



MEMO

To:	SCCA STAFF	From:	Garret D. Mudd
Company:		Title:	Vice President - Marketing
CC:	ALL	Date:	Thursday, February 13, 2003
Subject:	first GEAR Program Details		

YOUTH MARKETING INITIATIVE – *first GEAR*

SITUATION OVERVIEW: The limited success of the existing Speed Freakz program in attracting younger members in significant number seems to be related to the following factors

- Inherent negative association with the name “FREAKZ” among older demographic groups.
 - Program name limits partnering opportunities with both commercial and non-commercial organizations.
 - Freakz is not the image we, as an organization, want to convey
- Lack of perceived “coolness” among younger demographic groups.
 - The name never caught on with the segment of the market we were targeting.
 - It is worse to try to be overly cool and hip and fail than to just not be cool.
 - We can relate to the market without trying to change who we are.
- Financial distribution structure which has resulted in less than enthusiastic support by the regions.
 - Regions got the short end of the stick getting only \$5 per SF membership
- Limited resources are not sufficient to support separate branding and promotion.
 - It is tough to build awareness of our primary brand and communicate our primary message, it is impossible to do it for two.

Ultimately, the Speed Freakz program has generated some gains in attracting younger members. Unfortunately, it seems that, to a large extent, the younger individuals who are in the Speed Freakz program do not seem to represent new “enthusiasts” which have been recently introduced to the SCCA, but rather appear to have longstanding awareness of the SCCA and are taking advantage of the opportunity to participate on an individual level.

OBJECTIVE: To execute an effective new overall member acquisition campaign that actively targets a younger demographic segment, specifically those individuals under the age of 22, while also successfully reaching a broader, general audience.

***first GEAR* – A NEW YOUTH MEMBERSHIP DISCOUNT PROGRAM:**

- The Speed Freakz youth membership promotional program would be replaced with a general membership recruitment/marketing program that would include a youth membership discount program called ***first GEAR***.
- ***first GEAR*** is not be a stand alone promotional program, but a single component of the general promotional program aimed at portraying a youthful, dynamic image for the SCCA.
- ***first GEAR*** membership would apply for those under 21 years of age. At 22 a Regular Membership will be required.
- ***first GEAR*** members would be entitled to full membership privileges, except for holding a ***speed event competition license*** (i.e. Club Racing Regional or National, Performance Rally, etc.) Anyone under the age of 22 who desires to compete at this level will be required to hold a Regular membership.
- ***first GEAR*** membership fee would be \$45 per year, with the Region receiving their usual region fee for a “regular” membership and the National office receiving the remainder.

EXECUTION: Implementation of this program will follow the timeline and process outlined below, which will allow an adequate amount of time to notify and instruct Region officials, as well as the membership.

- February – National Convention - Introduction of the new member recruitment/marketing program that includes a new youth membership discount program, the ***first GEAR*** membership.
- New ***first GEAR*** Memberships will begin being accepted immediately. There may be a slight delay in processing as computer programming is updated.
- Speed Freakz references will be removed from web sites and materials between February and June, 2003.
- Speed Freakz renewals will be accepted prior to June 1, 2003.
- June 1, 2003: Speed Freakz memberships (new or renewal) will not be accepted. Notice of this change will appear continually after February in SportsCar and on the SCCA web site, as well as direct mail notification to existing Speed Freakz members with their renewal notices.

ANSWERS TO FREQUENTLY ASKED QUESTIONS:

Are there separate *first GEAR* recruiting materials?

No, not at this time, the promotion of the *first GEAR* program is integrated into our overall promotional program. The new materials, including the promotional brochure, application flyer and video are all designed to communicate to a broad audience in a dynamic fashion and will be an effective tool in appealing to potential *first GEAR* members. The new overall campaign encourages everyone to **Get real>FAST**, to make motor sports a real part of their life and do it today. This message applies equally to both younger and older segments of our audience.

Future materials may be designed to specifically reach the *first GEAR* audience. These materials will tie directly into the overall theme, image and message of our overall marketing campaign.

IS THERE A “COMPETITION *first GEAR*” MEMBERSHIP LIKE THERE WAS WITH SPEED FREAKZ?

There is only one level of *first GEAR* membership. If a member is ready to take part in speed events that require a competition license (i.e. Club Racing, Club Rally, ProRally, etc.) then it is time to step up to a REGULAR membership.

WHY AGE 21?

21 is an age of transition for many things and is the logical age of transition for the “youth” program.

- At 21 young people are seeking to be recognized as adults, not youth.
- At 21 you can legally drink alcohol.
- At 21 young people are nearing the age that they will be leaving college
- By the time people turn 22, they are more likely to have a real job and be supporting themselves to a much greater level.
- Using any other age as the cut off would be more arbitrary, not linked to many of these social norms.

In the end, allowing younger members to take advantage of the *first GEAR* Discount until they turned 22 was the most logical and obvious cut off point.

- When considering other cut off ages, raising the age by each subsequent year (i.e. 23 instead of 22, etc) effected only approximately 250 – 300.
- Any other age would have been more arbitrary.

\$45 RAISED THE PRICE TO YOUNGER MEMBERS COMPARED TO THE SPEED FREAKZ MEMBERSHIP?

While this is true, this should not pose a barrier to entry. The segment of the marketplace represents billions of dollars of spending each year. For the vast majority those individuals who are under 22, and make up our primary target audience, an additional \$15 does not represent a significant price burden.

For example, the \$15 price difference seems insignificant compared to other areas where this demographic is spending their discretionary dollars:

- New CD - \$14.99+
- 2 Movie tickets - \$14.00
- PlayStation video game - \$30 - \$50 each.
- Concert Tickets - \$30 each.
- Logo Hat (www.lids.com) \$15 - \$30
- College Sweatshirt - \$39.95

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For those individuals under 22 who are required to step up to Regular membership rather than a "Competition Speed Freakz" the increased cost from \$55 to \$70 will certainly be the SMALLEST piece of their competition budget:

- 1 Tire = \$65 - \$250+
- 1 Quart Performance Oil - \$8.50 (4-6 quarts per weekend)
- 1 Set Brake pads - \$100+/-
- 1 Performance Air Filter – approx \$80

Finally, for those between the ages of 22 to 26 who will realize the largest cost increase from \$35 to \$70, the \$35 increase should not represent a significant hardship based on the cost of the everyday expenditures

- One date (dinner and a movie) - \$45 minimum
- Pair of tennis shoes - \$70 – 100 (Air Jordan \$175)
- Aftermarket Headlight Kit - \$299.00+

Ultimately, the SCCA represents an ideal way for motor sports enthusiasts to connect with their passions. As long as we deliver the first rate experience and value that we are able to, the price will be more than justified.

HOW MUCH DOES THE REGION GET FROM EACH *first GEAR* MEMBERSHIP?

The region receives their full region dues, at whatever level they have set. The National office receives the remainder of the \$45 *first GEAR* membership. Accordingly, if the regular region dues are \$20 then the region receives \$20 and the National Office Receives \$25.

CAN I RENEW MY SPEED FREAKZ MEMBERSHIP NOW TO GET THE \$35 PRICE EVENT THOUGH MY MEMBERSHIP DOESN'T EXPIRE UNTIL AFTER JUNE 1?

Yes you can. Any Speed Freakz renewal will be accepted until June 1. Regions may encourage their existing Speed Freakz members to do so recognizing, however, that this will cost the regions money as they receive more from a *first GEAR* membership than from a Speed Freakz membership.

THIS MIGHT FORCE SOME SPEED FREAKS MEMBERS NOT TO RENEW?

Perhaps, any program will not be ideal for 100% of the existing and potential members. However, since it's inception in 1995, the Speed Freakz program has resulted in just over 3,000 members today. Ultimately, the new *first GEAR* program, properly marketed, will result in 2-3 times that number of younger members.