



Million Dollar Booboo, Or Are the Oscars Still Golden?

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"And the winner is ..." For more than seven decades, the movie industry has banked on these words to introduce the highest motion picture achievement, represented by a golden Oscar statue whose recipients can forever lay claim to being among the best in their industry.

But not every Hollywood story has a happy ending: When the Academy of Motion Picture Arts and Sciences staged its televised awards show this year, the buzz surrounding the Oscars appeared to be more about the survival of the Oscars show than about the winners. In a blatant move to attract younger viewers and help revive a dwindling viewing audience, the Academy tapped popular comedian Chris Rock as host, asked pop singer Beyonce to perform three of the night's nominated songs and tried to present a shorter, livelier program. The results were mixed: The numbers of younger adults and female viewers were up to their highest levels in three years, but the overall audience of 41.5 million was still two million less than last year.



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And while Best Picture Oscar winners -- now introduced with the phrase "And the Oscar goes to ..." -- have traditionally witnessed a surge in box office receipts during the first post-awards weekend -- *Shakespeare in Love* posted a 44% gain, *The English Patient* climbed 50% and *Schindler's List* jumped 53% -- the post-Oscars box office numbers for this year's critically acclaimed *Million Dollar Baby* were modest: Although it won Oscars for Best Picture, Best Director, Best Actress and Best Supporting Actor, the Clint Eastwood boxing movie realized a modest 11% box office increase, taking in just over \$8 million during a weekend that witnessed the \$30 million opening of a decidedly mediocre babysitter comedy called *The Pacifier*.

All of which begs the question: Has the Oscar brand lost its luster? According to Wharton faculty and industry experts, the answer is n The brand may be tarnished, but it remains as strong as ever.

Despite the critiques of this year's televised program, industry marketing expert and vice chairman of Paramount Motion Picture Group Rob Friedman said he felt "it was a great effort. There are always multiple agendas for the Oscars: one, to be an entertaining show; two, to continue to expose the world to motion pictures, and three, to try to make the show as quick as possible." Noting that this year's show was about 20 minutes shorter than last year's, Friedman concluded, "They accomplished pretty much all three."

According to Nelson Gayton, managing director of Wharton's new Media and Entertainment Center and a general partner in Crayon Venture Partners, even with the proliferation of film award shows like the Golden Globe Awards, the Screen Actors Guild Awards and the British Academy Film Awards (better known as the BAFTAs), the Academy Awards spectacle holds its own. "In a day and age when there are so many shows out there, the Oscar brand still finds a way to distinguish itself. The Oscar is always the Oscar. It has stood the test of time."

Statistics show that in January, 16.8 million viewers tuned in to watch the Golden Globes, 40% less than the year before and far below this year's 41.5 million Oscar viewers. "The [Oscar] has history behind it that still has legitimacy," Gayton added. "There is still something to be said about being an 'Oscar Winner.' When I think of all the awards out there, the Oscar is that validation that you are being recognized by your peers as being the best of the best."

Wharton marketing professor [David C. Schmittlein](#) agrees. "Ask yourself: if you are going to watch one awards show, which one would you watch? I don't think the relative position [of the Oscars] has been challenged."

Still Shining

Gayton does, however, suggest that this year's February 27 telecast represented a new and challenging era for the Oscar and what it stands for. "In the Golden Age of the 1940s, when stars were under contract by the studios, they were a novelty. Today, the stars are freelancers, and it is in the stars' best interest to market themselves. When the Oscars show comes along, these individuals have been plastered all over the press. The novelty of the Oscars may not seem the same."

Yet Schmittlein argues that the "gnashing of teeth about the trajectory of viewers" for the Oscars show doesn't detract from the reality that the Academy Awards is "the signature award program as viewed by the general public. Other award shows are interesting and will get substantial viewership, but they don't challenge the Academy Awards for the preeminent position."

As proof, Schmittlein points to the cost of a typical 30-second advertising spot during the Oscars broadcast: \$1.6 million per half-minute (up from \$1.5 million last year), second only to the Super Bowl's \$2.4-million price tag for a similar spot. Although the Oscars' commercials don't carry the hype and expectations of new advertisements running during the Super Bowl, Disney-owned ABC sold out all 48 commercial slots for the Oscars program.

"Why do advertisers pay so much money for a typical 30-second spot during this telecast?" Schmittlein asked. Sure, advertisers are looking for "eyeballs," or massive audiences, and Oscars' 41.5 million viewers represent the second highest-rated night of the year, after the Super Bowl. "But it isn't primarily for the audience size or the demographics. It is because there are so few places any more in the measured media where an advertiser can put a message in front of a very substantial fraction of, in this case, the North American population at one time. You have the Super Bowl, the Olympics (but only every four years), perhaps the World Series and the Academy Awards. It's supply and demand. There are not that many opportunities. If the numbers [of Oscars viewers] drop by another 10%, the show is still head and shoulders above the others."

Furthermore, despite the relatively poor post-Oscars box office up-tick for this year's winner *Million Dollar Baby*, the Oscar luster nearly always plays out financially for both Oscar winners and Oscar nominees, said Timothy Corrigan, University of Pennsylvania professor of English and cinema studies. "Being nominated for an Oscar and winning it is worth a lot of money," he noted, quoting estimated industry figures. "If you get nominated, that will add another \$8 million to your receipts. If you win, it just keeps getting better." According to Corrigan, the estimated box office increase for Best Picture is \$18 million, with a \$6 million increase for Best Actor or Best Actress.

"The financial luster is so desirable," Corrigan added, that it drives the studios to campaign aggressively for nominations, often spending millions of dollars to push their product. And the payoff is not only at the box office, but through DVD rentals and foreign releases. "Even major successes that win the Oscar are promotional runs for DVD sales," he said. "That's where the money will be made, where even a movie that might not have had critical success can become a financial success."

The Jilting of Miss America

Some predict the Oscars show is headed down the same path as another American television institution, the Miss America pageant, which was dropped by ABC last fall after record low ratings, leaving it without a television sponsor for the first time in 50 years.

Schmittlein dismisses the notion. "If you ask me why the Miss America pageant is not as popular, it's not about the way the program was run for several years, or who the Master of Ceremonies was. It has to do

with the whole nature of the phenomenon that is underlying the show." Essentially, viewers may no longer want to watch beauty pageants, given the other entertainment options out there. "That problem is surely not one the Academy Awards has. Movies are not going away."

Industry experts point to other elements to help explain why fewer viewers may be tuning into the Oscars in recent years. First, if there are no clear Oscar "races" for one of the top categories, Oscars viewers tend to drop off. "I think that if there were a couple of blockbuster movies competing against each other, odds are the viewer numbers would turn around again," said Schmittlein.

Second, the Academy Awards' audience draw will reflect the viewers' draw at the box office, which Paramount's Friedman referred to as a "co-efficient to the viewing." This year, not one of the five Oscar nominees for Best Picture had earned more than \$100 million at the box office, a blockbuster movie benchmark. The overall viewing numbers for Oscar night, said Friedman, "have a lot to do with how much the public has been exposed to the movies."

Third, the movie offerings have become more fragmented and fractured, ranging from animated movies and big Hollywood movie star movies to independent films. If one movie fails to capture a large segment of the viewing audience -- like *The Godfather* or *Star Wars* or *Lord of the Rings* did -- viewers may fail to tune into the Oscars show.

Both Corrigan and Wharton marketing professor [David J. Reibstein](#) pointed out that naming Chris Rock to host the Oscars was a very obvious attempt to attract a younger viewing audience. After all, noted Corrigan, "since the 1960s, the main demographics for all movie audiences have been 18 to 28 year-olds." Perhaps the new host paid off: Though he failed to attract more viewers than last year, ratings among adults ages 18 to 34 and women ages 18 to 49 were the highest in three years. "One might make some tradeoffs," suggested Reibstein, referring to Rock's obvious appeal to the Oscars' movie-going age group but not the entire audience. "A bump [up] in the right demographics might be good for the industry."

"That is important -- for the future of the Oscars, for the advertisements, for the movies," said Reibstein. "There is always a lift that comes out of the Oscars for movie-going attendance. You can see it, suddenly, the day after the Oscars. The advertisements change -- 'Winner of Best Director'.... More broadly, the awards re-engage people in thinking about movies. There is indeed concern that as the audience for the Oscars show grows weaker, the bounce in the entertainment industry will be less."

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