

ShoWest Talent
begins after page 18

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\$3.6 mil punch in the eye

Exhib brass upbeat about health of biz

More ShoWest news on page 8.

By Gregg Kilday

LAS VEGAS — Despite the media focus on last year's boxoffice decline and narrowing theatrical windows, the major exhibitors on the front lines remain bullish about the moviegoing business.



Brown

"It's never been better," Peter Brown, chairman, CEO and president of AMC Entertainment and this year's recipient of the ShoWester of the Year award, said flatly during the course of a panel discussion on "Enhancing the Magic of the Moviegoing Experience," held Wednesday at ShoWest at Le Theatre Des Arts in the Paris hotel.

"I don't think we're panicked," he said from his perspective of overseeing 5,700 screens now that AMC has merged with Loews Cineplex Entertainment. He added about the boxoffice returns'

See **SHOWEST** on page 8



AMBER MARIE BENTLY
KAMALA SPA & SALON OWNER KRON 4

Kamala spa owner is interviewed on San Francisco's KRON last month as part of a "Spa Spectacular" series Kamala helped pay for.

Advertisers get piece of local news shows

Pay-to-play deals more common

By Gail Schiller

While just about every television genre has jumped on the lucrative branded entertainment bandwagon, news programs generally have been considered off-limits to product integration to preserve editorial integrity.

But with TV stations facing increased competition and pressure on advertising revenue, the barriers that shielded news programming from pro-

duction integration and placement deals are falling. Product placement, media and branded entertainment agencies say they increasingly are being pitched opportunities from local stations to integrate their clients' products into news programming in exchange for media buys or integration fees.

"There are more local news stations that are incorporating brands into news in innovative, cutting-edge ways," said
See **INTEGRATION** on page 15

CBS, affils facing fines for indecency

By Brooks Boliek

WASHINGTON — The FCC proposed a \$3.6 million fine against CBS and dozens of its affiliates Wednesday as TV regulators ruled on hundreds of thousands of indecency complaints dating back to 2002.

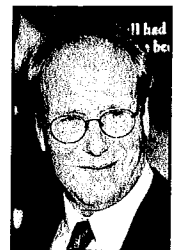
Rejecting an appeal by CBS, the FCC also upheld its previous \$550,000 fine against 20 of the network's stations for the Janet Jackson "wardrobe malfunction" at the Super Bowl halftime show two years ago.

See **FINES** on page 49

Hurt to show violent side in 'Mr. Brooks'

By Borys Kit

William Hurt, who was nominated for an Oscar for his performance in "A History of Violence," has been cast opposite Kevin Costner in "Mr. Brooks,"



Hurt

a psychological thriller that Bruce Evans is directing for MGM.

See **HURT** on page 50

Sony pushes PS3 bow to Nov., blames Blu-Ray

By Julian Ryall

TOKYO — Sony's announcement Wednesday of a delay in the launch of its PlayStation 3 game platform came as little surprise to analysts — though moving its release to November did come out of the blue.

Announced at a hastily arranged news conference, Sony Computer Entertainment Inc. blamed the delay on hitches linked to the Blu-ray Disc drive. Some of the issues are technical, but there

also have been problems getting the entertainment and technology industries to agree on standards for copy-protection technologies. SCE had doggedly stuck to a spring release date.

SCE president and CEO Ken Kutaragi was forced to go public with the news after the economic daily Nihon Keizai Shimbun revealed in its Wednesday morning edition that the company was experiencing problems with the platform.

"We've been hearing lots of rumors about prob-

See **PS3** on page 50



Integration

Continued from page 1—

Aaron Gordon, president of entertainment marketing firm Set Resources Inc. "The line, which has always been black and white in terms of what's news and what's commercials, is now being blurred." Media agency Initiative said it has been working on integrating advertising content into local news on behalf of several of its clients.

A number of local stations, including Young Broadcasting's indie KRON-TV San Francisco and Univision O&O KMEX-TV Los Angeles, confirmed that they have integrated advertisers into their newscasts and are actively seeking out product-integration deals. Meredith Broadcasting's Fox affiliate KPTV-TV Portland, Ore., launched a new lifestyle show in January called "More Good Day Oregon" as an extension of its morning news program "Good Day Oregon" that airs weekly segments designed to serve as vehicles for brand integration.

Such other stations as CBS Corp.'s indie KCAL-TV Los Angeles and Gannett's NBC affiliates in Denver, Minneapolis, Atlanta and Cleveland are experimenting with integration into newsmagazine-type shows that they describe as entertainment rather than news.

"We're all trying to find ways of integrating commercial messages into content that satisfy the audience and advertisers without hurting our product," KRON president and general manager Mark Antonitis said. "When you're an independent, you've got to do what you can to survive. You bank on your credibility as a news organization every day, but you also have to be successful as a business. You have to be creative for your advertisers without compromising the credibility of your news organization."

Most stations are focusing their efforts on morning news shows, where lifestyle segments allow for more integration opportunities without sounding as many alarm bells with viewers as it might if product integration popped up in the hard-news portions of their newscasts. At present, full-fledged brand integration into news programming appears to be limited to local news, but some marketing experts suspect that the network morning news shows won't be far behind.

"We are already seeing an erosion of the 'editorial wall' in network newsrooms, particularly for morning news and news-magazines," said Jim Johnston, partner at the law firm Davis & Gilbert, which represents both media agencies and entertainment clients.

"I think you'll find that this type of activity will continue to take place, and other forms of product integration will find their way into news divisions as well," he said. "The news organizations will continue to seek a balance between editorial independence and advertiser interests, but you will likely see a lot more boundary-pushing in the future."

Representatives for ABC's "Good Morning America," NBC's "Today" and CBS' "The Early Show," all produced through their respective net-

tors Assn. president Barbara Cochran warned that integrating advertisers into news programming could backfire, costing local stations viewers instead of having the intended effect of increasing ad sales. "You're selling the credibility of the news, and if viewers start thinking your news is for sale, then the credibility of your news is lost and your audience is lost," she said.

According to RTNDA's ethics guidelines, "news reporting and decision-making should be free of inappropriate commercial influences" and "should not show favoritism to advertisers," and "news organizations should protect the integrity of coverage against any potential conflict of interest."

Univision's KMEX has an ongoing integration partnership with health-care provider Kaiser

motion deals with other advertisers, including a major automaker. Last month, KRON aired an 11-day "Spa Spectacular" series in which 11 local spas were featured in the last half-hour of its five-hour morning news programs and viewers were offered the opportunity to purchase half-price gift certificates for spa services.

According to Antonitis, one of the station's news anchors announced that the spas were paying to be featured on the program during the segments.

"I want it to be absolutely clear that that's what's going on here," Antonitis said. "If it's in the newscast, it has to be clearly identified either by an anchor, an announcement or even both that these people paid to be part of this segment or are providing products in exchange for the segment."

In another KRON integration that aired this month, Tourism Australia — the government body responsible for international and domestic tourism marketing for Australia — paid KRON to run a weeklong series featuring stories about the country in its morning news program. In addition to an integration fee, Tourism Australia bought traditional spots in the KRON newscasts, paid all expenses for a five-member news crew to travel to Australia and sponsored trips to Australia for two winners of an e-mail contest promoted on-air.

"They certainly had input into our stories, but anytime we do anything with an advertiser that involves news, we have ultimate editorial control," Antonitis said. In this case, Tourism Australia's pay-for-play role was disclosed in the end credits.

"We bring on people all the time to talk about books, products and interesting new ideas anyway," Antonitis said of KRON's decision to integrate advertisers into its news programming. "So if we can have the added benefit of a new revenue source and give something to our viewers that they wouldn't be able to get otherwise and advertisers get their products advertised, it's a win-win-win."

In Portland, KPTV maintains that its new "More Good Day Oregon" program allows for product integration because it is a lifestyle magazine show rather than a traditional newscast.

"It's a high-energy, fast-paced, newscast-style program that has lifestyle content, not news con-

See INTEGRATION on page 50

"We're all trying to find ways of integrating commercial messages into content that satisfy the audience and advertisers without hurting our product. When you're an independent, you've got to do what you can to survive."

— Mark Antonitis, president and general manager, KRON-TV San Francisco

works' news divisions, say they allow no product integration of any kind. But they do feature the brand names and logos of the sponsors of their concert series on the stages where their musical acts perform. They also run billboards announcing the sponsors of their various news segments.

Just last month, "Good Morning America" broadcast segments of the show live from a Norwegian Cruise Line ship as part of a weeklong series called "Girls' Week Out." According to "GMA" spokeswoman Bridgette Maney, Norwegian Cruise Lines did not pay integration fees for the segments, hosted by correspondent Mike Barz and co-anchor Diane Sawyer, but did foot the bill for airfare, room and board to send nearly 300 women — contest winners and their girlfriends — on a cruise to Honduras, Jamaica and the Grand Cayman Islands. Most of the segments broadcast from the ship focused on the women who won the cruise by writing in to say why they deserved time away with their girlfriends, she said.

Radio-Television News Direc-

Permanente Southern California as part of what the station calls its "Lead a healthy life, get the facts" public-service campaign. Kaiser physicians are interviewed on myriad health topics on Univision's various news programs, news footage is shot at Kaiser facilities, and Kaiser patients and support groups are featured in news segments. As part of the arrangement, Kaiser pays additional fees for the integrations, which are not disclosed as such during the news programs.

"Bringing Kaiser on board was a win-win for both of us because they get the exposure of their physicians on television and we have their experts giving us the medical view on a particular health issue and providing vital information to our audience," a Univision spokeswoman said. "Typically news isn't for sale because you need to maintain your integrity. However, you also need to be creative to find ways to include your advertisers without damaging your credibility."

She said KMEX also has involved some of its news personalities in on-air integration/pro-

Integration

Continued from page 15—

tent,” KPTV news director Patrick McCreery said. “I think it’s an important distinction that our news segments are not for sale, which is why we’re endeavoring to create a new product where integration is possible.”

Since premiering Jan. 9, “More Good Day Oregon” already has integrated a major local shopping center for a segment on last-minute gifts for Valentine’s Day and a local spa for a two-part series featuring the spa’s services and a makeover giveaway won by a viewer. In both cases, the advertisers’ involvement was disclosed in the end credits.

“It’s proving to be a fairly popular way to work with advertisers here in Portland,” McCreery said. “I think it’s going to catch on. Gone are the days of just selling spots in local shows. You have to move beyond that if you want to take it to the next level.”

Indie KCAL in Los Angeles said that its “9 on the Town” nightly program, covering hot spots and entertainment in Los Angeles and produced by Icon Entertainment, accepted payments from advertisers to be featured in the program, which is expected to go off the air this month after a year-and-a-half run. A KCAL spokesman said the financial relationship is disclosed in the end credits just as it would be in “The Apprentice” or any other show doing integration deals with advertisers. Lisa Joynner, KCBS-TV and KCAL’s lifestyles and entertainment features reporter, was one of the hosts of “9 on the Town.”

Despite their willingness to strike integration deals with advertisers, the local stations all insisted that the exchange of airtime in their news broadcasts for additional ad revenue would not jeopardize their editorial integrity.

“What you can’t do for any advertiser is put into question the integrity of your news product, and the best way to do that is to be absolutely clear about what you’re doing,” KRON’s Antonitis said. “As someone with a journalism background, I don’t have any concern about integrating

products as long as it’s done properly, appropriately and consistently. That’s why we have very hard-and-fast rules about identifying advertisers who pay to play.”

Advertisers also have found more subtle ways to integrate themselves into local news content, like getting their brand logos displayed in crawls at the bottom of the screen during newscasts. Sue Johanning, executive vp and director of local broadcast for Initiative, said the media agency has worked out such deals for Carl’s Jr. with Fox O&O KTTV-TV Los Angeles and KNBC-TV Los Angeles.

“It’s a nonintrusive way for stations to be able to integrate clients’ logos in a way that seems to appeal to the news departments,” she said. Advertisers also pay to have their logos displayed on news and weather helicopters featured during newscasts.

For those advertisers who want to forgo the expense and restrictions of dealing directly with station ad sales and news departments, there are also a number of back doors into local news shows. According to product-placement agencies, there are news production companies that strike their own integration deals with advertisers without informing the dozens of local news stations around the country that pick up their segments.

“These production companies have called me and pitched me on the idea of how they do product placement within news stories,” said Jeff Greenfield, executive vp at entertainment marketing firm 1st Approach.

There also are industry experts paid by advertisers to talk about their brands on both local and national news programs. Despite news reports last year about experts who had failed to disclose financial relationships with the brands they pitched on network morning news shows and assurances from the networks that they were either tightening or reviewing their policies to prevent any recurrences, marketing experts say they are certain the practice is continuing.

“This type of thing is happening to a greater extent than people realize,” attorney Johnston said. ■

PS3

Continued from page 1—

lems and delays involving the Blu-ray technology, as well as suggestions that the (unit) price was likely to be as high as ¥100,000 (\$852.88), so the announcement was not a complete surprise,” said Ken Kitabayashi, a games industry analyst with Nomura Research Institute in Tokyo.

“We were expecting them to put it back to the summer, so it came as a real surprise that they won’t be ready until as late as November,” he said.

Kitabayashi further observed that this delay means Nintendo’s Revolution console will have been on the market for several months, while Microsoft’s Xbox will have been around for a full year, by the time PS3 reaches consumers.

“I don’t think this will necessarily damage Sony’s brand name in Japan, but it may well hurt it in the United States,” Kitabayashi said.

Sony has been playing up the PS3’s computing power of 2 teraflops — putting it in the same range as a supercomputer — and high-definition images so realistic that gamers will feel as if they are living the game rather than playing it. But die-hard gamers may well have already invested in the opposition by the time it hits the market.

Hurt

Continued from page 1—

Costner will play Brooks, a tortured man who tries to be disciplined and remain in control. Hurt will play Costner’s alter ego, the evil part of Brooks that loves murder and mayhem.

Evans wrote the script with Raynold Gideon. Costner is producing via his Tig Prods. with Jim Wilson and Gideon.

An April shoot in Louisiana is being eyed.

Hurt, who won an Oscar for 1985’s “Kiss of the Spider Woman,” recently wrapped shooting “The Good Shepherd” with Matt Damon and Angelina Jolie.

He is repped by CAA. ■

Sony has been struggling to keep up with its rivals in the highly competitive consumer electronics sector, and this news will not have helped its case. Sony shares fell 1.8% on the Tokyo Stock Exchange in reaction to the announcement.

The move also might have implications for the ongoing battle between Blu-ray and HD-DVD to be the high-definition replacement for DVD because PS3 is seen as a powerful way of getting a Blu-ray player into people’s homes.

A spokeswoman for Electronic Arts said they would have games ready at launch for PS3 and remained supportive of the platform, which Sony confirmed Wednesday will hit Japan, Europe and the U.S. simultaneously.

David Mercer, principal analyst with Strategy Analytics, speculated that the November date would “give Microsoft more time to win early adopters,” but still bet on PS3 as the dominant console versus Microsoft Xbox 360 and Nintendo Revolution.

“Certainly when you have a head start, that can help get some leverage, but ultimately it is about the content available on the new system,” Take-Two Interactive chief financial officer Cindi Buckwalter said Wednesday.

She added that most game publishers anticipated a fall release, and saw the November date as more of a confirmation than a delay.

Definitive timing from Sony lent the games industry a boost on Wall Street, with shares in Electronic Arts up 2.9%, Take-Two Interactive up 2.6% and THQ up 4.3%. ■

A la carte

Continued from page 6—

place realities.”

The new reports attack the FCC’s findings on several grounds, ranging from an overemphasis on speculation and overstating the number of a la carte channels that would be available.

Viacom also is expected to weigh in on the subject with its commissioned report this month. ■