

The Professionals: PGA
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Dolan



Ergen

Voom sold to EchoStar for \$200 mil

By Andrew Wallenstein

Cablevision Systems Corp. has sold its struggling satellite venture, Voom, to EchoStar Communications Corp. for \$200 million in cash.

The Long Island, N.Y.-based cable operator was expected to make the sale after suspending plans to spin off Voom last month into a company called Rainbow Media Enterprises, which also would have included Cablevision's programming assets (HR 12/22). The spinoff had been postponed several times.

The sale ends Cablevision chairman and founder Charles Dolan's multiyear bid to establish an alternative to satellite powerhouses like EchoStar-owned Dish Network, the second-largest
See VOOM on page 54

risky business

It's the start of the Sundance Film Festival, and Hollywood players such as Brian Grazer and Peter



Guber are invading territory that once belonged to outsider indie filmmakers. Have the majors hijacked the festival? Get deputy film editor Anne Thompson's take in the debut of the weekly column Risky Business.

See page 8.

B'casters rejoin must-carry fray

Response to Powell proposal

By Brooks Boliek

WASHINGTON — Broadcasters are waging a last-minute campaign to persuade the FCC to require cable operators to carry all of their digital TV offerings whether they consist of several channels of programming or one high-definition signal, industry

officials said Thursday.

The push comes in response to reports that commission chairman Michael Powell is circulating a proposal among the other commissioners that would eliminate any multicast, must-carry requirement for cable operators.

"For consumers to receive the full benefits of digital and high-definition television, it is vitally important for cable systems to carry all signals offered by local TV stations," National Association of Broadcasters president and CEO Edward O. Fritts said. "NAB will

See FCC on page 52

Will celeb split fuel hit?

'Smith' dilemma for Fox, Regency

By Borys Kit and Andrew Wallenstein

Brad Pitt and Jennifer Aniston might be lamenting the media frenzy attending their separation, but another couple just might benefit: "Mr. and Mrs. Smith."

They are the titular characters of the upcoming 20th Century Fox film that has received an avalanche of free publicity in recent weeks because of widely circulating rumors that the Pitt-Aniston mar-



Jolie



Pitt

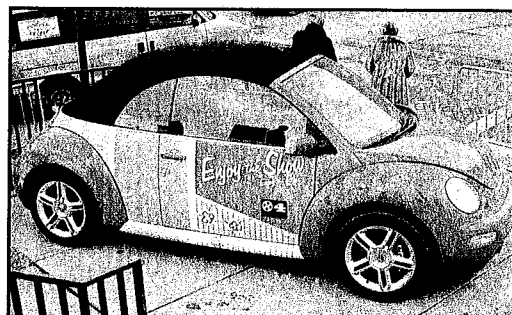
riage was affected by an alleged romance between Pitt and his
See "SMITH" on page 52

Sundance ambushed by unofficial brands

By Gail Schiller

As the 2005 Sundance Film Festival gets under way this weekend, dozens of companies are descending on Park City to pitch their products to filmmakers, celebrities and the public. But as the festival's official sponsors are forced to compete for attention with brands that simply are riding the event's coattails, festival organizers are accusing ambush marketers of harming both the festival and the nonprofit Sundance Institute that produces it.

Sundance organizers said brands that rent houses, lodges and storefront space where they host parties,
See SUNDANCE on page 54



Volkswagen, an official sponsor, steers clear of other brands trying to associate themselves with Sundance.

the vine

Heard around town

Star warms up to Sony TV deal

Darren Star is poised to set up shop in a big way at Sony Pictures TV. Sources



said Star is in the thick

of negotiations on a rich three-year overall production pact that would call for Star — creator/executive producer of such hits as "Beverly Hills, 90210" and "Sex and the City" — to set up a production banner on the lot with Sony picking up the overhead for at least one dedicated development executive.

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Sundance

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press events and gift lounges are responsible for the commercialization of the festival, stealing the limelight from paying sponsors and distracting from the festival's core purpose of showcasing independent films.

"All of the commercialization of Sundance is due to people who aren't associated with the festival," said Elizabeth Daly, director of strategic development for the Sundance Institute. "The only people who are supporting the film festival and independent filmmakers are the sponsors, and everyone else is in some way taking advantage of a nonprofit that's producing a film festival in Park City for 10 days.

The ambush marketing, she said, "creates a very chaotic atmosphere where sometimes the filmmakers and the films — the core of the Sundance festival — get sidelined because there are so many celebrity-driven parties and there's so much noise and confusion."

But brands marketing their wares at Sundance without officially sponsoring the festival respond that their activities actually support the filmmakers with events like post-premiere parties while attracting more publicity to Sundance.

"I do see their point of view, but I really don't think we take away from the festival," said Rembrandt Flores, who is producing the Activision house that features 12 other brands including Frye Boots, Oxygen Media, Red Bull and Whole Foods. "I think we're an extra added incentive for the festival. I don't think anyone is missing a film, a lecture or a panel discussion because of these houses. They only come to

us when they have free time."

Activision is promoting its four top-selling video games at the house, and will donate 10% of its proceeds to St. Jude Children's Research Hospital. "There are a couple of games that might be made into movies, so it's a great way for Activision to get exposure in the film world," said Flores, director of events for Fusion Public Relations.

Yahoo! and Heineken, both sponsors of the Village at the Lift — a three-story shopping complex converted into a spa and VIP retreat at the foot of Main Street — said they are providing services that are complimentary to Sundance and support independent filmmakers by hosting private parties in their honor and providing free meals and Internet access. Other Village at the Lift sponsors include General Motors, Philips Electronics, Crown Royal, Lean Cuisine and Fred Segal Beauty, which is running a spa.

Rather than taking any action to try to shut down ambush marketers this year, Sundance organizers said they are focusing their energy on educating the film community, Park City and corporate marketers "on the positive effects of working within the official community of Sundance sponsors."

Park City said that in previous years it has shut down or issued citations to marketers who have violated the city's residential zoning codes by renting houses for commercial purposes. "We try to do our best getting to all of them, but we don't have a 100% success rate at this point," special events manager Alison Butz said.

Despite all the attention and publicity showered on the guerrilla marketers at Sundance, organizers insist they haven't had any

trouble attracting or keeping official sponsors. Daly said the sponsorship return rate is 70%-80% and there are 22 sponsors this year, compared with 21 last year, with only four new brands on board.

Entertainment Weekly, Volkswagen and Hewlett-Packard are the festival's three presenting sponsors — the highest category of sponsorship. Other official sponsors include American Express, Cingular, Delta, DirecTV, Intel, Blockbuster, Adobe, Moviefone, Aquafina, Sony and Starbucks.

Sponsorship of ambush-marketing opportunities in houses, storefronts or lodges sometimes can cost the same or even more than an official sponsorship, marketers said. One official sponsor said his company paid about \$150,000 in cash and trade for its Sundance sponsorship yet had seen proposals ranging from \$100,000-\$200,000 for unofficial sponsorship opportunities. Official sponsorships are said to range from the low- to mid-six-figure range.

Among the advantages of official sponsorship are being integrated into festival events, use of the Sundance logo in marketing materials and ad campaigns, tickets to screenings, banners and signage at the festival, increased visibility and access to celebrities and filmmakers.

"Because you're an official sponsor the filmmakers are eager to talk to you," said Doug Cole, director of entertainment marketing at Hewlett-Packard. "The filmmakers themselves realize that without official sponsors there is no Sundance, so they make themselves available to have these conversations."

Among its numerous activities, HP will be showcasing its film-

making technology and conducting training sessions at the festival's digital center. Volkswagen, another presenting sponsor, will have more than 80 vehicles in use to transport talent and festivalgoers — despite ambush marketing by such competitors as GM and former official sponsor Mercedes-Benz.

Despite all the apparent advantages to official sponsorship, many brands still prefer to go the unofficial route. Sometimes it's because a competitor already has locked up exclusivity in their brand category, but often it's simply because the advertiser wants to control its own marketing activity or believes it can gain better one-on-one access to talent and celebrities.

"Quite honestly, whether sponsorships are official or unofficial doesn't matter to me," said Linda Bennett, senior director of marketing at Yahoo!. "What I'm looking for is what opportunities the sponsorships give me to showcase my brand."

Sundance organizers said they believed that more marketers, studios and filmmakers are finally starting to get the message. "I expect that within the next five years, as the sponsorship program continues to grow and change, we will see less and less of marketers who are not affiliated with the festival," said Rose Adkins, director of corporate development at the Sundance Institute.

But with Sundance providing a marketing and publicity windfall for brands trying to get their product placed in films, used by filmmakers, or into the hands of celebrities who often show up in national magazine photos with their product or logo, the marketing ambush at Sundance seems likely to continue at full force for years to come. ■

Voom

Continued from page 1—

satellite service in the United States behind DirecTV.

Not included in the deal were those Rainbow-owned channels, including AMC, IFC and WE: Women's Entertainment. In a statement, Cablevision said it is committed to exploring strategic alternatives for those assets, including monetization.

The sale should help Cablevision's standing on Wall Street: Analysts have been exceedingly critical of the venture since its

inception, blaming Voom for draining Cablevision's cash flow. Offering dozens of channels of high-definition programming but little original content, Voom found little traction with subscribers, collecting just 26,000.

Cablevision reported a loss of \$75.3 million and revenue of \$5.9 million for the third quarter; some estimates had the operator spending \$400 million to date on Voom.

Dolan ultimately was unable to make Voom the latest in a series of unconventional business ventures that he has defied expectations to

make work, including the original Home Box Office. But in Charlie Ergen, chairman and CEO of EchoStar, he has found a buyer who is something of a kindred spirit, willing to buck conventional wisdom in pursuit of a good deal.

The deal also transfers ownership of assets related to Voom, including the satellite's FCC licenses and operational facility in Black Hawk, S.D. The transaction requires approval from FCC and other regulatory agencies.

The Voom service is expected to continue operation during the

transition period.

Voom's subscribership will not be much of a boost for EchoStar, which counts 10.4 million subscribers for Dish (DirecTV has 11.5 million). EchoStar did not disclose any plans for changes to Voom. ■

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