

# The UK's Motorsport Valley

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# Defining Motorsport

- We define motorsport broadly as competitive racing by equivalent machines on a frequent basis on designated tracks and circuits.
- These machines include, for example, karts, historic cars, drag racing, single-seaters, sportscars, GTs, oval racing, touring cars, rallying, Indycar and Formula 1 (4 wheeled).
- Racing is organised around series, championships, events and meetings arranged by promoters, circuits and racing clubs at all levels (professional and amateur sport).

# Defining the Motorsport industry



The global motorsport industry comprises:

- ‘motor’: meaning the provision (construction and preparation) of cars and;
- ‘sport’: meaning the infrastructure including clubs, circuits, promotion, insurance and so on which are needed to participate in, spectate, or view the sport.

# Motorsport value chain

Regulation of sport

Regulatory environment for  
business and fiscal environment

Supporting Service industry

Constructors

Participants

Events

Distribution

Consumption



Constructor  
suppliers



Event  
suppliers

# Motorsport in a Global Context



## Indicators

## Global Measure in 2005

Total Value of Annual Motorsport Turnover for Engineering and Services	£50b
Motorsport Turnover as percent GDP	0.23
Permanent Paved Circuits (including ovals over ¼ mile but not kart)	600
Competition License Holders	1,000,000
Global Chassis Constructors (F1, WRC, WTCC and A1GP)	22
Number of Racing Series	
– Global	4 (F1, WRC, WTCC, A1GP)
– Regional	10 (Champcar, IRL, NASCAR, GP2, FIA GT, LMS, 4 FIA Regional Rally)
Global Motorsport Events (F1, WRC, WTCC and A1GP)	56 across 29 countries
Average F1 Viewing Figures per Event (Sports Marketing Surveys)	52.5m
Average WRC Viewing Figures per Event (wrc.com)	50.1m

Source: Henry et al., 2007

# Industrial clusters



Definition: clustering is the phenomenon whereby firms from the same industry gather together in close proximity. (from The Economist)

Reasons for the development of clusters are many but include;

- reduced transactions costs due to decreased distance
- shared labour markets
- economies of scale for SMEs in cluster
- communities of knowledge

# The UK's motorsport valley cluster and innovation - 'communities of knowledge'



- Tacit versus explicit or codifiable knowledge
- Tacit knowledge is face to face and therefore 'sticky' and 'local'
- MSV tacit knowledge processes include: high staff turnover, high rates of firm births and deaths, close links with suppliers, role of gossip, shared local labour markets.



# Where and what is UK's Motorsport Valley



*“In Italy we are cut away from the Silicon Valley of Formula One that has sprung up in England”*

**President of Ferrari, 1992**

*“If you like prosciutto, you come to Italy. If you like champagne, you come to France. For Formula One, you come to England. I don't like the English weather, but the best engineering is here”*

**Flavio Briatore, MD, Benetton Formula One team, 1994**

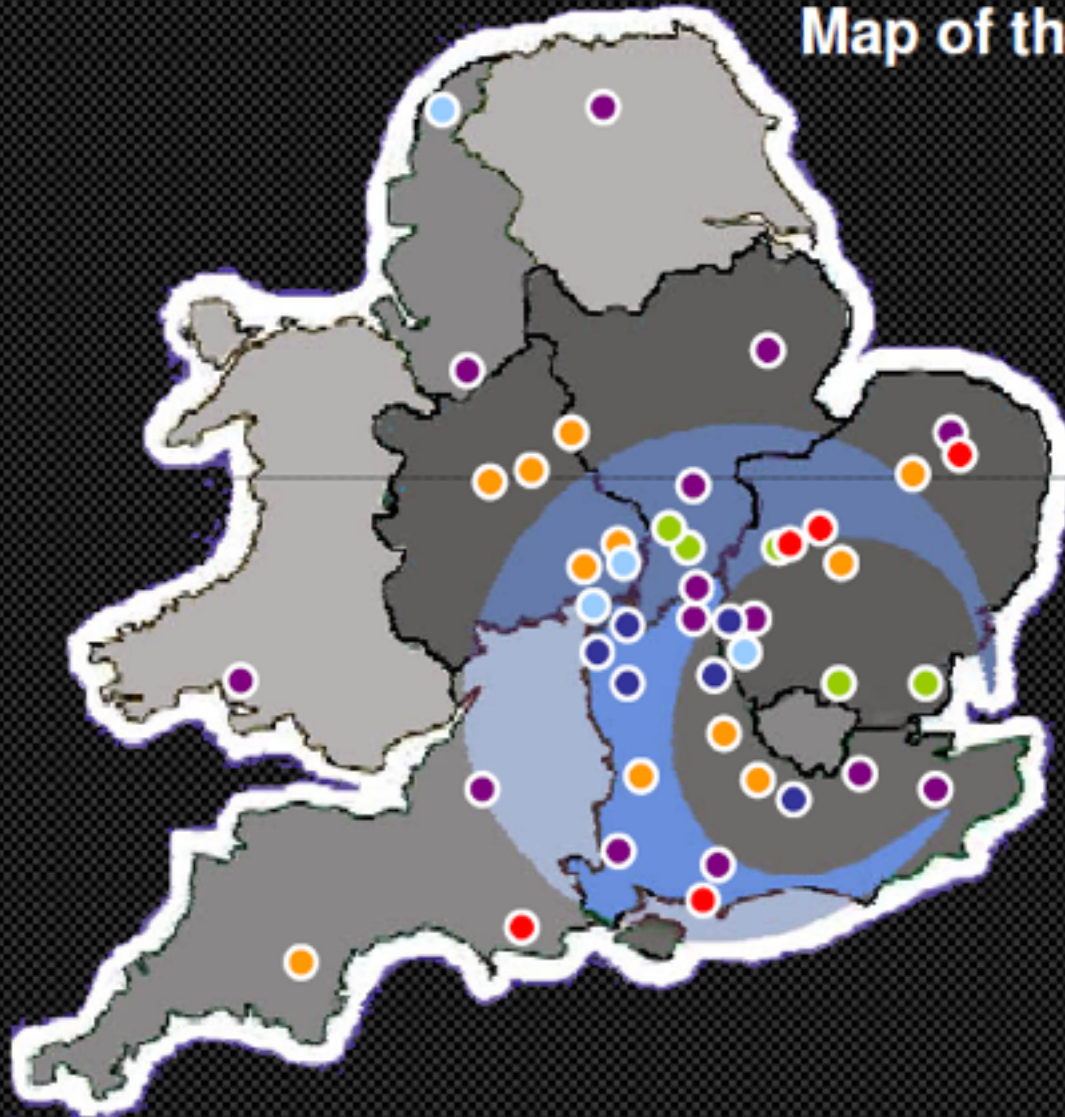
# Defining Motorsport Valley



**The UKs Motorsport Valley (MSV) is the premier site in world motorsport production;**

- Made up of over 4000 SME's and over 40,000 employees
- It is characterized by a 100-mile crescent from Surrey up through the Northamptonshire/Oxfordshire heartland across the South Midlands and over to East Anglia.
- It is one of only a handful of regional clusters in the UK which are embedded, deep, growing and, most importantly, globally dominant in their specific industry - 'the jewel in the crown of UK manufacturing' (Michael Porter).

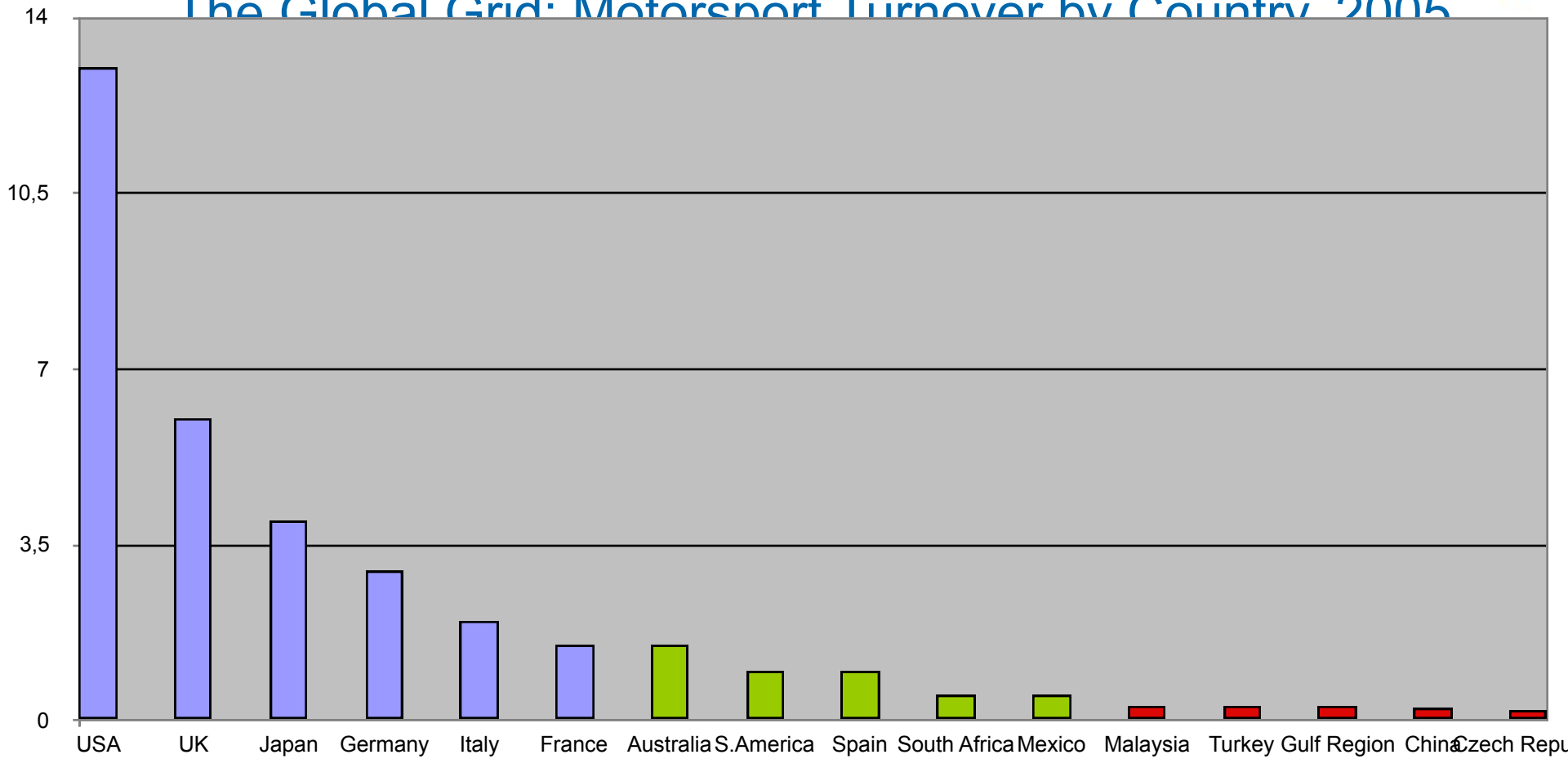
## Map of the UK motorsport cluster



- = Race Circuits
- = Formula 1 Teams
- = World Rally Teams
- = Major Race Car Constructors
- = Major Component Manufacturers
- = Major Engine Builders

# UK Motorsport Valley: Global and competitive

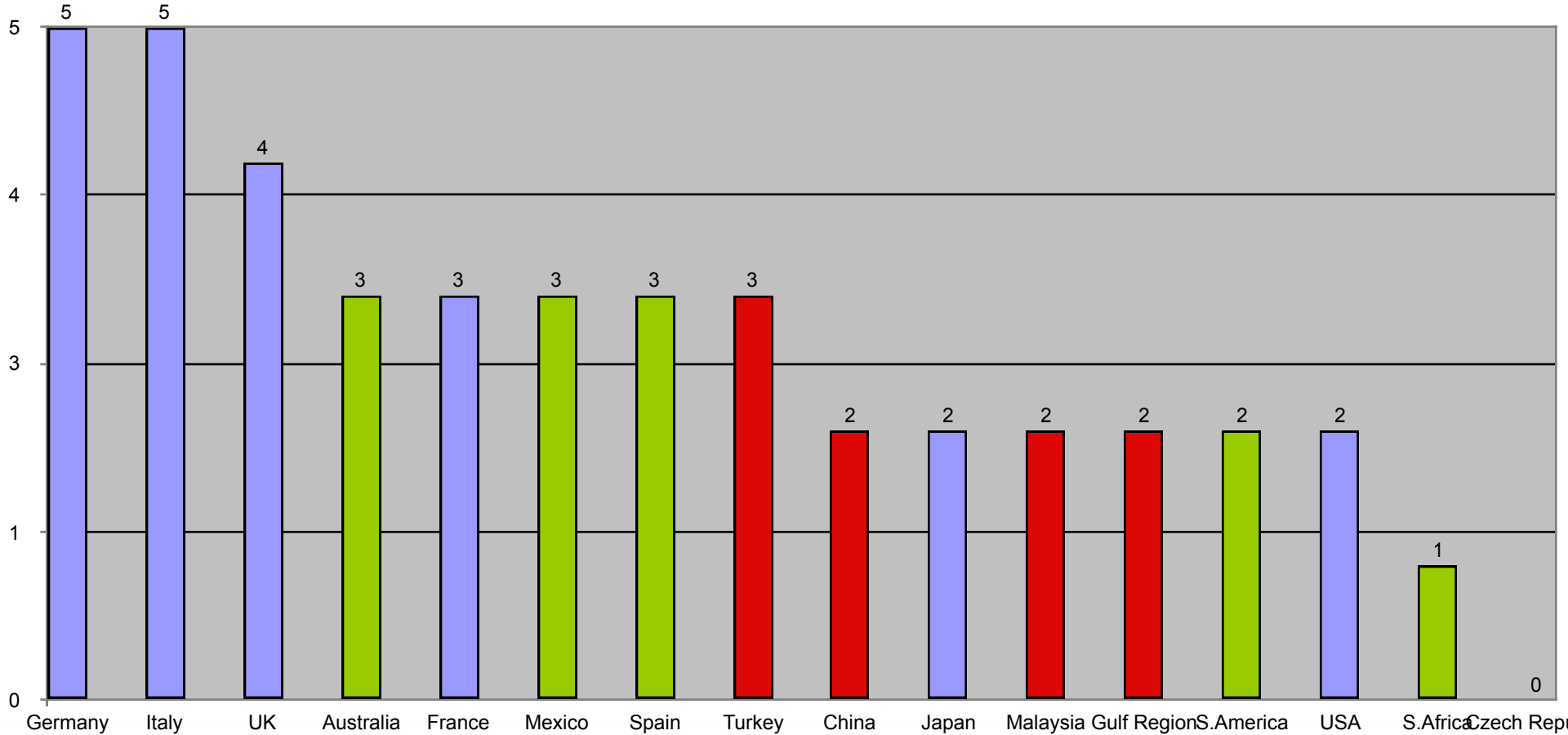
## The Global Grid: Motorsport Turnover by Country 2005



# UK Motorsport Valley: Global and competitive



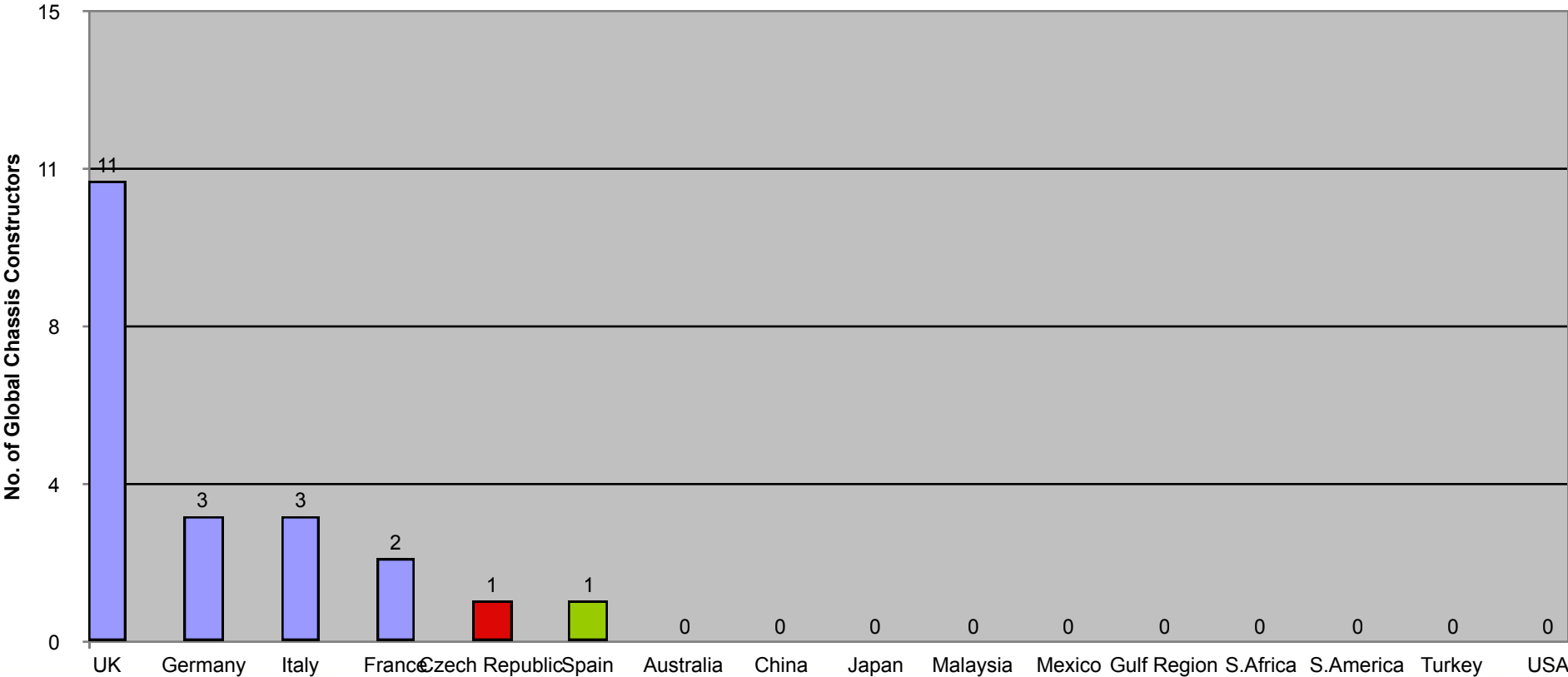
## Number of Global Motorsport Events by Country, 2005



# UK Motorsport Valley: Global and competitive



## No. of Global Motorsport Chassis Constructors, by country, 2005



# Motorsport Valley today



## Top 10 'non-F1' companies

	Total Turnover (£m)	Total Employment	Turnover per employee (£m)
2006	271	2,139	0.127
2009	236	1,905	0.124
2012	272	2,083	0.131

## The UK Motorsport Industry, 2012

- had a sales turnover of £9 billion in 2012 - compared to £4.6 billion in 2000 (not inflation-adjusted)
- employed a total of 41,000 employees - compared to 38,500 in 2000
- comprised 4,300 businesses in 2012
- had seen turnover growth from 2009 to 2012
- included 15% of all respondent firms spending over 25% of their annual turnover on R&D
- included 87% of all respondent firms undertaking exporting
- a third of motorsport companies sell to the automotive sector and 16% into aerospace. In total, 43% reported selling into non-specified sectors such as energy, electrical and medical.

## Formula 1 in the UK

In 2012, the combined turnover of the UK F1 Business Group was £2.1 billion and their combined employment was 5,243 employees.

Over time, the various many titles of Formula 1 teams have come and gone - but their location in UK Motorsport Valley has remained.

In 2000, F1 had 11 teams, 7 of which were UK-based - 64%

In 2006, F1 had 11 teams, 7 of which were UK-based - 64%

In 2009, F1 had 10 teams, 6 of which were UK-based - 60%

In 2012, F1 had 12 teams, 8 of which were UK-based - 67%

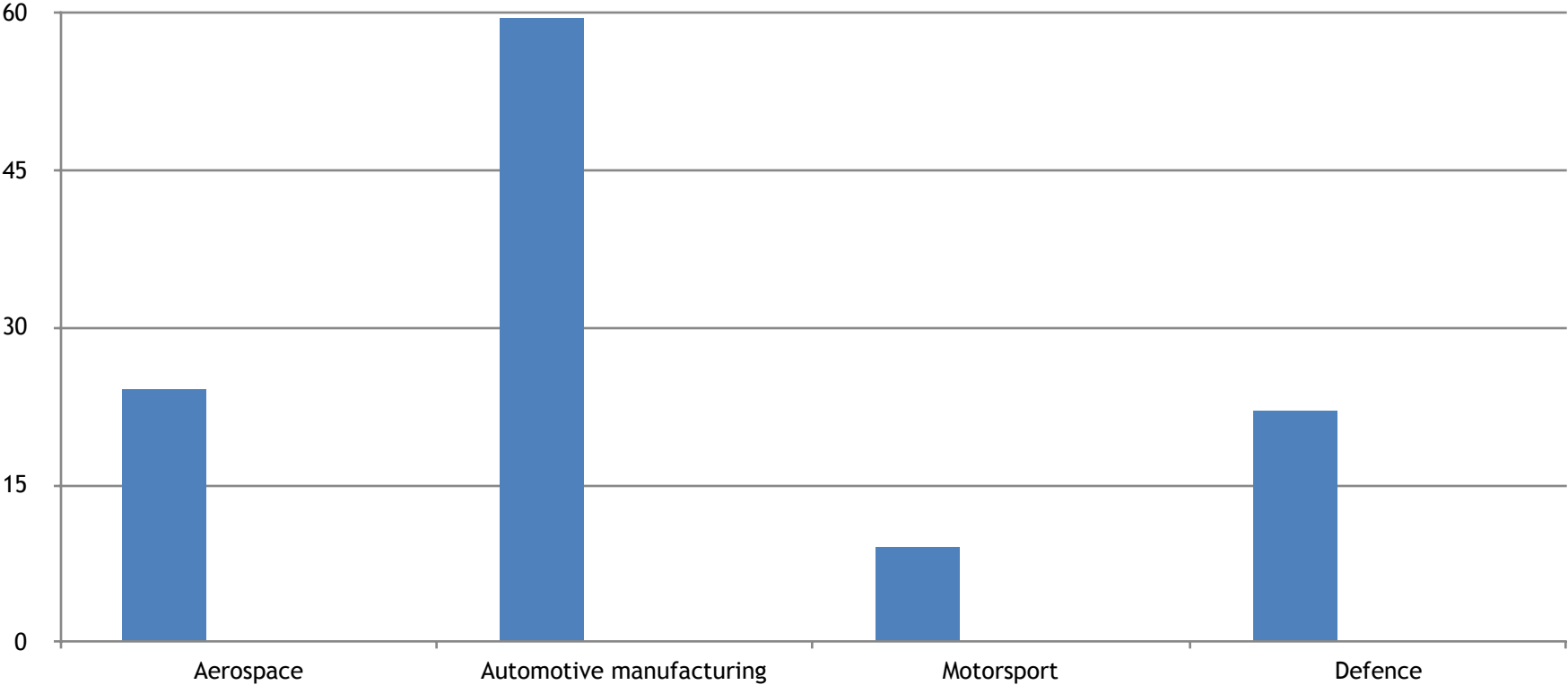
In 2013, F1 had 11 teams, 8 of which were UK-based - 73%

In 2014, F1 had 11 teams, 8 of which were UK-based - 73%

In 2015, F1 had 10 teams, 7 of which were UK-based - 70%

In 2016, F1 had 11 teams, 8 of which were UK-based - 73%

# UK Turnover (billions): Motorsport and other advanced manufacturing sectors



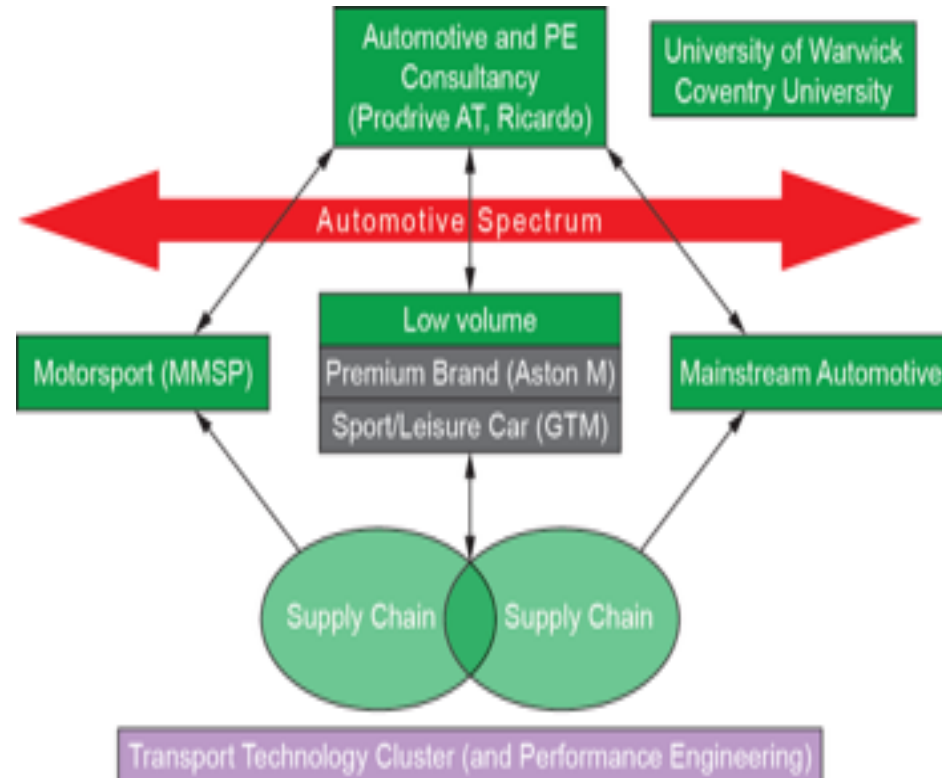


# MSV industrial strategy – leveraging capabilities

The UK High Performance Engineering Star, circa 2005



The Coventry, Warwickshire, Solihull Performance Engineering Star 2005



## McLaren Applied Technologies: ‘Taking everything back to the drawing board’

“As experts in high performance design and technology, we partner with pioneers and visionaries who share our ambition - to produce breakthroughs in performance and change the game. This has given us the capabilities and the courage to deliver genuine innovation across diverse markets”.

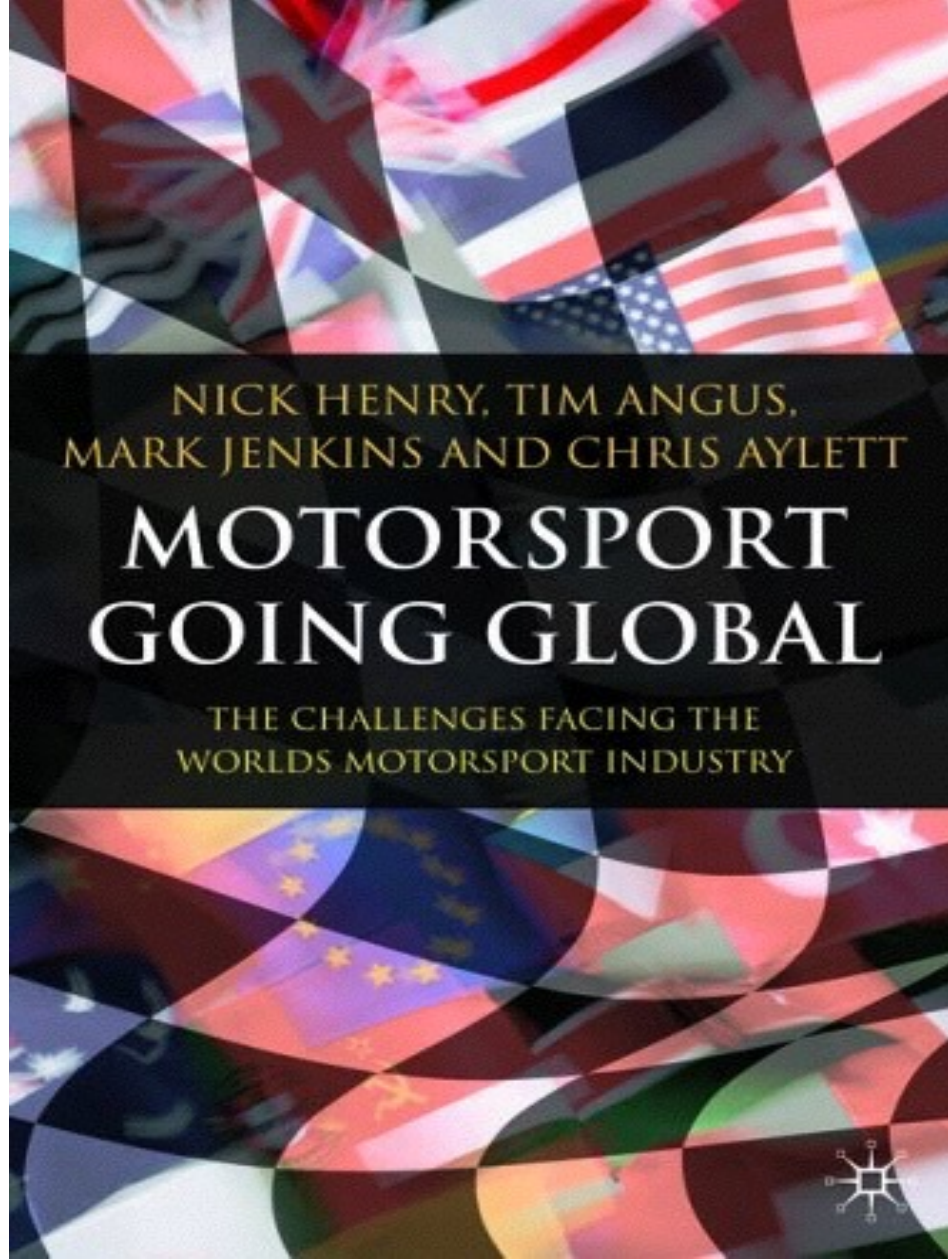
McLaren Applied Technologies products and services are in:

- Motorsport: NASCAR
- Health and Wellness: GSK
- Energy: Ekofisk
- Consumer Brands: Specialized (US bicycle brand)
- Transport: National Air Traffic Control Service

# Motorsport Valley today?



- Globalising motorsport (new markets)
- Leveraging capability: ‘performance engineering’
- Low carbon motorsport (Formula E)
- Low carbon leverage: ‘automotive and mobility’ (TRL 4-7)



NICK HENRY, TIM ANGUS,  
MARK JENKINS AND CHRIS AYLETT

# MOTORSPORT GOING GLOBAL

THE CHALLENGES FACING THE  
WORLD'S MOTORSPORT INDUSTRY



**Any  
questions?**