



Saving & Exploiting Celebrity Franchises

June 2009

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This report is one of three adapted from the DeSilva + Phillips *Future of Celebrity Media* conference, held on May 14, 2009 at the Tribeca Film Center in New York.

This session:

Saving and Exploiting Celebrity Franchises – Magazines are the bedrock of celebrity media, and broadcast has enjoyed a long and profitable run. But now readership is sinking and advertisers are defecting, TV ratings are stagnant and online video poses a threat. How can traditional media save core businesses while exploiting new-media opportunities?

Moderator: Ken Sonenclar, Managing Director, DeSilva + Phillips

Panelists:

- Mark Golin – Editor, People.com
- Dave Levine – Senior Executive Producer, CNN Entertainment
- Ben Williams – Editorial Director, NYMag.com

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Ken Sonenclar: A simple and straightforward question to start off, Mark: Will there be a *People* magazine five years from now? And when I say *People* magazine, I mean 112 pages of ink on glossy paper that I will pick up at the newsstand every week?

Mark Golin: Yes, absolutely. When you sent me some of the questions you were going to ask earlier, you asked why does it need to be in print if it's online? And they are two different experiences.

We've done some research where we've seen that about 22% of the collective audience enjoys both the website and the magazine on a regular basis. And we've seen the highest level of satisfaction in that group. They do both. And it's because the website is very fast, daily, keep-up-with-the-news, follow-the-news, iterative, I'm following the story in real time, short bites. You can jump into it for a few minutes, and jump out of it. The magazine is very much, "Ok, I've turned off my phone, it's the

weekend, I'm sitting at home, I do not want to be bothered, I have set up the hammock and now I'm going to enjoy the magazine."

With the magazine you are going to have a more in-depth experience with the story, which you may have followed throughout the week, but now you'd like it laid out for you, kind of like a rich tapestry with additional detail. You want to see the whole arc of the story. And we're finding that people enjoy both of those experiences.

I see People.com as kind of a buffet. You go up to it and take what you want. There's a lot there. There's probably more than you can eat, unless you've got a vast appetite. You kind of pick and choose, and you indulge your sweet tooth. So, yes, I read the story about Angelina Jolie, but now I need more on Angelina Jolie. So you go to our celebrity database and you look at her bio. And then you say, "Oh my God, I cannot live another moment unless I have even more about Angelina Jolie. My life will be barren and empty." Then you



might look at what Angelina Jolie has been wearing over the last year, and you can indulge yourself. That's a buffet.

The magazine is a catered affair. Someone has decided what to set out what you're going to dine upon. And you enjoy that experience too.

Sometimes I don't want to pick and choose. I would like someone to cater this thing for me, and select my menu. So both of them have a very strong role. First quarter aside, we've seen healthy growth in both.

Ken Sonenclar:

Ben, let me ask

you a similar question. *New York* magazine's circulation has held up extremely well, which I attribute to great editorial. But add pages are down about 40% in the first quarter of 2009 versus last year. At the same time, your website just a few weeks ago won a National Magazine Award for General Excellence for a website with one-million-plus unique visitors. The company is obviously investing a lot of money in the web. It's a great website, remarkable in its breadth and its depth. But is there going to be a *New York* magazine five years from now?

Ben Williams: Yes, I think there will be. I would echo a lot of what Mark said about the difference between the website and the print experience.

Mark Golin: And the fact that we both have to go back to the office after this.



People.com's Mark Golin

Ben Williams: Yes, there's that too. We do have two pretty different audiences for our website and our magazine. There's a surprisingly small overlap, maybe 20% of people who read the magazine and the website. So there's a lot of people who read the magazine and

don't read the website. And a lot of people who read the website and don't look at the magazine. As you were noting, the circulation of the magazine has held up over time, even though the magazine has been online in its entirety for free for 10 years now. The question for me is more of what will the relationship between the magazine and the website be? I think it will be more consolidated in terms of what people on staff are doing. In the last few years we've had a parallel operation where you have people who do the magazine and people who do the website. And there's some

crossover. Essentially it's two different staffs, but we're integrating more now. We have more people from the magazine doing things online. On the flipside, we have more online content that's being integrated into the magazine in a variety of different ways. So, it's kind of like you've got two trains running at once. Historically, up until the last few years, the print train was always driving things. What's happening now is they're kind of running side by side. And as you see the sort of secular decline in advertising, you're maybe going to see the website driving things a little bit more than it used to.

Ken Sonenclar: Dave, I don't know if you think of the *Showbiz Tonight* website as being as intimately connected to the show as the magazines do to theirs, but the *Showbiz Tonight* website in a sense *is* the show, only in a non-linear mode. So that if I want to find out why Kentucky Fried Chicken didn't give out all the chicken that Oprah promised, I don't have to see the teaser for that segment five times as I would if I sat through the show

on TV. I can just click and find out. So looking five years down the line, how do you see the evolution of the TV show vs. what's on the web?



NYMag.com's Ben Williams

Dave Levine: I think it's not just about content. It's about community and getting people involved in the show. I oversee both CNN Entertainment and *Showbiz Tonight*, which are two different animals. CNN Entertainment is the entertainment content for all of

CNN around the world. *Showbiz Tonight* is one particular show. There are a couple of missions there. The *Showbiz Tonight* web page is sort of clips from our show. "In case you missed it" - that sort of thing. CNN Entertainment is more of a portal. It gives you the main news of the day, as well as access to all of the other material that is created by the CNN Entertainment unit. So they complement each other.

But more important than the content - and I really believe that anyone who doesn't embrace this will die - is community. Just this week we did a soft launch of our Facebook fan page. We're

now on Twitter. And we're going to be doing some other things as well. For example, CNN has had its greatest success with iReport, where people send us videos. So they're connecting with the viewer. About six months ago we started taking viewer calls - we called it

Showbiz on Call - to start getting more interactivity. But I consider that different because that's one-way interactivity; they're coming to us and we're responding to them on air. When we first launched it, I said maybe we'll get 50 or 60 calls.

Within the first day, the system, which holds up to 1,000 voice mails, was blown out. So I think that's an indication.

We launched our Twitter page, which is still in a soft launch and gets a little update throughout the day. We haven't even promoted it, yet we have hundreds of people following us on Twitter because they're seeking that out. Right now the Tweets are simply teasing what is upcoming on the show, but much more is planned. The Facebook page, which we literally launched three days ago, already has fans because people are seeking us

out. So clearly there's a community out there that's trying to reach out to us. And we need to reach out to them. And the challenge is: How do you combine those two? Just as is the case on People.com, whether you use fan polls or anything

else, how do you connect with people so they're part of your community? With *People*, I agree totally that the magazine and website are on two totally different missions and purposes. Online you get the little nuggets and you can check in throughout the day. The magazine has more breadth. It's

the same thing with *Showbiz Tonight*.

Ken Sonenclar: So five years from now, you still foresee a show that you get over your television that's a linear program with an anchor at a desk walking through a series of segments?

Dave Levine: Absolutely. Because *Showbiz Tonight* has a very unique format, one that had not been tried before in entertainment news. We call ourselves "TV's most provocative entertainment-news show." What does that mean? We adapted the



CNN's Dave Levine

formula of what works in cable news, which is debating the most controversial stories of the day. It's what [Bill] O'Reilly does; it's what Keith Olbermann does, but applied to entertainment news. So we don't consider our show a show of record where you're going to get all the news of the day. Rather, we take the most heated stories of the day and debate them. Now if you wait to see all that online it may be a few days before you can. If you want to keep up to date and hear that tonight, you have to watch the show. And fortunately it has worked for us. We're now in our third straight year of double-digit increases in the ratings, so we've touched a chord. The TV and web versions of *Showbiz Tonight* complement each other. I don't see one of them making the other a dinosaur. Still, the mind-boggling pace of technology makes it impossible to predict what new technologies will exist and what their impact will be in five years, making the question ultimately impossible to answer.

Ken Sonenclar: In the celebrity space, several magazines – not *People*, but some of the others – have been slow at best to embrace the web as anything more than a vehicle for getting new subscriptions. One of the reasons has been lack of budget, but also a fear that if you put your content up on the web, who is going to want to buy the publication? You have all proven, seemingly, that's not the case.

Can you then describe the formula, if there is such a thing, for succeeding on the web while not destroying your print publication?

Dave Levine: You have to convey a sense of urgency that there are constant changes. That is one way that the covering of celebrity media has changed.

Mark Golin: You only use the first half of every sentence that's in the magazine.

We do make a conscious effort not to take the cover story of the magazine and put it online. There will be a synopsis. And it may even connect to other content that we have that will give you some background on the story. But it does two things: For those with a casual interest who may never buy the magazine, they still come to the website and enjoy this. And for others, it really whets their appetite for the magazine that's about to come out.

Ken Sonenclar: Is it the full issue, then? Can you essentially put all the content up there and not worry about it?

Mark Golin: [*People Magazine* Managing Editor] Larry Hackett and I still talk about this all the time. Obviously, we both have a

vested interest in the magazine and the website doing well. The magazine is a huge revenue generator. There is the possibility that the very fringe



buyer who may have picked up the magazine casually and not necessarily frequently on the newsstand may be saying now, "You know, I'll take a fly by on People.com and maybe I don't buy the magazine." Does that add up to anything significant? I don't know. It would be an interesting number to another publication, but to a property as big as *People* I don't think it's a problem. On our end, we're monetizing the site very very successfully. There are 150 titles at Time Inc. across the vast empire and I believe People.com is one of the 15 most profitable of all properties - People.com alone. So there might be some siphoning, but I don't know that we're losing any value, and we're

making a nice investment in an even stronger digital future.

Dave Levine: I do not buy the argument at all that if you put up everything it's going to cannibalize the magazine. I think there's a really simple reason for that, and that is human habit - how we read. To buy into that, you would have to say that everybody is constantly carrying a device that provides 24/7 round-the-clock connection to the Internet. Some of the slides you showed undermine that argument. How long do people stay on an Internet site? We've all had the experience where you plop down on a couch and you read a magazine - you read *People* magazine or *New York* magazine or whatever magazine for 40 minutes. Or you're out by the pool or you're sitting on the beach; you're on vacation and you take a magazine with you. When you go on PerezHilton.com or People.com you stay on for what? Ten minutes? Eight minutes? Nine minutes? That's the average viewership for people who read online.

Secondly, it's not the same experience as just sitting there and reading a magazine. I think we overestimate how many people actually sit online and are constantly reading. And also, when I talk about human habit, it's the way we read magazines and the way we read newspapers and the way we read everything - how do you do it? You sit there, you flip through the headlines,

you get distracted, you come back to it, you turn the page corner because you want to come back to it. All of us have in our home, probably on a table or in a drawer somewhere, the pile of magazines that you swear you're going to get to – there's comfort in that. Yes, I think there are so many different factors. And yes, it's good to delude yourself and think you're going to become smart by reading 40 magazines in two weeks though you know you're never going to get to them. You're talking about two different habits.

Ken Sonenclar: But are those habits that are going to die out with our generation?

Mark Golin: It's interesting you ask this. I've got an 11-year-old and a 14-year-old. They've both got computers in their rooms and all the gaming consoles and they're constantly on line and playing games and they've got iPods and on and on and on. Yet, I will still find them in front of the TV.

Ken Sonenclar: But they're probably watching less TV than you did at that age.

Mark Golin: I don't know about that. That's what was suddenly interesting. They are awfully – too much – attached to TV, given all these other things that I didn't have. There is something compelling about these mediums. They never would have become

successful in the first place. It's the same thing with radio. It should have died out by now, but it hasn't.



Audience Member I: People are online more than eight minutes. They're spending hours online. I have teenage kids too and guess what? They don't read anything. Everything is online. Their homework is online. My son says the best gift I ever gave him was a new Mac. He sits on it all the time. Where we might read *Sports Illustrated*, he's on SI.com.

Mark Golin: I can't pull my kids off *The Atlantic*.

Audience Member II: It's not true that radio's dead. There is the Internet. Also, it's not true that reading is dead. Kids may not read magazines, but they read books.

Audience Member III: Yes, well that's the next issue: the Kindle and other devices. I don't walk into a single meeting with a publisher any more without hearing about that and similar devices.

Mark Golin: It's probably a lot of fun to go to a site and read content that in no way you have to act on. It's not telling you you've got to lose 20 pounds; it's not telling you your 401K is melting away before your eyes.

Mark Golin: I can't recall where, but I saw a stat that approximately 30% of people are on their computer now while they're watching TV. The unasked question, though, was whether what they're doing on their computer has anything to do with what they're doing on TV, is this just attention-span shattering, or is the TV just *on*?

Audience Member IV: There's no question people are listening to audio – music – while they're online.

Audience Member V: I teach smart, 20-somethings in a law school class where there is widespread interest in media.

And for the last three years I have asked each class how many of them read a newspaper. And not a single one of them has raised their hand. They get their news from CNN.com, Yahoo.com, DrudgeReport.com, but they do not read physical newspapers.

Dave Levine: Which all goes to the heart of predicting what technology is going to be. What are the habits of the current generation, and when they have kids, what are their habits going to be? It's pretty much impossible to predict.

Ken Sonenclar: Getting back to celebrity, the competition is not *The Atlantic*. You don't need a big-screen Kindle DX for this – although if you wanted to see a nice representation of all of *People* magazine you would – but if all you're interested in is a photograph of Angelina Jolie or a blurb about what she's been doing or a video of someone else, you don't need that big screen. An iPhone will do fine, which means the technology is here today. So when we're talking about the future consumers of celebrity, who are now teenage girls, they're quite facile with the hardware already. A real generational divide is going to be coming upon us in the celebrity space pretty quickly.

Audience Member VI: I'm not sure if it's sad or funny that we're all sitting around, talking about our kids. We recently

surveyed Perez Hilton's Twitter readers and found there is a significantly larger portion of those reading Perez in their teens on Twitter versus on the regular site, and we're still trying to



figure out why that is. We think it's because they're doing it in schools, but still it's interesting.

Ben Williams: Yes, well blogs are like books to them.

Audience Member VII: I understand people are spending about 10 minutes on the blogs, but do we know how long people are spending with the magazines? You must have some pretty deep statistics on that.

Mark Golin: I'm sure we do. I'm embarrassed to say I don't actually have the figure.

Ken Sonenclar: A totally unscientific observation: When I go home on the train at night I find copies of the *New York Post* and copies of *People*. And the *People* copies are far more read – they look like they've been chewed – at the end of the train ride. People spend a lot of time going through the magazine – I would guess far more than they're spending on the web. It's also not unusual now to be sitting next to someone on the train who has a laptop open and they'll click onto Perez for a couple of minutes. They're in and they're out.

Dave Levine: One of the key things we're talking about with celebrity media, which we're starting to adjust to within CNN Entertainment and CNN.com, is a feeling of urgency and topicality. Things are constantly changing and being updated, because if you don't people are going to get into the habit of going there just once a day. I know with Perez it's constantly changing. On CNN.com's entertainment page, we're implementing something called the Marquee blog to make sure it's like that. TMZ is the same way. If you look at it, it's either constantly updating, or there's that little trick of moving the stories that were down on the bottom to the top or moving the top down to the bottom, because people go to the top since they think they're getting something

new when they're on there for just a minute. And I see it in the left-hand column on People.com that things change a lot now.

You have to convey a sense of urgency that there are constant changes. That is one way that the covering of celebrity media has changed. If all *People* did was just put the magazine on line, then it would just sit there for a week and not do anything. You have to convey that things are constantly changing. I worked for Access Hollywood about 10 years ago. And when you came in in the morning, the news was the news and that was it and nothing changed. Now, every two hours a picture is popping up or a story is popping up. When we first launched as "TVs most provocative entertainment-news show," we were relying on controversies to happen. Now we have a buffet of



Ken Sonenclar

controversies. We come in every morning and it's unbelievable. So

that constant churning of

Ben Williams: A big part of Perez Hilton is 200 comments on every post. People come back to see something new because they know there's always something new, and they come back to talk about it with the other people. And those sites have more and deeper audience engagement time because of that.

controversies, supplemented by people providing video because everyone has a cell phone camera, it's all like this swirling stuff happening out there. But there has to be a sense of urgency.

Ben Williams: I think that's what accounts for the graph with PerezHilton.com and MediaTakeOut.com leading in the number of visits. That's driven by a) updating the most, so you come back any time and there's something new – and you have your core audience who are fanatical who will come back at all times to see something new; and b) the community aspect. A big part of Perez Hilton is 200 comments on every post. People

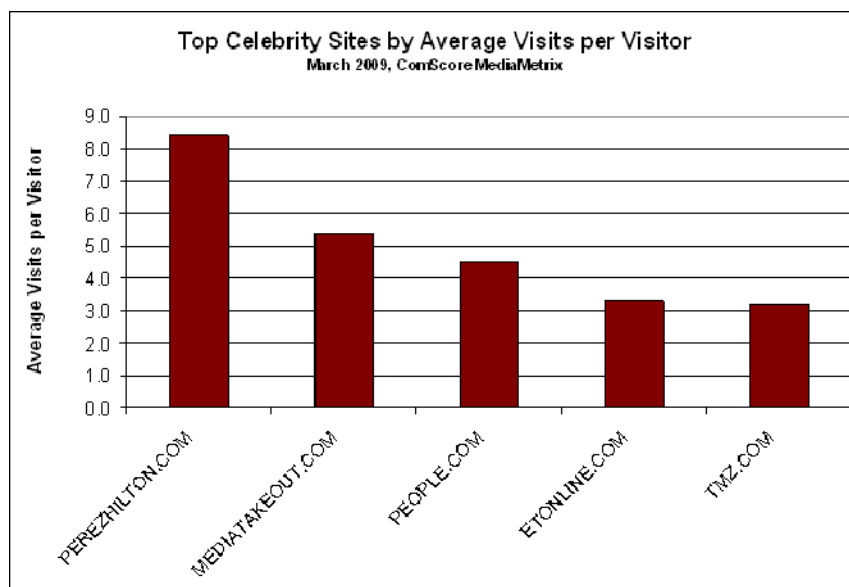
come back to see something new because they know there's always something new, and they come back to talk about it with the other people. And those sites have more and deeper audience engagement time because of that.

Audience Member VIII: I'd like to hear everyone's view on what drives so many people to spend so much time on something that is of so little consequence in their lives.

Dave Levine: Two things. Number one, it's a form of entertainment. And number two, which is why I really believe we're seeing this boom right now, is because of the times we're living in. Because of the economy, people want an escape. It's a great escape.

Mark Golin: It's because it has so little consequence in their lives - exactly what you said. When I look at the graph of usage over the day, it's the bell curve you would expect, with the high point coming around noon and going through three as lunch hour rolls through the country. So a fair amount of our readers are at work - they're already stressed. They're not only

stressed by what they're doing at work, they're stressed by what's waiting for them at home. They're stressed by finances, health, you name it. It's probably a lot of fun to go to a site and read content that in no way you have to act on. It's not telling you you've got to lose 20 pounds; it's not telling you your 401K is melting away before your eyes. At People.com we see more activity when our users can celebrate with a celebrity: weddings, babies, things like that. Of course, they'll come too when something not so great has happened to a celebrity, but



either way it's kind of a win for the user. You can either take some pleasure, unfortunately, in someone else's discomfort or you get to celebrate with them. But you don't need to focus on yourself and what's going on with you.

Ben Williams: It's also because celebrities are much more deeply woven into our lives now. It's entertainment, but it's also the fact that at the time of *La Dolce Vita* celebrities were distant, fantastic figures. Now they're your friends and you gossip about them. So there's much more opportunity for you constantly to see them. "Oh look, so and so is taking out the trash." There's much more opportunity for people to be engaged with this stuff.



The Sweet Life

The Participants

Mark Golin was named editor of People.com in September 2006. Golin oversees all online editorial operations and site development, ensuring the website's continued growth and success.

Golin was formerly the creative director of Time Inc. Interactive (TII) where he worked on establishing a flow of content and traffic between Time Inc. websites and AOL. While at TII, Golin worked on a variety of projects including Officepirates.com, TeenPeople.com and the redesign of People.com.

In 2008 Adweek named People.com its first ever "Magazine Website of the Year" in their annual Hot List issue. People.com has received numerous other industry accolades including a nomination by ASME for Personal Service (2008), a nomination by ASME for General Excellence Online (2007), MIN's Best of the Web Awards (2006, 2007 & 2008), MPA Digital Award's Website of the Year: Entertainment (2008) and a Folio: Ozzie Award (2007).

Golin first came to Time Warner as a Senior VP at Moveifone.com and then moved into the central AOL organization as vice president/creative director, working with channel leads across the AOL network to develop better content, presentation and integrated ad packages.

Golin began his career at Rodale Press opening reader mail for *Prevention* magazine. After 10 years at Rodale, he moved to *Cosmopolitan* where he was deputy editor. In January 1998, he took the helm at *Maxim* where he created a must-read magazine for American men. Before making the jump to digital, Golin also served as editor-in-chief of *Details*.

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Dave Levine, the senior executive producer of CNN Entertainment and the top-rated Showbiz Tonight on HLN (formerly CNN Headline News), is a multiple Emmy Award-winning producer who has been in television for nearly 30 years, both on-camera as a news anchor, behind the mike as an all-news radio announcer and behind the scenes.

Levine joined CNN after nearly three years at MSNBC as Sr. Broadcast Producer, where he oversaw daytime news programming. Prior to that he spent two years as the Sr. VP of centerseat.com, a website that pioneered the integration of video and contextual information that is now the standard on the Internet today. Levine joined Centerseat after serving as the New York Bureau Chief of "Access Hollywood." His other credits include Executive Producer of NY1 News, Sr. Producer of the syndicated CBS show "Day & Date," and long-time producer of Channel Two News at Five on WCBS-TV in New York, where he won four Emmys.

Before moving behind the scenes, Levine was an anchor/reporter at WCIX-TV in Miami, where he anchored the weekend edition of the ten o'clock news and was the primary weekday backup anchor. Levine was also a news anchor at the all-news Miami, Fla., radio station WNWS, where he also worked for Associated Press Radio as a correspondent. Levine began his career as a news anchor at WHPN radio in Poughkeepsie, NY. Levine majored in communications at Brooklyn College in Brooklyn, NY, where he was also the News Director of the campus' radio station, WBCR.

Levine created and launched Showbiz Tonight, television's most provocative entertainment news show, in February 2005. Under his leadership, the show has continued to break ratings records and remains one of the CNN Worldwide news group's most highly rated programs.

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Ben Williams is the Editorial Director of NYMag.com, which recently won the ASME award for General Excellence online. Prior to joining the website, he edited New York Magazine's Strategist section, wrote a weekly column for Slate, and helped launch Citysearch's network of local guides.

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Ken Sonenclar is a Managing Director at DeSilva + Phillips, which he joined in 2005. He advises both traditional and digital media companies, and has managed M&A engagements in the U.S. and Europe in marketing services, online lead generation, e-commerce, market research, and trade shows, as well as B2B and consumer web content in many niches, including healthcare, automotive, food, education, and shelter. He is also the principal author and editor of D+P's occasional white papers, and speaks at various media-industry events.

Ken began his career as a technology reporter and was the founding editor of *Information Week* magazine. He left journalism to join Gartner Group, the computer-industry research firm. He later co-founded New Science Associates, a research company that specialized in leading-edge information technology. He was CEO of New Science when it reached the Inc. 500. Ken also served for many years on the board of First International Bank of Hartford, CT.

Ken's writing has appeared in *The New York Times*, *The Wall Street Journal* (Europe), and *The San Jose Mercury News*, among other places.

Ken holds Bachelor's and Master's degrees from Tufts University.