

Shell or Sinopec with Ferrari in 2006

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([PRWEB](#)) April 13, 2005 -- It is no secret that Shell and Ferrari work as simultaneous as both hands on a Swiss watch. Their success has been beyond anyone's belief and the partnership has brought enormous media exposure to unimaginable heights for both parties, mainly, in the last six years to where they celebrate 6 consecutive constructor's titles and 5 consecutive driver's titles. Shell and Ferrari have won more than 100 races together and the partnership resumed in 1996 following a 25-year separation and was signed for another 5 years at the year 2000 with the expiration to be applied at the end of this year. The Shell logo has become an obvious sight on the Ferrari car and the commercial exposure to its brand that sports the same colours is second to none. This partnership is facing a possible end in 2005 but is in contract negotiations for a possible extension.

Ferrari is attempting to obtain more than the present USD 30 million generously provided by Shell in 2006 which is divided in USD 26 million in cash with USD 4 million in technical sponsorship. At the moment, only Elf from all oil companies provide more monetary funds to an F1 team which is at USD 31 million in 2005 with Renault, and Mobil in third at USD 29 million with the McLaren-Mercedes team. Ferrari presently needs more than USD 30 million from Shell, not due to greed, but, mostly because of the decrease in the US dollar during last two years, which has caused them to lose tonnes of revenue when almost all their costs are in the high and mighty Euro dollar. The constant decrease in the US dollar has been publicly mentioned by Luca di Montezemolo and caused a big strain to Ferrari's revenues, with this, the Scuderia is attempting to maximize sponsorship to highest potential. It's no secret to anyone that Shell's work with Ferrari is simply fantastic, and, even Montezemolo praised it on various occasions stating "To survive as one of the leading Formula 1 teams, we need a fuels partner that is reliable, highly motivated and a world leader in technical innovation," said Montezemolo. "Shell is the perfect partner for us as their commitment and contribution go well beyond supplying the fuels and lubricants we need. They are now firmly established as a vital part of our Formula 1 campaign." Shell's share price in the last year has risen by 33% on the New York Stock Exchange which is dramatic and also a bit thanks to the high oil prices, also put fears away from 2003 slow performance. With this, the company is healthy to continue with Ferrari but the question remains how much money and for how many years, and, is it still worth it to its bottom line and last but not least, a competitor in their shadows might be knocking posing as the biggest threat.

Ferrari opened the door to Sinopec. This is the China Petroleum & Chemical Corporation (Sinopec) who is the largest oil company in China and the world's sixth biggest petrochemical company and has international ambitions. At the launch of the company's sponsorship of the Chinese GP in Monaco the company president Wang Jiming voiced the company's ambitions. "One day we hope that we will have our own team", said Mr. Wang. Sinopec is and wants to do a lot of things from sponsoring the Olympics, purchasing an F1 team, sponsoring the Chinese GP, and much more. One other main interest is to have their logo on the red Ferrari car. This will and can become a serious negotiation issue with Shell.

One major thing against Sinopec, is, their customary culture in taking too long to make a decision. With time running out, this can work against their favour. BAR-Honda attempted to secure a USD 20 million deal with Sinopec but that failed and collapsed at the last minute for the British American Racing Team. McLaren was



also reported to strongly attempt to land Sinopec but it seems a lot of patience is required to strike a deal and this looks like history. Sinopec can be a strong move and even a tough change for Ferrari but also open new doors to the Chinese market to which everyone wants a nice piece of its new pie.

Whoever strikes a deal with Ferrari out of these two companies, can be estimated to approximately USD 30-45 million dollars per season.

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