



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
MANPOWER AND RESERVE AFFAIRS
111 ARMY PENTAGON
WASHINGTON, DC 20310

SAMR-MR

MEMORANDUM FOR Assistant Secretary of the Army (Manpower and Reserve Affairs), ATTN: Hon. Thomas R. Lamont

SUBJECT: Discontinuance of Army NASCAR Car Sponsorship

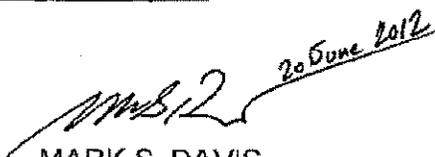
1. Pending guidance to the contrary, I intend to give notice to our marketing agency that we will discontinue Army sponsorship of a NASCAR car at the end of the current contract year. We are required to give notice prior to the end of this month and I intend to give notice not later than 26 June 2012.
2. I have discussed the issue of continued NASCAR support with MG Mann and MG Smith both of whom support discontinuance. This would be discontinuance of sponsorship of a branded car. We would still when deemed appropriate, conduct outreach at NASCAR events similar to outreach efforts we conduct at any other event where large groups gather.
3. Analysis provided by our marketing agency indicates that NASCAR is declining against our core prospect target audience (18-24). Currently, only 5% of the NASCAR audience is made up of 18-24 year old males. NASCAR is the highest cost per qualified lead and cost per engagement property in our portfolio; cost-per-lead is three times as expensive as NHRA. Because of those high sponsorship costs as well as the changing composition of the NASCAR audience, our NASCAR marketing recruitment program no longer provides the desired return on investment.
4. We also face risk with further motorsports investment resulting from the Kingston Amendment to the House version of the Appropriations Act. His amendment bans use of Defense funds in sponsoring any professional or semi-professional sport or event. A decision on FY13 motorsports will be made in FY12 and the sponsorship fee will be paid in FY12 dollars. If this bill is enacted as written, we will lose our investment for the year. While I believe the amendment will be eliminated prior to final passage in congress, the risk of lost dollars for NASCAR, minimum \$7M, seems to too high. Especially in context of generally diminishing returns.
5. My intent is to repurpose NASCAR funds as follows:
 - Drive more of our marketing online: We must meet our prospects where they are, and that is online. Today's young adults are engaging in more mobile, social and digital technologies, often multitasking between screens. My intent is to continually shift our marketing mix to reflect our prospects (and influencer's) media habits.

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- Refocus our activation strategy to mirror our marketing strategy; focus on engaging high school students and educators in educational environments (i.e., school visits) to demonstrate the Army's commitment to education and relevancy to preparing young people for success.
- Identify and engage prospects around other relevant passion points; there is a wide array of opportunities in technology, music, sports and automotive (NHRA) that provide the Army an increased number of engagements for far less cost than participating in NASCAR.

6. I am the point of contact for this memorandum and can be reached by telephone at (703) 545-3439 or by email at mark.s.davis@us.army.mil.



MARK S. DAVIS
Director, Army Marketing &
Research Group

Approved _____ Disapproved _____ See me _____