

# What Should Microsoft Spend on Movie Production?

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# Why Movies?

- 2018 global box office: \$41.7 billion
  - Cosmetics: \$49 billion
  - Sports Media: \$23 billion
  - Children's Toys and Games: \$27 billion
- Box office & home streaming services: 136 billion

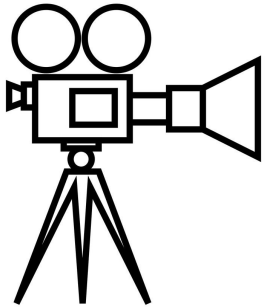
# Why movies: continued

- Merchandising: Star Wars, Harry Potter, Jurassic World, Toy Story all made a bulk of their profit from Merchandising
- Longevity: Home streaming services can make movies relevant long past their box office debut

# Investigation:



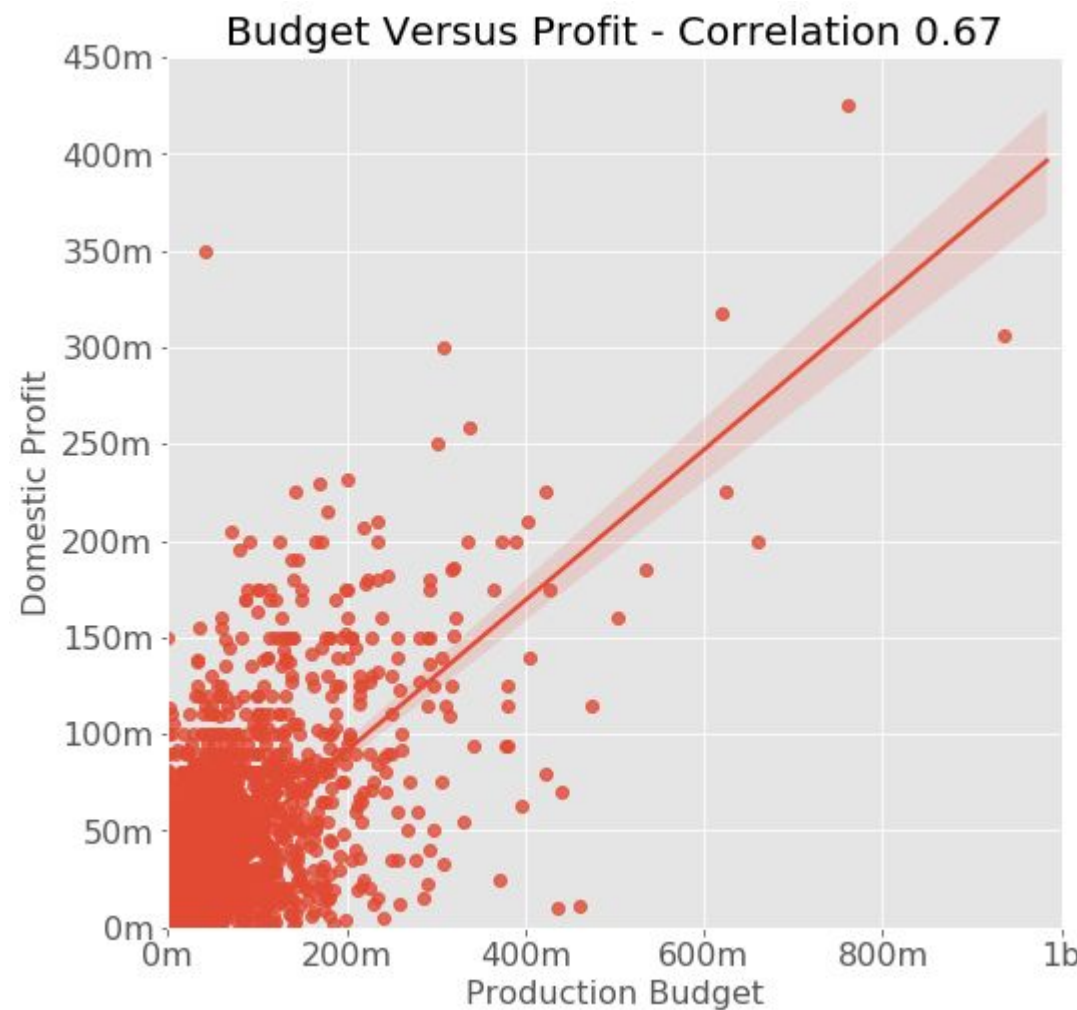
1. What correlation does a movie's production budget have on it's profit?



What should Microsoft expect when budgeting?

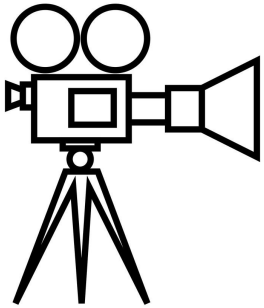
Budget Versus Profit for All Movies Listed

Average Production Budget:	\$27,557,245
Average Domestic Profit:	\$36,608,449
Difference:	\$9,051,204
Average Profit Return:	\$1.33



A collection of US dollar bills, including \$100 and \$50 bills, scattered across the top right corner of the slide.

2. Does the budget to profit relationship change amongst the top ten earning movies?

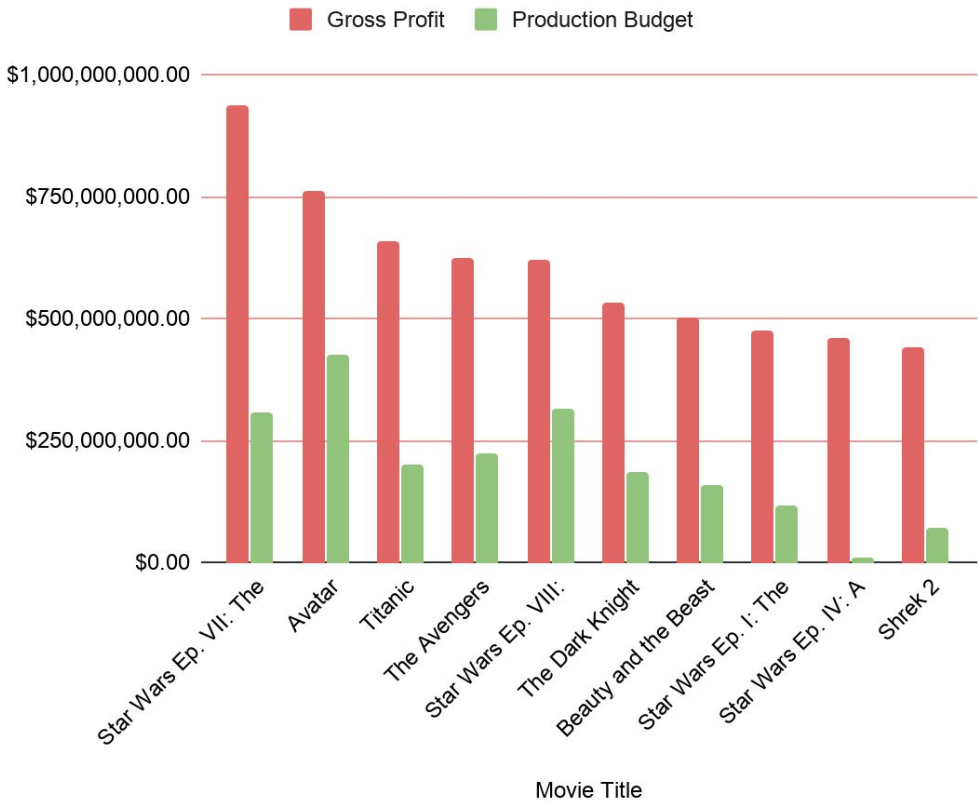


Microsoft wants to be amongst those top ten.

# Budget Vs. Profit for the Top Ten Earners

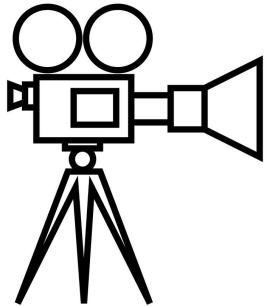
Average Production Budget:	201,400,000
Average Domestic Profit:	\$601,449,876
Difference:	\$400,049,876
Average Profit Return:	\$2.99

Budget Vs. Profit - Correlation .79





3. Does the budget to profit relationship change amongst the movies with the ten highest budgets?

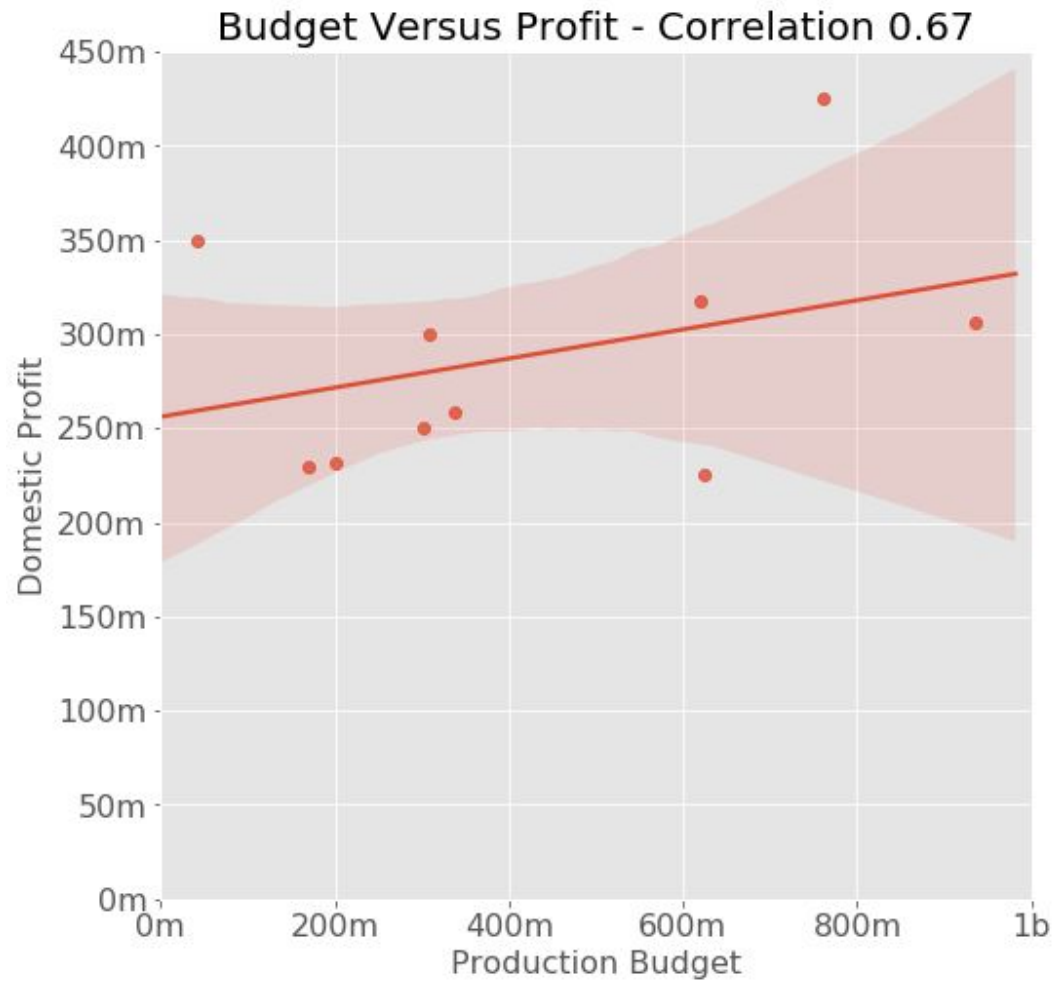


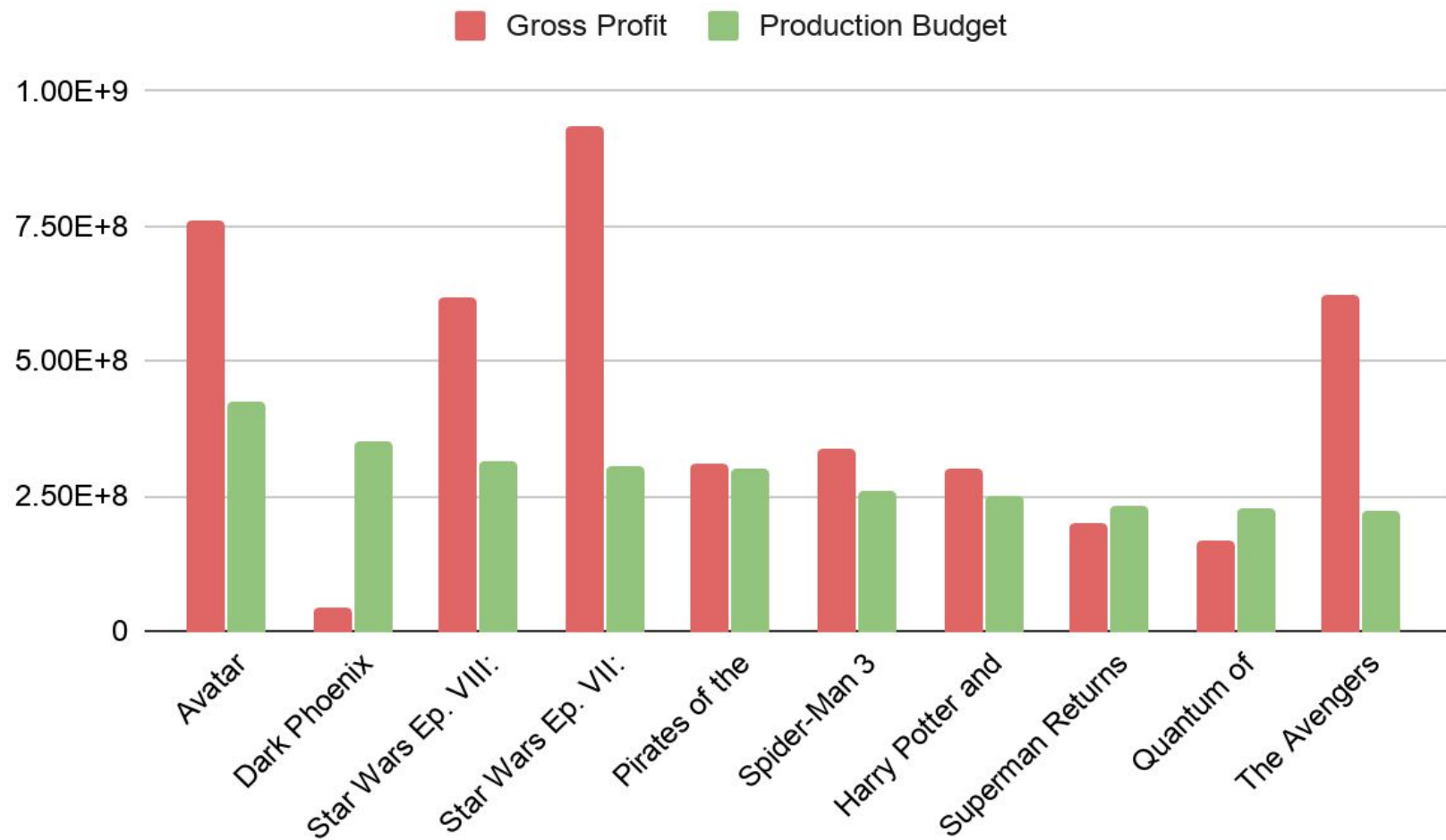
Does a higher budget automatically equal a higher profit?



Budget Vs. Profit for Top Ten Budgets

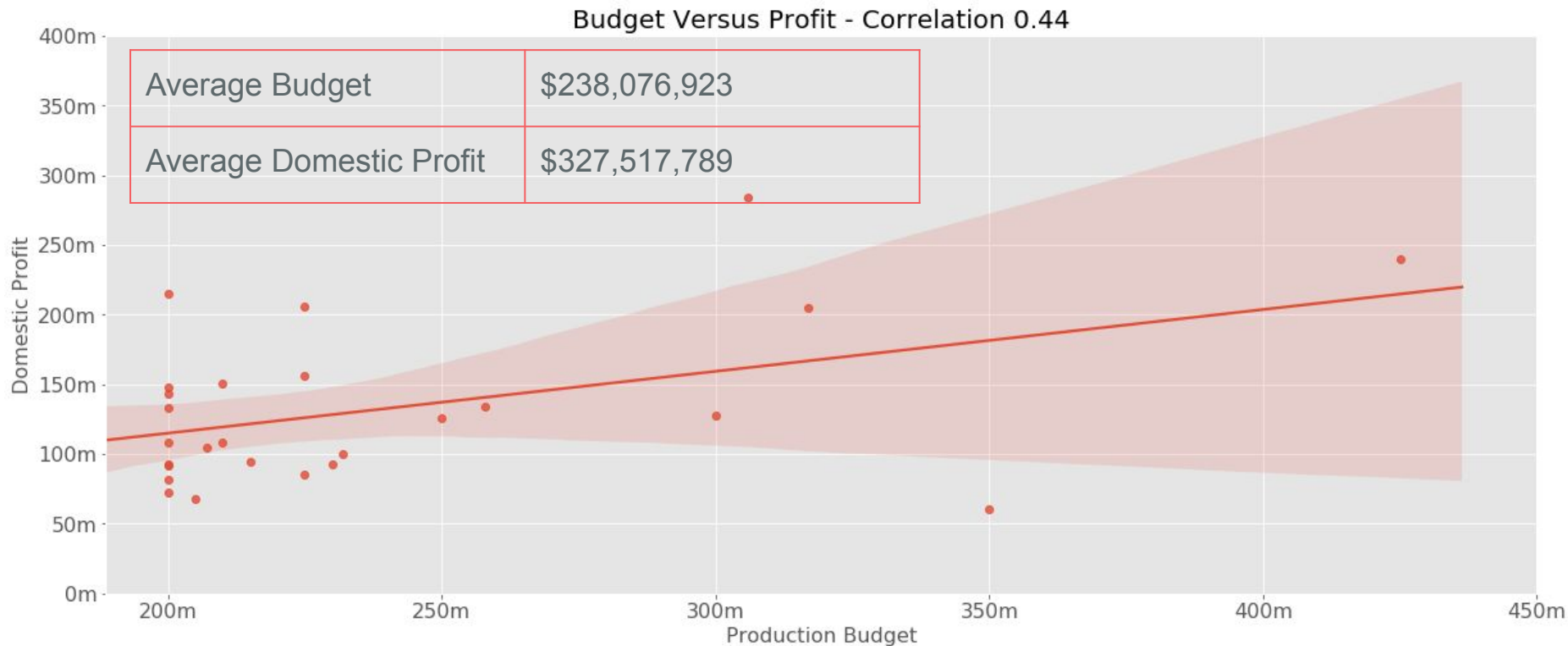
Average Production Budget:	\$289,300,000
Average Domestic Profit:	\$430,092,156
Difference:	\$140,792,156
Average Profit Return:	\$1.48



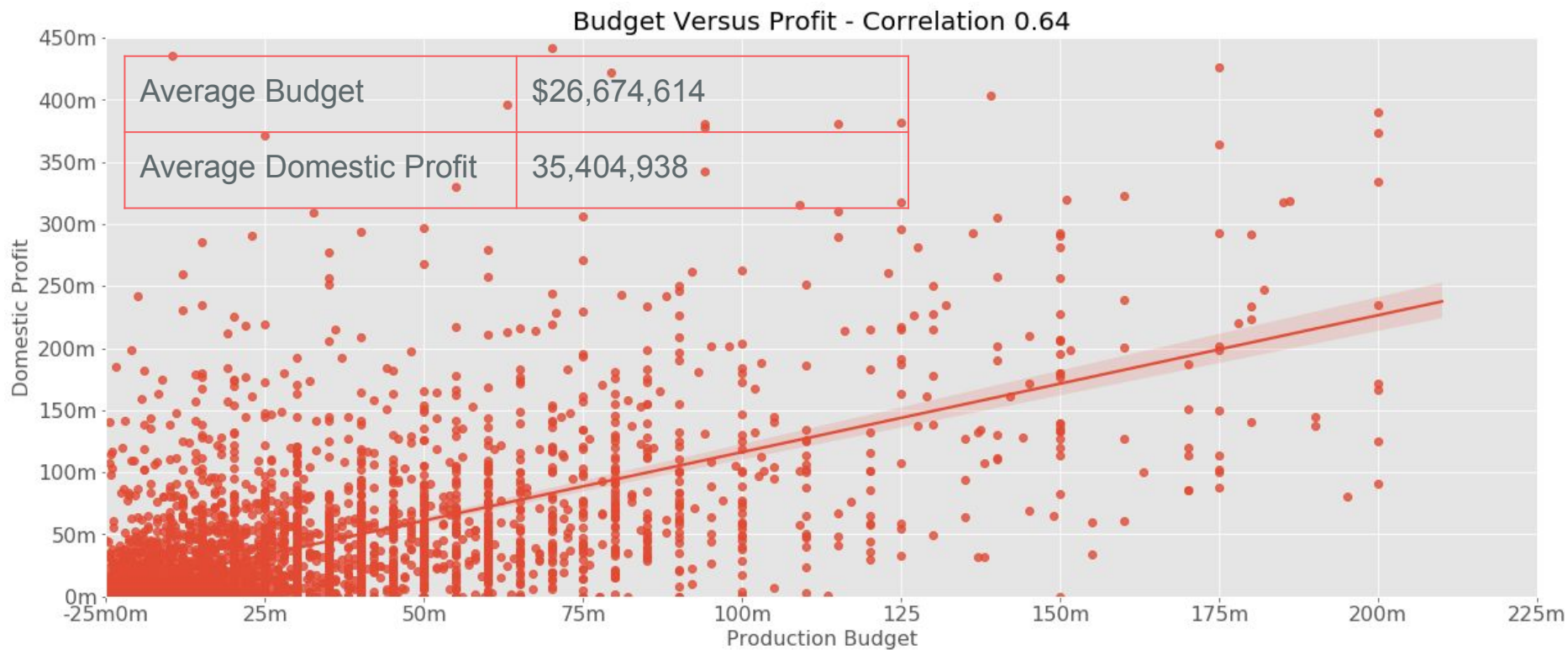


# Is there a Sweet Spot?

For movies with a budget over \$200,000,000



For movies with a budget under \$200,000,000



# What to Take Away

- Budget and profit have a moderately strong correlation
- Highest profits == \$200,000,000 budget or less
- Highest profits  $\neq$  highest budgets
- Microsoft should take a look into other production factors such as:
  - Genre
  - Crew
  - Advertising/marketing
  - Historical Relevance