Microsoft Diving Into the Movie Scene

Descriptive analysis of recent movie industry trends

by

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Summary

Mars Needs Moms: the biggest loser in the film industry, lost over $100m

A balance of risks and rewards considers:

- A mixture of moderate and large budget productions
- Genres that match budget recommendations
- Release dates that maximize success

Outline

- Business Problem
- Data & Methods
- Results
- Recommendations

Business Problem

- The movie industry is complex, crowded, and risky with no guarantees.
- How can Microsoft maximize its chance of success?

Data and Methods

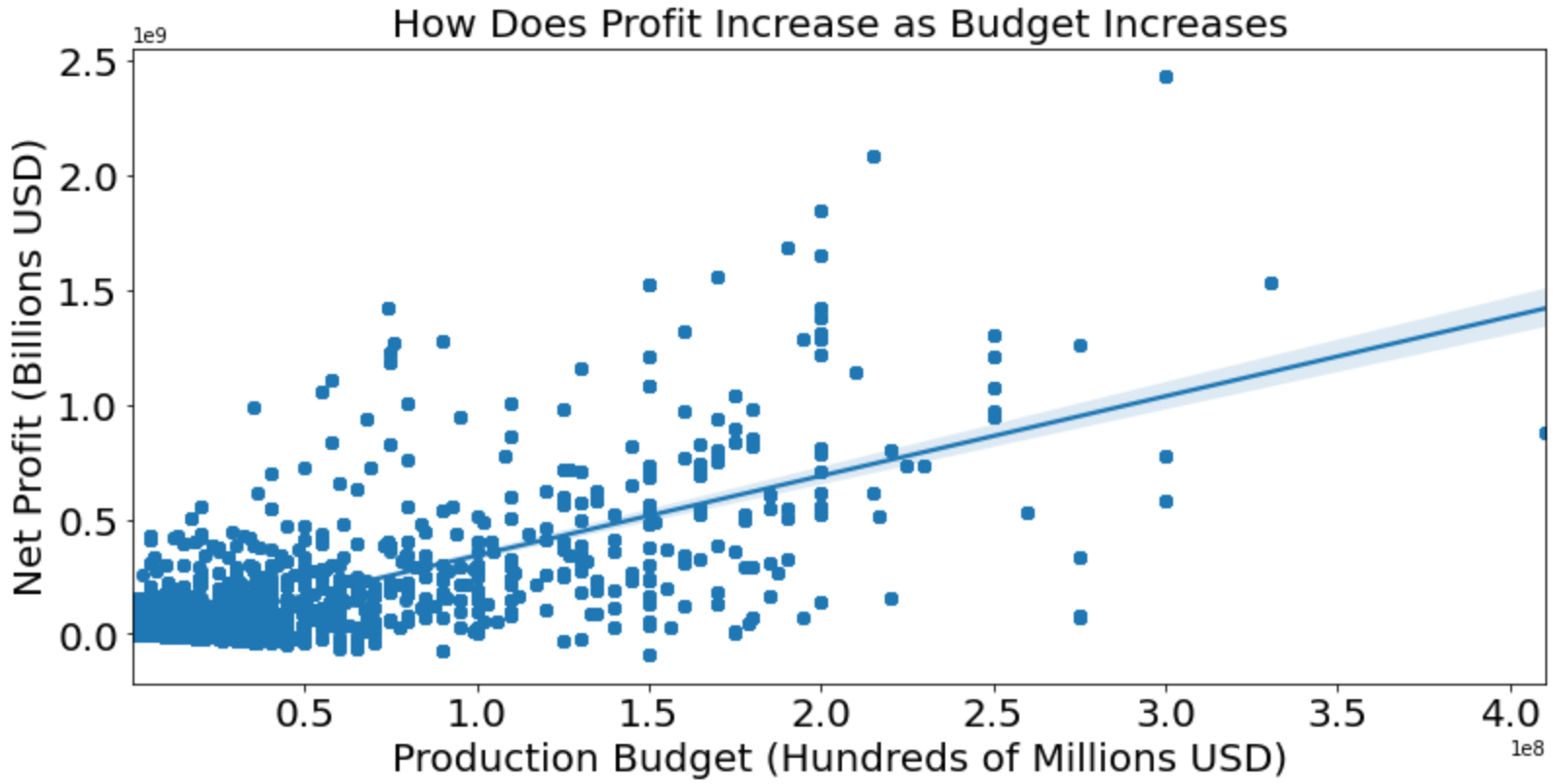
- Data sources included:
  - The Internet Movie Database (IMDB)
  - The Numbers database (TN)
- From there we focused on two main metrics for success:
  - Net profit (total gross – production costs)
  - Return on investment (net profit / production costs)
- Focused on recent trends (2010-2019)

It’s a good time to be in the movie business

- Worldwide, box office ticket sales are going up

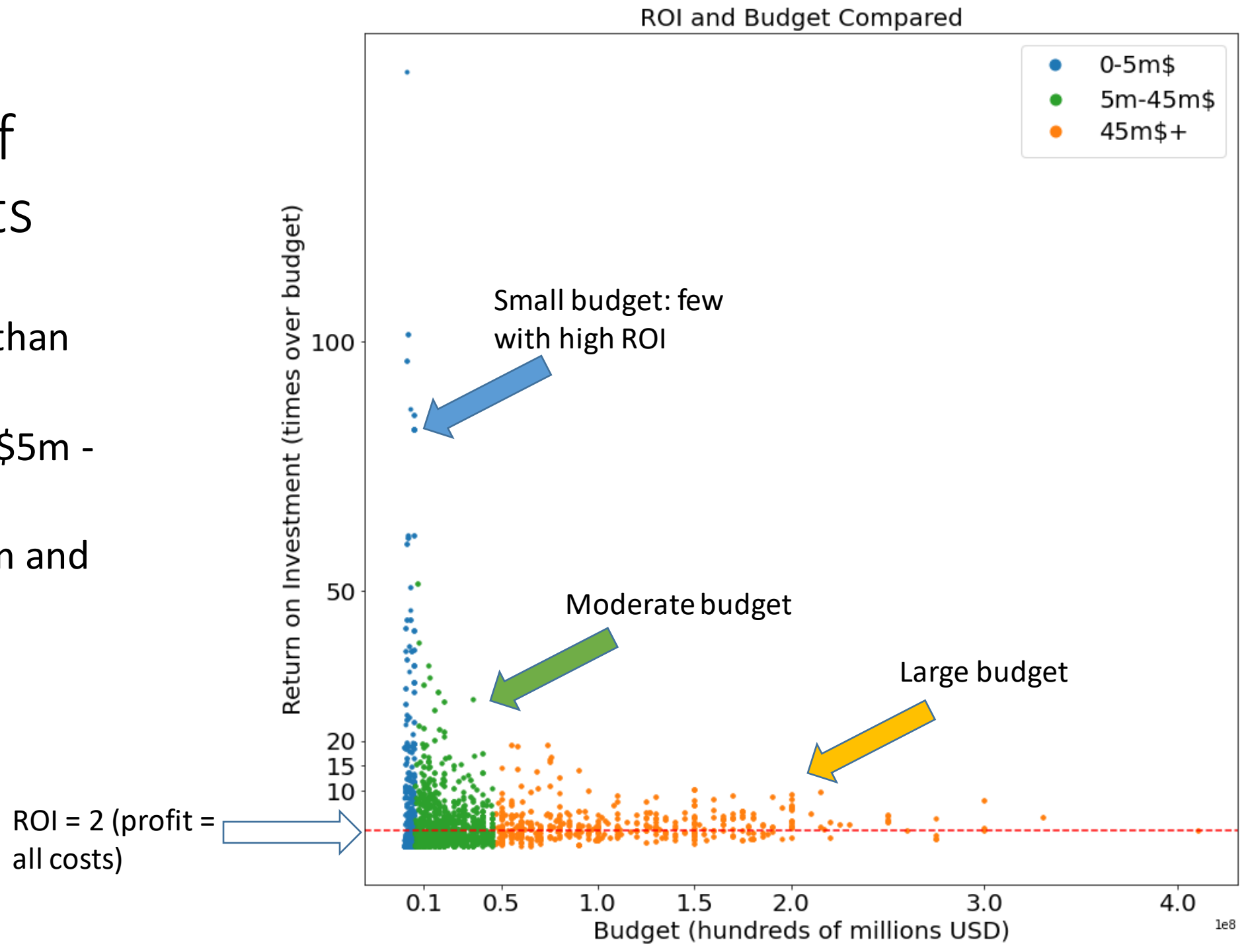
Bigger is better?

- Bigger budget films yield bigger returns
- …but also greater risk

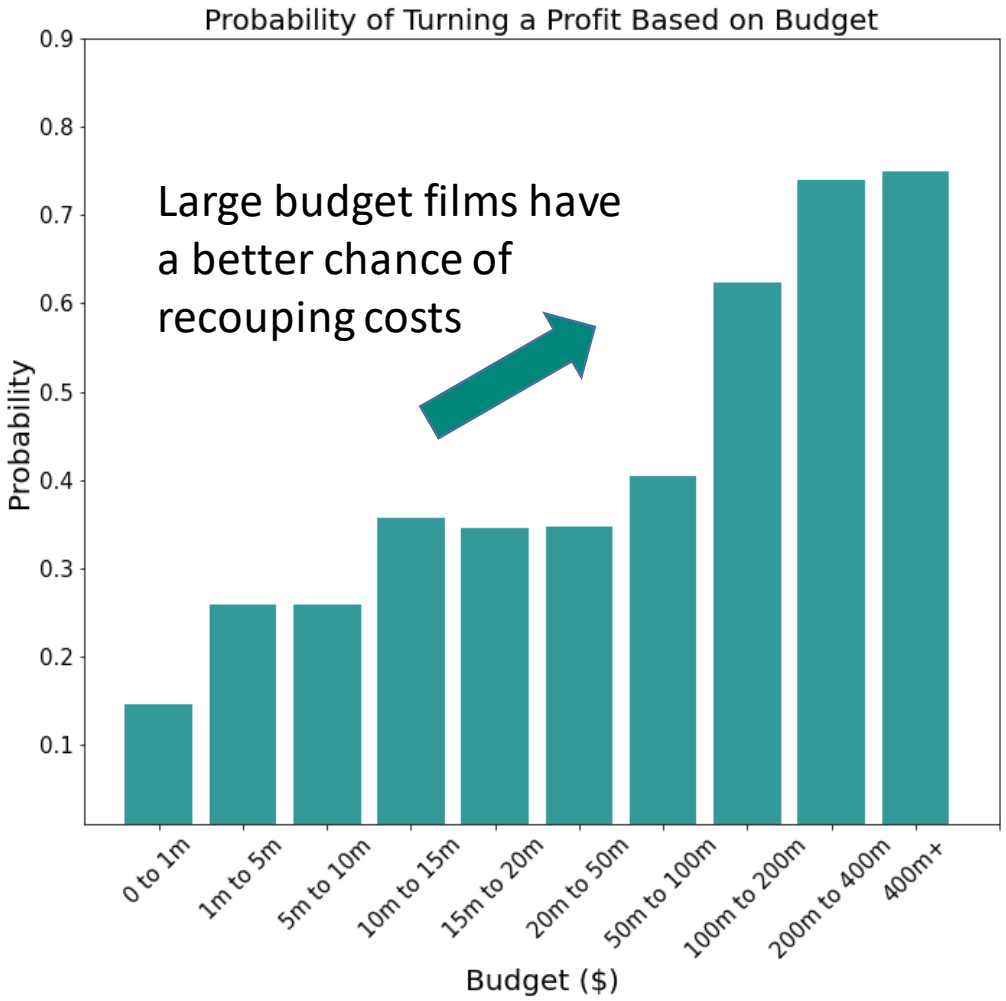


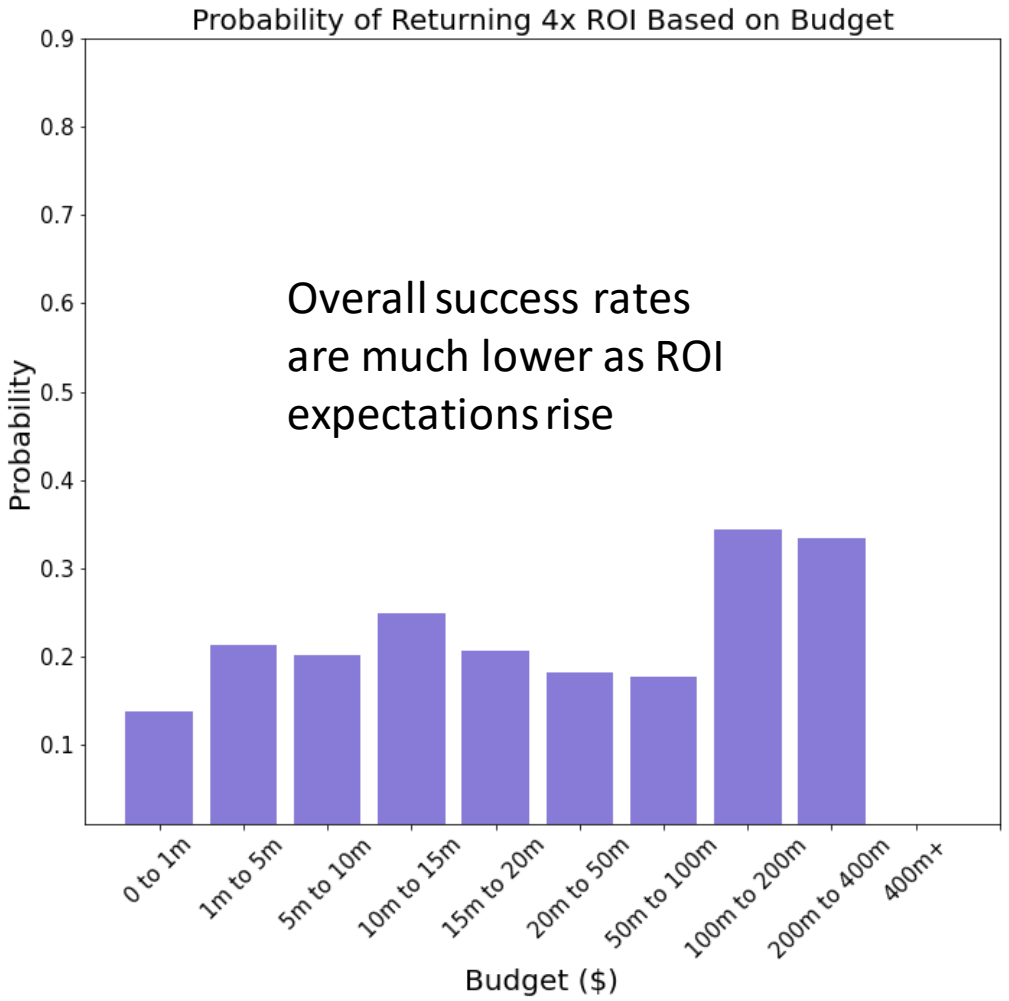
Three kinds of movie budgets

- Small budget: less than $5m (25%)
- Moderate budget: $5m - $45m (50%)
- Large budget: $45m and above (25%)

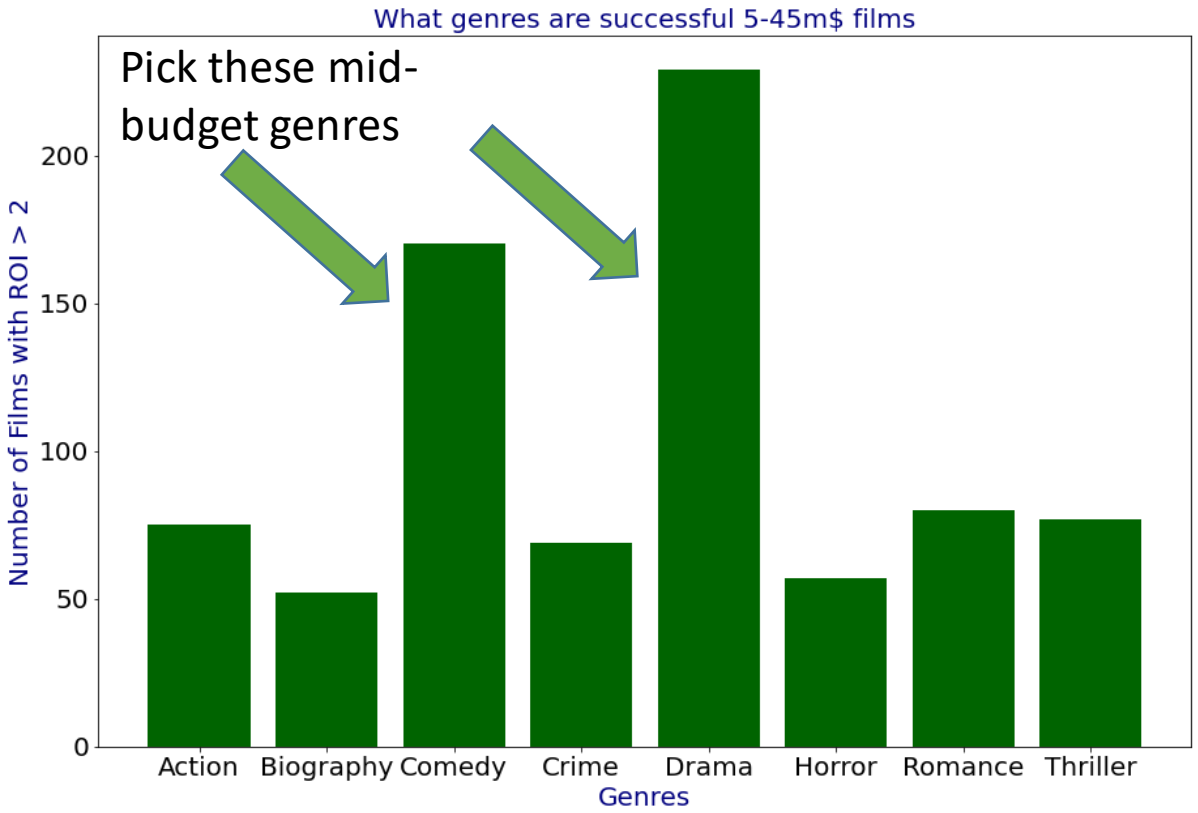


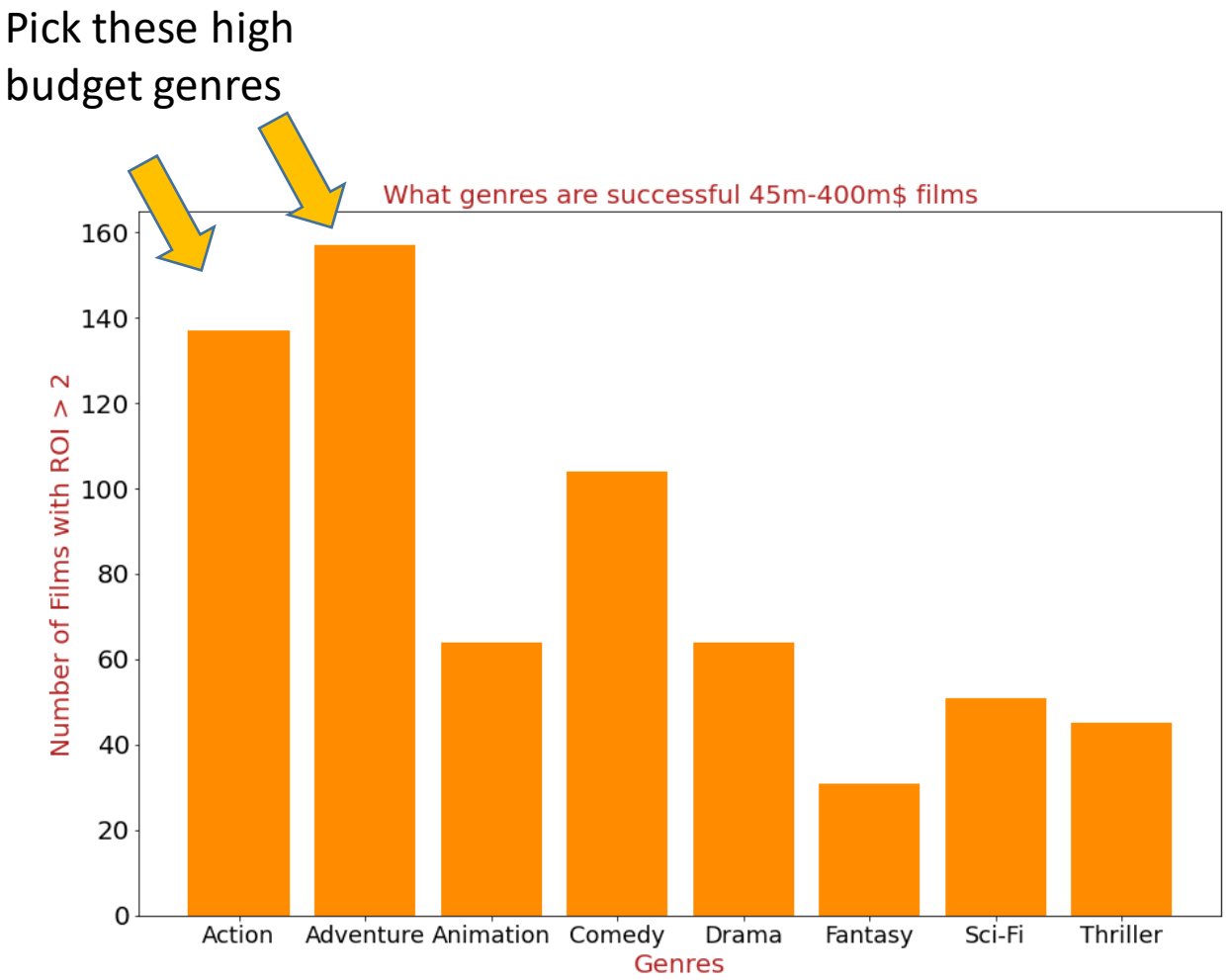
The likelihood of high ROI varies depending on investment





Budget influences which genres are more successful

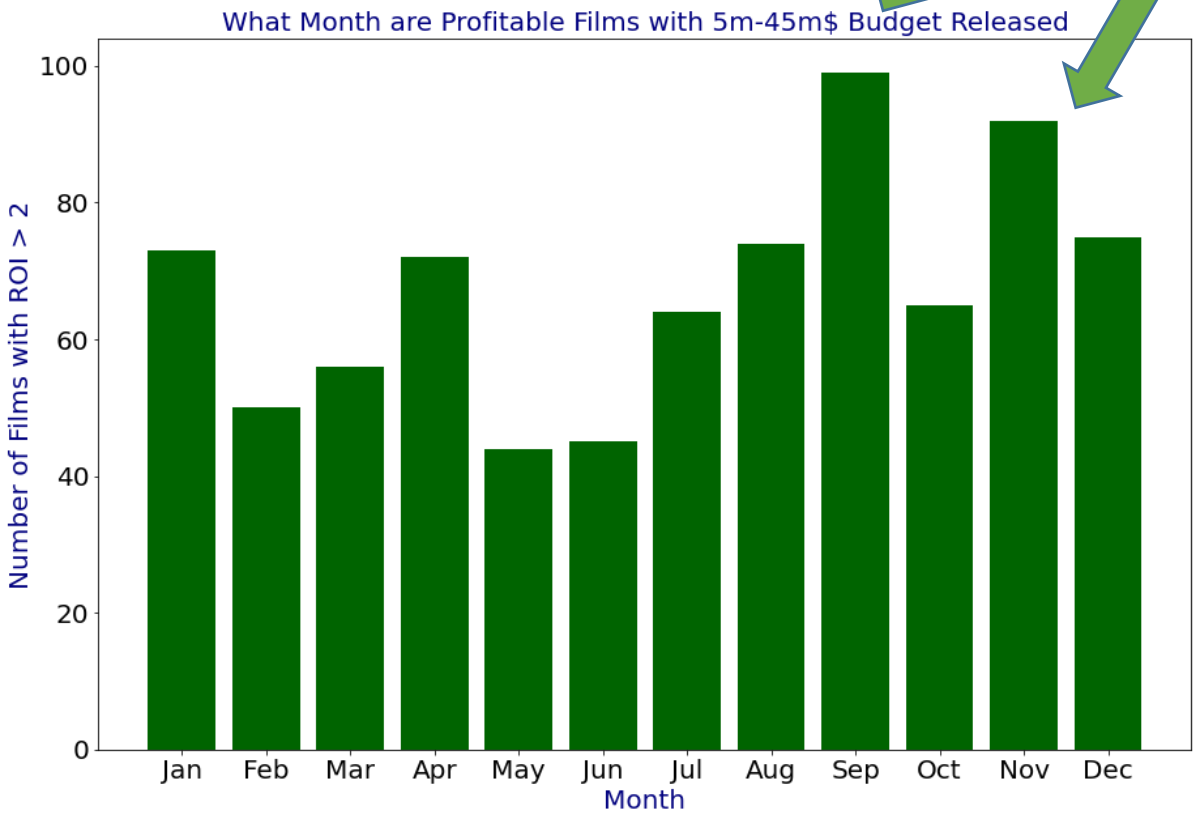


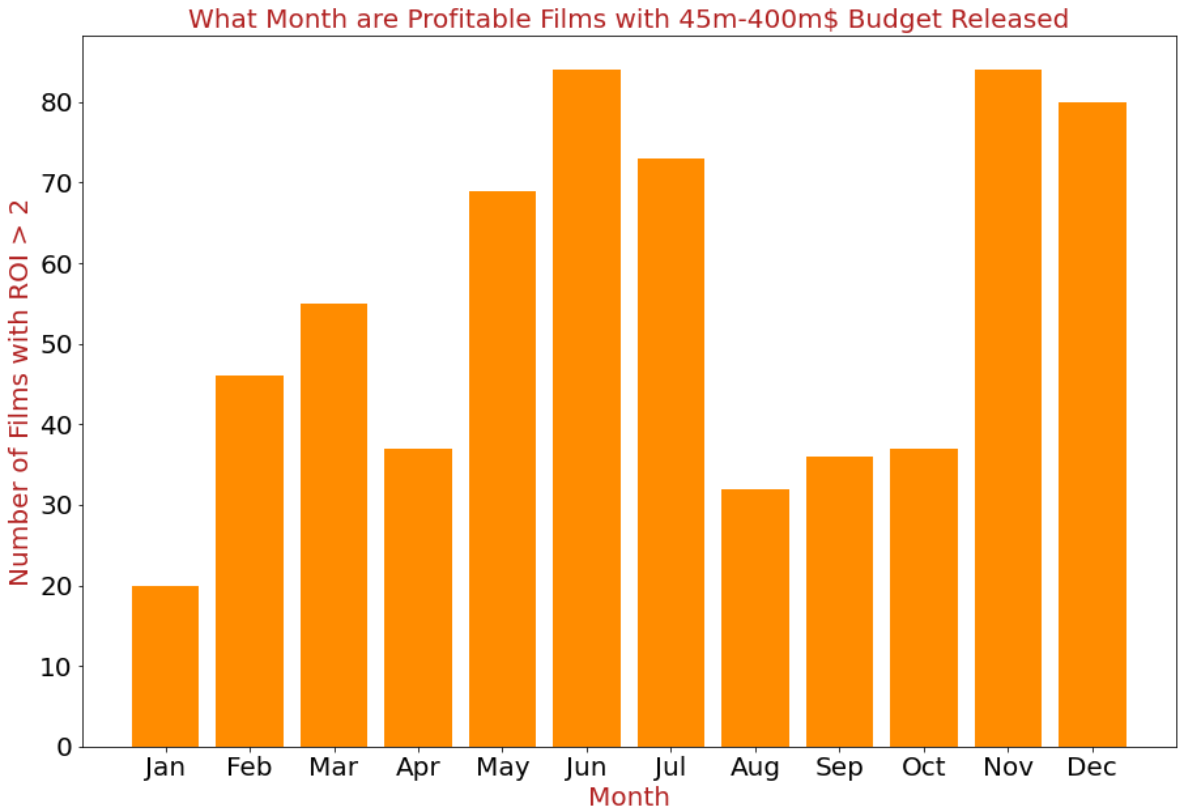


Budget influences release timing

Release mid-budget films in the fall - winter

Release large budget films in the summer or winter





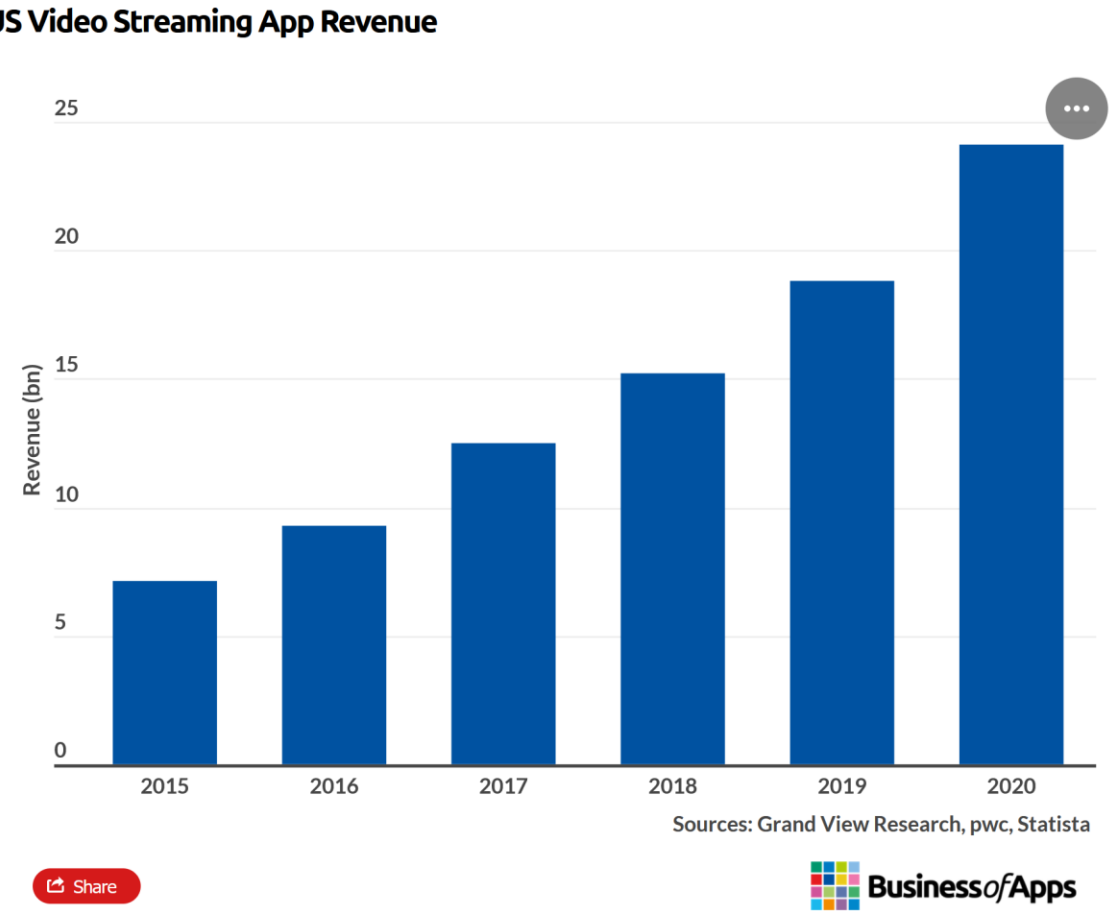
Conclusions

There are two routes that yield high chances for success:

- Produce films with a moderate budget of $5-45 million
  - These should focus on drama or comedy and avoid summer release dates
- Produce films with a large budget of $45-400 million
  - These should focus on action / adventure released during summer or winter

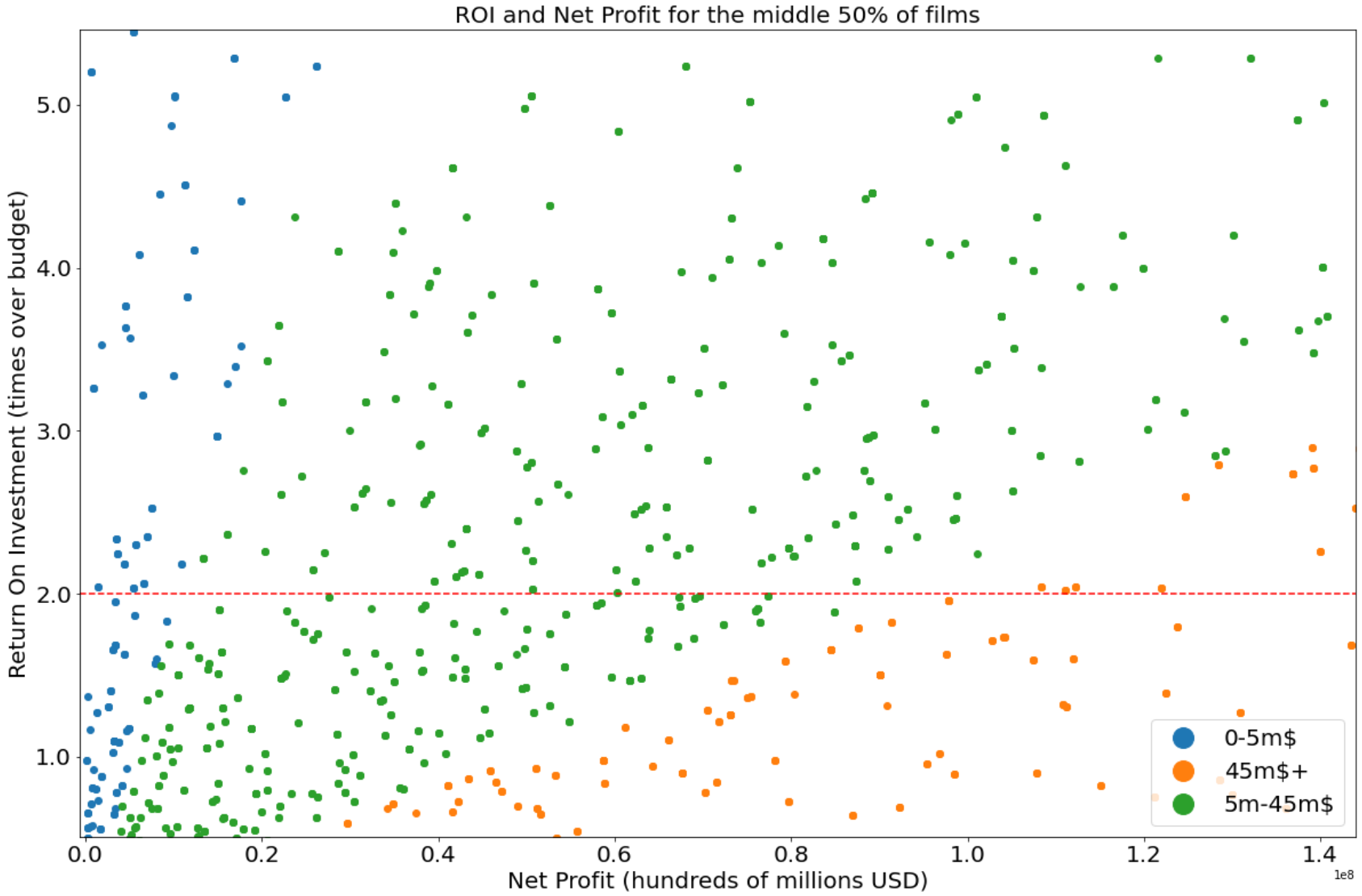
Next Steps

- Microsoft should consider a transition into creating a streaming service to compliment studios.



Appendix – keep in reserve

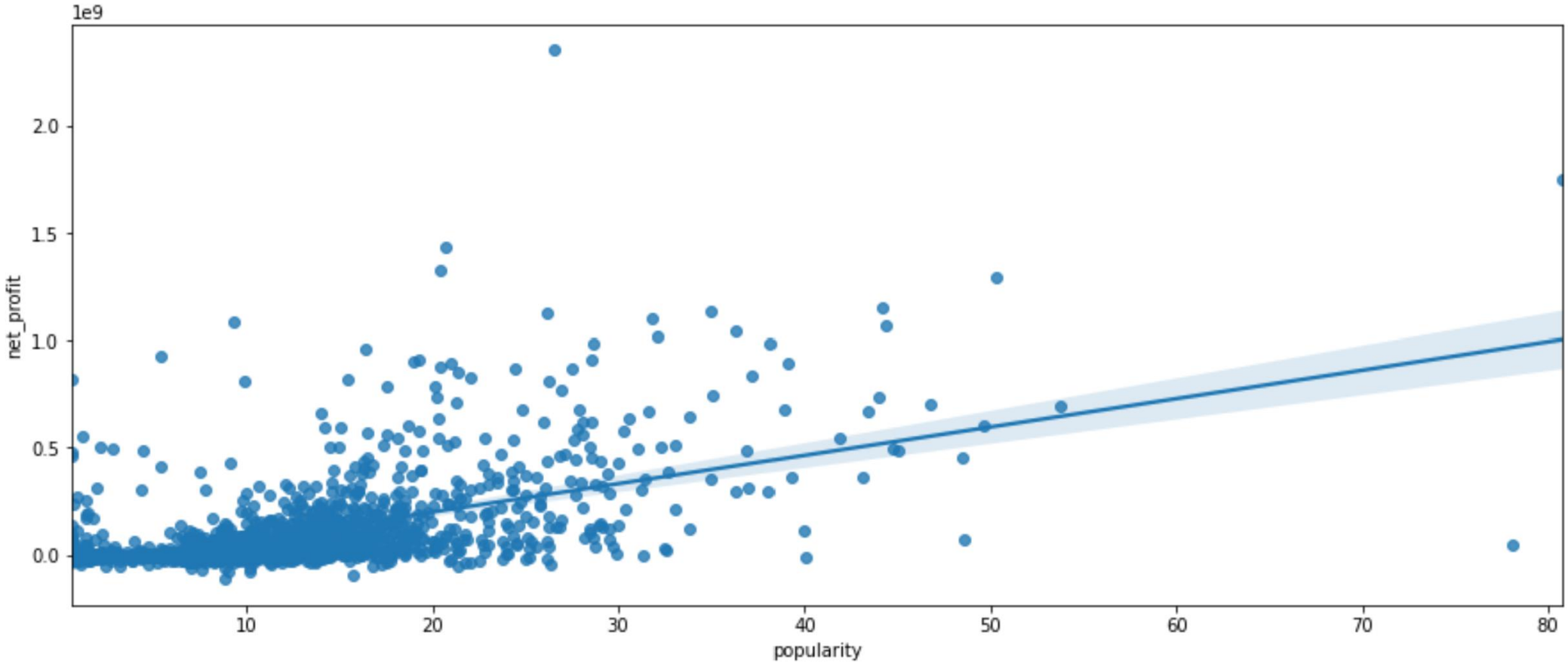
Of average films, the most successful have a budget from 5m to 45m dollars (green dots)



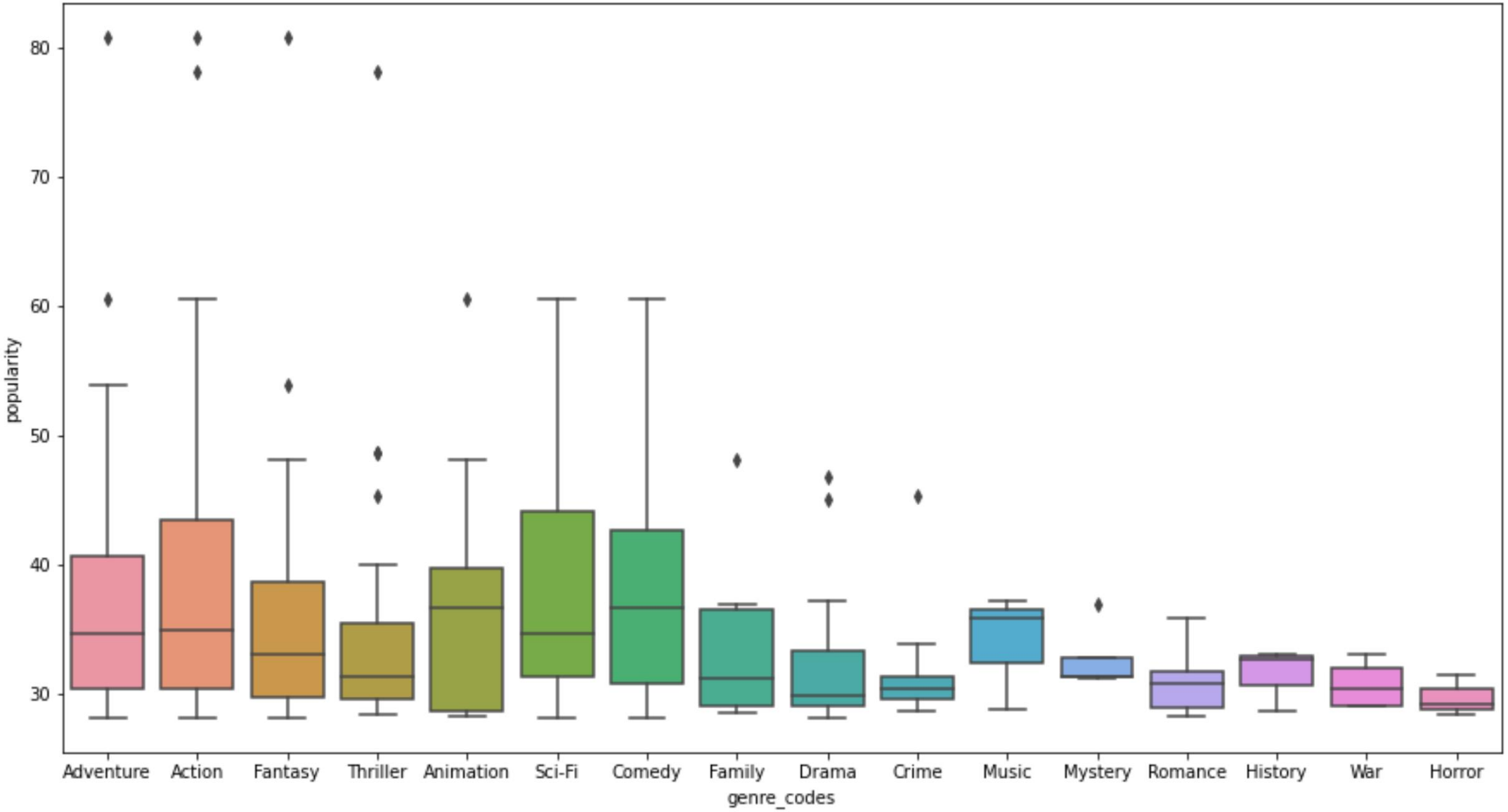
Methods

- We used a descriptive analysis of data for the movie industry over time, with a focus on the last decade.
- Our advice provides Microsoft with a guide to help make their decision on venturing into movie production.
- Our recommendations focus on the budgetary investment, the genre of films, and the timing of release dates.

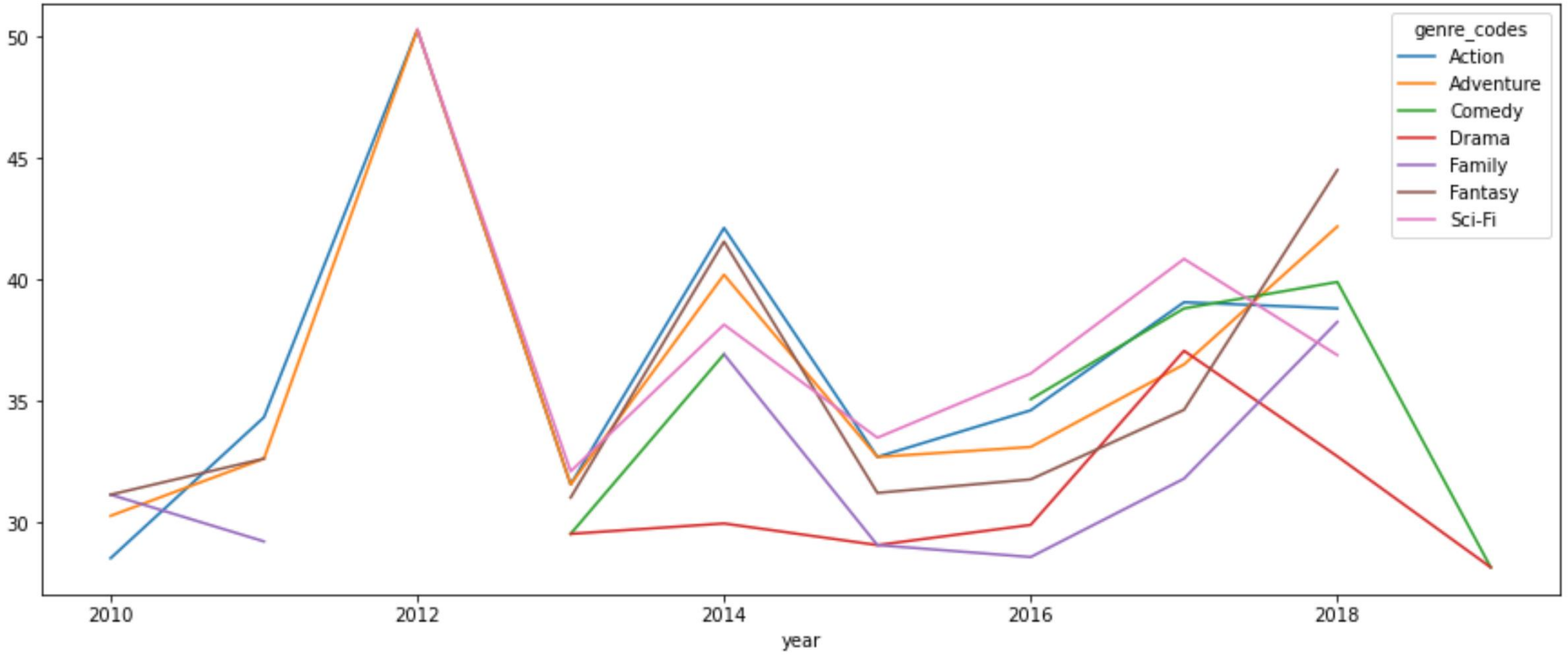
More popular movies tend to make higher profit



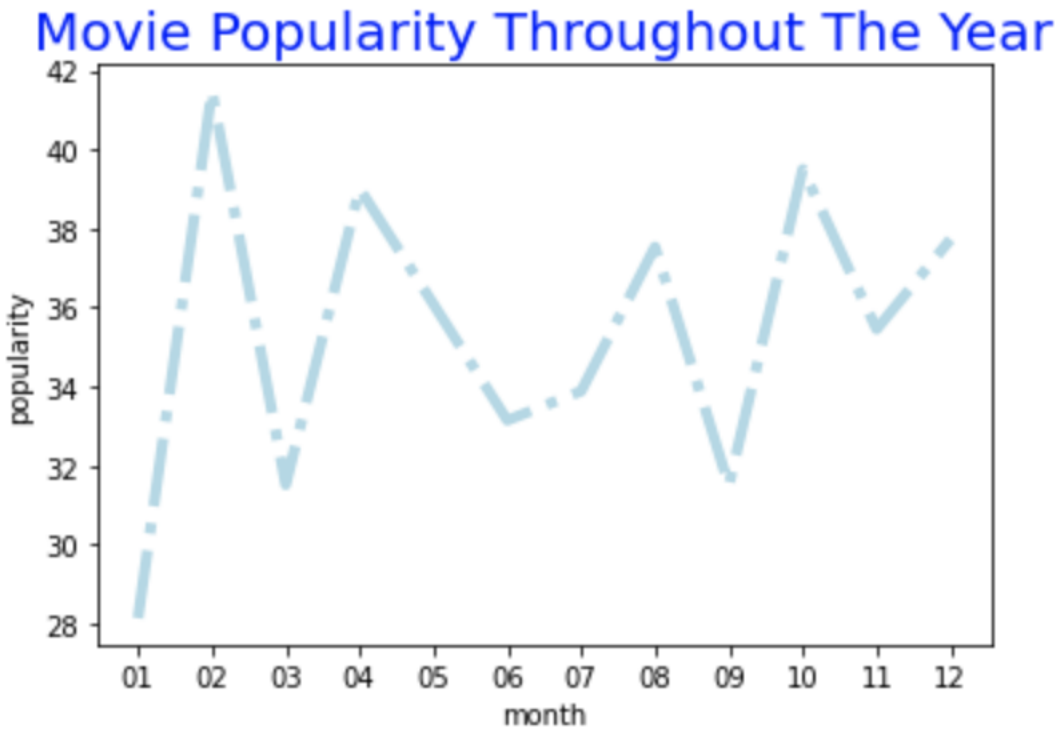
Most popular movie genres (tmdb popularity index)



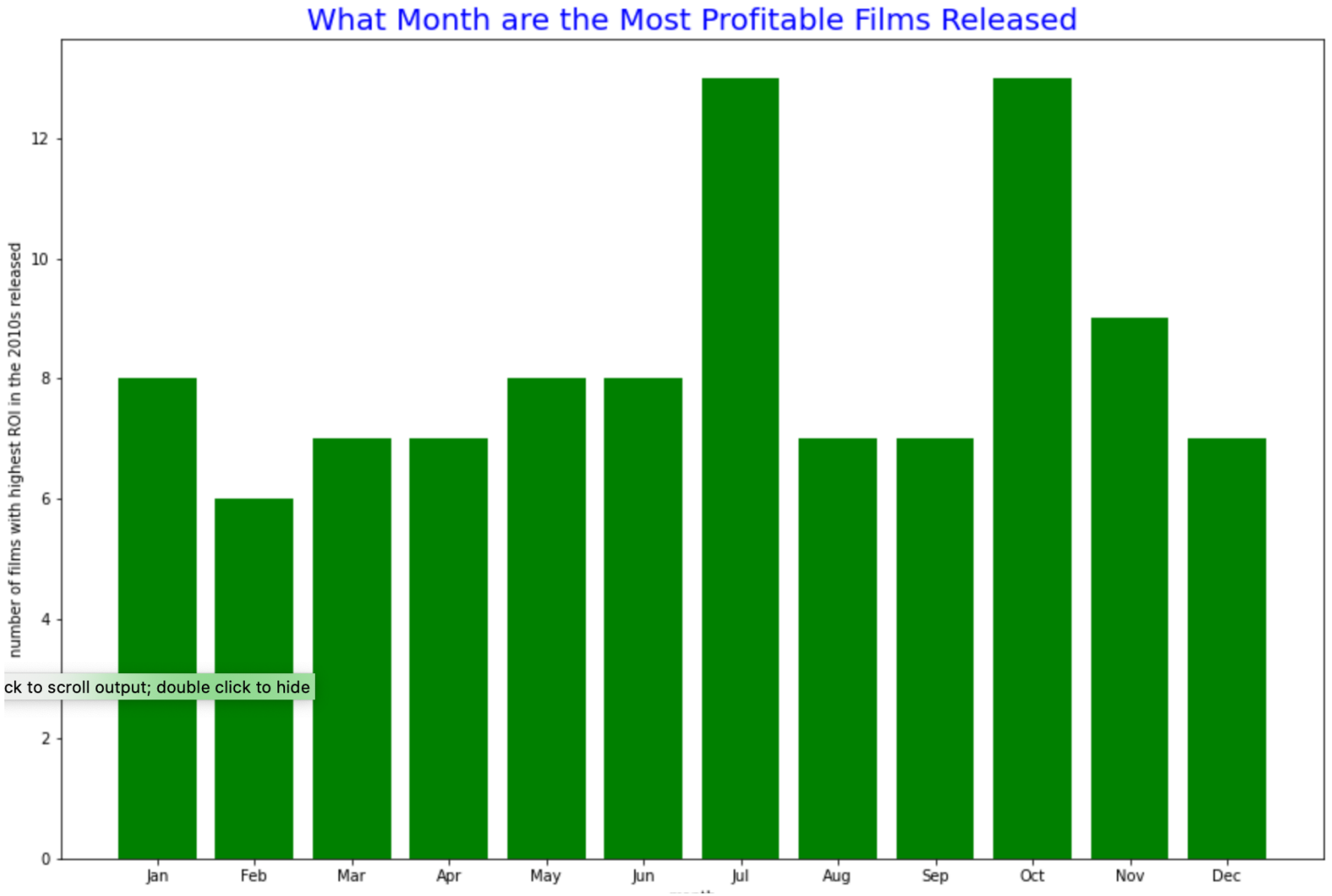
Movie popularity fluctuates over time, & aren't predictable trends



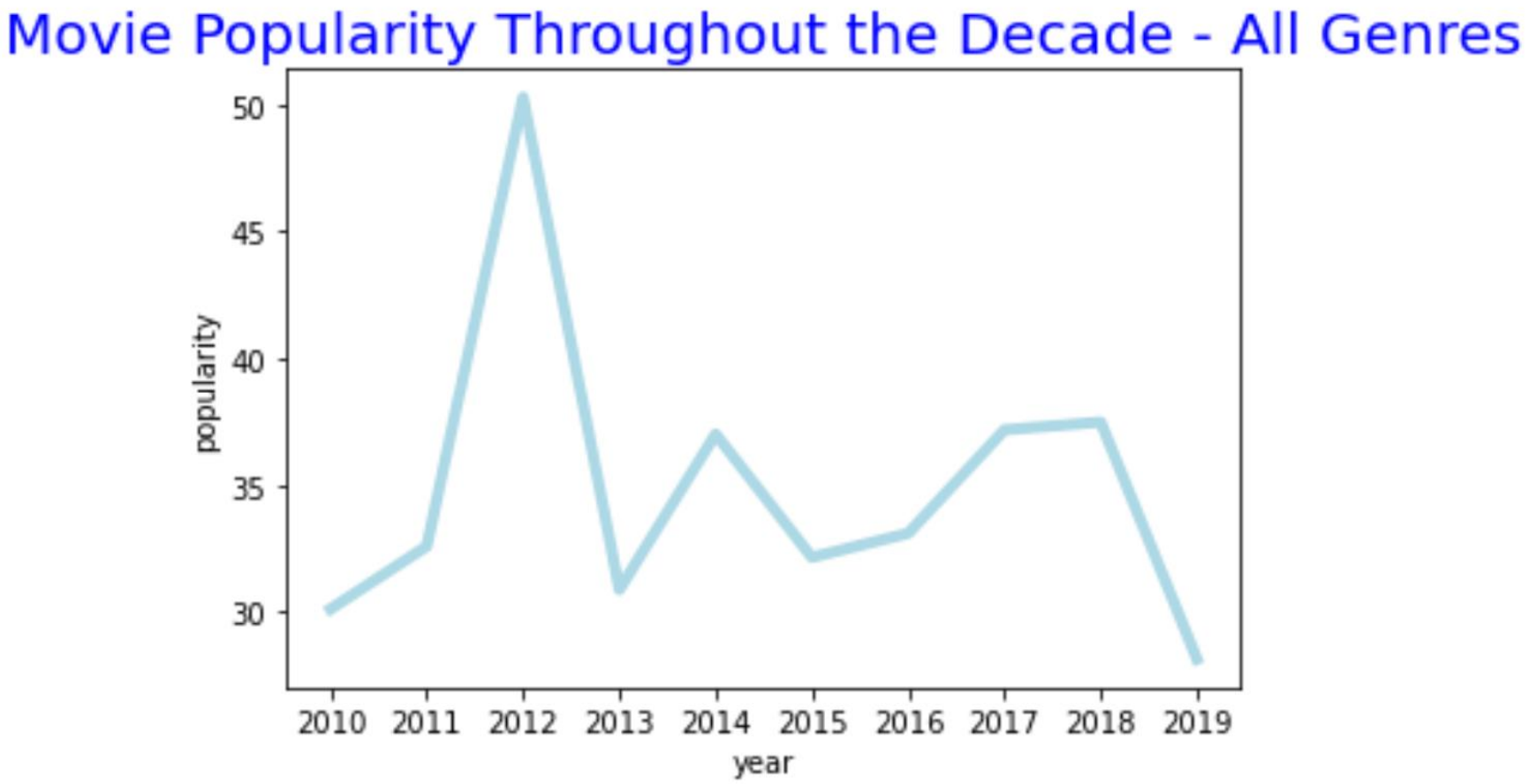
Movie popularity fluctuates across months



Most profitable movies are released at different months

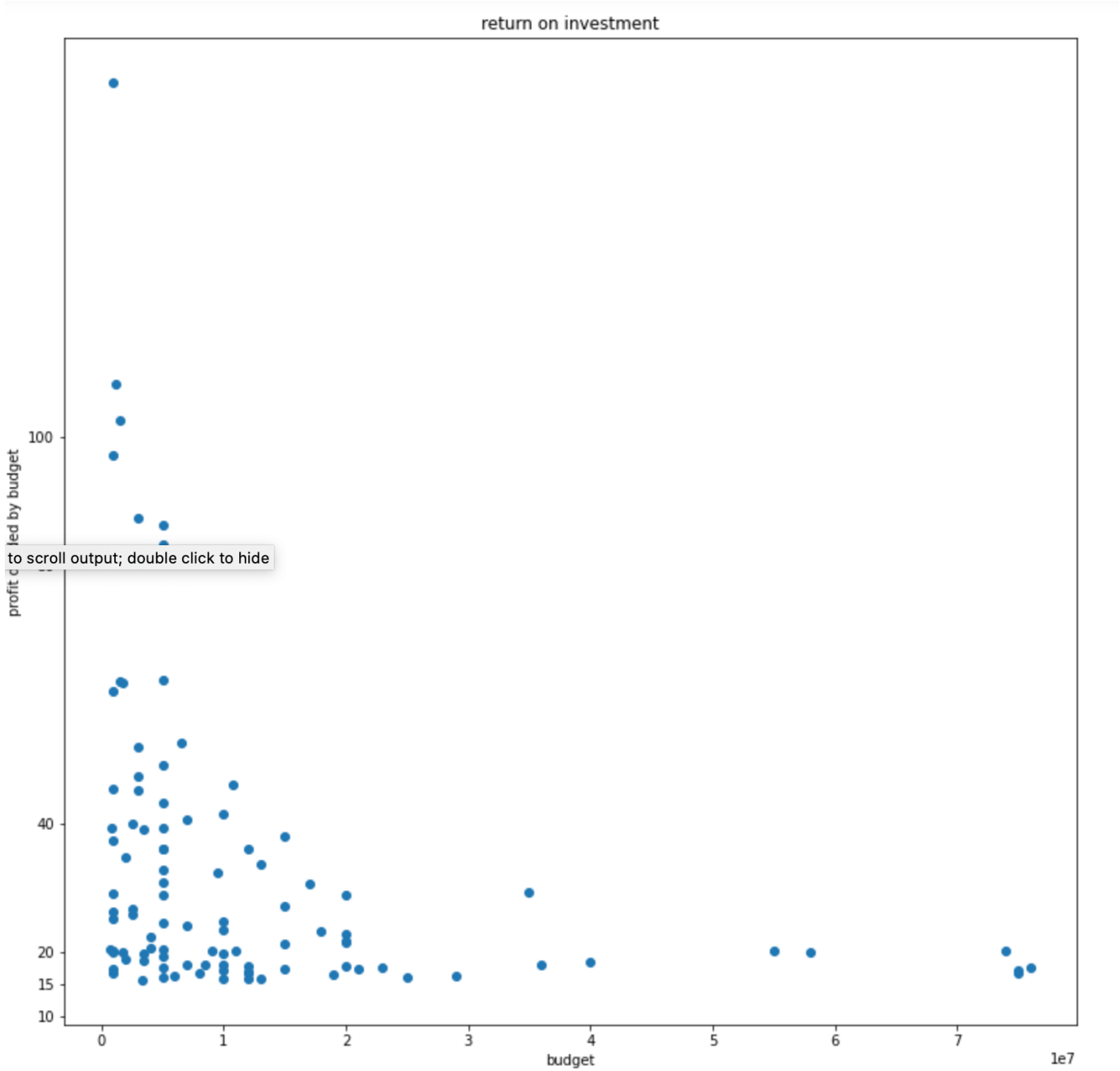


Movie popularity fluctuates over years

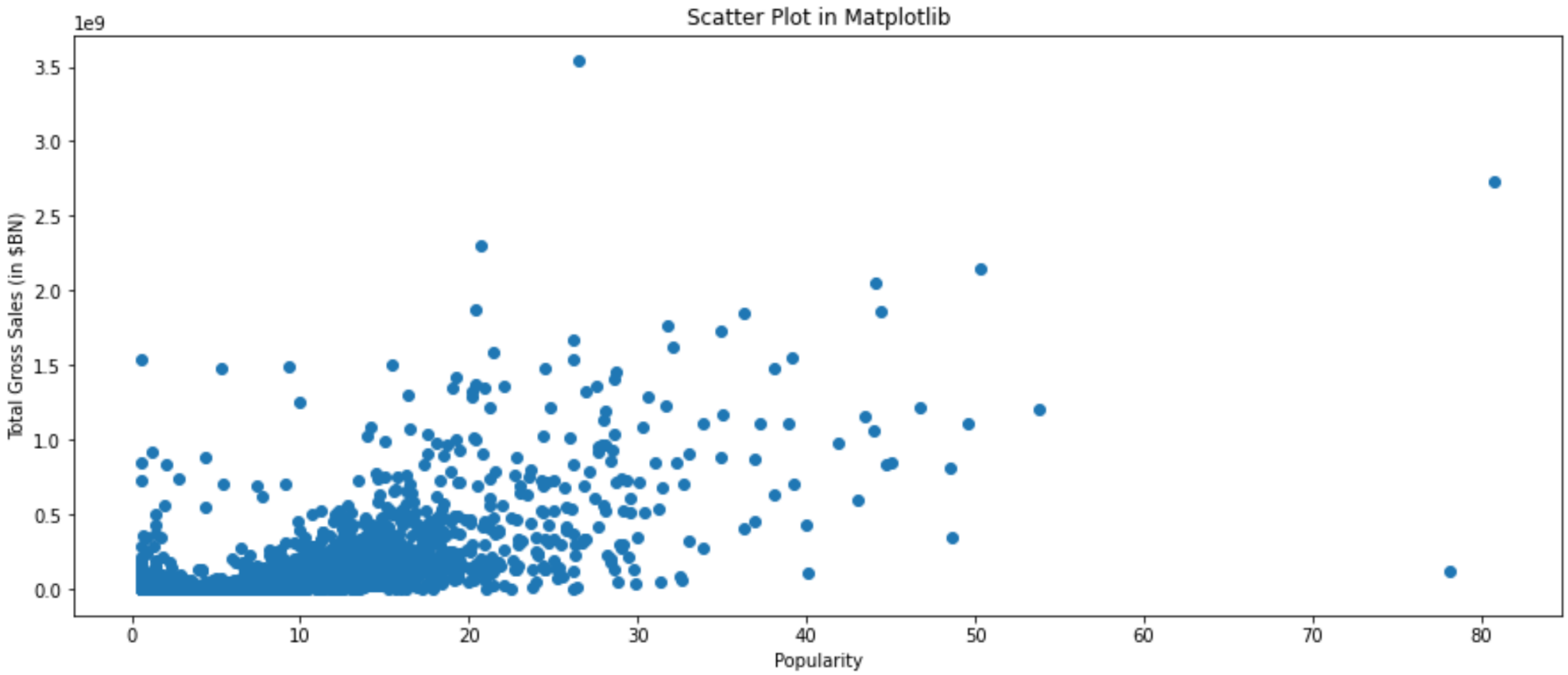


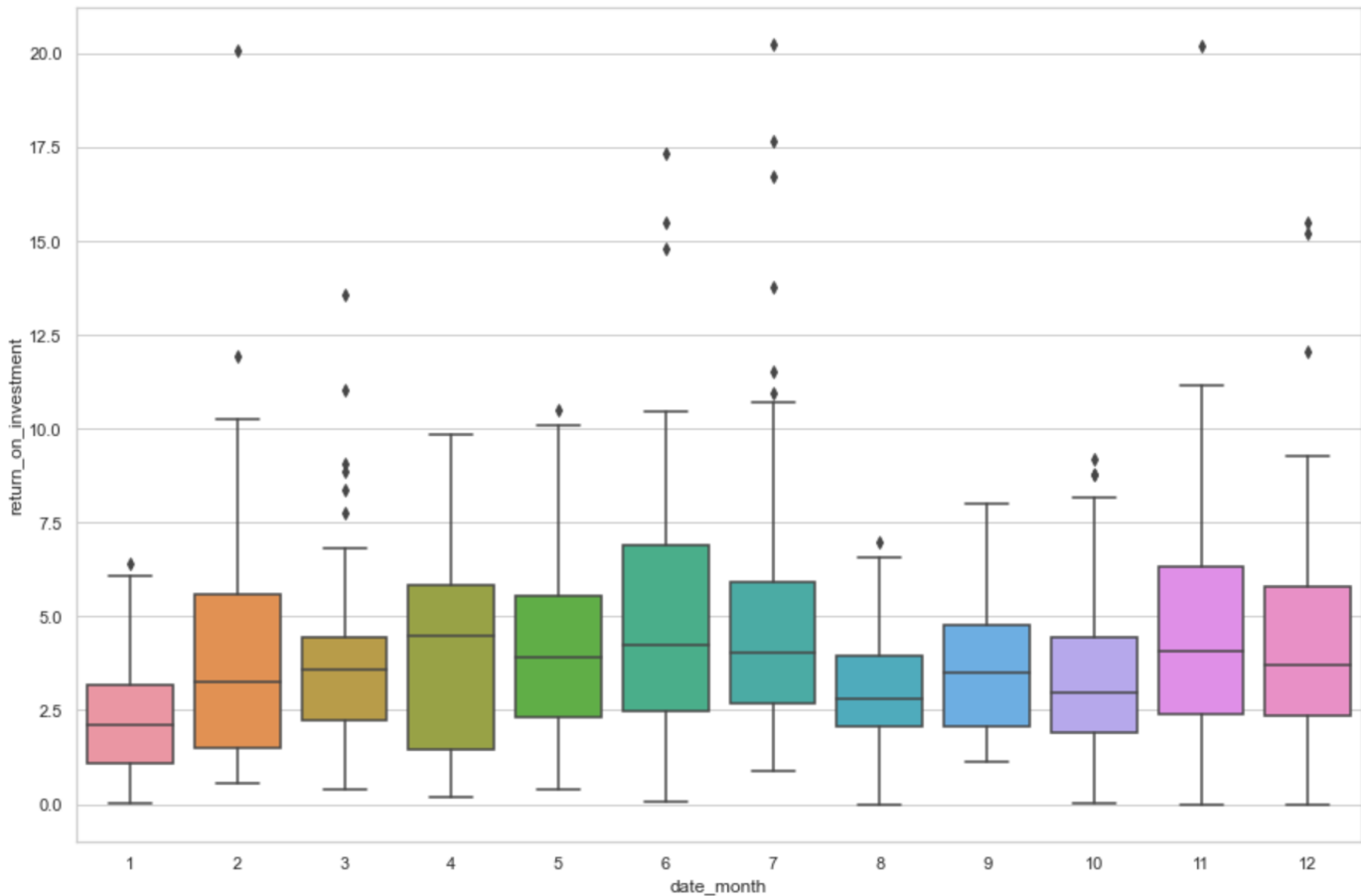
Two paths to movie profit: lottery (low budget, low chance of profit) or big budget

These are the ROI > 15 (?)



More popular movies tend to make more gross income

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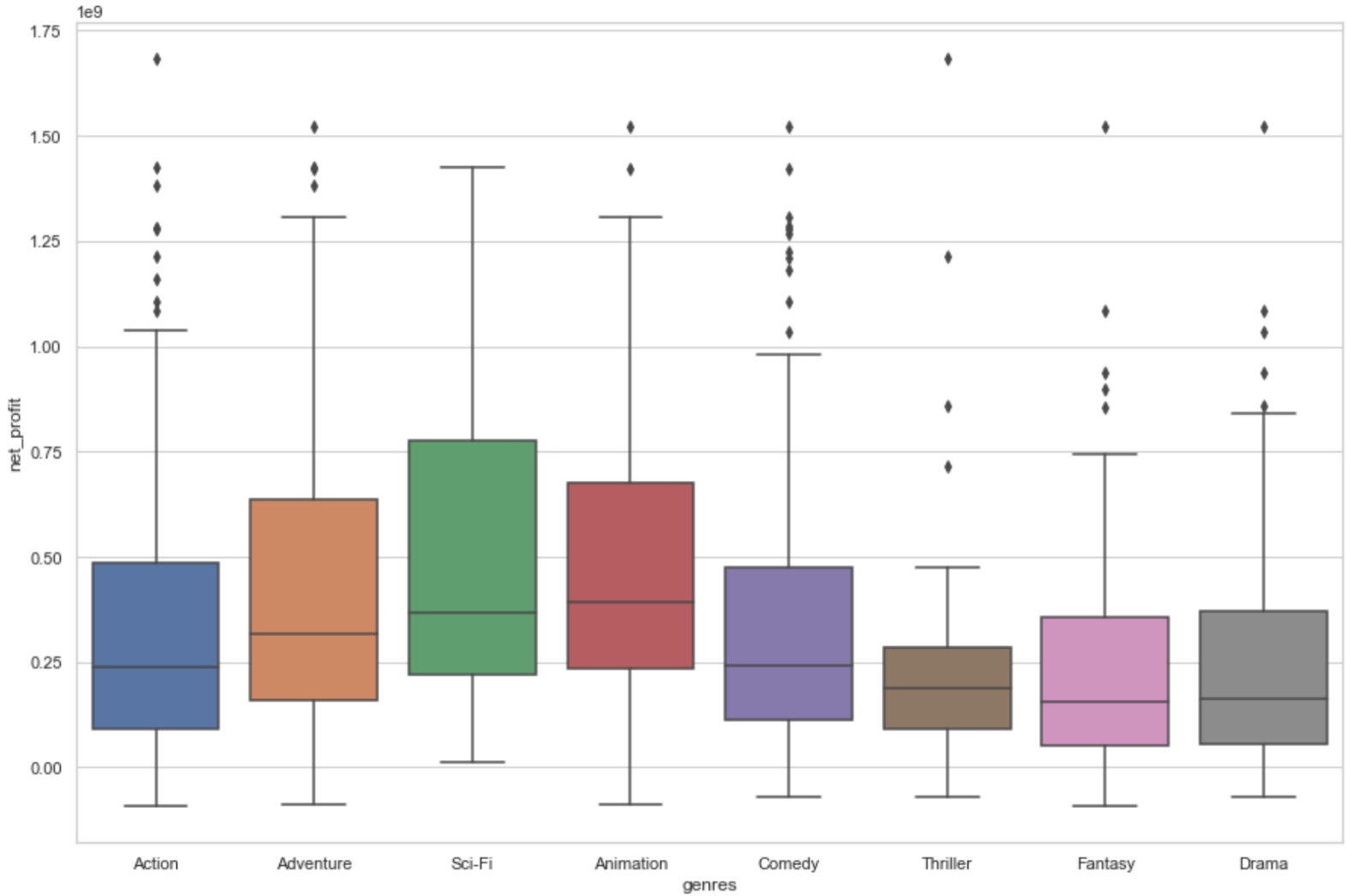
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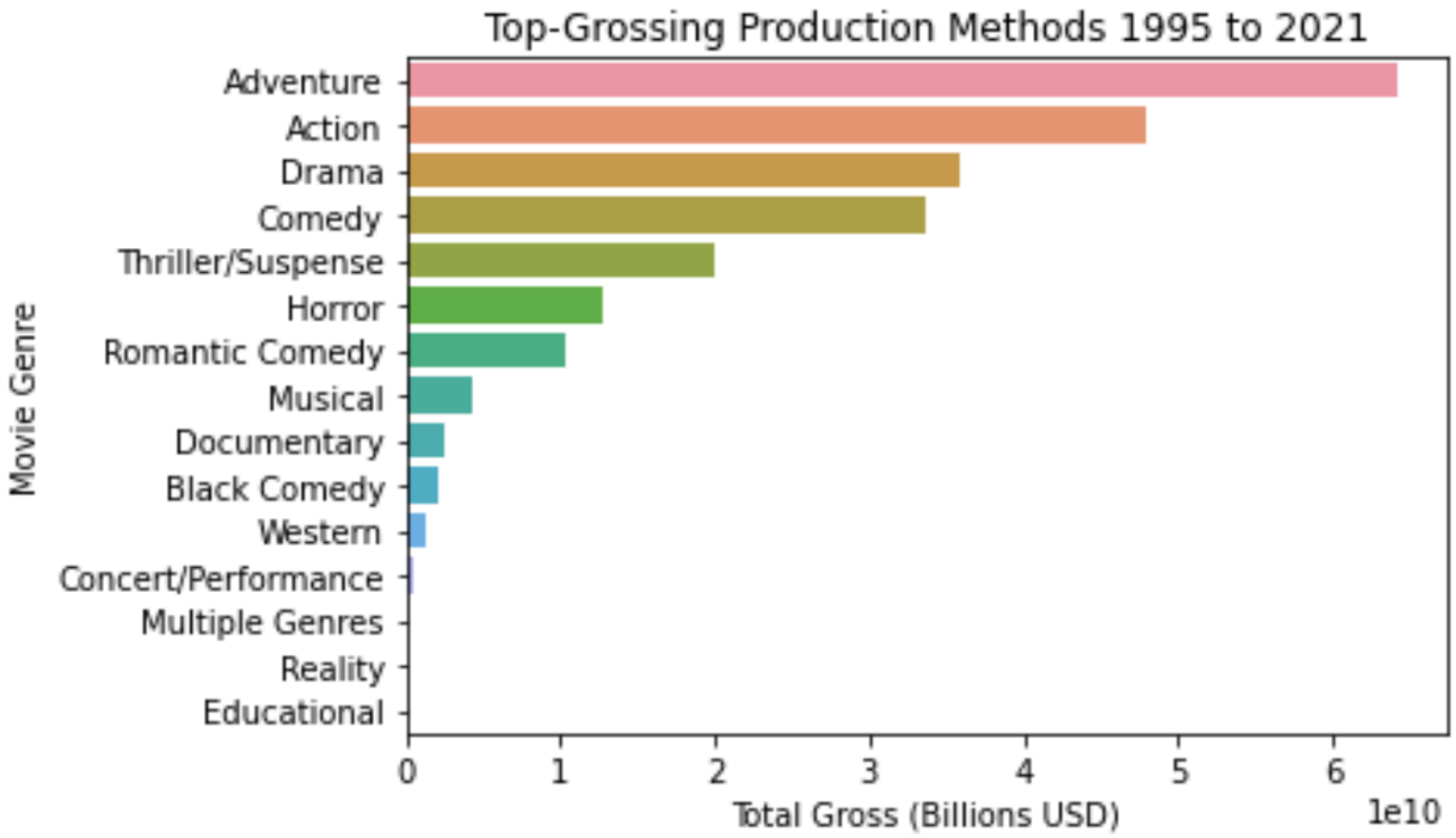
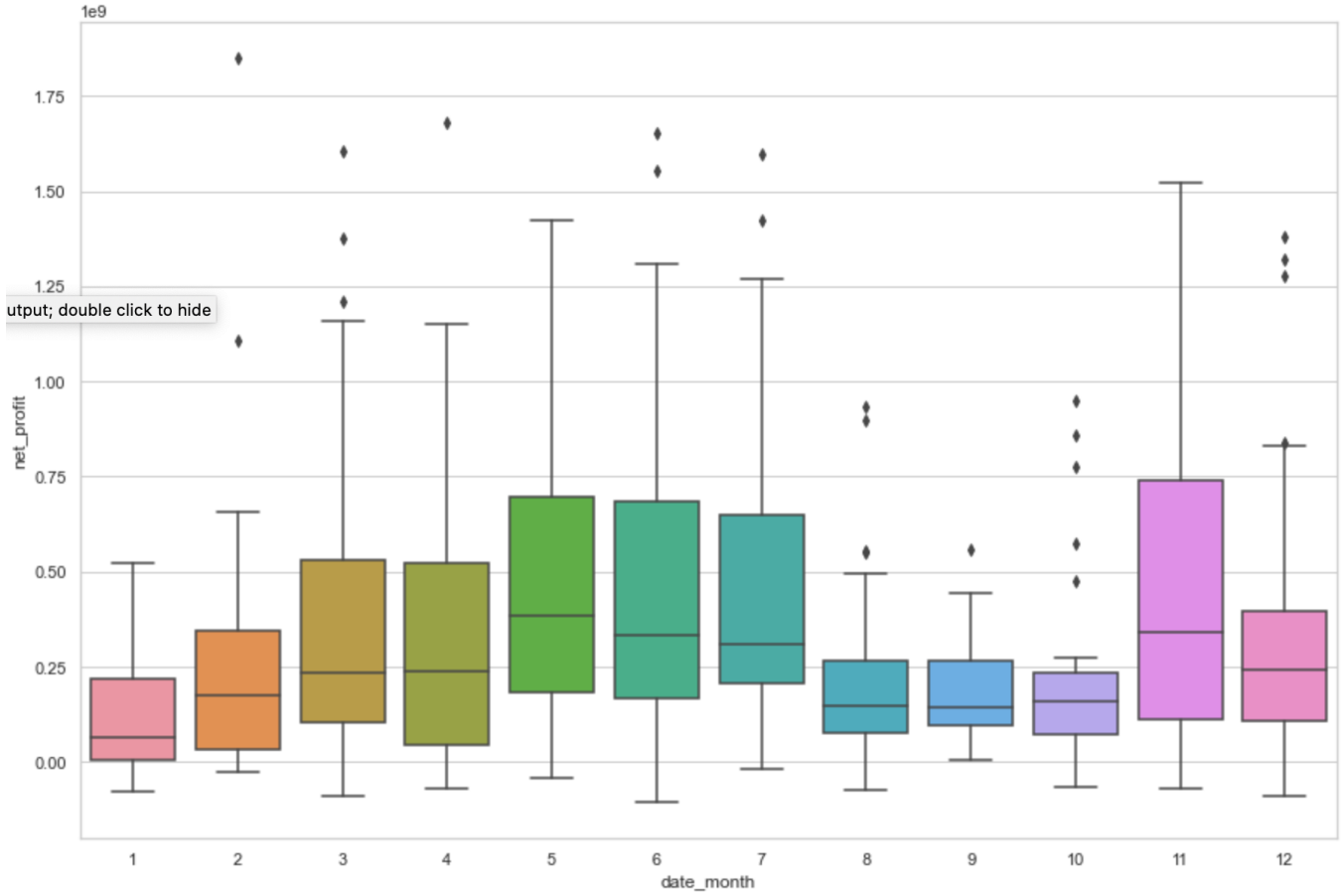
Adventure
Sci-Fi
Animation
Comedy
Thriller
Fantasy
Drama
genres

Some genres bring in more $ than others



How profitable are films within our budget range when released during a given month