# Microsoft Films Industry Analysis

#### Overview

This project analyzes theatrical films with intention of guiding Microsoft through the launch of its new film studio. The results of these analyses will yield actionable insights that Microsoft's new studio head can use to determine what types of films to develop.

#### **Business Problem**

Releasing movies is a daunting endeavor. Not only will it require millions, if not hundreds of millions of dollars to fund wide theatrical releases, it will also require a deep understanding of what today's audiences are willing to watch. Before sending films into production, we need to know what genre of film people are willing to see how we can ensure that audiences have an opportunity to see the film.

#### **Data Understanding**

Without years of experience in the industry, our best bet will be to take a look at a large yet targeted sample of theatrical releases. There are many websites dedicated to box office and film data. For this project, we will source our data using The Movie Databse's API.

TMDB offers a sound and comprehensive dataset that will be a good foundation for our initial research. The site has detailed information on over 500,000 theatrical releases throughout history. While it would be interesting to analyze every film in the database, it would be more apt to target our research in the direction of films that Microsoft is likely to produce.

This project assumes a few things:

- Microsoft is a for profit organization and will be interested in making movies that have a broad market appeal.
- At the beginning of this venture, be focused exclusively on wide releases, and will not enter films into the festival circuit.
- While it is generally preferable to release movies that are highly acclaimed, Microsoft will use historical production budget and box office revenue to indicate success. In other words, we believe that movie goers will vote on what they like with their wallets.

### **Data Intake**

Before collecting data, we will want to import a selection of Python packages.

Note - a variable called 'scrape' has been implemented to prevent scraping. When set to 'True,' it will perform the full scrape. When set to 'False,' it will skip the scraping steps. Code has been implemented to use datasets stored in the git repository, but these databases were originally sourced using the TMDB API.

```
import pandas as pd
import matplotlib.pyplot as plt
%matplotlib inline
import seaborn as sns
import numpy as np

import json
def get_keys(path):
    with open(path) as f:
        return json.load(f)
keys = get_keys("/Users/Johnny/.secret/yelp_api.json")
api_key = keys['api_key']
# pip install tmdbsimple #Ctrl+? this line to install tmdbsimple
import tmdbsimple as tmdb
tmdb.API_KEY = api_key

scrape = False
```

First, we will use the TMDB API to pull movies using our initial filters, which have been applied when considering Microsoft's goals:

- Release year (2012-2019) audience taste and movie trends continue to evolve. We want to focus on the post Avengers era, which began in 2012. While franchise movies have been popular since the early 2000s, The Avengers marked the beginning of series based films. While Marvel has had the most success with this format, many other studios have been trying to utilize their own intellectual property in an attempt to replicate Disney's success. Also, 2020 was removed from the analysis due to the dramatic impact that the pandemic had on box office revenues. It would be appropriate to resume analysis when theaters are allowed to screen nationwide in full capacity and when audiences feel comfortable returning to theaters.
- Original language (English) Microsoft will likely be making films in the English language. It is
  possible that this could change with international revenues representing a larger proportion of
  overall box office returns. Also, in earlier tests with the API, we found that TMDB has a large
  collection of movies that are not targeted for global audiences.
- Runtime (greater than 80 minutes) TMDB also contains a wealth of shorter films. 'Feature length' is generally defined as 90 minutes or longer. We lowered our requirement to 80 minutes to account for movies that are still considered 'feature length,' but fall just shy of the rule of thumb.
- Release type (3) TMDB tracks movies that released in 'premiere' or 'limited' format. These
  represent movies that are released in a relatively small amount of theaters. Microsoft will likely
  want to target broad audiences, which is best represented by release type 3 ('Theatrical). An
  explanation of 'Theatrical' can be found here: https://developers.themoviedb.org/3/movies/getmovie-release-dates, and the code indicating that '3' is the appropriate release type for the API
  can be found here: https://developers.themoviedb.org/3/movies/get-movie-release-dates.

Scrape is set to False.

We will also be using a python wrapper called "tmdbsimple," which will allow more intuitive coding for scraping later in the notebook.

```
# pip install tmdbsimple
In [92]:
           import tmdbsimple as tmdb
           tmdb.API KEY = api key
In [93]:
           #Importing via CSV to avoid large scrape
           df = pd.read csv('data/2012-2019.csv')
           df.head(3)
In [94]:
Out[94]:
             Unnamed:
                         adult
                                                   backdrop_path genre_ids
                                                                                id original_language original_
                                                                    [878, 28,
          0
                         False /kwUQFeFXOOpgloMgZaadhzkbTl4.jpg
                                                                            24428
                                                                                                 en The Aven
                                                                        12]
                                                                                                      The Twil
                                                                     [12, 14,
          1
                                                                        18, 50620
                        False
                                 /qkl57wzSFrpi2sRpoc2mZJbMuLP.jpg
                                                                                                 en
                                                                                                         Brea
                                                                     107491
                                                                                                     Dawn - Pa
                                                                    [10751,
                                                                                                         Wre
          2
                        False /ziC23LkMYj8gToQQYQGWSGJCLNF.jpg
                                                                     16, 35, 82690
                                                                                                            R
                                                                        12]
```

Previewing our results, we find useful information, but we're missing a few key pieces of data that we will want to explore in our analysis. For our analysis, we will also want information on movie production budget, global box office revenue, and MPAA rating. Budget and revenue will allow us to examine profitability, and MPAA rating will be analyzed later in the notebook.

This script uses the TMDB API to loop through every movie in our dataset and pull additional movie details.

```
if scrape == True:
In [95]:
              df ids = df['id']
              full_movies = []
              for idx in df ids:
                  movie = tmdb.Movies(idx)
                  movie_dic = {}
                  movie_dic.update(movie.info())
                  movie.releases()
                  for c in movie.countries:
                       if c['iso 3166 1'] == 'US':
                           certification = c['certification']
                        else:
                             certification = 'None'
                  movie_dic.update({'mpaa_rating' : str(certification)})
                  full_movies.append(movie_dic)
              df full = pd.DataFrame(full movies)
              df full.to csv('data/2012-2019 FULL.csv')
          else: print('Scrape is set to False.')
          #### 293471 & 437584 didn't work, make sure to write how i worked around
```

Scrape is set to False.

```
In [96]: #Importing via CSV to avoid Large scrape

df_full = pd.read_csv('data/2012-2019 FULL.csv')

df = df_full
    print(df.shape)
    df.head(3)

(18846, 27)

Out[96]: Unnamed:
    0 adult backdrop_path belongs_to_collection budget genres
```

genres	budget	belongs_to_collection	backdrop_path	adult	Unnamed: 0	
[{'id': 878, 'name': 'Science Fiction'}, {'id'	220000000	{'id': 86311, 'name': 'The Avengers Collection	/kwUQFeFXOOpgloMgZaadhzkbTl4.jpg	False	0	0
[{'id': 12, 'name': 'Adventure'}, {'id': 14, '	120000000	{'id': 33514, 'name': 'The Twilight Collection	/qkl57wzSFrpi2sRpoc2mZJbMuLP.jpg	False	1	1
[{'id': 10751, 'name': 'Family'}, {'id': 16, '	165000000	{'id': 404825, 'name': 'Wreck-It Ralph Collect	/ziC23LkMYj8gToQQYQGWSGJCLNF.jpg	False	2	2

3 rows × 27 columns

**→** 

Now that we have pulled everything we need from TMDB, we will want to continue refining our dataset. Let's take a look at the columns to better understand what types of data we can examine.

['Unnamed: 0', 'adult', 'backdrop\_path', 'belongs\_to\_collection', 'budget', 'genres', 'h omepage', 'id', 'imdb\_id', 'original\_language', 'original\_title', 'overview', 'popularit y', 'poster\_path', 'production\_companies', 'production\_countries', 'release\_date', 'reve nue', 'runtime', 'spoken\_languages', 'status', 'tagline', 'title', 'video', 'vote\_averag e', 'vote\_count', 'mpaa\_rating']

Most of these columns can be useful in future analyses, but for now, let's select only the columns we'll need for this project.

Out[98]: (18846, 12)

Now, we'll want to remove movies that will not be comparable to Microsoft's wide theatrical release strategy. In analyzing some examples, we find that many movies have very low budgets (likely independent films) or zero for revenue. For budget, we will assume that Microsoft will spend at least \$1,000,000 (and likely much more) on every film they produce.

Upon closer examination of the \$0 revenue movies, we find cases where TMDB data isn't airtight and other off examples like Netflix movies that technically released in theaters, but revenue might not have been widely reported. Even

```
In [99]: df = df.loc[df['budget'] >= 1000000] #budget greater than $1mm
    df = df.loc[df['revenue'] != 0] #revenue greater than 0, movies with zero indicate no '
    print(df.shape)
(1365, 12)
```

# Production Budget and Box Office Revenue

Our dataframe is ready for analysis!

To start, we will take a look at how many films were successful, and how many films failed. For the purposes of this analysis, "success" will be defined as any movie whose box office revenue exceeded its production budget. Any movie that failed to recoup its budget with box office revenue will be deemd a "flop."

We have budget and revenue already, so let's calculate profit using these two fields.

```
In [100... # insert column tip from: https://discuss.codecademy.com/t/can-we-add-a-new-column-at-a
    profit = df['revenue'] - df['budget']
    df.insert (5, "profit", profit)
    df.head(3)
```

Out[100		release_date	original_title	id	budget	revenue	profit	mpaa_rating	genres	pc
	0	4/25/2012	The Avengers	24428	220000000	1518815515	1298815515	PG-13	[{'id': 878, 'name': 'Science Fiction'}, {'id'	
	1	11/13/2012	The Twilight Saga: Breaking Dawn - Part 2	50620	120000000	829000000	709000000	PG-13	[{'id': 12, 'name': 'Adventure'}, {'id': 14, '	
	2	11/1/2012	Wreck-It Ralph	82690	165000000	471222889	306222889	PG	[{'id': 10751, 'name': 'Family'}, {'id': 16, '	
	4									•

Next we'll make a column that tells us whether or not the movie was a success or a flop. We will answer whether or not a movie is successful with a 'Yes' or a 'No.'

```
In [101... # https://stackoverflow.com/questions/56990755/how-to-create-a-boolean-column-depending
successful = np.where(df["profit"] >= 0, 'Success', 'Flop')
```

```
df.insert (5, "successful", successful)

df.head(3)
```

```
release_date original_title
Out[101...
                                              id
                                                     budget
                                                                  revenue successful
                                                                                             profit mpaa_rating
                                                                                                                     [·
           0
                 4/25/2012 The Avengers 24428 220000000 1518815515
                                                                              Success 1298815515
                                                                                                           PG-13
                              The Twilight
                                    Saga:
            1
                                           50620 120000000
                                                                                                           PG-13
                11/13/2012
                                                                829000000
                                                                              Success
                                                                                        709000000
                                                                                                                  'Adν
                                 Breaking
                            Dawn - Part 2
                                                                                                                    {'i
                                                                                                                   [{'ic
                                 Wreck-It
           2
                 11/1/2012
                                           82690 165000000
                                                               471222889
                                                                              Success
                                                                                        306222889
                                                                                                              PG
                                   Ralph
                                                                                                                    {'i
```

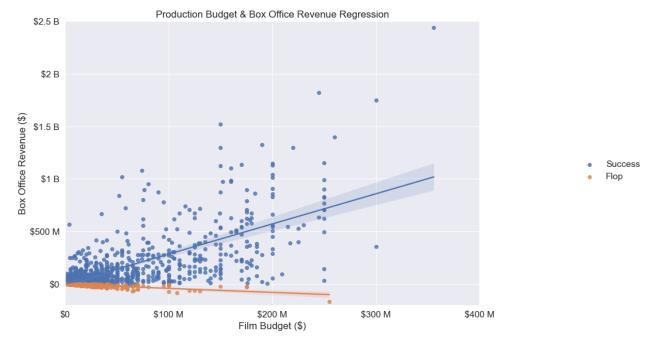
And we'll check to make sure we answered for every movie.

```
In [102... df['successful'].unique()
Out[102... array(['Success', 'Flop'], dtype=object)
```

Finally, we'll visualize our findings with a Seaborn regression model. This will show us the dispersion of budget and revenue for our dataset. Also, we will colorize the successes and flops so that they're easy to distinguish.

```
import seaborn as sns; sns.set theme(color codes=True)
In [103...
          sns.set context('notebook', font scale=1.4)
          g = sns.lmplot(x="budget", y="profit", data=df, hue="successful")
          g.fig.set size inches(16,9)
          g = g.set_axis_labels("Film Budget ($)",
               "Box Office Revenue ($)").set(xlim=(0, 400000000),
              ylim=(-200000000, 2500000000),
              xticks=[0, 100000000, 200000000, 300000000, 400000000],
              yticks=[0, 500000000, 1000000000, 1500000000, 2000000000, 2500000000],
              title='Production Budget & Box Office Revenue Regression')
          g.set_xticklabels(['$0', '$100 M', '$200 M', '$300 M', '$400 M'])
          g.set_yticklabels(['$0', '$500 M', '$1 B', '$1.5 B', '$2 B', '$2.5 B'])
          g.legend.set_title(None)
          plt.savefig('images/budget_revenue_regression.png')
          plt.show()
```

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### Genre

Our dataset also contains information on genres. Each film can have one or multiple genres. The column looks like a dictionary, but it is actually formatted as a string. We will convert the strings to dictionaries, extract the genre names from the dictionaries, and replace every movie's genre value with a list of its genres.

```
In [104... df_genre_list = []

for row in df['genres']:
    row = list(eval(row))
    row_genres = []
    for item in row:
        row_genres.append(item['name'])

    df_genre_list.append(row_genres)

df['genres'] = df_genre_list

df.head(3)
```

Out[104		release_date	original_title	id	budget	revenue	successful	profit	mpaa_rating	
	0	4/25/2012	The Avengers	24428	220000000	1518815515	Success	1298815515	PG-13	] Adv
	1	11/13/2012	The Twilight Saga: Breaking Dawn - Part 2	50620	120000000	829000000	Success	709000000	PG-13	[Adv
	2	11/1/2012	Wreck-lt Ralph	82690	165000000	471222889	Success	306222889	PG	Ani C Adv

Next, we will use the pandas explode and groupby functions

```
In [105...
    genre_mean_df = df.explode('genres').groupby('genres').mean().round()
    genre_median_df = df.explode('genres').groupby('genres').median().round()

# reset index so that seaborn will work, will not work with columsn as index

# genre_name = []

genre = genre_mean_df.index

genre_mean_df.reset_index(drop=True, inplace=True)
genre_mean_df.insert (0, "genre", genre)

genre_median_df.reset_index(drop=True, inplace=True)
genre_median_df.insert (0, "genre", genre)

In [106... genre_mean_df.head(3)
```

8-

Out[106...

genre	id	budget	revenue	profit	popularity	vote_average	vote_count	rι
<b>0</b> Action	242281.0	83442070.0	275878015.0	192435944.0	54.0	6.0	4671.0	
<b>1</b> Adventure	240311.0	110242334.0	396482517.0	286240183.0	55.0	7.0	5549.0	
2 Animation	248863.0	85701402.0	343391802.0	257690400.0	41.0	7.0	3422.0	

4

In [107... genre\_median\_df.head(3)

Out[107...

	genre	id	budget	revenue	profit	popularity	vote_average	vote_count	rι
C	Action	257344.0	60000000.0	133718711.0	68761661.0	36.0	6.0	3323.0	
1	Adventure	261507.0	103000000.0	255825100.0	138622422.0	38.0	7.0	4052.0	
2	Animation	261812.0	75000000.0	218349271.0	147401898.0	34.0	7.0	2096.0	

4

Here we graph the median BO returns and budgets and stack them in bar charts. The light blue color represents profit. While I liked this graph, it doesn't show the losses for Westerns, which did not return a profit.

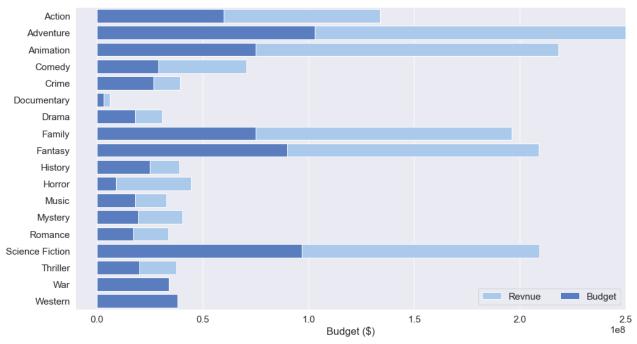
```
In [108... data = genre_median_df

# https://seaborn.pydata.org/examples/part_whole_bars.html
import seaborn as sns
import matplotlib.pyplot as plt

# sns.set_theme(style="whitegrid")
sns.set_context('notebook', font_scale=1.4)

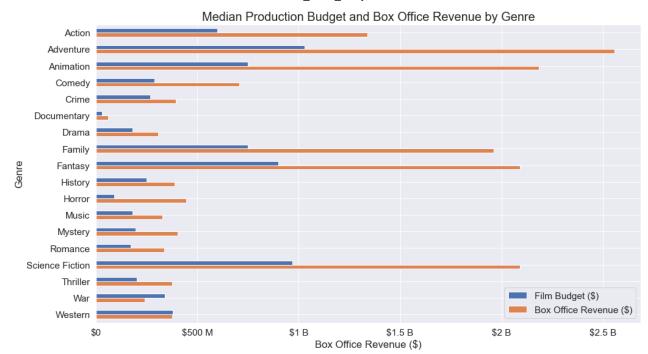
# Initialize the matplotlib figure
f, ax = plt.subplots(figsize=(16, 9))

# Plot the total crashes
sns.set_color_codes("pastel")
```

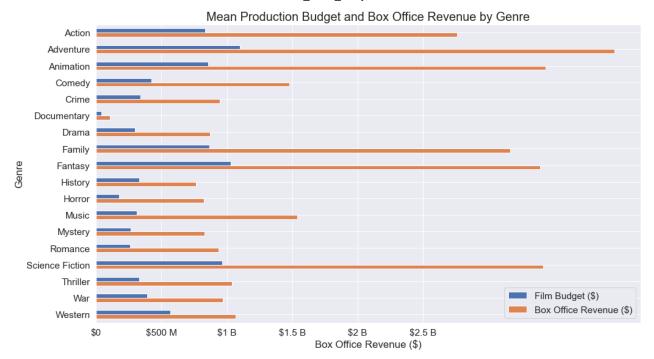


We will instead use a clustered bar chart using matplotlib so that the loss in Westerns is noticeable.

```
In [109...
          # https://www.delftstack.com/howto/matplotlib/pandas-plot-multiple-columns-on-bar-chart
          # https://stackoverflow.com/questions/28371674/prevent-scientific-notation-in-matplotli
          import pandas as pd
          import matplotlib.pyplot as plt
          data = genre median df
          data.plot(x="genre", y=["budget", "revenue"], kind="barh",figsize=(16, 9), legend='reve
          plt.legend((["Film Budget ($)", "Box Office Revenue ($)"]))
          ax = plt.gca()
          ax.set_xticks([0, 50000000, 100000000, 150000000, 200000000, 250000000])
          ax.set_xticklabels(['$0', '$500 M', '$1 B', '$1.5 B', '$2.5 B'])
          ax.set title('Median Production Budget and Box Office Revenue by Genre', fontsize=20)
          plt.ylabel('Genre')
          plt.xlabel('Box Office Revenue ($)')
          ax.invert_yaxis()
          plt.savefig('images/genre comparison median.png')
          plt.show()
```



```
# https://www.delftstack.com/howto/matplotlib/pandas-plot-multiple-columns-on-bar-chart
In [110...
          # https://stackoverflow.com/questions/28371674/prevent-scientific-notation-in-matplotli
          import pandas as pd
          import matplotlib.pyplot as plt
          data = genre mean df
          data.plot(x="genre", y=["budget", "revenue"], kind="barh",figsize=(16, 9), legend='reve
          plt.legend((["Film Budget ($)", "Box Office Revenue ($)"]))
          ax = plt.gca()
          ax.set_xticks([0, 50000000, 100000000, 150000000, 200000000, 250000000])
          ax.set_xticklabels(['$0', '$500 M', '$1 B', '$1.5 B', '$2.5 B'])
          ax.set title('Mean Production Budget and Box Office Revenue by Genre', fontsize=20)
          plt.ylabel('Genre')
          plt.xlabel('Box Office Revenue ($)')
          ax.invert yaxis()
          plt.savefig('images/genre comparison mean.png')
          plt.show()
```



# **MPAA** Ratings

Let's take a look at our values for MPAA ratings.

```
df.head()
In [111...
           df['mpaa_rating'].value_counts()
                    575
Out[111...
          PG-13
                    489
          PG
                    167
          NR
                     14
                      9
          G
          NC-17
          Name: mpaa_rating, dtype: int64
         I created an ROI column, which should better represent the films visually in a single bar chart.
           df['ROI'] = ((df['profit'] / df['budget']) * 100)
In [112...
```

Out[112	df	df.head(3)													
		release_date	original_title	id	budget	revenue	successful	profit	mpaa_rating						
	0	4/25/2012	The Avengers	24428	220000000	1518815515	Success	1298815515	PG-13	] Adv					
	1	11/13/2012	The Twilight Saga: Breaking Dawn - Part 2	50620	120000000	829000000	Success	709000000	PG-13	[Adv					

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id

release\_date original\_title

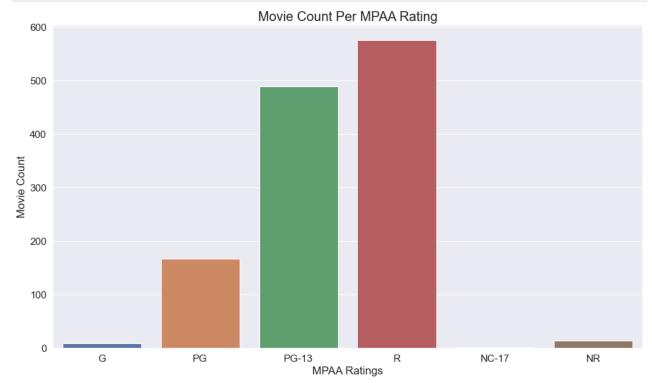
2 11/1/2012 Wreck-lt Ralph 82690 165000000 471222889 Success 306222889 PG Ani C

revenue

successful

profit mpaa\_rating

budget



Next we'll use groupby to create new dataframes to examine the mean and median statistics for MPAA ratings.

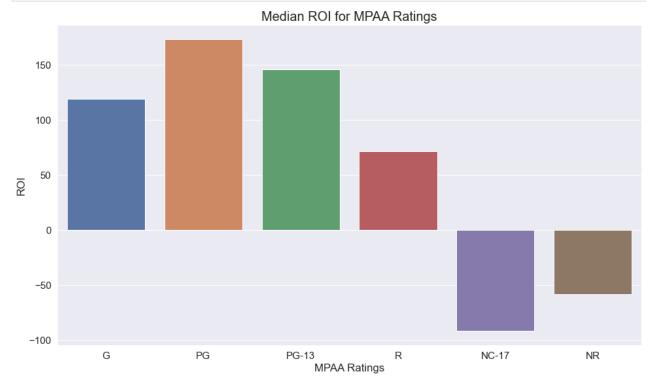
In [115	mpa	na_mean_df											
Out[115	n	npaa_rating	id		budget		revenue			profit	popularity	vote_average	,
	0	G	209292.55	09292.555556 9.388889		9e+07	3.387	722e+08	2.4	48833e+08	41.207889	6.666667	2
	1	NC-17	292431.00	00000	3.000000		2.490	)830e+05	-2.7	50917e+06	12.515000	6.300000	1
	2	NR	264686.14	12857 8	57 8.892857		5.529	)222e+06	-3.3	63635e+06	14.560500	6.300000	
	3	PG	262792.17	79641 7	1 7.438131		2.775	5577e+08	2.0	31764e+08	34.764533	6.625749	2
	4	PG-13	245996.86	52986 6	5.48303	8e+07	2.221	026e+08	1.5	72722e+08	41.435546	6.483436	3
	5	R	261283.38	32609 2	2.53168	80e+07	7.608	8808e+07	5.0	77128e+07	29.847487	6.350087	2
	4												<b>&gt;</b>
In [116	mpaa median df												
-			id	h	4				~£:4				
Out[116	n	npaa_rating	ıa	bud	dget	reve	enue	pr	OTIT	popularity	vote_averag	e vote_coun	
	0	G	202575.0	990000	0.000	2462331	113.0	1472331	13.0	27.467	6.8	0 1180.0	)
	1	NC-17	292431.0	30000	0.000	2490	0.88	-27509	17.0	12.515	6.3	0 1602.0	)
	2	NR	249149.0	80000	0.000	7556	589.0	-541007	70.5	13.237	6.2	5 479.5	5
	3	PG	267935.0	640000	0.000	1338218	316.0	7869533	38.0	27.951	6.7	0 1633.0	)
	4	PG-13	254905.0	320000	0.000	861656	546.0	4678839	93.0	26.567	6.5	0 2327.0	)
	5	R	257785.0	180000	0.000	317242	284.0	1036113	37.0	20.420	6.4	0 1482.0	)

Let's plot the results using a Seaborn subplot. For median, it looks like the highest earning movies tend to be PG and PG-13. G movies also have strong ROI's, but there are very few in our dataset, so we might not have enough examples to assert that G rated movies consistently return that well.

R rated movies still have a worthwhile return, but not as strong as the younger age ratings. The age restriction of R rated movies is likely the cause. NC-17 ratings are also very negative, but there is only one instance in our ratings.

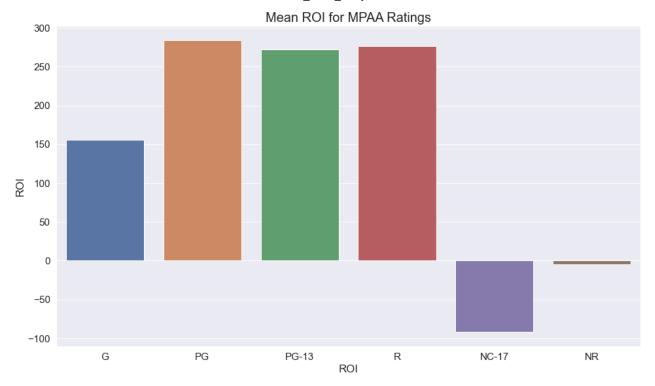
NR movies ('Not Rated') also have low volume in our data and return negative. More investigation might be require here to fully understand the impact of this rating on returns.

```
plt.savefig('images/mpaa_median_roi.png')
plt.show()
```



Interestingly, the mean values show a much more consistent ROI between PG, PG-13, and R. This might suggest that some movies with very strong or very low returns skew the results, so the mean might not be the best way to interpret our data.

```
In [119... data = mpaa_mean_df
    rating_order = ['G', 'PG', 'PG-13', 'R', 'NC-17', 'NR']
    f, ax = plt.subplots(figsize=(16, 9))
    ax = sns.barplot(data = data, x = 'mpaa_rating',
        y = 'ROI', order = rating_order)
    ax.set(xlabel='ROI', ylabel='ROI')
    ax.axes.set_title("Mean ROI for MPAA Ratings",fontsize=20)
    plt.savefig('images/mpaa_mean_roi.png')
    plt.show()
```



### **Conclusions**

This analysis yielded three recommendations for Microsoft's first productions:

- Budget and revenue are correlated, but this does not suggest Microsoft should spend frivolously. Our data set is representative of studios and film makers that are guided by profit and have many decades of experience. Considering Microsoft is new to the business, caution should be taken to avoid box office failures.
- For the strongest returns, Microsoft should focus on the Adventure, Animation, Family,
   Fantasy, and Science Fiction genres. Elements of action and comedy can also be considered.
   Horror, Music, Mystery, Romance, and Thriller genres have attractive ROI's, but these genres
   should only be approached with lower budgets in mind. War and Western movies should be
   avoided.
- Microsoft should script movies with the family audience in mind. 'Edgy' elements can be
  considered, but a PG-13 rating will have a noticeable impact on ROI. R ratings should only be
  considered with lower budget movies, and NC-17 and NR films should be avoided entirely.

## **Next Steps**

Further analysis could reveal more nuanced insights to help Microsoft in their film venture:

• What are the commonalities in box office flops? Comparing a dataset of unsuccessful films against a dataset with successful films could help solidify or further clarify the findings in this analysis.

box\_office\_analysis

- **Deeper examination of individual movie genres.** Knowing now which genres have the strongest returns, creating a dataset with just Adventure, Family, etc. could reveal trends within those genres. These can be used to instruct what to pursue and what to avoid.
- Elementary analysis of franchise films, popularity, production companies, and runtime.

  Given more time, it could be fruitful to analyze these categories in the dataset from this project.
- Incorporate and compare TMDB dataset against datasets from other sources. It would be helpful to solidify our box office revenue and budget data. We found that some pieces of data in the TMDB dataset conflicted with other sources. Financing an IMDB API license could yield higher quality data since TMDB data is sourced by users. Finally, Rotten Tomatoes API should be implemented to understand the relationship between review scores and box office returns.