
OLYMPICS

Can Olympic organizers be trusted to make the right call on Tokyo Games?

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The Tokyo Olympics are seven years and billions of dollars in the making. Of the many stakeholders, none has as much invested as the International Olympic Committee and the Japanese organizers of the games.

Yet those considerable financial interests could run head into public health interests as the world contends with a pandemic caused by the novel coronavirus. Sports has shut down around the globe, and soon Olympic organizers may be faced with deciding whether to proceed as scheduled with the opening ceremonies on July 24.

"Certainly the amount of money flowing into the IOC, they've got to balance the business with the politics, with the legal implications and all of that will affect their brand and their future cashflow," said Southern Cal sports business professor David Carter.

Japan has spent an estimated \$28 billion in preparing for the games. The IOC made more than \$4 billion in revenue in the last four-year Olympic cycle from broadcast rights. And NBC, its biggest broadcast partner, alone has sold more than \$1 billion in advertising.

Each of those groups will have role in deciding the fate of the Olympics, and IOC officials and Tokyo organizers have said in recent public comments that they are coordinating with each other and the World Health Organization (WHO). But the IOC has the biggest say in what happens.

"Ultimately, the decision is likely to be made by the IOC, probably by the executive board," said Canadian Dick Pound, the longest serving IOC member. "It's not a call that a whole bunch of people sitting around the table in Lausanne at the IOC headquarters can make. They really need the benefit of all of the information the public health experts put together."

MUST THE GAMES GO ON? Lack of transparency from organizers concerns experts, athletes

Richard Peterkin, a former IOC member, said generally while only the IOC could cancel the games, it would do so in consultation with Tokyo organizers. If the Japanese government felt unable to go forward with the games, the IOC would not force them.

“It’s really and truly more of a decision than the IOC’s, not in terms of the contract, just in terms of the reality of who blinks first,” he said.

The IOC's contract with the host city does not reference a pandemic, but it does say the IOC can terminate the agreement if it has “reasonable grounds to believe... that the safety of participants in the games would be seriously threatened or jeopardized for any reason.”

Only the World Wars have led to cancellation of the games, in 1916, 1940 and 1944.

The IOC declined to answer questions from USA TODAY Sports about how it was changing preparations in light of the pandemic and how it might make a decision on altering, postponing or canceling the games.

Sports business experts highlighted the role the local and national government, as well as the WHO, could play in any decision. If the impact of COVID-19 prompts further travel restrictions or a declaration by health authorities, that could take pressure off of the IOC and make going forward untenable.

“The athletes deserve to have the IOC look after them and to put their well-being as a priority,” said Tara Kirk Sell, senior scholar at Johns Hopkins Center for Health Security and a 2004 Olympic silver medalist in swimming.

“I’m not as a public health person actually saying that there’s a clear decision to be made right now. ... From the athlete perspective, and knowing how hard I had worked before the games and that was the thing that I was focused on and all my hopes and dreams were focused on, that that might be canceled would be so crushing.”

That leaves the IOC in the difficult position of balancing financial motivation with public health concerns.

one of the two biggest sporting organizations on earth and the host of the biggest sporting event on earth. That's their priority.”

Tokyo and Japan have spent \$12.6 billion on the Olympics, according to the games budget, but the national audit bureau found the price tag closer to be far higher. The Associated Press reported it to be around \$28 billion, the majority of which is funded by the government.

The Tokyo organizing committee's latest budget included \$800 million in ticket sales and \$3.3 billion in local sponsorships.

On the broadcast side, NBC has sold \$1.25 billion in ads. Comcast chairman and CEO Brian Roberts said during an investor conference this month that the company wouldn't suffer losses but also wouldn't have a profit if the Olympics were canceled.

Rob Prazmark, an Olympics marketing expert, compared that scenario to the U.S. boycott of the 1980 Olympics in Moscow. Prazmark worked for NBC at the time, and the network had to work to either return money to advertisers or offer make-good alternatives. The New York Times reported that the network took a \$34 million loss after insurance payments.

NBC's role in funding the Olympic movement undoubtedly earns it a seat at the table, sports business experts said, and Roberts echoed the IOC's assertion that the network is planning on the games going ahead.

Following an executive board meeting on March 4, president Thomas Bach said the IOC had not had discussions with broadcasters in the “last couple of weeks.”

“For the IOC, this is not a business decision. It's not about the money,” said Prazmark, president and CEO of 21 Sports & Entertainment Marketing Group, Inc. “It's about doing the right thing, and I don't want to sound like an advert for the IOC, but I know how they think and they would never do anything short of doing the right thing for athletes and the citizens of Tokyo and the people that come from around the world.”

The IOC and NBC have insurance policies to blunt losses, and IOC vice president John Coates told the Sydney Morning Herald the IOC's reserves could sustain the losses.

Few see a path ahead that doesn't include some adjustment by the IOC, where it doesn't have to address whether and how to hold the Tokyo Olympics. With so much at stake, the IOC has

go has been taken,” said Pound. “If the decision is well-explained and well-informed and consistent with what the public health authorities are saying, I think most people would like the games to go ahead and with the right reasons.”