Microsoft Movie Studios - Industry Analysis

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Outline

- Overview
- Data Understanding
- Results
- Conclusions

Overview

Movies are a $283 billion market. Microsoft seeks to make an entry into the industry.

Strategies:

- Diversifying production across budget ranges
- Focusing on animated and adventure films
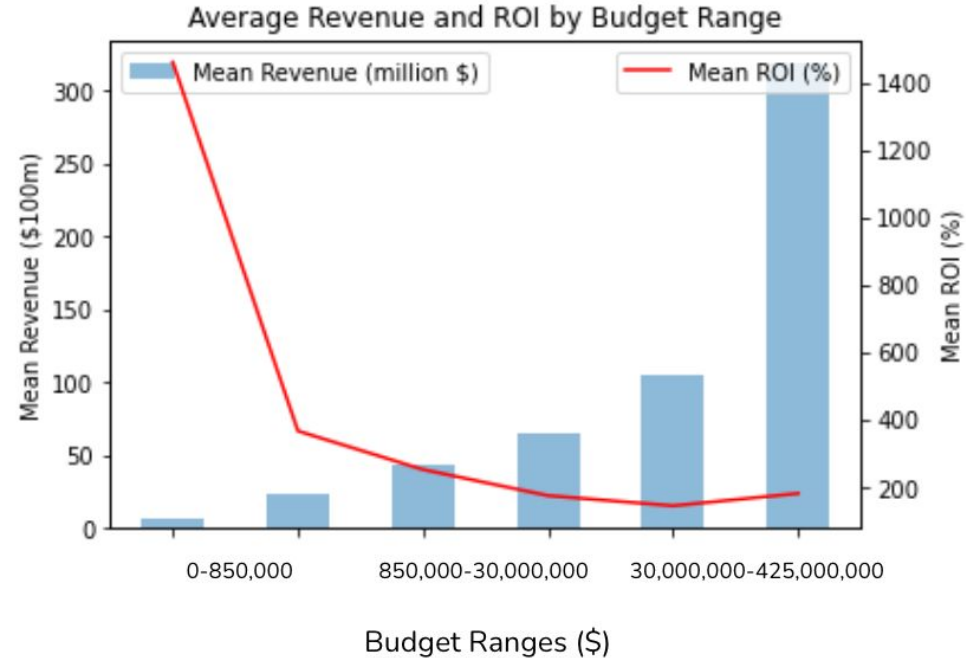- Movies between 90 and 140 minutes

Data Understanding

- Three databases:
  - IMDb
  - TMDb
  - The Numbers
- Focus on budget, genre, and runtime
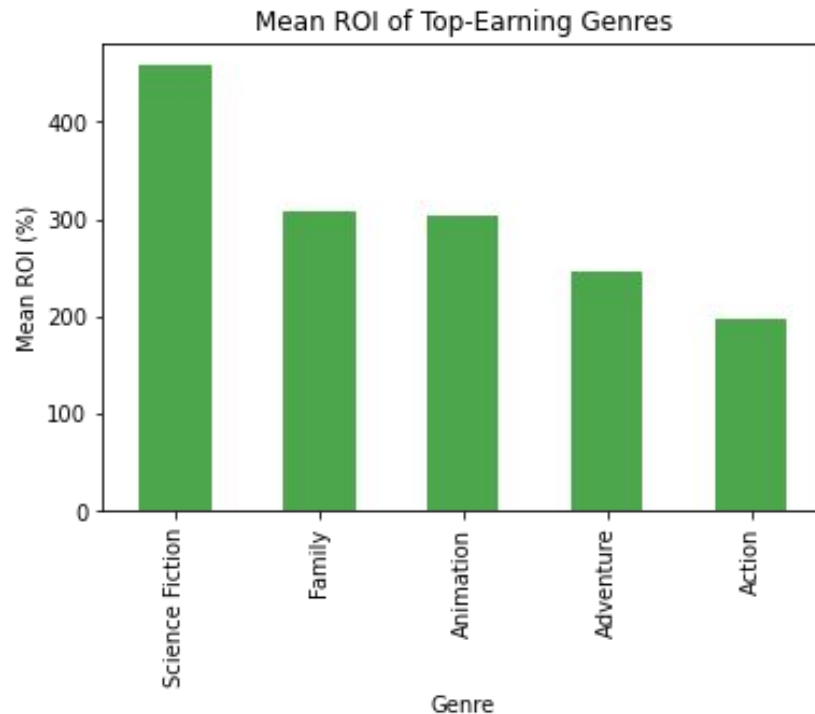
Budget Analysis Results

- As budget increases:
  - Revenue increases
  - ROI decreases
- High-budget revenue is driven up by outliers

Average Revenue and ROI by Budget Range

Genre Analysis Results

- Revenue Leaders:
  - Adventure
  - Animation
  - Action
- ROI Leaders:
  - Horror
  - Sci-Fi
  - Mystery

Mean ROI of Top-Earning Genres
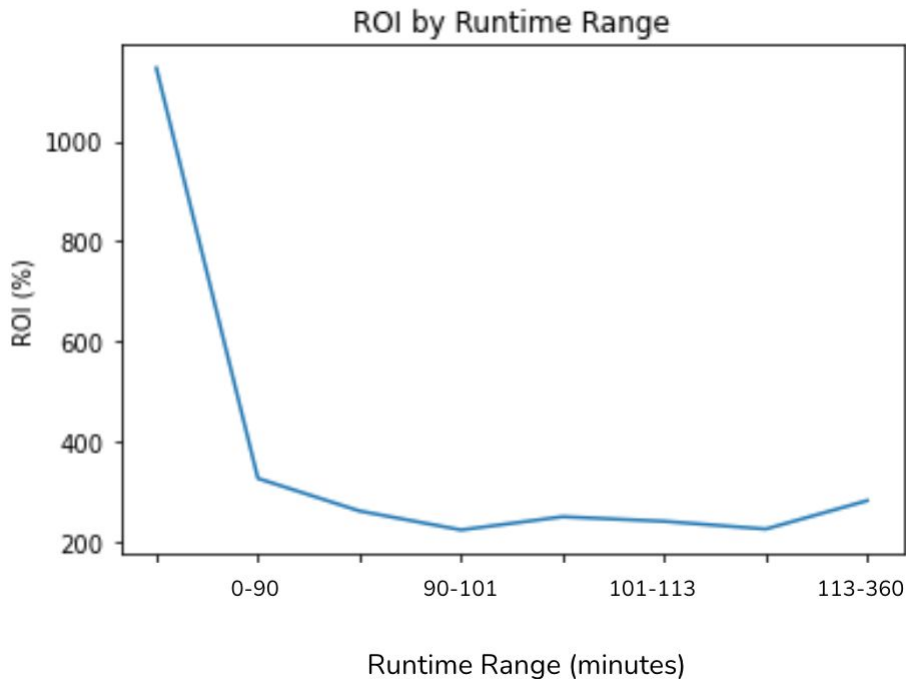
Runtime Analysis Results (Revenue)

- Revenue increases with runtime until ~140 minutes
- High earners pull up revenue averages

Runtime vs. Gross Revenue (with Trendline)
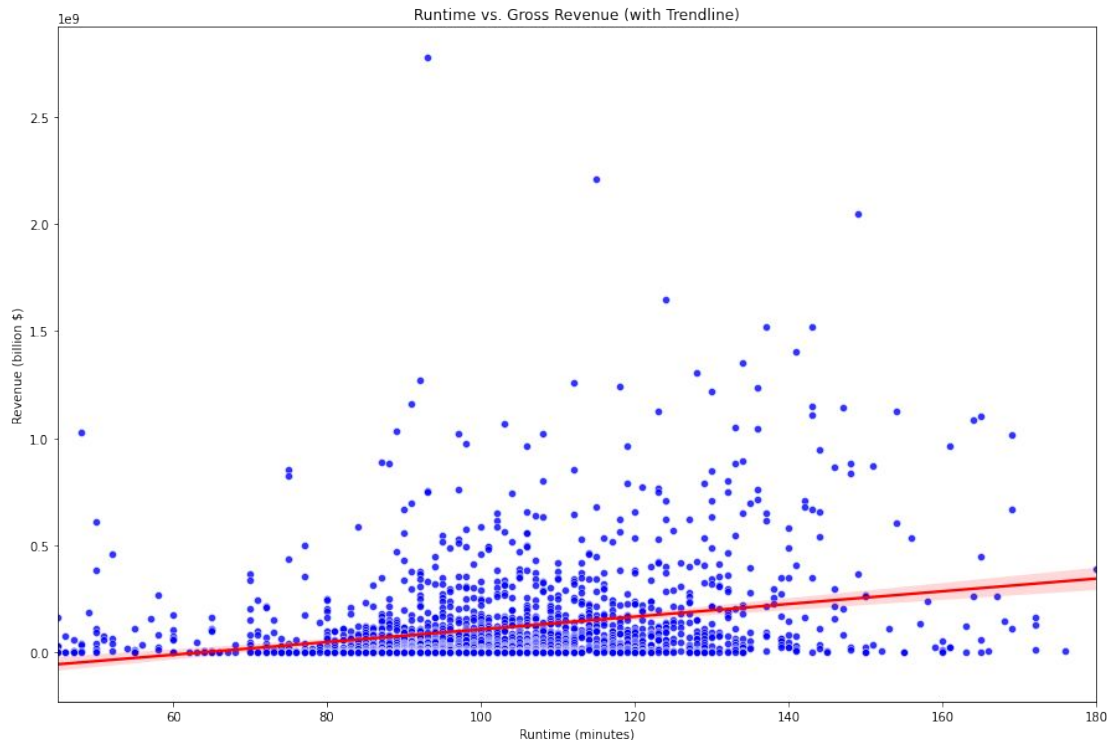
Runtime Analysis Results (ROI)

- Not much clear ROI upside beyond 95 minutes

ROI by Runtime Range

Runtime Range (minutes)

Conclusions

I recommend a starting budget of $650 million, about 1% of MSFT's free cash flow.

- **Produce ten films across multiple budget brackets:**
  - 3 high-budget ($103m+)
  - 3 mid-budget ($51m-$102m)
  - 4 low-budget ($5m-$17m)
- **Focus on Animated, Action, Adventure**
- **Diversify runtimes**
  - High (113-140 min.)
  - Low (~ 90 min.)

Strategy

- High-budget films: bulk of revenue and market the studio.
- Low-budget films: high returns and appeal to niche audiences.

Next Steps

- Synergies between primary and secondary genre.
- Genre performance by runtime.
- Leading actor effect on revenue/ROI.

Thank You!

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