

Microsoft

MOVIE INDUSTRY ENTRANCE ANALYSIS

PREPARED FOR MICROSOFT
FEBRUARY 8, 2021

PRESENTATION OUTLINE

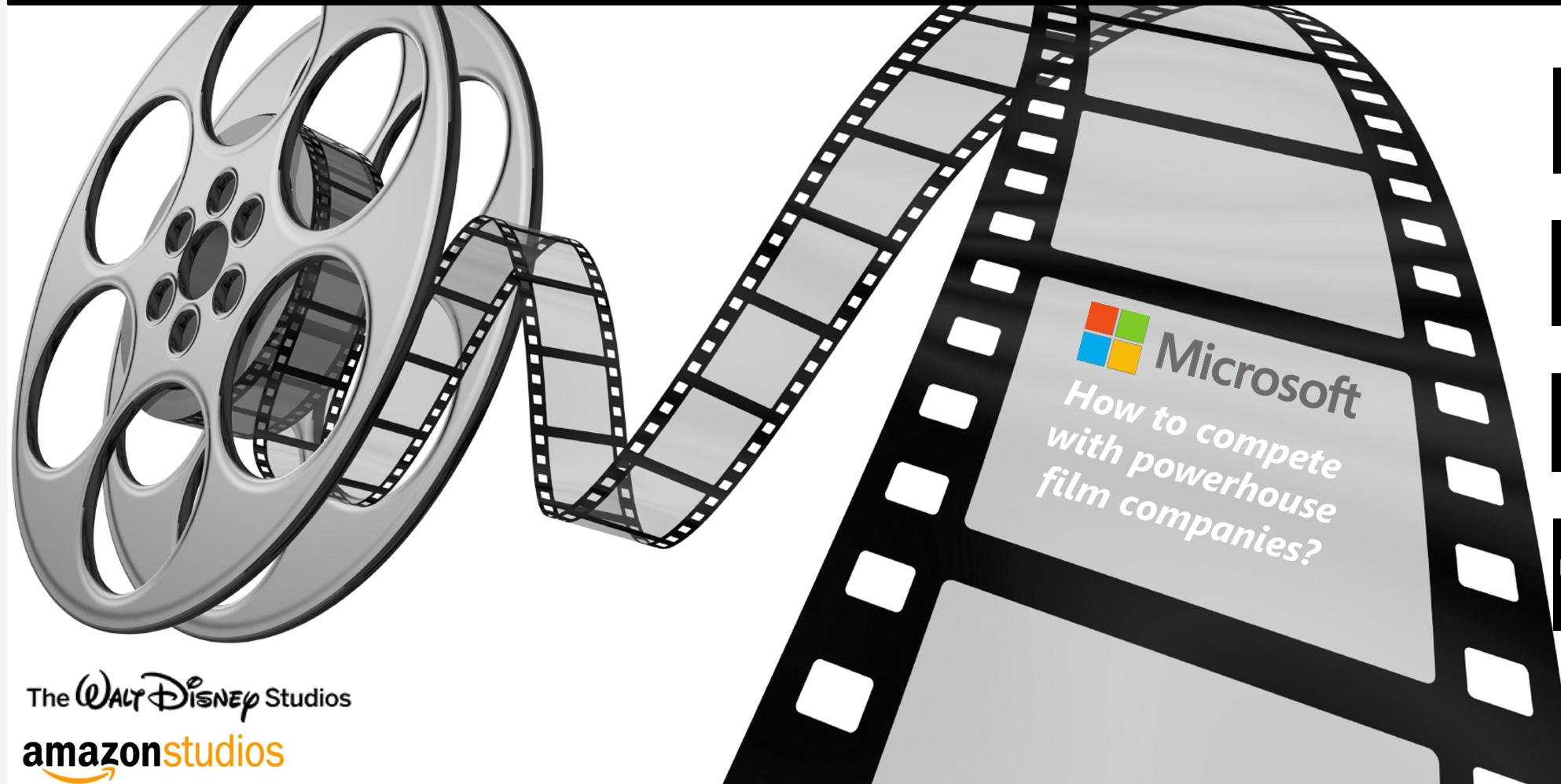
Outline

- Business Objective
- Data and Methods
- Proposal #1: Go After Animation Genre First
- Proposal #2: Authorize Budget of \$131M or \$93M
- Proposal #3: Strike Deal With Top 20 Actor
- Next Steps

WHICH TYPES OF MOVIES TO TARGET?

Business Objective

Business Objective: Microsoft has decided to create a new movie studio but **wants actionable, analytical guidance on what types of films perform best.**



DATA AND METHODS

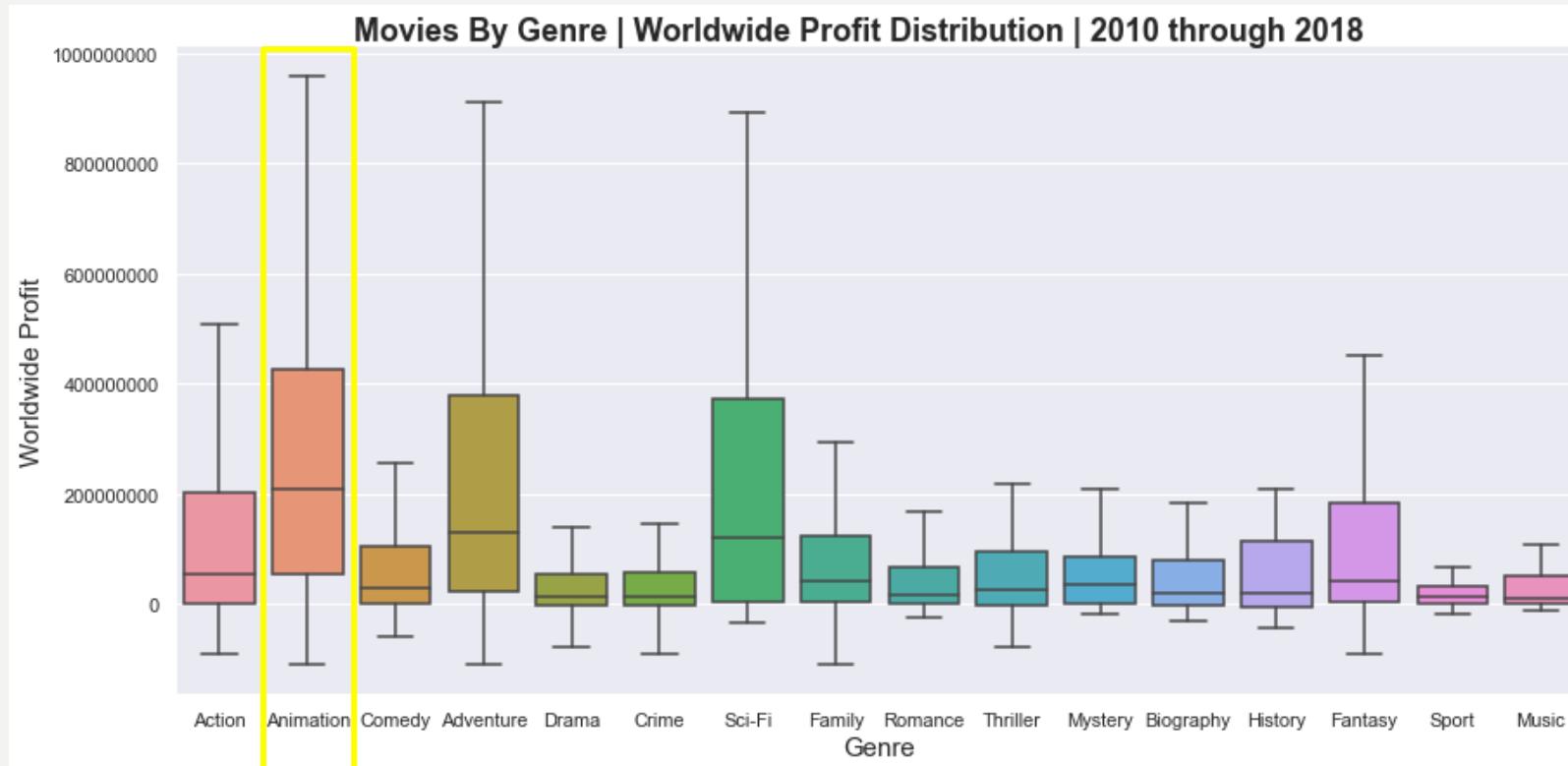
Analysis
Background

- Data Sources (6)
 - IMDB Titles, Ratings, Principals, Actor Names
 - The Numbers Movie Budgets & Sales
 - Box Office Mojo Gross Sales
- Data Filters
 - Years inclusive 2010-2018
 - Only matches between IMDB and TN/BOM
 - Excluded genres (11): Reality-TV, Talk-Show, Adult, Short, Game-Show, War, Horror, Western, News, Musical, Documentary
 - Deemed "non-core", TV-series or inappropriate content
- Key Methods Used
 - Data Cleansing, De-duplicate, Merge Data, Data Profiling, Calculations, **Genre Splitting**, Correlation, Standard Deviation, Mean, Median, Plotting
- Primary limitation
 - Budget and gross sales data only match IMDB titles for between 1.5K to 3K titles
 - Still confident in conclusions as good cross-section of major films included

Additional technical details available upon request

PROPOSAL #1: GO AFTER ANIMATION GENRE FIRST

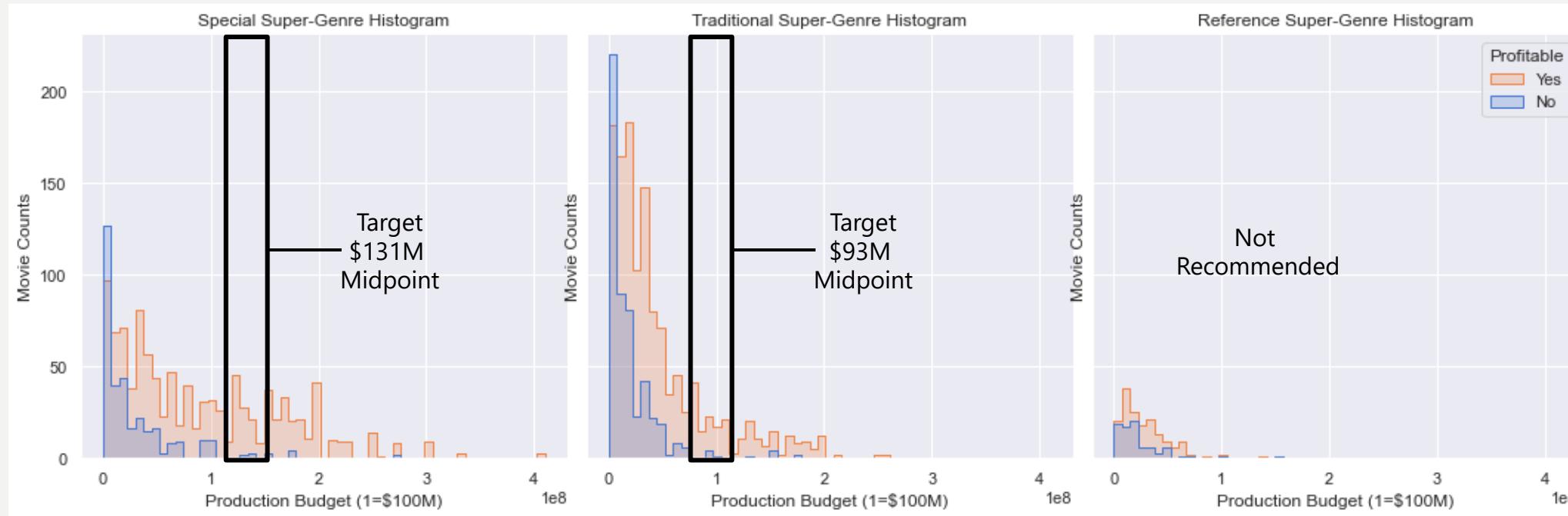
Animation



- **Animation ranked #1 in Worldwide Profit metrics** amongst all genres:
 - \$208M Median Profit
 - \$55M 25th Percentile
 - 0.99 Coefficient Variation (CV)
- **Animation is the most consistently profitable genre** (18% more consistent than #2 Adventure). This reduces risk.
- The 97 Animation movies in our sample also had the **highest median Worldwide Gross Sales of \$322M**

PROPOSAL #2: AUTHORIZE A BUDGET OF **\$131M OR \$93M**

Minimum
Budget



Committing to an ideal Production Budget increases chances of a profitable movie

- Special: \$112M to \$150M (50% better chance)
- Traditional: \$75M - \$112M (40% better chance)

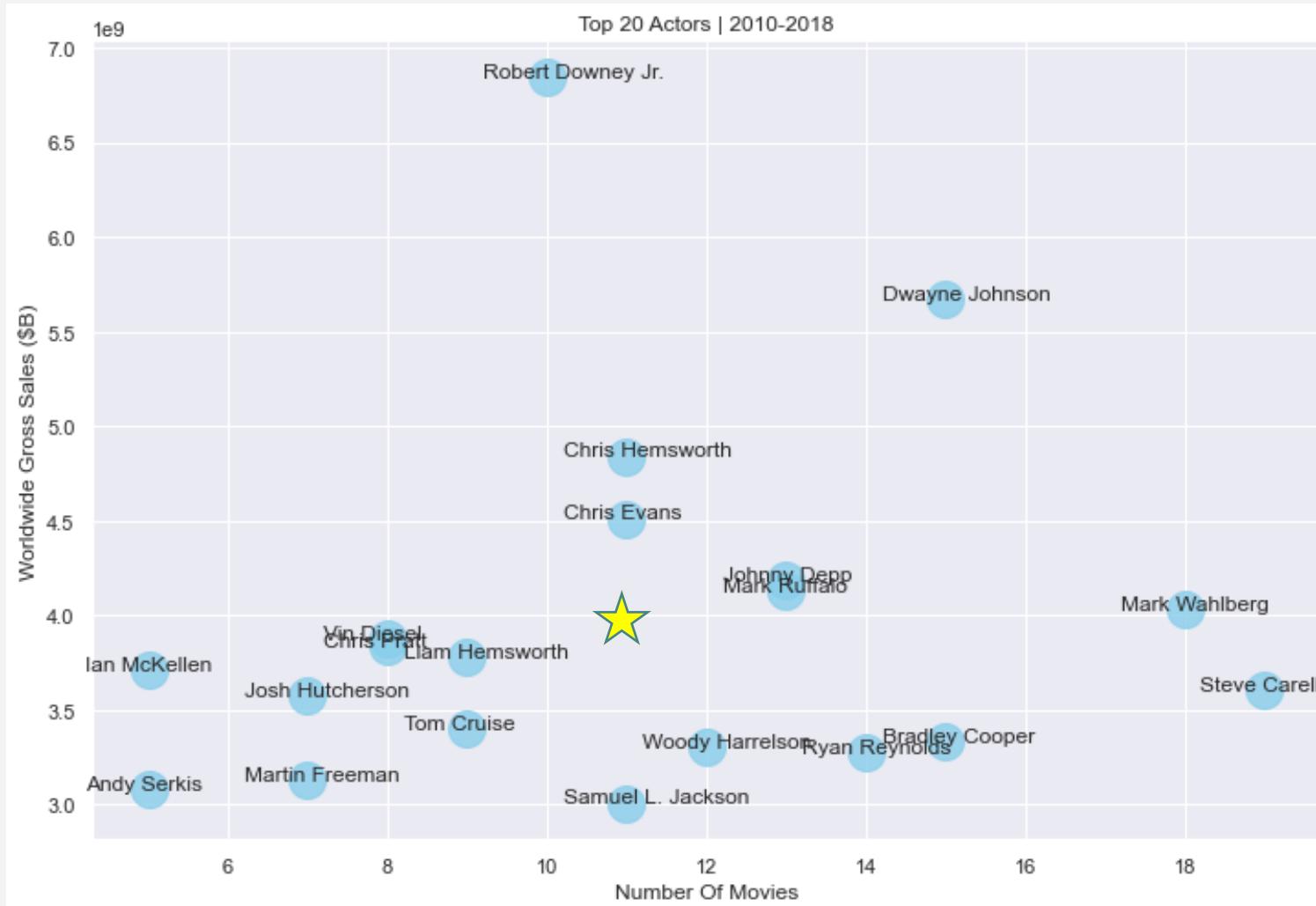
***** Smaller production budgets correlate with higher movie loss rates *****

Super-Genre groups genres into similar categories

- Special: Action, Sci-Fi, Thriller, Mystery, Adventure, Fantasy
- Traditional: Animation, Family, Comedy, Drama, Crime, Romance
- Reference: Music, Sport, History, Biography

PROPOSAL #3: STRIKE A DEAL WITH ONE OF THE TOP 20 ACTORS

Top Actors

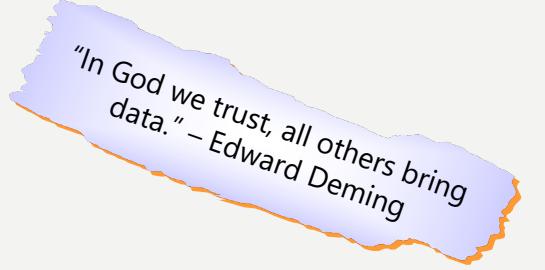


- Profits are highly correlated (0.98) with worldwide gross sales
- Top 20 actor's average
 - 11 movies
 - \$3.9B sales
- Top Actors Benefits
 - Consistency
 - Consumer favorites
 - Franchise players
 - Marketing lift
- Most Consistent Actors
Andy Serkis , Ian McKellen, Josh Hutcherson, Vin Diesel, Robert Downey Jr., Tom Cruise

CONCLUSIONS

Next Steps

- **Recommendations**
 - Proposal #1: Go After Animation Genre First
 - Proposal #2: Authorize Budget of \$131M or \$93M
 - Proposal #3: Strike Deal With Top 20 Actor
- **Next Steps**
 - Suggest full-day workshop deep-dive
 - Engage broader team
 - Formulate business plan
 - Executive awareness of investment size
- **Questions?**



"In God we trust, all others bring data." — Edward Deming

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THANKS