

# **Formula 1**

## **Drive to Thrive - How to Handle Success**

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### **TEACHING NOTES**

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The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

# Teaching Plan

The teaching note serves as a guide for teachers and presenters for the preparation and presentation of the Formula 1 case, along with how to interest and involve the case participants. This includes a case synopsis, learning objectives with key theoretical concepts, teaching suggestions, a time plan, and a board plan with practical recommendations for how to practically work with the case. Furthermore, by following the suggestions provided in this paper, participants will be able to combine theoretical concepts and practical knowledge to find the most suitable solution to the problems presented in this case.

## Case Synopsis

In 2018, the new owners of Formula 1, who had purchased the company just a year earlier, partnered with Netflix to broadcast the docuseries *Drive to Survive*. The new executives' plan was clear: to unlock the potential of the global brand - opening up the sport to new fans, new business partners, and other growth opportunities. Under its new owners, the brand began to grow rapidly in every aspect - TV audience, race attendance, social media reach and the popularity of the drivers and teams themselves. However, the success of *Drive to Survive* has brought several unexpected challenges that require a well-planned response from Formula 1 executives.

*Drive to Survive* has brought the sport closer to its fans, allowing them to go behind the scenes and learn the stories of the drivers and teams. Additionally, the collaboration with Netflix has resulted in a significant increase in new fans, often from different age or cultural segments. The growing popularity of the Formula 1 brand has also led to an increase in ticket prices and other attractions offered on race day. The rapid changes in Formula 1 have caused frustration for its old fans. Some of these fans have begun to treat new fans as “intruders” and accuse the F1 of losing its identity to the drama served up by the Netflix series. Moreover, some of the fans' accusations have been confirmed by the drivers themselves, who have pointed out that *Drive to Survive* is more focused on creating drama than telling the true story of the sport. Executives are now facing the challenge of successfully averting a crisis while maintaining popularity, retaining new fans, and meeting the expectations of their core fanbase.

## Relevance

The case of Formula 1 is relevant and universal due to several reasons. Firstly, it addresses and helps to understand several theoretical concepts relevant to brand management. Moreover, this case ultimately focuses on effective success management and the management of the community around the brand - whether fans or customers. This aspect makes the case of Formula 1 universal and timeless since managing success, as well as meeting the expectations of different customer groups, are issues that many companies around the world are constantly facing.

# Learning Objectives

## Key concepts of the case

The Formula 1 case has significant implications for understanding various theoretical concepts. Identifying these concepts can enhance participants' knowledge of brand management and reputation. The presenter should guide the discussion towards these and use them to work towards a case solution. To fully comprehend the case of F1 and the problems faced by this brand, it is necessary to introduce the following concepts into the discussion: Corporate Brand Identity, Brand Evolution and Community Management. The application of these concepts can help participants develop appropriate solutions and identify a pattern of understanding the phenomenon it focuses on beyond the case of F1.

### Corporate Brand Identity

The impact of the *Drive to Survive* on the Formula 1 brand is a complex issue that involves various elements of corporate branding. To better understand this issue, the concept of brand identity can be useful. According to Kapferer (2012), corporate identity is what helps an organization feel like a distinct entity, with its own history and goals that set it apart from others. To identify the problem faced by F1 and to develop suitable solutions, it is necessary to analyse the identity of this organisation. The Corporate Brand Identity Matrix (Urde, 2013) can provide an applicable solution. Analysing all the components of the Matrix will provide a deeper understanding of the challenges faced by Formula 1. The Corporate Brand Identity Matrix consists of nine components divided into three groups - internally oriented elements in the bottom row, externally oriented elements in the top, and those that are important both internally and externally located in the middle row of the matrix. Figure 1 presents the Corporate Brand Identity Matrix applied to the case of Formula One.

<p><b>Value Propositions</b></p> <p>Providing thrilling entertainment through high-speed racing, cutting-edge technology, and the competitive spirit of the world's best drivers</p>	<p><b>Relationships</b></p> <p>Win-win relationships with our partners various stakeholders that are built on trust, excitement, and shared passion for the sport</p>	<p><b>Position</b></p> <p>Global leader in motorsports entertainment, delivering unparalleled experiences to fans around the world</p>
<p><b>Expression</b></p> <p>A distinctive logo, cutting-edge technology, and partnerships with global luxury brands. The sport of luxury, accessible to all</p>	<p><b>Brand Core</b></p> <p>"To deliver the world's greatest sports and entertainment spectacle, with innovation, inclusivity, and sustainability at the heart of our future growth and value"</p>	<p><b>Personality</b></p> <p>Personality characterized by sophistication, glamour, competitiveness, and a relentless pursuit of perfection.</p>
<p><b>Mission and Vision</b></p> <p>Delivering innovative, sustainable, and immersive motorsports entertainment that inspires passion, excitement and excellence. "Unleash the greatest racing spectacle on the planet"</p>	<p><b>Culture</b></p> <p>The culture of Formula 1 is deeply rooted in innovation, teamwork, competitiveness, and a passion for pushing the boundaries of what's possible in motorsport</p>	<p><b>Competences</b></p> <p>Advanced technology and engineering, global outreach and expertise in organizing and promoting world-class racing events.</p>

Figure 1, (adapted from Urde, 2013) Corporate Brand Identity Matrix applied to Formula 1

When analysing the brand identity of F1 using the Matrix, it is worthwhile to start by pointing out a quote from Urde (2021), who defines what a brand is:

“Fundamentally, a brand is a promise, and a strong brand is one with a clear positioning and an earned reputation for keeping its promise. A promise kept builds trust and helps an organization reach its goals and stay true to its purpose”  
(Urde, 2021, p. 59).

The corporate identity of Formula 1 revolves around two main concepts: entertainment and inclusivity/accessibility. The brand aims to provide high-quality immersive entertainment and establish itself as a global leader in this field.

Additionally, it emphasizes that inclusivity is at the core of its brand and strives to offer this experience to all fans worldwide. It is here that the problem that F1 is facing arises, and the participants in the case discussion are asked to work towards finding a solution.

As Urde points out, a strong brand keeps its promise. In the case described above, on the one hand, Formula 1 is keeping its promise to provide high-quality entertainment, an immersive experience, and to reach fans around the world. On the other hand, some fans may feel that the brand is exclusive rather than inclusive and that much of this “experience” is only available to a privileged few - those who can pay many thousands of dollars to participate. Moreover, the corporate brand identity matrix above indicates that Formula 1 places a significant emphasis on entertainment. However, it is important to note that the sport remains primarily focused on the race itself as well as on technology and motorsport. With the introduction of Drive to Survive, some members of the core fanbase may cynically conclude that the mission is now to ‘unleash the greatest drama on the planet’, rather than the “greatest racing spectacle”. The challenge for Formula 1 is to balance the expectations of various stakeholder groups while staying true to its identity. The role of the Formula 1 case discussion leader is to guide participants in exploring the issue of brand identity and the contradictions that the organization faces.

### *Brand Evolution*

The F1 case revolves around a corporate brand’s challenges of how to deal with a major change, more specifically in how to cater to different fan segments in the event of a rapid increase of new consumers in a short time. Thus, another theoretical aspect to consider when exploring the case with the class is brand evolution; the never-ending process of improving a brand and its reputation in alignment with a shifting market. Or as Kottler (1995, p.59) puts it: “to make fundamental changes in how business is conducted in order to help cope with a new, more challenging market environment”.

Kapferer (2012) similarly points out that brand growth can only be achieved through progression. However, to achieve this brand managers must embrace the balancing act between understanding what to change and what not to. He continues by explaining that a brand’s first function is a point of reference and to accomplish this a clear sense of self, direction and continuity over time is required. In contrast, market dynamics or unforeseen changes call for fluidity and diversification. Consistency is thus not mindless repetition, but an effort to advance the brand in correspondence

with the evolving times. F1 might be evolving with the times, however one might argue that they have simultaneously lost sense of the brand essence and their heritage.

Kapferer terms the rigid elements of a brand, which are necessary to uphold for the brand to remain itself as Kernel Facets, similar to the identity core in Urde's Matrix (2013). On the other hand, a brand's attributes that can be flexible are called Peripheral Facets, correlating to the outer squares of the Matrix. This parallel pursuit puts the corporate brand in the light of two perspectives; one of timelessness, regarding its essence and basic meaning; and the other one as a disruptive, erratic one concerning new developments. The brands that last in the long run, are able to be both relevant and a bit unpredictable in the eyes of their customers while remaining true to their core identity. When F1 redefine their identity, they didn't segment the new kernel facets before implementing changes in the peripheral facets.

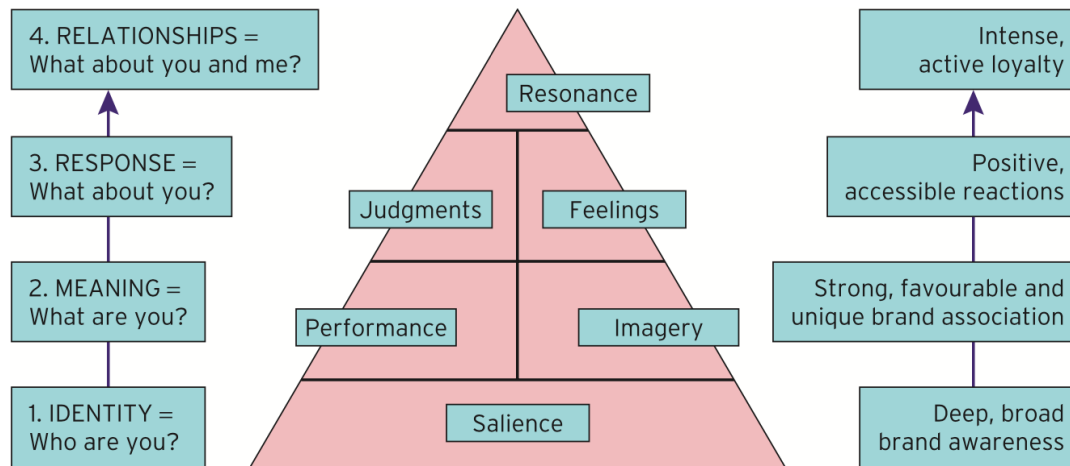
In the process of change, Kotter (1995) calls attention to two general principles that practitioners should take into consideration when taking on the challenge of adjustment and modification. Firstly, changing something takes time, since this process undergoes 8 critical stages that require deep consideration. Furthermore, skipping any of these phases may seem like a path to a quicker solution, yet the quality of the outcome is negatively affected by this and thus fails to live up to expectations. For F1 the change was quick, thus when trying to adapt to this new environment, they could have rushed in the transitioning of the brand.

Secondly, a critical mistake in any of the steps can have a detrimental impact on the momentum of the change process and negate already hard-won payoffs. The teacher should, if suitable, encourage the students to analyze Kotter's 8 step model to identify any mistakes of the F1 change management.

### *Community Management*

To better understand how F1 can deploy community management and meet the two fanbases' needs, the brand equity pyramid in Figure 2 is a helpful tool. The aim for brands is to move the consumers up the pyramid, to foster active and intense loyalty that creates brand equity. It allows a deeper dive into the different rational (left side) and emotional (right side) elements of the consumer and better understand what is needed for the various fan communities (Roper & Fill, 2012).

Applied to F1, it could be considered that some of the old core fans might be starting at the top of the pyramid and are on their way down. The pyramid could therefore be explored in a multi-way approach to identify the most urgent aspects for F1 and help students ask the crucial questions 'What helps or hurts our brand?' and 'What are the first things we need to do?' (Urde, 2024).



**Figure 7.2** The brand equity pyramid.

Figure 2 - Brand Equity Pyramid (Fill & Roper, 2012)

### 1. Establishing Brand *Identity*; Embracing The Heritage and Future Vision

*Awareness:* To engage both new and old fans, F1's marketing efforts could highlight the sport's esteemed past and vision for the future. This includes celebrating moments and legendary figures in F1 history to celebrate old fans who have kept up with the brand for years and strengthen a sense of belonging and pride. The awareness level is not only about recognizing the brand but also connecting to the brand values and traditions. Both old and new fans must recognize 'who F1 are'.

### 2. Defining Brand *Meaning*; Harmonizing Tradition with Progress

*Performance:* Deliver races while maintaining fair competition among teams and to uphold the thrill of the sport, without the overdramatization. Another strategy is to emphasize technological advancements, sustainability initiatives and role in shaping the future of motorsport with the aim of educating new fans and keeping the old ones curious. This presents F1 as a forward moving force and invites fans to progress with the brand.

*Imagery:* To create a brand image that honors tradition while also being dynamic and innovative, storytelling can link fans with sports triumphs and future potential. Not only could F1 use different platforms, but also communicate the storytelling in different angles suitable for the heterogeneous audience. While some might want F1 to be a serious expert, presenting the making of the cars or statistics, others are more interested in F1 as the storyteller that unveils driver's feelings.

### 3. Brand *Response*; Engagement with Fans Across Various Platforms

*Judgements:* Credibility and consideration is imperative for this level. F1 could collect input from both old and new fans to grasp their opinions regarding the sports trajectory. This feedback holds significance in making informed decisions that respect the sports legacy while also embracing evolution and considering fans' needs. Furthermore, it may be fruitful to show the fans that the wishes of the driver's are taken into account by having serious discussions with the show makers.

*Feelings:* Cultivating sentiments surrounding F1 is crucial. For those who have been following for years this could evoke feelings of nostalgia and continuity. On the

other end of the spectrum, newer fans might find excitement in the sports advancements and its contribution to positive transformation. Supporting or replacing the drama of the show with other kinds of tailored content and experiences could be key to elicit emotional reactions in a more mindful way.

#### 4. Brand Relationship; Nurturing a Profound Emotional Bond

*Resonance:* Building an emotional bond with both seasoned enthusiasts and recent followers necessitates fostering a sense of community. Examples are; Enhancing race day experiences for fans whether they are physically present or watching remotely or endorsing community initiatives and fan meet ups both online and offline to cultivate a sense of inclusivity among supporters. This level can be considered as especially interesting when looking at new fans that have reached the top. Do the new fans at this level have an attitudinal attachment to the brand and how long will it last if F1 were to lose the 'hype' or any new characteristic that has been prescribed the brand since DTS? Will they continue to enjoy and talk about the brand if the series comes to an end?

To find a middle ground for the most actively engaged fan communities, old and new, might be one of the toughest challenges of the case since what drove them to the top of the pyramid might be of completely different reasons and expectations.

### Key Learning Objectives

Key learning objectives		
Skill	Description	Application
<i>Remembering</i>	...success does not mean that brand and community management stops.	What started as success with DTS might end up in a brand identity crisis and unhappy fans.
<i>Understanding</i>	...the imperativeness of staying true to the identity while changing with the times.	F1 is changing and adapting to new fans, but with the cost of the old, loyal ones.
<i>Applying</i>	...key concepts and models of brand identity, brand evolution and community management.	For F1, such as the brand identity matrix, change management and brand equity pyramid are supportive.
<i>Analysing</i>	...how success might create brand challenges.	F1 is facing issues with new (intruder) fans, interested in drama vs old (core) fans, with other needs.
<i>Evaluating</i>	...how the brand's communication efforts aid or restrict fan interactions.	What F1 should bring along, change and/or introduce regarding two-way communication to meet fans' expectations.
<i>Creating</i>	...a plan of future changes and reevaluating the brand elements.	Deep dive into the brand matrix and decide on short and long term actions.

### Case Questions

To ensure a productive case discussion and achieve learning objectives, it is crucial to begin with a well-articulated question. Creating a 'case bubble' can help participants adopt the role of a team of Formula 1 executives and engage in active

problem-solving. The main question initiates the discussion and sets it on the right track. The following two questions extend the case elaboration by introducing additional aspects that will assist the participants in developing alternative solutions. Additionally, these questions link key theoretical concepts in reputation and brand management with practical solutions, making the alternatives more insightful. Additional questions are included below to help the teacher maintain the dynamics of the discussion and the involvement of the participants, as well as to broaden the discussion and include other perspectives.

**You are now taking on the role of a brand consultant who has been asked to help the Formula 1 management team. Prepare solutions based on the following questions:**

*What actions should we take in order to foster a good relationship with the old fans, without damaging the relationship with the new ones?*

*How do we maintain the brand identity while adapting to the rapid growth in popularity?*

*Follow-Up Questions:*

- *How can F1 make sure to tend to both old and new fans without losing its identity/brand core?*
- *How can F1 maintain a positive reputation? Does it need a brand repositioning strategy or reinforcing specific aspects of its identity?*
- *How should F1 engage with the different target groups? Diversify engagement strategies or not?*
- *What measures can be taken to ensure effective communication and coordination among various stakeholders?*
- *Should we continue with the Netflix series or not? Why?*

## Teaching Suggestions

### Pre-presentation phase and case introduction

The presenter(s) should get familiar with the case by reading all the documents provided as well as having a look at the presentation or creating their own. Students should also have access to the Written Case beforehand to be able to get familiar with the case scenario and initiate their thought process. Thus, it is recommended to send out the document at least 24 hours ahead of the presentation. Since this case is ongoing, it is highly beneficial for the presenter to get familiar with the other two cases of Dubrovnik and D&D since they provide some answers and reflections.

To create an environment where open dialogue is welcomed, the presenter(s) may start the presentation by asking the audience a few questions, e.g. “How many of you have seen Drive To Survive?”. The presenter(s) should also encourage the participants to ask questions along the case journey, but be aware of time and keep the presentation flowing nicely.



# Case Discussion and Conclusion

Depending on the number of participants it could be advantageous to allow smaller groups to discuss for the first few minutes. This way, more people are encouraged to take part and the students have the benefit to clarify initial opinions and questions to start the larger discussion more to the point. During this time, the presenter(s) is wise to prepare the whiteboard if not already done. When the discussion opens up to the whole room it is conducive to inspiring students to listen to others talking and build upon others' comments.

The presenter(s) should have a great presence and make sure that a variety of voices are heard. Since time is of the essence, the presenter(s) is attentive to not let the discussion get stuck between two people debating. If there are several presenters, it is effective to split up different tasks such as note-taking and managing the discussion. See the Board Plan for managing the discussion on the whiteboard.

In the last part of the presentation, it is revealed that there are very few managerial decisions from Formula 1. The challenges of Dubrovnik and Dungeons & Dragons are briefly introduced before moving on to the takeaways of these cases and how they may apply to F1. Allow further discussion as these takeaways are compared to the students' board decisions. Ask them about what tools and actions they believe are effective for F1's challenges in light of new information.

# Time Plan

Figure 3 is an example of how to use 45 minutes to present and discuss the case. For the introduction part, the presenter could beneficially emphasize the background of the sport, the shift with Liberty Media and the Drive To Survive series. The second part delves deeper into DTS, with some brief statements about the success, before moving on to the challenges. In the third part, students are split up into smaller groups for the first 5 minutes, to get them warmed up, before extending the discussion to the full class with the help of the board plan. At the end of the discussion, it's time for the class to decide on a path of action. Finally, the outcome of F1's management decision is disclosed and compared to similar cases. Students are encouraged to reflect and comment on this; are there similar situations that could be beneficial for the comparison to F1?



Figure 3 - Timeplan for presentation

# Board Plan

In preparing for this case, we highly recommend the presenter engage in the effort of going through the selected board plan before the presentation. This in order

to make sure that they understand which aspects that should be emphasised during the discussion phase while also affirming what learning objectives the case audience needs to grasp. The board plan acts as a useful tool for all present since it structures key points and ideas generated by the class discussion in an overarching and clear manner.

The tables below outline two recommended board plans to use for this case. Depending on the activity and engagement in class, the boards can either be filled in progressively throughout the presentation, or at the end of the case introduction when the presenter opens up for discussion. It’s important to note, that these frameworks are only suggestions and other structures might be more suitable depending on the context. Opinions and ideas from the audience should be written down step by step in a logical manner, either by the presenter or a volunteer. After having gone through each stage of the board plan, the class should be well prepared to come to a final management decision.

**Board Plan 1:**

Problems	Alternatives	Recommendations

This board plan is divided into three main categories for the audience to consider: problems, alternatives and recommendations. The first thing to do is to collectively define the problems that F1 is facing. Secondly, the presenter should guide the case audience discussion with the intent of coming up with alternatives for how to deal with these issues by asking different questions and allowing for as many perspectives as possible to be voiced. The class should thereafter evaluate their accumulated options and illuminate those that are most relevant. Finally, the alternatives that remain should be adjusted into clear recommendations ready for implementation. The figure illustrates what this could look like.

**Board Plan 2:**

	<u>Alternative 1</u>	<u>Alternative 2</u>	<u>Alternative 3</u>
Brand Identity Affected			
Old Fans Relationship Affected			
New Fans Relationship Affected			

This board plan allows the students to come up their own alternatives and put them in relation to the different main questions of the case. Thereafter, they evaluate each alternative, for each question, by rating them from -5 to +5; where the “-” scale refers to the negative effect of the alternative and the “+” to the positive.

When either of these board plans are implemented in class, it provides the audience with a comprehensive overview of the case while providing them with an

action-oriented guide for decision-making. By collecting all the information and ideas in one place, the case audience is able to consider all the relevant aspects and be better equipped to provide insightful recommendations. Furthermore, these structures allow for the learning objectives to sink in more deeply among the participants, facilitating the process of remembering valuable insights for future reference.

## Reflection

From the moment we started discussing Formula 1 and *Drive to Survive*, all of us felt very intrigued about the topic. How do an organisation handle enormous success? Evidently, it is not such a smooth ride as one could imagine.

We were pleased to get confirmation from the professor to proceed with the task, regardless of the state of the case as ongoing. The professor had warned us about ongoing cases and even though it was very challenging at times, we feel content about moving forward. Developing a written case allowed us to study the Formula 1 organisation in depth. Moreover, with the changes that have taken place in the company in recent years, we were able to explore exactly what the process of acquisition of such a large brand and then building a new growth strategy for it looks like. As more information became known, the case for Formula 1 became even more complicated than it might have seemed at the beginning. Our main challenge, however, was to produce a valuable section of management decisions. As it turned out, Formula 1 has not done much to address the challenges it faces, so we set out to find other similar business cases where organisations have faced similar issues. The search was difficult, but fortunately, after a fruitful discussion with the professor during a supervision session, we changed our search criteria and found relevant cases. Together, we started seeing similarities with the city of Dubrovnik which was massively impacted by the Game of Thrones series and after some more research, we found Dungeons & Dragons which was affected by TV series as well. Learning from other cases with both similarities and differences from F1 has been a great knowledge journey and experience. Not only applying theory but also real practical examples gave us a case packed with training that we can learn from in the future. F1 is not the first brand to experience something like this, nor the last. That's why it's also a case we can carry along in our studies as well as in our professional lives.

It was especially clear when writing the teaching notes - there are so many connections that can be made to theory and real-life cases. The most crucial struggle was actually to *not* include too many models or theories since it's such a complex case with lots of different aspects within brand management. Moreover, we believe it was quite interesting and maybe even beneficial that the case was ongoing. This put us on the spot to collaborate and use what we had learned during the masters so far, because there was no right answer. We believe that a closed case might provide nudges towards where to look for theory and that an open case like ours requires a bit more creativity, for better or worse.

Lastly, we have learned a lot about how it feels to be in a live situation with a real-time problem. Something that we're sure we will stumble upon again in the profession as brand managers. In addition, we have deepened our understanding and knowledge of the brand matrix, brand evolution, and community management where we enjoyed putting the theories into practice and a real-life context. Also, putting

ourselves into the shoes of the teacher was a valuable and different experience from what we are used to. It was surprisingly tricky to turn the perspective around and a great way to reflect on our own work. Overall, we believe that this has been a significant learning experience that we can proudly look back on.

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