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## **3-D: The eyes have it!** **H'wood says more than gimmick this time**

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Bring out those goofy glasses: 3-D is back.

While there are only 250 screens in the world now equipped to show the format, that number should double in the next two months -- and quadruple by the end of 2007.

In the past few years, 3-D has proven popular on a limited number of Imax screens, where screenings of pics such as "Superman Returns" and "The Polar Express" regularly have outgrossed their 2-D counterparts. Studios now are betting hundreds of millions of dollars on the expansion of new technology that works on any screen with a digital cinema system.

And one of the key goals is to re-establish the primacy of filmgoing. Though there are some developing technologies for 3-D at home, none compares to what's currently rolling out in theaters.

Studios are banking on 3-D in a variety of formats: animation ("Meet the Robinsons"), motion-capture (the Robert Zemeckis-helmed "Beowulf"), live-action ("Journey 3-D") and even revivals (1993 toon "The Nightmare Before Christmas" is now an annual event in 3-D, while George Lucas hopes to re-release his "Star Wars" pics in the format).

But the poster boy for the revival is James Cameron, whose "Avatar" will be released by Fox in 2009. The live-action film -- his first fiction work since the 1997 "Titanic" -- will be released only in 3-D. Proponents hope Cameron and his film will be a rallying point for the new format. There's also a growing number of 3-D sporting and concert events that will be broadcast into theaters from companies such as 3ality Digital.

Digital 3-D is rolling out at a key moment for the film biz. Though box office revenue rose last year, attendance is in the midst of a four-year decline, and execs are increasingly worried that new technologies such as high-def television and digital downloads will make the home viewing experience increasingly attractive compared to heading out to the multiplex.

"In a very competitive world where consumers have lots of choices for their leisure, digital 3-D is important because it can't be replicated at the home," notes National Assn. of Theater Owners topper John Fithian.

The rapid increase in 3-D screens is driven largely by digital cinema. Audiences will still be wearing glasses, but the digital projection systems and a revamped screen will offer an experience that is promised to be far advanced from the fad of the 1950s.

Flimsy cardboard glasses have been replaced with sturdy plastic ones that don't induce headaches or nausea in moviegoers. Because they're integrated with digital prints, the 3-D images are just as high-quality as those on 2-D screens, making it feel more natural and less like a stunt.

In the '50s, Hollywood used the gimmick by tacking 3-D onto genres that were running out of steam -- horror pics, thrillers, even Westerns. Jim Gianopulos, co-chairman of Fox, says the usage now is organic to the storytelling: "Here, 3-D is not what you add to a movie, it's the manner in which the story is told. It's an entirely new medium with which to tell a story."

The market is far from ready, however, for a wide array of releases in the new format. "Journey 3-D" is expected to be the first pic that goes into wide release in 3-D only. It was delayed from 2007 to 2008 by New Line because the studio wanted to make sure it would have access to well over 1,000 theaters.

Even by 2009, when Fox hopes to release "Avatar" on as many as 2,000 screens, there will be room for only one 3-D pic at a time.

Fithian says most multiplexes are planning to convert about 20% of their screens to 3-D. While the studios are paying for the conversion of cinemas to digital -- via the "virtual print fees" they pay to get their films into digitally equipped theaters -- exhibitors must pay for the 3-D installation. Currently, most systems are being installed by Beverly Hills-based Real D, but industryites expect the market to get more competitive soon.

Installation can cost an extra \$20,000-\$30,000 per screen, which covers the projector and a new screen, plus maintenance costs. (Studios typically pay for the 3-D glasses, which in some cases are specially designed to go with the film they're being used for). The 3-D apparatus can be easily turned off, however, to project a normal digital film.

Exhibits aren't the only ones paying more. Adding 3-D effects to a film can cost a studio an extra few million dollars, and even more if it's a live-action film. For a wide-release, big-budget pic, that's not much. But currently, with only a few hundred screens available, it's not an immediately profitable investment.

"In the short term you're probably overpaying (for 3-D), but in the long term you won't be," says Disney distribution topper Chuck Viane.

In recent years, the technology has been synonymous with Imax, which screened already filmed pics -- such as "Open Season" and "The Ant Bully" -- that were reformatted to be shown on Imax screens. Most of them were CGI toons.

That tradition continues with upcoming toons. Because pics like Disney's "Meet the Robinsons" are already rendered in 3-D, it's a relatively simple process to add effects that take advantage of the RealD technology.

There are three different categories of pics in the works for 3-D, with different levels of cost and risk.

The safest, cheapest bet is CGI toons. The second set are films of various genres that are turned into 3-D after they've been shot, such as "Nightmare Before Christmas." Other studios are known to be combing their libraries for potential 3-D re-releases, viewing it as a new way to mine revenue from existing product.

The third group is the riskiest, and thus far unproven: films shot from the get-go in 3-D. That requires a special two-camera rig -- since 3-D projection requires two images, a "right eye" and "left eye," to work -- and a visual rethinking of how a film is shot, on top of the cost of adding effects in post-production.

When New Line and Walden decided to produce their remake of "Journey to the Center of the Earth" in 3-D, for instance, they rewrote nearly the entire script around set pieces that would literally pop off the screen.

"On set, you're not as nimble, especially because we were learning a lot of things on the fly," says producer Beau Flynn.

Adds producer Charlotte Huggins: "In post, you add approximately 20% to your budget, plus you have to arrange screenings in 3-D. There are all sorts of additional things that add to the cost, though it's not as much as some people believe."

But ImageMovers partner and "Beowulf" producer Steve Starkey says 3-D costs already are coming down. "From 'Polar Express' to 'Monster House,' costs went down 40%," he says. "It's like buying a telephone -- a new one hits the market and a year later it's half the price."

Still, he admits that because ImageMovers is pushing the style and scope of "Beowulf," the pic will likely end up costing close to \$150 million. ("Monster House" cost \$90 million.) "Avatar" is also a pricey pic, estimated to cost \$200 million at this point.

At animation house Laika in Portland, Ore., "Nightmare" helmer Henry Selick is trying something perhaps even more ambitious with "Coraline": taking the painstaking process of producing a stop-motion toon and adding the complexity of a 3-D shoot.

"3-D helps bring the energy that exists when you see our miniature sets for real onto the screen for the first time," he says of the decision to shoot the part of the film that takes part in a magical realm with enhanced 3-D, rather than CGI, as originally planned.

Cameron and longtime producing partner Jon Landau are two of the biggest cheerleaders for the new experience, and "Avatar" is viewed by many in the biz as the key test of whether auds will rally behind the new 3-D: It will be the first big-budget tentpole shot specifically to take advantage of it.

Productionwise, "Avatar" has the luxury of time, considering its 2009 release. Cameron is further armed with the experience he gained on deep-sea docs "Ghosts of the Abyss" and "Aliens of the Deep," which he shot using the two camera Fusion System he developed. "Jim learned from a live filming standpoint -- from the documentaries," says Landau. "Now he's just applying that to what he's doing on 'Avatar.' "

But Hollywood faces many hurdles as it aims the format at wider audiences.

Internationally, the digital conversion process is much slower, constraining the pace at which 3-D is arriving, though markets in Europe and Asia are slowly catching on.

And 3-D pics also have to work in 2-D for DVDs, which typically account for the majority of a film's income. Although RealD and others are working on a 3-D system for televisions, it's not expected to be widely deployed any time soon. (The DVD hitch is good news for exhibs, which think it further makes the case that the 3-D experience is synonymous with theaters.)

A key is to woo audiences. Some are wary after complaints of headaches or nausea after viewing the few non-Imax 3-D pics that were released, such as "Spy Kids: Game Over" (although that pic was profitable).

"We have to re-educate people," says Landau. "The in-theater presentation of 3-D is a quantum leap ahead of what it was even two years ago. ... The screen has always been a barrier for the audience's experience of the movie. Quality 3-D removes that barrier. The screen disappears."

However, there's already evidence that digital 3-D can help to boost B.O. Disney's "Chicken Little" grossed three times as much per play on 3-D screens as on traditional screens. The ratio of Sony's "Monster House" was closer to fourfold.

Perhaps the most impressive showing came from "The Nightmare Before Christmas 3-D." Last

fall, Disney re-released the 14-year-old pic with a 3-D upgrade and grossed more than \$8 million at 168 locations, opening with a per-play average of nearly \$20,000. (Overseas, it made an additional \$2.8 million.) This fall, the Mouse House is hoping to make a lot more money, since it will be able to release the pic at between 750 and 1,000 playdates.

Higher grosses are helped, it should be noted, by the higher ticket prices some theaters charge for 3-D, as well as the fact that more digitally equipped theaters are in urban markets. But the technology's backers are confident they have their evidence that auds are ready to leave their homes and shell out money for a premium experience.

Says Michael Lewis, CEO of RealD: "We've demonstrated that people will pay more for a Ferrari than a Yugo.", " to oversee 3-D for "Monsters vs. Aliens."