially the same livery, both brands were presented on both cars in the team's inaugural season in 1999, before switching to a Lucky Strike dominated livery for subsequent years.



13 British American Tobacco memo, 2 October 1997

14 Interview with Gary Carey, SportBusiness: The Business of Formula One, 2006

BENSON & HEDGES 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$190.0 million
TOTAL F1 SPONSORSHIP SPEND	\$215.0 million
SPONSORSHIPS 1997-2006	Jordan
OWNER	Gallaher

BENSON & HEDGES SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
1997	Jordan	\$25.0m
1998	Jordan	\$25.0m
1999	Jordan	\$30.0m
2000	Jordan	\$30.0m
2001	Jordan	\$35.0m
2002	Jordan	\$15.0m
2003	Jordan	\$15.0m
2004	Jordan	\$15.0m
2005	n/a	n/a
2006	n/a	n/a
TOTAL		\$190.0M

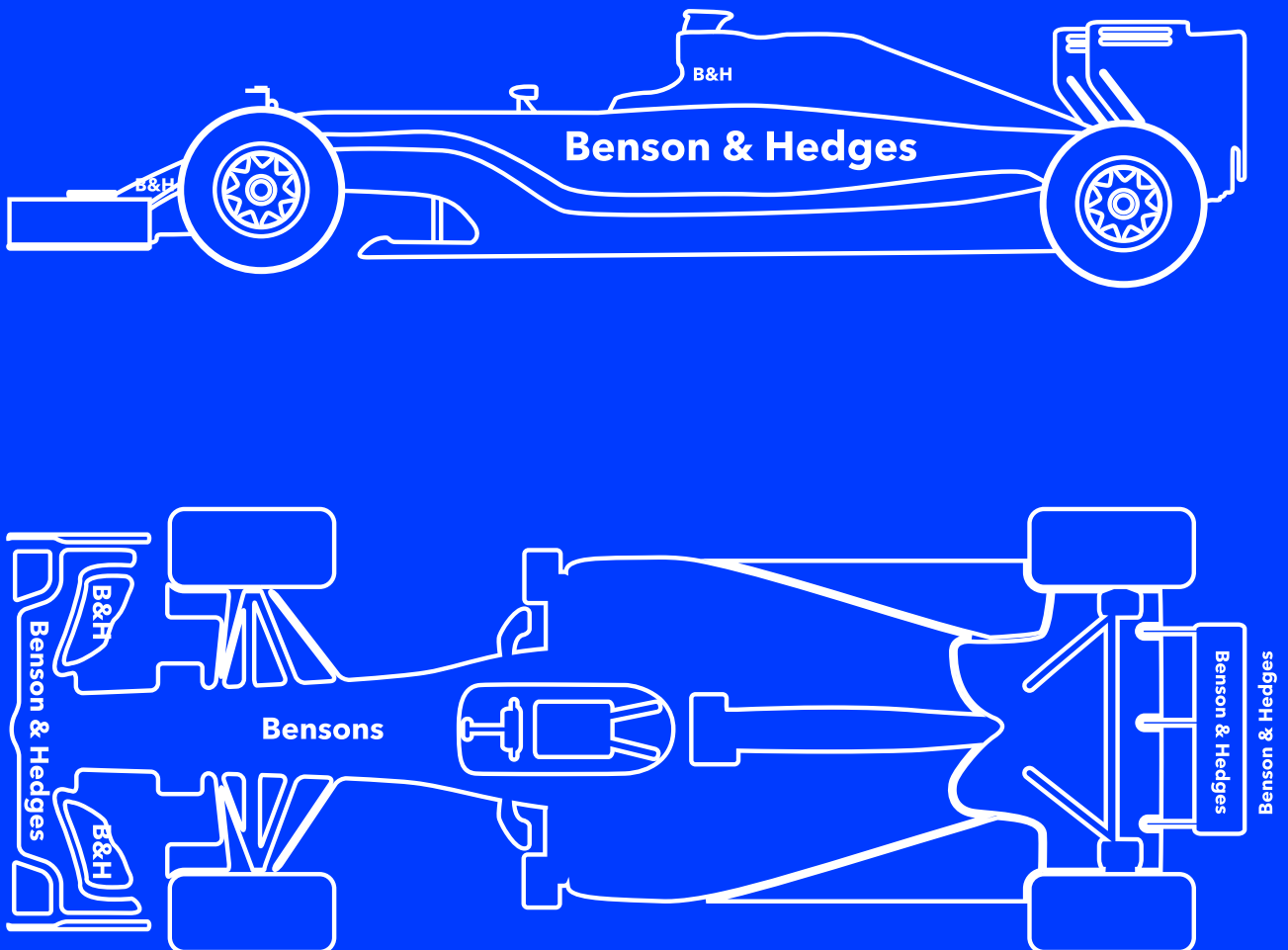
Source: Formula Money Sponsorship Database; other Formula Money estimates.

Notes: BENSON & HEDGES

- Benson & Hedges joined Jordan as title sponsor in 1996 when the outfit was a mid-grid low-profile team. By 1998 it had become a race winner and one of the most recognizable competitors—to some part due to its distinctive yellow-gold livery incorporating B&H branding and cartoonish animal designs such as a snake and a hornet.
- The Jordan B&H livery started out as a metallic gold in 1996 but it was not thought to work well on television. The team switched to a striking bright yellow scheme in 1997.
- B&H's non-tobacco liveries were highly innovative and attracted a great deal of attention. The "Benson & Hedges" name was replaced by slogans such as "Bitten & Hisses" (snake livery), "Buzzin' Hornets" (hornet livery) and "Be On Edge," formed from removing letters from the brand's name
- From 2002 onwards, coinciding with declining performance on-track, B&H reduced its involvement with Jordan from title sponsor to major partner. It disappeared from the car altogether in 2005, to be replaced with a mid-level sponsorship from another Gallaher brand, Sobranie.

EXAMPLE BENSON & HEDGES BRANDING LOCATIONS JORDAN IN 1998

Benson & Hedges' Jordan branding was particularly distinctive with a bright yellow-gold livery incorporating cartoonish images of snakes and hornets.



WINFIELD 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$100.0 million
TOTAL F1 SPONSORSHIP SPEND	\$100.0 million
SPONSORSHIPS 1997-2006	Williams
OWNER	Rothmans

WINFIELD SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
1998	Williams	\$50.0m
1999	Williams	\$50.0m
TOTAL		\$100.0M

Source: Formula Money Sponsorship Database; other Formula Money estimates.

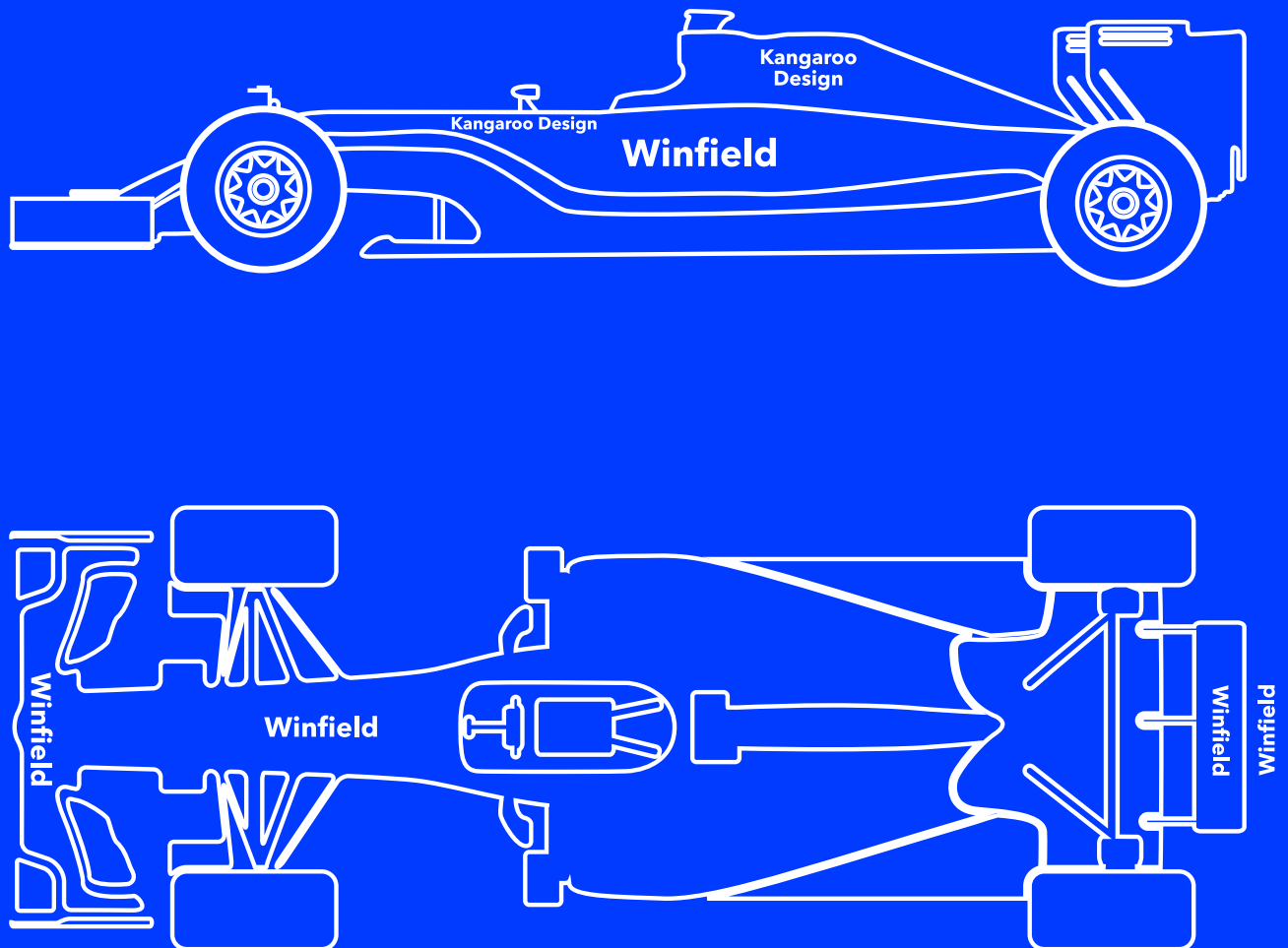
Notes: WINFIELD

- Title sponsor of Williams for only two years after replacing sister brand Rothmans on the cars.
- Although Williams had won at least one of the championships in 1994, 1996 and 1997, its performance dropped in 1998 and the team won no races.
- The word “Winfield” was simply replaced with “Williams” at non-tobacco races.
- There is indirect evidence that the sponsorship was not particularly successful as many F1 fans confused the brand with unrelated tobacco brand Winston. Research by British American Tobacco in 1999 found that Winston was one of the most recognized brands in F1, despite never having been a sponsor.¹⁵

¹⁵ Renault / British American Racing: Partners in Progress, May 1999

EXAMPLE WINFIELD BRANDING LOCATIONS WILLIAMS IN 1999

Winfield took most of the prime branding locations on the Williams livery and the cars, which had been predominantly blue since the mid 1980s, switched to a red, yellow and white paint scheme.



ROTHMANS 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$40.0 million
TOTAL F1 SPONSORSHIP SPEND	\$40.0 million
SPONSORSHIPS 1997-2006	Williams
OWNER	Rothmans

ROTHMANS SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
1997	Williams	\$40.0m
TOTAL		\$40.0M

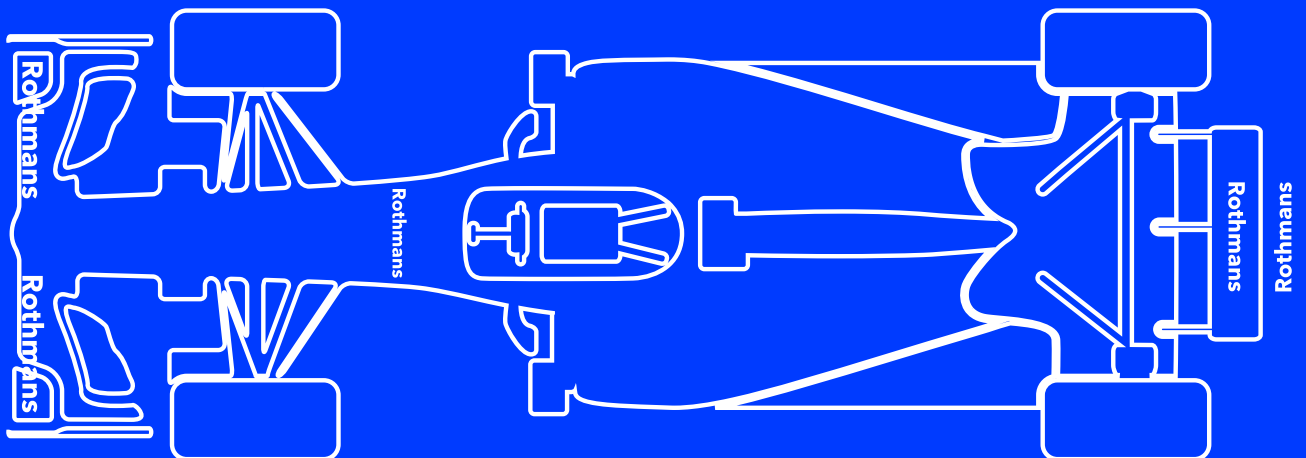
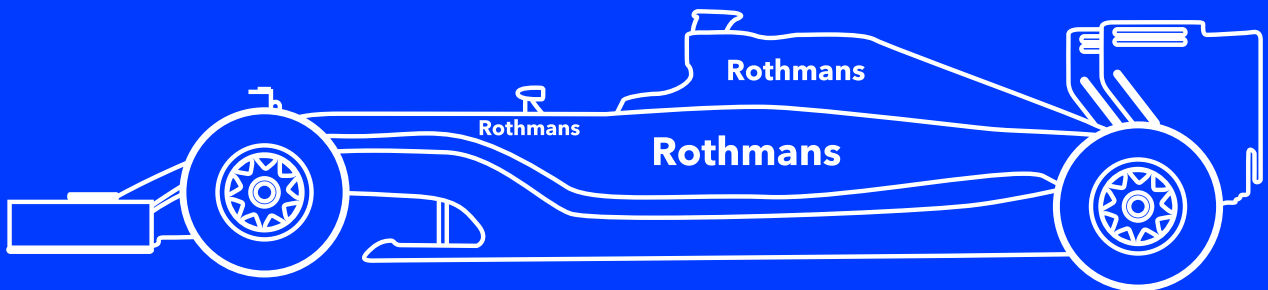
Source: Formula Money Sponsorship Database; other Formula Money estimates.

Notes: ROTHMANS

- Rothmans was Williams' title sponsor for only four years, but remains a very well known livery as the team won three drivers' and three constructors' titles during that period. All three of Ayrton Senna's races for Williams were in a Rothmans' liveried car.
- For non-tobacco races the Rothmans name was usually replaced with "R?" or "Racing".

EXAMPLE ROTHMANS BRANDING LOCATIONS WILLIAMS IN 1997

Rothmans occupied the most prominent branding locations on the Williams car and the livery's colors matched the dark blue of the cigarette packets.



PLAYER'S 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$8.0 million
TOTAL F1 SPONSORSHIP SPEND	\$8.0 million
SPONSORSHIPS 1997-2006	Canadian Grand Prix
OWNER	Imperial

PLAYER'S SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
1997	Canadian GP	\$4.0m
1998	Canadian GP	\$4.0m
TOTAL		\$8.0M

Source: Formula Money Sponsorship Database; other Formula Money estimates.

Notes: PLAYER'S

- Unlike its sister brand, John Player Special, Player's has had little presence in F1, with its main contribution being the title sponsorship of the Canadian Grand Prix in 1997 and 1998. Its pale blue colors were more notably used in the American CART series, where the brand sponsored the Team Green and Forsythe teams.

SOBRANIE 1997-2006

TOTAL F1 SPONSORSHIP SPEND 1997-2006	\$8.0 million
TOTAL F1 SPONSORSHIP SPEND	\$8.0 million
SPONSORSHIPS 1997-2006	Jordan
OWNER	Gallaher

SOBRANIE SPONSORSHIP BREAKDOWN 1997-2006

YEAR	MAIN SPONSORSHIPS	EST. SPEND
2005	Sobranie	\$8.0m
TOTAL		\$8.0M

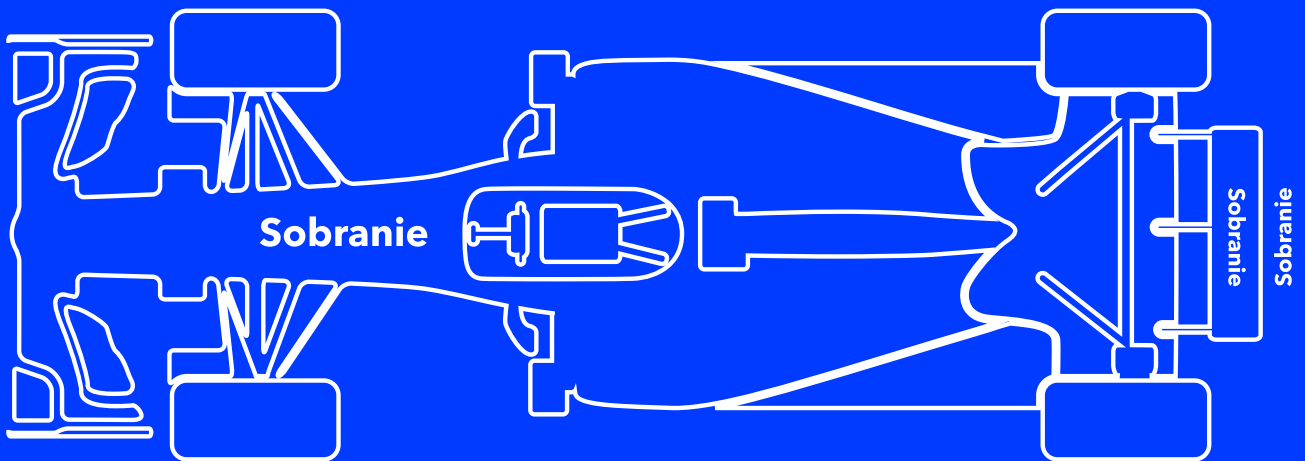
Source: Formula Money Sponsorship Database.

Notes: SOBRANIE

- The Sobranie brand appeared in F1 for a single season, replacing fellow Gallaher brand Benson & Hedges on the Jordan cars.
- Unlike most tobacco partnerships of the period, the deal was not a title partnership and Sobranie was not the most prominent brand on the cars.

EXAMPLE SOBRANIE BRANDING LOCATIONS JORDAN IN 2005

Sobranie was the least prominent team tobacco sponsor of the period. Although its logos were visible on the rear wing, the sidepod branding only appeared at certain races and not always on both cars.



06 F1 Tobacco Sponsorship 2007-2018

BACKGROUND

ONLY ONE TOBACCO company sponsorship survived in F1 beyond the end of 2006: Philip Morris (Marlboro) through its partnership with Ferrari and some residual trackside advertising.

The relationship between Ferrari and Philip Morris is one of the most unique in Formula One history. Despite being Ferrari's highest-paying sponsor, it has no overt branding on the car. Although the word Marlboro was retained in the team's name immediately after the tobacco ban, it was dropped in mid-2011. In 2007 the Marlboro decals were replaced with Marlboro's non-tobacco livery barcode designs, which are reminiscent of the actual tobacco branding, however, by 2010 this had also been switched for a Ferrari team logo with a red and white background. The car remained the slightly brighter red of Marlboro cigarette packets, rather than reverting to its original slightly darker shade.

The reason why Philip Morris continued to spend so much money on Ferrari may seem difficult to fathom, but the partnership was actually working the opposite way to most F1 sponsorships. While most brands pay to have their brands featured on a team's cars, Philip Morris's main benefit was the ability to feature Ferrari in its own advertising.

Even though tobacco branding cannot appear on the Ferrari cars, Ferrari branding has appeared on Marlboro marketing material and cigarette packets in markets with less restrictive rules on tobacco sponsorship. This strategy has been used even in Formula One race markets laying just outside the EU. Marlboro advertisements have appeared just outside the boundaries of the circuit in Monaco in recent years, featuring Ferrari cars and drivers (see following images).

This relationship continued until late in the 2018 season when branding for the mysterious Mission Winnow appeared on the cars.

MARLBORO F1 SPONSORSHIP 2007-2018

YEAR **EST. SPENDING:** **FERRARI** **MONACO GP**

2007		\$100.0M	\$1.5M
2008		\$100.0M	-
2009		\$100.0M	-
2010		\$100.0M	-
2011		\$100.0M	-
2012		\$50.0M	-
2013		\$50.0M	-
2014		\$50.0M	-
2015		\$50.0M	-
2016		\$50.0M	-
2017		\$50.0M	-
2018		\$50.0M	-

TOTAL **\$850.0M** **\$1.5M**

Source:
Formula Money Sponsorship Database.



MARLBORO AND FERRARI CO-BRANDING

The image below was taken during the 2015 Monaco Grand Prix weekend and shows Marlboro advertisements featuring Ferrari's F1 car and driver, Sebastian Vettel. The advertising hoardings were just outside the perimeter of the circuit, around 200 meters from the famous Rascasse corner. They drew attention to the shared color scheme of Marlboro and Ferrari with the slogans "Red

Is Inspiration" and "Red Is Innovation." Despite French being the official language of Monaco, the slogans were in English, perhaps suggesting that the advertisements were aimed specifically at people traveling into the principality for the Grand Prix. A Marlboro cigarette stall bearing the slogan "Red Is Surprises" was also located just outside the circuit.



Acknowledgements

This report was created by Formula Money and Vital Strategies in collaboration with STOP (Stopping Tobacco Organizations and Products) partners.

Invaluable contributions to the research, writing, editing and design were provided by:

Formula Money

Caroline Reid
Christian Sylt

Vital Strategies

Aaron Adams
Jorge Alday
Yayne Hailu
Johnny Hsu
Tracey Johnston
Sharan Kuganesan
Allegra Lynn
Sandra Mullin
Rebecca Perl
Erin Sandberg
David Shin

University of Bath

Phil Chamberlain
Karin Silver

The Global Center for Good Governance in Tobacco Control

Debby Sy
Mary Assunta

International Union Against Tuberculosis and Lung Disease

Gan Quan
Emma Green

This publication was funded by Bloomberg Philanthropies.

With thanks to Kelly Henning, Jessica Leighton, Jennifer Ellis, Rebecca Bavinger, Jean Weinberg and Adrienne Pizatella.

Suggested Citation: Vital Strategies. Driving Addiction: F1 and Tobacco Advertising. New York, NY. July 2020

Stopping Tobacco Organizations and Products (STOP) is a global tobacco industry watchdog whose mission is to expose the tobacco industry strategies and tactics that undermine public health. STOP is funded by Bloomberg Philanthropies (www.bloomberg.org) and is a partnership between The Global Center for Good Governance in Tobacco Control, The Tobacco Control Research Group at the University of Bath, The International Union Against Tuberculosis and Lung Disease and Vital Strategies.





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