

Beijing Olympics controversy puts brand partners in a difficult spot

Article

The news: The opening ceremony of the **2022 Beijing Winter Olympics** is just days away, and political tensions, concerns about viewership, and controversial sponsorships are casting a shadow of uncertainty over how fruitful the event will be for advertisers.

How we got here: Rising tensions between the US and China led the Biden administration to refuse to send diplomatic envoys to the games, but that stance was undercut by American

brands like **Coca-Cola**, **Visa**, and more still choosing to sponsor the event.

- Choosing whether to sponsor the Olympics is a zero-sum game for brands. Boycotting the games might please the US government and American consumers, but it runs the risk of losing ad revenues and upsetting Chinese consumers, whose boycotts have cost brands like **H&M** billions for distancing themselves from the country.
- Brands have remained quiet to avoid upsetting either side. Coca-Cola, **Procter & Gamble**, and Visa heavily advertised their sponsorship of the 2018 Winter Olympics in South Korea, but The Wall Street Journal notes that all three have chosen not to launch promotional campaigns in the lead-up to this year's games.

Analyst take: The tough spot for international brands isn't exclusive to the Olympics, notes **Dave Frankland**, principal analyst at Insider Intelligence.

- "It's not just about avoiding controversy with consumers for taking the wrong (or no) stance. Brands are also in danger of alienating governments and switching off markets by making the wrong choices," he said. "And, it shows no sign of slowing down—expect to see the same concerns at events ranging from this year's **FIFA World Cup** in **Qatar** to **Formula One** races in the Middle East."

Waning viewership: The Winter Games follow historically low viewership during last summer's **Tokyo Olympics**, thanks to cord-cutting, time differences, and a confusing broadcast schedule spanning across **NBCUniversal's** cable network and streaming service, **Peacock**.

- Even if brands do choose to advertise during the event, they'll be facing lower returns. NBCUniversal had to compensate advertisers for lackluster performance during the Summer Olympics, and it's already bracing for a similar turnout. The broadcaster warned advertisers that **ratings expectations are down nearly 50%** from the 2018 Winter Olympics.
- Still, NBCU is using the event as a testing ground for new measurement currencies and to draw more users to its struggling streaming service. Unlike during the Summer Olympics, the entirety of the upcoming Winter Games will be available to premium-tier Peacock subscribers.
- While this move provides clarity for viewers and could drive new subscriptions, advertisers are concerned that it will pull already-limited viewers away from the platform's ad-supported tier.

Looking forward: The controversy over sponsorships at the Beijing Olympics is an omen of problems to come for brands looking to partner with popular international sports events as global tensions rise. Brands may decide that the risk of upsetting international governments is not worth it, considering these events' rapidly shrinking viewership.