

A photograph of the Hollywood sign, which consists of large white letters spelling "HOLLYWOOD" mounted on a hillside. The hillside is covered in dry, brownish vegetation. In the background, there are some buildings and a clear blue sky. The entire image is framed within a circular shape that has a thick grey border and is set against a black background with faint, curved white lines.

HOLLYWOOD

HOLLYWOOD?
BEWARE!

Big Dreams? Big Hopes? Off to Hollywood?



HOLD UP! Did you know that Hollywood is one of the world's most diverse and dynamic sectors?
DON'T RUSH IN!!



THE Old Guard



WARNER BROS.

WALT DISNEY



UA
UNITED ARTISTS

PIXAR
ANIMATION STUDIOS

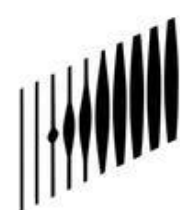
dreamstime.



NEW LINE CINEMA

MIRAMAX

LUCASFILM
Ltd



Gaumont

DREAMWORKS
SKG
PICTURES

LIONSGATE

SONY
PICTURES

FOCUS
FEATURES



BARBARIANS AT THE GATE

HOW DOES THE FILM BUSINESS OPERATE?





LET'S USE DATA INSTEAD!

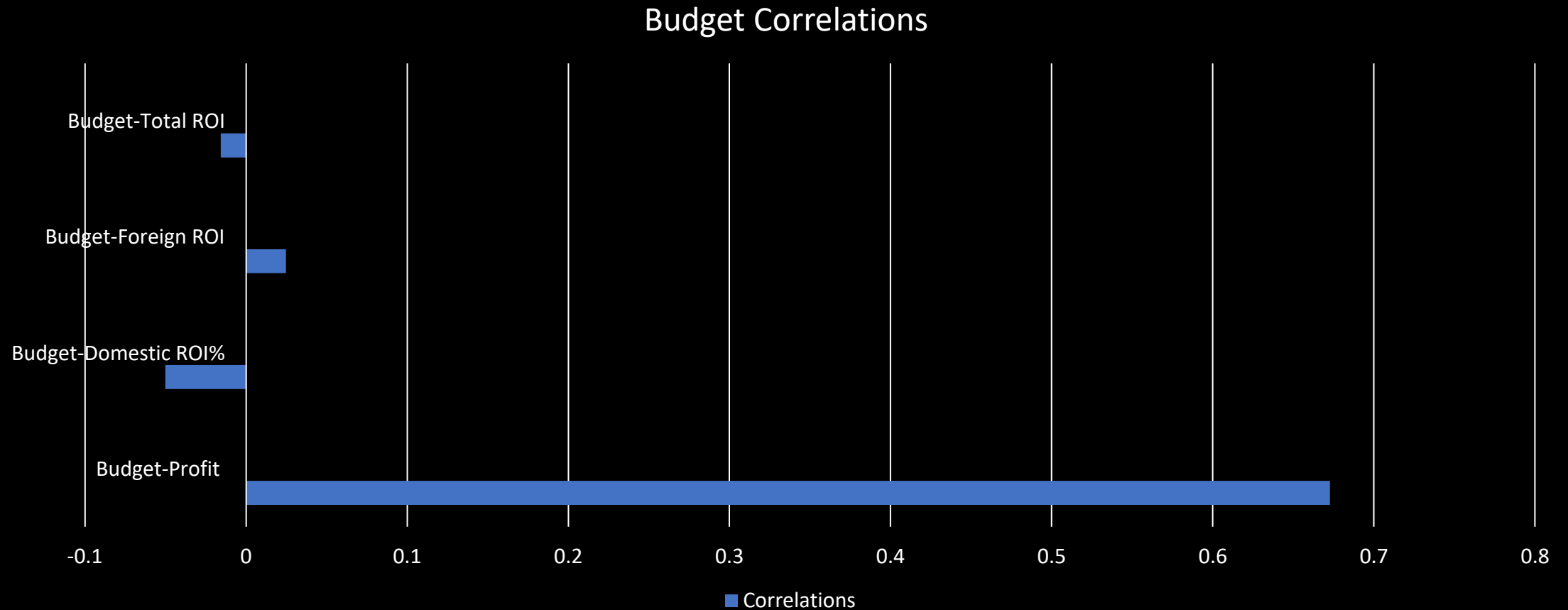
FROM WHERE?

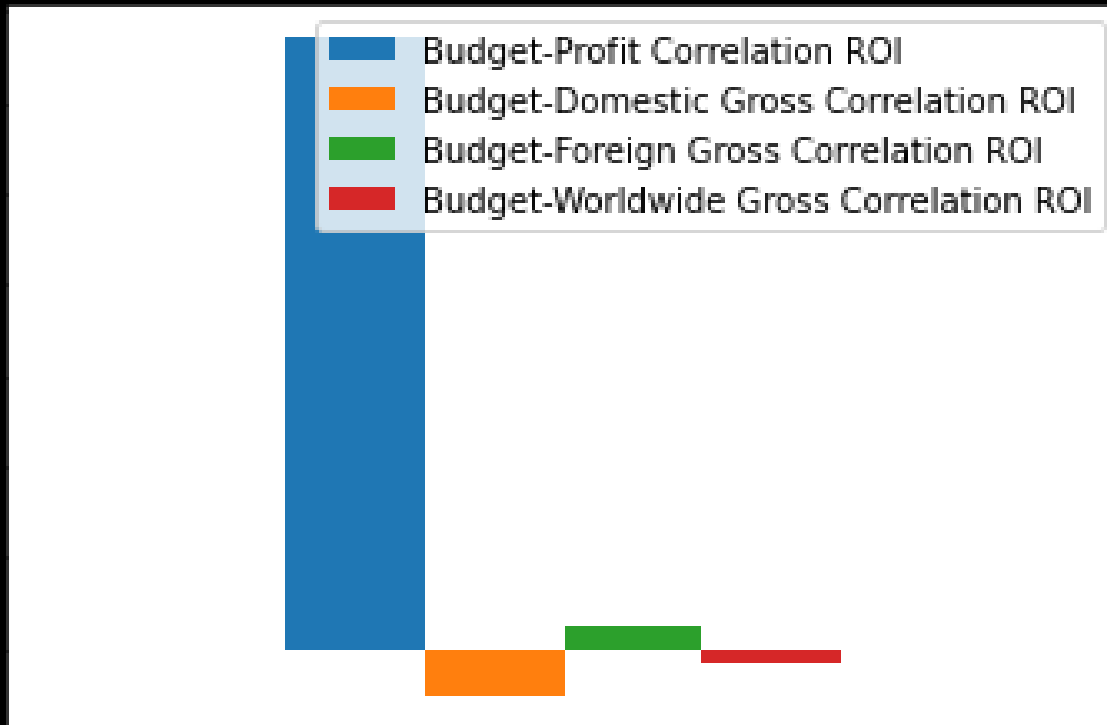


Starting in 2012.
Why? Nothing
Special. Just need a
cutoff date where
at least some of the
relevant players
were already
involved



Let's see how the Budget correlates to returns!





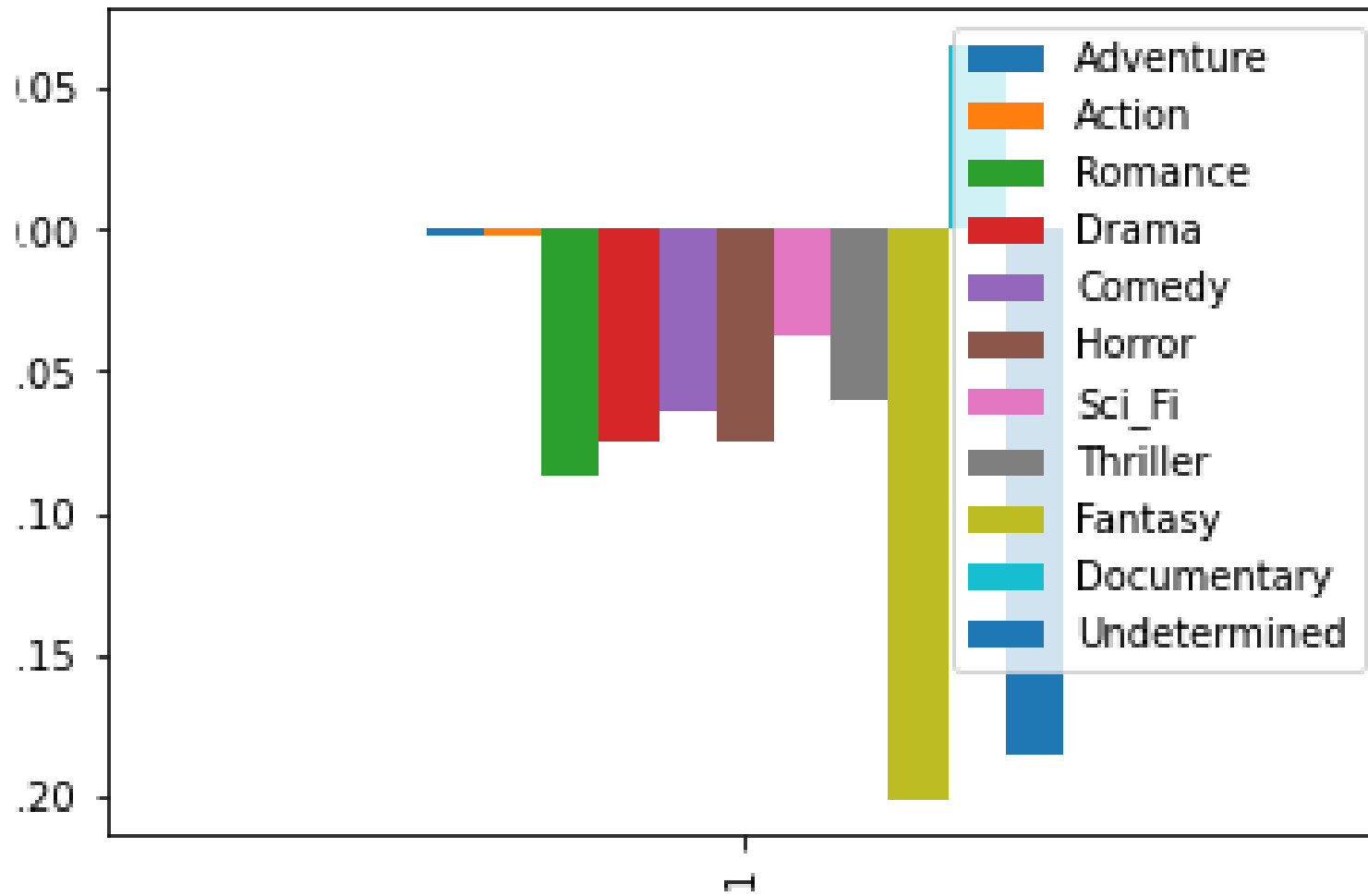
Interesting. Budget has no correlation to Domestic, Foreign and Total ROI. On the other hand, profits and budget do correlate fairly strongly.

What to make of this?

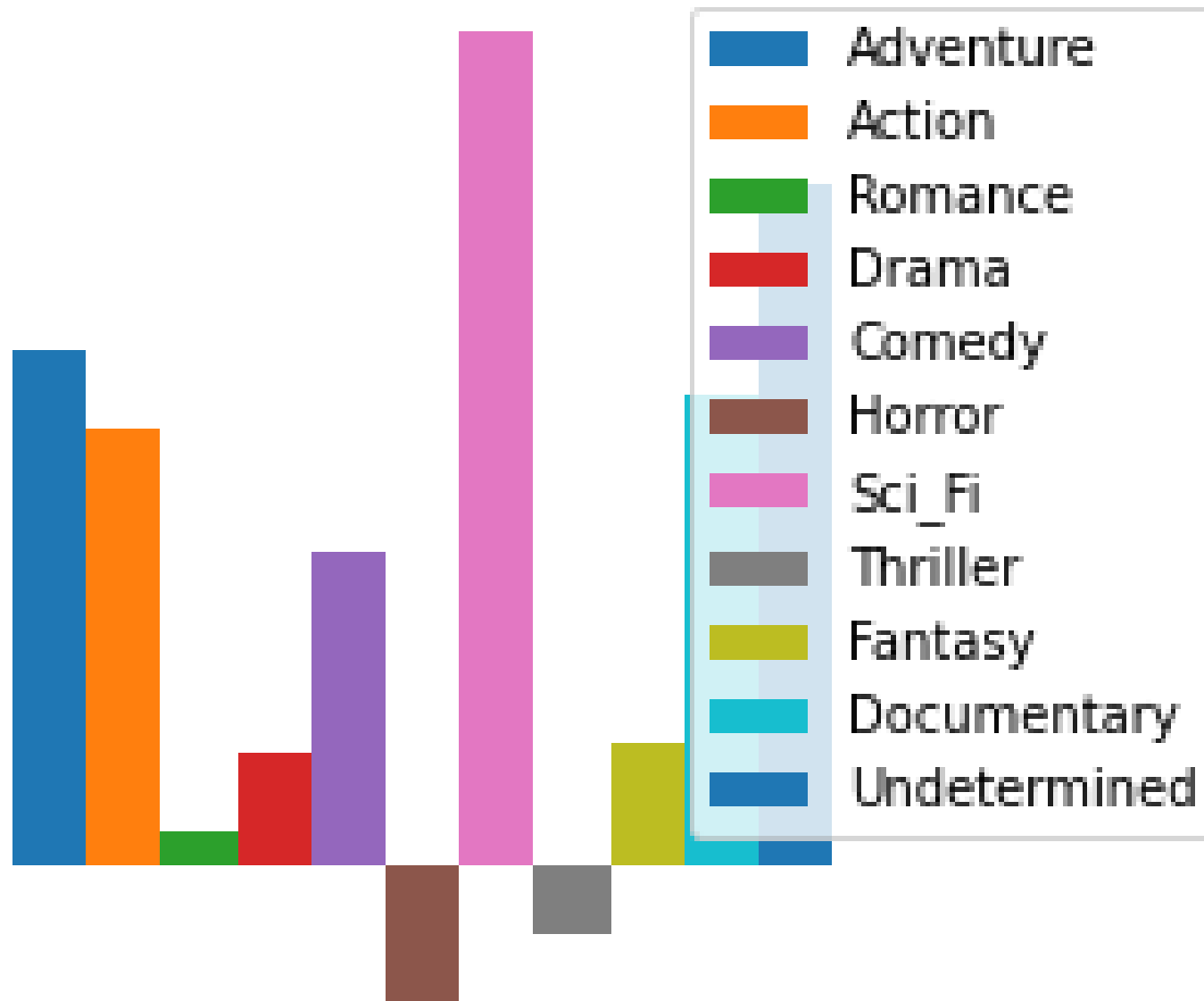
- Business recommendation #1: **Splash the cash on big projects.**
- That's the most surefire way to make a profit.
- Otherwise, there's a lot of uncertainty.

Does this make sense?



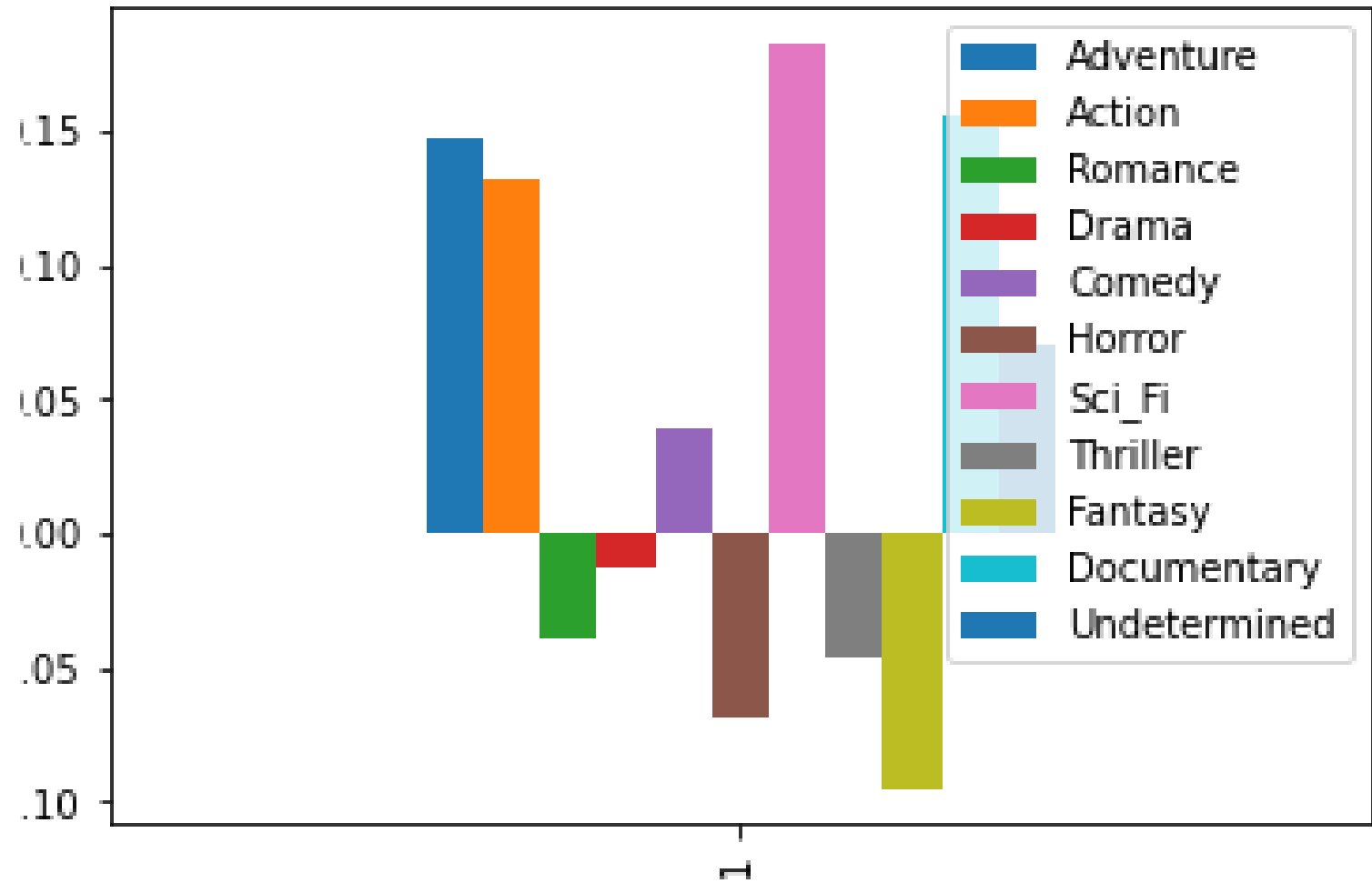


DOMESTIC ROI
CORRELATION BY
GENRE



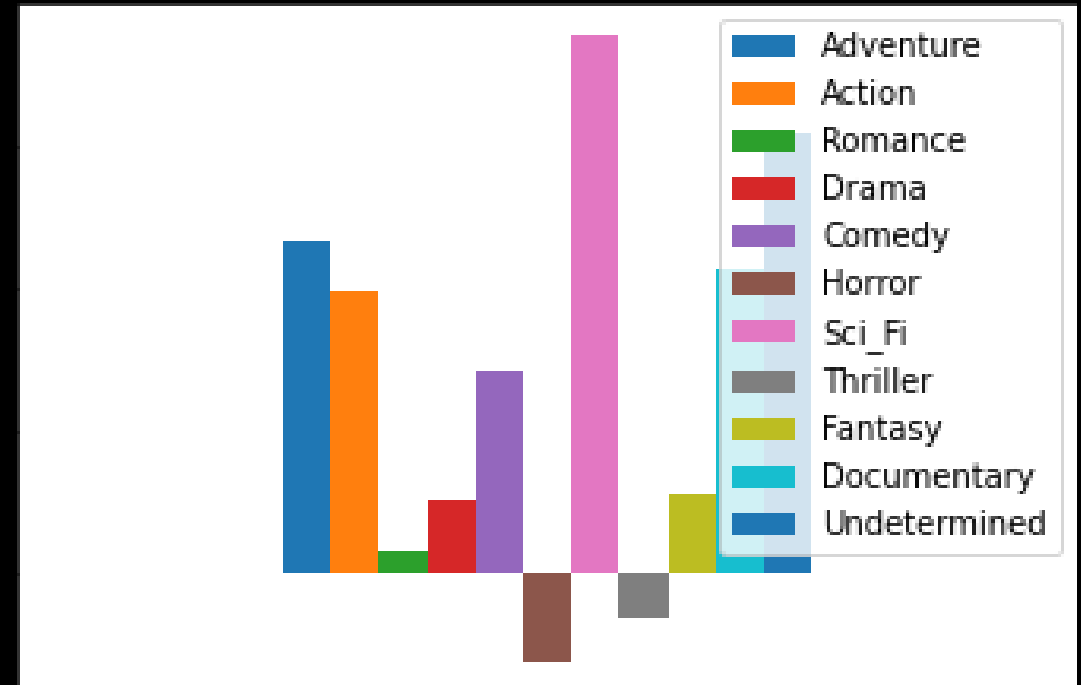
- FOREIGN ROI CORRELATION BY GENRE

WORLDWIDE
ROI
CORRELATION
BY GENRE

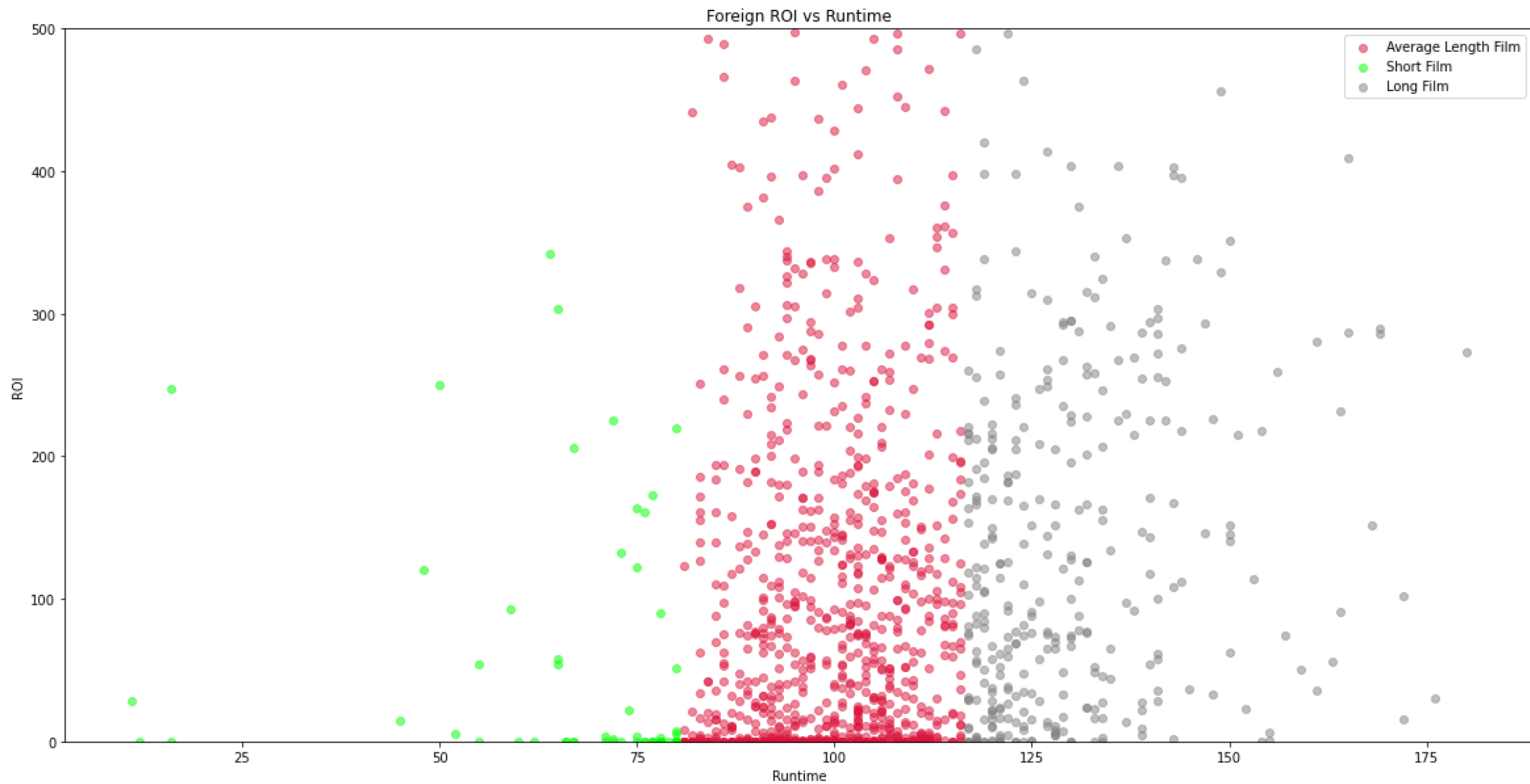


Analysis +Recommendation

- Most genres have negative or no correlation to success.
- Recommendation #2: STICK WITH ACTION, ADVENTURE OR SCI-FI FILMS!
- They make money







RECOMMENDATION AND ANALYSIS

- RECOMMENDATION: Longer movies are most likely to make big money. You can clearly see ROIs increase at around 80 minutes in both the foreign and domestic charts. MAKE MOVIES BETWEEN 80-150 MINUTES!!
- That's the sweet spot. There are drop-offs after that. Although, the data shows it's still better to go longer than short.

RECAP

- Recommendation #1: Splash the cash on big projects because both profits and budget go together. They had the strongest correlation of anything in this analysis. Profit matters. If the market hears that your new film made a \$500 mil. Profit then your stock will jump and your value improve by well over \$500 mil.
- Recommendation #2: Stick with Action, Adventure, and Sci-Fi films because they have the best relationship with ROI.
- Recommendation #3: Stick with medium to long films. They are the best investments. Longer films also have some correlation to budget.

Bonus Recommendation and Further Exploration

- RECOMMENDATION #4: Make films that foreign markets will enjoy. This is what your competitors have been doing for over 10 years. Also, the correlations were generally stronger for foreign than domestic markets.
- See: <https://www.businessinsider.com/hollywood-is-making-films-for-foreign-markets-2012-9>
- RECOMMENDATION #5: Get a streaming service. Many people do not go to movies. In the last 10 years, streaming services have taken a big chunk of cash from the silver screen.



Exploration

- **EXPLORATION:** Find out which movies are based on pre-existing intellectual property. I have a feeling that book and comic based films like Harry Potter and Marvel Comics. Those films are probably also Action, Adventure, and Sci-Fi films. You should probably find some already popular IP and acquire it. Otherwise, well...