

Hello

Hello, my name is Mike Erb

What Movies Are Doing The Best At The Box Office?

Pending the launch of our your new movie studio, I'm here today to talk about what movies are doing the Best at the box office

Maximize POP & ROI

With that knowledge, we can maximize our Probability of Profit and Return on Investment.

20 Years of Movies

While the commercial movie industry has been around since the late 19th century, most of that history is irrelevant to finding out what movies we should be producing now.

How people spend their time and consume media is vastly different now compared to any other point in time, let alone the history of the movie industry. We have streaming services on all of our devices including smart phones that provide continual access to entertainment (of all kinds) at our every whim.

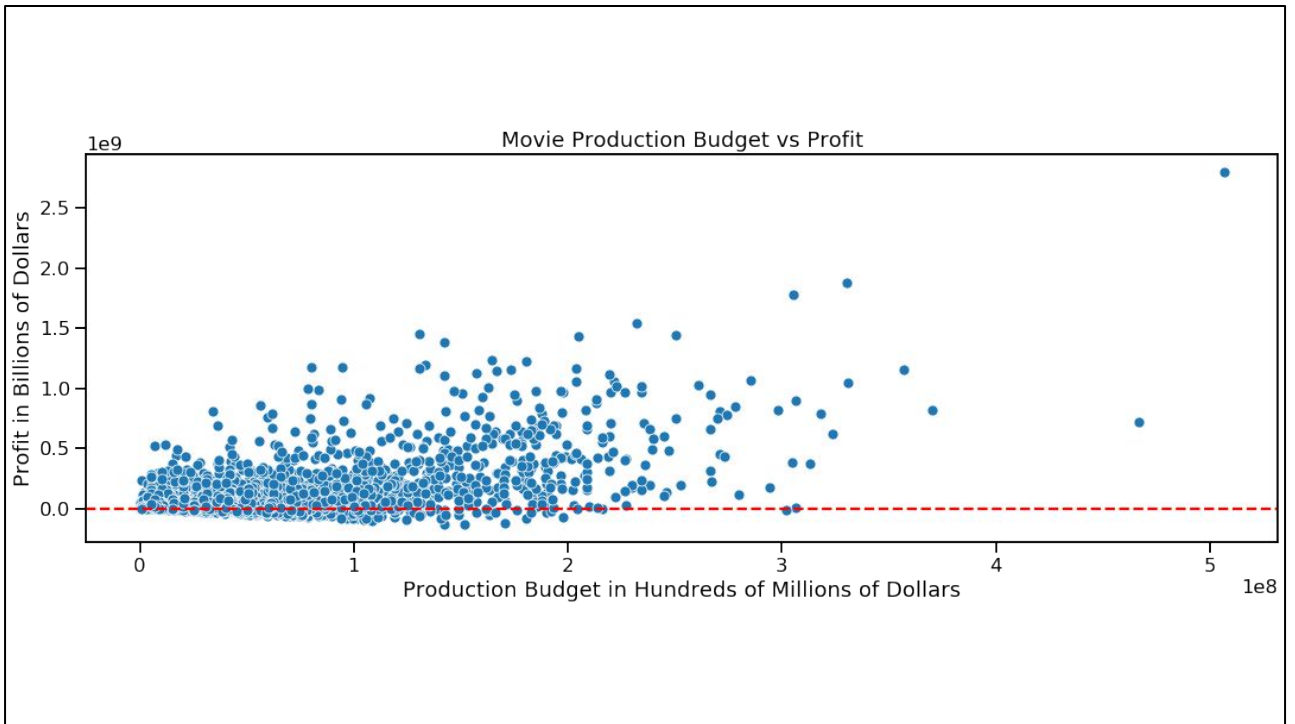
These technological and societal changes really started to take hold about 20 years ago, so I limited the set of movies I analyzed to the last 20 years.

If We Build it, Will They Come?

I started my analysis with the question, if we build it, will they come?

Meaning two things:

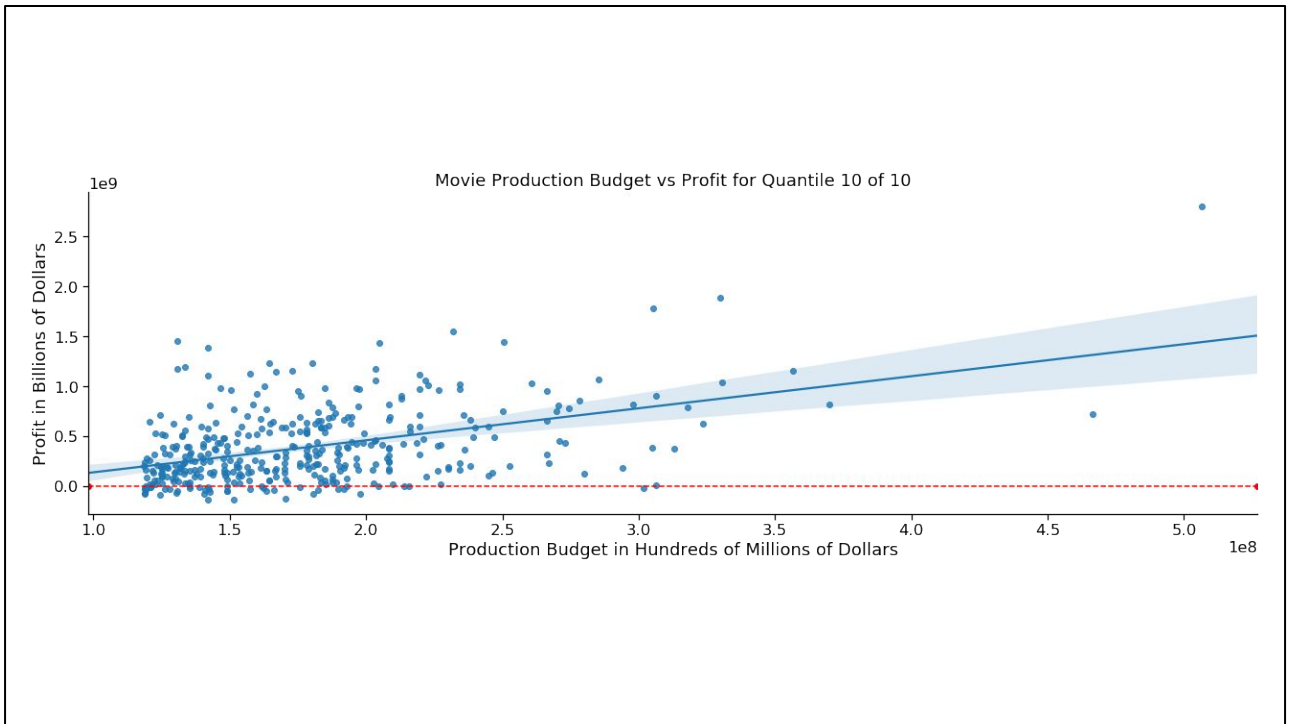
- 1: are movies profitable by default, which is of course not likely
- 2: will we get more profit the more money we spend on producing the movie



Here is a visualization of the inflation adjusted Profit Vs. the Production Budget

The red line indicates zero profit, and as you can see there is a sizeable cluster of movies below it.

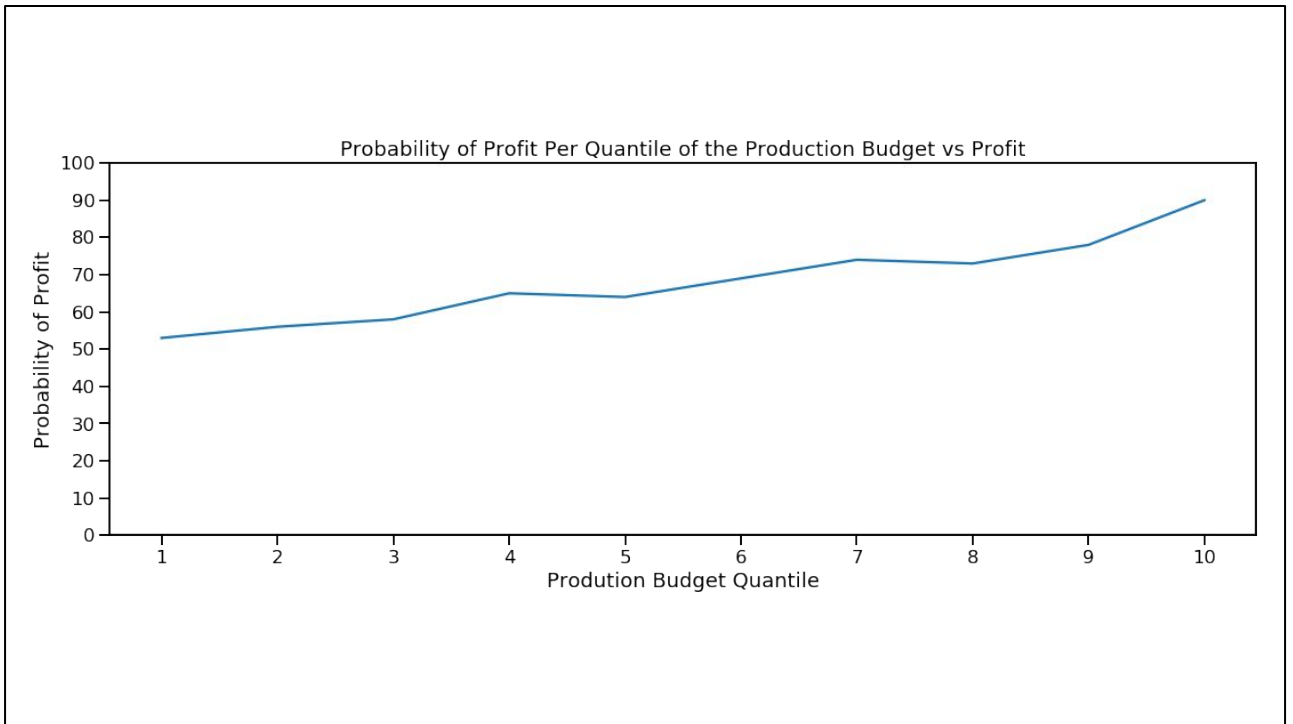
And for most of the data, it's pretty flat, meaning there is no correlation between production budget and profit until...



...you get to the right hand portion of the previous visualization (zoomed in on here) where the extremely profitable movies are. This one way up here is Avatar, the most profitable movie in our dataset by far.

This is the top 10% of the most profitable movies. It is only here with production budgets over 100 million dollars do we see a modest correlation between the size of the production budget and the size of the profit.

Notice however, that even at this level of investment in production there is still potential for loss. In fact 10% of these movies made zero profit or lost money.



A 90% probability of profit for movies with the top 10% of production budgets is really good, but what about the rest of the movies.

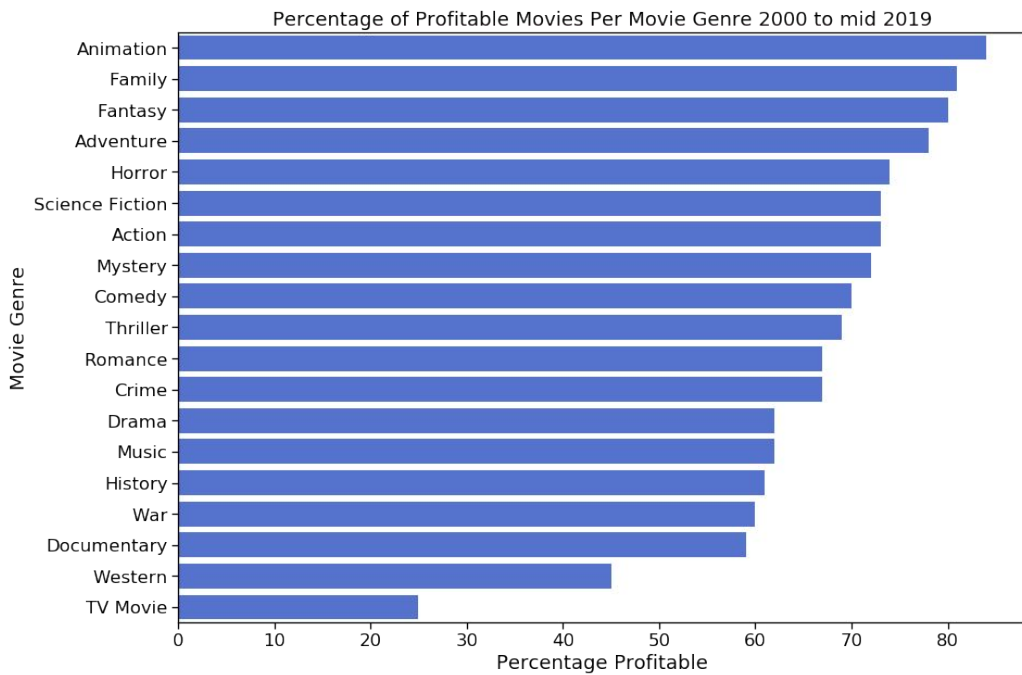
I next looked at probability of profit for all the movies and found that the more you invest in production, the more likely you are to get a profit (maybe just a penny but a profit nonetheless)

What Genre of Movies Are Doing Best?

We want to do better than just not lose money, so next I split up the movies by genre

Percentage of Profitable Movies per Genre.

I first looked at what genre or genres of movies has the highest percentage of profitable movies.

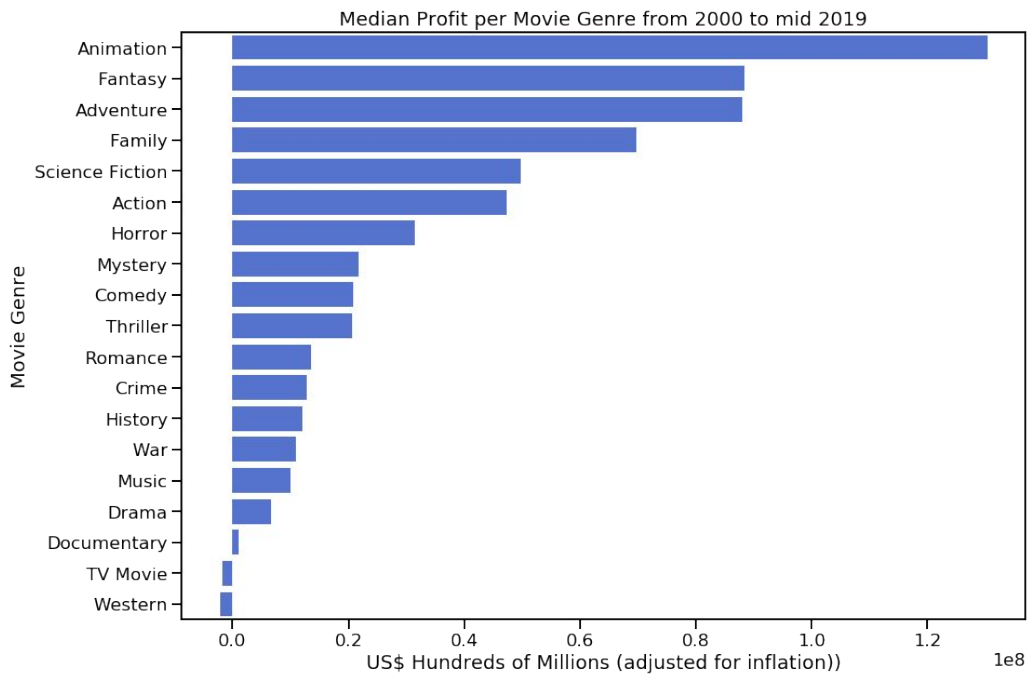


The top of the chart with the most profitable movies in its genre is Animation, although several other genres are not far behind.

OK, but again, we want to do better than just make a profit.

Average Profit per Genre

Which led me to look at the average profit per genre

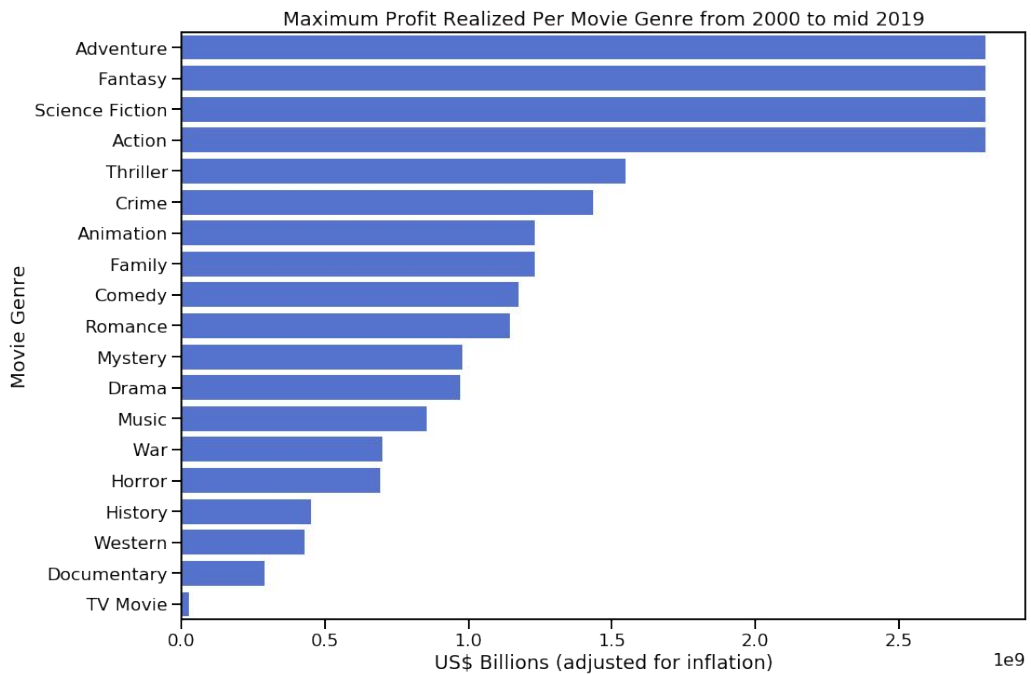


Here Animation is also at the top, but this time it does far better than any of the other genres.

What about Avatar and the other extremely profitable movies?

We can see that Animation on average will do much better than any other genre.

But what about Avatar and the other extremely profitable movies? Are they considered animation?



No...Avatar had a lot of special effects, but would not be considered animation. In fact Animation is 7th when considering what the maximum profit realized per movie in a genre is.

The genres: Adventure, Fantasy, Science Fiction, Action, Thriller and Crime all had movies more profitable than the most profitable movie in the Animation genre.

They Are Franchises

What is the most obvious thing about these extremely profitable movies?

80% of them are Franchises that we've all heard of; such as: Star Wars, Harry Potter, Avengers, the Fast and the Furious...

The notable exception is the most profitable movie of all, Avatar, but all franchises have to start somewhere, even if it's at the top similar to what the original Star Wars movie did in 1977.

Recommendations

In summary, I would like to make the following recommendations

Animation

The focus of our movie studio should be Animation, it is the most likely to make the most profit

Action Movies with Franchise Potential

We should keep an eye out for movies that have franchise potential and fit into the Action/Adventure/Fantasy/Sci-Fi/ genres because they have the potential to make the highest profits of all although there is more risk involved.

Future Work

- What attributes do the more profitable Animation movies have?
- What other attributes does an extremely profitable movie have?
- How would we split the production budget among these factors?
- Investigate the marketing side of the movie industry.

We will need more than these preliminary findings to launch a successful movie studio and I would like to suggest the following as future work:

What attributes do the more profitable Animation movies have?

What attributes besides genre and a franchise does an extremely profitable movie have?

How would we split the production budget among these key attributes?

Investigate the marketing side of the movie industry

Thank You

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