

OLYMPICS | ANALYSIS

Fewer Russians Could Be a Windfall for U.S. Olympic Business

By KEVIN DRAPER DEC. 7, 2017

In the wake of Tuesday's International Olympic Committee decision to ban the Russian team from the Winter Games in South Korea in February, many assumed companies that have invested in the Games would take a serious financial hit.

But the removal of the United States' biggest rival just nine weeks ahead of the Pyeongchang Olympics might actually help the Games commercially, especially in the United States.

A yet-to-be-determined number of Russian athletes will be allowed to compete as neutral individuals, if they can convince antidoping experts that they are clean. Many Russians are likely to be absent, though, and that will make Americans more competitive and more likely to win medals. Over the years, that has been the essential ingredient for a highly watched and financially successful Olympics on this side of the pond, according to Olympics insiders and experts with decades of experience in the art of selling the Games.

"There is no doubt that our audience likes to see Americans performing well," said Mark Lazarus, the chairman of NBC Broadcasting and NBC Sports, which will televise the Olympics in the United States.

Rob Prazmark, who has negotiated corporate sponsorship deals worth hundreds of millions of dollars for the Olympics during the past three decades, put it even more

bluntly. “For the American viewing audience, it is about Americans winning,” he said.

The last time Olympic competition was compromised so substantially was 1984, when the Soviet Union and most Eastern Bloc countries boycotted the Los Angeles Olympics. The Soviets claimed sending their athletes to the United States posed a security risk, though the move was most likely a retaliation for the United States boycott four years earlier, when the Games were in Moscow.

ABC, which broadcast those Games in America, considered asking the International Olympic Committee for a rebate on its broadcast rights payment after the countries announced their boycott. That idea was dropped after the Games were a massive ratings success. The United States won a record 83 gold medals.

For months, it appeared the Pyeongchang Games were poised to return to the box office hit, Cold War, United States vs. Russia narrative. That story line has been removed from the equation, thanks to brazen attempts to rig the Sochi Olympics by corrupting the drug-testing lab.

After accepting the findings of an independent investigation that Russia’s sports hierarchy had cheated, the Olympic committee ruled that a Russian team would not march in the opening ceremony, the Russian flag would not fly and the anthem would not play. Russian athletes who can participate will wear a uniform that says, “Olympic Athlete From Russia,” or OAR — but the Russian Olympic delegation is banned and the country cannot officially win any medals.

The ruling actually delivered much-needed buzz and attention to an event that research and slow ticket sales suggest has been severely lacking in both areas. Lazarus, the NBC Sports chief, said the scandal took the story “off the sports page and onto the front pages,” which could bring more viewers to the Games.

“You’re going to see OAR on the uniform, and they’re going to have to keep explaining that, keep telling that story,” said Scott Blackmun, chief executive of the United States Olympic Committee.

In recent weeks, the Olympic committee has stripped Russian athletes of 11 medals won in 2014, dropping the country to fourth in the medal table.

Additional medals for the United States this time, and the subsequent ratings bump for NBC telecasts, are likely to please the corporate sponsors of Team USA. And the official Russian absence should not harm the Olympic committee's biggest sponsors — companies like Coca-Cola, Visa, Samsung and Toyota — experts said.

Most Olympic committee sponsors have long-term contracts, and they will applaud Tuesday's decision because it might restore public confidence in the organization and show it is committed to preventing cheating athletes from competing.

Larry Probst, chairman of the United States Olympic Committee and a member of the I.O.C., said he had discussed possible penalties with Thomas Bach, the I.O.C. president, in October. The I.O.C., Probst said, included many of his suggestions in its ruling this week. He noted that this year's track and field world championships had been held successfully in London without a Russian team, which track and field's world governing body had banned for a related doping scandal.

"We are very pleased with what they did," Probst said of the International Olympic Committee.

In recent years, many Olympic competitions have become more competitive and evolved from a sports competition for superpowers to one with a more worldwide flavor, reducing the impact of any one country's participation.

"I think people are watching because it's the Olympics, and they want to see individual athletes excel and push the edge of human achievement," Jim Scherr, the former chief executive of the United States committee, said.

It seems there is only one country whose absence from the Olympics would be ruinous for the I.O.C.: the United States. NBC paid \$963 million to broadcast these Games, far more than any other broadcaster. More than half of the Olympic committee's global sponsors are American companies.

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