**Examining Drivers of Film and Industry Profitability**

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**The Premise/Problem:**

The definition of the film industry is increasingly becoming a relic of the past with the invasion of streaming services and online platforms that give people a plethora of readily accessible-content. Other factors that supposedly drive a movie’s profitability are also changing.

According to the *L.A. Times* and BBC News, the presence of star power in movies of the 21st century no longer guarantees exponentially higher box office performance it once did before the rise of streaming services and social media platforms. By star power, we define this as a Hollywood A-lister who plays the starring role.

Other things that have to be taken into account are: social media marketing of films, the core of the industry’s philosophy that more is better aka, a gamble that one gigantic blockbuster will make up for the failures of the other 80-90% of films released per year (according to *Forbes*).

**The Objective:**

We will perform an analysis of the film industry over time to determine what the key drivers of profitability are in the modern-day to provide a recommendation on how the industry can adapt to the ever-changing entertainment ecosystem.

**Data Used:**

We used datasets from the IMDB database and the Kaggle user base that provides sets that have been scraped from a combination of other movie databases providing financial info.

**Aggregation Plan & Storyline Thus Far:**

Big Picture of Industry in the Past 30 Years: Externally, the industry of Hollywood has seen many factors have impact on the size and scale of its operations. We have chosen to examine the period of 1980-2016 because of data availability and because it is the period that has seen exponential growth of the internet that has enabled the power of consumers.

Our story begins with the industry’s core philosophy that more is better: in Graphs 1 and 2 below, we can see that this take did not translate into user satisfaction or quality, even if movies boasted budgets of over $100 million.

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With the onset of the 1990s Dot-com bubble, we see a coinciding of an increase in overall average film budgets. The technology boom affected the industry internally as well, with the rise of CGI and coinciding emergence of smaller independent film studios such as Miramax, Lionsgate, and New Line Cinema. (See graph 3)

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With this came the rise of increasingly expensive and innovative ways of producing film, including the use of computer animation that would soon dominate the 2000s. While budgets were seeing a steady increase, the story of industry revenues wasn’t so smooth. (See graph 4)

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Revenues experienced both the highs and lows of the tech boom, the financial crisis of 2008, and the recovery period of the last decade. This leads us wondering, what do profits look like? (graph 5)

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*Forbes* has reported that the industry is constantly operating on losses – taking gambles on film, “oversupplying and hoping for a miracle” approach that we can see is somewhat true here. The industry’s revenues do not seem to be making up for its increasing budgets with the enhanced production methods and increase of fantasy genre movies. The rise of streaming services like Netflix adds another obstacle to the cause.

As for user satisfaction with the increase in budgets, films that profit more are the ones with higher user ratings. A screenshot of a cell phone

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Over the years, the number of users voting on databases like IMDB are overall increasing, as the internet and online presence of consumer reviews are used as a decision-making tool of whether or not to watch films.

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This is what we have thus far… more to come