



Microsoft Studios

Market Analysis: Commonalities between Box Office Hits





Overview

With the top 6 US studios releasing an average of 60 films per year*, Microsoft Studios™ must ensure their first releases have the best chance of box office success in order to compete with established companies.

As an initial step, ID10T Consultants were brought in to evaluate historically successful movies to understand the common characteristics shared by Box Office Hits.





Box Office Success - Potential Metrics

1

Domestic Gross Revenue: Useful to understand interests of US viewers, but difficult to understand global appeal.

3

Profitability: Profitability is a useful tool to understand the characteristics of movies that provided a strong return, but inflation negatively impacts the weighting of old vs new films by profits.

2

Global Gross Revenue: Better metric than domestic gross, and widely used by the general public to understand success at the box office. However, not all box office hits are profitable.

4

Return On Investment (ROI): With a percentage-based metric, we can standardize profit across all films to understand what leads to a box office hit.

ROI will be the primary indicator used for box office success



Understanding the market



Datasets

- 01 | Financial Information - The Numbers Movie Budget Data
- 02 | Genre Information - IMDB Movie Database
- 03 | Actor / Director Information - IMDB Movie Database
- 04 | Release Date Information - IMDB Movie Database
- 05 | Critic Review Data - IMDB Movie Database

Implications:

While not exhaustive, our available dataset accounted for over 5,700 movies.



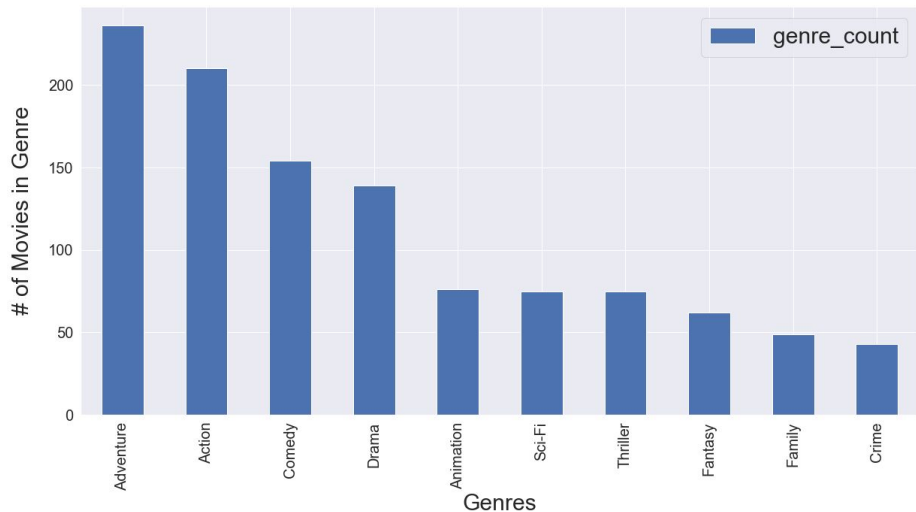


Genre analysis

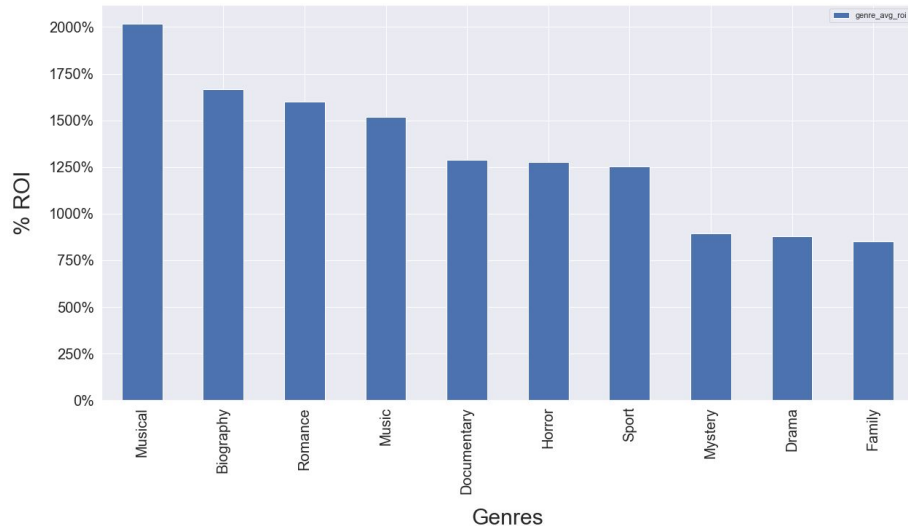
Strategies:

- **Capture the Field:** Release primarily Adventure, Action, Comedy Films
- **Prove Viability:** Focus on Genres that aren't capital intensive (Musicals, Biopics, Romance)

Genre Count of Top Grossing Movies



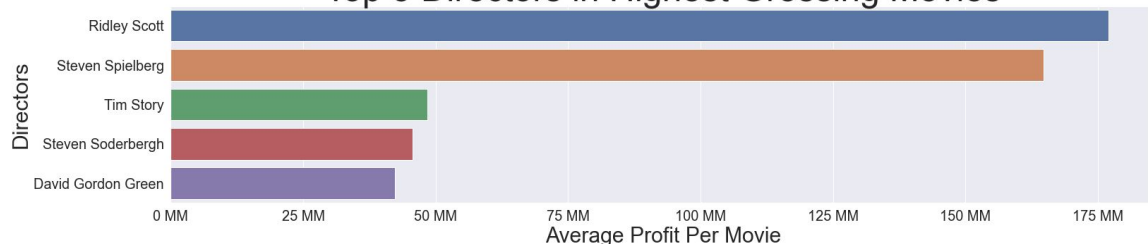
Box Office Hits - Average ROI by Genre



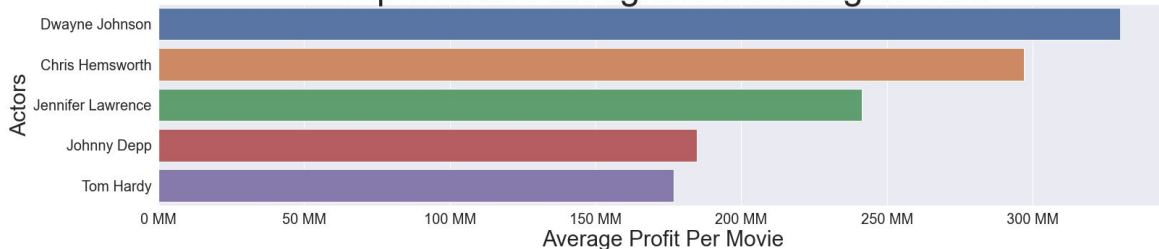
Director and Actor Analysis

When looking at the success of a film, there are a few directors and actors that stand out. Not only in their ability to retain star power for decades, but to also consistently generate high profits for the studios that produce their films.

Top 5 Directors in Highest Grossing Movies



Top 5 Actors in Highest Grossing Movies



Ridley Scott

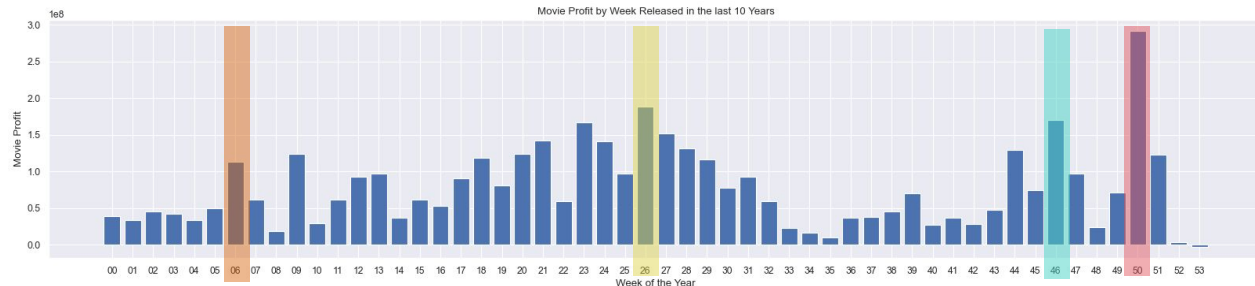
Known for comedy films like Bridesmaids and Bad Teacher, Paul Feig's hits have the highest average profit in the top 1000 most profitable films

Dwayne Johnson

As one of the most respected/well rounded actors in Hollywood, Robert Downey Jr. as an immense draw commanding the highest average profit for studios that have him in their films

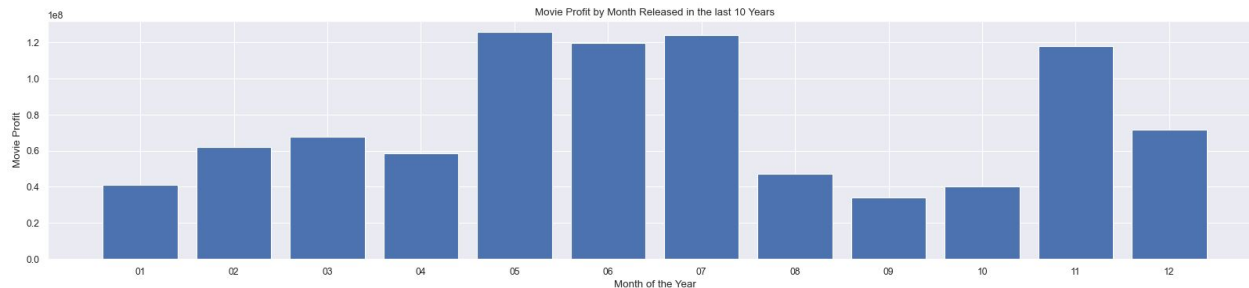
Release Date Analysis

In November and December, people are traveling to see their family, and oftentimes deciding to go see a movie together. Depending on the release date for your movie, you can see a huge success, or a huge flop, even with great star power.



Potential Opening Weeks

- Wk 6 - Chinese New Year
- Wk 26 - Memorial Day
- Wk 46 - Thanksgiving
- Wk 50 - Christmas



Potential Seasons for Film Run

Shooting for a set week like the ones identified above works for proven studios. If the Microsoft wants to focus on a strong run, they should focus releases in May to stay in theaters through July.



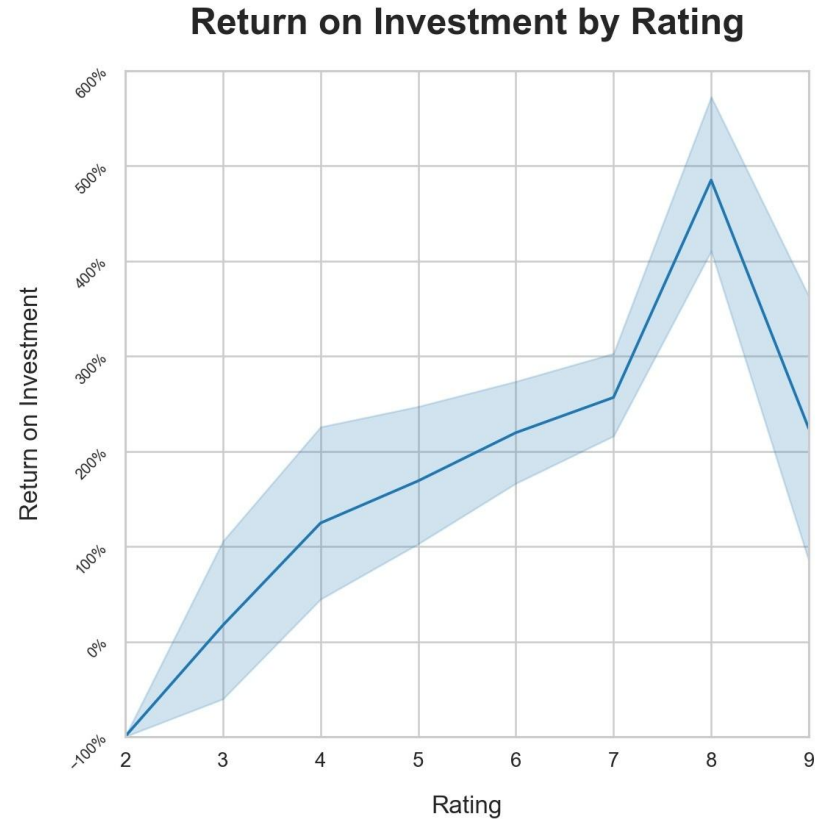
Critic Review Analysis

Ratings Impact on ROI

The movies that generate the strongest ROIs for a studio tend to be well regarded by the critic community, but aren't critic favorites (scoring in the 9-10 range). Critics are looking for art, ticket buyers are looking for enjoyment. Strong positive correlation between rating and ROI

Implications:

By the time your movie starts receiving reviews, your film already has all of the characteristics set and your ability to impact its success is gone. With that said, if reviews start coming in with an average score at an 8/10, you can have more confidence your decisions were the right ones.





Recommendations

Genre Recommendation

**Musical
Biopic
Romance**

Focus on Genres that aren't capital intensive to try and improve ROI as a new studio

Director/Actor
Recommendation

**Ridley Scott
Dwayne Johnson**

Certain actors and directors are good at their craft, and have large enough name recognition to attract an audience

Release Date
Recommendation

**Nov.|Dec.
May|June|Jul.**

Try to release on a holiday week. If you can't, focus on a release in summer or early winter

Ratings Recommendation

8/10

After release, if early reviews rate your film near 8/10, you can have confidence in likelihood of strong ROI



Next Steps

Further Analysis

Selection of actor/director by genre

- Which actors/directors are best based on a given genre?

Evaluation of competition for release date

- How many big name movies are released on a given week?
- Is Christmas week actually a good choice, or will larger studios dilute your marketing efforts?

How does marketing budget impact ROI?

- People don't see movies they don't hear about
- Beyond your budget for actors/directors salaries, logistics, etc. How does marketing budget as a % of overall budget impact ROI?

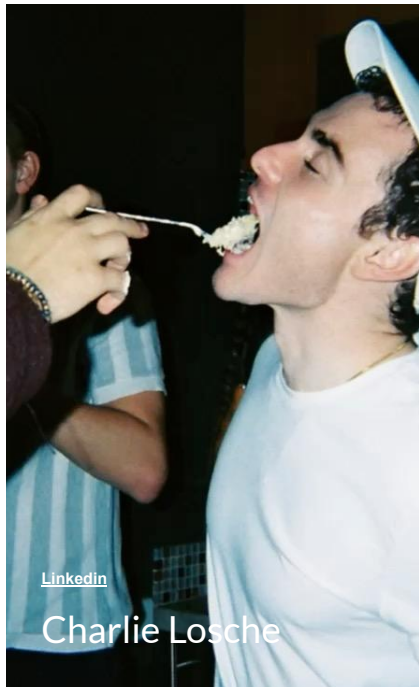


Team

ID10T Consultants is a premier consultancy focused in Data Analysis.

Former clients include:

- Snapple (the “Sn” is silent)
- Company formerly known for being the largest social media platform, now known due to lizard person CEO
- Dick’s Sporting Goods subsidiary, called Johnson’s Outfitters





Thank you.

Questions?

