

Hollywood Loves the Tiny Screen. Advertisers Don't

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Superman has the power to leap tall buildings. But leaping onto a cellphone screen is proving a little trickier.



Fans took to a dozen short clips of "Borat" made for mobile devices.

Warner Brothers recently created a six-episode series of short videos for mobile devices based on the popular Superman television show, "Smallville." The episodes tracked the history of Oliver Queen, the "Smallville" billionaire mayor who, like Clark Kent, has a superhero alter ego, the Green Arrow.

For Warner, it was a way to tell the Green Arrow story that might have otherwise been missed. "We were never able to do that in the show," Lisa Gregorian, the executive vice president of worldwide television marketing for Warner Brothers Television Group, said of the "Smallville Legends" mobile series.

But while short, multiepisode cellphone series are growing in popularity, the lucrative advertising dollars prevalent in other entertainment segments — and which studios rely on for profit — have been slow to migrate to the supersmall screen. Sprint, which underwrote the series as part of an overall deal with Warner, was the only sponsor, Ms. Gregorian said.

In the two years since Fox Mobile and MTV Networks pioneered the market for cellphone programming, almost every major film and television studio is developing projects. But, for now, advertisers are reluctant to abandon traditional formats.

In 2006, \$421 million was spent on mobile phone advertising, said a study by the market research firm eMarketer. By contrast, broadcast television advertising was estimated at \$48 billion last year, according to the Universal McCann media agency.

"If you think about what the market could be from an advertising perspective, it is a dream," said Linda Barrabee, an analyst for wireless mobile communications at the Yankee Group, a research firm in Boston.

"That's why you see a lot of companies playing with different concepts and ideas," she said, but added that "it's hard to target advertising in a meaningful way. From a brand perspective, they haven't figured it out."

Even studio executives suggest that the explosive growth predicted is still some time away.

"In six months from now, we will be producing more of these," Ms. Gregorian said about the "Smallville" episodes. "But an advertiser would have to pay us to develop content for wireless phones because right now there is no business model. There has to be a way to make money there."

Alana Muller, director of wireless data marketing for Sprint, said companies are reluctant to sponsor ads because demand for video is still new. According to the Yankee Group, the

number of mobile video viewers in the United States is about 5 million, 10 times more than in 2004 but still a small fraction of the 195 million mobile phone subscribers nationwide.

Ms. Muller said that Toyota sponsored advertising for mobile episodes created for the Fox television show "Prison Break." But that was one of the few she could remember. Instead, wireless Internet promotions have proved more popular, she said.

Many in Hollywood are betting that interest in mobile video will be hastened by the debut of the new touch-screen iPhone from Apple, which are expected to begin selling this summer. With a 3 1/2-inch screen and no cumbersome keypad, many people believe it will be easier for Americans to watch movies and television shows like their peers in Europe and Asia readily do.

"The iPhone is going to shake things up and make cellphone companies look like they are behind the curve," said Thomas Lesinski, president of digital entertainment for Paramount Pictures. "It is going to be good for us."

Until then, studios continue to experiment. For fans of "Borat," 20th Century Fox Film Corporation, which released the film in November, distributed 12 one-minute episodes last fall through several mobile phone carriers. The clips included "best of" highlights and unseen footage tailored for palm-size viewing.

"'Borat' was not a sweeping cinematic melodrama," said Kevin Campbell, an executive vice president of marketing at 20th Century Fox. "We offered short, funny clips we thought people would like."

They were so popular that the studio is developing others like it as advertisements. A small team of Fox marketers now solely focuses on how the company can more widely deliver other original content based on Fox movies through cellphones. Those include serials for "Live Free or Die Hard" and the "Fantastic Four" sequel scheduled for release this summer.

Television has so far proved the easiest to adapt to cellphones. Cellphone users who can't get enough of Fox Television's "American Idol" on Tuesday nights, can download the losers' auditions to their phones the next day. MTV Networks currently offers original shows like "Dances from the Hood," a 10-episode hip-hop series.

Indeed, there is no limit to what Viacom, MTV's parent, won't try; it has created 30 hours of programming for MTV, VH1 and other youth-oriented brands. To promote the MTV television hit "The Hills," it distributed early footage to several wireless carriers narrated by the show's host, Lauren Conrad.

"The notion that we have to hold out and be precious for television is gone," said Van Toffler, president of MTV Networks Music and Logo Group, which was one of the early adopters of mobile phone programming. "We'll leak this stuff all the time."

But even Mr. Toffler conceded there were challenges for even the savviest creators. While MTV wanted to offer music videos created by fans, Mr. Toffler said MTV "will edit the clips."

"We've learned how to produce better content over time," he said. "It is my ambition that before I die or get fired, I would like to do an original 90-minute movie, in non-linear fashion, which is told in three-minute bites."

The question is whether anyone will pay to watch. Ms. Barrabee said there is a disconnect between what mobile users are willing to spend for video services and what wireless companies charge.

"It's more like the Internet," she said. "People are going to want things for free. Studios will have to come up with advertising-supported business models."

Sony Pictures Television plans to create its own products specifically for the cellphone. It recently closed a deal with the Groundlings troupe, which will develop sketch comedy routines for cellphones. Jamie Erlicht, a co-president of programming and production at Sony Pictures Television said, "we are going to use it too as a tool to market original programming of traditional shows."

In the summer of 2006, Sony created behind-the-scenes vignettes from the FX series "Rescue Me," which were offered in three-minute installments on cellphones in-between the weekly television shows.

"We were trying to leverage the production," said Mike Arrieta, executive vice president of digital distribution and mobile entertainment for Sony, adding that they had their own team on the set for filming.

Where studios could get into trouble, though, is if mobile phone episodes like these are viewed less as promotional material and more as pure entertainment. Unionized actors, directors and writers have already balked at creating videos and other material for the Web, saying they should be paid for the extra work. (Unionized workers are not paid extra to create promotional materials.)

One way to get around the situation is by creating animated episodes or hiring look-alike actresses instead. That is what Fox did early on. But the issue is expected to be a sticking point in the planned talks with the unions. Some unions are already monitoring how much advertising revenue studios are making.

Not surprising, studios are bracing for tough negotiations.

"I think everyone is trying to figure it out and decide how to deal with it," said Zack Van Amburg, a co-president with Mr. Erlicht at Sony Pictures Television. "For now we are all in a 'Let's embrace it and it's here' mode. No one has the answer yet."

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