Phase 1 Project

Data Science Program
Flatiron School

Orlando Vilar, Jun 2022

Introduction

Introduction

Overview & Business Understanding

- Over the past years there is a trend of investment in content creation/ streaming platforms;

- Microsoft is evaluating entering the business and required an analysis of the industry, specially movies and their characteristics;

- I provide analysis on which factors are key when assessing movies performance, their characteristics and main drivers of success;

- The results of the analysis have an overall implication to investors decision- making, industry, actors, writers, producers, directors and the general public

Data & Analysis

Data Understanding
Sources of Information

- Databases:

  - IMDB, Rotten Tomatoes, Box Office Mojo, The Movie Database, The Numbers Movie Database;

- Variables:

  - Title, Year, Studio, Genre, Production Cost, Domestic Gross, Worldwide Gross, Runtime (minutes);

- Time window:

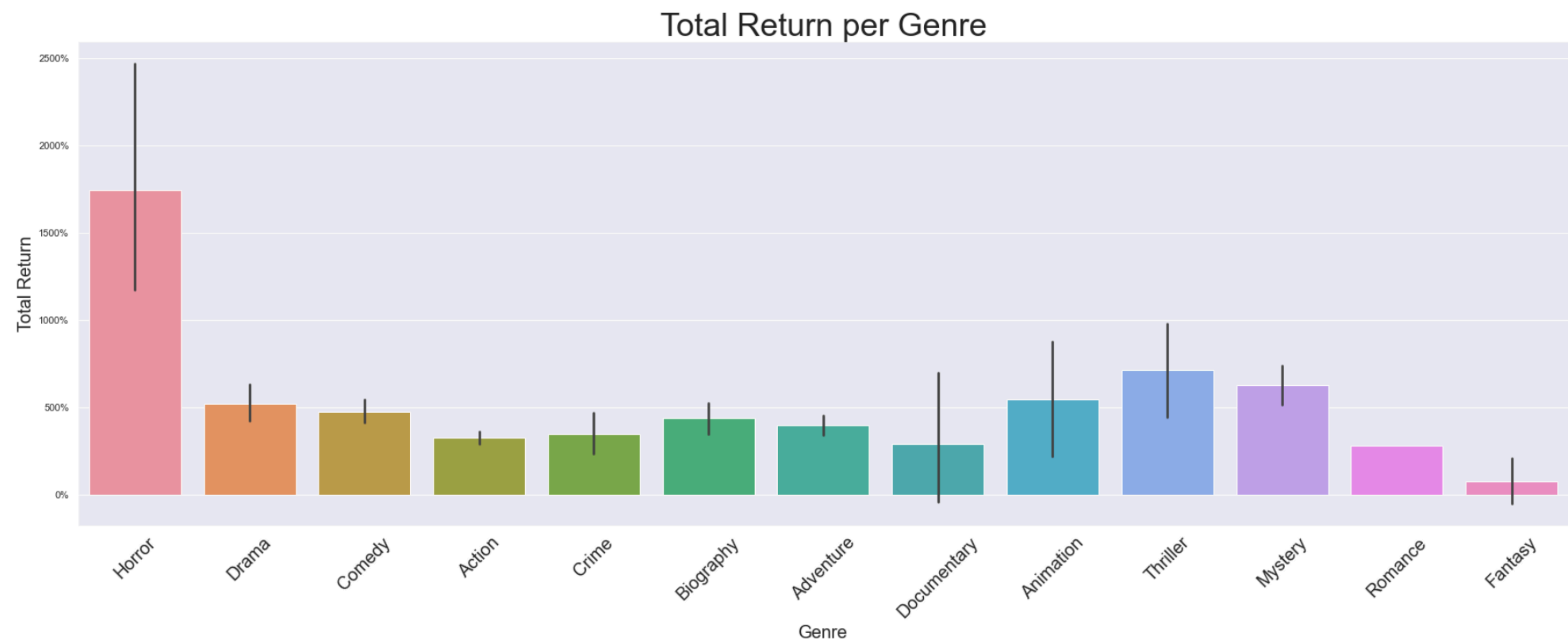 - From 1975 to 2018 (the 'blockbuster movie era').

Production Costs, Domestic and Worldwide Gross
Mean of $54, $71 and $179 MM, respectively
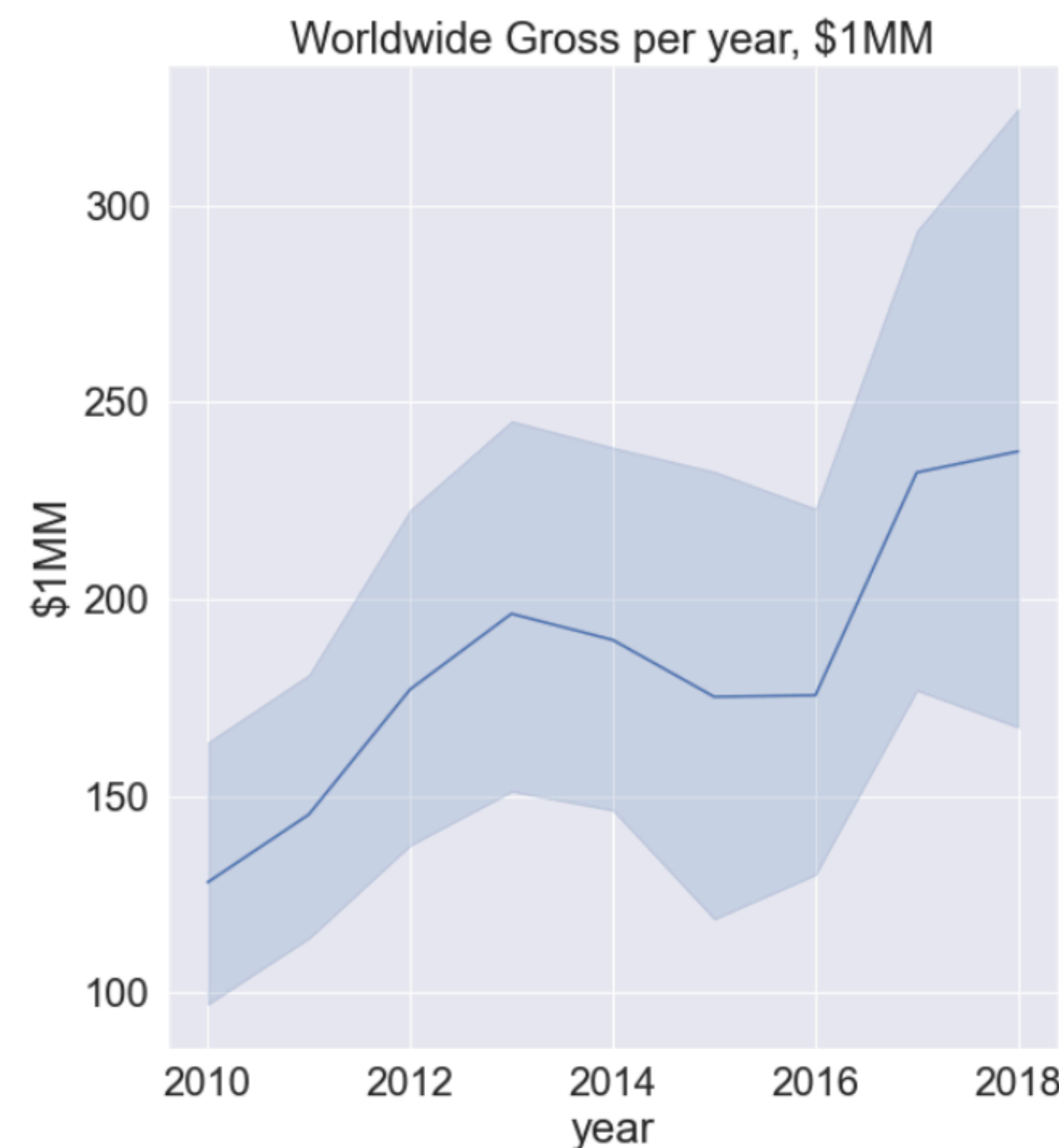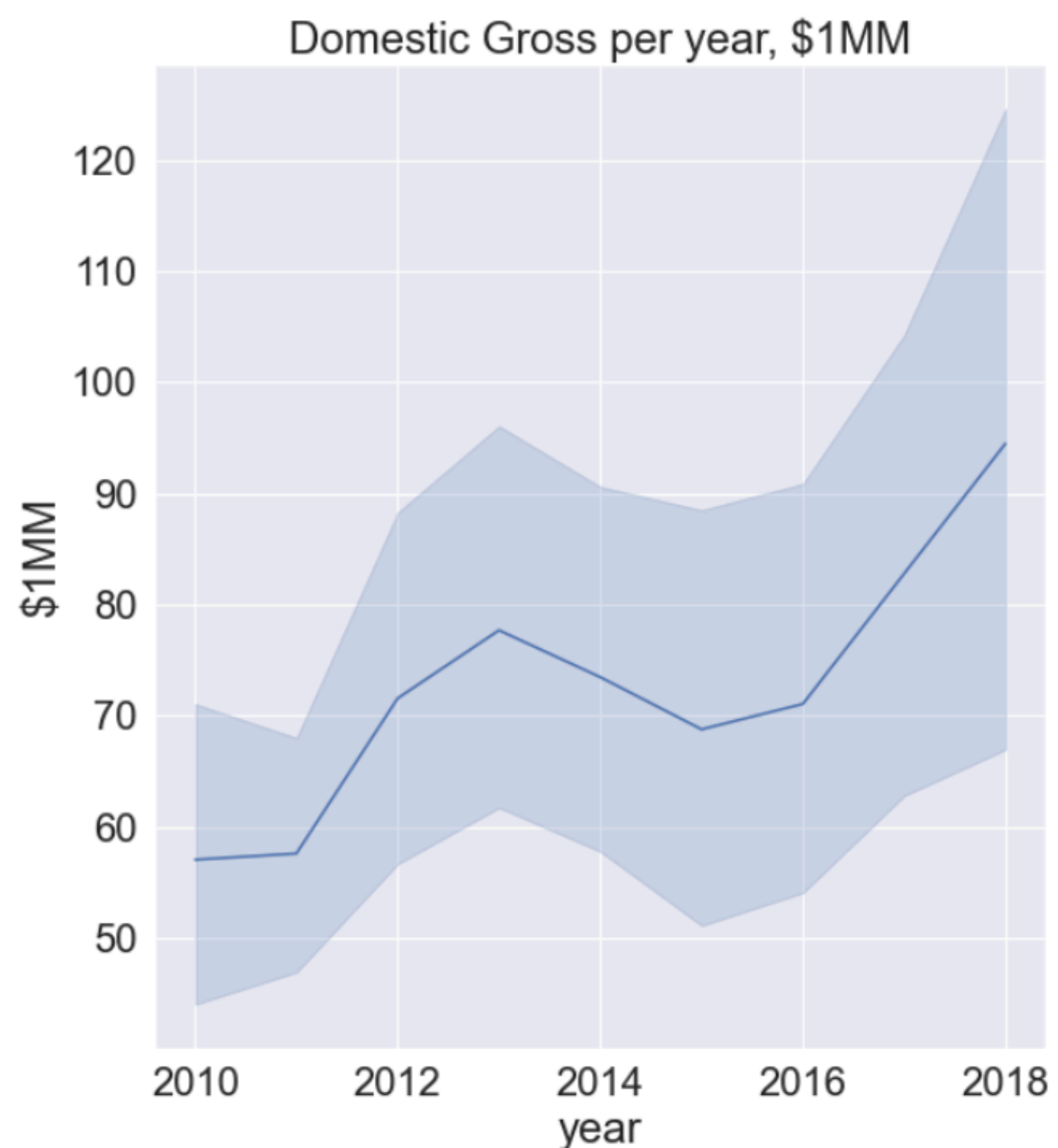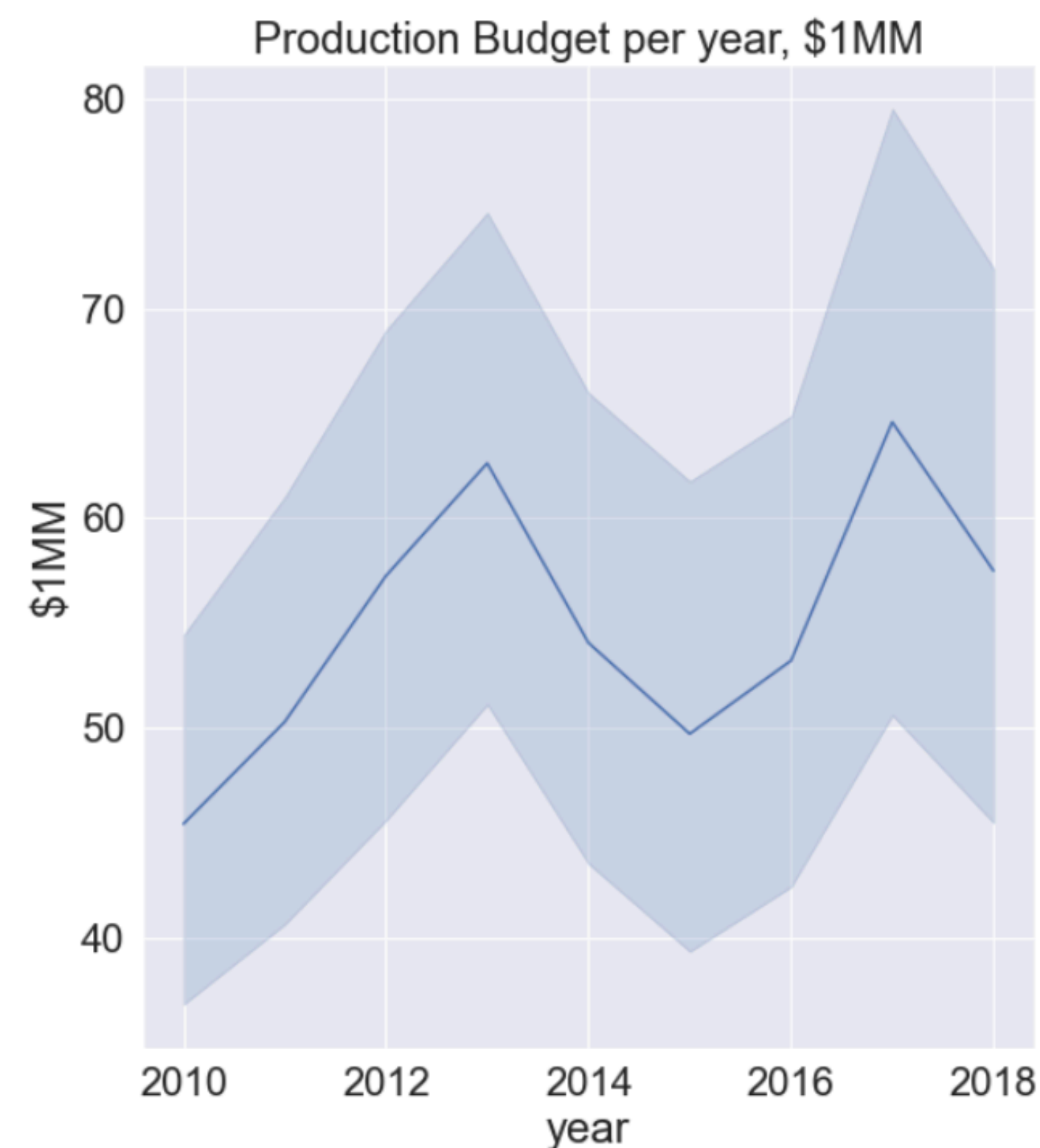
The most profitable genres
Horror movies on average have a total return of 1,742%!

Total Return per Genre

Thriller: 711%
Mystery: 625%

Closing Remarks

Strategies
Three strategies

- **Going big:** high production costs, aiming at high revenues (domestically and globally);

  - Other revenues may come from licensed products and rights, which are not captured by this analysis. High risk strategy;

- **Safest:** a niche of Horror, Thriller and/or Mystery have a higher likelihood of having a return on the investment - both locally and globally;

  - The production costs in comparison to other genres is smaller: $10 to $50 MM;

- **Starting small:** Other/Indies movies have a smaller return on investment (347% - mostly from worldwide revenues). Mystery, Drama and Thriller are the best ROI genres;

  - Synergies can be exploited by starting small. A boutique approach.

Limitations
Further analysis

- Evaluating revenues from licensed products and other media;

- Evaluating the effect of stars, directors, writers and producers associated with higher revenues/returns;

- Evaluating the effects of time, remakes, spin-offs and related content and potential cross-effects;

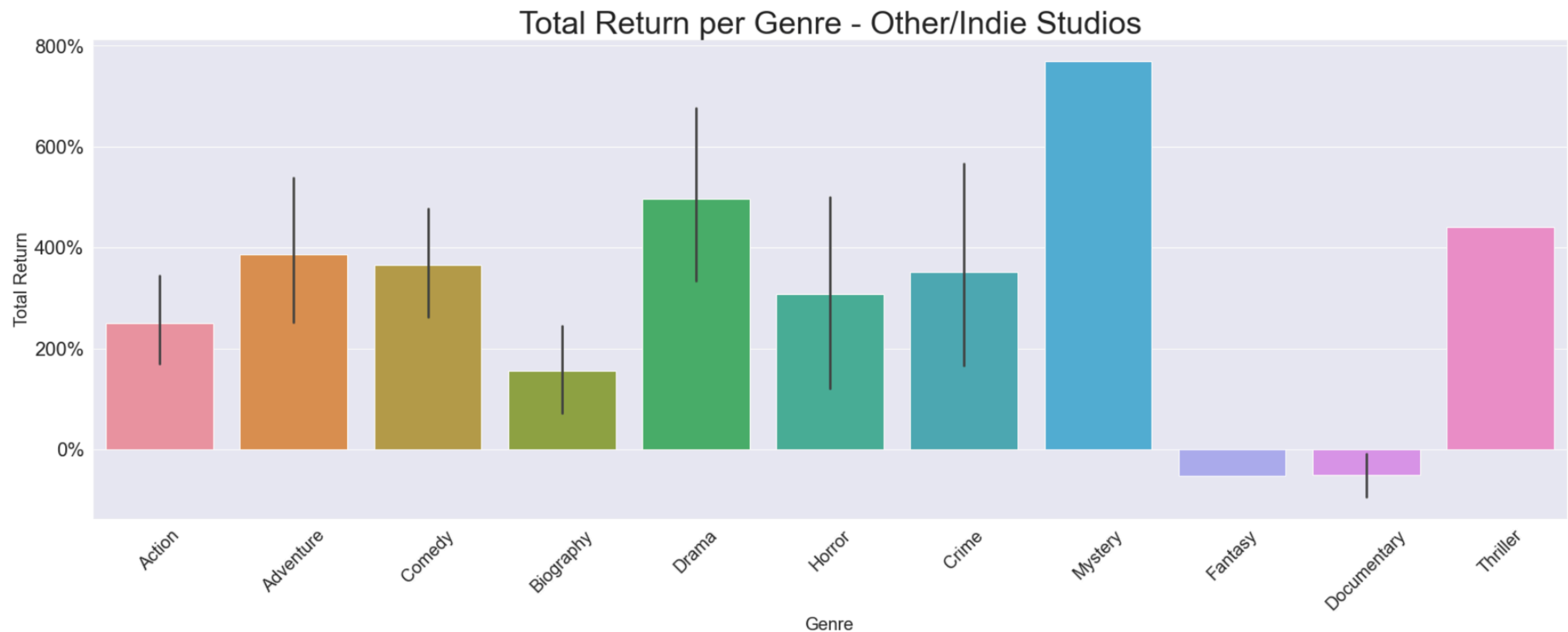- Evaluate the effect of series and other content creation and their determinants.

Thank you!

https://github.com/ovilar

Appendix: Other/Indie

Other/Indie Studios, Mean
Production: $24 MM; Domestic Gross: $26 MM; Worldwide: $62 MM

Total Return per Genre - Other/Indie Studios

Mystery: 477% total return
Drama: 287% total return
Thriller: 172% total return