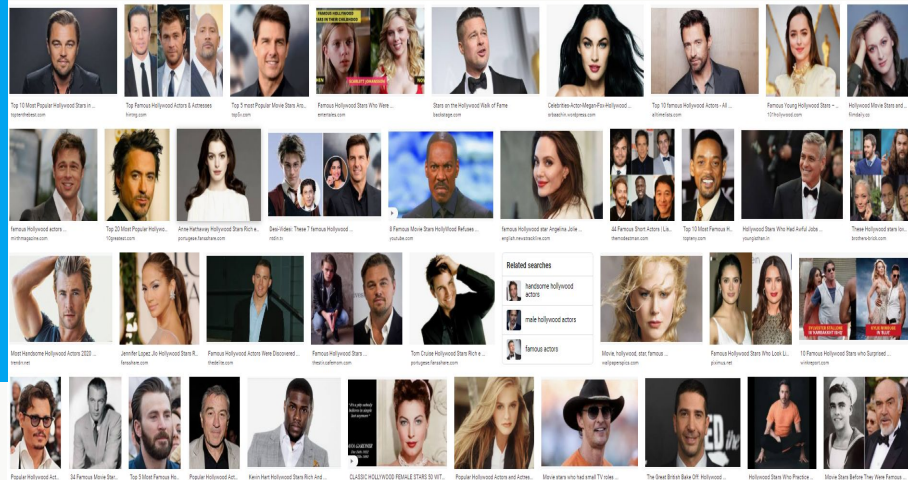# Microsoft's Move into the Movie Industry

Analyzing key elements to ideating a profitable film

Tuesday, October 13, 2020

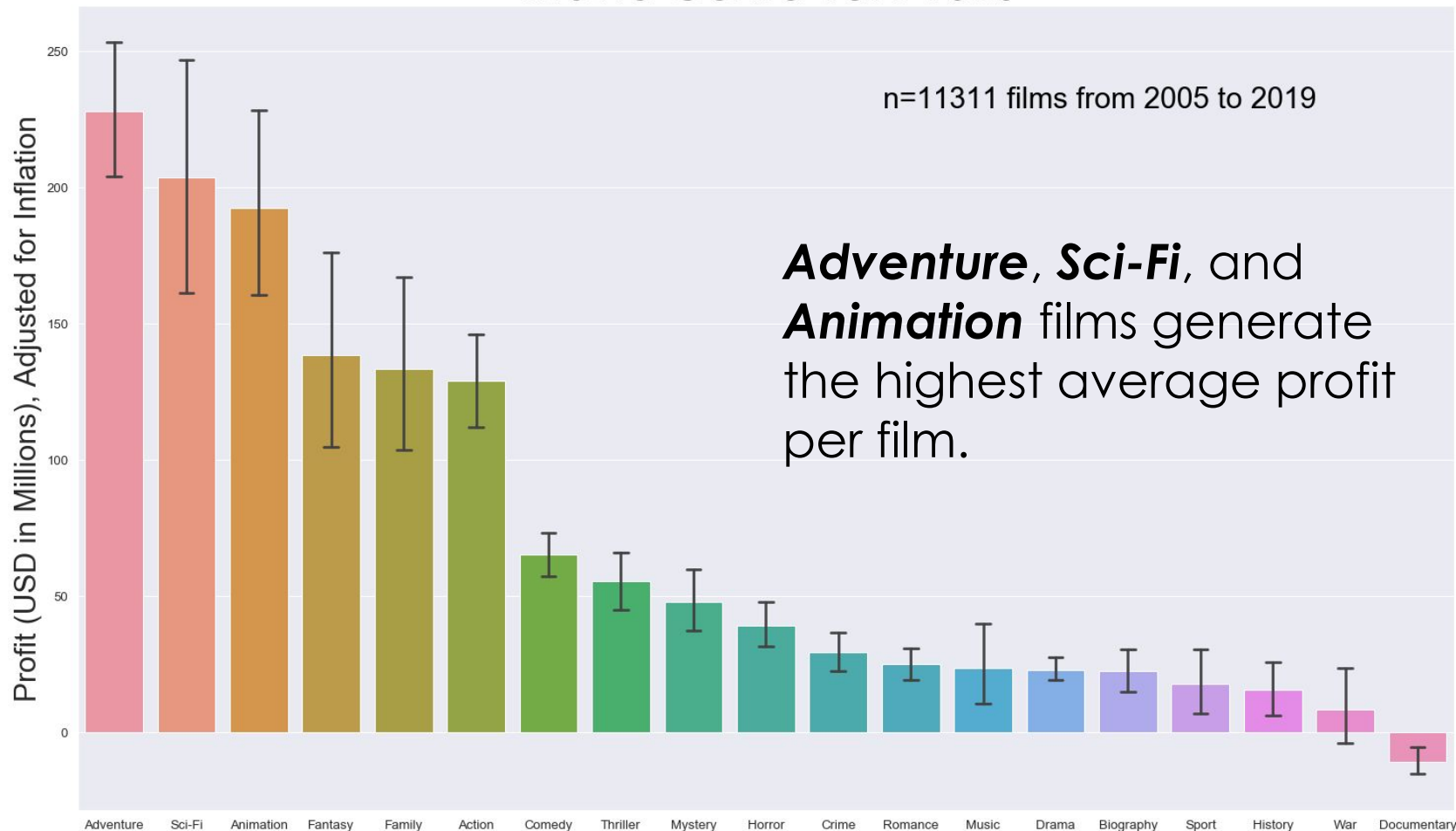# Distribution of Movies and their Profitability (2005-2019)

n=5540

Percent of Profitable Films = 40.8%

Highest Frequency of Profitability = $-20.6 Million

Average Profitability = $46.1 Million

Number of Movies

Profit (USD in Millions), Adjusted for Inflation

When ideating your film, what specific choices can you make to generate the greatest profit?

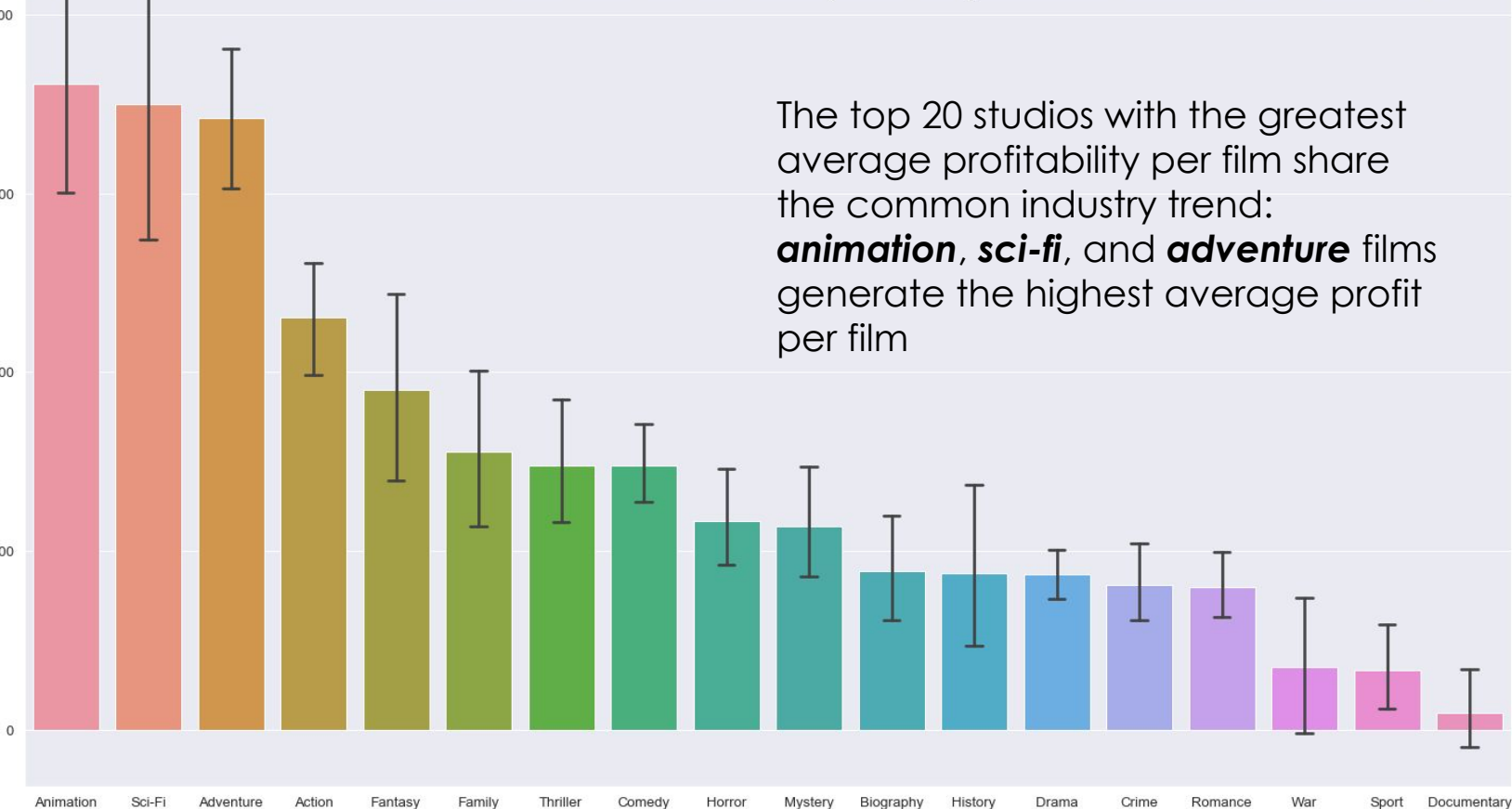# Genre Considerations
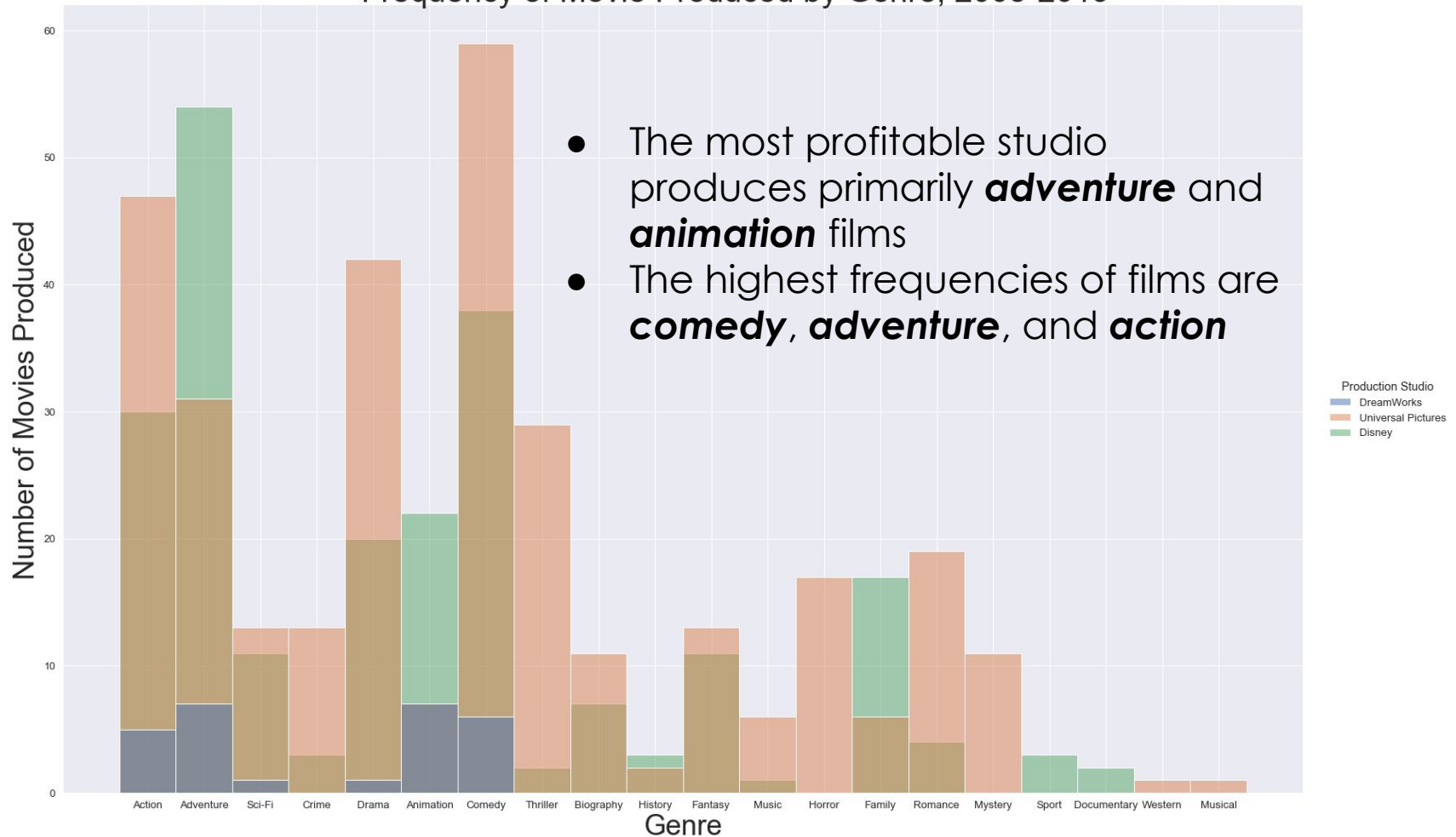*Maximizing Profits*

Movie Genre vs. Profit

n=11311 films from 2005 to 2019

Adventure, *Sci-Fi*, and *Animation* films generate the highest average profit per film.

Profit (USD in Millions), Adjusted for Inflation

250
200
150
100
50
0

Adventure · Sci-Fi · Animation · Fantasy · Family · Action · Comedy · Thriller · Mystery · Horror · Crime · Romance · Music · Drama · Biography · Sport · History · War · Documentary

Movie Genre vs. Profit

n=2441 films from the 20 most profitable production studios from 2005 to 2019

The top 20 studios with the greatest average profitability per film share the common industry trend: *animation*, *sci-fi*, and *adventure* films generate the highest average profit per film

Profit (USD in Millions), Adjusted for Inflation

Animation · Sci-Fi · Adventure · Action · Fantasy · Family · Thriller · Comedy · Horror · Mystery · Biography · History · Drama · Crime · Romance · War · Sport · Documentary

Frequency of Movie Produced by Genre, 2005-2019

- The most profitable studio produces primarily *adventure* and *animation* films
- The highest frequencies of films are *comedy*, *adventure*, and *action*
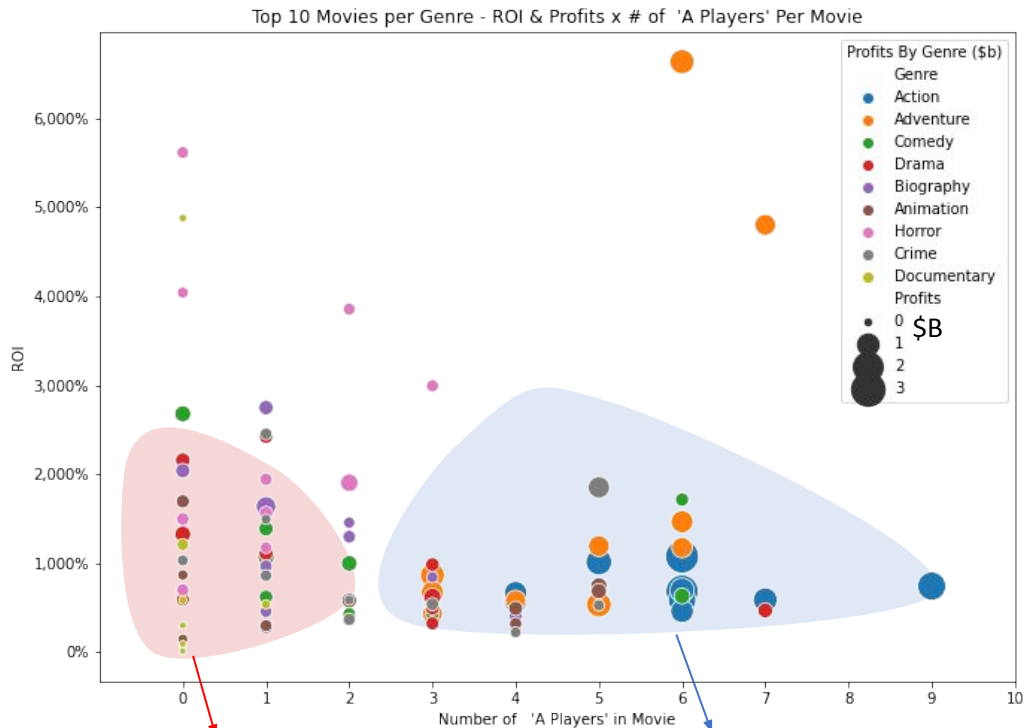
Staffing Considerations
"A Players" & Maximizing Profits

YES

NO

We Started with 2000….Narrowed to 450

What's the Presence of "A Players" in The Most Profitable Films: By Genre

Top 10 Movies per Genre - ROI & Profits x # of 'A Players' Per Movie

Recommendation

- Action & Adventure – "A Players" **Required**
- Animation & Drama - **Split**
- All Other – "A Players" **Not Required**

Low To No Group - Majority of Top 10 **Crime**, **Horror**, **Documentary**, **Comedy**, **Drama** films do not require many, if any "A Players" to be Successful!

3-4 Or More Group All Top 10 **Action**, and **Adventure**, films may require > 3 "A Players" to be Successful!
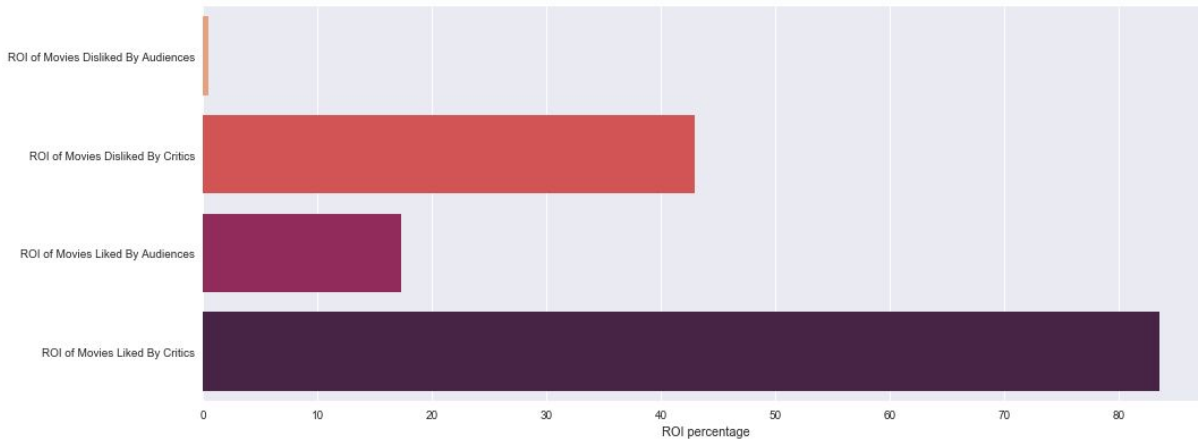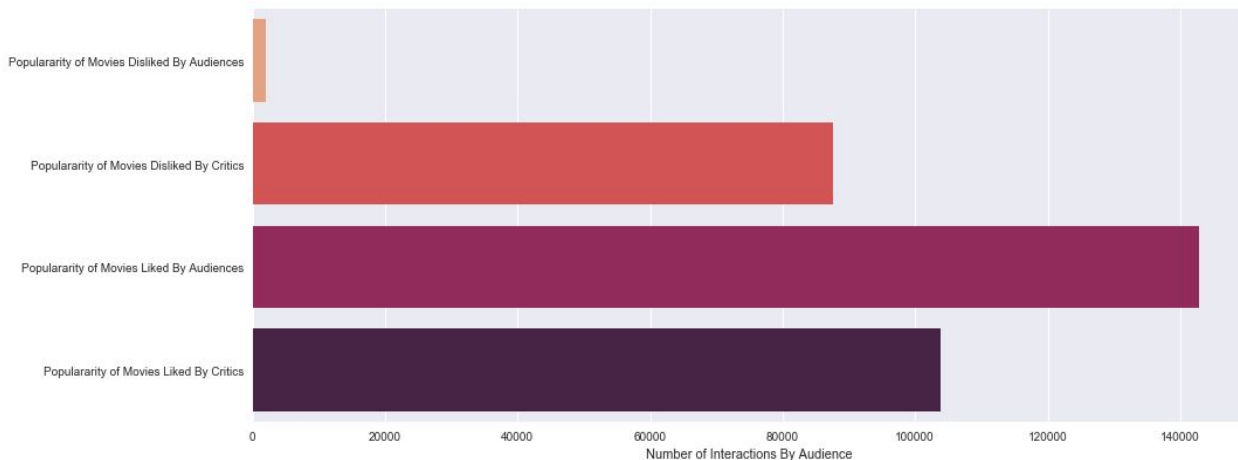
Critics Impact on Profits
IS any PR good PR?

Why consider critics?

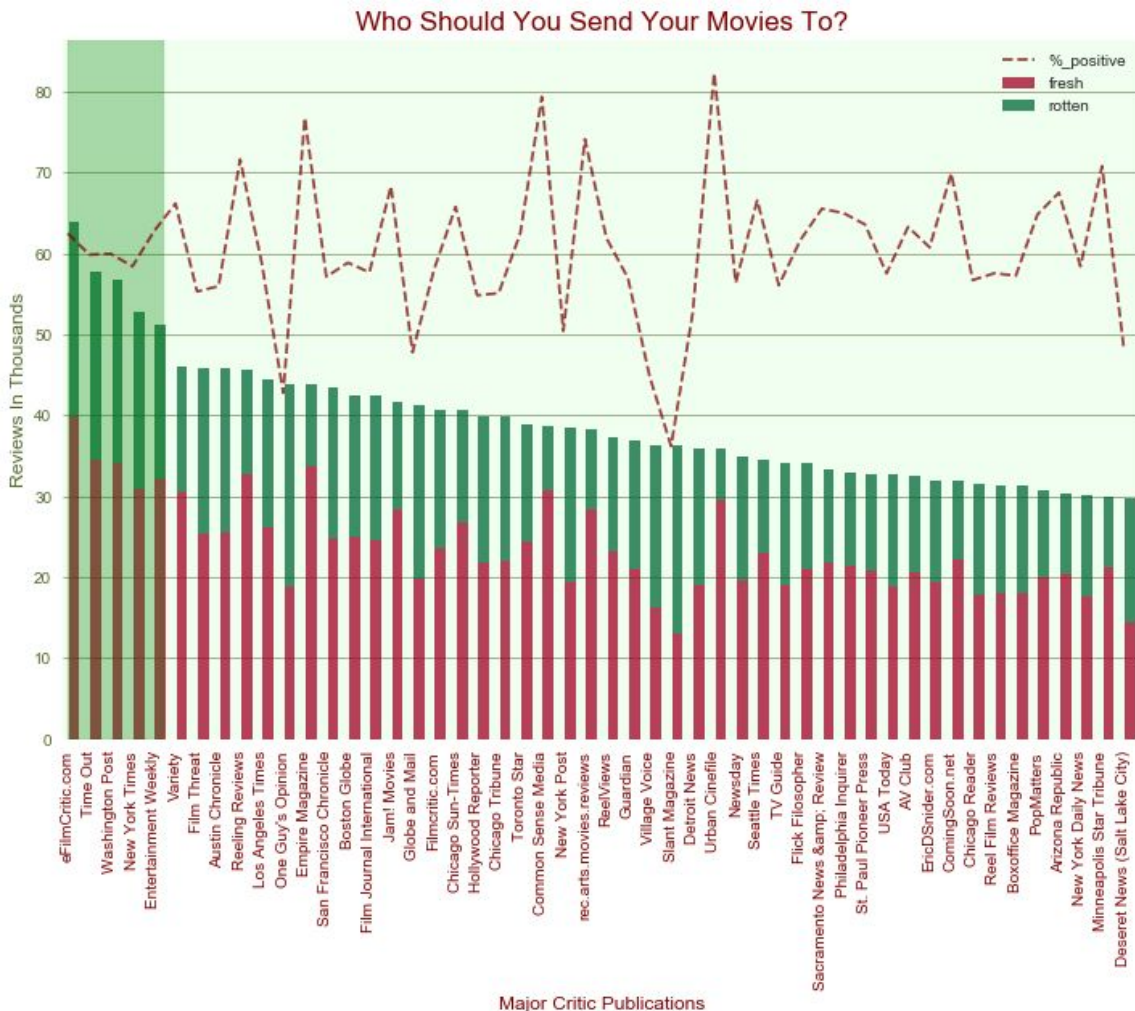Our data indicates critic reviews may affect your success

Here we've shown:

- Bad reviews are better than no reviews
- Just because the audience likes it doesn't mean it will do well

Here, are our top 5 recommendations out of our top 50 publishers

- They post frequently
- Get high responses
- Have a high positivity rate

Who Should You Send Your Movies To?

Future Work:

If you choose us as your lead consultants, we would further analyze…

1. **GENRE**:
   a. Identify your budget
   b. Maximize your ROI
2. **CAST & CREW**:
   a. Incrementality of "A Players"
   b. Parlaying "A Players" to build a franchise
3. **CRITIC REVIEWS**:
   a. How to win awards
   b. Critical success by genre

THANK YOU!

Email:

- Matthew Lipman → matthewrlipman@gmail.com
- Fennec Nightingale → fenneccharles@gmail.com
- Russell Pihlstrom → rgpihlstrom@gmail.com

GitHub:

- https://github.com/mattielips/movie-data-analysis/

Appendices available upon request

21

21A