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# PROJECT I SUBMISSION: MOVIE INDUSTRY

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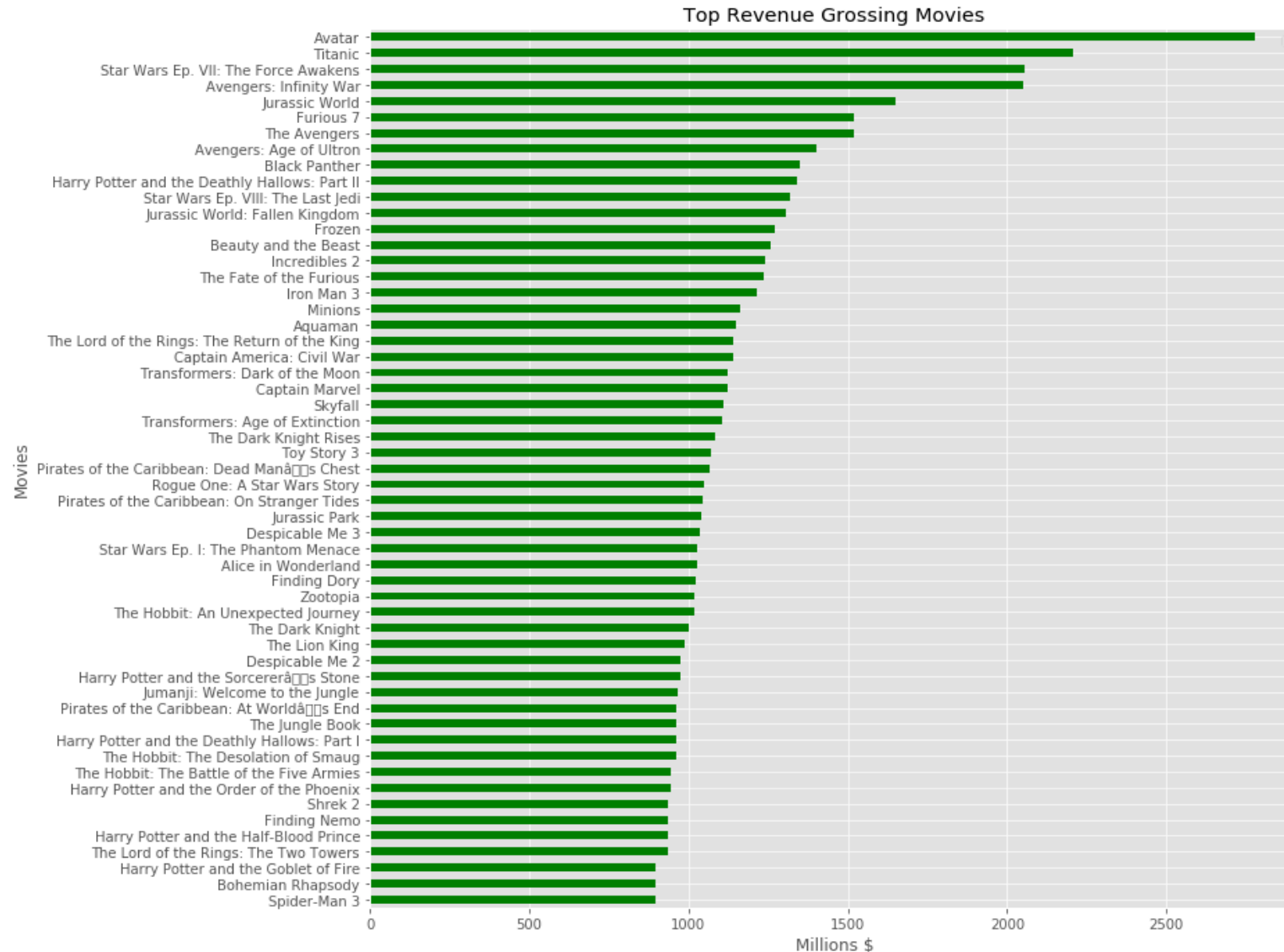
# THE BUSINESS PROBLEM

- This Module I project examines the movie industry for a client that is interested in entering the business by creating a new movie studio.
- Descriptive data analysis of gross revenue, production costs, return on investment, run times, popular genres, and seasonality shows that the movie industry is profitable, but there is large variation in performance across films and production studios.
- The client can use this analysis to understand the key trends in the movie industry, identify its main competitors, and determine the types of films they will be creating.
- This analysis also serves as a baseline for deeper dives on the movie industry.

## KEY TAKEAWAYS

- Movie industry profitability has increased over last decade, but there are large outliers and only 75% of films are profitable.
- Blockbuster box office performance does not necessarily equate to higher ROI.
- Studios must spend between \$30M-\$35M per movie in order to generate decent returns. Cost control does matter.
- Six studios dominate the industry, accounting for 70% of worldwide gross revenue.
- Most popular genres are drama, comedy, action and adventure.
- The best time to release a movie is during summer and holiday months.

# TOP GROSSING MOVIES – WORLDWIDE REVENUE

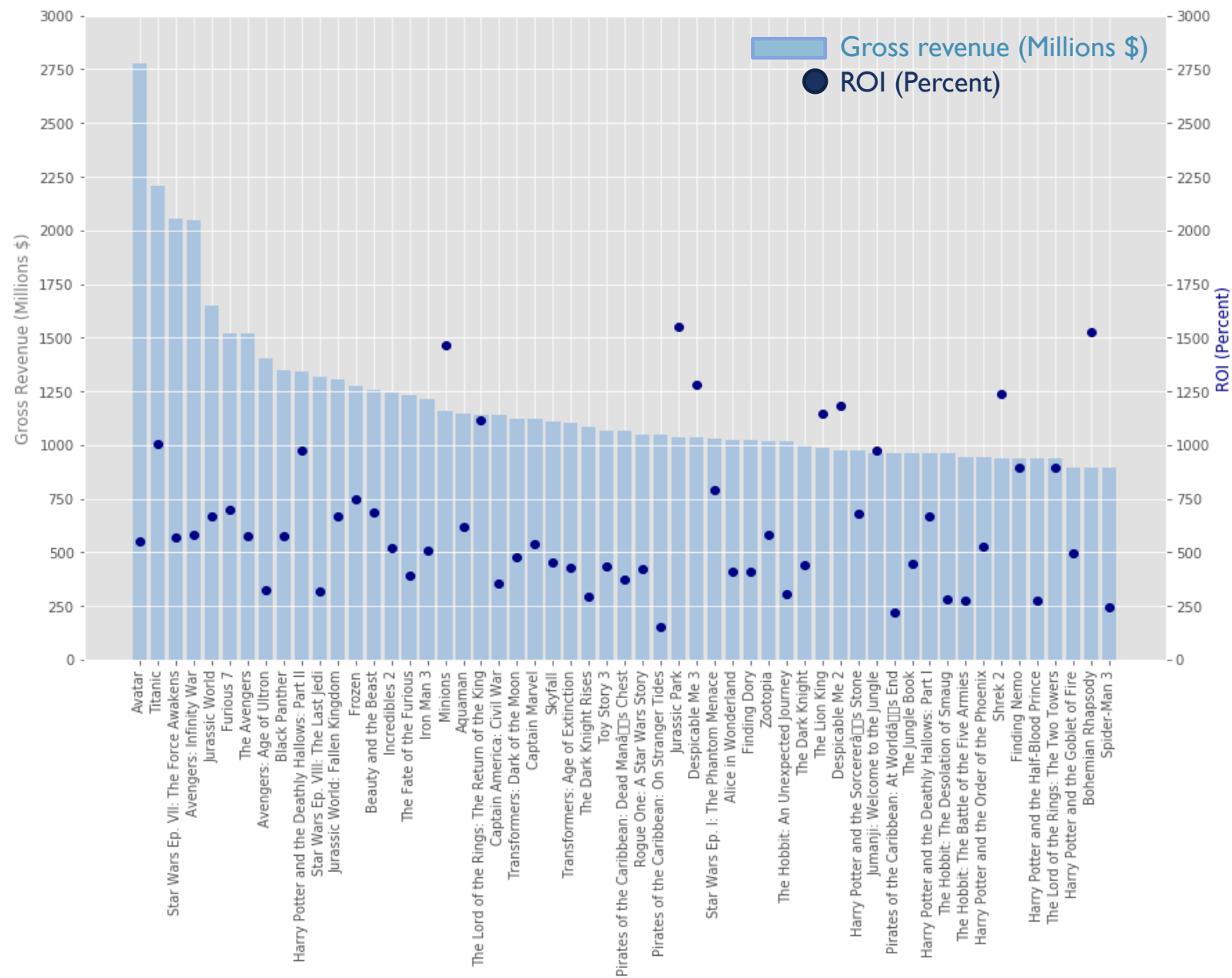


- Large outliers
- 55 movies are in 99<sup>th</sup> percentile (shown in graph)
- Top four movies each grossed revenue > \$2B, while median gross revenue is \$33M and mean gross revenue is \$98M

# TOP GROSSING MOVIES

## REVENUE AND ROI

- Top grossing movies are profitable
- But top grossing movies do not necessarily have highest ROI

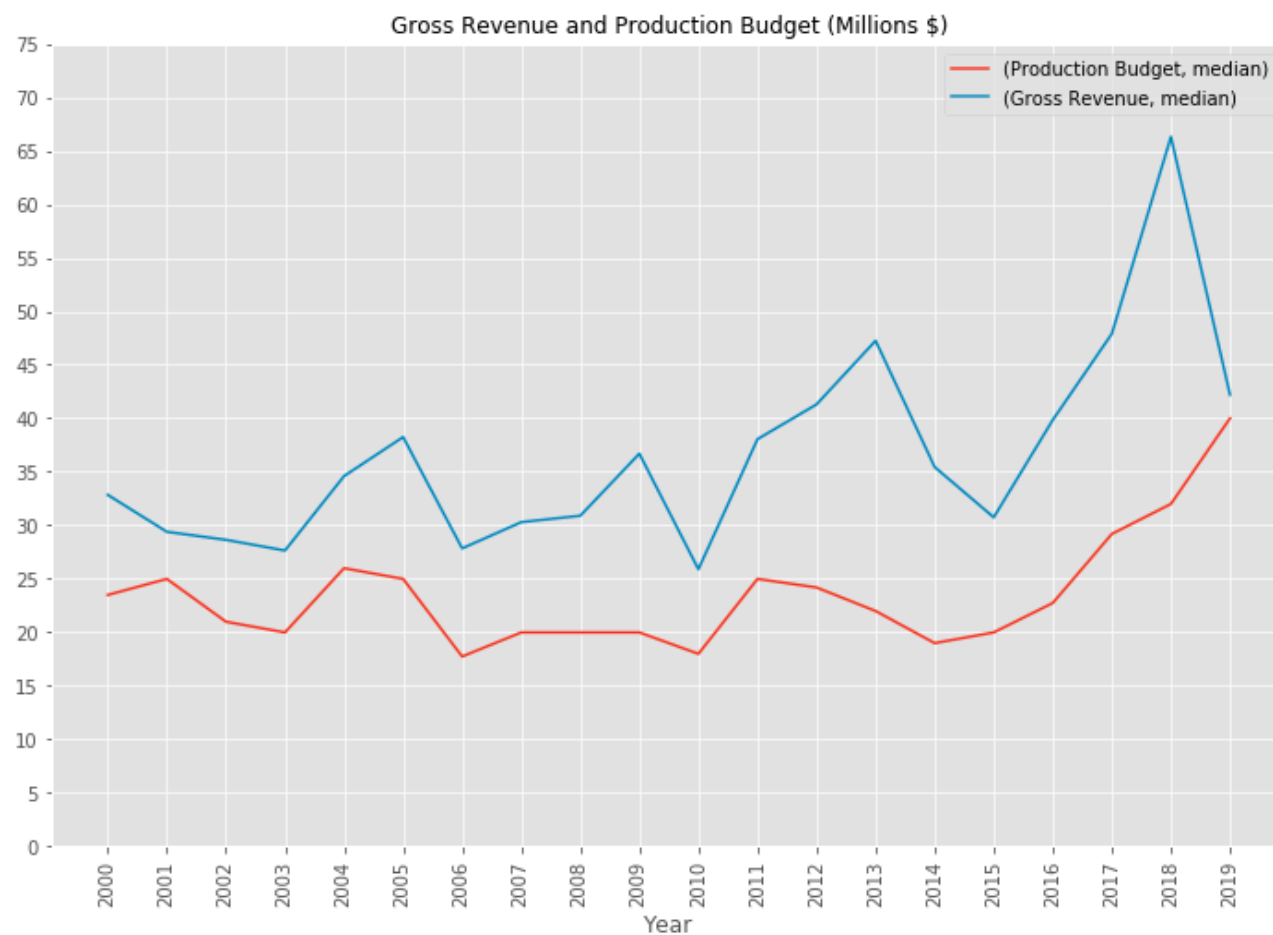
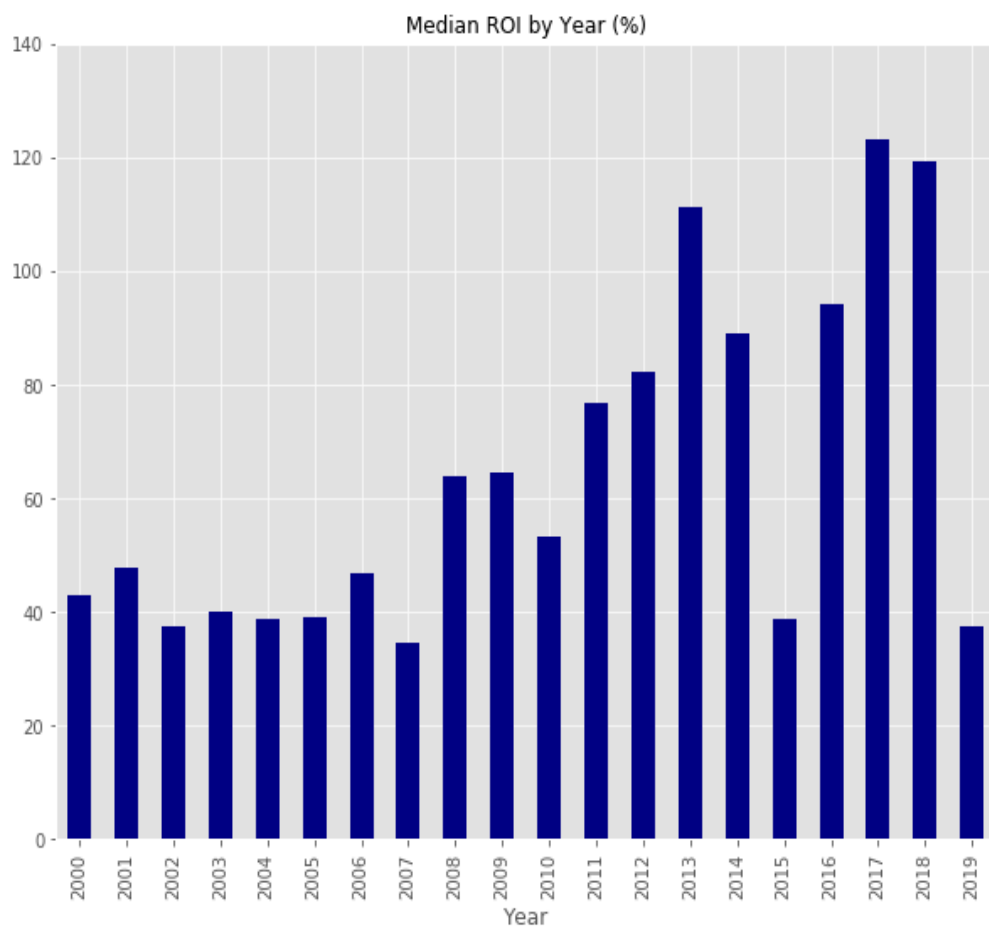




# INDUSTRY PROFITABILITY TRENDS

## ROI AND PRODUCTION BUDGET

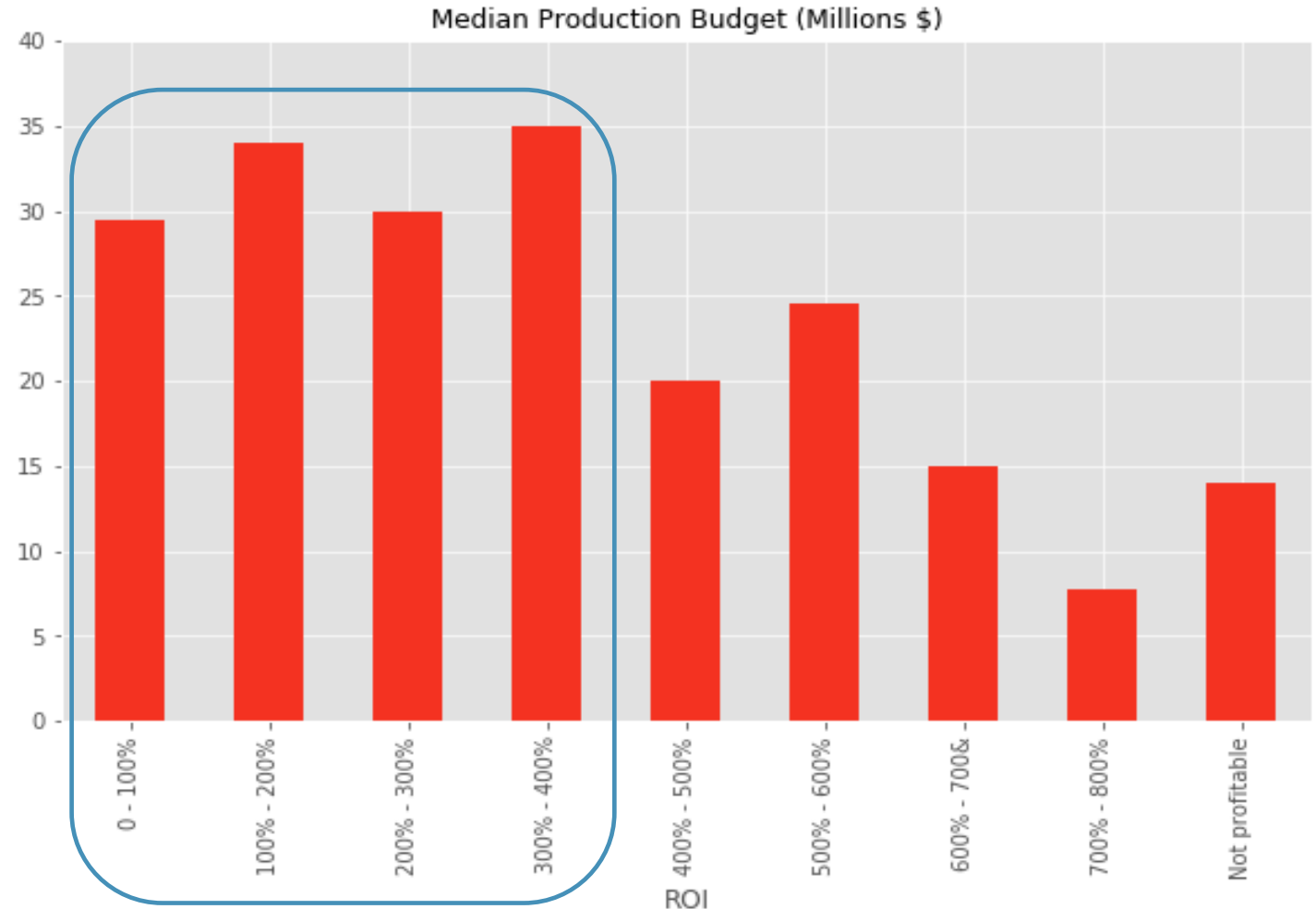
- Median ROI has increased above 60% since 2007, driven by revenue growth and contained production budget
- Lower median ROI years are common (2010, 2015, 2019), mostly attributed to large declines in revenue



# INDUSTRY PROFITABILITY TRENDS

## ROI AND PRODUCTION BUDGET

- Studios must spend in order to generate ROI
  - \$30M - \$35M median production budget for films that generate up to 400% ROI.
  - Unprofitable films have median production budget of just \$15M.
- But lower production budget does pay off
  - Especially for films that generate > 400% ROI

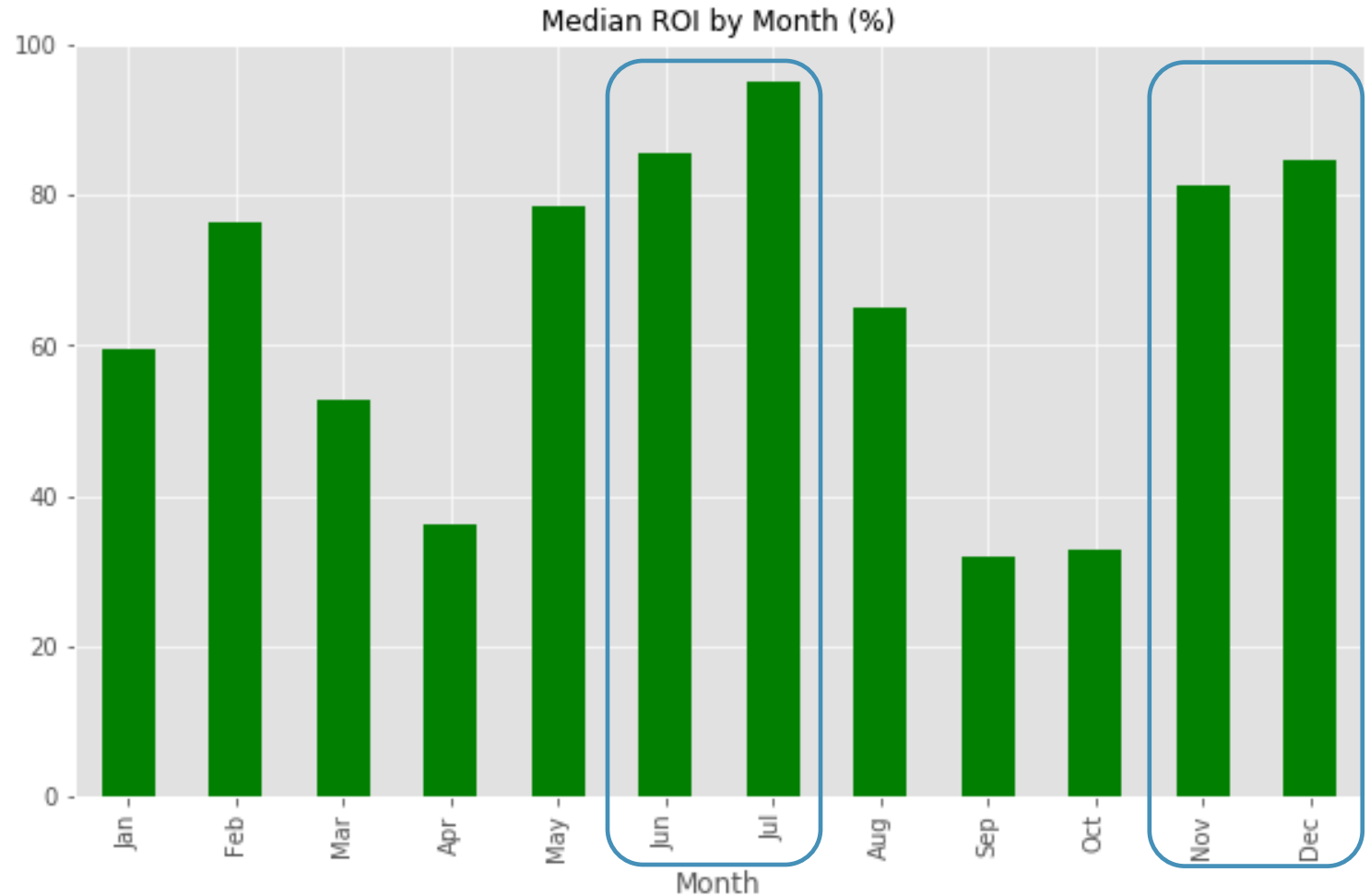




# INDUSTRY PROFITABILITY TRENDS

## ROI SEASONALITY

- Best time to release a film is during summer and winter holiday months
  - Median ROI > 80% in June, July, November, December
- April, September, October are months to avoid



# TOP PRODUCTION STUDIOS

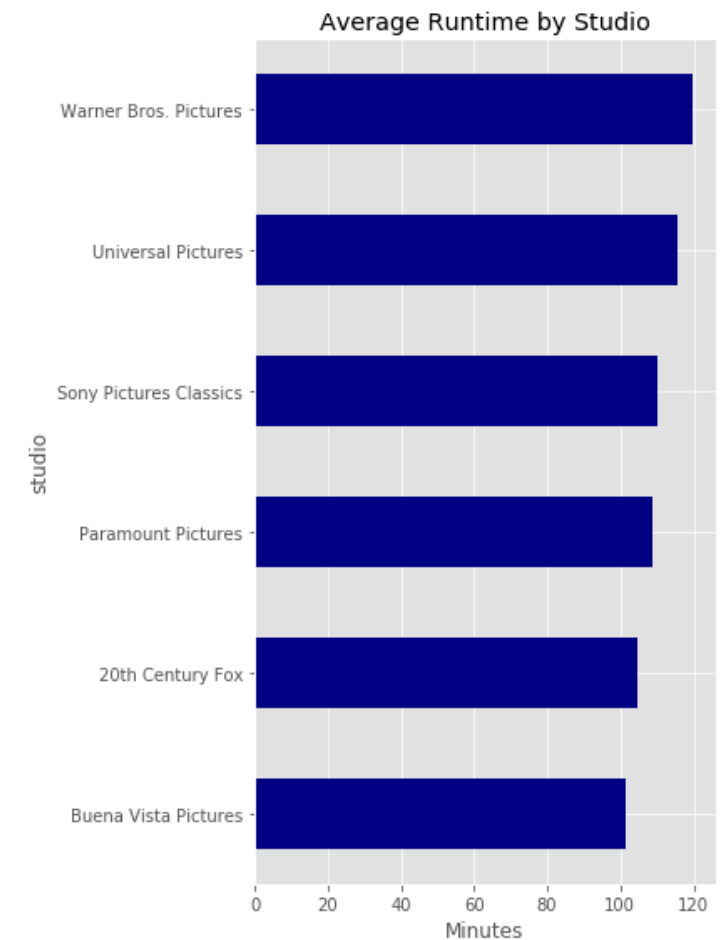
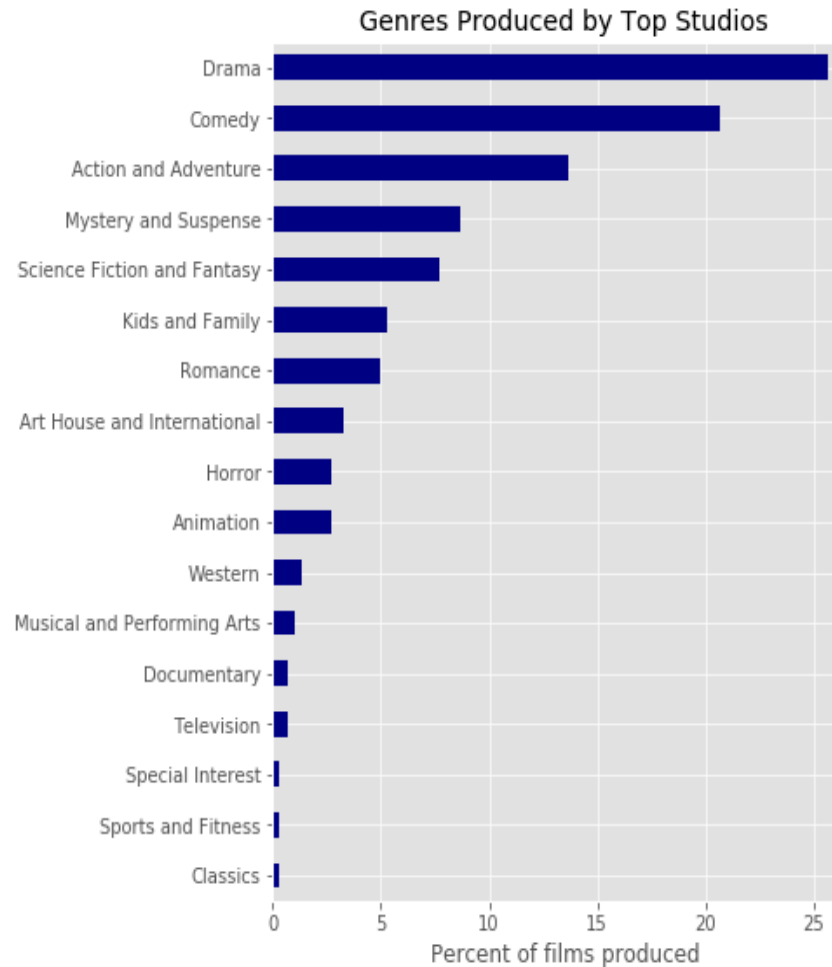
## STUDIO REVENUES

- Six studios dominate the film industry
  - 70% of worldwide gross revenue
- Shift in market share
  - Universal gaining market share

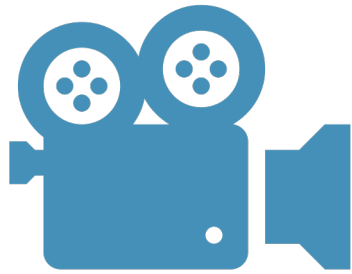


# TOP STUDIOS' BUSINESS MODELS – GENRES AND RUNTIME

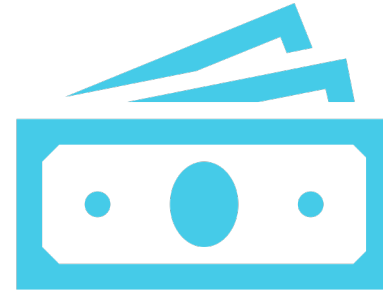
- Top studios mainly produce drama, comedy, and action and adventure genre films
- Films tend to run between 100 minutes to 120 minutes.



## TOPICS FOR FURTHER ANALYSIS



Production casts and crew



Domestic versus foreign box  
office revenue