



# ANALYSIS OF THE MOVIE INDUSTRY METRICS

By Simon Irungu



# INTRODUCTION

- ❖ This analysis explores various aspects of the movie industry to help movie producers, investors, and other stakeholders make informed decisions about future projects.
- ❖ The film industry is a highly competitive and financially risky environment, with substantial investments required for production.
- ❖ By analyzing historical trends in movie production budgets, box office earnings, and audience ratings, this study offers a data-driven approach to understanding which factors influence the financial success of films.



## BUSINESS UNDERSTANDING

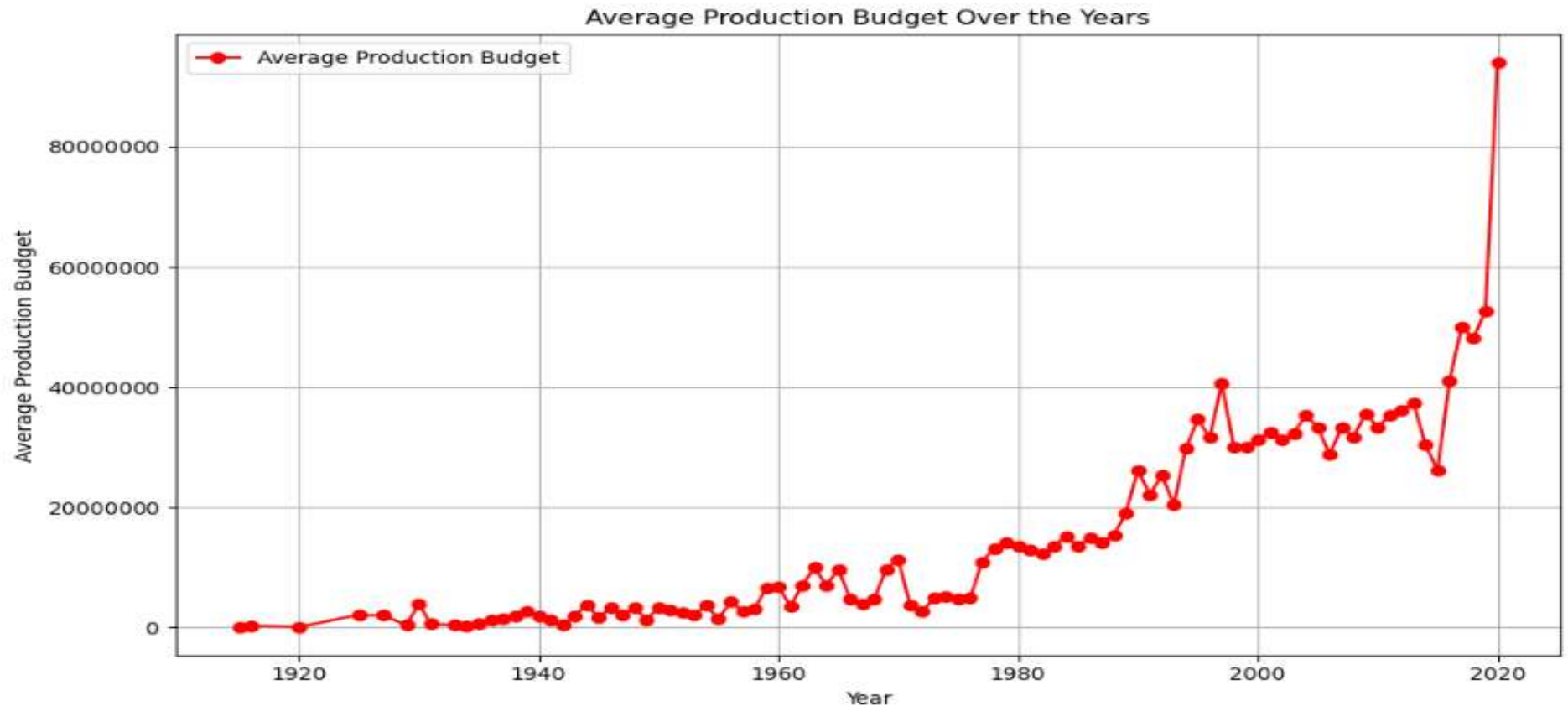
- In today's film industry, success is determined not just by creative content but by financial outcomes.
- Movie producers and studios face increasing pressure to produce films that will generate strong returns on investment while minimizing the risks of financial losses.
- Making informed decisions about which genres to focus on, the scale of production budgets, and distribution strategies is crucial for the long-term sustainability of movie studios.



## OBJECTIVES

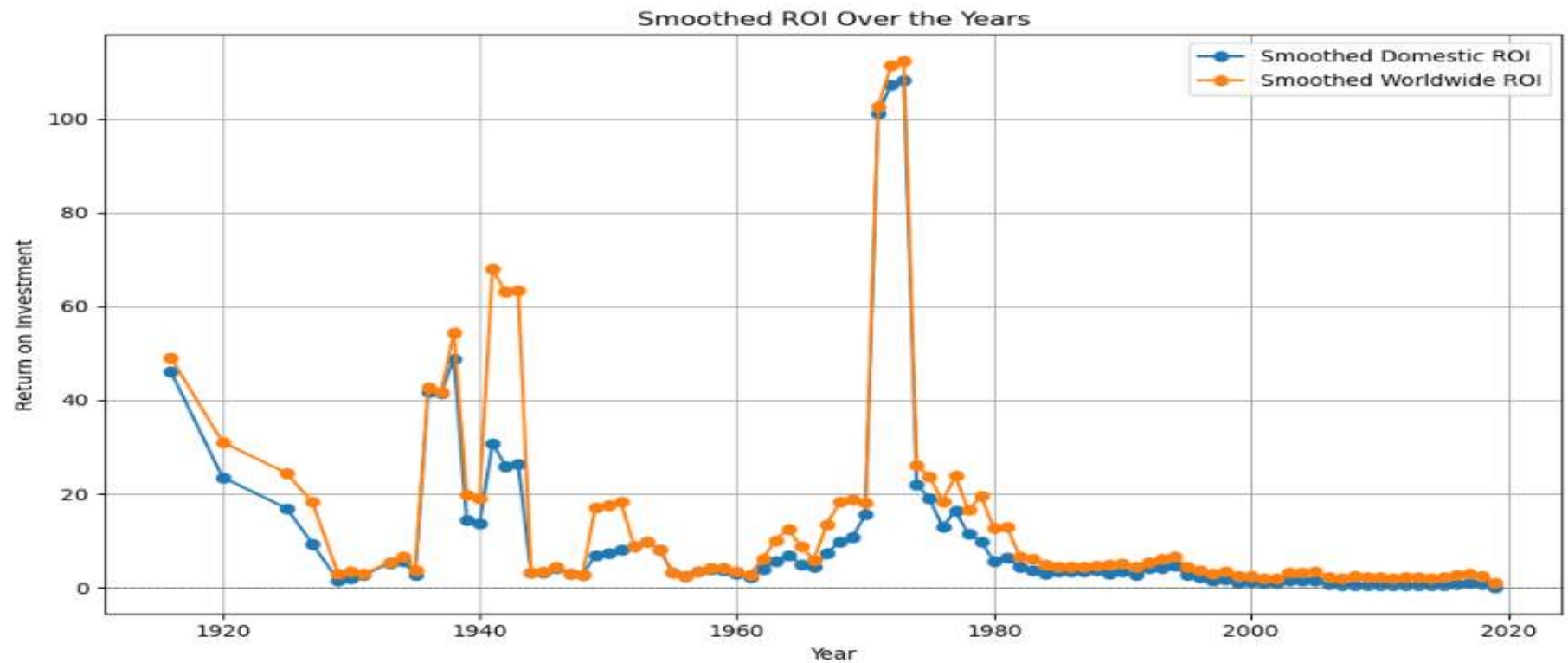
- ❑ To explore the trend of average production budgets across years and identify any fluctuations in the film industry's budget allocation..
- ❑ To visualize and analyze the trend of domestic and worldwide ROI over time.
- ❑ To identify and visualize the top 10 movie studios with the highest total gross earnings
- ❑ To identify the top 20 movie genres based on the number of movies in each genre and visualize the distribution and prevalence of different genres within the dataset.
- ❑ To visualize the distribution of movie profitability, showing how many movies are profitable, unprofitable, or close to breaking even.

# The Trend Of Average Production Budgets Across Years



This graph answers the question of how much movie studios are willing to invest in films over time. By showing fluctuations in production budgets, we can see there has been a trend toward bigger budgets.

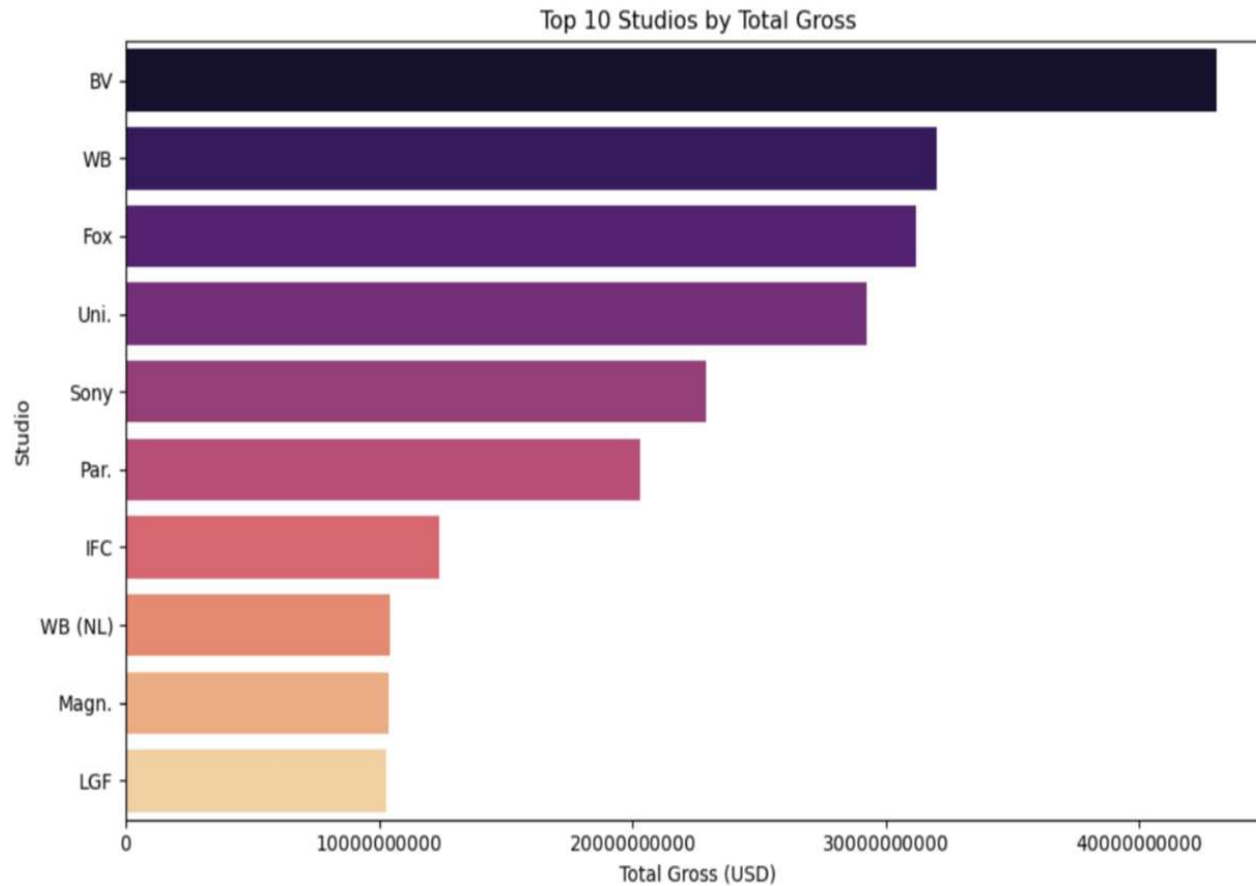
# Trends of Domestic and Worldwide ROI Over Time



The trend of domestic and worldwide ROI shows how effective movie investments were across different markets. A rising ROI is observed in the 1970s which may indicate that these periods were financially favorable for movie studios. The ROI both worldwide and in the domestic market have remained fairly at the same rate from the 1980s to the 2020s.

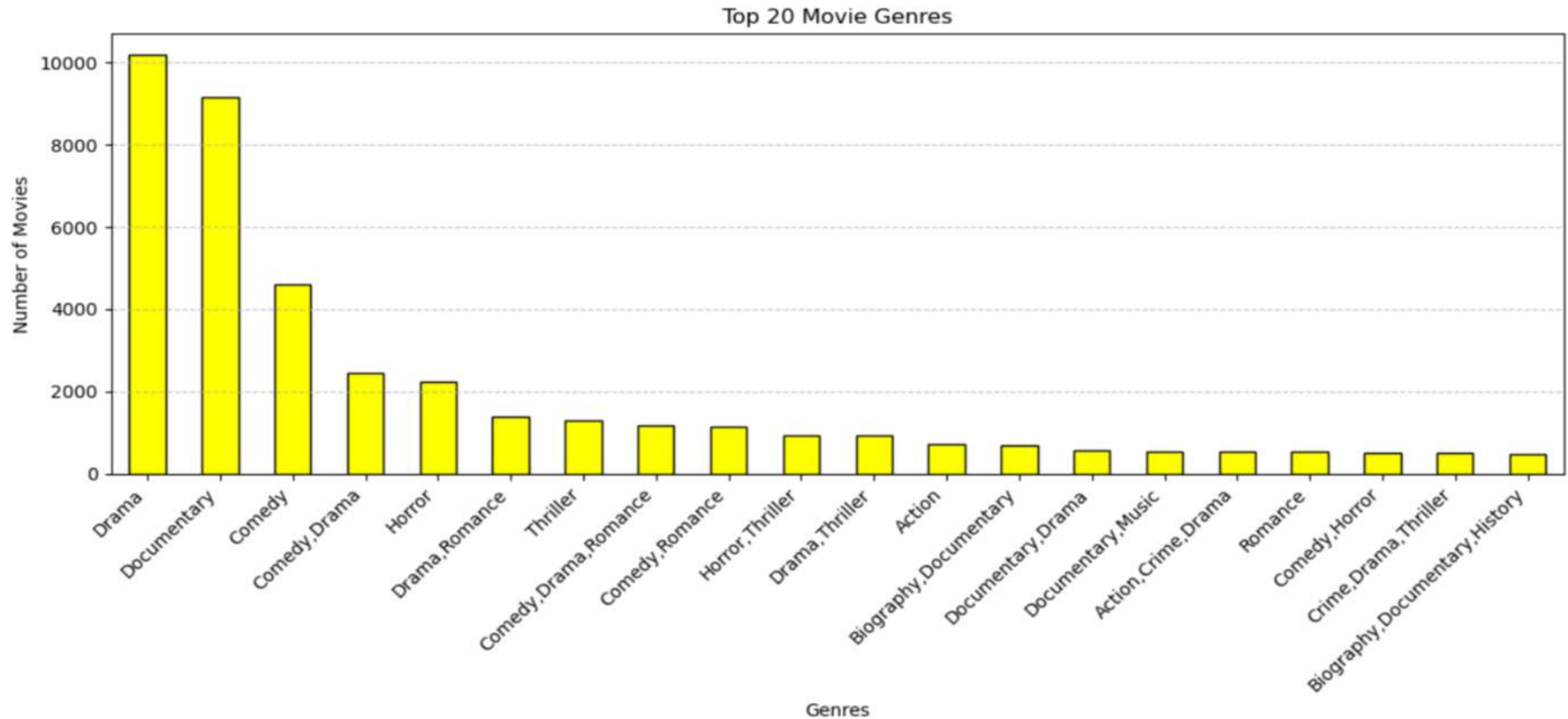


## Top 10 Movie Studios by Total Gross Earnings



This graph highlights the movie studios that have consistently generated high revenues. The top studios are BV which stands for Buena Vista (now Disney Studios), WB is Warner Bros., Fox is 20th Century Fox (now part of Disney), Uni is Universal Pictures, and Sony is Sony Pictures Entertainment., given their large portfolios and global reach.

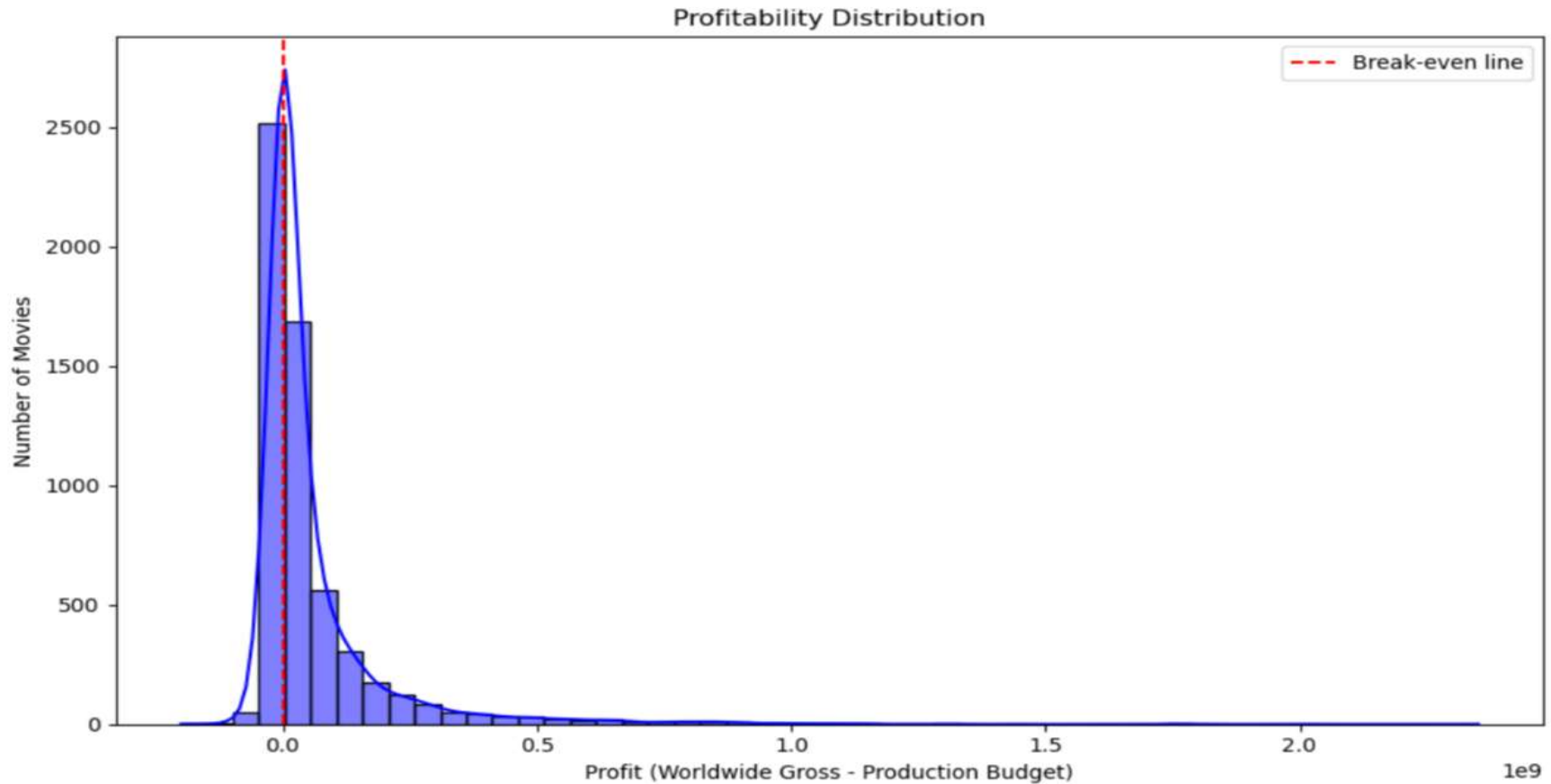
## Top 20 Movie Genres by Number of Movies



This graph highlights the prevalence of specific movie genres. Drama, documentary, and comedy lead with the most produced movies showing that they are consistently popular with audiences. Such information is crucial for producers and investors targeting the industry since they will know the genres that are likely to have more demand among the viewers.



# Distribution of Movie Profitability



The graph is right-skewed, indicating that most movies either make small profits. The data is concentrated around the 0.0 profit point. The long tail on the right suggests that a small number of films make huge profits while most of the others make normal profits. These few movies making abnormal profits are outliers in the industry. There are quite a huge number of movies that make negative profits which shows the industry is quite risky.

# Recommendations

- **Movie Studios:** It is recommended that studios carefully analyze production budgets in relation to projected returns, especially given the high risk associated with movie production.
- **Genre Focus:** Studios should focus on genres that have consistently shown strong audience engagement and profitability. While popular genres like action and drama dominate, exploring niche markets with emerging trends, such as specific sub-genres or regional preferences may offer untapped opportunities for higher ROI.
- **Global Market Strategies:** Studios must consider the international market's impact on profitability.
- **Balancing Risk:** Given the trend of many movies being financially unsuccessful, it is recommended that studios diversify their portfolios by producing both high-budget blockbuster films and lower-budget.

## CONCLUSION

- ✓ The analysis reveals that the movie industry remains a high-risk sector, with production budgets rising steadily, yet many movies fail to achieve substantial profits.
- ✓ While a small number of blockbuster films achieve extraordinary financial success, the majority of films either break even or suffer losses.
- ✓ To thrive in such a volatile environment, studios must adopt a strategic approach by carefully evaluating production budgets, focusing on successful genres, and considering the global market's influence on profitability.
- ✓ Diversifying both the scale of investments and the range of genres produced will help mitigate risks and improve long-term profitability.

A person's silhouette is shown from the side, looking through a telescope. The telescope is pointed towards a city skyline at sunset. The sun is low on the horizon, creating a warm, orange and yellow glow. The city buildings are silhouetted against the bright sky. The overall mood is contemplative and hopeful.

THANK YOU!

*Presentation by Simon Irungu*