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Hollywood places a big-budget bet on 3-D with the ambitious 'Beowulf'

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Movie ticket sales are flat, but Hollywood thinks a sword-wielding Nordic warrior seduced by Angelina Jolie in 3-D can pump them up.

Loosely drawn from the Old English epic poem favored by high school English teachers, "Beowulf" is set to be a test case for the revival of 3-D movies that Hollywood studios and theater operators hope will entice a new generation away from its big-screen TVs and computer monitors.

The \$160-million production, directed by Robert Zemeckis, is the first movie targeted to adults made with so-called performance-capture digital animation technology, which Zemeckis pioneered with "The Polar Express" three years ago. Although "The Polar Express" earned lukewarm reviews and opened modestly at the box office, it nonetheless has become a profitable holiday chestnut at Imax theaters.

Pursuing the same young male audience that made last spring's "300" a massive hit, "Beowulf," a Paramount release, will open today in 740 3-D theaters, making it Hollywood's most ambitious 3-D project to date. As such, it is the latest incarnation of a format regarded as little more than a Cold War-era schlock-film novelty.

"Naysayers on Wall Street believe the theater industry is dying, but 3-D stands to reestablish the 'experience premium' of moviegoing," says research analyst Lloyd Walmsley, who covers the media industry at investment firm Thomas Weisel Partners in San Francisco. "It's a game changer."

Indeed, theaters are in need of a new game plan. Since reaching a modern-day peak in 2002, movie attendance has languished amid intense competition in the couch potato market, including computer games and increasingly elaborate home entertainment systems. After a record summer at the box office -- driven in no small part by ticket price inflation and high-profile sequels -- ticket sales in the last two months are down almost 10% compared with last fall, according to box-office tracking firm Media By Numbers.

"For the first time in close to 70 years, there has been an innovation that can transform our business," says Jeffrey Katzenberg, chief executive of DreamWorks Animation SKG, likening digital 3-D to the advent of color. "There has been a lot of great work in the last few years getting us to a place where a very high-end, premium 3-D experience is going to be accessible to the moviegoing public." He vows that all of his studio's movies will be available in 3-D starting in 2009.

Filmmakers James Cameron, Steven Spielberg and Peter Jackson all have 3-D projects in development.

However, many movie complexes will not be equipped to show them. The reason: It costs \$30,000 to \$50,000 per screen to upgrade a theater with digital 3-D technology. Also, some theater operators are taking a wait-and-see approach.

Still, moviemakers and exhibitors believe 3-D projects like "Beowulf" -- starring Ray Winstone as the hero, Crispin Glover as the monstrous Grendel and Jolie as his evil mother -- can spur consumers to fork over as much as \$15 per ticket, more than twice the cost of the average ticket nationwide.

It was exactly three years ago next week that theater operators saw the first glimmer of what 3-D could mean to their bottom line.

"The Polar Express," a 2004 Warner Bros. release, is becoming an annual tradition with its re-release every holiday season in big-screen Imax theaters. To date, the film has generated \$65 million in worldwide ticket sales on Imax, accounting for 21% of its total \$303 million in global box-office take.

" 'Polar Express' changed our company," says Greg Foster, president of Imax Filmed Entertainment. "It told studios and exhibitors that with the right movie you can make significant profits in Imax. . . . 'Beowulf' is a bull's-eye on the elusive 15-to-30-year-old male, techie crowd."

The creators of "Beowulf," which is co-produced by Paramount, Warner and Stephen Bing's Shangri-La Entertainment, knew they had to up the ante to wow a computer-savvy and technologically jaded generation. They decided that the bloody, violent and sexually charged tale of heroism and temptation was a good place to start.

"When Beowulf takes out his sword, the audience should feel the tip of it," says Jerome Chen, senior visual effects supervisor at Sony Pictures Imageworks, whose team of 450 digital artists worked on the project. The technology creates an "immersive" sensation for moviegoers, he says, unlike other forms of entertainment.

Whether that tantalizes adults who are not fervent techies remains to be seen. Market surveys conducted by distributors indicate that the film's opening weekend box office will top \$30 million. That's decent, but "300" sold nearly \$71 million in tickets on its opening weekend -- and it wasn't in 3-D.

"The hardest demographic to get will be the adult over 30," says Chris Johnson, founder of Classic Cinemas, a 91-screen theater chain in Chicago that specializes in showing adult-targeted movies. "In some respects, 'Beowulf' is going to be a gauge of how this older demographic looks at this technology and whether they accept it or not."

Some theater operators are so bullish on the prospects for 3-D movies that they plan to charge an extra \$2 to \$3 per ticket on the belief that moviegoers will pay more to watch them. Regal Entertainment Group, the largest chain in North America, hopes for a premium of \$4 to \$5 by 2010, Chief Executive Mike Campbell recently told analysts. Regal expects to have as many as 1,500 of its screens equipped with 3-D technology within a few years.

Because most 3-D films in the past have been aimed primarily at families, however, exhibitors have scrambled to make the costly transition to digital cinema and add screens

that are 3-D capable. By 2009, exhibitors hope to have more than 4,000 screens available to accommodate big-budget 3-D releases now in the pipeline, including Cameron's science-fiction thriller "Avatar" and two features from DreamWorks Animation, "Monsters vs. Aliens" and "How to Train Your Dragon."

"It's not a massive footprint yet," says John Fithian, president of the National Assn. of Theatre Owners.

"I don't think we will know until 2009 what the full potential of 3-D is."