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Analysis must show NHL the value of Olympic competition

RICK BURTON & NORM O'REILLY

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RICK BURTON

One of us recently had the good fortune to be the guest of the Anaheim Ducks when they hosted the Vancouver Canucks at an entertaining, late-season, playoff-style game on a Southern California Friday night. The home team won in storybook fashion following a dramatic shootout.

The "Olympic Effect" — as we like to call it — was on full display. More than 2,000 Vancouver fans were on hand sporting Canucks jerseys but also Team Canada jerseys and flags. The 15,000 (or so) Ducks fans were decked out as well, although a number of them were visible in the Team Canada Scott Niedermayer jerseys. Numerous other Team USA and Team Canada jerseys were evident. The two national anthems were played to thunderous cheers and a prominent display featured the Olympic jerseys of each Ducks' Olympian. At times, it was hard to decipher between "GO DUCKS GO" and "GO CANUCKS GO."



NORM O'REILLY

The atmosphere was electric.

Would this game have been as powerful if there'd been no Olympics this past winter?

We ask because the jury is still out on the NHL's participation in the 2014 Games in Sochi, Russia, but there's no doubt its 2010 participation created a significant benefit for the league and its stakeholders. The gold-medal game between Canada and the U.S. in particular delivered a massive lift. NBC sportscaster Bob Costas called it "one of the greatest sports events I have ever seen," and NHL Commissioner Gary Bettman summarized it as "a great experience for hockey ... [because] from a North American standpoint, more people watched hockey than ever before."

The TV ratings numbers in the U.S. and Canada speak volumes (courtesy of Nielsen). In the U.S.:

- It was the second-most successful Winter Olympics ever (190 million viewers) trailing only the 1994 Lillehammer Games when the Tonya Harding-Nancy Kerrigan scandal attracted curious eyeballs near and far.
- During the 17-day period of the Games, the Olympics on NBC attracted 9 percent more viewers than their three rivals combined (Fox/CBS/ABC).

■ The Canada-USA final was the most-watched hockey game in 30 years (since the gold-medal game versus Finland at the 1980 Olympics following the “Miracle on Ice” semifinal victory, which attracted an audience of 34.2 million on tape delay) with an average viewership of 27.6 million and a peak audience of 34.8 million during the final hour of the game (from 5:30 to 6 p.m.). That’s 10.5 million viewers more than watched the 2002 gold-medal game, also between Canada and the U.S., at the Salt Lake Games.

In Canada, the Vancouver Games were the most popular event in the country’s history with more than half of Canada’s 33 million people (16.6 million) watching the gold-medal game and more than a third tuning in for the opening and closing ceremonies. Of particular note: The top five events from Vancouver were also the top five most-watched television programs in Canadian history. All shows, all genres. Ever.

Those numbers are all terrific, but what was the lasting impact? Did the NHL and NHL Players’ Association activate on this opportunity like they should have? Were they ready to leverage this success a month later?

Some might argue that while the Olympics helped the sport, they might not have served the best interests of the NHL. Some, including Washington Capitals owner Ted Leonsis, have suggested “investors” are not getting a fair exchange of value back for the risk they take in sending their assets (players) to the Games. Other owners note imbalances between the revenue their players help generate for the Olympics and their actual (or hard) return in taking that related risk.

That thinking isn’t greedy or overtly capitalistic as much as logical for anyone working in the entertainment industry.

On the player side, the view is different. As was obvious to anyone who attended or watched the Olympics on TV or the Internet, the NHL’s players want to be there and want to win medals. Some players, including stars such as Alex Ovechkin, have even said they will play in 2014 regardless of what the NHL says.

Wait. Say that again. A player like Ovechkin might “walk off the job” to play in the Olympics? Imagine the fines, outrage and disruption. Imagine the increased visibility, personal brand-building and financial upside.

We doubt it will come to that, but between now and 2014 it would be nice for sports economists (academic or otherwise) to articulate a value for Bettman on what the Olympics are worth to each entity (International Olympic Committee, host city, NHL, NHLPA, individual players). How much did the NHL benefit in dollars? How much did they leave on the table? What was the brand lift for the tabulators of good will as well as the wallets of players like Sidney Crosby and Ryan Miller?

Conversely, if the NHL doesn’t go to Sochi in 2014 but the Russian-financed Kontinental Hockey League does, what will the KHL gain during a home-ice tournament? What will the NHL lose? Could Sochi provide the stimulus for a long-whispered merger concept between two leagues on different continents that ultimately creates a hockey super league?

Financial analysis, some of it probably already in the works, will undoubtedly reveal all. Given the global (and digital) economies that now prevail and the consumption revolution taking place through revenue-generating properties like the iTunes store, we think hockey fans, flexing their economies of scale, will dictate the solution.

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