Abundance has replaced scarcity. Niche will replace blockbuster. The consumer is the new creator.

Customer Absorption Algorithms

| monograph | solution | fall 2006 |

Self-publishing is changing the media landscape. The content opportunity is beginning to drift into the "long tail." Understanding the customer is key to matching the right content with the right audience.

Imagine, for a second, you run a movie studio. It's your job to produce hits, defined as revenue that exceeds cost by a significant margin. Most would say sustainable results are an art form — giving the market what they want at the right time. While very true, we think a new mathematical process can be applied to movie-making with dramatic results. It may shift the paradigm to "there are no bad movies, just bad budgets."

At Infornautics, we have developed a series of algorithms that, working together, monitor "message absorption" in real-time. To illustrate, let's say you bill your movie as a "thrilling blend of action and adventure" and feature three main characters on the movie poster, in trailers and also commercials.

As soon as the movie is released, computers spider all reviews, articles, message boards and other unstructured data for feedback on the movie. A set of algorithms reads each article word for word and builds a response profile to the film. Beyond measuring things like sentiment and revelation, the algorithms discern whether information about characters, setting, storyline, etc. is pervasive in these articles or reviews. They also pattern match pre-defined "revenue-driving" concepts against the data, looking for trends.

Let's say the results show that when the sentiment about the movie is positive, there tends to be more language about the storyline. Yet, the same analysis shows a negligible sentiment toward the characters. In addition, concepts like action and adventure do not seem to resonate with critics or moviegoers. This analysis can drive a quick course correction, allowing the studio to maximize revenue by emphasizing elements of the movie that drive positive responses.

Don't think there is enough data? Pirates of the Caribbean: Dead Man's Chest has 11,500 user reviews in Yahoo! and over 5,000 articles in Google News. This does not include all the feedback studios get directly from the public. Our algorithms can be trained to read customer feedback and emails. We can also analyze gaps between critics, viewing public, major periodicals, blogs or any slice of data.

And this process is not limited to movies. Using similar algorithms and backend processes, the same analysis can be applied to television, gaming, music and other entertainment industries. In fact, specific actors can be analyzed by the algorithms, suggesting subtle changes to promoting a movie, etc.

But remember, your job is to produce hits and while the above helps extract maximum revenue out of a recently released movie, so far it does nothing to aid in the development of movies. Think again. By thin-slicing movies into very specific categories and analyzing all movies, not just those produced at your studio, we think it's possible to build an absorption simulator. Yes, create a way to predict the reaction of an audience before the movie is ever released — and we're not talking about a screening.

Instead, we are measuring current responses to key ingredients in movies and pattern matching these against a proposed script or idea. Most important, the entire system is constantly updating to take into account shifts in customer preferences.

While this in no way diminishes the art of making movies, it allows marketing departments to quickly tune campaigns and producers to get a sense of what is driving the movie-going public.

INFORNAUTICS