

# Outlook

Investors could have saved untold billions had decent regulatory oversight been in place P. 28

Something to like in the federal budget // Future music // Investors' passage to India



A special screen and glasses give new depth to the Irish superband in the concert film *U2 3D*, released in January

## ENTERTAINMENT

### Coming to a theatre near you

Why digital 3-D could be much more than a passing fad by Calvin Leung

**T**he movie-going experience is about to undergo a dramatic change—that is, if you believe Jeffrey Katzenberg. In mid-March, at the ShoWest theatre owners convention in Las Vegas, the CEO of DreamWorks Animation SKG proclaimed that digital 3-D “is nothing less than the greatest innovation that has happened to all of us in the movie business since the advent of colour 70 years ago.” It’s easy to be skeptical about Katzenberg’s prediction. After all, he made it right before plugging his studio’s 3-D film *Monsters vs. Aliens*, to be released next March.

The concept of 3-D flicks, of course, isn’t new. In the ’50s, audiences wore flimsy glasses with different-coloured lenses

to watch images pop off the screen in B-movies like *Bwana Devil* and *Robot Monster*. That trend didn’t last. But Hollywood has now cleared at least one major hurdle in getting the latest version of 3-D movies to go mainstream. Four studios—Disney, 20th Century Fox, Paramount and Universal—recently struck a deal with North American theatre owners to help install and finance 10,000 digital projection systems over the next three years, bringing the total to roughly 14,000. Modifying them to play 3-D films costs only about US\$25,000 each.

After the success of *Hannah Montana/Miley Cyrus: Best of Both Worlds Concert Tour*, exhibitors may not mind footing the bill. A digital 3-D movie featuring the wildly popular teen star, it topped the North American box office with its US\$31-million

## Outlook

opening weekend in February—despite showing on just 683 screens. “The Hannah Montana movie proved the business model that everyone in the industry has been talking about,” says James Stewart, a Toronto producer-director plugged into the 3-D scene. “A 3-D film can bring in the audiences, and people are willing to pay more to see 3-D than regular cinema.”

Of course, with only about 20 3-D films slated for release over the next few years, content will be key to the format’s staying power. *Journey to the Center of the Earth 3D*, based on the Jules Verne classic, hits theatres in July and will be the first live-action test for the format. Starting in 2009, DreamWorks Animation will release all of its films in 3-D. Even if some movies bomb, audiences may reserve judgment until *Avatar*, an eagerly anticipated sci-fi epic from James Cameron, opens in December 2009. Stewart,

who recently shot a 3-D car launch video, predicts the technology will become the norm in movies and TV. He points out that the new 3-D isn’t about objects jabbing you in the face; it’s about immersing you in a reality-like experience. “Like with *U2 3D*,” he says, “you feel like you’re at the concert.”

Chris Blake, a Scotia Capital analyst covering Cineplex Galaxy Income Fund (TSX: CGY.UN), has a conservative take on the impact of 3-D, at least in the short term. He estimates the format will account for 10% of Cineplex’s box-office receipts by 2011. But he says the industry will likely get behind the format since digital 3-D films, which started with *The Polar Express* in 2004, typically generate three times the revenue of 2-D counterparts. What’s more, the format will likely stick this time. Given the

financial incentives, the fact that every major studio is developing 3-D titles, and the improved technology, Blake says that “3-D is more than just a passing fad.”

In the meantime, Katzenberg will continue to push 3-D hard. Adapting his studios’ films for the “new era” won’t be cheap—it costs about US\$15 million a pop. But if he can drag people away from playing Guitar Hero, scanning Facebook or downloading movies at home, it will indeed be an eye-popping achievement. ■

**30%**

Premium on 3-D movie tickets vs. regular films

**2-6 TIMES**

Attendance bump at 3-D movies vs. their simultaneously released regular versions during opening weekend

**29%**

Share of box office from 3-D tickets for *Beowulf* during its opening weekend

CHRIS WATTIE/REUTERS/LANDOV