

# Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University

<b>Student:</b>	<b>Martin Derco</b>
<b>Advisor:</b>	<b>RNDr. Michal Červinka, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Determinants of overall performance of a motion picture at the domestic film market</b>

## OVERALL ASSESSMENT

### Contribution

The author applies econometric methods to an industry-specific research of revenue determinants. While the contribution from scientific point of view might be limited, it is rather relevant for people from the movie industry.

It can potentially be useful even for policy makers as it sheds some light on factors that are key for economic success in the given industry. For example, as policy makers decide to subsidize/regulate the industry, they might wish to consider success-determining factors. Such findings can either guide the allocation of money or help desing an incentrive scheme as part of regulatory framework.

### Methods

The author uses OLS to estimate factors that determine revenue collected by a movie. I see a significant problem here and deem this methodology inappropriate because of one of the independent variables used – revenue collected during the first weekend after release („opening weekend box office“).

While it is conceivable that a successful start of the movie might attract even more viewers later on, it is also very likely to be true that the initial success is driven by non-random factors (or pre-release factrs as the author calls them).

Thus, I would argue that a different method, perhaps Two-stage least-squares regression (2SLS) or other, would be more appropriate in this case as the „opening weekend box office“ variable itself needs to be explained.

So in the first stage regression, we would filter out variance caused by the pre-release factors and would be left out only with random variation in the first weekend revenue. Only then could we proceed to the second stage regression and using the estimates from the first stage.

In general, if we want to reveal a casual effect, the independent variable needs to be as good as randomly assigned. Thus, controlling for movie budgets might be also problematic if budgets are assign only after some indicators of potential success are know to the film producers.

### Literature

The thesis is supported by a reasonable amount of literature which is also cited properly. The literature review is thorough and logically structured, though it could have been more concise and more to-the-point.

### Manuscript form

The thesis is well-structured and written in acceptable English. The text is well-formated, but could have been more concise. More pronounced focus on conveying the message would make it easier to follow.

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## Summary and suggested questions for the discussion during the defense

In my view, despite serious shortcomings of the methodology, this work still meets the requirements for a bachelor thesis and this, **I recommend it for the defence and suggest grade D**. The problem at hand is quite tricky to grasp and the skills needed should be acquired during a master's program. The author demonstrated a good command of OLS, although it probably was not the right method to use.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

## **SUMMARY OF POINTS AWARDED** (for details, see below):

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	20
<i>Methods</i> (max. 30 points)	10
<i>Literature</i> (max. 20 points)	15
<i>Manuscript Form</i> (max. 20 points)	15
<b>TOTAL POINTS</b> (max. 100 points)	<b>60</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>D</b>

**NAME OF THE REFEREE:** Tomáš Kučera

**DATE OF EVALUATION:** 31.8.2020

*Digitally signed (31.8.2020)*  
Tomáš Kučera

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**Referee Signature**

**EXPLANATION OF CATEGORIES AND SCALE:**

**CONTRIBUTION:** *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

**METHODS:** *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

**LITERATURE REVIEW:** *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

**MANUSCRIPT FORM:** *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

**Overall grading:**

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F