Next-Generation Cinemas

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There is one thing we can say for certain about cinematic exhibition: change is afoot. Movie theaters are struggling to survive as attendance continues to drop. Creative chains are adding bowling alleys, lounges, and other innovations to maintain revenues. IMAX theaters have split into two camps: those in museums and standalone venues that show documentaries, destination films, and the occasional Hollywood film and multiplex cinemas with (mostly) not-so-giant screens that run Hollywood films almost exclusively.

Planetariums have transformed into immersive cinemas and real-time visualization environments. Specialty formats are taking hold, including 3D, 4D, 5D, and 6D multisensory theaters. At the same time, video games continue to outshine office revenues of Hollywood films, home theaters increasingly match the quality of the cinema experience (including stereo 3D screens and 4D chairs), and movies for online downloading and video-on-demand viewing are being released earlier and earlier.

Cinemas have felt the full brunt of the move towards games and digital home distribution of films. Yet theaters have the advantage of a physical space that offers the potential for regional community outreach, merchandising, and new forms of experiential entertainment that are less prone to piracy while potentially more engaging. The industry trend towards transmedia — seamless storytelling across multiple media channels — bodes well for cinemas, which could ultimately serve as local transmedia distribution hubs, offering not only the distribution of films, but the concurrent introduction of immersive cinema features, interactive games, merchandise, live theater, and other modalities to more fully immerse and engage viewers with their favorite games, stories, and characters.

Background

The music industry continues to suffer disruptions from the introduction and rapid adoption of inexpensive music file sharing and networking technologies that support illegal downloading. The major labels’ losses are often attributed to their negative reaction to digital media distribution and their late embrace of legal digital distribution channels.

Feature films are increasingly subject to similar disruptions. British research firm Envisional estimates that over 23% of global Internet traffic is attributable to copyright infringing material, of which illegal downloading of films is the largest portion, followed by illegal downloading of television programming. Film industry disruptions also stem from new technologies and companies that quickly arise to profit from them.

For instance, 61% of all movies viewed over the internet are now downloaded via Netflix, which offers mail-order DVD rentals and unlimited online viewing of films for a small monthly fee ($7.99 in the U.S.). Netflix’s success, and other innovations such as Redbox’s $1-per-night rental kiosks, have taken a bite out of an already floundering home entertainment market. Paramount Pictures saw a 44% decline in home-video revenue in the last quarter of 2011 as compared to the last quarter in 2010. Warner Bros. Pictures suffered a 23.5% decrease, and reports are that Sony Pictures and News Corp. have suffered similar declines. At the same time, shares of Netflix increased 150% over the past year and 1,000% over the past three years. While services such as Netflix decrease the margins on feature film sales, it has been argued that failure to make the films available for download at an affordable price would result in greater piracy. This was one of the music industry’s reasons for agreeing to iTunes’ $0.99-per-song download fee.

Another technology-driven disruption in the entertainment market is interactive entertainment or video games. In 2010, Hollywood generated $10.6 billion in North American box office revenue while the U.S. gaming industry generated $15.4 billion in sales of video-game content (both for console and online video gaming). The popular game Call of Duty: Black Ops crossed the $1 billion mark in sales worldwide in its first month on the market — a feat matched in Hollywood only by Avatar. Interactive entertainment represents a definitive shift in entertainment consumer behavior. The average gamer is 35 years old and has been playing games for 12 years; 25% of gamers are over 50, according to the Entertainment Software Association.

While the electronic game industry has indeed soared in recent years, they too are facing threats from potentially disruptive mobile games. Apple iDevice games and, to a lesser extent, Android phones have increased their
shares of the portable gaming market from 19 percent to 34 percent. Instead of the usual $35-60 charge for a game, iPhone players pay one dollar, threatening the traditional game revenue model. “Game development is drowning,” said Nintendo’s global president, Satoru Iwata. “Until now, there has always been the ability to make a living [making games]. Will that still be the case moving forward?”

The resulting shift towards online, cable, and home video viewing of films, and the growing world of video games, have had the greatest impact on cinema exhibitors. Cinemas have seen a 22% decline in attendance over the past decade. Revenues over this period have actually risen slightly because of a 40% increase in ticket prices. Another disturbing trend is the sharp decline in moviegoers aged 12–25, who represented 60% of all moviegoers in 1975, but dropped to 32% in 2010.

It is no wonder that several studios’ recent announcement of narrowing premium VOD release windows to two months after theatrical release prompted a strong reaction from the National Association of Theater Owners. Cinemas have attempted to win back moviegoers by introducing digital projection, IMAX theaters, 3D cinemas, upscale bars and lounges, in-theater dining, premium seats, and more. Thanks to the spread of digital projection, theater chains are successfully showing alternative programming such as opera, theater, sports, and concerts. While alternative programming generated $112 million for the exhibition industry in 2010, up 51 percent over the previous year, cinema attendance continues to slip.

As people’s daily lives continue to migrate into cyberspace, Joseph Pine, co-author of The Experience Economy says, “Experiences are becoming the predominant economic offering.” While meaningful experiences can indeed be delivered through a smart phone, computer, or home theater system, next-generation cinema experiences have the potential to more fully engage all five senses, to connect us with real people in the flesh, and to provide experiences that are more immersive and more meaningful than those delivered through home or portable systems. Although the human need to gather together in groups is a powerful one, cinemas will need to offer out-of-home experiences that are not readily available at home if they are to thrive. Giant-screen film theaters have been doing this for decades.

Transmedia Trends

The digital convergence of media platforms and new storytelling modalities are allowing the extension of narratives across multiple delivery channels, aka transmedia. Transmedia provides a deeper engagement in story, allowing us to explore characters in greater depth, developing back-stories and sub-plots, and in some cases, allowing fans to add their own creative inputs to a story.

USC professor and transmedia guru Henry Jenkins emphasizes that in extending a narrative across multiple delivery channels, each medium should make a unique contribution to the unfolding of the story. The Producer’s Guild of America, which now officially recognizes the title of Transmedia Producer, echoes this in its definition of a Transmedia Narrative project or franchise, which consists of:
...three (or more) narrative storylines existing within the same fictional universe on any of the following platforms: film, television, short film, broadband, publishing, comics, animation, mobile, special venues, DVD/Blu-ray/CD-ROM, narrative commercial, and marketing rollouts, and other technologies that may or may not currently exist. These narrative extensions are not the same as repurposing material from one platform to be cut or repurposed to different platforms.

Cinemas currently promote and show linear feature films, leaving other forms of consumer engagement to the studios and distributors. Cinemas have the distinct advantage of being local to consumer communities, opening the possibility of deeper consumer engagement on a regional basis via multiple transmedia channels. In this scenario, out-of-home cinemas would serve as regional transmedia hubs, providing total immersion and deeper engagement in stories and games through a variety of emerging and next-generation media.

Next-Gen Cinema

Next-generation cineplexes might well offer an integrated palette of feature films, immersive cinema, online electronic games, alternate reality games, and related programming, along with real-space interactive social networking and related products and services. Here are several transmedia modalities that have a good chance of succeeding in a next-generation cinema and entertainment complex.

Immersive Cinema. With IMAX digital cinemas adopting a 1.9:1 aspect ratio and a smaller screen more akin to premium cinemas than a truly “giant screen,” and some of the larger 3:4 aspect ratio IMAX theaters removing the IMAX brand from their name to avoid confusion with neighboring IMAX digital cinemas, it remains to be seen how long IMAX can hold the claim to the world’s largest, most immersive theater screens. The Giant Screen Cinema Association’s “Bigger. Bolder. Better.” campaign — now adopted by over 30 giant-screen theaters — could be the last refuge of truly giant screen, large-format, film theaters.

At the same time there are over 827 digital dome screens in the world, exhibiting over 200 immersive cinema films and real-time computer graphics performances that exceed the IMAX experience’s immersive field-of-view. (Granted, only a few digital domes match or exceed giant-screen film’s brightness or resolution: this is an emerging medium). A new cinematic language is required for this powerful medium, due to its deeper psychological and physiological impact. Most of these domes are digital planetariums located in museums and science centers, with a handful in theme parks and visitor centers. Fulldome theaters have served as incubators for a next-generation immersive cinema format as well as a growing a community of artists who are fluent in both linear and real-time 3D programming in this new medium.

Might digital domes evolve into next-generation cinemas? Projects are currently underway to incorporate full-domes into multiplexes as multi-use specialty theaters, screening immersive promotional shorts for feature films, video game tournaments, music videos, and more.

4D Cinema. Beyond surround video, 4D theaters (also called 5D or 6D) offer multisensory experiences such as holographic sound, aromas, vibration, rain, mist, breeze, strobe lights, and tickles. It remains to be seen if storytellers will embrace these multisensory modalities as a new cinema standard beyond the small networks of 4D theaters in theme parks, museums, and science centers. However, in India and South Korea some movie theaters have embraced 4D effects and over ten films have been formatted for 4D, including Avatar and Journey to the Center of the Earth. Canada-based D-Box has installed its motion-base seats in dozens of North American theaters and has motion code programming for most new action films. (The company also offers a home product and has encoded motion data into hundreds of DVDs and Blu-rays.)

Video Game Tournaments. With the popularity of video games, one would expect gamers to have a desire to gather together for group gaming events. They are indeed gathering together to play — in cyberspace. Massively multiplayer online games (MMOs) have taken gaming communities by storm, and many believe that MMOs are the future of gaming. Rather than a solitary player versus a computer, a small (or large) number of players from around the world are able to collaborate in teams to play against one another in cyberspace.

Video game tournaments in real space are also catching on. Tournament brands include Major League Gaming, World Cyber Games, Championship Gaming Series, and Devastation. The business model is similar to sports, with competitive spectator events based on computer and console games. Cinemas are already experimenting with hosting video game tournaments. Immersive cinemas offer a unique experience for spectators, placing them into the game itself, and could well become arenas for future game tournaments.

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Currently, games developed for feature films rarely build the kind of following seen by large MMOs and other popular games, which often take years to develop and have enough depth to occupy players for thousands of hours. However, studios could leverage the celebrity talent and virtual 3D environments of CG films to create over-the-top gaming experiences for next-gen cinema visitors.

**Video Game Arcades.** Peaking in popularity in the 1980s, coin-operated arcades have since declined to a fraction of their original revenues as computer and console games now provide the arcade experience at home. However, coin-operated immersive game pods or gaming lounges could provide a much greater sense of presence than home game consoles, with the added feature of being able to show off your gaming skills to a group of friends. Imagine watching a feature film, then entering that world as a participant for an afternoon of interactive fun. It could also be possible for gamers to create their own places, characters, and stories that might even fold back into the next movie in the franchise.

**Alternate Reality Games.** A more recent development in gaming, ARGs engage people regionally to collaborate and compete across real-world spaces. They are especially good at regional fan activation and building buzz leading up to a film or game release. One recent examples is *Tron’s Flynn Lives* game, which engaged thousands in a real-world quest at ComicCon in San Diego and millions more online. Fans were challenged to use UV lamps to find clues hidden on *Tron* posters around San Diego. The payoff came when fans deciphered the clues and won entry into Flynn’s Arcade, a mockup of the original game room featured in *Tron*. There they ventured through a hidden door to find a full-sized *Tron* lightcycle.

**Interactive Visitor Engagement.** From gesture 3D interactive digital signage to holograms and augmented reality experiences, there a several new technologies available to engage visitors while providing marketing and promotions value for upcoming feature films and film franchises.

**Interactive Lounge.** Imagine a lounge where you can meet people, share content with them on interactive surfaces that have full access your personal media assets, “friend” them using simple gestures, then connect with them at home via your regional cineplex networking Web site. A digital dance floor allows interactive play, with dancers in photonic go-go booths controlling celebrity avatars projected onto the walls. This is not your father’s cinema!

**Performance Theater.** Certain films generate cult followings, with fans acting out their own theatrical versions of the film on stage. *Richard O'Brian's Rocky Horror Picture Show* — originally a rock musical stage play spoofing science fiction and B-movie horror films — is currently playing in over 50 locations in the U.S. and Canada. Less well known is *Point Break Live!,* an “absurdist stage adaptation of the 1992 *Keanu Reeves/Patrick Swayze* extreme-sports blockbuster” surfing film. Ideally, studios would support fan engagement in theatrical adaptations of select films, providing supporting film assets to local producers, and cineplexes would be equipped with a theatrical stage for hosting such productions.

**Merchandising.** Large retail chains are reluctant to carry film-based merchandise because of the uncertainty of any given film’s success and the short sales window. Cinemas are actually in a great position to target visitors with affinity merchandise concurrent with a film’s release.

**Alternative Programming.** Alternative (non-studio) programming will certainly grow in the coming years including fine art performances, concerts, sporting events, motivational seminars, community meetings, independent films, educational films, and more. However, studio content will probably remain the major revenue generating engine for cinemas for years to come.

The cinema of the future is likely to be not just a new projection format, but an entertainment complex capable of immersing visitors in stories like never before. Feeding such an attraction with programming will be a challenge to producers and distributors alike. Films will likely be conceived and designed with expanded transmedia distribution in mind, allowing a workflow that yields the required assets, including digital masters for flat-screens and immersive cinema theaters, arcade game production, gesture interactive marketing kiosk programming, alternate reality game design, and more. Of course, it remains to be seen whether a significant number of Hollywood studios and exhibitors will embrace this future proactively.

Interestingly, producers of giant-screen and fulldome programming, in cooperation with science centers and museums, are perhaps in a better position than the studios to explore transmedia storytelling, thanks to their independent status and less competitive landscapes. In fact, they’ve been doing it for years with pre- and post-visit lesson plans, themed gift shops, hands-on interactive exhibits, games, and educational Web sites. Their mission to
Educate, awaken, and empower visitors in an informal educational environment requires deep visitor engagement with factual material, making the power of immersion all the more important to their missions.

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