



The Atlanta Fed's Economic Education Program Goes to the Races, the Ballpark, the Auto Plant...

What do stock car racing and economic education have in common? The Atlanta Fed recently took a group of economics educators to a famous racetrack to find out.

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Russell Branham faced a dilemma.

The director of public relations at Talladega Superspeedway in Alabama, Branham had to navigate a situation that illustrates the crucial role of corporate sponsorships in the economics of stock car racing and thus of the famous speedway 45 miles east of Birmingham.

A simple snapshot not so simple

In May, Nascar's most popular driver, Dale Earnhardt Jr., won the Geico 500 at Talladega. An Earnhardt victory is good for business. However, Earnhardt's primary sponsor was Nationwide Insurance. Nationwide is a competitor of the race's backer, Geico. Thus, Branham's dilemma: he had to accommodate Nationwide executives who wanted a picture with Earnhardt in victory lane, but without the Geico 500 trophy.

Fortunately, Talladega Superspeedway has a second trophy for its major race winners. So Branham set up the photo shoot with the new trophy instead of the award promoting Nationwide's corporate rival. Problem solved.

And for the Atlanta Fed's economic education program: lessons learned about the intricate economics behind the motor sports industry. Because the racing business is so much about business, the Alabama speedway was an ideal setting for a recent workshop for teachers organized in part by Julie Kornegay, senior economic and financial education specialist at the Atlanta Fed's Birmingham Branch. Kornegay collaborated with Cynthia McCarty of Jacksonville State University and speedway officials to put on the event.



The Atlanta Fed's economic education team recently worked with a group of Alabama schoolteachers at Talladega Superspeedway for a workshop.

Sponsors seek return on sizeable racing investments

"Sponsors want their drivers to win," Branham explained, noting that those sponsors shell out between \$5 million and \$35 million to plaster their logos on race cars. "They're looking for ROI [return on investment]—they sell merchandise on Monday after the race on Sunday." Races in Nascar's top circuit, the Sprint Cup—sponsored by the big telecommunications company—are held on Sundays.

Atlanta Fed economics education specialists regularly conduct workshops to help high school and middle school teachers better understand economics in general and, more specifically, the Federal Reserve. Of course, not all workshops are held at unusual locales like a famous raceway. But to deliver practical lessons grounded in the economies of the southeastern states, the specialists often build workshops around accessible themes such as the economics of entertainment or sports or the arts.

A session on auto manufacturing, for example, was held at the Honda assembly plant in Lincoln, Alabama. And the New Orleans Branch's Claire Loup recently held a workshop on sports and the creative economy at Trustmark Park in Pearl, Mississippi, home of an Atlanta Braves minor league baseball team.

These sessions are geared to educators seeking alternatives to a traditional "chalk-and-talk" approach centered on classroom lectures. "Teachers need activities that they can use in class, and then encourage students do more of the reading outside the classroom," said Amy Hennessey, the Atlanta Fed's director of economic education.

Fast cars, big money

At the Talladega event, Branham and the speedway's marketing chief, Tom Patterson, explained to about 60 Alabama educators numerous aspects of the racing business and the track's economic impact.

During the workshop, track officials and teachers from across Alabama shared a lively discussion about the auto racing industry. A few nuggets:

- The track's two race weekends each year produce a combined \$380 million economic impact in Alabama. Fans fill 25,000 hotel rooms between Birmingham and Atlanta.
- Talladega Superspeedway has 44 permanent employees, but that number swells to about 2,000 employees on race weekends.
- Because hotels tend to raise room rates during race weekends, about 40 percent of nearly 100,000 fans at each race stay in campers and RVs.
- Nascar fans are noted for buying sponsors' products and services, which explains why 117 of the Fortune 500 companies have affiliations with the sport. Sponsors typically sign up for only a handful of events rather than an entire 40-race season.
- The Fox and NBC television networks together paid about \$10 billion to broadcast Nascar races for the next 10 years. How important is television, in terms of dollars and image? During the past few years, Talladega officials renovated the track's grandstands to look better in high definition. Its 80,000 seats are mostly red and blue, with white ones sprinkled in. This pattern makes the seats appear occupied on TV even if they are empty.



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