

# An Analysis of How to be a Successful Film Studio

By: Carl Schneck

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# Outline

- Introduction to Business Problem
- Possible Approaches
- Our Approach
- Introducing the Initial Data
- Method
- Data Analysis
- Recommendations
- Future Improvements

## **Business Problem:**

- Large companies are now creating original video content
- Microsoft wants to join

## **Goals:**

- Target the Box Office
- Three actionable Insights
- Success!!!

# Business Problem and Goals

# Approaches

- Movie Ratings
- Written Reviews
- Monetary Analysis
- Genres
- Persons of Interest

## Monetary Analysis

- Keeps the studio alive
- Ensures the ability to invest in the next film

## Genres

- Which genres have the highest return on investment?
- Which genres ensure the highest rate of success

# Our Approach



# Initial Data Introduction

- Domestic Gross Revenue
- Worldwide Gross Revenue
- Production Budget
- Genre
- Films with Production Budget greater than \$30 million

# Method

- Definition of a profitable film
- Split films by genre
- Percentage on Investment
- Success Rate
- Correlation Factors
- Find best genre grouping using these factors

# Data Analysis:

## What's a Profit?

$$\text{Revenue} > \text{Expense} = \text{Profit}$$

### Understanding the Market

#### Revenues:

- Box Office Sales
  - Domestic
  - International

#### Expenses:

- Production Budget
- Marketing
- Taxes
- Cinemas Shares



## Closer Look at Expenses

### Marketing Costs:

- Production Budget > \$100 Million
  - 81% of Production Budget
- Production Budget between \$30 to \$100 Million
  - 110% of Production Budget

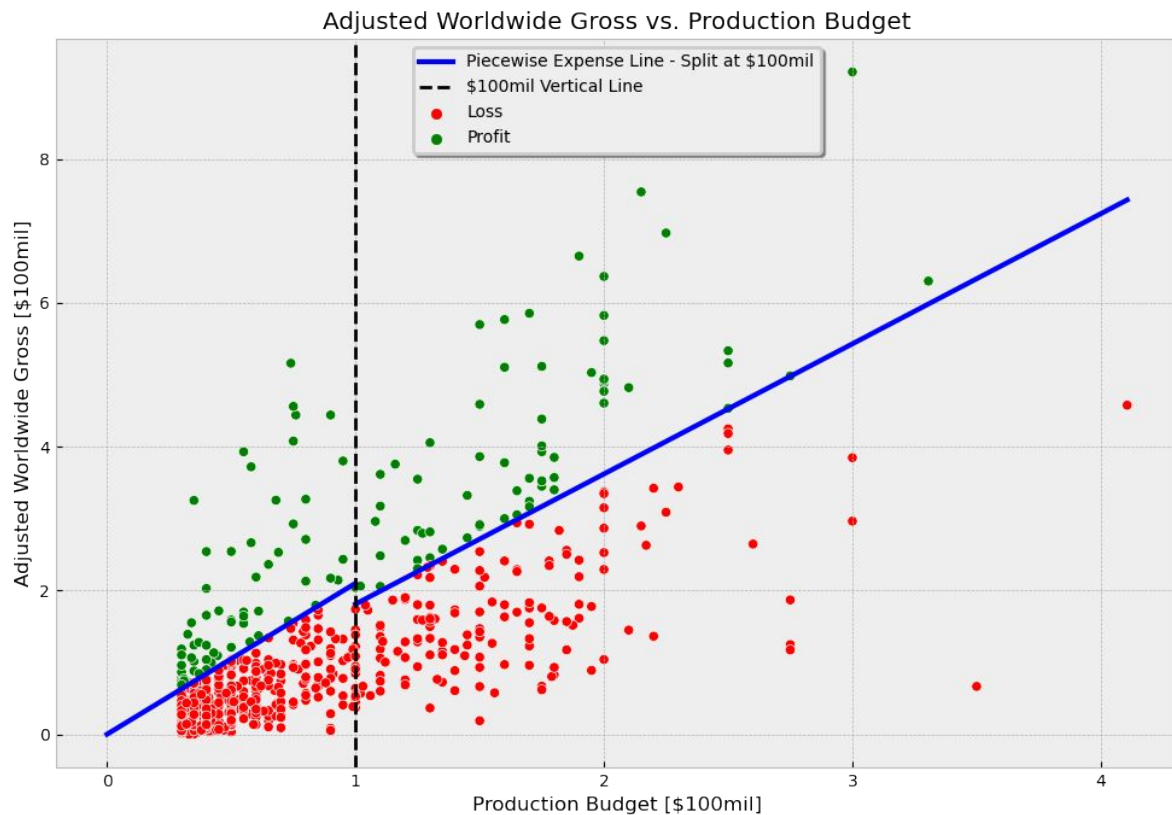
### Taxes and Cinema Shares:

- 47% Domestic Gross Revenue
- 59% International Gross Revenue

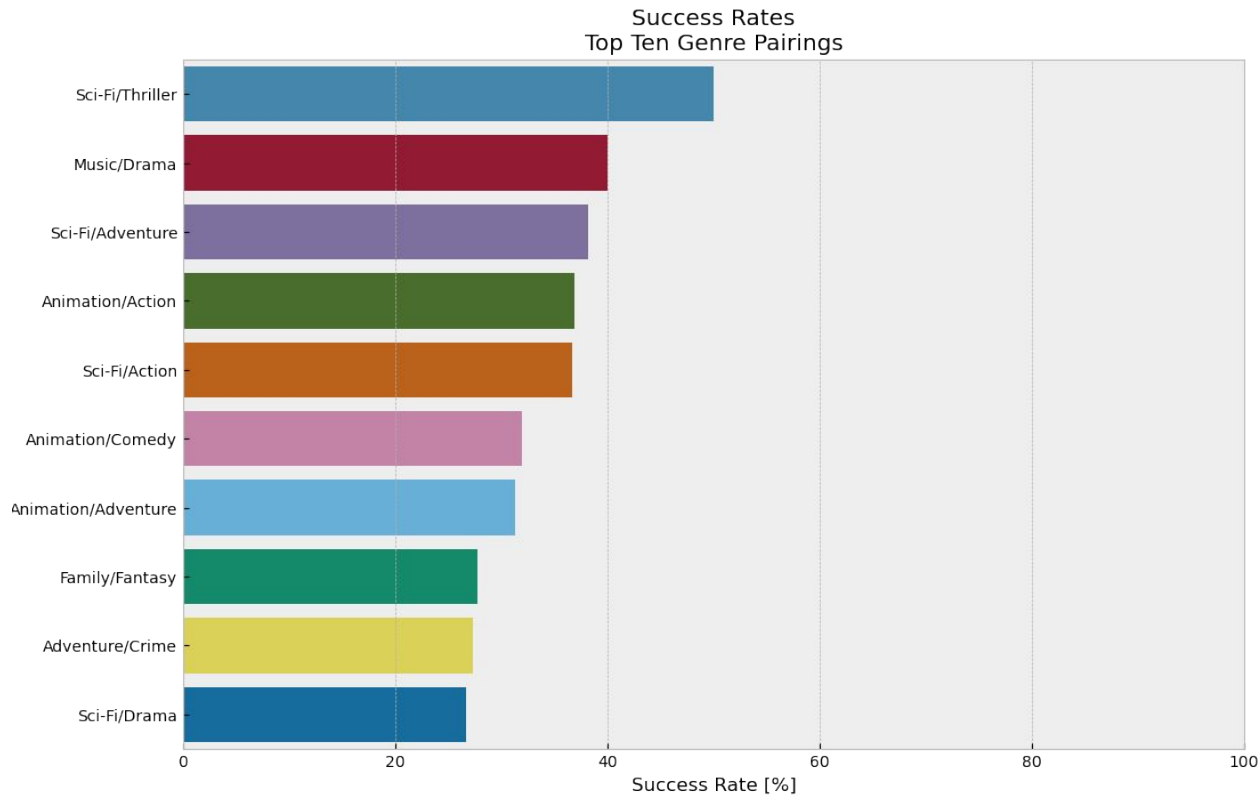
# Data Analysis:

## What's a Profit?

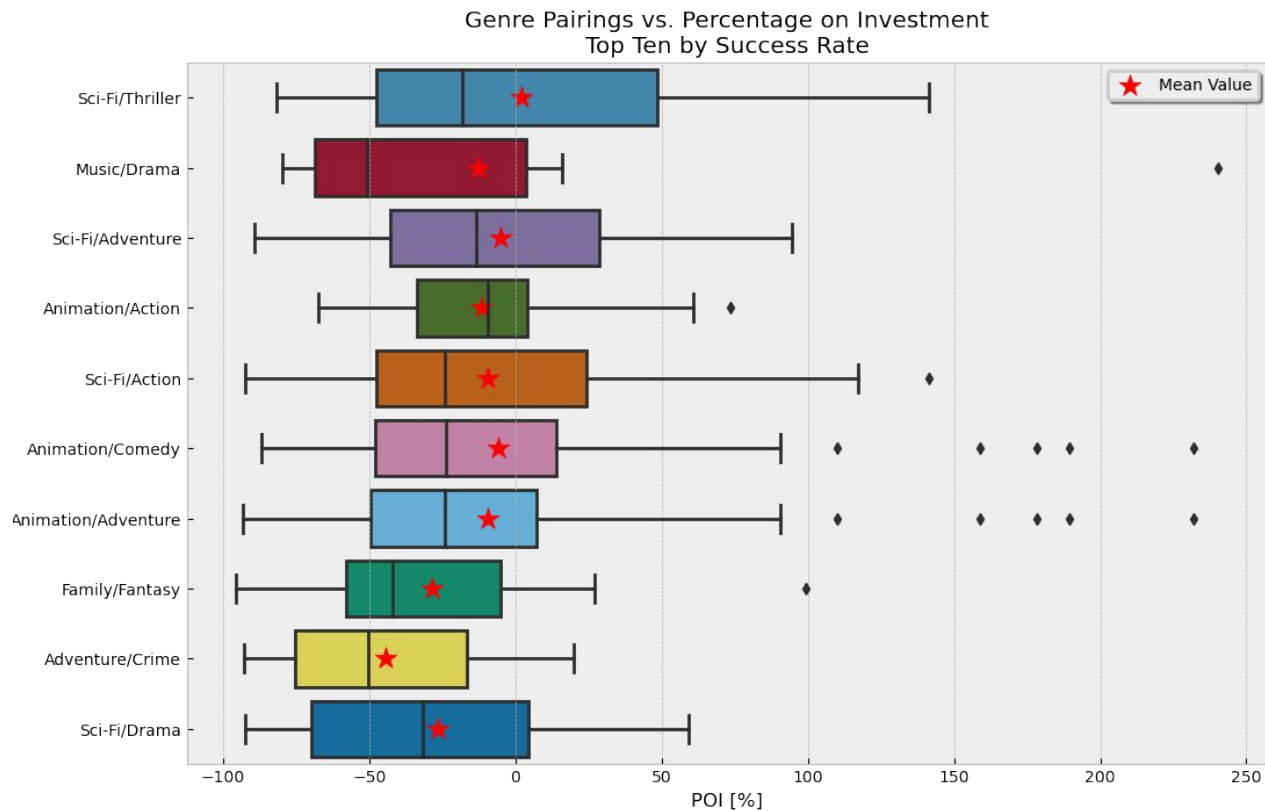
# Data Analysis : What's a Profit?



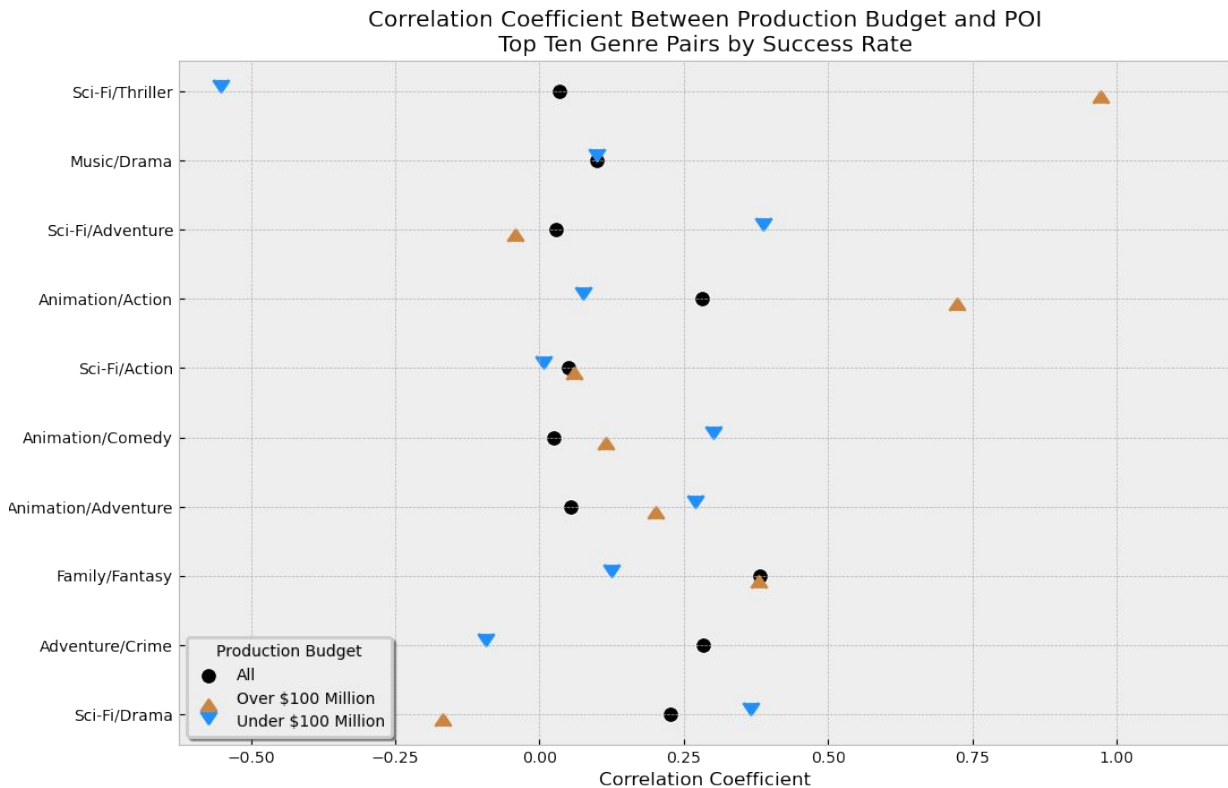
# Data Analysis: Success Rate



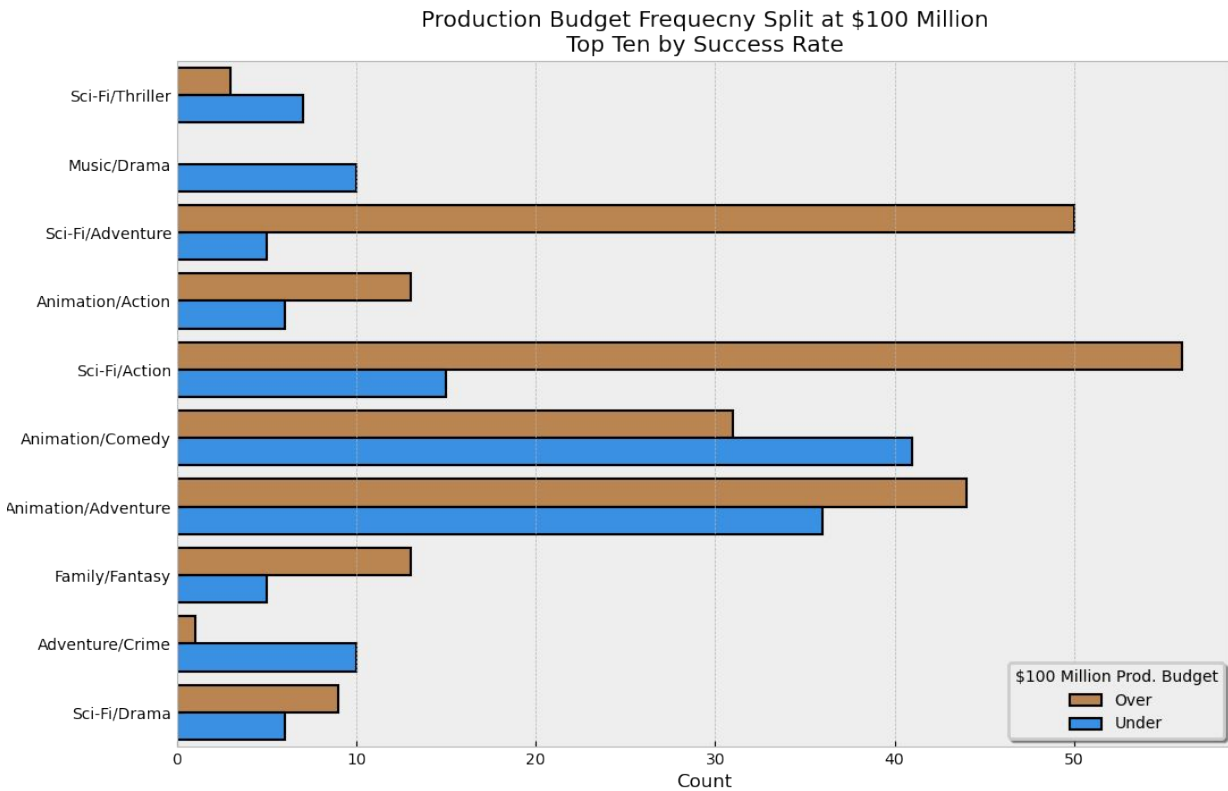
# Data Analysis: Percentage On Investment



# Data Analysis: Production Budget to POI Correlation

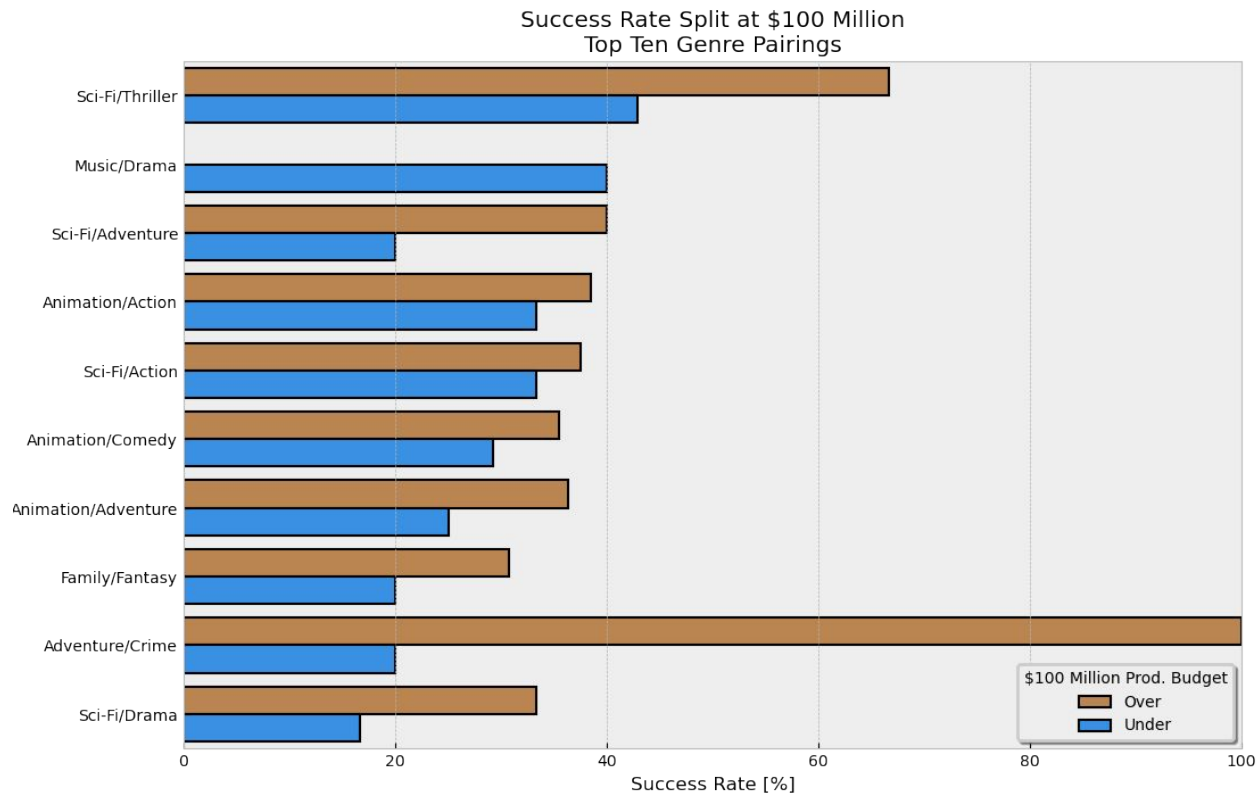


# Data Analysis: Production Budget Tier Frequency

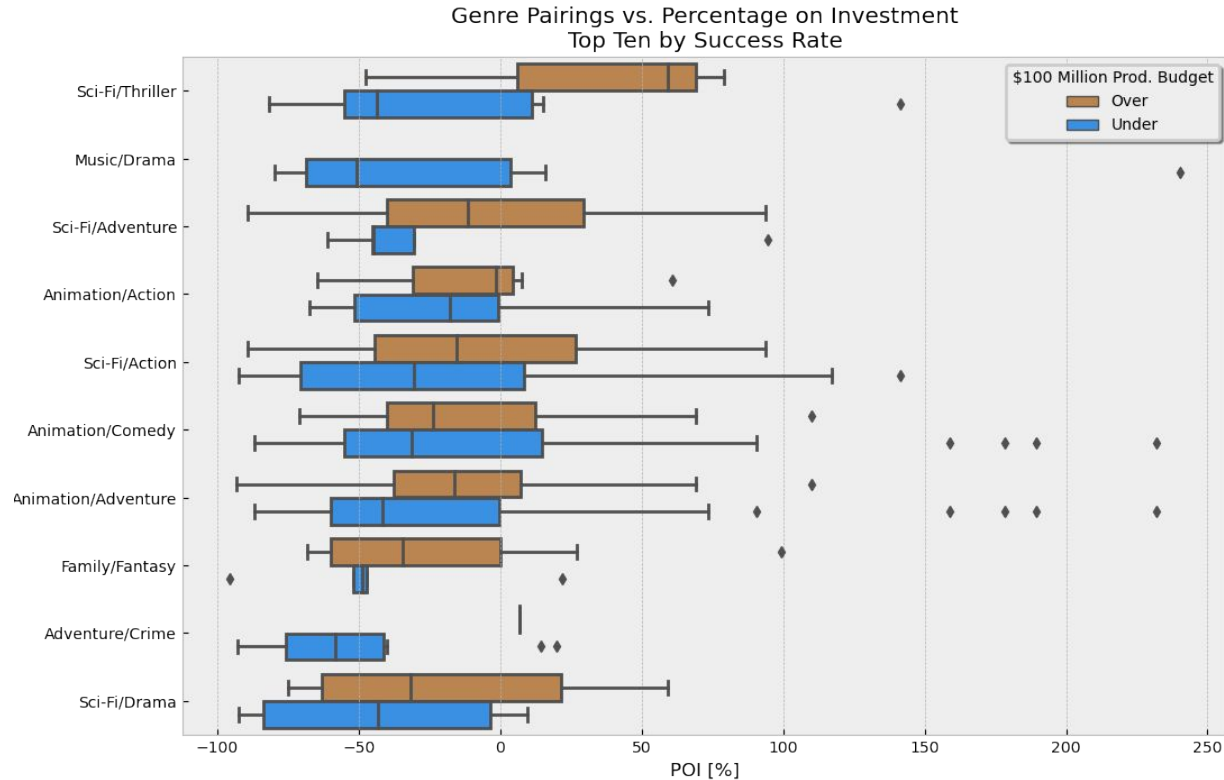


# Data Analysis:

# Success Rate – Tiered



# Data Analysis: Percentage on Investment – Tiered





# Suggestions

## Sci-Fi and Thriller

- Highest Average POI
- Only pairing with Profitable Average POI
- 50% Success Rate



## Sci-Fi and Adventure - Blockbuster

- 50 of 55 films in dataset were Blockbusters
- Highest Success Rate (40%) and average POI (-4%) of Blockbusters with fitting sample size
- No production budget to POI correlation



## Suggestions

# Suggestions

## Animation and Action - Blockbuster

- High production budget to POI correlation (.72)
- Gives different investment strategy
- Second highest Success Rate (38.5%) for Blockbusters
- Median POI is -1.53% (Nearly 50% successful)



# Future Improvements

- Actual marketing costs for films of all production budgets
- Other Revenue Stream information
- Include other metric in analysis
  - Ratings
  - Persons of Interest

# The End.

Any Questions?

Contact Information

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### Sources:

1. <https://stephenfollows.com/how-movies-make-money-hollywood-blockbusters/>
2. <https://stephenfollows.com/films-make-money-pt2-30m-100m-movies/>
3. [https://www.hollywoodreporter.com/movies/movie-news/what-is-profitable-movie-e  
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