

# **Project DOSflix: Insights into the Movie Industry for Microsoft**

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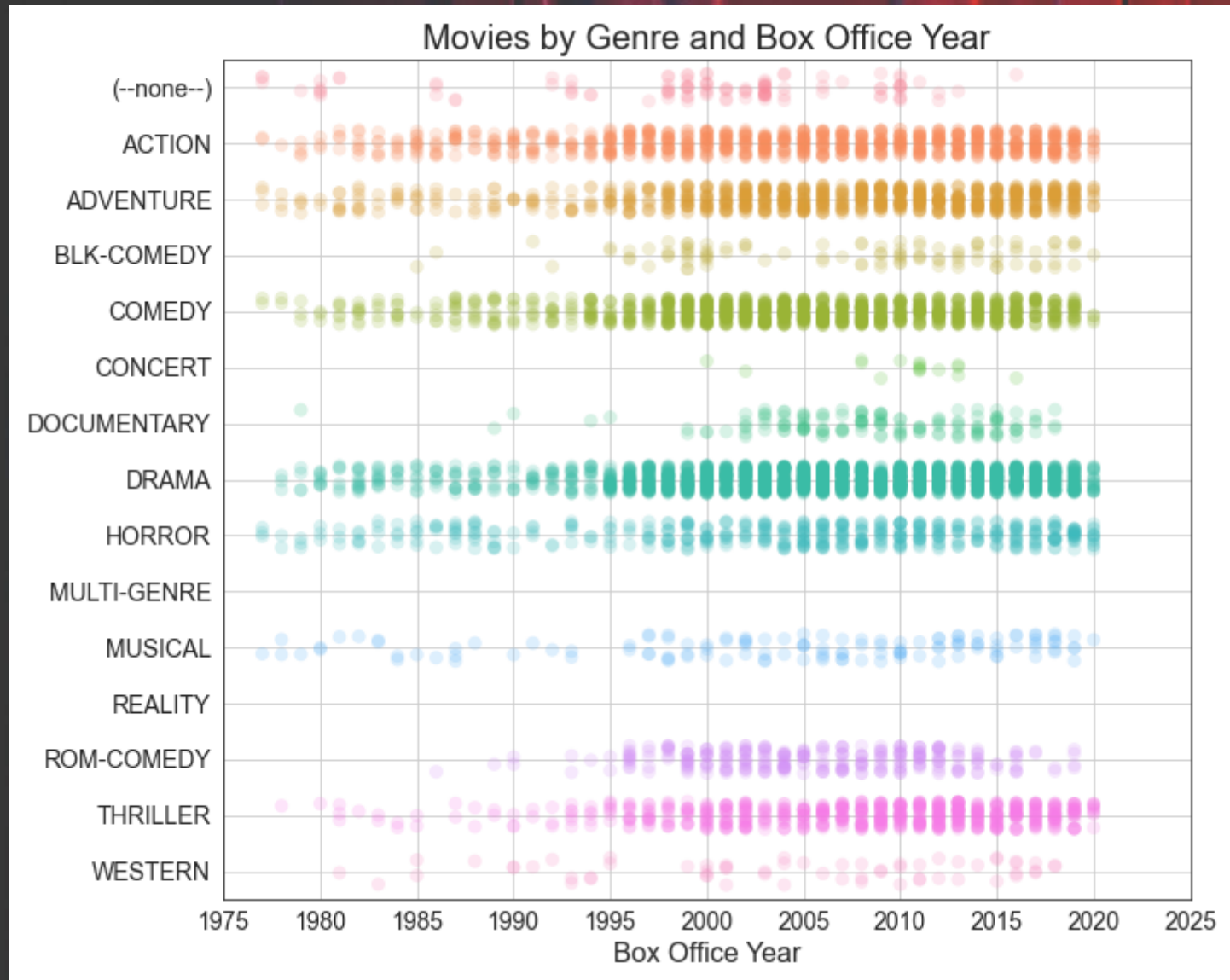
# Project DOSflix

- Microsoft is considering entry into Movie Industry.
- This study was commissioned to provide insights into the Movie Industry, for the benefit of stakeholders and decision makers in Microsoft Corporate.
- This study was prepared using box-office sales data and other information that was freely available on public websites.
- The use of publicly available information allows independent verification of the data in this report

# Origins of Data in this Study

- All box-office sales figures, movie titles, determination of movie genres, and film-related information were obtained from the **Film-Industry information website “the-numbers.com”**
- Sales figures for box office years before 2020, and production budgets for movies released before 2020, were adjusted for inflation into present-day US dollars.
- Inflation adjustments used historical **US Consumer Price Index data from “inflationdata.com”**

# Q1. How has the output of the industry varied with time?

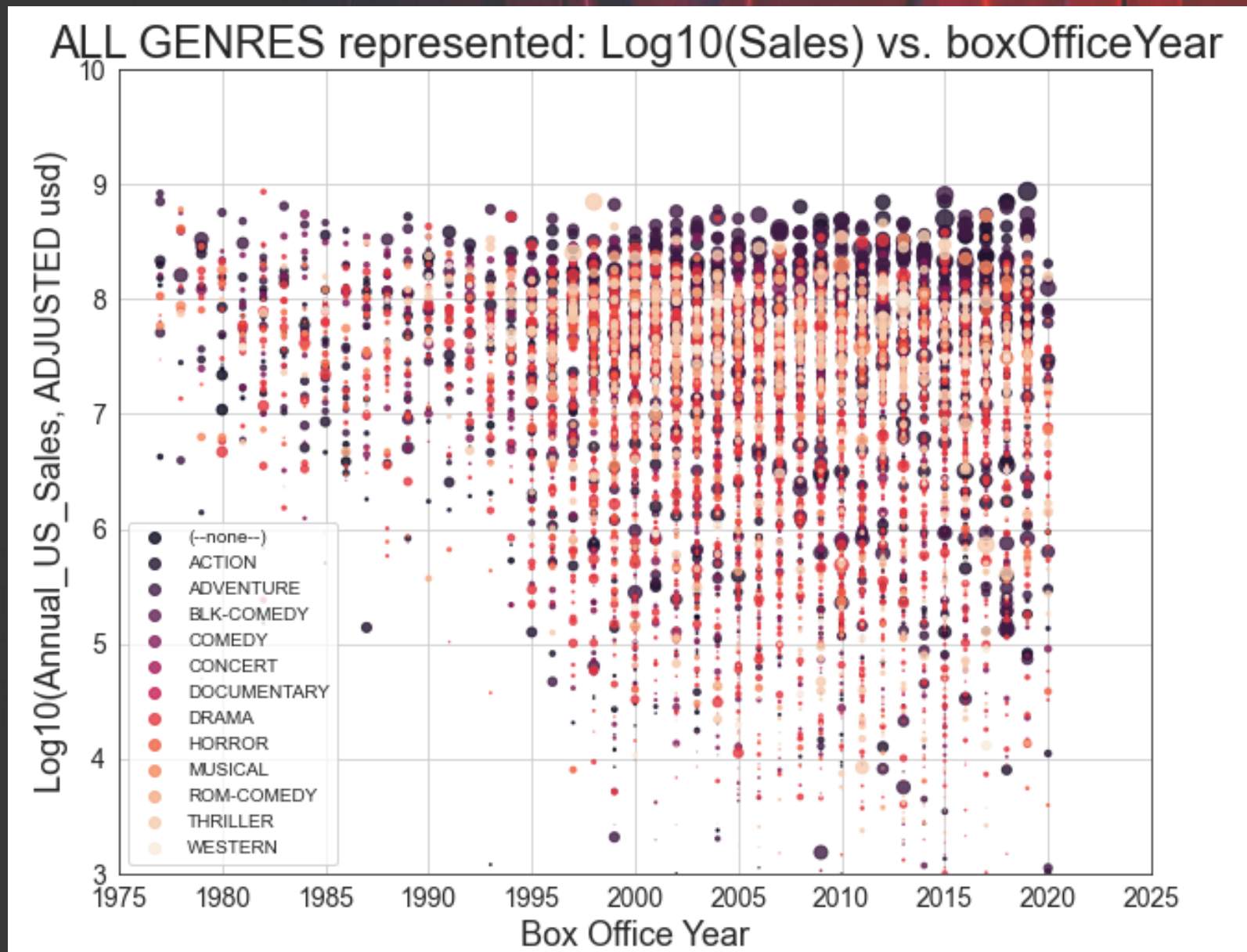


# A1. Observations and Insights

- A total of 17,087 movie titles were represented in the initial (raw) data from 'the-numbers.com'
- A total of 5,266 movie titles are represented in the "clean" data set. Only these are shown in the graphs.
- The **rate at which movies of any particular genre are released** fluctuates according to Box Office Year.
- The rate at which movies of ALL genres were released varies according to Box Office Year.
- The **effect of the COVID-19 Pandemic** on number of movies released per year in 2020 is easily seen.



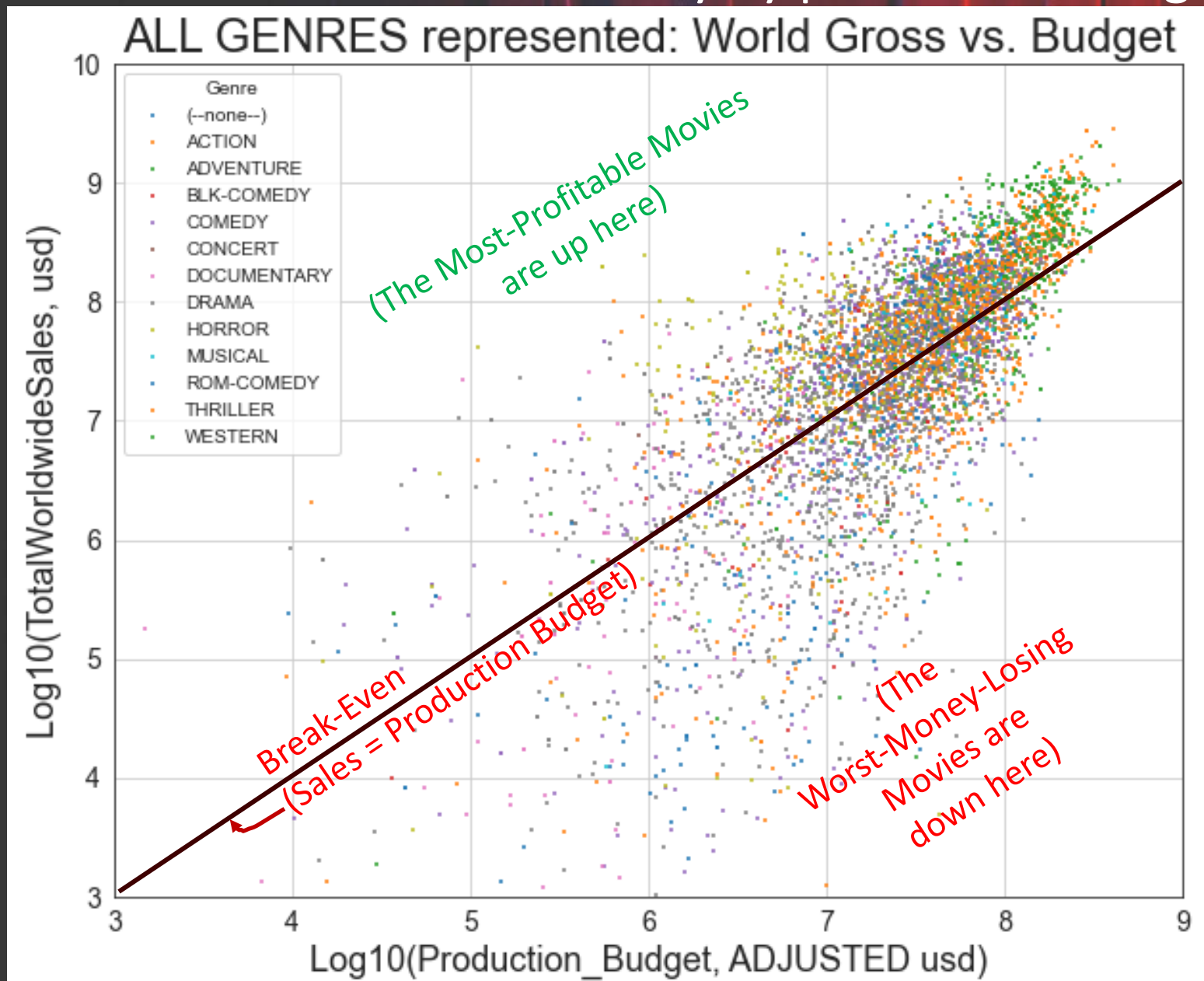
Q2. How have the sales within each genre varied with time?



## A2. Observations and Insights

- The “dot” for each movie in the graph is sized in proportion to the movie’s production budget.
- Movies in the “Action” and “Adventure” genres tend to have the **highest production budgets AND the highest sales**, regardless of Box Office Year.
- Domestic US sales for the highest-grossing movies (regardless of genre) seem to “top out” just below One Billion US dollars (adjusted for inflation).
- Some genres of movie:
  - tend to have lower SALES than other genres of movie.
  - tend to have lower BUDGETS than other genres of movie.

### Q3. How did movies' GROSS vary by production budget?

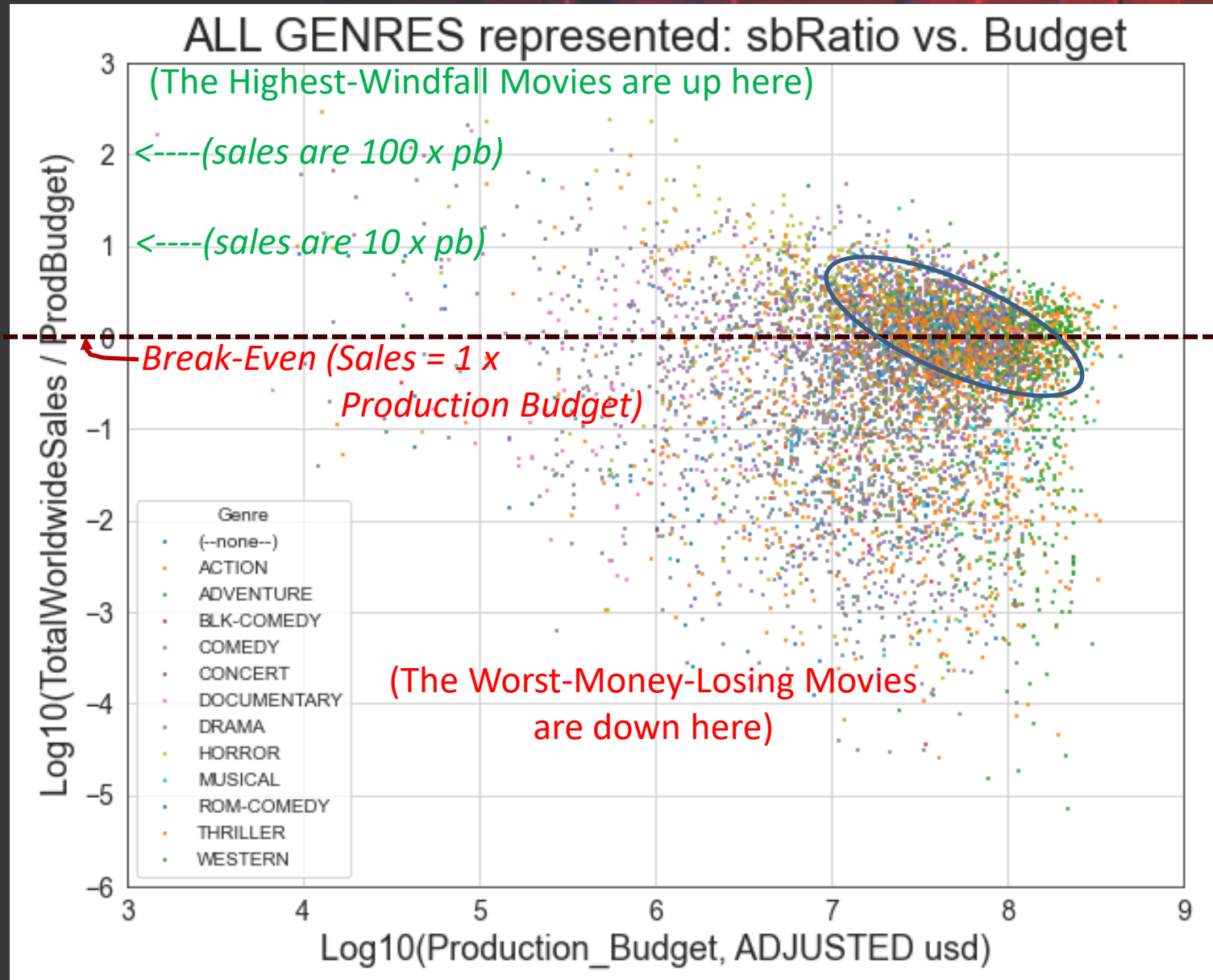




# A3. Observations and Insights

- There is **no SIMPLE relationship** between a movie's production budget, and that movie's worldwide sales.
- The range of sales figures appears to “tighten”, as a rule of thumb, as a movie's budget increases.
- Movies with very large budgets (\$100M or greater) **APPEAR** to have greater likelihood of realizing a profit.
- (Hypothesis:) very-large-budget movies have an enhanced track record of profit **BECAUSE** the budget affords top-tier talent [both on-camera and off-camera]

# Q4. How did movies' PROFIT vary by production budget?



# A4. Observations and Insights

- Nearly all movies released between 1977 and 2020 have a **production budget between \$10 million and \$100 million** (US Dollars, inflation-adjusted to present-day value).
- The highest (sales/budget) ratio that can be achieved appears to diminish as movie budget gets progressively higher. This suggests **there is a “maximum windfall” for any popular movie**, regardless of its budget.
- (Hypothesis:) Each studio begins filming a movie with the intention of making a profit. The **more likely number to increase during filming is the cost** of making the movie, not the potential demand for that same movie.

# Conclusions

- Microsoft's Movie studio should ONLY make movies whose production **budget is between \$10M and \$50M**
- Microsoft's Movie studio should demonstrate **STRICT budgetary control during production** of each movie.
- If a movie's **budget begins to stray out of control, consider drastic measures.** Complete the film via clever editing, and/or other cost-effective means.

Thank You



*Please return your  
3-D Glasses to the Bin*