

IMAX Finds New Life in Hollywood and Abroad

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14-17 minutes

Once largely associated with nature [documentary](#) films, in the last ten years IMAX has ascended to a position within the film industry as a premium ticket purchase for feature film audiences. Alongside its budding partnership with Hollywood, the IMAX Corporation has also been aggressively expanding its global presence.

The first IMAX film [premiered](#) at Expo 1970 in Osaka, commissioned by the Fuji Group. But the Canada-born film format did not attract significant attention from Hollywood until the early 2000s when Disney began exhibiting its animation films in IMAX. Warner Bros. followed suit with *The Matrix* sequels, *Harry Potter* 3-8, and its last two *Dark Knight* films. Today, the IMAX Corporation has never been more [confident](#) of its financial position. Thanks to a series of partnerships with studios and theater owners, IMAX now drives ticket sales, affects the number of screens a movie appears on, and contributes to the development of new projector technologies, making the once-niche, large-format company an

increasingly important player in today's entertainment industry.

Here are five things you need to know about IMAX:

1. IMAX is an evolving brand that represents a continually developing company, format, and technology.
2. The IMAX Corporation has been accused of misleading audiences about the "true" IMAX experience.
3. IMAX films are helping to sustain and, in some cases, increase domestic and international box office revenue.
4. Despite challenges in some foreign markets, IMAX is expanding rapidly in China and Eastern Europe, while eyeing other regions as well.
5. IMAX is leaving celluloid behind and re-positioning itself as a high-resolution digital projection company.

1. IMAX is an evolving brand that represents a continually developing company, format, and technology.

IMAX is often associated with theatrical screen sizes towering over 70 feet high, but the format historically refers to the dimensions of the film used to capture images, a 70mm stock. Traditional film is 35mm, consists of four perforations per frame, and is run vertically through a projector. In contrast, IMAX film is 70mm, consists of 15 perforations per frame, and is run horizontally through a projector to maximize frame size and avoid tearing the massive reel. As a result, the actual IMAX frame is almost nine times larger than the standard 35mm frame and some estimate IMAX to have a resolution of two to three times that of traditional film. The technologies that surround

IMAX, including its proprietary cameras, its patented sound systems, and its larger-than-life theatrical space and screen size, all serve the high-resolution film stock. Together, these elements create what the company has called the IMAX Experience.

Yet, like the rest of the industry, IMAX is leaving its [celluloid past](#) behind in favor of a [digital future](#). When a sustained partnership with Hollywood started to look like a reality for the company, IMAX realized its famous giant screens, along with its specialized, large-format film stock and projectors, were prohibitively expensive and cumbersome. Accordingly, IMAX developed the Digital IMAX projector in 2008.

At costs much lower than traditional IMAX film stock and projectors, Digital IMAX technology enables filmmakers to [convert](#) 35mm films to the Digital IMAX format and exhibitors to [retrofit](#) existing spaces for Digital IMAX projection, a kind of “IMAX Lite.” Of course, the real beneficiary here is the IMAX Corporation—the conversion process and retrofit setup are proprietary. Thus, the company not only charges studios \$30,000 per print to render 35mm film into the Digital IMAX format, but also charges multiplexes for installing the slightly larger Digital IMAX screens, removing rows of seats from existing screening rooms, and selling or renting projection technology to theater owners. IMAX also receives a percentage of every ticket sold for an IMAX screening. Ultimately, Digital IMAX extends the company’s brand to more filmmakers and multiplexes that otherwise can’t afford the costs or space associated with the traditional IMAX format, and thus earns

significant revenue for the company. In fact, IMAX's digital projection cemented the company's [comeback](#) and paved the way for its first profitable year in 2009.

2. The IMAX Corporation has been accused of misleading audiences about the “true” IMAX experience.

General audiences tend to misunderstand the difference between Digital IMAX and 70mm IMAX. The IMAX Corporation has arguably fostered this confusion, as the company [insists](#) on referring to 70mm IMAX and Digital IMAX as the same IMAX Experience. Whereas Digital IMAX projects on 28 by 58-foot screens (only about 10 feet wider than traditional multiplex screens) and has a resolution of 4k (only about twice that of 35mm film project), 70mm IMAX requires 72-foot screens and projects up to an 18k resolution.

The IMAX brand benefited from the publicity surrounding Christopher Nolan's choice to [shoot](#) 72 minutes of 2012's *The Dark Knight Rises* on IMAX film, a film stock that the director calls [superior](#) to 35mm or digital film. Yet audiences seeking the “true” IMAX experience of the film most likely saw *Rises* in Digital IMAX. That's because there are only 88 [theaters](#) in the United States with the infrastructure to properly project the 70mm film: massive standalone theaters that include the larger screens, refined seating arrangements, and precise [acoustics](#) for optimized sound. Most of these facilities are found at museums—only 44 theaters nationwide screened the 70mm print of *The Dark Knight Rises*.

IMAX CEO Richard Gelfond has defended the company's

misleading branding, arguing that the size of the screen is only one aspect of the IMAX Experience. Perhaps in an attempt to avoid consumer [backlash](#), shortly after creating the Digital IMAX projectors, the company changed its slogan from “Think Big,” a reference to the mammoth screens, to “IMAX is Believing,” a slogan that deemphasized the size of the screen in favor of an experiential focus.

The lack of distinction between 70mm IMAX projection and the smaller Digital IMAX projection, combined with charging customers [similar](#) ticket prices for each experience, has caused many viewers to refer to the digital format as [Liemax](#) and boycott the two formats altogether. To confuse matters further, IMAX is preparing to convert even its 70mm theaters to digital with the use of new laser projection technology (see point number [five](#) below), redefining the IMAX Experience yet again.

3. IMAX films are helping to sustain and, in some cases, increase domestic and international box office revenue.

While piracy, new home entertainment options, and shifting windowing strategies continue to chip away at box office ticket sales, IMAX has helped draw crowds to theaters, alongside and in [conjunction](#) with 3D films. Exhibitors and critics even [suggest](#) IMAX leads the industry rebound in theatrical revenue largely because it creates an experience that cannot be duplicated at home. The money tells the story. In its June 2012 quarterly report, IMAX announced 22.7 percent revenue growth over the preceding year. Moreover, profits [climbed](#) 80 percent, reaching \$15 million.

With [fewer](#) tickets being sold each year, Hollywood is eager to [partner](#) with IMAX to convert films to the Digital IMAX format and increase revenue for each ticket sold. IMAX tickets typically cost 30% more than standard admission, roughly \$15 or more in America's more expensive markets. Moreover, ticket sales for IMAX films tend to drop less week-to-week compared to standard theatrical releases. According to a [report](#) by the U.K. firm Dodona Research, [revenue](#) from large-format surcharges, including IMAX, will inject an additional \$850 million to total ticket sales by 2016.

IMAX's [consistency](#) at the box office has given it value (and power) within the industry. Most obviously, IMAX partially alleviates the gamble studios take on large-scale blockbusters. Employing Digital IMAX and 3D, studios and exhibitors can sell higher priced tickets and boost the revenue on tent-pole films. Additionally, because placement on IMAX's branded screens is [limited](#), studios must negotiate with the company to secure specific release windows. For instance, when *The Hunger Games* did so well with a one-week IMAX run in March 2012, Lionsgate [worked](#) with IMAX to bring the film back to IMAX screens in late April. Additionally, after *Avengers* raked in over \$200 million its opening weekend, Disney made a deal with Warner Bros. that allowed the super hero epic to [share](#) IMAX screens with *Dark Shadows*, a film that was originally slated to replace *Avengers* in hundreds of theaters.

Recent [revenues](#) imply large-format projection might become a permanent fixture of the exhibition business.

4. Despite challenges in some foreign markets, IMAX is

expanding rapidly in China and Eastern Europe, while eyeing other regions as well.

Although just beginning its international [growth](#), IMAX films are at the forefront of China's expanded cultural industries initiative. IMAX or 3D projects received special treatment from government officials when they recently expanded the import quota on foreign films from 20 per year to 34, allotting the entire increase to films released in the high-end formats. Moreover, the government is strongly supportive of expanding its high-end infrastructure. In 2011 the number of movie screens in China rose by 47%, an [explosion](#) of theatrical growth that will continue in the coming years, with a large number of new theaters built to Digital IMAX standards. The IMAX Corporation's expansion in China includes deals with Huayi Bros. and partnerships with China Film Group to convert local Chinese films to the Digital IMAX format. Moreover, IMAX counts Wanda Group—which recently [purchased](#) AMC theaters, making it the largest theater owner in the world—as one of its closest [partners](#). China already has 74 Digital IMAX screens, and 217 theaters are [expected](#) to open by the end of 2015.

Although adjacent to China and equally populated, IMAX has not had the same luck in [India](#). After a decade of being in India, IMAX still only has four theaters in the country. The popular Bollywood genre films tend to be low-budget and mostly screened in small, local theaters, and selling an IMAX ticket to a Western film for five times the price is difficult. At the moment, IMAX is partnering with Bollywood producers like Yash Raj Films to shoot popular franchises like *Dhoom* in the IMAX

format.

Other regions in the world share China's enthusiasm for IMAX and are all at varying stages of adoption. IMAX is currently in 52 countries and can be found in over 660 theaters worldwide. It only has a handful of theaters in the Middle East, Africa, and South America, but the company hopes to expand in these regions over time. Eastern Europe, on the other hand, has been more receptive. For instance, Russia has 24 IMAX theaters and another 26 contracted despite the almost [prohibitive](#) ticket prices there. In order to facilitate this global expansion, in 2012 IMAX hired one of the top experts on global theatrical exhibition [Andrew Cripps](#) as president of their Europe, Middle East, and Africa division.

Western Europe poses a unique challenge for the large-format company. First, there is a lack of new multiplex theater development in the region. Second, many small existing theaters cannot be retrofitted to the required screen sizes of the Digital IMAX format. To overcome these challenges, the company's [focus](#) at the moment is to expand its network of digitally retrofitted theaters in spaces that *do* allow for it. According to the company, in addition to allowing for the screening of locally produced, digitally-converted films, retrofits afford exhibitors the coveted IMAX brand name to lure audiences and offer greater flexibility in their screening schedules, since more films are available in the Digital IMAX format.

Nonetheless, the cost of buying or leasing IMAX technology,

combined with IMAX's revenue sharing policy, has prompted some theater chains to develop their own [competing](#) large film formats. These companies include UK-based Vue, Belgium's Kinepolis, Spain's Yelmo, Germany's CinemaxX and MaxXimum 3D, and China's Dmax. Although most of these formats are limited to their country of origin and cannot compete with IMAX's global identity, the competition nevertheless poses a potential threat to IMAX's growth in some markets around the world. Of all of these, China's government-supported [Dmax](#) may prove to be the biggest problem for the IMAX monopoly. The Dmax format costs less than proprietary IMAX technology and results in lower ticket prices for audiences. Set to expand to 100 screens in the next three years, the golden era of IMAX in China may prove shorter than the company had hoped. Furthermore, if Dmax can expand beyond Chinese borders, IMAX may have its first real global competitor.

5. IMAX is leaving celluloid behind and re-positioning itself as a high-resolution digital projection company.

If the 70mm film stock and the horizontal projector shaped IMAX's original identity, the company now finds itself less concerned with the materiality of its format and more about the high-resolution quality of its image. Hence, the [uncertain](#) future of IMAX is a digital one defined by large-format, high-resolution conversion and projection technology.

IMAX is concentrating its business strategy on developing new, flexible projection technologies, including laser-based systems. Employing [patents](#) licensed from Kodak, the new laser system is

capable of displaying movies at sizes equivalent to film-based IMAX projection, and thus allows digital projection in venues previously only compatible with analog IMAX film projectors. Additionally, laser projection enables the use of screens up to 120 feet tall, *twice* the size of traditional, film-based IMAX screens. The company expects to roll out the new technology in late 2013 or early the following year. IMAX and exhibitors hope that these new mega screens, when built, will attract crowds eager to experience a never-before-seen spectacle. Both features are likely to put further pressure on the few remaining IMAX theaters that show true 70mm IMAX film.

However, the laser projectors come at a bad time for exhibitors. The new projectors represent another technology investment when many are already struggling with upgrade costs for digital projection of 35mm film. While the lure of mammoth screens might seem like an exciting possibility, these screens will require purpose-built facilities that represent a significant financial investment from theater owners and developers.