

Santander and Formula One (A)

Introduction

In the final months of 2009, Santander's Board reflected on the Bank's recent progress in brand unification. Starting with the UK's Abbey National which had been acquired in 2004, Santander had been making great progress in its effort to rebrand local offices, gained in over 10 years of acquisitions, under the Santander name. According to Chairman Emilio Botín,

“Our position as an international group, with multinational management, creates the need to present a unified image within the market to customers and to society overall. This common identity reinforces the value of our brand and creates internal solidarity as well as external visibility, trust and credibility. There is no doubt that becoming ‘more of a group’ is the general ambition.”

In 2007, physical rebranding of the branch offices was beginning and Santander management had identified the need for a communications platform that would facilitate brand recognition across its various new markets. As Santander's Second Vice-Chairman and CEO Alfredo Sáenz explained,

“In a sector like finance, the ability to generate trust in the market and, in particular, with investors and customers, is crucial. Thus, companies must have a communications strategy that facilitates relevant and transparent information, which allows for proper function within the markets, reduces reputational risk, plays an essential role in our corporate government model, and helps create a powerful corporate culture and a strong brand image.”

This case was prepared by Professor Julián Villanueva and Julie Ziskind, Research Assistant, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. October 2011. The writing of this case was sponsored by DIRCOM Professional Association.

Copyright © 2011 IESE. To order copies contact IESE Publishing via www.iesep.com. Alternatively, write to iesep@iesep.com, send a fax to +34 932 534 343 or call +34 932 534 200.

No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the permission of IESE.



Searching for a charismatic envoy that would transmit this unique brand and identity, Santander had originally considered several options, but in the end decided to rely on the representation of Formula One (F1) and the Vodafone Mercedes McLaren Team. The reach and emotion of F1, as well as the impact of having a British team to support Abbey's rebranding, created a good fit, and a relatively moderate, three-season investment allowed Santander to develop its sponsorship strategy.

Active between 2007 and 2009, the Bank's relationship with F1 and Team Vodafone McLaren Mercedes brought both rewards and challenges. As expected, the team played a key role in strengthening the Santander brand, but it had also weathered internal conflicts that led to controversy and occasionally negative press. Now, this initial contract was about to expire and Senior Executive VP of Communications, Corporate Marketing & Research Juan Manuel Cendoya and his team had to evaluate the results and provide the right recommendation to the Santander Board in order to determine whether Santander should stay with both F1 and team McLaren, choose one or the other, or leave both to explore other options.

"The Best Bank You've Never Heard Of"¹

In 2004, despite record profits of over €3,600 million² and being named Best Bank in Spain, Portugal and Latin America by *Euromoney* magazine,³ Santander Group was still relatively unknown. Over the prior decade, it had gained ground in continental Europe, the UK and Latin America by acquiring various local banks (Exhibits 1 and 2). However, the new subsidiaries had retained their original branding and bore little or no public association to the Santander Group (Exhibit 3).

This "failure to achieve brand recognition on the international stage"⁴ was seen as especially detrimental to the Bank's retail operations, which were responsible for 80% of profits and had a potential market of over 800 million people⁵ across Santander's active geographies. As Mr. Cendoya explained,

"When the Bank began to expand outside of Spain and Latin America, where it had always been a financial authority, we realized that although we were one of the largest banks internationally in terms of profits, we were only 35th in terms of recognition.

The greatest value of a large financial brand is that it conveys strength and inspires consumer confidence. A unified brand, when executed correctly, reflects how the organization is run: collaboratively, with unified objectives, common understanding and unified business models. This way, the brand and the organization have tremendous power for alignment, synergies and efficiency, which allow it to weather difficulties like

¹ V. J. Racanelli, "The Best Bank You've Never Heard Of," *Barron's*, July 20, 2009.

² Banco Santander, press release, June 19, 2004.

³ F. Salmon, "Awards," *Euromoney*, July 1, 2004.

⁴ R. Amaral, "Branding: Santander Launches First Global Ads," *Bank Marketing International*, March 30, 2007.

⁵ Santander Group, 2004 Annual Report.

those that we're seeing today with the crisis. A fragmented organization without a strong reputation is vulnerable.

With this complete scenario in mind, the Santander Board, under the leadership of Emilio Botín, decided to take bold steps to address this issue”

Therefore, on April 26, 2004, the Santander Board announced the Image and Branding Plan, which would apply “Santander branding in all divisions and countries, fixing a horizon for the year 2007, in which Santander would celebrate its 150th anniversary.”⁶

According to Director of Corporate Marketing and Branding María Sanchez del Corral, converging to a “unique brand and culture across countries, would allow Santander to gain authority as a single entity,” and it was carried out as follows:

“In Mexico, for example, the former Banco Serfin first became Santander Serfin. Then, the old name was phased out and today the Mexican unit has been completely transitioned to the Santander name. In Brazil and Chile, Banespa and Banco Santiago, respectively, have followed the same procedure, and by 2010, Santander branding will have been applied to over 14,000 branches worldwide.”

Raising Brand Awareness Through Sponsorship

Conversion to a unified brand created the need for a global communications campaign, which would introduce the new bank to consumers and leverage synergies by standardizing and centralizing operations. As one Santander spokesperson explained:

“Centrally developed products can be more easily marketed across borders under a single Santander brand. Perhaps most importantly, the increased recognition of the group’s reach and financial strength with customers, employees, investors and other stakeholders should generate considerable value. The single brand is crucial internally, as well as in forming a group identity and a sense of belonging.”⁷

In these new markets, the communication strategy for retaining current employees and customers, as Director of Research and Branding Isabel Garcia pointed out, would be:

“[...] to reassure [them] that the Bank they were accustomed to would still remain. [...] That we would take on an international character but continue to be their retail Bank as always: listening to our customers, close to our customers, and present and attentive in every part of their financial lives.”

However, at the same time Santander also needed a bolder platform that would draw the attention of the markets at large: a message that, according to Ms. Garcia:

“Would be easy for the public to identify and that would associate Santander with positive values such as leadership, innovation, trustworthiness, strength, and technological superiority.”

⁶ Ibid.

⁷ R. Amaral, “Branding: Santander Launches First Global Ads,” *Bank Marketing International*, March 30, 2007.



Santander recognized that “the bank’s large size was perceived as synonymous with strength by customers who felt that it also represented safer banking.”⁸ But the Bank had limited experience with branding and needed an efficient way to communicate its newly expanded presence. Traditional advertising was a powerful tool, but alone it lacked credibility and relevance especially in new markets. Sponsorship, on the other hand, was seen as more trustworthy from the customer’s perspective and could provide direct access to the sponsored entity’s fan base by tying the Santander name to something already existent in local culture. As Strategic Director of Sponsorship and Advertising Enrique Arribas explained:

“Sponsorship offered a completely new manner of communication with the customer. Instead of what, until now, had been purely financial communication – a low interest rate or a higher interest rate, etc. – suddenly had a whole different tone of dialogue in which the context was emotional and exciting.”

Choosing a Sporting Ambassador

The sponsorship options were extremely varied, ranging from cultural events to sports and other forms of entertainment (see Exhibit 4). Santander looked at various options, but, as Mr. Arribas mentioned, determined “that those which would project the brand best were sports with heavy international coverage.” Sports were highly emotional, easy for consumers to identify with, and inspired loyalty. They were also effective in reaching elusive, young audiences that no longer responded to mass media.⁹

Within Santander’s key regional targets, the sport with the greatest following, and consequent media coverage, was football (American soccer). In the European countries where Santander was present, football devoured nearly a quarter of all sports programming (24% in Germany, 32% in Italy, and 23% in the UK in 2007¹⁰), for a total of over 5,160¹¹ onscreen hours. However, the number of corporate sponsors in football was correspondingly high, making it difficult for any one company to stand out.

After football, the greatest media coverage in Europe was devoted to motorsports, of which Formula One was by far the most popular. Nevertheless, in 2007 Formula One only had 35 major sponsorship deals, as opposed to football’s 218,¹² which made it considerably more exclusive from a sponsor’s perspective (see Exhibit 6). F1 also offered “built-in advertising,” meaning that sponsors not only had the right to associate themselves with the sport, but also gained visibility during the events. As Mr. Cendoya explained:

“The problem with many sponsorships is that they don’t include advertising. For example, sponsoring a specific sports figure or even a World Cup team offers no visibility during

⁸ “Top Global 500 Brands: Case Study – Santander,” *Marketing Week*, February 18, 2010.

⁹ “Nielsen Global Online Computer Survey: Trust, Value and Engagement in Advertising,” The Nielsen Company, July 2009.

¹⁰ Santander Group, internal presentation.

¹¹ *Ibid.*

¹² William Fenton, “The Global Sponsorship Market,” *Journal of Sponsorships*, February 2009.



the actual event because the sponsor's name isn't physically linked to the action. Therefore, to take full advantage of such a sponsorship you must create advertising outside the event, making your investment exponentially higher."

F1 offered sponsors visibility on the drivers' uniforms, on the cars and on the surrounding fences. The amount of media coverage would then depend directly on the success of the team. Teams that made the podium, for example, could offer their sponsors as much as €2.8m to €3.2m (\$3.5m to \$4m) in equivalent advertising value coverage per Grand Prix, as opposed to second-tier rivals who might only offer €200,000 (\$270,000)¹³ (see Exhibit 7).

Finally, another advantage of Formula One was that its competitive nature was fundamentally different from that of football. Formula One implied loyalty to the sport as a whole rather than the fragmented, often vicious, local alliances fostered by football. As Santander's F1 Sponsorship Manager Pablo de Villota noted,

"In Spain, there might be some viewer polarization over Fernando Alonso, but only because F1 is new here and its popularity is very closely linked to his success. In England, however, you see more acceptance of Alonso than you might see in Spain toward [British driver Lewis] Hamilton. This is because the audience has understood the sport's unique dynamics: it's not like football where rivalry is the greatest part of the intrigue".

Sponsoring football could therefore limit a sponsors' flexibility should they later decide to change teams or regions. Formula One, on the other hand, was a more unified sport, allowing ample range for adjustment or additional commitments.

For this reason, as well as its significant exposure to Santander's key markets, in Europe and Brazil, Mr. Cendoya's team, with the full approval of the Santander Board, selected Formula One as Santander's global communications platform (in addition to an already existing football sponsorship in Latin America, which was also a strategic market for Santander's business diversification).

Formula One

Started in 1950, Formula One is today the world's premier motor racing series. Since the 1980s it has been controlled by Bernie Ecclestone, a British business magnate. Mr. Ecclestone organized the F1 business and transformed it as a medium for cash-flush corporations to reach an international audience,¹⁴ which in 2007 included approximately 8,700 million viewers in over 200 countries¹⁵ (see Exhibit 8).

Each year, a 10-month season consisting of up to 19 bi-weekly races (see Exhibit 9) is held on tracks around the world with each race titled as the "(Country) Grand Prix." Races consist

¹³ "F1 Sponsorship Media Exposure - Monaco Grand Prix: Return on Investment Focus," *The Paddock Magazine*, <http://www.thepaddockmagazine.com/articles/features/f1-sponsorship-media-exposure>.

¹⁴ Tarun Khanna, Kartik Varma and David Lane, "Formula One Motor Racing," case 703-412, Harvard Business School Press, June 10, 2003.

¹⁵ Santander Group, internal presentation.



of 12 teams with two cars each, and points are allocated to the 24 individual drivers according to their performance on the track. These points accumulate over the season, at the end of which the highest scoring driver is named World Drivers' Champion and the highest scoring team wins the World Constructors' Championship (see Exhibit 9). The funds for constructing the cars and operating the events come mostly from corporate sponsors,¹⁶ of which the Fortune 100 companies contribute an approximate €1.2bn (\$1.5bn)¹⁷ annually.

Sponsorship Options

Within Formula One, there are three main categories of sponsor involvement: title (Grand Prix) sponsorship, trackside advertising and team sponsorship (see Exhibit 10). The first two are operated by the Fédération internationale de l'automobile (FIA), F1's managing body. The team sponsorships are negotiated individually by team owners. Although official guidelines regarding team sponsorship and payments are minimal, the BBC Motorsport Sponsorship Guide groups team sponsors into three categories: title, co-sponsors and trade link-ups.¹⁸

Team title sponsorship, such as that of Vodafone in Vodafone Mercedes McLaren, is the most expensive (Vodafone pays an estimated €60m to \$75m per year¹⁹). However, it allows the sponsor to fully maximize advertising by making its logo most visible on both car and driver and also adding its moniker to the official team name. Co-sponsors, or "secondary sponsors," on the other hand, contribute only an estimated €8-32m (\$10-40m) each, and in return receive second-tier positioning on the driver and vehicle (see Exhibit 11). Secondary sponsors usually include engineering or technology companies that seek to associate themselves with F1, or corporations looking to benefit from F1 hospitality and gain moderate media coverage at a lower investment. Finally, trade link-ups or "technical sponsors" tend to be industry players who provide the least amount of financial support but instead offer supplies or technical knowledge in exchange for limited recognition.

There is no minimum number of sponsors which a team needs in order to participate, although most have up to two title and five to ten secondary sponsors. Renault, for example, has no title sponsors, except for itself as the owner, and eight secondary sponsors, which it calls "partners".²⁰ The cost of sponsorship depends on particular circumstances such as complementary industry interests, synergies with other existing sponsors, and the team's popularity and chances of winning. For example, Red Bull, another F1 team owner, only "gets €26m (\$34m) from its sponsors, compared to an average of €50m (\$65m) for all F1

¹⁶ David Hoyt and George Foster, "Red Bull and Auto Racing: Sponsor or Own a Formula One Team?" case SPM35, p. 5, Stanford Graduate School of Business Press, June 4, 2007.

¹⁷ Ibid.

¹⁸ BBC, "Formula 1 - Sponsorship guide," BBC website, http://news.bbc.co.uk/sport2/hi/motorsport/formula_one/sponsorship_guide/default.stm.

¹⁹ "Vodafone McLaren Sponsorship Extended Until 2013," WorldTech24.com, October 21, 2010, <http://www.worldtech24.com/phones/vodafone-mclaren-f1-sponsorship-extended-till-2013>.

²⁰ Renault F1 website, <http://www.renaultf1.com/>.

teams [...] because [potential sponsors] get little space on the car, covered almost entirely by the energy drink brand.”²¹

Sponsorship Benefits

The returns on investment to sponsors accrue in the form of direct cash returns, value-in-kind benefits, user rights²² and, most importantly, brand recognition. Direct cash returns come from the sale of the sponsors' products, such as Red Bull energy drinks, at F1 events²³ or when the team as a whole or individual team members purchase the sponsors' products or services, such as tires from Bridgestone or private wealth management advice from financial institutions.²⁴

Value-in-kind benefits refer to the sponsors' preferred access to Grand Prix tickets, F1 merchandise and VIP treatment such as access to the Paddock Club. Depending on their level of sponsorship, sponsors can take advantage of the global distribution of the Grand Prix and F1's long season to meet repeatedly with important customers and opinion makers around the world. According to Mr. Arribas, Santander has made use of these privileges, stating that:

“In these three years we have brought over 22,000 guests to F1 [...] and at least 4,000 - 5,000 have stayed in the Paddock Club, the best and most expensive accommodation [...] in the end, however, it is profitable because we have had the opportunity to develop long-lasting relationships with important customers that after some time concluded with very important deals.”

To this, María Sánchez del Corral added:

“Aside from Paddock Club invitations, President Botín, through his frequent presence, promoted many different events that we carried out within the F1 arena both for universities and public organisations, as well as many local companies. All of which has contributed to the achievement of our strategic business goals.”

Santander also used value-in-kind benefits to stimulate employee morale by offering Grand Prix tickets as incentives for sales performance or merchandise in return for responding to internal communications.

Finally, user rights benefits allow sponsors to reproduce F1 and F1 team logos and graphics, which can include the right to use driver and racecar photos in the sponsor's advertising (see Exhibit 12) or the right to create promotional tie-ins such as F1 limited edition products and services. Associating themselves in this way with F1 allows sponsors to take advantage of

²¹ “A Title Sponsor for Red Bull Racing?” Pitpass.com, May 23, 2010, <http://www.pitpass.com/40877-A-title-sponsor-for-Red-Bull-Racing>. [£ have been converted to € and \$.]

²² Stephen A. Greyser and John L. Teopaco, “Bank of America Sports Sponsorship,” 9-910-406, Harvard Business School Press, August 12, 2009.

²³ David Hoyt and George Foster, “Red Bull and Auto Racing: Sponsor or Own a Formula One Team?” case SPM35, Stanford Graduate School of Business Press, June 4, 2007.

²⁴ Stephen A. Greyser and John L. Teopaco, “Bank of America Sports Sponsorship,” 9-910-406, Harvard Business School Press, August 12, 2009.



F1's mass appeal (see Exhibit 8) in generating increased recognition for their brand. This is especially valuable to international sponsors such as Santander because of the high probability that their diverse stakeholder groups, including current and potential customers, employees and shareholders, will be among the enormous F1 fan base.

Santander and Formula One

Santander's entry into Formula One with Team Vodafone McLaren Mercedes was announced on October 31, 2006 for the 2007, 2008 and 2009 seasons. In the press release, Mr. Cendoya stated:

"In 2007, we will have a single brand which will identify us in the core countries where the Bank is present. A team like Vodafone McLaren Mercedes is an excellent platform for our brand globally. It is an international, innovative and modern team, as is our Bank, which is a world financial leader."²⁵

The decision to use the McLaren team as Santander's brand-building platform was based on several strategic advantages. First, McLaren was located in the UK, where Abbey Bank was undergoing rebranding (see Exhibit 13) and needed a method for announcing and facilitating this process. Secondly, Spanish world champion driver Fernando Alonso, who is the most famous F1 driver and considered a national hero in Spain, had signed with McLaren for the 2007 season, offering Santander a link between its new and home markets. Finally, McLaren had won 17 championships over the past 15 years (counting both Constructors' and Drivers' Championships), which guaranteed media interest and, as Juan Manuel Cendoya noted, "we had offers from teams that required less of an investment, but it didn't make sense to align ourselves with a team that wouldn't win."

Agreement with Team Vodafone McLaren Mercedes

The agreement that marked Santander's entry into Formula One included an undisclosed amount paid directly to McLaren, estimated at about €20m (\$25m), and an amount for the title sponsorship of the British, German and Italian Grand Prix.²⁶ In return, Santander's logo would appear on the McLaren cars, the drivers' overalls (chest and sleeves) and helmets, and the mechanics' uniforms (on the back)²⁷ (see Exhibit 14). According to Santander, the sponsorship investment was characterized by three payment "rings".

²⁵ Santander Group, press release, October 31, 2006.

²⁶ R. Amaral, "Branding: Santander Launches First Global Ads," *Bank Marketing International*, March 30, 2007.

²⁷ Santander Group, press release, October 31, 2006.

The First Ring – Direct

The *first ring* of sponsorship referred to the initial direct payments made to FIA and McLaren. According to Jean-Cristophe Babin, CEO of longtime McLaren sponsor TAG Heuer, such an investment was “just the ‘entry ticket’ for leveraging Formula One.”²⁸

The Second Ring – Activation

In addition to the direct payment, Santander also needed to allocate an “activation” budget internally (the *second ring*), which would be used for exploiting the sponsorship at the corporate level. This budget would be used to cover the creation of new advertising campaigns using F1 graphics, change internal communication to reflect F1 themes, set up promotional events starring McLaren drivers, and so forth.

The Third Ring – Local

Santander’s regional operations were also expected to provide a smaller *third ring* of investment to support local implementation. This “country-specific investment” was designed to tailor the benefits of sponsorship to unique regional circumstances. As Mr. Arribas explained,

“For example, in Brazil, we’ve already paid for the sponsorship: we have corporate agreements that include media presence and merchandising. Now, the regional operations must add another investment that is completely geared toward turning the sponsorship into business within the local community.”

Finally, it was also necessary to maintain a moderately flexible spending budget for unexpected expenses that were necessary to stay on good terms with the team. As Mr. Cendoya explained:

“You either have another €2m (\$2.5m) or the relationship suffers. [...] For example, when McLaren unveiled the car in Valencia, they wanted us to pay for some of the costs, but we were a bit cash-strapped just having paid for the sponsorship. [During the last years] we learned a lot from McLaren: the culture, building relationships, taking care of the drivers. It’s all very different from banking.”

The Podium (Results)

According to Ms. Sánchez del Corral, McLaren’s “British team, with a German motor and a Spanish driver” meant cornering the F1 audience in the UK, generating interest in Germany, and reinforcing Santander’s operations in Spain. In all three markets, the sponsorship delivered on its goal of raising brand recognition, although the most notable results occurred

²⁸ Christian Sylt and Caroline Reid, “The Business of Formula One – Volume Two,” *SportBusiness Group*, April 3, 2006, p. 116, <http://www.sportbusiness.com/products/reports/the-business-of-formula-one-vol-1-2-160235>.



in the UK, where “Santander snared 109,000 new accounts in the three months to October [2007]”²⁹ and Santander brand recognition rose from 20% in 2006 to 92% in 2009³⁰ (see Exhibit 15). Santander’s success in the UK was further emphasized in *The Financial Times*, which wrote:

“Santander’s presence in the Formula One circuit has been key to its UK expansion. [...] Back in 2004, while the Abbey deal was celebrated in Spain, it was met with cynicism in Britain [...] but the initial cloud of skepticism that hung over the Spanish bank’s €7.6m (\$9.5m) purchase has largely faded. The bank delivered €240m (\$300m) of cost savings a year ahead of schedule, while its profits, which were €12.8m (\$15.5m) at Abbey in the year of the takeover, rose to €1.2bn (\$1.5bn) as Santander UK [in 2009].”³¹

The sponsorship was also welcomed internally, with positive effects on the perceived ease of doing business as well as on employee morale (see Exhibit 16). The response from international managers was enthusiastic: one German branch manager wrote that “our customers see us sponsoring a sport like F1 and they feel more secure in working with us; they trust Santander;” and a UK manager requested more full-sized posters of driver Lewis Hamilton saying that “if I put them up, more people will enter the office.”³² Overall, in 2007, Santander reported a benefits ratio of €5 for each €1 invested in F1, which was significantly greater than the €2 to €1 ratio expected for a first-year F1 sponsor.³³ As Mr. Cendoya pointed out, “the personal commitment and the frequent presence of Chairman Emilio Botín and CEO Alfredo Saenz have been decisive to achieving these results.”

Risks and Challenges

The McLaren sponsorship, however, also posed several challenges. In 2007, the worldwide financial crisis made the idea of a new, large investment outside the bank’s core operations difficult to defend. Despite Santander itself being relatively unscathed,³⁴ many banks experienced enormous write-downs and liquidity problems, so the effect of the sponsorship on consumer sentiment was up to debate. However, as Ms. Sánchez del Corral explained,

”Although we did have to reduce the marketing budget by 3% in 2008 and 20% in 2009, staying in F1 sent a message that emphasized the strength of the Bank and of its reputation. If we stayed in F1 while maintaining a profit and maintaining a dividend, proving that our Bank was healthy, there was less danger of criticism. The problem only comes if you are reporting losses and layoffs. What matters ultimately is to be consistent in your communication: both in your sponsorship activities and in your earnings.”

²⁹ Clinton Manning, “Abbey’s Lew Joy,” *Daily Mirror*, October 26, 2007.

³⁰ Santander Group, internal presentation.

³¹ Sharlene Goff, “Santander Drives on to Next set of Challenges,” *Financial Times*, May 7, 2010. [£ figures have been converted to € and \$.]

³² Santander Group, internal presentation.

³³ L. Junco, “McLaren aviva la llama de Santander,” *Expansión*, April 18, 2008.

³⁴ J.G. Gallego, “Santander y BBVA, los ganadores de la crisis, según UBS,” *El Mundo*, March 4, 2010.

Furthermore, presence in F1 exposed Santander to certain risks of associating the brand to something negative, as is the case in many sponsorships. In 2007, McLaren was subject to bad press after the so-called “Spygate” scandal when “The World Motor Sport Council (WMSC) fined McLaren [...] €80m (\$100m) and stripped it of its Constructors’ Championship points for the season,” for allegedly applying technical information unlawfully obtained from Ferrari.³⁵ “Spygate,” as well as personal differences with teammate Lewis Hamilton, led Fernando Alonso to leave McLaren in 2008 for Renault. Forced to take action, Santander tried to limit the effect on its brand, and according to one Spanish media source:

“To stop any potential damage from the Spanish driver competing against Santander’s sponsored team, the Bank added Alonso to Universia, its university focused network [which began to sponsor Renault]. This wasn’t easy since ING, Renault’s [financial industry] sponsor, was initially opposed.”³⁶

Mr. Cendoya added that “Universia was visually associated with Santander, and adding [the brand] to Renault’s sponsors showed that we continued to support Alonso, which was very important.” Despite this effort, however, a survey measuring the sponsorship’s perceived effectiveness showed a 5% drop among Spanish branch managers, although in the UK and Brazil this same metric rose by 18% and 13% respectively (see Exhibit 16).³⁷ Mr. Cendoya commented that “if Alonso had stayed with McLaren, we could have achieved a higher return on investment.”³⁸

Going Forward

Throughout the 2009 season, Chairman Emilio Botín and CEO Alfredo Saenz led the F1 sponsorship challenge. According to Mr. Botín:

“The Santander brand is one of the greatest strategic assets the Bank has, and its long-term, consistent management is key to continue growing and creating value. Once the brand unification process was complete, we have taken a series of concrete measures in order to get the most value out of it, with the end goal being to situate Santander among the top global financial brands.”

By 2009, however, this objective seemed to have been accomplished, as Santander was now ranked third in the banking category by industry research leader Brand Finance Consulting.³⁹ Therefore, if Santander were to continue sponsoring F1, the sponsorship goal needed to evolve, shifting the focus from general brand recognition to sustained support of the core business.

³⁵ James Snodgrass, “F1 Spygate: \$100m Fine for McLaren,” *CNN.com*, September 14, 2007.

³⁶ Juan E. Maíllo, “Santander y Formula 1, una asociación rentable,” *El Mundo*, May 3, 2009.

³⁷ Santander Group, internal presentation, response to survey question “To what Degree has the Sponsorship of the McLaren Team in F1 had a Positive Effect on your Business and Served to Increase Sales?”

³⁸ L. Junco, “McLaren aviva la llama de Santander,” *Expansión*, April 18, 2008.

³⁹ Brand Finance Consulting, *Brand Finance Banking 500*, February 2010.



With the initial McLaren contract coming to an end, Santander had to decide on a plan of action. McLaren's contribution to brand recognition in the UK had been substantial, but collaboration between the Bank, Fernando Alonso and McLaren leadership continued to present difficulties. Also, during the three years of partnership, Santander had come to recognize certain limitations to F1's appeal.

First, Mr. Cendoya agreed that women and "green" audiences were significantly underrepresented among F1 viewers. In fact, a study done by the Formula One Teams Association (FOTA) found that most F1 viewers were 35-60 year old males.⁴⁰ The same study revealed that "environmental effects" was one of the greatest turn-offs for F1 audiences.⁴¹ This drawback was troublesome because, as Santander's F1 Sponsorship Manager Ana Garcia Sansigre explained:

"People don't realize the importance of F1 innovation. When the public sees that F1 uses 45 liters of gas per 100km, they forget that Volkswagen covers the same distance on only 4 liters because it makes use of F1 innovation. Ten years ago, F1 was using 55 [liters/100km] and has been able to cut down drastically while still increasing horsepower."

Secondly, it was necessary to determine whether Formula One was an appropriate association for Santander in terms of brand personality. Ms. Sánchez del Corral considered F1's influence in the growing acceptance of Santander, noting that "in Brussels, we are now better known, we have more weight, our voice is heard and they pay more attention." However, was it in Santander's best interest to be so closely associated with a sport that at times faced questionable ethics, such as the McLaren "Spygate" scandal? Or was it necessary to simply switch to a different team as a result of such conflicts?

Santander had to decide whether the marginal benefits of McLaren's UK popularity going forward outweighed the possible risks. Also, if the Bank decided to leave McLaren but stay with F1, it was necessary to determine how to continue building the brand. Should it perhaps switch to Renault, which now had Spanish champion Alonso, or Ferrari, which was the F1 team with the strongest global recognition? Or could it save money by reducing its investment and sponsoring a second-tier team that would simply maintain the recognition already achieved? Should Santander stay in F1 at all, or did the sport's limitations merit searching for a completely new platform?

To get the most out of sponsorship, it was clear that it would be necessary for all divisions of the Bank to stay focused and work together, or as Ms. Sánchez del Corral explained,

"Showcasing our group strengths and consequently contributing to the creation of a strong and recognized brand is the responsibility of all units and teams within Santander."

With this in mind, Mr. Cendoya and his team searched for the best way to achieve the "greater goal" of rebranding newly acquired banks and creating a strong, united and global Santander brand.

⁴⁰ FOTA, "Global Audience Survey," February 2009.

⁴¹ *Ibid.*



Exhibit 1

Brief History of Santander

Year	Key Events
1857	<ul style="list-style-type: none">On May 15, 1857, Queen Isabel II signs a royal decree authorizing the incorporation and founding of Santander.
1947	<ul style="list-style-type: none">First regional office is opened in Havana, Cuba, followed by others in Argentina, Mexico, Venezuela, and an office in London.
1956	<ul style="list-style-type: none">The Latin American department is set up.
1957	<ul style="list-style-type: none">100-year anniversary – Santander is the seventh ranked finance house in Spain.
1986	<ul style="list-style-type: none">Emilio Botín Sanz de Sautoula y Garcia de los Ríos becomes Chairman.
1994	<ul style="list-style-type: none">Santander acquires Banco Español de Crédito (Banesto).
1999	<ul style="list-style-type: none">Santander and Banco Central Hispanoamericano (BCH) close the first major banking merger in Europe under the euro. Santander also acquires financial group Totta y Açores and Crédito Predial Português in Portugal.
2000	<ul style="list-style-type: none">Santander merges with Banespa in Brazil, Grupo Serfin in Mexico, and Banco Santiago in Chile, consolidating the group's position as the leading financial franchise in Latin America.
2004	<ul style="list-style-type: none">Santander takes over Abbey, the sixth largest bank in the UK.
2007	<ul style="list-style-type: none">Santander signs a three-year sponsorship contract with McLaren Formula One Team.Santander celebrates 150th anniversary as the twelfth largest bank in the world by stock market capitalization, seventh by profits, and the largest retail distribution in the western world.Santander acquires Banco Real in Brazil through a consortium bid with ABN AMro Royal Bank of Scotland and Fortis, doubling its presence in Brazil.
2008	<ul style="list-style-type: none">Santander acquires Alliance & Leicester and Bradford & Bingley in the UK.Santander becomes the third largest bank in the world by profits.
2009	<ul style="list-style-type: none">Santander enters the US retail market with the acquisition of Sovereign, which has 722 branches in the Northeast.

Source: Compilation based on Santander website, http://www.santander.com/csqs/Satellite?accesibilidad=3&canal=CAccionistas&cid=1146205899430&empr=SANCorporativo&leng=es_ES&pagename=SANCorporativo/Page/SC_ContenedorGeneral.



Exhibit 2

Global Overview of Santander (2009)

Region	Customers (millions)	Branches	Employees	Market Share	Ranking
Spain	14.7	4,865	33,262	16% ⁽¹⁾	1st ⁽¹⁾
United Kingdom	25.6	1,322	22,949	10% ⁽¹⁾	3rd ⁽⁵⁾
Brazil	22.4	3,593	50,961	10% ⁽¹⁾	3rd ⁽¹⁾⁽⁶⁾
Mexico	8.7	1,093	12,466	15% ⁽¹⁾	3rd ⁽¹⁾
Germany	6.0	144	3,336	15% ⁽²⁾	1st ⁽⁴⁾
Chile	3.2	498	11,751	19% ⁽¹⁾	1st ⁽¹⁾
Argentina	2.0	298	5,780	10% ⁽³⁾	1st ⁽¹⁾⁽⁶⁾
Portugal	1.9	763	6,294	10% ⁽¹⁾	4th ⁽¹⁾⁽⁶⁾
United States	1.7	722	8,847	3% ⁽⁷⁾	n/a
Total	86.2	13,298	155,646		

(1) Loans, deposits and mutual funds

(2) Estimated share of auto finance

(3) Share of lending

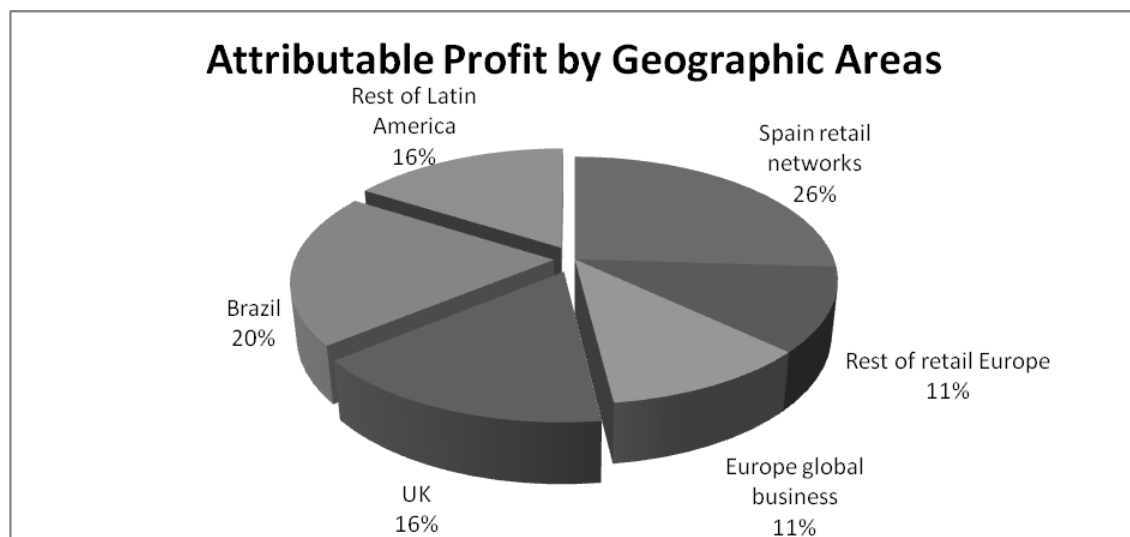
(4) Leader in financing of durable goods and top independent finance company

(5) By deposits

(6) Excluding state banks

(7) In its areas of influence

Note: Santander also has a less significant presence in Austria, Belgium, Colombia, Denmark, Finland, Italy, Norway, the Netherlands, Peru, Poland, Puerto Rico, Sweden, Switzerland and Uruguay.



Source: Santander Group, 2009 Annual Report.



Exhibit 3 2004 Geographic Distribution of Brands

Europe:



Source: Santander Group presentation.

Latin America:



Source: Santander Group presentation.



Exhibit 4

Sponsorship Options

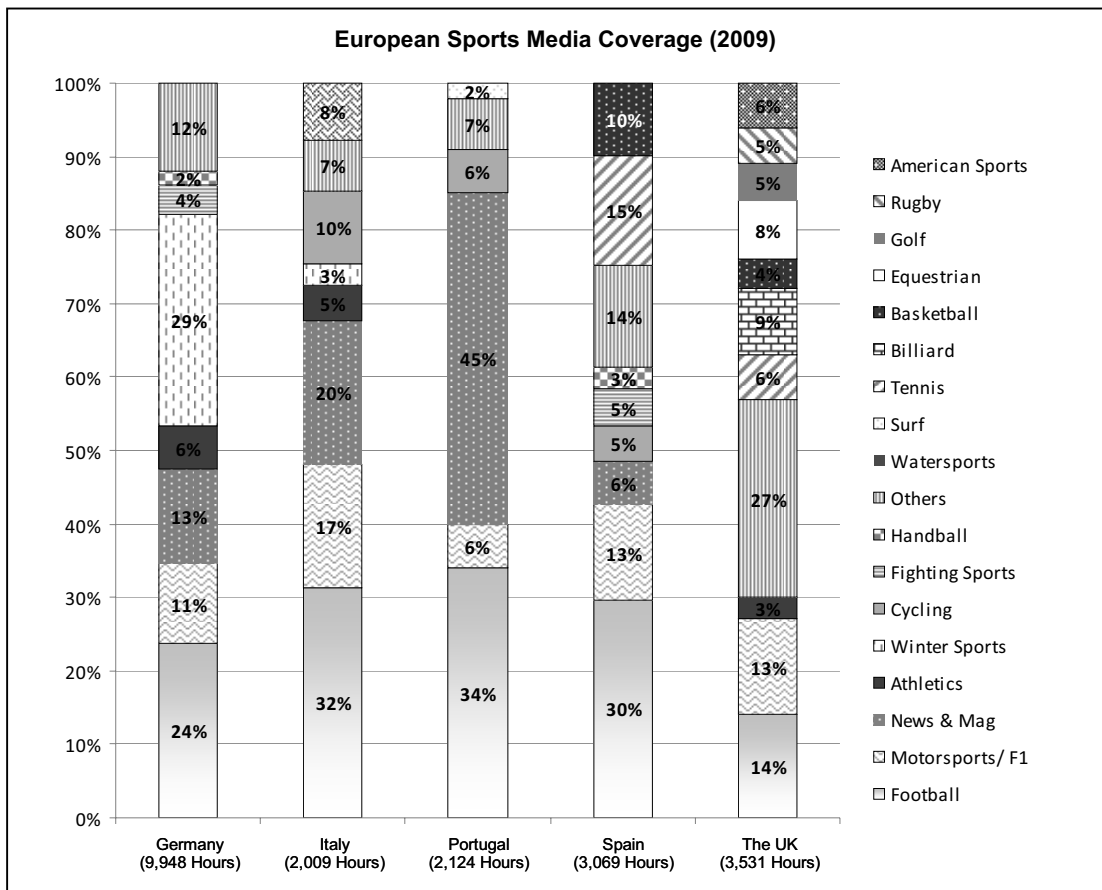
Sponsorship	Pros	Cons	Examples	Total Global Spending (bn)		
				2007	2008	2009
Sports	<ul style="list-style-type: none"> •Wide international appeal •Usually associated with strong values 	<ul style="list-style-type: none"> •Limited appeal among non-sports viewers •Personality risk 	<ul style="list-style-type: none"> •Formula One •Olympic Games 	\$26.9 € 21.5	\$31.0 €24.8	\$31.7 €25.4
Entertainment, tours and attractions	<ul style="list-style-type: none"> •Associates brand with leisure activities •Many targeting possibilities based on fan base of the particular event 	<ul style="list-style-type: none"> •Limited media coverage •Non-recurring events 	<ul style="list-style-type: none"> •Concert tours •Television specials 	\$3.8 €3.0	\$3.9 €3.1	\$4.1 €3.3
Causes	<ul style="list-style-type: none"> •Associates sponsor with strong values and social responsibility 	<ul style="list-style-type: none"> •Limited publicity 	<ul style="list-style-type: none"> •Disaster relief •Red Cross, UNICEF 	\$2.8 €2.2	\$2.9 €2.3	\$3.0 €2.4
Festivals, fairs and annual events	<ul style="list-style-type: none"> •Local appeal •Range of audiences depending on nature of event 	<ul style="list-style-type: none"> •One-off events, no ongoing publicity •Limited press coverage 	<ul style="list-style-type: none"> •International film festivals •Local fairs 	\$2.5 €2.0	\$2.6 €2.1	\$2.7 €2.2
Arts	<ul style="list-style-type: none"> •Exclusive audience •Good for luxury brands 	<ul style="list-style-type: none"> •Limited reach •Limited press coverage 	<ul style="list-style-type: none"> •Naming rights for temporary exhibits •Local or international art fairs 	\$2.0 €1.6	\$2.1 €1.7	\$2.2 €1.8
Associations and membership organizations	<ul style="list-style-type: none"> •Exclusive audience •Good for luxury brands 	<ul style="list-style-type: none"> •Limited reach •Limited press coverage 	<ul style="list-style-type: none"> •Museum membership •Opera membership 	\$0.5 €0.4	\$0.6 €0.5	\$0.7 €0.6

Source: Transworld Sports Management (TWSM) and own elaboration.



Exhibit 5

Sports Media Coverage in Santander's Key Markets

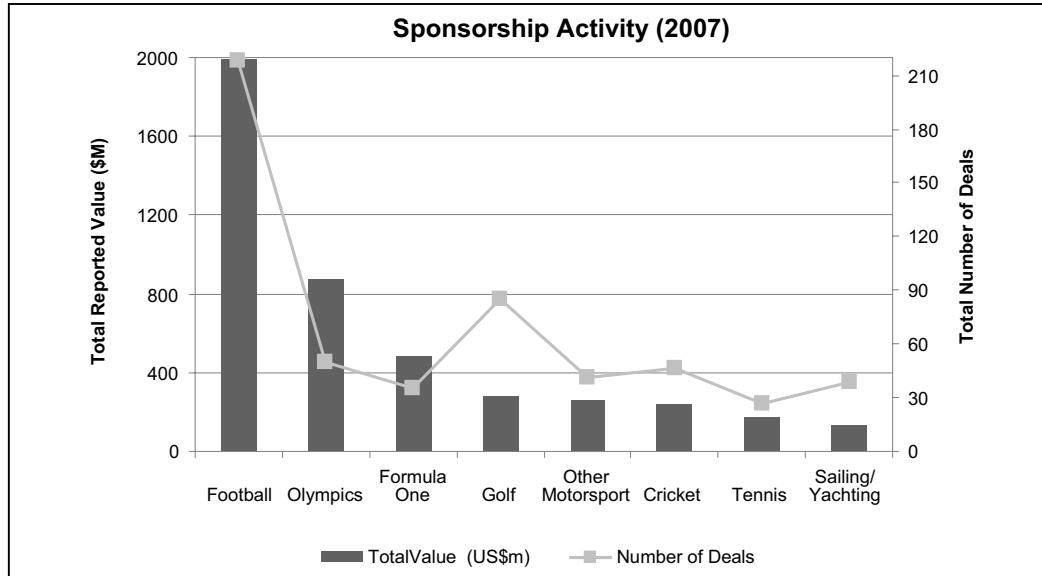


Source: Eurodata TV Worldwide and Mediametrie.

To be read: In Germany, in 2009, a total of 9,948 hours of television programming was dedicated to sports, of which 24% covered football, 11% motorsports, 13% news and magazine shows, and so forth.



Exhibit 6 Recent Sponsorship Activity



Source: William Fenton, "The Global Sponsorship Market," *Journal of Sponsorships*, February 2009.

Largest Sports Sponsorship Deals of 2007

Rank	Sponsor	Industry	Country	Event or Activity	Value (≈\$m)	Yrs
1	Barclays	Financial Services	USA	New Jersey Nets Arena	400	20
2	Adidas	Clothing	Germany	German National Football Team	298	10
3	Adidas	Clothing	UK	London Olympics 2012	200	5
4	Lenovo	Information Technology	Int'l	Williams F1 Team	190	5
5	Lloyd's TSB	Financial Services	UK	London Olympics 2012	160	5
6	EDF Energy	Energy/Power/Gas	UK	London Olympics 2012	160	5
7	Aegon	Financial Services	Netherlands	Ajax (Football)	121	7
8	Prudential	Financial Services	USA	New Jersey Devils Stadium	105	20
9	Reliance Communications	Telecommunications	Int'l	ICC	100	8
10	Panasonic	Consumer Electronics	Int'l	Official Worldwide Olympic Partner	100	8
11	Nike	Clothing	USA	Tiger Woods	100	5
12	Johnnie Walker	Spirits/Liqueurs	Int'l	McLaren F1 Team	100	5
13	JP Morgan Chase	Financial Services	USA	US Open	90	6
14	Samsung	Consumer Electronics	Int'l	Official Worldwide Olympic Partner	80	8
15	Puma	Clothing	Italy	Italian Football Federation	80	8

Source: William Fenton, "The Global Sponsorship Market," *Journal of Sponsorships*, February 2009.



Exhibit 7

Advertising Value Equivalent of Sponsorship

The Top 25 Best Exposed Sponsors at the 2009 Monaco Grand Prix					The Top 25 Best Exposed Sponsors at the 2008 Monaco Grand Prix				
Rank	Brand	Team	Estimated Advertising Value Equivalent		Rank	Brand	Team	Estimated Advertising Value Equivalent	
			\$	€				\$	€
1	Panasonic	Toyota	4,411,476	3,529,181	1	Vodafone	McLaren	8,321,620	6,657,296
2	Vodafone	McLaren	4,014,014	3,211,211	2	Marlboro	Ferrari	4,544,465	3,635,572
3	Marlboro	Ferrari	3,802,126	3,041,701	3	panasonic	Toyota	3,839,389	3,071,511
4	Kingfisher	Force India	3,580,301	2,864,241	4	ING	Renault	3,758,324	3,006,659
5	ING	Renault	3,369,246	2,695,397	5	Petronas	BMW	3,405,403	2,724,322
6	MIG	Brawn	2,472,376	1,977,901	6	Kingfisher	Force India	2,931,108	2,344,886
7	Bridgestone	All Teams	2,079,456	1,663,565	7	Bauger Brands	Williams	2,329,643	1,863,714
8	RBS	Williams	2,032,464	1,625,971	8	Intel	BMW	2,394,424	1,915,539
9	Shell	Ferrari	1,863,042	1,490,434	9	Shell	Ferrari	2,226,788	1,781,430
10	Virgin Group	Brawn	1,648,251	1,318,601	10	Bridgestone	All Teams	1,547,165	1,237,732
11	Petronas	BMW	1,338,440	1,070,752	11	Mobil 1	McLaren	1,472,287	1,177,830
12	Total/Elf	Red Bull, Renault	1,227,362	981,890	12	RBS	Williams	943,214	754,571
13	Philips	Williams	1,219,478	975,582	13	Elf	Renault	867,305	693,844
13	AT&T	Williams	1,219,478	975,582	14	Credit Suisse	BMW	798,141	638,513
15	FX-PRO	BMW	585,567	468,454	15	Santander	McLaren	768,150	614,520
15	T-Systems	BMW	585,567	468,454	16	Johnnie Walker	McLaren	768,150	614,520
17	Whyte & Mackay	Force India	477,373	381,898	17	Alice	Ferrari	545,336	436,269
18	Alice	Ferrari	456,255	365,004	18	Etihad Airways	Ferrari	490,802	392,642
19	Medion	Force India	429,636	343,709	19	Dell	BMW	425,675	340,540
20	Mobile 1	McLaren	426,103	340,882	20	At&t	Williams	353,705	282,964
21	Etihad Airways	Ferrari	410,630	328,504	21	T-Systems	BMW	319,256	255,405
22	Denso	Toyota	383,945	307,156	22	Medion	Force India	287,782	230,226
23	Johnnie Walker	McLaren	370,524	296,419	23	Air Asia	Williams	282,964	226,371
23	Santander	McLaren	370,524	296,419	24	Denso	Toyota	273,399	218,719
25	Air Asia	Williams	325,194	260,155	25	Petrobras	Williams	235,804	188,643

Source: Paddock Magazine.

To be read: Panasonic would have needed to spend \$4,411,476 in paid advertising to receive the amount of media exposure that it received as a result of sponsoring the Toyota F1 team during the 2009 Monaco Grand Prix.

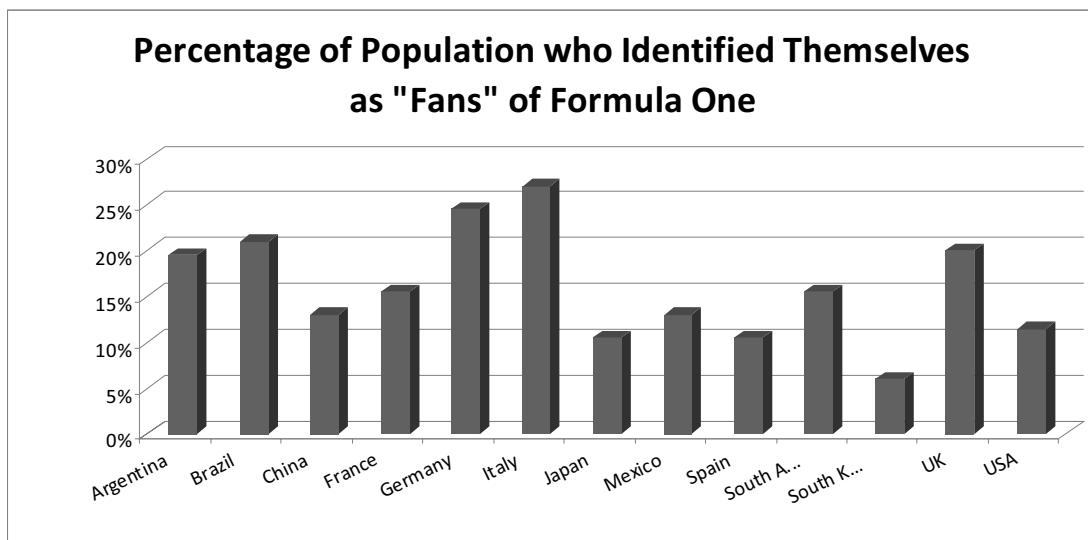
Team Share of Voice: 2009 Monaco Grand Prix					Team Share of Voice: 2008 Monaco Grand Prix				
Rank	Team	Share of Voice (%)	Estimated Advertising Value Equivalent		Rank	Team	Share of Voice (%)	Estimated Advertising Value Equivalent	
			\$	€				\$	€
1	Ferrari	17.61%	7,284,873	5,827,898	1	McLaren	25.16%	11,906,317	9,525,054
2	Williams	13.74%	5,680,736	4,544,589	2	Ferrari	18.50%	8,752,640	7,002,112
3	McLaren	13.11%	5,422,006	4,337,605	3	BMW	15.79%	7,470,602	5,976,482
4	Brawn	12.75%	5,274,403	4,219,522	4	Williams	10.96%	5,187,679	4,150,143
5	Force India	11.81%	4,885,122	3,908,098	5	Renault	10.42%	4,929,186	3,943,349
6	Toyota	11.78%	4,872,211	3,897,769	6	Force India	8.96%	4,242,113	3,393,690
7	Renault	11.17%	4,617,595	3,694,076	7	Toyota	8.89%	4,208,478	3,366,782
8	BMW	6.57%	2,715,918	2,172,734	8	Red Bull	0.69%	325,478	260,382
9	Red Bull	1.19%	493,896	395,117	9	Honda	0.34%	160,818	128,654
10	Toro Rosso	0.27%	109,668	87,734	10	Toro Rosso	0.29%	136,424	109,139
	Total	1.00	41,356,428	33,085,142		Total	1.00	47,319,735	37,855,788

Source: Paddock Magazine.

To be read: Together, all the Ferrari sponsors would have needed to spend \$7,284,873 in paid advertising to receive the amount of media exposure that they received as a result of sponsoring Ferrari during the 2009 Monaco Grand Prix. Media exposure of Ferrari sponsors accounted for 17.61% of total media exposure for F1 teams at the 2009 Monaco Grand Prix.

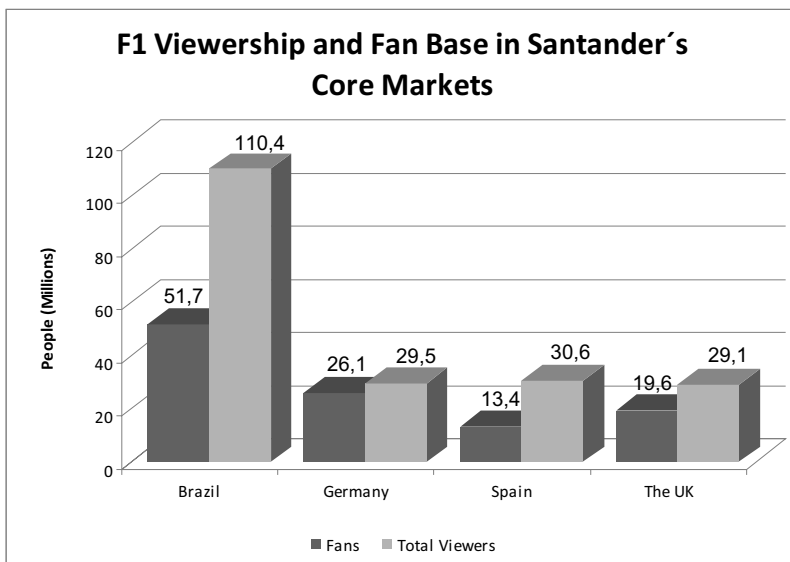


Exhibit 8 Statistics on F1 Viewership



Source: Zenith Media Study 2003: % of respondents aged 12-65 in 13 markets who describe themselves as passionate fans of F1. 500 individuals surveyed in shopping centers in each country using quota controls reflective of national populations.

To be read: In Argentina, 19.5% of those surveyed identified themselves as fans of F1.



Source: Total Viewer Data: FOM, February 2009. Loyal Fan Data: Mediasports MKT, January 2009, 7,400 interviews of the general population.

To be read: In Brazil, out of 110.4 million total viewers, 51.7 million identified themselves as loyal F1 fans.



Exhibit 9

Past F1 Racing Schedules

2009 F1 Season				2006 F1 Season			
Championships				Championships			
World Driving Championship		Jenson Button		World Driving Championship		Fernando Alonso	
World Constructor's Championship		Brawn-Mercedes		World Constructor's Championship		Renault	
Grand Prix	Date	Winning Driver	Winning Team	Grand Prix	Date	Winning Driver	Winning Team
Australia	29-mar	Jenson Button	Brawn-Mercedes	Bahrain	12-mar	Fernando Alonso	Renault
Malaysia	5-abr	Jenson Button	Brawn-Mercedes	Malaysia	19-mar	Giancarlo Fisichella	Renault
China	19-abr	Sebastian Vettel	RBR-Renault	Australia	02-abr	Fernando Alonso	Renault
Bahrain	26-abr	Jenson Button	Brawn-Mercedes	San Marino	23-abr	Michael Schumacher	Ferrari
Spain	10-may	Jenson Button	Brawn-Mercedes	Europe	07-may	Michael Schumacher	Ferrari
Monaco	24-may	Jenson Button	Brawn-Mercedes	Spain	14-may	Fernando Alonso	Renault
Turkey	07-jun	Jenson Button	Brawn-Mercedes	Monaco	28-may	Fernando Alonso	Renault
Great Britain	21-jun	Sebastian Vettel	RBR-Renault	Great Britain	11-jun	Fernando Alonso	Renault
Germany	12-jul	Mark Webber	RBR-Renault	Canada	25-jun	Fernando Alonso	Renault
Hungary	26-jul	Lewis Hamilton	McLaren-Mercedes	United States	02-jul	Michael Schumacher	Ferrari
Europe	23-ago	Rubens Barrichello	Brawn-Mercedes	France	16-jul	Michael Schumacher	Ferrari
Belgium	30-ago	Kimi Räikkönen	Ferrari	Germany	30-jul	Michael Schumacher	Ferrari
Italy	13-sep	Rubens Barrichello	Brawn-Mercedes	Hungary	06-ago	Jenson Button	Honda
Singapore	27-sep	Lewis Hamilton	McLaren-Mercedes	Turkey	27-ago	Felipe Massa	Ferrari
Japan	04-oct	Sebastian Vettel	RBR-Renault	Italy	10-sep	Michael Schumacher	Ferrari
Brazil	18-oct	Mark Webber	RBR-Renault	China	01-oct	Michael Schumacher	Ferrari
Abu Dhabi	01-nov	Sebastian Vettel	RBR-Renault	Japan	08-oct	Fernando Alonso	Renault
				Brazil	22-oct	Felipe Massa	Ferrari
2008 F1 Season				2005 F1 Season			
Championships				Championships			
World Driving Championship		Lewis Hamilton*		World Driving Championship		Fernando Alonso	
World Constructor's Championship		Ferrari		World Constructor's Championship		Renault	
Grand Prix	Date	Winning Driver	Winning Team	Grand Prix	Date	Winning Driver	Winning Team
Australia	16-mar	Lewis Hamilton	McLaren-Mercedes	Australia	06-mar	Giancarlo Fisichella	Renault
Malaysia	23-mar	Kimi Räikkönen	Ferrari	Malaysia	20-mar	Fernando Alonso	Renault
Bahrain	06-abr	Felipe Massa	Ferrari	Bahrain	03-abr	Fernando Alonso	Renault
Spain	27-abr	Kimi Räikkönen	Ferrari	San Marino	24-abr	Fernando Alonso	Renault
Turkey	11-may	Felipe Massa	Ferrari	Spain	08-may	Kimi Räikkönen	McLaren-Mercedes
Monaco	25-may	Lewis Hamilton	McLaren-Mercedes	Monaco	22-may	Kimi Räikkönen	McLaren-Mercedes
Canada	08-jun	Robert Kubica	BMW Sauber	Europe	29-may	Fernando Alonso	Renault
France	22-jun	Felipe Massa	Ferrari	Canada	12-jun	Kimi Räikkönen	McLaren-Mercedes
Great Britain	06-jul	Lewis Hamilton	McLaren-Mercedes	United States	19-jun	Michael Schumacher	Ferrari
Germany	20-jul	Lewis Hamilton	McLaren-Mercedes	France	03-jul	Fernando Alonso	Renault
Hungary	03-ago	Heikki Kovalainen	McLaren-Mercedes	Great Britain	10-jul	Juan Pablo Montoya	McLaren-Mercedes
Europe	24-ago	Felipe Massa	Ferrari	Germany	24-jul	Fernando Alonso	Renault
Belgium	07-sep	Felipe Massa	Ferrari	Hungary	31-jul	Kimi Räikkönen	McLaren-Mercedes
Italy	14-sep	Sebastian Vettel	STR-Ferrari	Turkey	21-ago	Kimi Räikkönen	McLaren-Mercedes
Singapore	28-sep	Fernando Alonso	Renault	Italy	04-sep	Juan Pablo Montoya	McLaren-Mercedes
Japan	12-oct	Fernando Alonso	Renault	Belgium	11-sep	Kimi Räikkönen	McLaren-Mercedes
China	19-oct	Lewis Hamilton	McLaren-Mercedes	Brazil	25-sep	Juan Pablo Montoya	McLaren-Mercedes
Brazil	02-nov	Felipe Massa	Ferrari	Japan	09-oct	Kimi Räikkönen	McLaren-Mercedes
				China	16-oct	Fernando Alonso	Renault
2007 F1 Season							
Championships							
World Driving Championship		Kimi Räikkönen					
World Constructor's Championship		Ferrari					
Grand Prix	Date	Winning Driver	Winning Team				
Australia	18-mar	Kimi Räikkönen	Ferrari				
Malaysia	08-abr	Fernando Alonso	McLaren-Mercedes				
Bahrain	15-abr	Felipe Massa	Ferrari				
Spain	13-may	Felipe Massa	Ferrari				
Monaco	27-may	Fernando Alonso	McLaren-Mercedes				
Canada	10-jun	Lewis Hamilton	McLaren-Mercedes				
United States	17-jun	Lewis Hamilton	McLaren-Mercedes				
France	01-jul	Kimi Räikkönen	Ferrari				
Great Britain	08-jul	Kimi Räikkönen	Ferrari				
Europe	22-jul	Fernando Alonso	McLaren-Mercedes				
Hungary	05-ago	Lewis Hamilton	McLaren-Mercedes				
Turkey	26-ago	Felipe Massa	Ferrari				
Italy	09-sep	Fernando Alonso	McLaren-Mercedes				
Belgium	16-sep	Kimi Räikkönen	Ferrari				
Japan	30-sep	Lewis Hamilton	McLaren-Mercedes				
China	07-oct	Kimi Räikkönen	Ferrari				
Brazil	21-oct	Kimi Räikkönen	Ferrari				

*In 2008, Lewis Hamilton was the driver with the highest amount of points; however, Ferrari had the highest number of points as a team.

Source: Formula 1 website, <http://www.formula1.com>.



Exhibit 10

Pros and Cons of Different Levels of F1 Sponsorship

Sponsorship	Pros	Cons
Team sponsorship	<ul style="list-style-type: none"> • Drivers are the stars so there is high emotional involvement from fans. This yields strong image transfer and builds affinity rather than awareness. • Connects with both business and consumer audiences through teams' corporate and human (drivers) associations. Can be used to spread a brand message. • Dominant drivers/teams enjoy a disproportionate share of media exposure. • Opportunity for relationship building with co-sponsors, drivers and other multipliers. 	<ul style="list-style-type: none"> • Awareness can be erratic through poor performance. Race attrition and accidents can dramatically reduce potential positive exposure. • Negative activity, on or off track, can alienate fans and media. • Cars are cluttered no matter what size of logo and position is taken. • Logos themselves can race past the viewers' eyes too quickly to make impact. • Cost. Sponsors who cannot afford to partner a top team must look lower-ranking teams and hope that the brand fits.
Trackside advertising	<ul style="list-style-type: none"> • Deliberately uncluttered for maximum exposure impact. • Guaranteed, constant media awareness. Does not depend on team success/popularity. • Average cost is lower than team sponsorship packages. 	<ul style="list-style-type: none"> • Fans are so focused on teams and drivers that boards can escape their attention. • Fans do not applaud advertising boards and do not get emotionally involved with them. • Somewhat predictable source of exposure – boards are not unique to F1.
Race title sponsorship	<ul style="list-style-type: none"> • Places the sponsor clearly in the spotlight through multiple exposure channels. • Opportunity for sustained local and regional marketing and PR opportunities leading up to and through the event. • Maximum media awareness without clutter. • Can be highly targeted for local/regional/national marketing strategies. 	<ul style="list-style-type: none"> • Massive and lasting exposure fall-off immediately following the event's conclusion.

Source: Christian Sylt and Caroline Reid, "The Business of Formula One – Volume Two," *SportBusiness* Group, April 3, 2006, p. 116, <http://www.sportbusiness.com/products/reports/the-business-of-formula-one-vol-1-2-160235>.



Exhibit 11

Sample (Ferrari) Sponsor Logo Placement

Rank	Sponsor	Location on Car	Location on Driver	Other Key Locations
Primary	Marlboro (barcode logo)	Large on engine hood Large on front of rear wing Small on back of cockpit	Top right sleeve of overalls Top left sleeve of overalls Small on gloves Small on left chest Small on both epaulettes Small on collar Top front of helmet Across visor Bottom side of helmet Back of overalls Small on both sides of cap	Small on team headsets Both shoulders of team overalls/shirts Both sleeves of team overalls/shirts Left chest of team overalls/shirts Reverse of team helmets Back of team overalls/shirts
Secondary	Shell	Large on sidepod Medium on top of nose Small on rear wing endplate Small on front wing	Top right chest of overalls Small on gloves	Top right chest of team overalls/shirts Both sides of team helmets Back of team overalls
Secondary	Etihad Airways	Large on back of rear wing Small on side of cockpit	Top of both sleeves of overalls Bottom front of helmet	
Secondary	Alice	Medium on rear wing endplate Medium on front wing endplates Small on steering wheel Small on top of nose		
Secondary	Bridge-stone	Medium on rear wing endplate Small on top of nose Small on bottom rear of chassis Small on centre of front wing	Top right chest of overalls	Top right chest of team overalls/shirts
Secondary	AMD	Medium on rear wing endplate		Both sleeves of team overalls/shirts Rear of team helmets
Secondary	Mubadala	Medium on side of nose	Front of cap	
Secondary	Fiat	Small towards rear of chassis Small on top of nose		
Secondary	OMR	Small at bottom of sidepod	Bottom side of helmet	

Source: Formula Money Magazine.



Exhibit 12 Santander with McLaren Advertising

**We are stronger together.
We are Santander**

Abbey is part of Santander, an over 100-year-old financial group with 100 million customers in 100 countries. Santander is the only bank in the world that has been awarded the highest rating by Moody's. We have a strong track record of innovation and excellence. We are the only bank in the world that has been awarded the highest rating by Moody's. We have a strong track record of innovation and excellence. We are the only bank in the world that has been awarded the highest rating by Moody's.

Santander Part of the Santander Group

Tag	Product	Brand	Value
DRIVING	DRIVING	DRIVING	DRIVING
ADDEY	ADDEY	ADDEY	ADDEY

A bank account with high interest

On balances up to £2,500 for 12 months

- To benefit from the 6% AER (fixed) rate customers must pay at least £1,000 into the account each month
- Rate changes to 1% AER (variable) after 12 months on balances up to £2,500
- Rate is 0.10% AER (variable) on balances over £2,500 or if required credits are not made

**Ask here today
0800 222 399**
www.abbey.com/banking

Abbey
Most Ideas for Your Money

Part of the Santander Group

Source: information provided by the company.



Exhibit 13

Abbey Bank Rebranding Timeline

November 2004	Santander purchases Abbey.
November – May 2005	Santander introduces the company's flame symbol and typeface to the Abbey logo.
March 2007	The tagline "part of the Santander group" is introduced underneath the Abbey logo. Communications about Santander are introduced into Abbey branches.
2007	Santander announces sponsorship of the McLaren team in Formula One. In the UK, Santander sponsors the British Grand Prix and uses British driver Lewis Hamilton to bring the sponsorship to life.
2008	In response to the credit crisis in the UK financial market, Santander starts advertising about the strength and security of the Santander Group.
End of 2008	The tagline "together, we are Santander" is introduced in advertising to bring the company's brands together.
January 2009	Santander's research reveals that the majority of customers believe doing business with Santander is better than with their traditional banks.
January 2010	The Santander name is introduced in branches, removing the Abbey and Bradford & Bingley brands.

Source: Sharlene Goff, "Santander drives on to next set of Challenges," *Financial Times*, May 7, 2010.

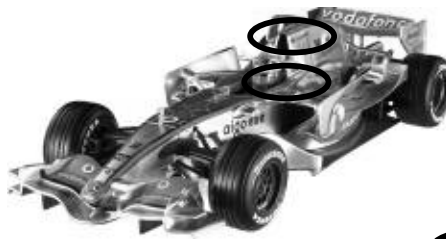


Exhibit 14

Santander Presence on the McLaren Car and Drivers' Uniforms

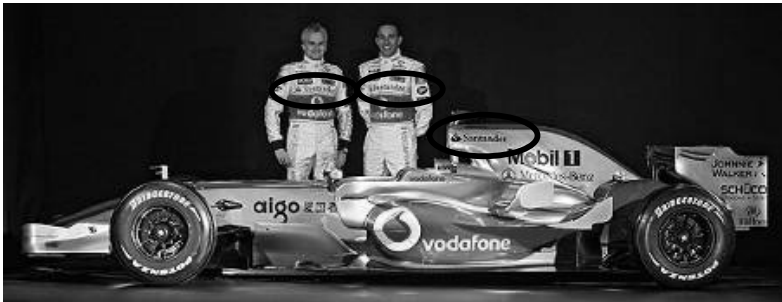
2007

Drivers: Fernando Alonso, Lewis Hamilton
Chassis: MP4-22



2008/2009

Drivers: Lewis Hamilton, Heikki Kovalainen
Chassis: MP4-24 (2009) and MP4-23 (2008)

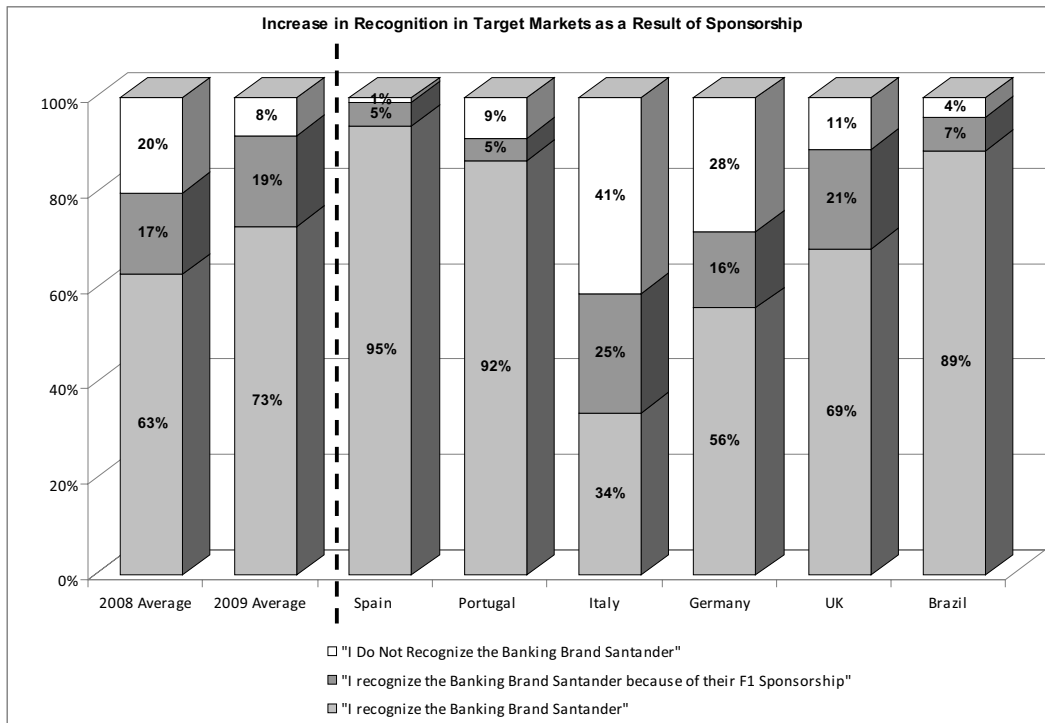


Note (1): In 2009, the corporate color of Vodafone used for the chassis was adjusted from orange to red, which can be seen at http://www.f1fanatic.co.uk/wpcontent/uploads/2009/01/mclaren_mp424_mp423.jpg.

Note (2): Santander's positioning on the chassis and drivers' uniforms did not change between 2008 and 2009.

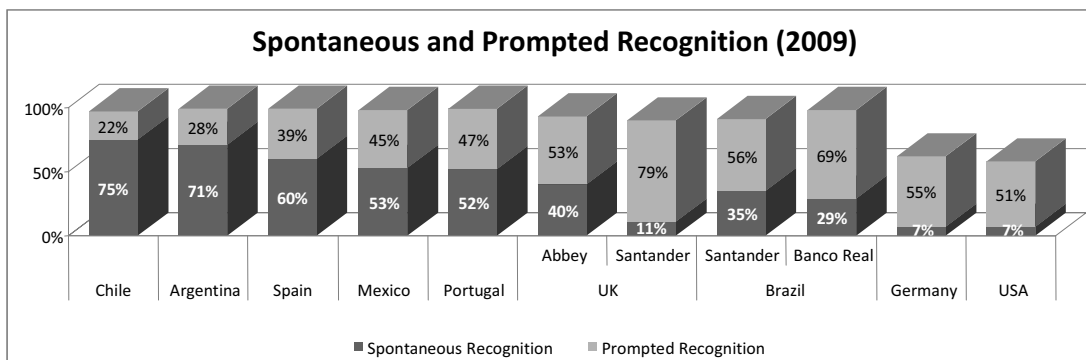
Exhibit 15

Increase in Recognition as a Result of Sponsorship (2009)



Source: Added Value, Study of F1 sponsorships, 2,400 interviews of the general population in Spain, Italy, Brazil, the UK, Germany, and Portugal, November 2009.

To be read: In 2008, among all of its target markets, an average of 17% of those interviewed recognized Santander due to its sponsorship of Formula One. Sixty-three percent recognized Santander regardless of F1, and 20% were not familiar with Santander.



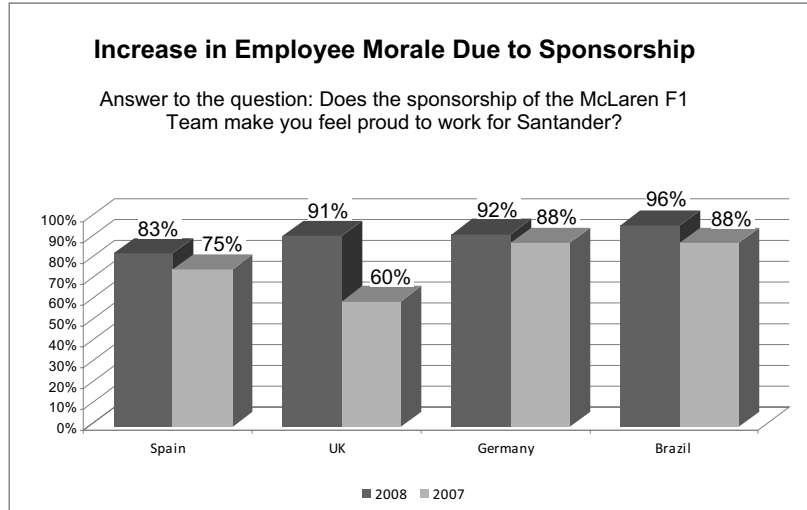
Source: Millward Brown, International brand tracking study carried out in Germany (Cawi), Argentina, Brazil, Chile, Spain, USA (Cawi), Portugal, Mexico, and the UK (Cawi), 7,600 interviews, November 2009.

To be read: In Chile, 75% of those interviewed spontaneously identified Santander when asked about banking brands that they were familiar with; 22% responded “yes” to the follow-up question “Are you familiar with the banking brand Santander?”



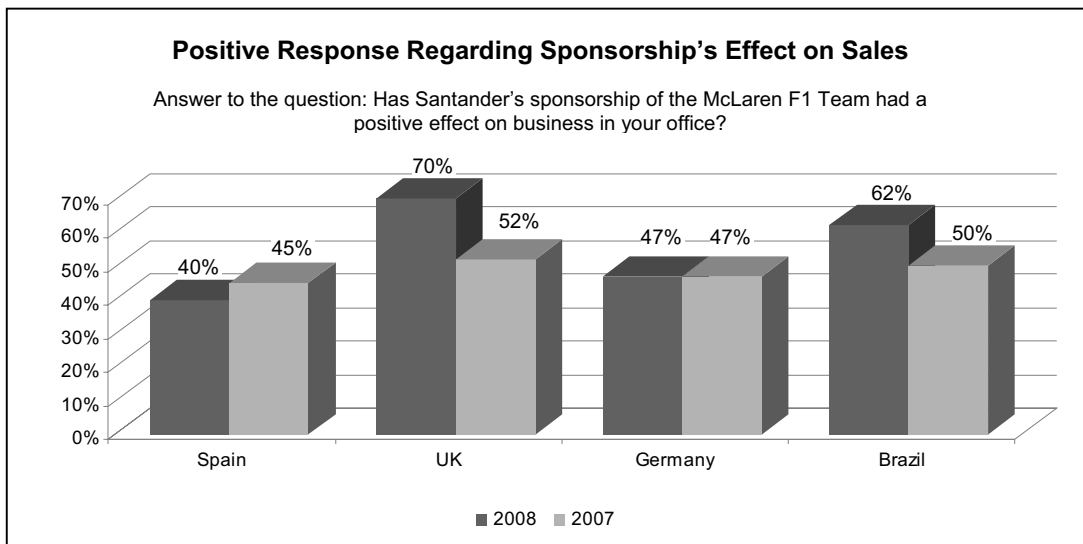
Exhibit 16

Internal Effects of Sponsorship



Source: Added Value, Online survey of directors and office managers in Spain, the UK, Brazil, and Germany, 700 interviews, September 2007 – November 2008.

To be read: In Spain, employee morale rose from 75% in 2007 to 83% in 2008 based on the response to the question “Does the sponsorship of the McLaren F1 Team make you feel proud to work for Santander?”



Source: Added Value, Online survey of directors and office managers in Spain, the UK, Brazil, and Germany, 700 interviews, September 2007 – November 2008.

To be read: In Spain, the perceived positive effect of sponsorship on business fell from 45% in 2007 to 40% in 2008 based on the response to the question “Has Santander’s sponsorship of the McLaren F1 Team had a positive effect on business in your office?”