Project Avatar

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Key Questions and Methodology

This study looks at Revenue and Profitability to answer the question of which genre Microsoft should enter when building out the planned movie studio

Key questions:

- What genre should Microsoft enter when building out their new movie studio?

Sub-questions:

- What genres should be shortlisted based on market demand?

- What genres should be shortlisted based on profit per movie?

- What genres should be shortlisted based on ROI?

 Assumption:

- Microsoft is interested in revenue and profitability. These will be used as key metrics on which to assess performance of genre groups

- Microsoft prefers high revenue genres to allow room or ample growth

- This is a first-step analysis to shortlist genres for Microsoft. Upon client's selection of preferred genres, further study can be directed towards Next Step question listed at the end of this report.

Project Approach

- Explore the distribution of revenue and profitability metrics by genre

- Build a portfolio of genres to invest in to maximize return based on Revenue scale, Profit per Movie and ROI

Data Sources: IMDb Database, The Numbers Movie Budget Database

US Demand

Genres fall in distinct Tiers by genre with Tier 1 consisting of Adventure, Action Comedy and Drama. Tier 1 should be shortlisted based on market demand
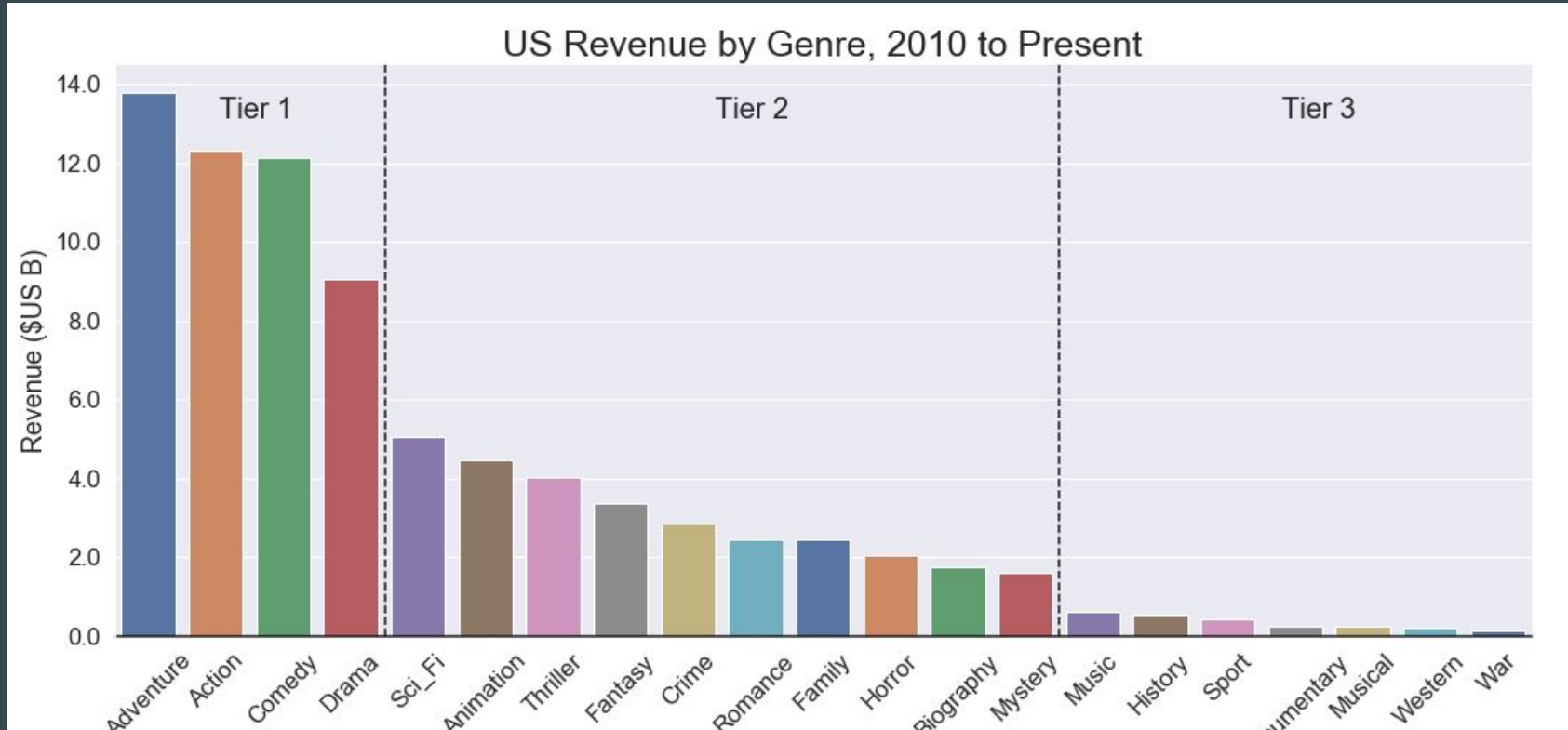
Are there any genres in Tiers 2 and 3 that should be considered?

Per-movie Profit

Animation's median per-movie profit of $US ~200M exceeds that of its next closest genre by over $US 50M and should be shortlisted for further assessment

Median Profit per Movie by Genre, 2010 to Present
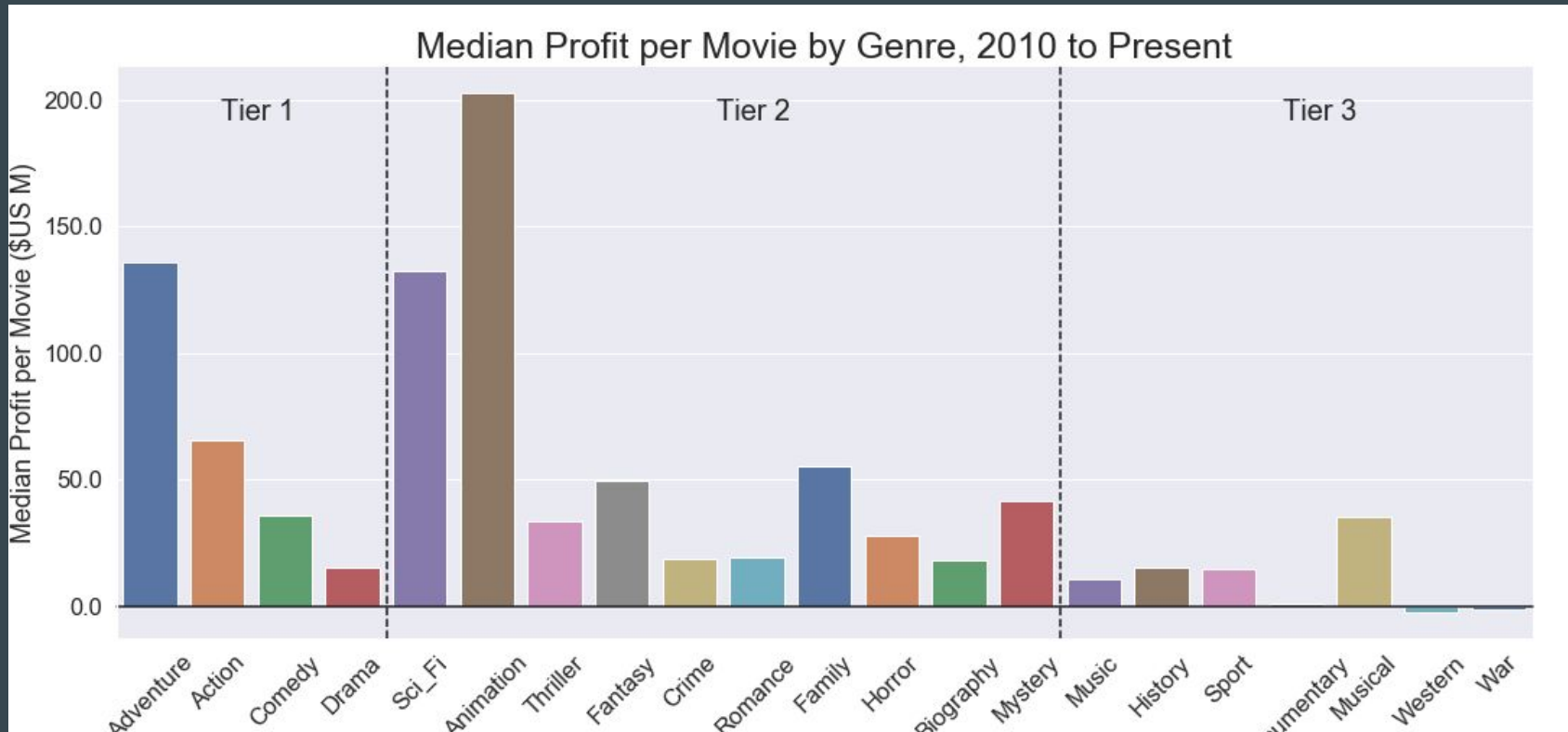
Does Return on Investment paint a different picture?

Return on Investment (ROI)

Musical and Musicals, both in Tier 3, have the highest ROI of any genre and should be shortlisted for further evaluation by Microsoft
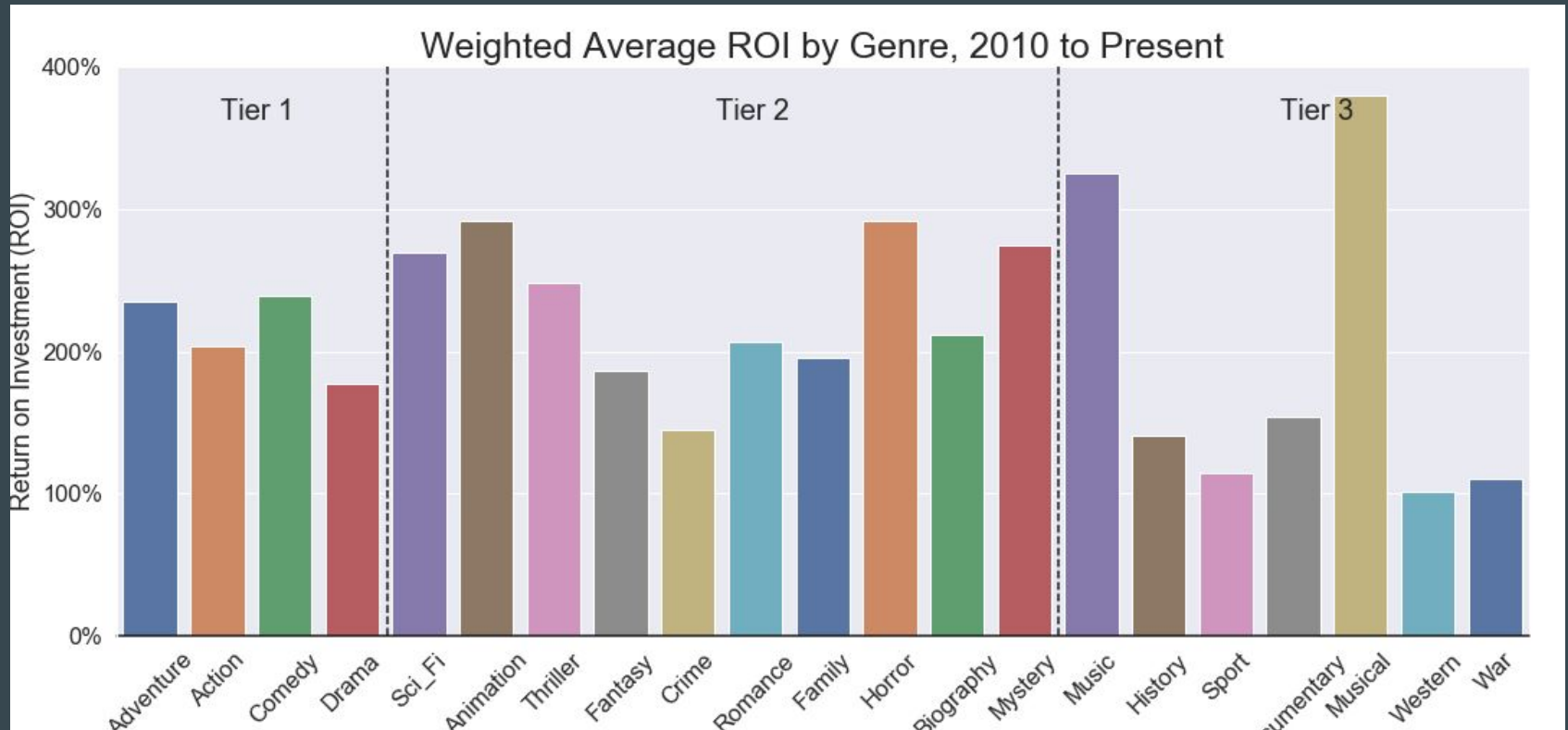
Weighted Average ROI by Genre, 2010 to Present

Genre Shortlist

7 genres are shortlisted for further study based on Demand, Per-movie Profit and ROI. Music and Musical while smaller genres by revenue may be combined with Tier 1 genres

	Revenue Tier	Per-movie Profit ($US)	ROI	Potential Co-genre
Adventure	Tier 1	135M	235%	
Action	Tier 1	65M	205%	
Comedy	Tier 1	35M	240%	
Drama	Tier 1	15M	175%	
Animation	Tier 2	200M	290%	
Music	Tier 3	11M	325%	Drama, Comedy
Musical	Tier 3	35M	380%	Drama

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What further study is required to understand success drivers?

Next Steps

In Phase II Flatiron will deep dive on selected genres to understand success drivers within each genre

Next Steps:
- Microsoft to decide on genres of interest based on shortlist and further discussion. Date TBD for Seattle discussion group led by Flatiron
- Flatiron to explore Phase II Question detailed below

Phase II Deep Dive Questions:
- **Crew**
    - How does gender of lead actor impact revenue?
    - How does age of lead actor impact revenue?
    - Are certain directors, actors / actresses or other crew highly correlated with movie financial success?
- **Studio partnerships**
    - What are the attributes of a studio that correlate with profitability and fast growth (exploratory)?
    - Which studios would be best partner with Microsoft based on Microsoft's genres of interest or based on Microsoft's current strengths?
- **Co-genre**
    - Which genres be best combined to create co-genre movies?

Thank you to our patient advisors!!

Marisa Mitchell, Join Advisor

df.join problem? Sure, here are all the relevant articles

AKA what would we do without you?!!

Alison Peebles, Everything Advisor

Professor, data whiz, and moral support all-in-one

AKA our data mama!

Ammar Ali, Git Advisor

Branches, branches, branches!!!

AKA I'm leaving, no more GIT questions!