HBO AND SHOWTIME CLIMB INTO THE PPV RING

Both networks announce plans for monthly boxing series

Within a day of each other, pay television rivals Showtime and HBO expanded their competitive battlefield, and turned into pay-per-view rivals as well, with each announcing plans to create a monthly PPV boxing series, and each using boxing talent once exclusive to the other.

Showtime Networks Inc. and flamboyant boxing promoter Don King have formed a joint venture to distribute fights via PPV and other cable outlets, beginning with a March 18, 1991, PPV matchup between former heavyweight champion Mike Tyson and Donovan (Razor) Ruddock.

Tyson’s move to Showtime marks a significant victory for the premium TV service, which lured the boxer away from a 14-year relationship with rival HBO.

HBO and parent Time Warner are certainly not fleeing from the ring. HBO, having managed to sever the long-standing relationship between Showtime and heavyweight champion Evander Holyfield, has signed a deal with Holyfield’s promoter, Dan Duva, for a series of bouts involving fighters represented by Duva. In addition, Time Warner Sports announced that like Showtime, it too is creating a monthly pay-per-view boxing event.

King, who labeled Tyson’s years with HBO as a “gratifying” learning experience, dismissed any speculation that the Showtime deal represented a war. “We’re not in this to be in a war,” said King. “I most certainly do not have time to be thinking about war.”

Under terms of the new deal, the joint venture could pay Tyson an estimated $120 million for up to 10 winning bouts. Jay Larkin, Showtime’s vice president of original programing, East Coast, stressed that any monies paid would be shared by both Showtime and Don King. Boxing promoter Murad Muhammad, representing number-two contender Ruddock, was gobbling over the $120 million deal during a well-attended press conference in New York last Tuesday. Ruddock stands to take over the contract should Tyson lose the March 18 bout.

As planned, Showtime’s agreement with King’s new KingVision PPV network calls for Showtime Entertainment Television to distribute four top PPV bouts in 1991 as well as monthly PPV title boxing events. Programing will be available to 15 million addressable homes nationally at an estimated suggested retail price of $30-$35 for the quarterly events and $20 for the monthly matchups.

The venture also has plans to develop weekly boxing events for basic cable, said Winston (Tony) Cox, chairman, Showtime Networks Inc., noting that regional cable sports networks in particular are “clamoring” for such programing. Additionally, Showtime hopes to be able to take the bigger events for delayed broadcast, according to Larkin.

Showtime Entertainment Television is prepared to financially “backstop” all King boxing events, said Cox. “We’re not going to let some losses get in the way,” he said. “If there are, at least in the early stages, some financial losses, we’ll be underwriting those.”

The March 18 bout at Las Vegas’s Mirage hotel-casino could drum up additional excitement in the event the matchup becomes a title fight. That decision will be determined by the WBC, which is currently considering whether to strip champ Evander Holyfield of his title for refusing to fight Tyson earlier this year.

Time Warner, which heralded the formation of its PPV boxing network, TVKO, the day following Showtime’s announcement, plans to kick off its new venture with the April 19 heavyweight bout between Holyfield and George Foreman. Promoters Bob Arum of Top Rank and Dan Duva of Main Events will be allied with TVKO, which formed after 10 months of negotiations, although Arum stressed that neither are equity partners in the venture. TVKO has exclusive rights to all of Arum and Duva’s PPV bouts, although the network will also work with independent promoters as well. Arum and Duva are free to distribute non-PPV events as they please.

The deal calls for a monthly PPV card featuring at least two fights the second Friday of every month, sold for less than $20 retail. In addition, “Mega Fights,” of which the Holyfield-Foreman match will be the first, will be presented throughout the year, and priced higher than the monthly cards (Holyfield-Foreman is $34.95). The monthly cards will sell commercial time prior to and following all fights.

Arum predicted that with the added force of Time Warner’s marketing synergies behind the venture, the monthly card should be able to achieve a 3% buy rate in addressable homes, up from the 1% Arum said his fights usually achieve. He also predicted the entrance of a giant such as Time Warner into the PPV arena would help spur increased addressability.

Seth Abraham, president, Time