

Press release

Film forecasting: test for success before production begins

- Film forecasting reduces risk and informs investment decisions
- GOLDMEDIA's film forecasting model calculates viewer numbers for German films before production begins
- GOLDMEDIA film forecasting is based on a comprehensive database and uses artificial intelligence methods
- Tests have a forecast accuracy of 80 percent

Berlin, March 23, 2010. At the beginning it's just the script. For it to become a film, investors must be brought onboard. But the idea alone does not provide security for a multi-million-euro film investment.

Scientific methods are increasingly used in the film industry to get reliable forecasts on viewer numbers even before production begins. Film-forecasting analyses can help to reduce risk for all parties and provide sound support for investment decisions. Berlin consulting company GOLDMEDIA has developed a film forecasting model specifically for the German movie market, which has been used to test various film projects for over three years.

A huge number of factors can explain a film's success or lack thereof. But these factors are by no means linearly related to success, and their interrelations are complex. GOLDMEDIA's forecasting model uses methods of artificial intelligence and searches for interrelations among old and already-released films with the help of neural networks. The patterns found are used to evaluate new film projects. The forecast method doesn't simply equate the new film with a similar film; rather, it appraises the film with reference to complex patterns which can turn up in very different films.

The basis of the GOLDMEDIA film forecasting model is a comprehensive and regularly-updated database with information on more than 1,000 films from the past ten years that attracted German investment. The same information is stored for all films, including viewer count, revenue numbers, opening date, genre, budget, film length, grant funds, rating, language, distribution company, and many other factors.

"Explanatory models and forecast tools that rely on a single cause – too frequently the script – can't adequately reflect reality," says Dr. Florian Kerkau, the managing director of GOLDMEDIA Custom Research and director of the research project. "The film budget, distribution company, and director are undeniably important, but not the only decisive factor for success with the audience. They are among a total of 60 factors that we have identified as important, standing in a highly complex network of relations. The well-known "gut feeling test" is too heavily relied upon. There is, for example, no particularly strong correlation between production budget and later revenue, something many film studios must learn through bitter experience."

GOLDMEDIA has been contracted by a number of production companies to test diverse German films (notarially certified). The success rate of the GOLDMEDIA film forecasting model currently stands at about 80 percent, meaning that it allows an accurate forecast of viewer numbers in four out of five cases.

The GOLDMEDIA method includes several different analytical steps. First, all relevant information on the planned film project is compiled in a standardised questionnaire, which remains strictly confidential.

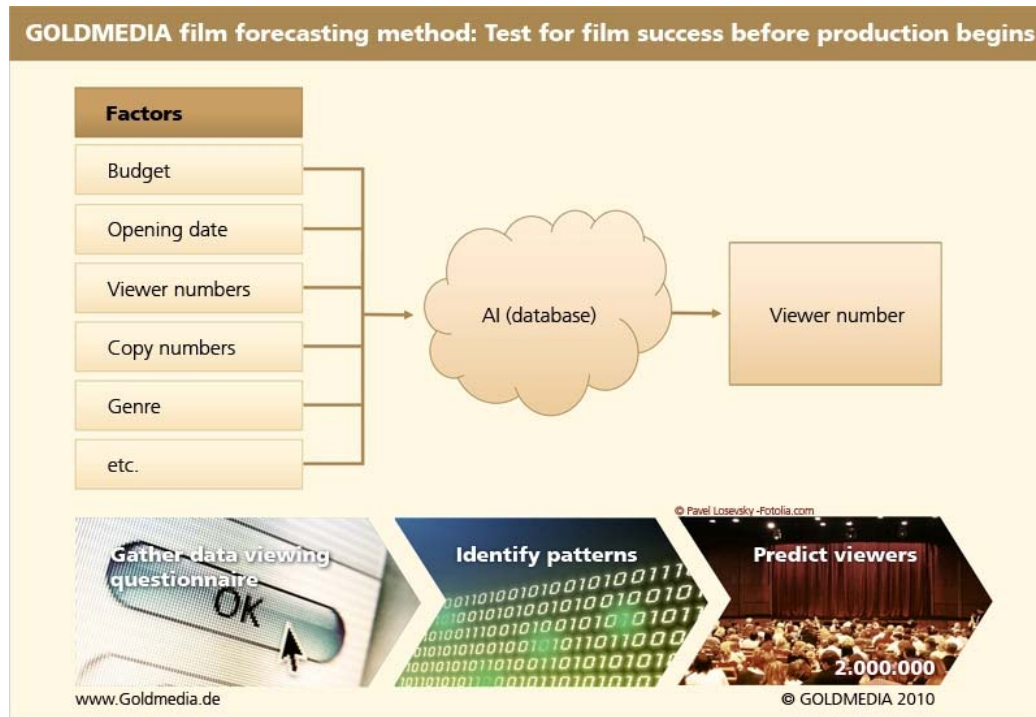
Next, the forecast places the expected number of viewers within a particular size category. The research tool also provides an analysis for possible improvements: Relatively small changes, like postponement of the opening date or an increase in the number of copies can often significantly effect a film's chances of success. Unfortunately, more copies or higher marketing budgets do not automatically bring more viewers. An additional analytical step can forecast the success of the films in terms of further stages of the value-added chain, such as DVD sales, TV analyses, and so on.

In the USA, film forecasting is already the established method for informing investment decisions. Such methods will also soon be standard to the production process in Europe and Germany. New techniques allow a closer alignment with audience preferences and earlier evaluations of a project's risks.

"It's not about replacing experienced filmmakers' industry knowledge," says Dr. Klaus Goldhammer, managing director of GOLDMEDIA. "But we are convinced that such risk-minimising research instruments are also applicable in creative branches like the film industry and can significantly improve the chances of German films. Film forecasting is interesting for those looking to limit risk of flop in this way. Production companies and distributors also benefit from the media research data. An objectively calculated market-success forecast is an excellent argument when negotiating with investors. Finance professionals are more likely to be convinced by analyses than a description of the project's content, however passionately it is presented."

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Chart: GOLDMEDIA film forecasting method



Press contacts:

Dr. Katrin Penzel, Tel: +49-30-246 266-0, Katrin.Penzel@Goldmedia.de
 Dr. Florian Kerkau, Tel: +49-30-246 266-0, research@Goldmedia.de

GOLDMEDIA Custom Research GmbH

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