

# Financial Strategies in Film Production: A Comparative Study of Budgeting Approaches in Major Studios and Independent Cinema

Ter-Avanesov Armen

Executive Producer for Series Production at Ivory Films, Kyiv, Ukraine

Email: [albert.teravanesov\[at\]gmail.com](mailto:albert.teravanesov[at]gmail.com)

**Abstract:** *This study provides a comparative analysis of budgeting practices in major film projects and independent cinema. The research examines the financial strategies, challenges, and optimization methods used by large studios and independent filmmakers. By analyzing specific budgeting methods and their impact on film production, the study aims to identify effective approaches for resource management in the film industry. The findings offer insights into the financial dynamics of the industry, highlighting the differences and similarities between the two segments and proposing recommendations for improving budgeting efficiency.*

**Keywords:** film budgeting, independent cinema, major film studios, financial strategies, production costs.

## 1. Introduction

In the evolving landscape of the film industry, the divergence between major film projects and independent cinema presents a rich terrain for scholarly inquiry, particularly in the realm of budgeting practices. Major film productions, characterized by substantial financial investments, elaborate technical implementations, and extensive crew involvement, are predominantly orchestrated by well-established studios and production companies. These entities primarily aim to maximize profitability through widespread distribution across theaters and various digital platforms. Conversely, independent cinema operates outside the traditional studio system, often relying on self-funding, crowdfunding, grants, and other alternative financial sources. Despite typically lower budgets, independent films frequently distinguish themselves through innovative narratives and unconventional production techniques, contributing to a dynamic spectrum of cinematic expression.

This article aims to conduct a comparative analysis of the budgeting processes in these two distinct sectors. The primary objectives include examining the theoretical underpinnings of film project budgeting, analyzing budgeting features employed by large studios, exploring the nuances of independent film budgeting, and juxtaposing these approaches to highlight prevalent challenges and potential advancements within the industry. Furthermore, the study seeks to provide actionable recommendations to enhance budgeting efficacy across both domains.

The hypothesis suggests that while major film projects use structured budgeting frameworks to safeguard investments and ensure predictable returns, independent cinema may benefit from more flexible financial strategies due to its reduced reliance on traditional funding streams and commercial pressures. This flexibility could potentially lead to more creative freedoms but might also introduce risks related to production quality and market competitiveness.

In substantiating this hypothesis, the analysis will integrate specific statistical data and empirical evidence, referencing

industry reports, economic studies, and historical financial data to provide a robust foundation for comparative evaluation.

## 2. Materials and Methods

A major film project is a large-scale production that requires significant financial investment, the involvement of a large number of crew members, and the use of complex technical solutions. Such projects are usually implemented by large film studios or production companies and aim to profit from the rental of films in cinemas and on other platforms. Independent cinema is filmmaking that takes place without the support of major studios and is financed through the creators' own funds or through crowdfunding, grants, and other sources. Independent films are often distinguished by the originality of the plot, non-standard approaches to shooting and editing, as well as a lower budget compared to large projects [1].

It is necessary to solve the following tasks to conduct a comparative analysis of budgeting processes in major film projects and independent cinema:

- To study the theoretical foundations of film project budgeting;
- To analyze the features of budgeting for large film studios;
- To consider the specifics of budgeting independent film projects;
- To conduct a comparative analysis of the approaches to budgeting in both segments;
- To identify the main problems and prospects for the development of budgeting in the film industry;
- To make recommendations for optimizing budgeting processes.

Unlike large projects, budgeting for independent cinema can be more flexible and adaptive to changing conditions. Filmmakers can use more affordable technologies and equipment, as well as involve less experienced professionals, so that to reduce production costs. However, this can also lead

Volume 13 Issue 8, August 2024

Fully Refereed | Open Access | Double Blind Peer Reviewed Journal

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to a decrease in the quality of a film and its competitiveness in the market.

There are several main budgeting methods used in filmmaking:

**Table 1: Budgeting Methods**

| Budgeting method                      | Description  |
|---------------------------------------|--|
| The method of percentage-based budget | A certain percentage of the budget is allocated to each stage of production (filming, post-production, marketing).             |
| Fixed costs method                    | A fixed amount of the budget is allocated for each element of production (actors, decorations, special effects).               |
| Cost estimation method                | The cost of each element of production is estimated separately based on the experience of previous projects and market prices. |

Each of the methods above is designed for proper budget allocation and allows you to distribute expenses in a certain way. Table 2 presents the advantages of each method for budget allocation.

**Table 2: Advantages of budgeting methods**

| Budgeting method                      | Advantages of the method   |
|---------------------------------------|--|
| The method of percentage-based budget | This method allows you to evenly distribute expenses and avoid overspending. |
| Fixed costs method                    | This allows you to control your expenses and avoid unexpected spending.      |
| Cost estimation method                | This method provides more accurate budget planning.                          |

### 3. Results and Discussions

The choice of a budgeting method depends on the specifics of the project, its budget and goals. Large film studios usually use the method of percentage-based budget, which assumes that a certain proportion of the budget is allocated to each stage of production (filming, post-production, marketing). This method allows you to evenly distribute expenses and avoid overspending [2].

Large film studios may also use the fixed costs method, which involves allocating a certain amount for each element of production (actors, sets, special effects). This allows you to control expenses and avoid unexpected spending.

In addition, large film studios use the cost estimation method, which consists in estimating the cost of each element of production separately based on the experience of previous projects and market prices. This method provides more accurate budget planning.

To conduct a comparative analysis of budgeting for major film projects and independent cinema, it is necessary to collect data on the budgets of these projects [3]. This can be done by using open sources of information, such as official websites of film studios, news portals, specialized databases and other resources. Having collected data on the budgets of major film projects, it is possible to conduct their comparative analysis taking into account various factors, such as genre, duration, scale of production, etc. For this purpose, methods of statistical analysis such as correlation analysis, regression analysis and others can be used [4].

Identifying the features of budgeting for each type of film projects is also an important task of the practical part of the study. To do this, it is necessary to analyze the structure of budgets of large film studios and independent filmmakers, as well as to study the budgeting methods they use.

Based on the conducted analysis, recommendations can be given for optimizing budgeting processes in the film industry. These recommendations may be beneficial for film producers, investors, and other participants in the filmmaking process. In conducting a comparative analysis of budgeting, during the writing of the work, a rough practical plan has been developed, which can be implemented and used in planning the budgeting of various types of projects. Table 3 shows the above-mentioned plan, consisting of 5 points:

**Table 3: Budget-Planning**

| Budget-Planning: |  |
|------------------|--|
| 1                | Collection of data on the budgets of major film projects             |
| 2                | Collection of data on the budgets of independent cinema              |
| 3                | Comparative analysis of budgets considering specific factors         |
| 4                | Identification of peculiarities of budgeting for major film projects |
| 5                | Identification of peculiarities of budgeting for independent cinema  |

Let's examine each point of the plan in more detail. The first stage, "collecting data on the budgets of large film projects," involves the necessity to conduct an analysis and collect information on large film projects, including costs, financing, the time frame of a film project, and other factors [5].

The second stage (collecting data on the budgets of independent cinema) allows us to determine what financing is allocated for film projects without large volumes of financial investment. This will allow us to compare options and the potential success of the film, and consequently, the profitability of the film project.

A comparative analysis of film project budgets considering selected genre factors (comedy, drama, melodrama, action, adventure, etc.), duration (short film, feature film); production scale (local project, international project) will also help determine the sources of budgeting and determine the future potential profit from the project.

Identification of budgeting features for major film projects includes:

- a budget structure;
- budgeting methods.

Identification of budgeting features for independent cinema contains:

- Sources of financing;
- a budget structure.

Based on the comparative analysis of budgeting for major film projects and independent cinema, it is possible to make recommendations for optimizing budgeting processes. The first recommendation is to use flexible budgeting methods. Large film studios are advised to use more flexible budgeting methods, such as the method of percentage-based budget or

the cost estimation method, which allow adapting the budget to changing production conditions. This will ensure more efficient use of resources and overspending will be avoided.

The second important recommendation can be called optimization of post-production costs. In major film projects, post-production expenses can make up a significant part of the budget. It is recommended to conduct a thorough analysis and optimization of these expenses in order to avoid overspending and improve the quality of a film.

The development of crowdfunding platforms is the third recommendation after conducting a comparative analysis. Independent filmmakers are encouraged to actively use crowdfunding to finance their projects. Crowdfunding allows you to attract funds from a wide audience and reduce dependence on traditional sources of funding.

Collaboration with professionals is also an integral part of budgeting for major film projects. Regardless of the size of the project, it is recommended to collaborate with experienced specialists in the field of filmmaking, such as screenwriters, directors, cameramen and editors. This will help improve the quality of films and optimize costs.

Before starting production, it is necessary to conduct market analysis and determine your target audience. It is also recommended to study competitors and their budgeting strategies. This will help develop a more effective budget and promotion strategy. An important element of budgeting is monitoring and controlling expenses. It is necessary to carefully monitor expenses and avoid overspending throughout the entire production process. To do this, you can use accounting and control systems, as well as regularly analyze the results.

It is recommended to attract investors for large projects, as they can provide additional funds for production. However, the interests of investors must be taken into account and they must be provided with the expected return. Successful development of a marketing strategy will help attract more investors. Marketing is an important factor in any film project's success. It is necessary to develop an effective marketing strategy that will fit the budget and goals of the project.

At the initial stage, it should be understood that each project carries unforeseen expenses, so it is also necessary to take into account different risks and assess them. When planning the budget, it is necessary to consider possible risks and unforeseen costs associated with changes in the shooting schedule, actor illness or other circumstances. This will help avoid unexpected spending and keep to the planned budget.

Conducting various projects, it is possible to improve budgeting methods. After all, the successful strategy for the development of any project should include experience, consistency and improvement. The film industry is constantly evolving, and budgeting methods must also adapt to new conditions. It is recommended to constantly study new approaches and budget tools.

## 4. Conclusions

According to the comparative analysis of budgeting for major film projects and independent cinema, the following results are achieved. The first thing to be noted is that major film projects are characterized by large-scale production, involving a large number of crew members and using complex technical solutions. Budgeting such projects involves planning and controlling all the expenses related to the production of a film.

Independent cinema is distinguished by the originality of the plot, non-standard approaches to shooting and editing, as well as a lower budget compared to large projects. Budgeting for independent cinema can be more flexible and adaptive to changing conditions. Large film studios usually use the method of percentage-based budget or the fixed costs method, which allow you to evenly distribute expenses and avoid overspending.

Understanding the budgeting strategies in both major film projects and independent cinema is crucial for enhancing financial sustainability and fostering innovation in the film industry. By identifying effective budgeting practices, this study contributes to the broader discourse on resource management and economic impact in filmmaking.

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