

Eye on Asia

Japan Tech Makers Bet Exposure Can Help Sell 3D TVs

Posted by: Kenji Hall on October 09

Anyone who visited Japan's electronics show, CEATEC, this week would not have missed the next big thing for the country's largest technology makers: 3D TVs. Panasonic, Sony, Sharp and Toshiba all demonstrated that they can build high-definition 3D sets. But even as the industry bets on these newfangled TVs, some bigwigs were offering a reality check.

On Oct. 6, Panasonic President Fumio Ohtsubo called the industry's hopes of getting consumers to buy 3D TVs "ambitious." It could be years before mainstream consumers are lured by lower prices and a broader selection of movies and TV programs, he noted.

That's a sentiment tech analysts share. Many think that consumers may not like having to wear special glasses for 3D at home. Price could be another hurdle. None of the major Japanese electronics companies has said how much consumers will have to pay—and they will have to pay more than the usual high-definition TV—for a 3D set.

But here's where exposure could play a key role. Hollywood studios have announced more than 30 movies that will be shown in 3D in 2010. Tech manufacturers are betting that as movies draw bigger crowds, an increasing number of consumers will get over their resistance to glasses. And if the Blu-ray Disc Assn. approves standards for 3D movies later this year, as is expected, Hollywood could begin releasing movies in 3D within months, industry executives say.

Of course, movies might help create the market but alone won't sustain it. "For 3D to be truly mass-market consumers will want not only movies and games but also live events, sports, and other programming," such as nature films, says David Wertheimer, who heads the University of Southern California's Entertainment Technology Center. (The ETC receives funding from the tech companies.)

The benchmark for success, according to Eisuke Tsuyuzaki, chief technology officer for Panasonic's North American Operations, is to reach 2 million homes—about 2% of the 111 million households—in the U.S. "Get over that number in the U.S. and you break into the mainstream," he said, during an interview at Panasonic's Hollywood Lab, in Los Angeles in July.

So what do consumers want? Wertheimer's ETC and the Consumer Electronics Assn. published a survey in February that helps to answer that question. It found, for instance, that consumers would be willing to pay a premium—but not a big one—for a 3D-capable TV: \$150 to \$200 more than one that only handles 2D images.

More importantly, the survey results showed that only 16% of adults were interested in watching 3D movies or TV shows at home. Among video gamers, there were even fewer

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supporters--12%. But consumers who have been to a 3D movie are more likely to try to see other movies in 3D—and to want a 3D-ready DVD player and TV for home. Ditto for glasses: Those who had worn the glasses in theaters were less opposed to the idea of doing so at home.

Which may explain why Panasonic, Sony, Sharp and Toshiba put so much effort into demonstrating their technologies to consumers and industry officials at CEATEC. And the investment seemed to be paying off. People stood in long lines for the chance to see the short 3D videos. At Sony's booth, the crowd was five deep at separate viewing areas for games, sporting events and movies. Panasonic also showed race car driving and a clip from the upcoming live-action 3D movie, Avatar, by director James Cameron. Toshiba showed Monsters vs. Aliens and some 2D footage of a forested area that had been converted to 3D by the TV's multimedia chip. All the demos required that people wear glasses.

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