

# CRISIS, WHAT CRISIS?

» ALL BUSINESSES ARE ULTIMATELY JUDGED BY HOW THEY PERFORM AT THE HIGHEST LEVEL. IF YOU WANT TO SEE HOW THE FAST FOOD INDUSTRY IS GETTING ON, YOU HAVE A LOOK AT MACDONALDS, BURGER KING AND KENTUCKY FRIED CHICKEN. IF IT'S RETAILING YOU'RE INTERESTED IN - YOU LOOK AT TESCO, SAINSBURYS AND MARKS & SPENCER.

WORDS: Dave Stewart

So, if you want to see how motorcycle racing is getting on in the global downturn, it's Moto GP and World Superbikes you need to look at. With grid sizes of just 24 and 22 respectively things don't look great right now and if it wasn't for the CRT bikes in Moto GP there would be just 6 factory bikes and a further 6 satellite bikes on the grid. Kawasaki, Aprilia and Suzuki have all bailed out of Moto GP and their World Superbike efforts are arms length affairs with the teams being run independently of the factories.

A Moto GP event is a huge commitment for any venue, as it costs around 4.5 million Euro to put each individual event on..... that's right, 4,500,000 Euro, or around £4.2 million pounds if you prefer it in a stable currency (3 million to Dorna and the rest in operational and marketing costs). You don't get any trackside advertising revenue or TV rights money for that either, the whole event has to stand or fall on local marketing of tickets to Joe Public and ancillary promotions that do not conflict with Dorna's own sponsors.

For that kind of investment, even the Post Office Savings Bank would give you an annual return of £159,000 just for dropping the money off and doing no work. If you actually want to make even £1 genuine profit out of all the hard work involved in hosting a Moto GP event, and I can tell you it's a lot

of work, you need 78,750 paying spectators through the gate on raceday. That's an awful lot of people and is a figure that hasn't been reached in the UK more than once in this millennium.

No matter what the weekend crowd figure given out for public consumption was at Silverstone last year, I'd bet my last penny that the number of paying spectators wasn't even a third of that figure. There used to be aerial photographs in every office at Silverstone showing the genuine 100,000 public attendance at the British F1 Grand Prix where the car parks were full for miles around. The helicopter shots from the last Moto GP event at the Northamptonshire venue told a story that cannot be denied.

World Superbike is cheaper to contract in, but then you won't get anything like even the Moto GP crowd figure and the ticket price won't stand a hike even from National levels, so to earn the mythical £1 profit here, you still need a paying raceday crowd of 35,000 people and that hasn't happened since the heyday at Brands Hatch in the late 90's.

World Championship series can always just chase the dollar in middle and far eastern oil rich or developing countries, where the state effectively underwrite the costs, but that doesn't help the manufacturers who want the racing to take place in their core markets;-

Europe, Australia, America, Japan and now Indonesia. This means that these events must take place in those expensive locations, so if the events lose money how does the venue recoup those losses?

National and Club Racing pay for the majority of it and the manufacturers pay for the rest. All of the venues hosting so called "Double-A promoted" events earn the majority of their money from humble clubmans events and crucially, mid-week track days/corporate days.

Before we go off on the old "greedy circuit owners" routine, I actually don't think that there is a great deal wrong with that scenario as long as it is kept in some sort of perspective. As consumer fuelled businesses, we need people to see promoted events in order to instil them with the desire to emulate their heroes. If there is a cost associated with that, then it is only fair that we bear a proportion of it – as without that shop window, we would have no customers.

From the circuits perspective, running major events can be a pain in the backside but the thing that makes people want to race bikes or cars has a lot to do with having seen well promoted motorsport events like Moto GP, F1 or World Superbike. So losing a bit of money on those big events in order to stimulate demand for the core activities isn't really as daft as it might first appear to be. If you see Valentino Rossi racing around Silverstone and you are a fan, it is highly likely that Silverstone will be somewhere you want to race when you actually take up the sport. As long as you have enough clubs willing to pay the hire fee, you will then eventually recoup on your investment. Silverstone is probably a poor example of this, as there are very few clubs organising motorcycle race events there at present, but Donington Park is one of the few venues with queues of clubs just waiting for dates to become available, so the principle does work.

There is of course a critical point where the entry level racing simply cannot bear the entire cost and clubs either cease to organise events, or contract their activities to



Aprilia RRV450GP racers are our next generation of stars



## Thundersport GB set out it's stall at a very early stage and that is really paying dividends

the extent that they are almost hibernating. We have been going through a particularly difficult period in this respect for most of the last decade. Just 8 years ago there were 268 days of clubmans motorcycle sport organised on the 16 permanent mainstream race circuits in England, Scotland and Wales. This year there are scheduled to be just 179 such days on those same venues. This has to leave a sizeable hole in the income stream of the circuits and they have to fill those days with something, or pass on an increased proportion of their costs to the remaining customers.

Three major clubs have ceased to organise anything at all during that period (New Era MCC, KRC and Clubmans Racing) and the existing clubs have all cut back their activities. So in just 8 years a third of the domestic market has disappeared and the more the organising clubs try to trim costs in order to keep up with the expenses of running events, the less value for money is available to pass on to the riders. It is a vicious circle of the worst kind, as everybody loses in the long run.

Any crisis in the lower echelons of the sport needs to be taken very seriously by everyone concerned with the health of the sport. As hard as I look though, I don't see an awful lot of innovation going on by any

of the federations or promoters to help out the grass roots of the sport. There seems to have been a belief that as long as the clubs, via their members, keep paying - the whole thing will somehow keep rolling along. The problem is that there are now only 11 clubs left organising events, plus 2 more who are solely interested in classic/vintage machinery. As an industry we cannot afford to lose any more clubs and the circuits cannot afford to lose any more customers. On both fronts, it all comes down to which way you chose to look at things. Do you want a bigger slice of a shrinking cake, or do you want to share a bigger cake? If you want a bigger cake (as I do) you need to innovate and create new things to bring new people into the sport, rather than just squabbling over the existing participants.

Thundersport GB is the only new organisation coming into the field during the above period and we have been able to lay out our series in a subtly different fashion. We have tried very hard to create completely new formulae such as Streetfighters, Supertwins, RRV450GP and our Golden Era classes. These are designed to encourage new riders into the sport and to expand the existing pool of competitors so that more people can participate. More riders sharing the costs, means that each rider pays less,

which is simple economics. Our emphasis has always been on quality, both in terms of track time and the superficial trimmings that surround the meetings and make them more of an event for everyone involved. We have taken the view that there is a certain level of expense that riders are happy to pay, if they know that the quality is assured. Our races are loosely framed around a set mileage which gives riders time to enjoy their racing, rather than frantically scrambling around for 6 or 7 minutes in an effort to obtain a decent result. A poor start is not the end of your chances of winning a race over a reasonable distance and therefore it is easier to still enjoy fighting your way back through the field without being reckless. It also prepares you better for the next level of racing, be that at British Superbikes, European Championships or even on the world stage. Riders understand quality when they experience it and that is remembered long after the credit card bills are paid.

Anything we want to add into the mix after that has to be funded by us going out and finding outside sponsors to pay for things like TV, Grid Girls, internet i-players, A4 full colour programmes that are free to the public and professional presentations. Therefore our business model is slightly different to most other organisations and has a degree of flexibility that has insulated us from the cold winds that are having such an adverse effect on our sport. Although we do organise 28 days (16%) of the 179 days on this years calendar, we cannot take on much more if we want to maintain the very high standards we have set for ourselves. We are hoping for a boom for all organisers and a brighter future for everyone.

The future's bright – the future's Orange (and black)



Youth racing is the key to our future success

