Microsoft Movie Studio

Exploring Genre and Profit

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Understanding the Business Problem
Making Actionable Suggestions

Microsoft is stating a new movie studio, and needs recommendations for what type of movies to make. This analysis attempts to answer the following questions in order to provide guidance to ensure profitability and commercial success:
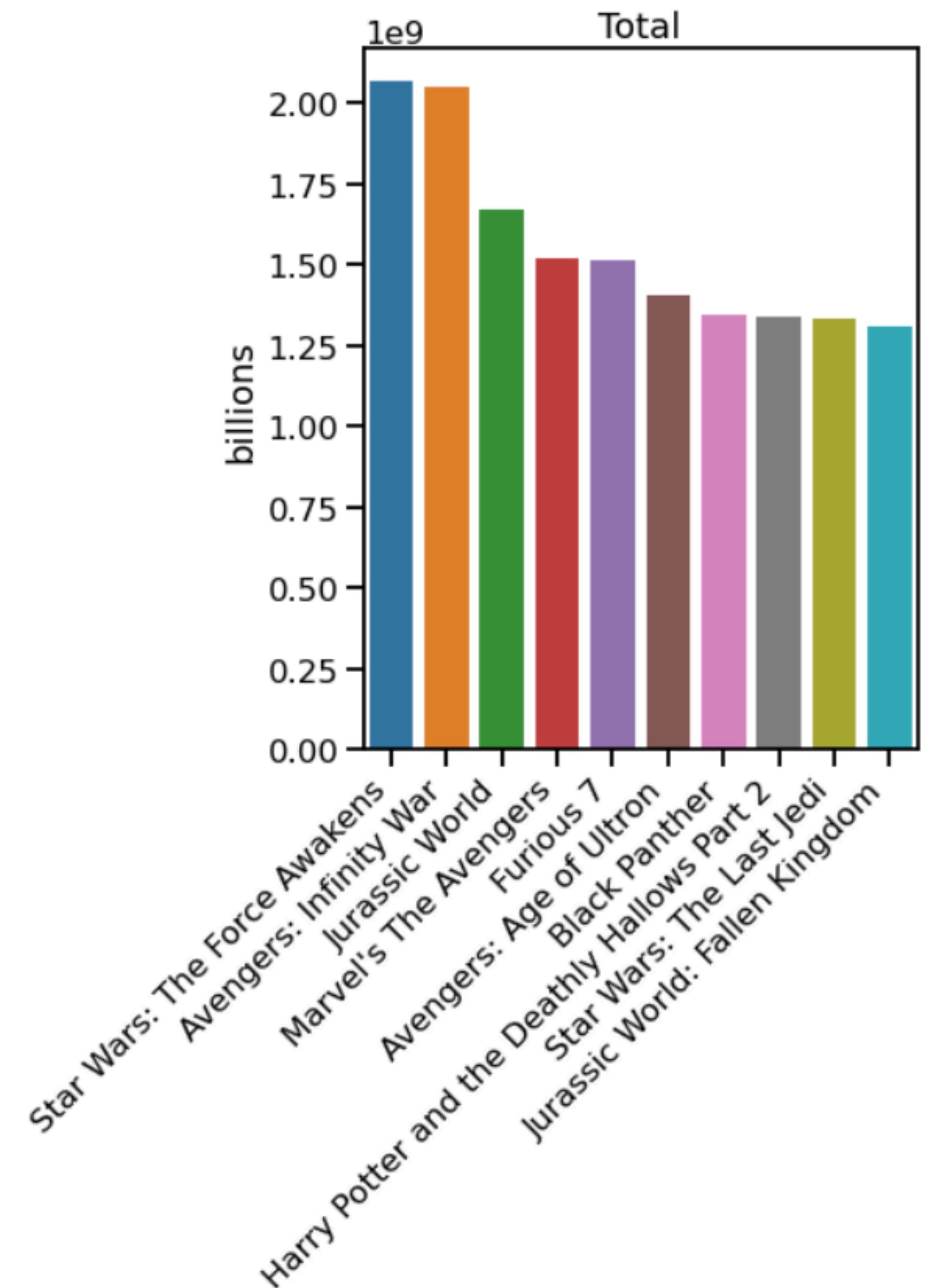
- What are the highest grossing movie genres from 2010-2018?

- What genres have the highest ROI over the same time frame?

- What genres have the lowest production budget and the highest ROI?

Identifying the top grossing films can give us a higher level insight into what types of movies perform well at the box office

Key Takeaways:

Series are incredibly successful! Only one of the top 10 movies by total gross is not part of a series.

The mean foreign gross is greater than the mean domestic gross. Foreign distribution is essential.
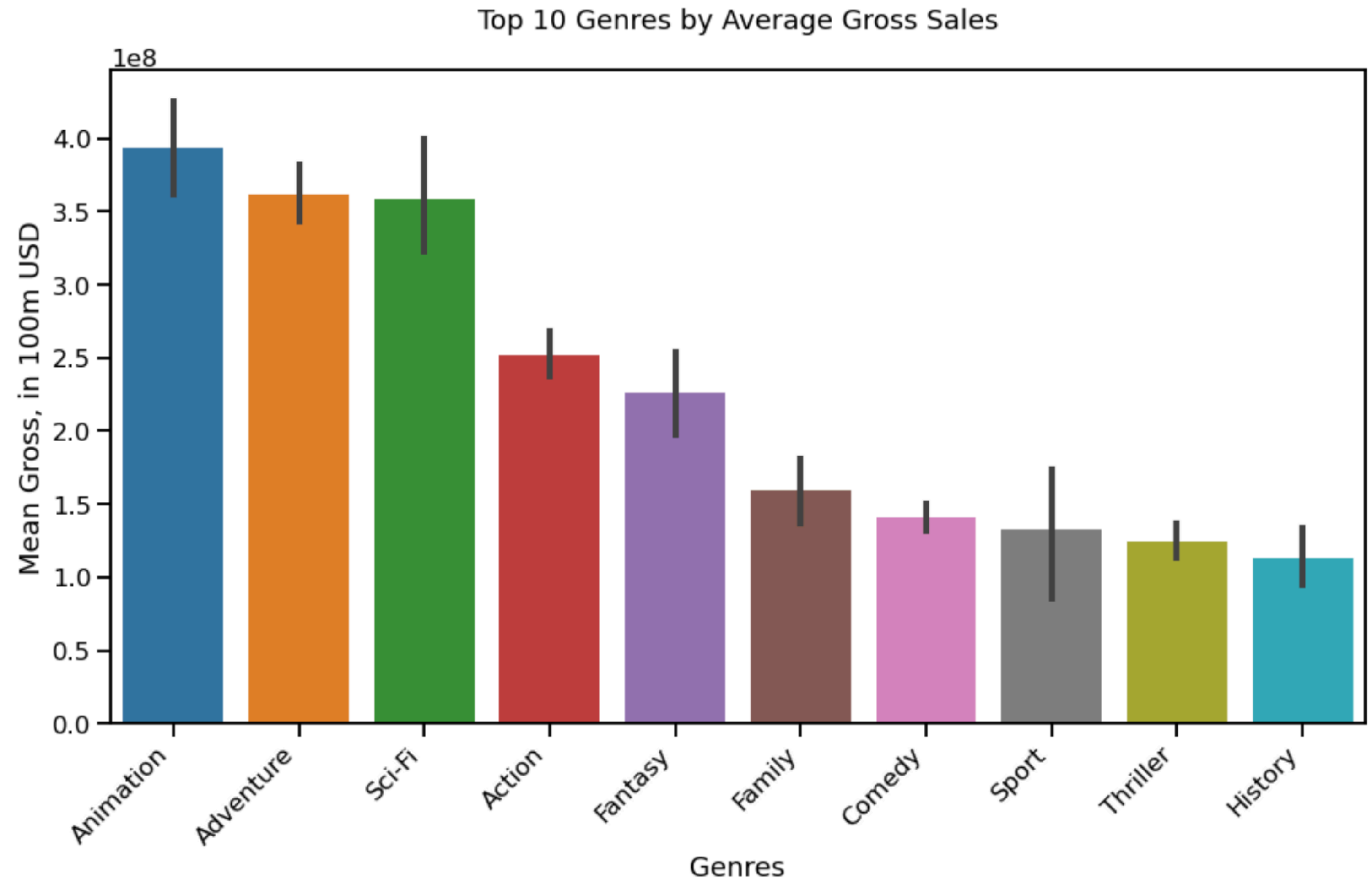
The most successful genres are Sci-fi, Adventure, and Animation.

Given the nature of the movies in these genres (being part of a well established series or universe) it may be difficult to compete head-to-head with these type of movies. The biggest players in the comic book world, Marvel and DC, are tightly bound to studios already, as are other series that have proven to be huge box office successes (Harry Potter, Jurassic Park, Star Wars, etc.)

There is a dwindling supply of ready-made stories that have captured the fan's imagination, and the box office records of lesser known series is suspect.
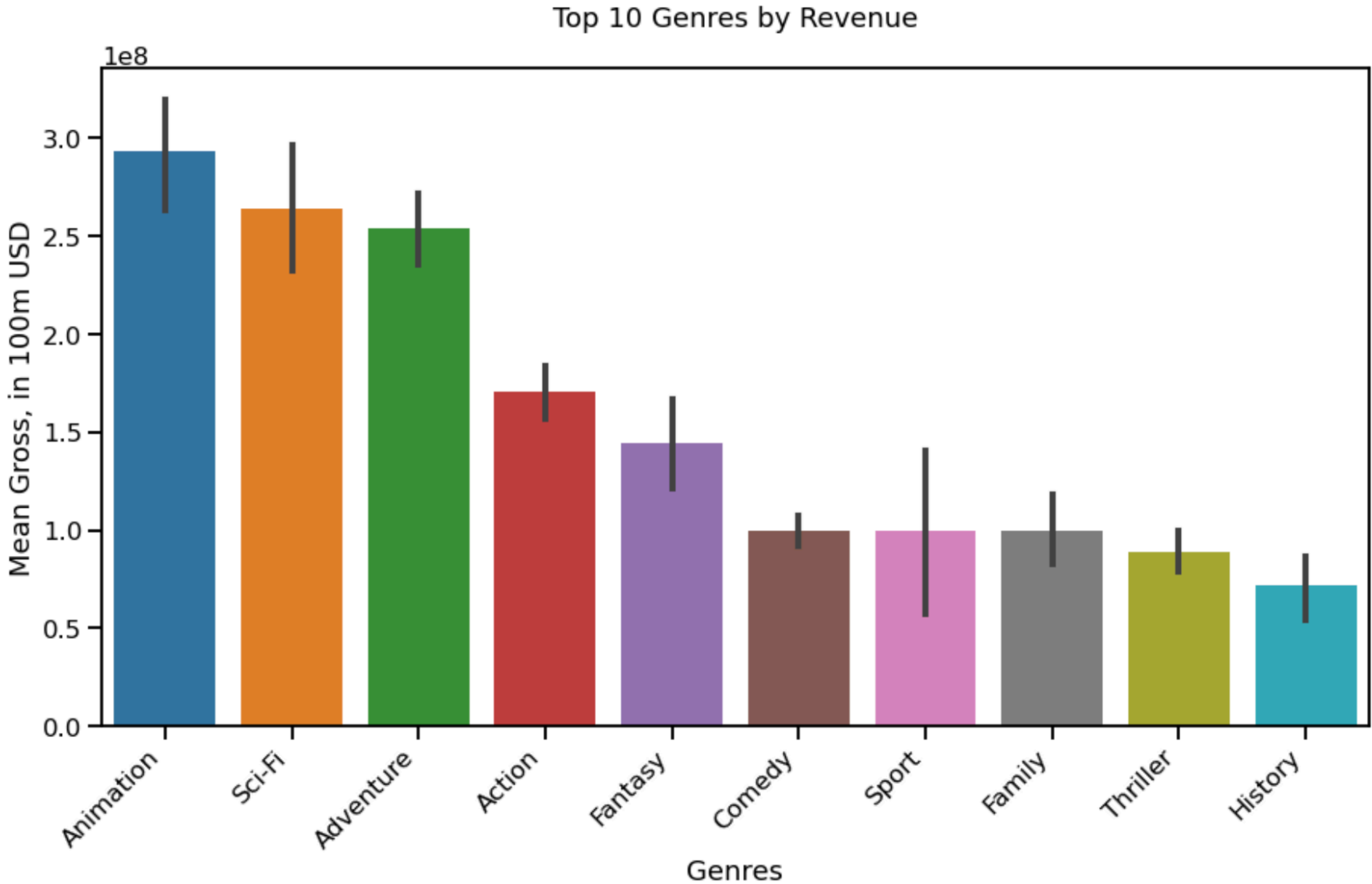
(Source: https://www.cbr.com/biggest-superhero-box-office-flops-decade/)

Top 10 Genres by Average Gross Sales

The genres with the highest net revenue are Sci-fi, Adventure, and Animation.

Unsurprisingly, the genres with the highest net revenue (total sales - production budget) correlates with genres ranked by gross sales.
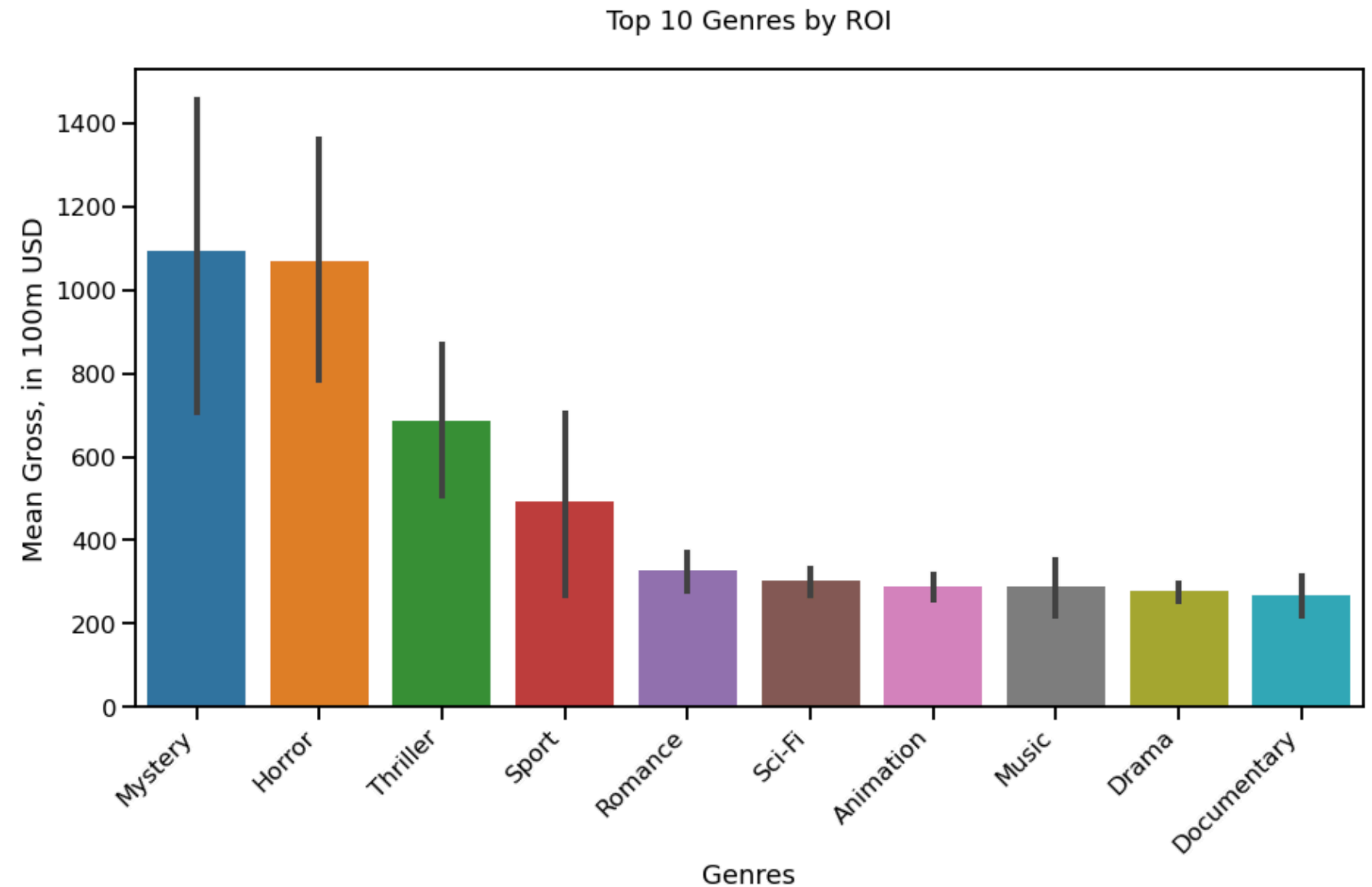
If Microsoft is interested in making movies that have high revenue, my recommendation would be to invest in making movies in the Animation, Sci-Fi, and Advenure genres

Top 10 Genres by Revenue

The genres with the highest ROI are Mystery, Horror, and Thriller.

When genres are sorted by their ROI, we see a completely different set of genres. It is interesting to note that that the top 4 genres do not even place in the top 5 by gross sales or revenue.

If Microsoft wanted to take a more conservative, risk averse approach to their movie studio, I would recommend making movies in the Mystery, Horror, or Thriller genres as these genres generally have a lower production budget, and higher ROI.

Top 10 Genres by ROI

Conclusions:

If having higher revenue, regardless of production budget, is a priority, Microsoft should make movies in the following genres:

Sci-Fi
Adventure
Animation

Caveats:

The majority of movies in the above genres are part of a well established series. Further research into the box office success of stand-alone movies, and the first movie in a projected series would be a good next step.

If Microsoft wants to pursue a more risk averse approach to making movies, I recommend that they make movies in the following genres:

Mystery
Horror
Thriller

Movies in these genres tend to have a lower budget, and higher ROI, making it a less risky proposition.