



NBC and the 2012 London Olympics: Unexpected Success

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“The 2010 Vancouver Winter Games lost \$223 million, astonishing for a 17-day event. Next year’s London Summer Games, which cost a record Olympic rights fee of \$1.18 billion, are expected to lose at least as much...” wrote Richard Sandomir in *The New York Times*. “NBC Could Lose \$100 Million On London Olympics; Ratings Not Expected To Beat Beijing” chimed in John Clarke with *Forbes*. Sandomir and Clarke were not alone in their damning prediction. Analysts and media put forth similar commentary following NBC’s embarrassing loss in Vancouver. The media had prepared a grave for NBC as the 2012 London Olympics approached. Indeed, critics created #NBCFail to characterize their expectations.

Yet, as the Games wound down, it was NBC that was smiling. Their forecast had paid off. They found that not only were the Games profitable that year, they had achieved record viewership. How could they have gone from one extreme of failure to another extreme of success so quickly? The network began analyzing factors that helped – as well as decisions that had received much criticism – so that it could begin its planning of the 2014 Winter Olympics in Sochi, Russia and 2016 Summer Olympics in Rio de Janeiro, Brazil.

A Surprising Result

The success of the 2012 Olympics is particularly intriguing when contrasted with a seemingly promising Olympics from the past. The 1992 Barcelona Summer Olympics was an exciting set of events for several reasons. Michael Jordan and the “Dream Team” won the gold medal in basketball. Baseball, one of America’s most popular sports, was also added as an Olympic event. Despite this, NBC lost \$100 million broadcasting the Games.¹ How could this have been? If one takes a historical perspective, this loss should not be particularly shocking. Broadcasting the Olympics has traditionally been a financial risk. On top of the challenge of expanding viewership, broadcasting companies find themselves forced to pay increasingly large rights fees to cover the Games. This widens the cost gap and makes turning a profit more and more difficult.

Given these factors, it *is* somewhat surprising that the 2012 Olympic Games was not only profitable, but also proved to be the most viewed television event in history, according to NBC.² What explains this fortuitous turn of events? As discussed below, there appear to be several factors that may account for the shift in trajectory. Among these include the fact that the Games were being held in a time zone five to eight hours ahead of the United States. This allowed for the full day’s highlights to be already captured and ready to play during primetime in the United States. Additionally, several big stories involving popular and/or surprisingly successful U.S. athletes were covered by innovative social technology. For example, Twitter provided real-time updates about Michael Phelps’ record-breaking streak, giving fans teasers throughout the day to watch his events that evening. These factors, among others, will be treated in more detail below; they showcase how financial failure was averted by NBC in 2012 and may provide useful clues for success in Olympics to come.

Expectations and Reality

The risk of broadcasting the Olympic Games is not lost on many business analysts. Reflecting on the \$223 million loss from the 2010 Olympics,³ many analysts were predicting that NBC would face an insurmountable challenge with the London Olympics. Not only was history against them, but also the 2012 rights fee was record-breaking in size. Though social media played a critical role in the success of the 2012 Olympic broadcasting, it also contributed to the grim predictions of NBC's demise. As noted, a Twitter hashtag was developed by consumers to document their complaints toward NBC: "#NBCFail". This allowed critics to follow in real-time as other consumers publicly ranted.

What was long thought to be a foregone conclusion, #NBCFail did not come to fruition. In contrast, the success of NBC's coverage ended up being one of the biggest surprises in recent network history. The London Olympics on NBC averaged 31.1 million viewers for the 17 nights of coverage it aired and overall 219.4 million viewers. Although viewers were at times frustrated by NBC's programming, their time-delayed coverage of the London Olympics made for the most-watched television event in history.⁴

Getting to London

Before addressing the details of 2012 Olympics, let us review the Olympics that led up to the London Games. The first Olympic Games were broadcast for the American audience in 1960 by CBS. Recognizing the national audience drawn to the Games, NBC soon entered the competition. NBC made its Olympic broadcasting debut in 1964 when it first aired the Summer Olympics, from Tokyo. As shown in Table 1, the rights fees have increased dramatically from their inception. The rights to the 1960 Winter Olympics in Squaw Valley, California were sold to CBS for \$50,000.⁵ By 2012, these fees had skyrocketed to \$1.18 billion.

Year	Games	Location	Hours of Coverage	Right Fees (\$ millions)
1988	Summer	Seoul, South Korea	179.5	300
1992	Summer	Barcelona, Spain	161	401
1996	Summer	Atlanta, United States	171	456
2000	Summer	Sydney, Australia	442	715
2002	Winter	Salt Lake City, United States	375.5	555
2004	Summer	Athens, Greece	1,210	793
2006	Winter	Turin, Italy	416	613
2008	Summer	Beijing, China	3,600	894
2010	Winter	Vancouver, Canada	835	820
2012	Summer	London, England	5,535	1,200
2014	Winter	Sochi, Russia	N/A	775
2016	Summer	Rio de Janeiro	N/A	1,226
2018	Winter	Pyeongchang, South Korea	N/A	963
2020	Summer	Tokyo, Japan	N/A	1,418

Source: Data Published by NBC London 2012 Media Guide

From 1960 through 2000, the rights to the Olympics moved among ABC, CBS, and NBC. However, NBC has consistently held the American broadcasting rights to the past seven Summer Olympic Games (since 1988) and past three Winter Olympics Games (since 2002). NBC proudly calls itself “America’s Olympic Network”.

To Profit or Not to Profit: When and How

Historically, broadcasting the Olympics has been a daunting task. The Games have a turbulent record of bringing profits during some years and losses during others. For example, the Vancouver Olympics resulted in a huge loss for the NBC. Much like broadcasting any professional sports, the decision is sometimes less about making a great business decision than about bringing prestige to the network.

In 1986, NBC stepped back into the bidding process for the rights to broadcast the Olympics. The network agreed with the Olympic committee to be the exclusive provider of the 1988 Olympic Games from Seoul, South Korea for a minimum of \$300 million – a figure that could go to as much as \$500 million depending on how much advertising revenue the network’s coverage would earn NBC. Unfortunately, viewership was 20% lower than expected. This forced NBC to pay back close to \$70 million to some of the advertisers for not achieving the guaranteed ratings.⁶

Despite below-expectation viewership in 1988, NBC agreed to broadcast the 1992 Olympics from Barcelona, Spain for \$401 million. Reflecting on the failures in Seoul, NBC knew that they needed to do more to make the Barcelona Olympics successful. According to former NBC research director Nicholas P. Schiavone, NBC’s philosophy and strategy went from solely focusing on the completion to include story-telling.⁷ This strategy has been the cornerstone of all of the subsequent NBC Olympic coverage, including the 2012 Olympics. The five main parts, as identified by Schiavone, were based on Story, Reality, Possibilities, Idealism, and Patriotism.

One important variable in determining profit is the broadcasting rights fee. Because the fees are so large, networks have looked for creative ways to hedge their bets. For example, NBC offered a pay-per-view subscription for the 1992 Barcelona Games in partnership with the cable company Cablevision. Called *Triplecast*, the idea centered on offering Olympic coverage without the commercials across three new channels – red, white and blue – and offering 12 hours of daily live coverage (later repeated). Through this partnership, NBC hoped to offload some of the risk to Cablevision. The price to a customer varied from a basic package for \$95, that only included the first week, up to \$170 package that included every day and even provided a special remote control for the TV with three specifically designated buttons – Red, White and Blue.⁸ Unfortunately this ultimately failed. It proved difficult to convince viewers to pay for some events, while other events were still free of charge. The decision cost the network \$100 million. CBS tried a different strategy to hedge its bets. In 1992, the network joined forces with cable channel TNT for the Winter Olympics in Albertville, France by selling TNT 50 hours of programming for \$50 million.⁹

Within five months in 1995, NBC won the rights to broadcast the 2000 Summer Olympics in Sydney and the 2002 Winter Olympics in Salt Lake City, for \$1.2 billion. In addition to those two locations, later that year, NBC won the rights to broadcast the 2004 Athens, 2006 Torino, and 2008 Beijing Games, for a then-record price of \$2.3 billion. Interestingly, when NBC bid on the rights to the 2008 Games, the location had not yet been determined. NBC was confident enough in preserving its Olympic broadcasting tradition that it blindly made a record-breaking bid.¹⁰

In 2003, NBC paid \$1.18 billion for the rights to air the 2012 London Games. In addition to what NBC paid for the Vancouver Winter Games, NBCUniversal's \$2 billion broadcasting rights fees for the 2010 and 2012 Olympics represented over half of the total broadcasting fees that the Olympic Committee received. For example, as shown in Table 2, the next largest rights fees holder was the European Broadcasting Union, at \$768 million.¹¹ (This amount included [in millions] approximately \$92 from the UK's BBC, \$103 from Spain's RTVE, \$125 from French France Télévisions, and \$190 from Germany's ARD ZDF¹²).

Region	Local Network	2010-2012 Olympics	% of Total Broadcasting Revenue
USA	NBC	2,000	51%
Europe	EBU	768	20%
Japan	NHK	426	11%
Canada	CTV	154	4%
Italy	Sky Italia	154	4%
Australia	Nine	112	3%
China	CCTV	99	3%
		\$ 3,713	95%

Source: Assembled from data published by International Olympic Committee, Olympic Marketing Fact File (2012)

The amount NBCUniversal agreed to pay was considered by many to be an exorbitant figure even compared to the previous fee of \$894 million for the 2008 Beijing Games.¹³ However, the Olympics are a brand-builder for NBC and some argue that the increasing costs are justified. Being the sole provider of the Games to the American audience is an impressive accomplishment for the network. However, it brings risks. The cost to cover the Olympics has increased each cycle, making it more and more difficult to expand profit margins. In fact, as noted, in the Vancouver Winter Olympics in 2010, NBC actually lost \$223 million.¹⁴ This was the first time the network had lost money on the Olympics under NBC Sports head Dick Ebersol since he began covering the Barcelona Olympics in 1992. For the 2012 Olympics, most analysts predicted that NBC would continue its downward trajectory, with loss estimates hovering around \$200 million.¹⁵ Though NBC was hoping to fare better than it did in Vancouver, the network believed that even if the Olympics lost money initially, it would pay off later by helping to promote NBC's upcoming fall lineup of new shows to a large audience. Additionally, given the high-profile departure of Ann Curry from the "Today" show, NBC used the extra exposure as an opportunity to introduce Curry's replacement, Savannah Guthrie.

The overall broadcasting rights fees are a large contributor to the overall budget that the Olympic Games have. As mentioned in the 2012 Olympic Fact File, compiled by the Olympic Committee, “broadcasting rights provide financial future for the Olympic movement and the Olympic Games”. As can be seen in Table 3, over the past eight Olympic Games, broadcasting rights more than doubled. The rights fees normally constitute around 50% of the overall budget, according to industry estimates. In addition, The Olympic Partners (TOP), which include companies such as Coca-Cola, McDonalds and Procter and Gamble along with eight other companies, paid \$957 million to be able to use the Olympic Games logo (“the five rings”) during their marketing campaigns,¹⁶ which typically included substantial additional spending on advertising during the Games.

Winter and Summer Olympics	North America (U.S. and Canada)	Central & South America and Caribbean	Asia	Middle East/Africa	Europe	Oceania	Total Broadcasting Revenue
1998-2000	1,124	14.2	208	11.9	422.1	64.9	1,845.10
2002-2004	1,397.40	20.8	232.6	12.9	514	54.3	2,232
2006-2008	1,579	34	274	24.9	578.4	79.7	2,570
2010-2012	2,154	103	546.5	39.2	942	128.2	3,914.60

Source: Assembled from data published by International Olympic Committee, Olympic Marketing Fact File (2012)

On June 7, 2011, Comcast (owners of NBCUniversal) outbid both Fox and ESPN by almost a billion dollars for the rights to broadcast the Olympic Games through 2020. The four Olympic Games include the 2014 and the 2018 Winter Games and 2016 and 2020 Summer Games.

The Moderating Effect of Season

Networks are willing to bid more for the Summer Olympics for a myriad of reasons even though both Games last 17 days. However, the Summer Olympics boasts many benefits compared to Winter Games. For example, as shown in Table 4, there are more than triple the number of events held in the summer and more than four times the number of participants, as well as 2.5 times more countries represented¹⁷.

	Number of Nations Represented	Number of Events	Number of Sports	Number of Participants
2008 Summer Games in Beijing	204	302	28	10,942
2010 Winter Games in Vancouver	82	86	15	2,566

Source: Assembled from IOC's Factsheets on Vancouver and Beijing Olympics

Since there are more events to watch, this means there are more competitions providing opportunities for superstars to compete. Furthermore, the Summer Olympics has more popular sports that are easier to relate to for the everyday American. Notably, it has more popular team events (e.g., basketball, soccer, beach volleyball). This is particularly advantageous because in many Summer Olympics sports, college and professional leagues have very long seasons and become deeply integrated into the culture (e.g., NCAA March Madness). Kids' soccer games and pick-up basketball games seem ingrained in American life. Thus, Summer Olympics are boosted because fans are hungry to see teams of their favorite all-stars (e.g., in basketball, soccer) banding together to represent the United States in familiar sports. That said, the non-team sports in the Summer Olympics are also engaging. Gymnastics, swimming, and track events are very popular; these also are sports with which most Americans are familiar. For example, many high schools and almost all colleges have track and field facilities.

Winter sports, in contrast, are more regional in their appeal. Few high schools and colleges in warm-weather areas have ice hockey teams. Similarly, though many Americans enjoy skiing, most do not live in an area where mountain skiing or even cross-country skiing regularly is possible. Simply, winter sports do not garner the same type of competitive following or large "natural draw" as do summer sports. Nonetheless, some Winter Olympic sports draw broad audiences, such as figure skating and speed skating. And some infrequently-seen winter sports (bobsled, ski-jumping, curling) have their quadrennial moments of appeal in the Winter Games.

All of these factors have an effect on viewership, which ultimately impacts advertising. Because the Winter Olympics does not carry the same cachet as the Summer Olympics, the overall return for advertisers is diminished. In general, it appears that the Summer Olympics is qualitatively and quantitatively a much larger operation to run. This likely played a meaningful role in what became an unexpected viewing success for NBC in the 2012 Olympics. (More on this below, "The 2012 London Games: Context".)

The Moderating Effect of Viewer Gender

Parlayed with the effects of season, gender also contributes to the superior popularity of Summer Olympics. How relatable and familiar a sport is in part determines the likelihood of it being viewed. For the female audience, Summer Olympics has more relatable events – such as gymnastics, swimming and diving, and tennis. Swimming received the status of the public's "favorite" event at the 2008 Summer Olympics, largely due to the high rankings from the female audience.¹⁸ With a greater array of female-oriented events in the Summer Olympics, female viewers are watching more primetime events than they would in the Winter Olympics, therefore increasing the viewership. However, women athletes have not historically received an equal share of prime-time coverage, and this has affected some women's decisions to tune in. The prime-time coverage during the 2010 Winter Olympics showcased women only 37.8%¹⁹ of the time. There is little doubt that this affected how engaged women viewers were in the Games. Women – and viewership – fared much better at the 2008 Summer Olympics, in which they received 46.3% of the coverage.

Advertising Revenue

The Olympic Games are widely considered one of the most effective international marketing platforms in the world, reaching billions of people in over 200 countries throughout the world. Not surprisingly, the largest buyers of advertising time from NBC were the worldwide sponsorship partners of the Olympics, which included Coca-Cola, General Electric, McDonald's, Samsung, and Visa among others, allowing these companies exclusive global marketing rights and opportunities within a designated product or service category.²⁰ Being a TOP sponsor allowed these partners to include athletes in communication and messaging, leveraging their worldwide recognized brands with the associated values of the Olympics. This co-branding also included the exclusive right to use "the rings" (one of the world's most recognized logos) in their promotions.

The extent of NBC's advertising revenue depends largely on how prospectively profitable the advertising investment will be for the sponsors – especially for TOP. Before the Games had begun, advertisers had already booked more than \$1 billion in advertising time from NBC – primarily constituted by major sponsors and those that were willing to "bet" on high viewership during the Games. Coca-Cola and McDonald's were two corporations willing to pay more than \$100 million to partner with the Olympics and to advertise on NBC in order to target the American audience. In turn, NBC's advertising revenues increased from \$850 million during the Beijing Games to \$1.25 billion for the London Olympics.²¹

Highlights from Major Advertisers with NBC

Coca-Cola. The company, which first sponsored the Olympics in 1928 (and is the senior Olympic sponsor), made a large push to promote its Powerade performance drink over its competitor Gatorade, which is produced by Pepsi. Coca Cola ran "Power Through" commercials on NBC, an Olympics-related advertising campaign for Powerade.²² This ad dramatized the moment that unifies amateur and professional athletes alike – hitting the point when the athletes feel they can't go on. By advertising with NBC during the Olympics, Coca-Cola was seen as believing (or hoping) that consumers would think of athletic triumph or the sportsmanship of the Games when they think of Coke – a classic co-branding approach. Coca-Cola benefited from its agreement with NBC, where Gatorade was blocked from advertising on the Olympics.

McDonald's. Advertising during the Olympics on NBC gave McDonald's a platform to counter its critics on nutrition and sustainability and to reinforce the message of balanced eating and fun play – commercials that were directed toward kids. During the opening ceremony, NBC aired a 90-second McDonald's commercial called "Rivals" - all about trying to capture the wholesome Olympic spirit of competition while emphasizing the point that people everywhere love McDonald's. The commercial, that even included a surprise cameo by LeBron James, was ranked among the top ten commercials during the 2012 Olympic Games.²³ McDonald's continued to stay in the news with other well-received stories, including an endorsement from super-star runner Usain Bolt in which he described eating Chicken McNuggets before a race. Additionally, McDonald's built the

world's largest store in the London's Olympic Village that was able to serve 14,000 people per day. This novel restaurant received plenty of attention from the cameras during the NBC's live coverage and essentially served as free advertising for McDonald's. The more positive exposure McDonald's received, the more likely it was to benefit, thereby increasing the likelihood that it will opt to spend significantly on advertising in future Olympics.

Visa. The Olympics is an important venue for Visa, as it affords it the association of being connected with gold medal athletes. Visa's advertising approach was also beneficial for NBC ratings. Visa commercials told stories about individual athletes, in an attempt to make viewers more personally invested in the athletes by seeing them off the playing field. In turn, NBC received free promotion of specific events/races (e.g., Visa's commercial "Follow David Boudia's journey" encouraged viewership of his dives).²⁴ As part of this arrangement with the IOC, Visa also was the only credit card accepted in the Olympic venues.

Procter & Gamble. P&G had the best-rated commercial in the 2012 Olympics with its "Raising an Olympian" advertisement that touched everyone's soft side and asked "When last did you show your appreciation to your mom? Join us at P&G as we say thank you to moms everywhere".²⁵ These commercials showed the human side of the athletes through their parents' lens. Similar to Visa's approach, these ads connected the audience to individual athletes, thereby increasing the probability that viewers would tune in for their events. These commercials underscored P&G's positive reputation as a company "for moms" while also serving to boost NBC viewership by adding to the buzz around American athletes.

Additional Advertising Revenue

Other advertisers were also significantly present on NBC during the Olympic telecasts. For example, Barack Obama's campaign bought over \$1 million in ads for the opening ceremonies, and over \$6 million total – a purchase that included a 30-second prime-time spot per night. Mitt Romney's "Restore Our Future" PAC bought over \$7 million in advertising time.²⁶

Adidas, BMW, Ralph Lauren, and other major firms spent a substantial amount of money for advertising on NBC. As is common practice in the industry, the network had been holding back advertising slots that would have turned into free ads if ratings had been poor. On the contrary, initial success spurred further demand. The cost of the average 30-second spot in primetime worked out to around \$725,000. However, advertisers who got in after others had shouldered the burden of risk were charged in excess of \$900,000 for these same time slots.²⁷

NBC and its Partnerships During The Olympics

Predicting that social media would permeate every aspect of the London Olympics, NBC partnered with social media sites for the Olympic Games in order to increase viewership. NBC’s primary focus with these partnerships was to bring the audience closer to the Olympic Games via its family of networks that included: NBC, NBC Sports Network (formally known as Versus till 2011 when it was rebranded by Comcast), MSNBC, CNBC, Bravo, and (Spanish-language) Telemundo. The more the viewers were able to participate and share some of the developing stories about the athletes, the more likely they were to watch and engage in the Games. The Olympics has never been solely about the competitive results; it has always also been about the athletes’ stories of hardship and success to get there. Giving people a reason to care makes the viewers that much more vested to stream the coverage or watch it live on TV. As seen in *Figure 1*, this digital move by NBC paid off.²⁸

Figure 1: Numbers Behind the Success for the Digital Realm

- NBCOlympics.com had over 1.9 billion clicks – 650 million more than during the Beijing Games.
- Users spent on average 30 minutes per online visit – only 12 minutes for the Beijing Games.
- 159.3 million video streams through NBC’s NBCOlympics.com and NBC Olympics Live Extra App – available on smartphones and tablets – more than double the entire Beijing Olympics; 64.4 million of these were live video streams – a four-fold increase.

Source: Assembled from data compiled from NBC sources

Twitter. NBC partnered with Twitter to post tweets from the Olympic athletes, their families, and fans online and on all the NBCUniversal channels. Before the Games began, the Olympic Committee said that over 1,000 current and former Olympians used Twitter or Facebook for the Games. NBC was particularly interested in tweets from participating athletes, tweets from the Olympic Committee, and even from visitors who were at the Games. The more popular tweets included Michael Phelps sending pictures of his dogs in swimming gear, Jordyn Wieber and the rest of the U.S. gymnasts posing for a snapshot with Ryan Lochte, and track star Lolo Jones updating her followers on her training and television habits. Table 5, based on information from TweetReach.com, shows how the virtual cycle helped NBC by associating itself with Twitter.

Period: July 27, 2012 to August 12, 2012	Tweets About	Mentioned By	Followers	Total Retweets
McDonald's	34,757	26,277	622,446	13,383
Coca-Cola	20,123	13,470	593,836	8,285
Visa	18,874	7,790	7,545	9,472

Source: Assembled from TweetReach.com

Not only did this provide positive exposure for the major advertisers, it also reinforced advertisers to spend more money with NBC.²⁹ NBC’s own “NBCOlympics” Twitter

Note: “Tweets About” are tweets sent out by the company. “Mentioned By” are tweets mentioning the company that were sent from outside the firm. “Followers” are the number of people receiving the companies’ tweets. “Total Retweets” are the number of times the companies’ tweets were forwarded by the followers.

account was retweeted 255,000 times, lagging behind only the official Olympics Twitter account – “London2012”. Even President Obama sent a congratulating Tweet to Michael Phelps for breaking the all-time Olympic medal record.

Facebook. NBC teamed up with Facebook in a partnership that included the use of a *Facebook Talk Meter* on TV to reflect online buzz around the Games. Facebook and NBC stated that the arrangement was not an advertising deal, and that no money changed hands. That partnership allowed both of the companies to market each other’s products, possibly encouraging even more simultaneous viewing and chatting. Data from Facebook informed television coverage on the NBC family of networks.

Storify. NBC collaborated with Storify to include live streams, administered by NBC journalists, on Today.com and NBC’s TV station websites. This unique format allowed the network to showcase social stories in real-time as they emerged throughout the Games.

Adobe. NBC Olympics and Adobe partnered to create two new Olympics branded apps – *NBC Olympics Live Extra* and *NBC Olympics*. Both apps were free to download and were built and powered by Adobe, and incorporated mobile analytics and advertising opportunities for NBC. *NBC Olympics Live Extra* included access to live streaming of all 32 sports and to over 3,500 hours of video content from the Olympic Games. This partnership allowed NBC to generate an additional \$250 million in affiliate and digital revenue.³⁰

Panasonic. NBC and Panasonic offered a new dedicated channel that delivered over 250 hours of coverage in the 3D-channel that was available to nearly 80 percent of U.S. households, including almost every major cable provider.³¹

The 2012 London Games: Context

With every Olympics and every Olympic city come different challenges, headlines, successes and failures. The 2012 Games and London were no different. From a global economic standpoint, the London Olympics did not occur in the brightest of times. The four years leading up to the Games were clouded by European austerity measures, global cuts in spending, and high unemployment rates. In addition to the poor economic forecast, London was dampened by months of rainy weather. Many were concerned about its daunting traffic and unreliable public transportation system. Could London really pull off a feat this big? The pessimistic hype around these issues was quickly quelled once the opening ceremony began.

Storylines that permeated the headlines prior to the Games were: Will Usain Bolt become the first man to retain both Olympic sprint gold medals? Will swimmer Michael Phelps become the most decorated Olympian in world history, or will the rivalry between him and Ryan Lochte get in his way? Will the U.S. Women’s Soccer team redeem itself after a World Cup Final loss to Japan in 2011? Could marathoner Guor Marial, a former child labor camp victim, epitomize a miracle story by winning an Olympic medal in London?

NBC's success broadcasting the London Olympic Games (see *Figure 2*) can certainly be attributed in large part to the success of the American athletes – who won a world-best 104 medals, including 46 gold.³² Viewers were introduced – and in some cases re-introduced – to America's sweethearts: Gabby Douglas, McKayla Maroney, Ryan Lochte, and Michael Phelps. Additionally, Americans' fondness with the history and traditions of England certainly helped drive the ratings. A growing population and a wider array of channels showing the Olympics, including MSNBC and Bravo, also

Figure 2: Viewership Numbers and the Success for NBC

- According to NBC, the London Olympics was the most watched event in U.S. television history with 219.4 million viewers, beating out the popular Beijing Olympics by over 2%.
- NBC finished with a 17.5 Nielsen rating and an average of 31.1 million viewers for its 17 nights of taped London Games prime-time coverage, marking the best audience for the non-U.S. Summer Olympics package since the Montreal Games in 1976. According to Nielsen, the last prime-time series to average 30 million viewers was the 2006 season of "American Idol" on the Fox network.
- NBC trounced its competition in prime-time – Fox/CBS/ABC combined for only 9.1 million viewers. Additionally, NBC won its time period across 99.5% of all quarter-hours during prime-time.
- Salt Lake City was the top-rated U.S. market (25.0) for NBC's prime-time coverage during the London Games, followed by Kansas City with a 22.5 rating. New York came in tied for the number 26 U.S. market and Boston was 44th with 18.5 and 16.8 ratings respectively.

Source: Assembled from data compiled from NBC sources.

helped the viewership numbers. Viewers watched in record numbers: 36.8 million viewers saw swimmer Michael Phelps and gymnast Gabby Douglas on August 2 – a Thursday – the most-watched show on a Thursday night since the "Friends" finale in 2004.

NBC and The Olympics – Not Without Controversy

Some things did not change since the Beijing Olympics. For example, the outcry returned over tape-delay coverage of marquee events. Four years before in Beijing, NBC and the Olympic Games were able to negotiate an arrangement for the swimming finals to be held in the morning, Beijing time, so they could be shown live, in primetime, in America (Beijing is 12 hours ahead of the U.S. Eastern Time). However, in London, NBC decided to tape-delay events such as Michael Phelps's four gold-medal swims and Gabby Douglas's first-place performance in the women's gymnastics.³³ Even though the results were widely available and even publicized via NBC's partners Twitter and Facebook, NBC successfully persuaded audiences to tune in several hours after the competitions completed. During the first seven days, swimming shown on tape-delay beat the ratings for Beijing every single day. Though NBC received a lot of criticism for showing them tape-delayed, instead of airing the events live, that move turned out to help the ratings.³⁴

NBC did air some events live (especially on weekends) such as the U.S. men's gold-medal basketball game and the men's tennis finals between Andy Murray and Roger

Federer. NBC executives later reportedly pondered whether the ratings would have been better had they tape-delayed the events. NBC's own research has found that people are more likely to watch a prime-time tape-delayed telecast when they already know the results of the event (particularly if they like the outcome).³⁵ All the "spoilers" on Twitter and Facebook in 2012 helped NBC market its prime-time telecasts. The audience levels have were up double digits compared to Beijing in every major demographic target, even though many people already knew the event results when they sat down to watch.

NBC ran into some headwinds with its Olympic coverage on Thursday August 9, 2012. The Olympic Games faced competition from five NFL preseason games. Denver, fourth-ranked among U.S. markets for Olympics viewership³⁶, fared near the bottom for that night's prime-time telecast. Many viewers tuned in to KUSA-TV (9News network – an NBC affiliate) in the Denver area and WFLD-TV (Fox affiliate) in the Chicago area and other stations throughout the Midwest; the reason was to see a new (but established) quarterback, Peyton Manning, wearing the Denver Broncos uniform in a preseason game against the Chicago Bears. Manning's return to football, not only after having had multiple neck surgeries but also having been traded as a franchise quarterback from the Indianapolis Colts, made it an attractive event for many. Additionally, on one occasion, NBC's coverage of a boxing match subjected the network to criticism for providing audible ringside commentary, which was deemed to be disturbing to the event's officials.³⁷

"Ambush marketing" [see Note below] coming from FoxSports was an issue for the NBC. Though FoxSports did not have broadcasting rights to the 2012 London Games, it had the highest profile of any network present in London, outside of NBC. FoxSports was able to set up a broadcasting studio atop the Westfield Mall, providing the network with perfectly unobstructed views of the Olympic Village.³⁸ FoxSports' coverage focused on story-telling and future events, rather than spending significant time recapping events that already had taken place. FoxSports.com logged over 73 million visits during the first full week of the Games. That number was the highest FoxSports.com had ever seen in a single week.

Success for NBCUniversal

As noted, the 2012 London Summer Olympics drew the largest audience in U.S. television history. NBC exceeded \$1 billion worth of advertising revenue for its six TV networks, digital platforms, and local TV stations before the Olympics had even started.³⁹ The success of Team USA (the athletes), the diversity of viewing options/social media partnerships, London's successful hosting, and many Americans' interest in London and the UK, translated into great success for NBC, its affiliates, and its advertisers (see *Figure 3*). Major sponsors such as McDonald's, Coca-Cola, and P&G saw their brands trending (i.e., becoming more popular) on Twitter and Facebook, and thus increased their followership tremendously.⁴⁰

Note: "Ambush marketing" occurs when a non-sponsor company or entity undertakes initiatives intended to deceive or confuse consumers into believing the company is an official sponsor of an event. (Farrelly, Quester and Greyser, "Defending the Co-Branding Benefits of Sponsorship B2B Partnerships: The Case of Ambush Marketing", *Journal of Advertising Research*, 2005, pp. 339-348)

Figure 3: NBCUniversal and its Affiliates

- The Olympics helped to boost NBC's affiliated stations. For the 17 days of the Olympics, NBC affiliates were the number one station in their market in all of the 56-metered markets.
- The morning "Today" show posted much needed positive gains – its biggest total viewer audience since the week of November 7, 2011, with advantages over ABC's "Good Morning America" in key demographic groups.
- "NBC Nightly News with Brian Williams" posted its best-ever total viewer advantage over the competition, and larger audiences than comparable weeks in Beijing and Athens.
- Telemundo Channel – the U.S. Home of the Olympic Games in Spanish, more than doubled its audience from the 2008 Beijing Olympics.
- The Team USA Women's Gold Medal soccer match was NBC (cable) Sports Network's most watched event in history with 4.3 million viewers, followed by Team USA Men's Basketball group-match against Argentina. Additionally, NBC attributed to its Olympics coverage help in lifting the MLS [afterwards] to deliver its two most-watched games to date on the NBC (cable) Sports Network.

Source: Assembled from data compiled from NBC

Looking Ahead

NBC has much to look forward to for the 2016 Summer Olympics in Rio de Janeiro. Golf, a popular American sport with celebrity status athletes (e.g., Tiger Woods, Phil Mickelson), will be added as a new sport to the competition. Not only will golfers across the country (and the world) tune in, but many non-golfers will also be fascinated to see whether Woods continues his progress following his widely publicized unraveling, whether Mickelson continues to be a top-flight performer, and whether high-performing non-U.S. golfers will capture viewer attention.

There will also be unique challenges that NBC will face in the next several Olympics. For the 2014 Winter Games in Sochi, Russia NBC will need to familiarize the American audience with the city. Unlike recent Olympic cities (e.g. London, Vancouver, Beijing), Americans are much less familiar with Sochi. This may add intrigue to the Games as the audience explores a new city; however it could also hurt ratings if Americans find it difficult to relate to the city and its people. It is likely that NBC will spend ample time introducing the audience to Sochi and its culture to spur further interest in the Games. A non-sport element that may affect news coverage at Sochi is Russia's recent ban against the "propaganda of nontraditional sexual relations". President Vladimir Putin signed this into law in June 2013⁴¹, a controversial move that has been widely interpreted as homophobic. This official stand has led some athletes and advocacy groups to seek attention against the law during the Games. The consequences might increase – or decrease – viewership. In addition, there is the eight-hour time difference ahead of the U.S. East Coast – presuming that Russia will allow for daylight savings time which otherwise would make it a nine-hour shift. NBC will likely take a more pragmatic approach based on the lessons learned from the previous Olympics. This will entail not only streaming all the events live, but also showing the popular events such as figure skating, and men's and women's hockey during prime-time. NBC may also use the

Olympics programming to spotlight Jimmy Fallon as the successor to Jay Leno as the host of NBC's popular "The Tonight Show" program (11:30pm ET).

For the 2016 Olympics in Rio de Janeiro, Brazil, NBC will also need to introduce the audience to Rio de Janeiro, and South America more broadly. Fortunately, because the 2014 World Cup will be held in Rio de Janeiro, the groundwork will already be laid for NBC and hopefully the American audience will be exposed to the Rio culture. Finally, with the Rio Olympics taking place in the U.S. Central time zone (one hour behind Eastern time), more Americans will be able to see most popular events live rather than tape-delayed. If tape-delays dampened audience intrigue as had been feared – though not necessarily substantiated – even more Americans may be expected to tune in to coverage of major competition as it unfolds in real time. Alternatively, NBC might be going against the wind, as what seemed to work for London was that the audience was able to get the news via media sites informing them what events they might want to watch or not watch. Thus, live coverage may actually backfire. Taken together, the future looks bright for NBC's Olympic coverage: it appears #NBCFail may be less trendy in the future.

Looking further ahead to the 2018 Winter Games, Pyeongchang, South Korea will represent an even less well-known area than Sochi, Russia. Further, it is even more time zones away from the U.S. To some extent, the question remains: are the Olympics worth the soaring rights fees for NBC? Only the future Olympics will be able to answer this question confidently, and shed greater light on the evolving trajectory of the Games. Was the success in 2012 indicative of a brighter future for Olympic broadcasting? Or was it merely a "bump" in the Games' risky broadcasting history? Following the 2020 Summer Olympics, NBC will have broadcast 17 Olympics, including the last 11 consecutively. They have shown their commitment to being America's "Olympic Network". Though it is still unclear whether broadcasting the Olympics will consistently be profitable in the future, NBC has shown that even in the bleakest of times and with the most pessimistic projections, perseverance, creativity, and confidence can triumph.

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