

Name:  
Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**Online End Semester Examination, December 2020**

**Course: Services Marketing**  
**Program: BBA CORE MKT**  
**Course Code: MKTG3005**

**Semester: V**  
**Time 03 hrs.**  
**Marks: 100**

**SECTION A**  
(30 marks)

1. There are **SIX** questions in this section. All are compulsory.
2. Each question carries equal marks
3. Instruction: Choose the correct answer.

Q.No	Question	CO
1	The fact that a business traveler may have one very positive check-in experience at a hotel and then a very negative check-in experience with a different employee on a subsequent visit is evidence of service: a. Intangibility b. Inseparability c. perishability d. Variability	1
2	If a firm is practicing _____, the firm is training and effectively motivating its customer-contact employees and all of the supporting service people to work as a team to provide customer satisfaction. a. Internal marketing b. Double-up marketing c. Interactive marketing d. Service marketing	2
3	_____ is a tool for simultaneously depicting the service process, the points of customer contact, and the evidence of service from the customers' point of view. a. Front of Planning b. Service standardization c. Service Blueprinting d. None of these	3
4	Compared with low-contact services, customers of high-contact services are more likely to judge service quality based on: a. Price of the service b. Intangible outcomes eg. The performance of an investment portfolio	4

	<ul style="list-style-type: none"> <li>c. Tangible outcomes</li> <li>d. Processes used in carrying out the service</li> </ul>	
5	<p>_____ is the culture where an appreciation for good service exists and where giving good service to internal as well as ultimate, external customers, is considered a natural way of life and one of the most important norms by everyone.</p> <ul style="list-style-type: none"> <li>a. Corporate culture</li> <li>b. Service Triangle</li> <li>c. Service culture</li> <li>d. Service Quality Dimensions</li> </ul>	1
6	<p>If an advertisement shows the interior of a train with comfortable seats and plenty of space, yet a customer boards a train only to find a lack of space and hard seating. This is an example of:</p> <ul style="list-style-type: none"> <li>a. GAP 2-the gap between management perception and service-quality specification</li> <li>b. GAP 4-the gap between service delivery and external communications.</li> <li>c. GAP 1-the gap between the customer's expectations and management perception</li> <li>d. GAP 3-the gap between service-quality specifications and service delivery</li> </ul>	2
<p><b>SECTION B</b> (70 Marks)</p> <p><b>1. There is only <u>ONE</u> Case Study in this section.</b>  <b>2. Instruction: Solve the case as per the Case Analysis Guidelines.</b></p>		
<b>Q.No</b>	<b>Case Study</b>	<b>CO</b>
7.	Analyze the following case:	4

## PARAMOUNT PICTURES: THE TRANSFORMERS DILEMMA<sup>1</sup>

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*Matt Boswick wrote this case under the supervision of Professor Neil Bendle solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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### INTRODUCTION

It was a chilly night in December 2010 as Judy Witwicky walked out of the theatre, two young children in tow. They had just seen *Harry Potter and the Deathly Hallows Part 1*, and Witwicky hoped she could get out of the parking lot before the two boys could embarrass her further. The combination of tantrums and twirling toy wands at each other was something all parents understand, but maybe the theatre's other patrons didn't appreciate it. As she pulled out of the parking lot she wondered when Paramount's blockbuster — *Transformers 3: Dark of the Moon* — would be released.

Witwicky knew that this was a question many had been asking during the past few weeks. As an independent Hollywood business expert, Witwicky was preparing consulting advice she hoped to sell to the executives of Paramount Pictures. After the success of *Transformers: Revenge of the Fallen*, they would surely expect another major hit. They would however be concerned that the crowded summer blockbuster season could hurt the *Transformers*' performance. Their main competition was Warner Bros.' *Harry Potter and The Deathly Hallows Part 2 (Deathly Hallows Part 2)*, which was set to open just two weeks after *Transformers 3: Dark of the Moon (Transformers 3)*. Witwicky planned to advise on whether to move the date for the film, how best to promote it and what she thought Paramount's rival Warner Bros. (WB) might do. She sat at her desk with a bag of popcorn and got to work.

### HISTORY OF PARAMOUNT PICTURES

Paramount was started by Adolph Zukor, who owned a nickelodeon in New York. He opened a successful film in 1912 and, after creating the Famous Players film company, invested in a distribution company named Paramount Pictures (Paramount). In 1926, after a merger with the Jesse L. Lasky Company, a new 26-acre studio lot was constructed in Hollywood. This was a significant and risky venture costing around \$1 million, a huge investment at the time. The 1920s and 1930s were successful decades for Paramount.

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<sup>1</sup> *This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Paramount Pictures or Warner Bros. Pictures or any of their employees. Though Judy Witwicky is fictional, the situation reflects real events.*

The studio won the Oscar for Best Picture for their film *Wings* and released a number of successful Bing Crosby and Mae West films. Things were looking up for Paramount as the United States exited the Great Depression.

By the late 1970s and early 1980s, Paramount had established itself as one of the most powerful studios in the world. Each decade brought both box office and critical success. It was in the 1980s that Paramount became one of the first studios to franchise — produce a string of sequels to — many of their films. They had great success doing this. *Star Trek*, *Airplane!*, *Friday The 13th*, *Indiana Jones* and *Beverly Hills Cop* were all franchises that seemed to bring near guaranteed box office success. In 1986, Paramount had a 22 per cent share of the domestic box office revenue, double its closest competitor. In 1994, Paramount merged with Viacom in a \$9.9 billion deal, making it one of the largest media companies in the world. This new company released a number of highly successful movies such as *Braveheart*, *Titanic* and *Forrest Gump* in the 1990s.

The beginning of the 2000s were a challenge for Paramount in terms of box office revenue and competition. The studio went from being one of the top companies in terms of market share (a metric studios paid attention to) to struggling to break into the top five. In 2007, however, Paramount reclaimed the number one spot on the back of an established franchise in *Shrek* and a new blockbuster directed by Michael Bay: *Transformers*. The future looked bright as franchises such as *Mission Impossible*, *Iron Man*, *Transformers* and *Kung Fu Panda* seemed poised to deliver box office returns.<sup>2</sup> For a list of Paramount's highest grossing films see Exhibit 1.

## THE TRANSFORMERS SERIES

Transformers were originally created by the Japanese toy company Takara. These toys featured different vehicles that transformed into fighting robots. Hasbro purchased the rights to Takara's Diaclone and Microchanger toys and changed their names in 1984 to create the Transformers brand. Hasbro launched the toys with a cartoon show and a Marvel Comic series in the United States, Canada and the United Kingdom. The show featured two warring factions who had brought their war to earth. The peaceful Autobots, who were mostly cars and trucks, sought to defend earth from the evil Decepticons, who were mostly military vehicles including jets, helicopters and tanks. The show's popularity, coupled with the unique nature of the toys, gave Hasbro incredible success. The Autobot and Decepticon armies grew to include robots that changed into dinosaurs, insects, boom boxes, spaceships, dragons and even entire cities.<sup>3</sup> As the series popularity began to fade in 1987, the show was cancelled. In 1990, Hasbro ceased production of the "Generation 1" (G1) toys.<sup>4</sup> Throughout the 1990s and 2000s, Hasbro released more toys and shows based on the original G1 series. These toys targeted a new generation of 8- to 12-year-old boys. Featuring many of the same characters from the G1 series, the shows and toy lines were successful but failed to reignite the passion and interest of both old and new fans alike.<sup>5</sup>

## THE TRANSFORMERS MOVIES

In 2004, Don Murphy and Tom Desanto, two successful film producers, optioned the rights to the Transformers toy line from Hasbro and began pitching a new film to Hollywood studios. Once picked up by Paramount, the project grew rapidly. DreamWorks studios got involved, and Steven Spielberg signed

<sup>2</sup> "History of Paramount," <http://m.paramount.com/studio/history>, accessed February 3, 2012.

<sup>3</sup> "Transformers Collector," <http://transformerscollector.com/history-of-transformers-toys.php>, accessed February 26, 2012.

<sup>4</sup> "Transformers: Toy and TV Show History," [http://vickeyk.hubpages.com/hub/Transformers\\_Toys\\_and\\_TV\\_Show\\_History](http://vickeyk.hubpages.com/hub/Transformers_Toys_and_TV_Show_History), accessed February 5, 2012.

<sup>5</sup> "The History of Transformers on TV" <http://uk.tv.ign.com/articles/800/800768p2.html>, accessed June 11 2012.

on as a producer. It was Spielberg who convinced Michael Bay to direct the film. Although not a critically acclaimed director, Bay had a long track record of making special effects heavy blockbusters such as *Black Hawk Down*, *Armageddon* and *Bad Boys II*. The writers agreed that the characters should be based on the G1 storyline and that many fan favourites, such as Megatron and Optimus Prime, would appear on the big screen for the first time.<sup>6</sup> *Transformers* was released in 2007 and was highly successful in the domestic and worldwide markets (see Exhibit 2). It did well with both critics and audiences and there was high demand for a sequel.

*Transformers 2: Revenge of the Fallen* was released on July 1, 2009 and beat its predecessor in terms of total gross and opening weekend, although the films shared much of the same formula. Most of the major actors returned, as did Bay. With a bigger budget, Bay was able to use more computer-generated imagery (CGI) and include more robots, much to the delight of fans.<sup>7</sup> The massive success of *Transformers 2* was thought to have hurt the grosses of WB's *Harry Potter* franchise. Indeed the success of *Transformers 2* led Paramount to one of the best years in the studio's history.<sup>8</sup>

*Transformers 3: Dark of the Moon* again followed the formula of the first two films. With heavy CGI usage, the film was driven by special effects. To complement them, Bay had enlisted such award-winning and well-known actors as Frances McDormand, John Malkovich and Patrick Dempsey. With the story and characters already established, Bay had the ability to go all-out in terms of effects with the added use of 3D.

Witwicky thought WB was Paramount's biggest competitor (see Exhibit 3), and both studios had major releases planned for July. The summer box office, therefore, had huge implications on which studio would come out on top. Concerns over the strength of the *Harry Potter* film were warranted as it was the final chapter in an incredibly successful franchise. For a list of WB's highest grossing films see Exhibit 4.

## HISTORY OF WARNER BROTHERS

Warner Brothers (WB) was one of the oldest studios in the world. It was originally built on farmland in 1926 and had its breakout hit with the first "talkie," *The Jazz Singer*, in 1928. WB had made its mark in each decade with a number of hit films and franchises. Throughout the 1930s, 1940s and 1950s, WB released both box office and critical successes and was seen as one of the premier studios in Hollywood.

The studio went through significant changes as the film industry consolidated in the second half of the twentieth century. Jack Warner sold WB to Steve Ross and the Kinney Corporation, which included DC Comics, and the name changed to Warner Communications Inc.

Columbia Pictures and Warner Communications jointly created the Burbank studios where many of the most famous TV shows of all time, including *I Dream of Jeannie* and *The Partridge Family*, were produced. The 1970s and 1980s were a time of great success for Warner Communications, and in 1989 it acquired Lorimar Telepictures' library of shows.

This move launched Warner Communications into a period of massive change and growth throughout the 1990s. Warner Communications and Time Inc. merged in 1990 to form Time Warner Inc. The new

<sup>6</sup> "Transformers: The Cast, The History, The Movie," <http://enews.com/news.php?catid=190&itemid=11212>, accessed January 20, 2012.

<sup>7</sup> "Why Just 2 Seconds of Transformers 2 Took 3 Months To Complete," <http://gizmodo.com/5305809/why-just-2-seconds-of-transformers-2-took-3-months-to-complete>, accessed February 5, 2012.

<sup>8</sup> "Paramount Studios: Yearly Comparisons," <http://boxofficemojo.com/studio/chart/?view2=ytd&view=company&studio=paraw.htm>, accessed February 27, 2012.

merged company became one of the largest communications and entertainment companies in the world, rivaling Paramount. Time Warner then acquired the entire production lot and renamed it Warner Bros. Studios (WB). In 1995, the WB Television Network launched, and the studio had further success on the small screen bringing out such hits as *E.R.* and *Friends*. WB Pictures also released the hugely successful franchise, *The Matrix*, in the 1990s.

Controversially, Time Warner Inc. merged with America Online Inc. in 2001 to form the largest media and communications company on the planet. Time Warner was a leading player in cable networks, cable systems, interactive services, music, publishing and film. The new millennium also saw the release of more successful franchises, such as *Harry Potter* and *Ocean's 11, 12 and 13*. The WB Network became the CW Network, a joint venture with CBS.<sup>9</sup>

Witwicky felt that WB's long history and recent success made the studio Paramount's strongest competitor. She was worried about the momentum WB had generated over the last few years and felt that it now was probably the studio with the best chance to beat Paramount this year. Witwicky wanted a strategy to ensure that *Transformers* zapped *Harry Potter* this year.

### THE HARRY POTTER SERIES

Joanne Kathleen (J.K.) Rowling began writing the *Harry Potter* (HP) series in the early 1990s but would not complete the first book, *Harry Potter and The Philosopher's Stone* (*The Philosopher's Stone*), until 1995.<sup>10</sup> HP became the fastest selling series of books of all time and won Rowling numerous awards and worldwide fame.<sup>11</sup> HP as a brand was worth approximately \$15 billion and the books had been translated into 65 languages. Rowling was now the richest woman in the United Kingdom and an Officer of the British Empire.<sup>12</sup> She was the only person to be made a billionaire from writing novels and had been awarded honorary degrees from many prestigious universities including St. Andrews, Harvard and Edinburgh.<sup>13</sup>

### THE HARRY POTTER MOVIES

In 1999, WB spent \$2 million to purchase the rights to the first four books in the series.<sup>14</sup> The books were such hot properties that the studio bought these rights before the fourth book's publication.<sup>15</sup> Rowling, it was agreed, would remain heavily involved with the films to ensure the plots remained true to the novels. She also dictated that all leading actors be from the United Kingdom (unless the characters in the book were from other countries such as France, Bulgaria, etc.)

*The Philosopher's Stone* was released in 2001 to impressive box office success. It finished its theatre run as the second highest grossing film of all time, making almost \$1 billion worldwide. WB knew it had something special on its hands and continued to do everything it could to make the series a continuing

<sup>9</sup> "History of Warner Brothers Studios," <http://www.warnerbros.com/studio/about/company-history.html>, accessed January 25, 2012.

<sup>10</sup> "J.K. Rowling Biography," <http://www.biography.com/people/jk-rowling-40998>, accessed February 10, 2012.

<sup>11</sup> "Record First Day Sale for Final 'Harry Potter' Book," <http://www.nytimes.com/2007/07/22/books/22cnd-potter.html>, accessed March 5, 2012.

<sup>12</sup> "J.K. Rowling: Richer than the Queen," <http://www.people.com/people/article/0,,625989,00.html>, accessed March 5, 2012.

<sup>13</sup> "J.K. Rowling Biography."

<sup>14</sup> *Ibid.*

<sup>15</sup> "Warner Bros. and the Power of Franchising," <http://www.thefilmpilgrim.com/features/warner-bros-and-the-power-of-franchising/419>, accessed March 5, 2012.

success by adding numerous big name British actors, including John Cleese, Maggie Smith, Gary Oldman, Helena Bonham Carter, Bill Nighy and Ralph Fiennes. While not guaranteeing success, the policy of adding Oscar winners and stars with proven box office prowess was thought to be important to HP's box office draw.<sup>16</sup>

As the series continued throughout the 2000s, some interesting patterns began to develop (see Exhibit 5). While no movie in the series so far managed to beat *The Philosopher's Stone* in terms of ticket sales, some were relatively disappointing in that they failed to match the first movie's opening weekend gross, i.e., ticket revenue in the first weekend in theatres. This was a major cause for concern as inflation and the rise in ticket prices were constantly increasing film grosses for a similar level of ticket sales.<sup>17</sup> WB had changed the release dates for HP from summer (June and July) to winter (November) multiple times.

The movies released in the summer months did particularly poorly relative to the other films in the series. In 2007 and 2009, Paramount's hit *Transformers* series had been released two weeks prior to HP. Witwicky felt that this competition had hurt both companies' earnings. While *Transformers 2: Revenge of the Fallen* had a big opening weekend, she was concerned that the final film in the franchise would again have a tough opening weekend due to the intense competition for summer revenue. The fact that the final installment of the HP series was due to open just two weeks afterward seemed worrying. Witwicky knew it was not too late to change the date to the winter months. She did, however, worry that if her recommendation to move was accepted, this might be seen a sign of weakness or a lack of confidence in the movie.

### 3D FILM

3D films are created using a camera that films two slightly different images, which are then rendered side by side. 3D glasses serve to isolate the images shown to each eye, and the viewer's brain is tricked into seeing more depth than is actually there.<sup>18</sup> In 2010, many 3D films were seen as gimmicky since the 3D footage was often not of very high quality. 3D was used for documentary films shown in IMAX theatres, but when it was used in feature-length films, it was typically used only for action sequences. Many times these sequences had been converted to 3D from 2D cameras, a process that could result in unpleasantly blurry images. When *Avatar* debuted using the new Fusion Camera System in 2009, audiences were blown away not only by the quality but by the depth of the 3D images. *Avatar* was filmed entirely in 3D and shown in IMAX as well, resulting in an incredible movie-going experience. Its success both critically and at the box office left studios scrambling to convert or film in 3D to try to ride the wave of this trend.<sup>19</sup>

Many of the 3D films released after *Avatar* did well at the box office.<sup>20</sup> Since theatres could charge more for a 3D ticket, the box office revenue numbers were often inflated relative to ticket sales. Indeed, the margins on a 3D ticket were far higher. For this reason, studios would invest in 3D technology even after filming the movie, i.e., during post-production. This retrofitting often resulted in a poorer quality image, but studios could justify charging 3D prices for their movies, thus gaining potential for greater profit. There was concern in the industry about "3D fatigue." Some industry observers suggested that audiences were becoming tired of watching 3D movies that sometimes ruined action scenes with blurry, unfinished

<sup>16</sup> "Harry Potter Films Home to Great British Actors," <http://popwatch.ew.com/2009/07/15/harry-potter-films-great-british-actors-refuge/>, accessed January 29, 2012.

<sup>17</sup> "Adjusting for Movie Ticket Price Inflation," <http://boxofficemojo.com/about/adjuster.htm>, accessed January 30, 2012.

<sup>18</sup> "How 3D Film Technology Works" <http://visual.ly/how-3d-film-technology-works>, accessed February 26, 2012.

<sup>19</sup> "The Success of Avatar is Milestone for 3D," <http://www.itbusinessedge.com/cm/blogs/weinschenk/the-success-of-avatar-is-milestone-for-3d/?cs=38475>, accessed March 10, 2012.

<sup>20</sup> "3D Film Grosses," <http://boxofficemojo.com/genres/chart/?id=3d.htm>, accessed February 5, 2012.

images. They were also tired of paying an inflated price for only 20 minutes of 3D. In addition, it was claimed that audiences could tell the difference between “good” 3D movies such as *Avatar* and “bad” 3D movies such as *G-Force*. If audiences were to remain willing to spend an extra \$3.00 a ticket for 3D effects, the studios had to ensure their 3D was of premium quality, good enough to impress even the most skeptical of viewers.<sup>21</sup>

### 3D IN HARRY POTTER AND TRANSFORMERS

WB had released *Harry Potter: Order of the Phoenix* (*Order of the Phoenix*) in converted 3D. This conversion had garnered mixed reviews. It was not universally thought to be superior to the 2D version, and very few scenes actually included any kind of distinct 3D footage. There had also been a conflict in many U.S. IMAX and 3D theatres. The theatres that could show the 3D version had signed a four-week contract to show *Transformers 2: Revenge of the Fallen*. This meant the 3D release of *Order of the Phoenix* came two weeks after the 2D release of the same movie. These factors led to poor attendance at the 3D version. Furthermore, those who did see the movie in 3D were not always totally satisfied with spending the extra money for what some regarded as a sub-par experience.

After this, WB was unwilling to convert the *Deathly Hallows Part 1* into 3D. The studio, however, had spent a large amount of time and money on converting *Deathly Hallows Part 2* into 3D using the best conversion technology available, hoping that the extra revenue from a 3D picture would mean greater success. To recoup the investment in 3D, promoting the special effects aspect of this film would be vital. On the other hand, many of the criticisms about the 3D in the *Order of the Phoenix* could occur again.

On the other hand, *Transformers 3* didn't need to be converted as it was filmed in 3D using the Fusion Camera. Paramount was promoting the movie as the best 3D film since *Avatar*. Critics wondered if it was even worth WB trying to promote the 3D aspect of the HP movie as it could receive a negative backlash. While most of the money had already been sunk into the conversion process, it could still be cancelled and some savings realized. However, if WB moved the date of the movie, it would most likely not go head-to-head with another 3D film. The studio had a lot of decisions to make, and the next few months would yield even more surprises.

### TICKET SALES AND MAKING MONEY IN MOVIES

Witwicky wanted to establish metrics to forecast the ticket sales for *Transformers 3*. The film industry had a fairly simple method of assigning revenues. Theatres took 10 per cent of ticket sales in the first weekend and increased this take by 10 per cent each week after the release. For this reason, the opening weekend was vital for the studios' profits and became their key success metric. In addition to sharing in the revenue, each theatre typically charged a rental fee of around \$10,000. Based on previous releases, Witwicky estimated that *Transformers 3* would open in around 4,000 theatres in the United States, a little less than the 4,200 expected for *Deathly Hallows Part 2*.<sup>22</sup>

Studios had a goal of making enough profit in the United States to cover production and marketing costs. When this goal was achieved, all international earnings became pure profit. The production cost for *Transformers 3* was estimated at \$195 million with around \$100 million budgeted for current and future

<sup>21</sup> “Hollywood’s 3D Honeymoon Over,” <http://www.telegraph.co.uk/culture/film/film-news/8621220/Hollywoods-3D-honeymoon-over-as-audiences-stay-away.html>, accessed February 5, 2012.

<sup>22</sup> “Transformers: Dark of the Moon, Domestic Gross,” <http://www.boxofficemojo.com/movies/?page=daily&id=transformers3.htm>, accessed January 25, 2012.



marketing expenses. (As a point of comparison, the production cost *The Deathly Hallows Part 2* was estimated at \$250 million with around \$100 million budgeted for marketing expenses). Witwicky wanted to project how many tickets the film would need to sell to meet these costs. The average ticket price for *Transformers 3* would probably be higher than the national average of \$7.89 (based mostly on 2D movies) since she hoped a higher percentage (as high as 75 per cent) of tickets would be IMAX or 3D, which would inflate the price of each ticket between \$2.00 and \$4.00. Witwicky was concerned that with “3D fatigue” the percentage of 3D and IMAX sales could be as low as 35 per cent and that she should project both best and worst case scenarios.<sup>23</sup> The comparable best and worst case 3D percentages for *The Deathly Hallows Part 2* were probably around 50 per cent and 20 per cent respectively.

## THE DECISION

As she prepared to give her consulting advice, Witwicky was confident that *Transformers 3* could be one of the biggest worldwide successes to ever grace the silver screen. The concern was not whether the film would recoup its budget but that its upside potential for success at the box office could be seriously threatened by *The Deathly Hallows Part 2*. This concern was especially high if WB’s movie was very successful. The release of *The Deathly Hallows Part 2* could curtail the run of *Transformers 3*, bringing bad news for the Autobot’s grosses. (WB had released two HP films two weekends after *Transformers* in both 2007 and 2009.) When two similar movies are released too close together, both generally are not as successful as hoped. One potential reason is that this forces theatres (when allocating screens) and audiences (when deciding what to see) to choose between the films. That said, Witwicky also knew that the July 1 weekend was likely the best release weekend of the year since it was the Independence Day long weekend. Why wouldn’t WB try and move to this weekend and force theatres to choose which film to screen on their 3D and IMAX screens?

Witwicky was concerned that WB would move the date of *The Deathly Hallows Part 2* release even closer to that of *Transformer 3* to hurt Paramount’s box office take and make a statement of intent. She felt that since this was the final installment of a blockbuster franchise with a dedicated fan base, WB might try to entice theatres to show its film over Paramount’s film. The key would be to capture the 3D and IMAX screens as well as their share of the 2D screens. Witwicky’s concerns grew as she looked at the summer schedule (see Exhibit 6). When else could Paramount move its release date? She knew that Paramount would not want to compete directly with another release from its own stable as this would possibly hurt both films’ grosses. As an independent consultant, Witwicky knew that for the studio to listen to her, she would have to provide some strong insight they did not have in-house. What should she recommend?

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<sup>23</sup> “Movie Ticket Prices Reach New High,” <http://latimesblogs.latimes.com/entertainmentnewsbuzz/2011/01/movie-ticket-prices-reach-new-milestone.html>, accessed March 5, 2012.

## Exhibit 1

## PARAMOUNT PICTURES HIGHEST GROSSING FILMS

Movie Title	Domestic Gross (Unadjusted) (Millions \$m)	Year Released
<i>Titanic</i>	600	1997
<i>Transformers 2: Revenge of the Fallen</i>	400	2009
<i>Forrest Gump</i>	330	1994
<i>Shrek 3</i>	322	2007
<i>Transformers</i>	320	2007
<i>Ironman</i>	318	2008
<i>Indiana Jones and the Crystal Skull</i>	317	2008
<i>Ironman 2</i>	312	2010
<i>Star Trek</i>	257	2009

Domestic gross (unadjusted) is defined as total revenues from ticket sales taken at the theatres.

Source: Box Office Mojo. <http://boxofficemojo.com/studio/chart/?yr=2012&view=company&studio=parpw.htm>, accessed December 1, 2011.

## Exhibit 2

## THE TRANSFORMERS MOVIE SERIES

Title	Opening Date	Unadjusted Opening Weekend Gross (\$000s)
<i>Transformers</i>	July 3, 2007	\$70,500
<i>Transformers 2: Revenge of the Fallen</i>	June 24, 2009	\$108,000
<i>Transformers 3: Dark of the Moon</i>	July 1, 2011(tentative)	???
<b>Total Domestic Gross for series</b>		<b>Total Worldwide Gross</b>
<i>Transformers Series</i>	\$721,000	\$1,546,000

Source: Box Office Mojo. <http://boxofficemojo.com/franchises/chart/?id=transformers.htm>, accessed June 11, 2012.

## Exhibit 3

## MARKET SHARES OF WARNER BROS. AND PARAMOUNT 2000-2010

Year	WB Market Share (Gross)	WB Gross (\$billion)	Paramount Market Share (Gross)	Paramount Gross (\$billion)	Top Studio In Year
2000	11.9%	.9	10.4%	.791	Buena Vista
2001	15.1%	1.2	11%	.892	WB
2002	11.7%	1	7.4%	.673	Sony
2003	12.8%	1.2	7.1%	.654	Buena Vista
2004	12.9%	1.4	6.7%	.628	Sony
2005	15.6%	1	9.4%	.832	WB
2006	11.6%	1.4	10.3%	.947	Sony
2007	14.7%	1.8	15.5%	1.5	Paramount
2008	18.4%	2.1	16.4%	1.6	WB
2009	19.8%	1.9	13.9%	1.5	WB
2010	18.2%	1.8	16.2%	1.7	WB

Source: Box Office Mojo. <http://boxofficemojo.com/studio/?view=company&view2=yearly&yr=2010&p=.htm>, accessed June 11, 2012.

## Exhibit 4

## WARNER BROS. HIGHEST GROSSING FILMS

Movie Title	Domestic Gross (Unadjusted) (Million \$)	Year Released
<i>Dark Knight</i>	533	2008
<i>HP: Sorcerer's Stone</i>	317	2001
<i>HP: Half Blood Prince</i>	301	2009
<i>HP: Deathly Hallows Part 1</i>	295 (estimated)	2010
<i>Inception</i>	292	2010
<i>HP: Order of the Phoenix</i>	292	2007
<i>HP: Goblet of Fire</i>	290	2005
<i>The Matrix: Reloaded</i>	281	2003
<i>The Hangover</i>	277	2009

Domestic gross (unadjusted) is defined as total revenues from ticket sales taken at the theatres.

Source: Box Office Mojo, <http://boxofficemojo.com/studio/chart/?view2=allmovies&view=company&studio=wb-newline.htm>, accessed June 11 2012.

## Exhibit 5

## THE HARRY POTTER MOVIE SERIES

Title	Date	Unadjusted Opening Weekend Gross(000s)
<i>Philosopher's Stone</i>	November 16, 2001	\$90,000
<i>Chamber of Secrets</i>	November 15, 2002	\$88,000
<i>Prisoner of Azkaban</i>	June 4, 2004	\$93,000
<i>Goblet of Fire</i>	November 18, 2005	\$102,000
<i>Order of the Phoenix</i>	July 11, 2007	\$77,000
<i>Half Blood Prince</i>	July 15, 2009	\$78,000
<i>Deathly Hallows Part 1</i>	November 19, 2010	\$125,000
<i>Deathly Hallows Part 2</i>	July 15, 2011	???????
	<b>Total Domestic Gross for series</b>	<b>Total Worldwide Gross</b>
<i>Harry Potter Series</i>	\$2,009,065	\$6,378,000

Total gross includes the entire run, not just the opening weekend.

Source: Box Office Mojo. Box Office Mojo, <http://boxofficemojo.com/franchises/chart/?id=harrypotter.htm>, accessed June 11, 2012.

## Exhibit 6

## 2011 BLOCKBUSTER MOVIES RELEASE SCHEDULE

Date	Title	Distributor	Budget \$Millions
May 6	<i>Thor</i>	Paramount	\$150
May 13	<i>Priest</i>	Sony/Screen Gems	\$60
May 20	<i>Pirates of the Caribbean: On Stranger Tides</i>	Buena Vista (Disney)	\$250
May 27	<i>Kung Fu Panda 2</i>	Paramount (DreamWorks)	\$150
June 3	<i>X-Men: First Class*</i>	Fox	\$160
June 10	<i>Super 8*</i>	Paramount	\$50
June 17	<i>Green Lantern</i>	Warner Bros.	\$200
June 24	<i>Cars 2</i>	Buena Vista (Disney)	\$200
July 1	<i>Transformers 3: Dark of the Moon</i>	Paramount (DreamWorks)	\$195
July 15	<i>Harry Potter and the Deathly Hallows Part 2</i>	Warner Bros.	approximately \$250
July 22	<i>Captain America: The First Avenger</i>	Paramount	\$140
July 29	<i>Cowboys and Aliens*</i>	Universal	\$163
August 5	<i>Rise of the Planet of the Apes*</i>	Universal	\$93
August 12	<i>Final Destination 5</i>	Warner Bros. (New Line)	\$40
August 19	<i>Conan the Barbarian</i>	Lionsgate	\$90

\*Indicates a 2D movie.

Source: Box Office Mojo <http://boxofficemojo.com/yearly/chart/?yr=2011&p=.htm>, accessed June 11, 2012 and Movie Insider <http://www.movieinsider.com/movies/-/2011/>, accessed June 11, 2012