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Who really won the Olympics?

NBC Universal deluged sports junkies with a staggering 3600 hours (at 40 hours per week, nearly two years worth – or nearly enough to stretch to the upcoming Winter Games) of Olympic coverage this year. In the words of Jerry Zucker, “...more than the combined total of every Summer Olympics ever televised in the US.” However, as is appropriate for this age, this unprecedented level of coverage was distributed across seven television networks: NBC, CNBC, USA, MSNBC, Oxygen, Telemundo and Universal HD, and the online portal NBCOlympics.com, which carried over 2200 hours itself. Perhaps we should have called it the online Olympics...

So, while the performances of Michael Phelps, Usain Bolt and Kerrie Walsh riveted viewers, and the neck and neck medal count race between the USA and China drew attention, there were other winners, too. Consider that NBC Universal paid \$894 million for the U.S. rights to the summer games, and is estimated to have spent an additional \$125 million in production costs. With the final tally yet to come, it appears that NBC Universal will pocket about \$100 million in profit (with almost all revenues coming from conventional media – according to eMarketer, only \$5.4 million from NBCOlympics.com), plus the positive but difficult to quantify “halo” effect for their brand and benefits from programming cross promotions during the games.

So, NBC seems to have done pretty well, but from our perspective the real winners are the content owners themselves. With the proliferation of means to deliver greater quantities of more varied content, more of it is available to consume. Going into the games, the question was: OK, NBC Universal built it – but will they come? The answer: When you give them more opportunities (granted, the quality must be there too), consumers consume more content. In this case, an estimated 211 million of those consumers, making this year’s games the most watched television event of all time. This makes the rights themselves more valuable, and in turn implies rising valuation for ALL content. This, in turn, enhances value along the entire chain for producing (and, to a lesser extent, distributing) content, from producers, editors and production staff all the way to the athletes and entertainers we see on the screen. While our example comes from the Olympic broadcast, we believe its lesson can be generalized to non-sports programming as well. The real winners of this year’s Olympics? Content owners (and producers) everywhere.



SPECIALISTS IN SATELLITE, MEDIA AND TELECOM INVESTMENT BANKING

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