

TELEVISION

## ABC cuts Oscar ad rates



Kevork Djansezian / Getty Images

Workers lay down the red carpet in front of the Kodak Theatre on Hollywood Boulevard during preparations for Sunday's Academy Awards. Viewership for the telecast has declined for five years in a row, and several longtime sponsors pulled out this year.

**Last year a 30-second commercial could command as much as \$1.8 million. Now, just days before the broadcast, individual spots have been selling for \$1.4 million to \$1.7 million.**

By Meg James  
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This year, Oscar is a little less golden.

The ABC network, in a move that reverses years of escalating prices and underscores the worsening economy, has shaved the cost of a commercial for Sunday's annual Academy Awards show, one of TV's most-watched programs.

Once considered invincible to downturns, big events such as the Academy Awards and the Super Bowl, which attract tens of millions of viewers, can no longer command automatic rate hikes. NBC in January found itself peddling unsold commercial inventory in the Super Bowl just days before the big game. It even had to slash rates to attract last-minute sponsors.

Last year ABC sold commercial time in the Academy Awards show for as much as \$1.8 million for a 30-second ad. Now, with the recession in full swing on top of five consecutive years of declining Oscar ratings, ABC has had to lower its rates. Individual spots have been selling for \$1.4 million to \$1.7 million.

The telecast should generate about \$68 million in revenue for ABC, according to TNS Media Intelligence, which tracks ad spending. But that would be a 16% decline from last year, when the show yielded \$81 million in revenue.

"It's more than just the economy," said Peter Sealey, a marketing professor at the Peter Drucker Graduate School of Management at Claremont Graduate University and a former movie industry executive.

"The academy has a problem here. The show is way too long, and the films this year are not spectacular," he said. "If this year's ratings are down, it could be the tipping point and they will have to make changes."

In recent years, the Walt Disney Co.-owned television network could bank on about \$15 million in profit from the one-night extravaganza. The show's producer, the Academy of Motion Picture Arts and Sciences, benefits too. Advertising revenue from the show underwrites the organization's activities, which include industry archives for scholars and educational events for the public.

Several longtime Academy Award sponsors, including troubled General Motors Corp. and L'Oreal Paris, bowed out of this year's telecast. So did Dove soap. American Express Co., traditionally one of the biggest advertisers in the Oscars, purchased only one spot. American Express, like other large financial firms, has been pulling back on promotional spending.

However, a plan by the academy last fall to fill the anticipated revenue gap by the loss of sponsors failed to produce the desired result. In October, the academy relaxed its 50-year ban on movie studios' advertising their films during the show.

The board decreed that this year studios could promote films -- as long as they were set for release two months later to avoid the perception that advertising influenced the outcome of the awards.

"Unfortunately, they limited it too much," said Dean DeBiase, chief executive of TNS Media. Initially, he said, only a couple of studios took advantage of the new rule. That prompted the academy last month to again tweak its policy, this time allowing advertisements for movies that premiered any time after Sunday night's show.

It was unclear Thursday whether ABC had ad time left to sell. The network declined to comment. Also unknown was whether liberalizing the rule spurred more studios to buy time. But at least two are participating: Walt Disney Studios is advertising its new movie with Sandra Bullock, "The Proposal," and DreamWorks and Paramount Pictures will promote "The Soloist."

"You might see some last-minute advertisers pop in," DeBiase said. "Even with the lower ratings, the Oscars are still a massive premium event for advertisers."

Several advertisers agreed, saying the Oscars still provide an aura of ritz and glamour, and the show attracts millions of fashion-conscious women.

"It's a great value for the money," said Ruby Anik, J.C. Penney Co. senior vice president for brand marketing. This is the eighth year the company has advertised in the show. It bought seven spots, one more than last year, to promote various designers.

"It's Hollywood's biggest night of fashion, and that could not be a more appropriate venue for us to communicate to our customers about the style and designer fashion, at affordable prices, available at JCPenney," Anik said.

Other longtime advertisers, including MasterCard, McDonald's Corp. and Coca-Cola North America, also are back. Coke is returning Heidi Klum to promote women's heart health and Diet Coke. Frito-Lay's TrueNorth nut snacks brand said it had taken out its first commercial in the Oscars, a 60-second spot directed by Oscar winner Helen Hunt.

Last year, after GM told ABC that it would not be a sponsor, Hyundai jumped in as the exclusive car advertiser. Hyundai has bought eight ads, including one 60-second spot, to tout the North American Car of the Year award won by its Genesis model and its Hyundai Assurance Plus program, which allows people to return their newly purchased Hyundai cars to the company after 90 days if they lose their jobs and can't make payments.

Hyundai, once considered a maker of bare-bones cars, intends to project the image that it is now an upscale brand.

"The medium is part of the message," said Chris Perry, director of advertising for Hyundai Motor America. "Showing that we belong with the top-tier brands is one of the reasons why we have been advertising in the Super Bowl, and now we are in the Academy Awards."