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Marvel's Blockbuster Machine

How the studio balances continuity and renewal

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Iron Man, the first movie in the Marvel
Cinematic Universe, took in nearly
\$98 million during its opening weekend.



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MARVEL'S BLOCKBUSTER MACHINE

How the studio balances continuity and renewal



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Black Panther grossed more than \$1 billion within 26 days of its February 2018 release.

IN JUST A DECADE MARVEL STUDIOS HAS REDEFINED THE FRANCHISE MOVIE.

IDEA IN BRIEF

THE PROBLEM

In the movie business, sequels seldom perform as well as the originals—with critics or commercially. That makes it very difficult to create a franchise.

WHY IT HAPPENS

When making sequels, filmmakers err on the side of caution in balancing continuity with renewal. As a result, they experience diminishing returns.

THE SOLUTION

The Marvel Cinematic Universe, perhaps the most successful franchise of all time, strikes the right balance by (1) selecting for experienced inexperience, (2) leveraging a stable core, (3) continually challenging the formula, and (4) cultivating customers' curiosity.

Its 22 films have grossed some \$17 billion—more than any other movie franchise in history. At the same time, they average an impressive 84% approval rating on Rotten Tomatoes (the average for the 15 top-grossing franchises is 68%) and receive an average of 64 nominations and awards per movie. *Avengers: Endgame*, released in the spring, has won rave reviews and generated so much demand that online movie ticket retailers had to overhaul their systems to manage the number of requests.

Kevin Feige, the head of Marvel Studios, offered a deceptively simple explanation in *Variety*: “I’ve always believed in expanding the definition of what a Marvel Studios movie could be. We try to keep audiences coming back in greater numbers by doing the unexpected and not simply following a pattern or a mold or





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a formula.” The secret seems to be finding the right balance between creating innovative films and retaining enough continuity to make them all recognizably part of a coherent family.

Achieving that balance is far more difficult than it sounds. Just making a movie successful enough to support a franchise is hard: Six of the eight worst-performing big-budget films in 2017 were meant to start new franchises. And even if the first movie does well, the sequels usually don’t: Most franchises see a steady decline in critics’ scores after the first movie, which is ordinarily reflected in their commercial performance. The director of *Iron Man*, Jon Favreau, has observed, “It’s very difficult to keep these franchises from running out of gas after two [movies]. The high point seems to be the second one, judging by history.” Reinforcing this point, Ed Catmull, Pixar’s CEO, describes movie sequels as a form of “creative bankruptcy.” That may explain why Pixar has produced sequels for only four films.

So far, Marvel has not had that problem. Twenty-two movies in, the organization is still able to renew the notion of what a Marvel movie can be. When *Black Panther* was released, in early 2018, setting box office records, critics described it as a “sea change” and a “royally imaginative standout” that provided “a vibrant but convincing reality, laced with socially conscious commentary.” As Ty Burr put it in the *Boston Globe*, “The movie doesn’t reinvent the superhero genre so much as reclaim and reenergize it—archetypes, clichés, and all—for viewers hungry to dream in their own skin....The film doesn’t feel like the usual corporate franchise contact high but, rather, the work of a singular sensibility.” Yet, as other critics commented, the film was still somehow unmistakably Marvel.

How and why does Marvel succeed in blending continuity and renewal? To answer that question, we gathered data on each of the 20 Marvel Cinematic Universe (MCU) movies



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released through the end of 2018, analyzing 243 interviews and 95 video interviews with producers, directors, and writers, and 140 reviews from leading critics. We digitally analyzed the scripts and the visual style of each movie and examined the networks of 1,023 actors and 25,853 behind-the-camera workers from movie to movie. Our analysis of this data suggests that Marvel's success is rooted in four key principles: (1) select for experienced inexperience, (2) leverage a stable core, (3) keep challenging the formula, and (4) cultivate customers' curiosity. In the following pages we will explore these principles, showing not only how Marvel applied them but also how they explain the success of companies in very different domains.



SELECT FOR EXPERIENCED INEXPERIENCE

In movies, whom you hire is a big part of what you get. And as the saying goes, “The best predictor of future performance is prior performance.” Marvel Studios subverts this maxim in a fascinating way: When hiring directors, it looks for experience in a domain in which Marvel does not have expertise.

Of the 15 MCU directors, only one had experience with the superhero genre (Joss Whedon had helped write the script for the movie *X-Men* and had created a critically acclaimed comic book arc for Marvel). Instead they had deep knowledge in other genres—Shakespeare, horror, espionage, and comedy. They often came from the indie scene. This experience allowed them to bring a unique vision and tone to each film: *Thor: The Dark World* has Shakespearean overtones; *Ant-Man* is a heist film; *Captain America: The Winter Soldier* is a spy movie; *Guardians of the Galaxy* is a giddy space opera. What's more, most of the directors were used to working under tight budgets (their pre-MCU film budgets were about one-seventh the size of their MCU budgets).

A good example is Marvel Studios' first movie, *Iron Man* (2008), which was a double bet on Favreau as director and Robert Downey Jr. as lead actor. Favreau came from an indie background with small but critically acclaimed movies, including *Swingers*, *Elf*, and *Zathura: A Space Adventure*. He was known for his ability to build interesting characters and

for his smart dialogue. He had no experience working on blockbuster superhero action movies, with their dazzling visual technology. Downey had demonstrated his bona fides as a great actor, perhaps most notably in *Chaplin*, but he was equally well known for his relapses into drug abuse and had never been cast as a lead in a major action movie. Each brought experience and inexperience, and as a result, according to the *Iron Man* costar Jeff Bridges, a Hollywood veteran, the production sometimes felt like “a \$200 million student film.”

But the combination worked. The film critic Roger Ebert described the experience portion of the equation this way: “Tony Stark is created from the persona Downey has fashioned through many movies: irreverent, quirky, self-deprecating, wise-cracking. The fact that Downey is allowed to think and talk the way he does while wearing all that hardware represents a bold decision by the director, Jon Favreau.” Ebert went on to illustrate the benefit of Favreau's inexperience with the superhero genre: “A lot of big budget f/x epics seem to abandon their stories with half an hour to go, and just throw effects at the audience. This one has a plot so ingenious it continues to function no matter how loud the impacts, how enormous the explosions.”

Marvel has made similar choices for its other movies. *Guardians of the Galaxy* was directed by James Gunn, who had made a name for himself with small-budget horror movies. Gunn successfully cast Chris Pratt, the self-described “pet fat guy” from the television comedy *Parks and Recreation*, as a superhero and built the movie around 1970s songs. Taika Waititi, who came from a background in wacky comedy and character studies and had no superhero genre experience, directed *Thor: Ragnarok*. He made a point of creating distance from the first two Thor movies and pitched the new movie as a sizzle reel overlaid with Led Zeppelin's “Immigrant Song.” The *New York Post*'s critic observed, “[Waititi], arriving with a résumé of tiny and wonderful indies, launches one of Marvel's blandest characters on a candy-colored interplanetary romp....It's witty, it's weird and it goes against decades of bloated, overserious comics fare.” Critics saw it as bringing a welcome dose of self-parody to the MCU.

Marvel Studios grants directors a large degree of control, especially in areas where they have experience. Favreau, Gunn, and Waititi describe being given surprising freedom and encouragement to make their own thing. In a 2008 interview Favreau said, “We could sit in the trailer with the Marvel guys, with the producers and the actors, and talk about what the scenes should be based on, what we've shot and what we've learned, and there's a flexibility of material, so in a lot of ways there's a lot of freedom to try things different ways...a real sense of freshness and discovery in this project.” At the same time, Marvel maintains close control over the blockbuster aspects of the movie, providing a lot of direction



Superhero movies were once seen as the kiss of death for actors with high artistic ambitions.

on special effects and logistics. Feige explained in 2013, “When we bring in the filmmaker, it’s to help us do something different with all of those resources.” The combination is potent for both parties: Directors see an average surge of 18 percentage points in their Rotten Tomatoes ratings between their previous film and their MCU film.

The movie business is not the only industry to take this approach: Energy companies hire meteorologists to help them move toward sustainable energy solutions; hedge funds have hired top-notch chess players with advanced pattern recognition abilities; consulting firms have renewed their offerings by hiring fashion designers and anthropologists. Cirque du Soleil hired Fabrice Becker, who had won an Olympic gold medal in freestyle skiing for France at the 1992 Winter Olympics, as its creative director. Patagonia’s founder, Yvon Chouinard, said in a 1992 profile in *Inc.*, “I’ve found that rather than bring in businessmen and teach them to be dirt bags, it’s easier to teach dirt bags to do business.” For Patagonia the “dirt bag” experience—frugally pursuing outdoor sports with a passion—provides deep knowledge of customers, products, and ways to convert others to a sustainable viewpoint.

A good example is provided by Outfit7, one of the fastest-growing multinational family-entertainment companies on the planet, founded by eight Slovenians. It is best known for its worldwide phenomenon Talking Tom, whose apps top the global charts with close to 10 billion downloads. When a group of Asian investors acquired the company, they appointed the 32-year-old Žiga Vavpotič as chairman of the board. Vavpotič had joined Outfit7 in 2014 and claimed never to have downloaded a computer game before. But he did have deep expertise working in NGOs and with social entrepreneurs. The mix of technological inexperience and entrepreneurial experience allowed him to focus on the scaling-up process without getting bogged down in debates about technology.

Few companies are prepared to take this sort of gamble. Research on employee onboarding shows that most either select for experience that overlaps with their existing knowledge base or—even when selecting for experience that does not—become so preoccupied with socializing the new employee that they effectively neuter the value of his or her outside expertise. They’re missing a significant opportunity, as Marvel has demonstrated.



2 LEVERAGE A STABLE CORE

To balance the new talent, voices, and ideas it brings into each movie, Marvel holds on to a small percentage of people from one to the next. The stability they provide allows Marvel to build continuity across products and create an attractive community for fresh talent.

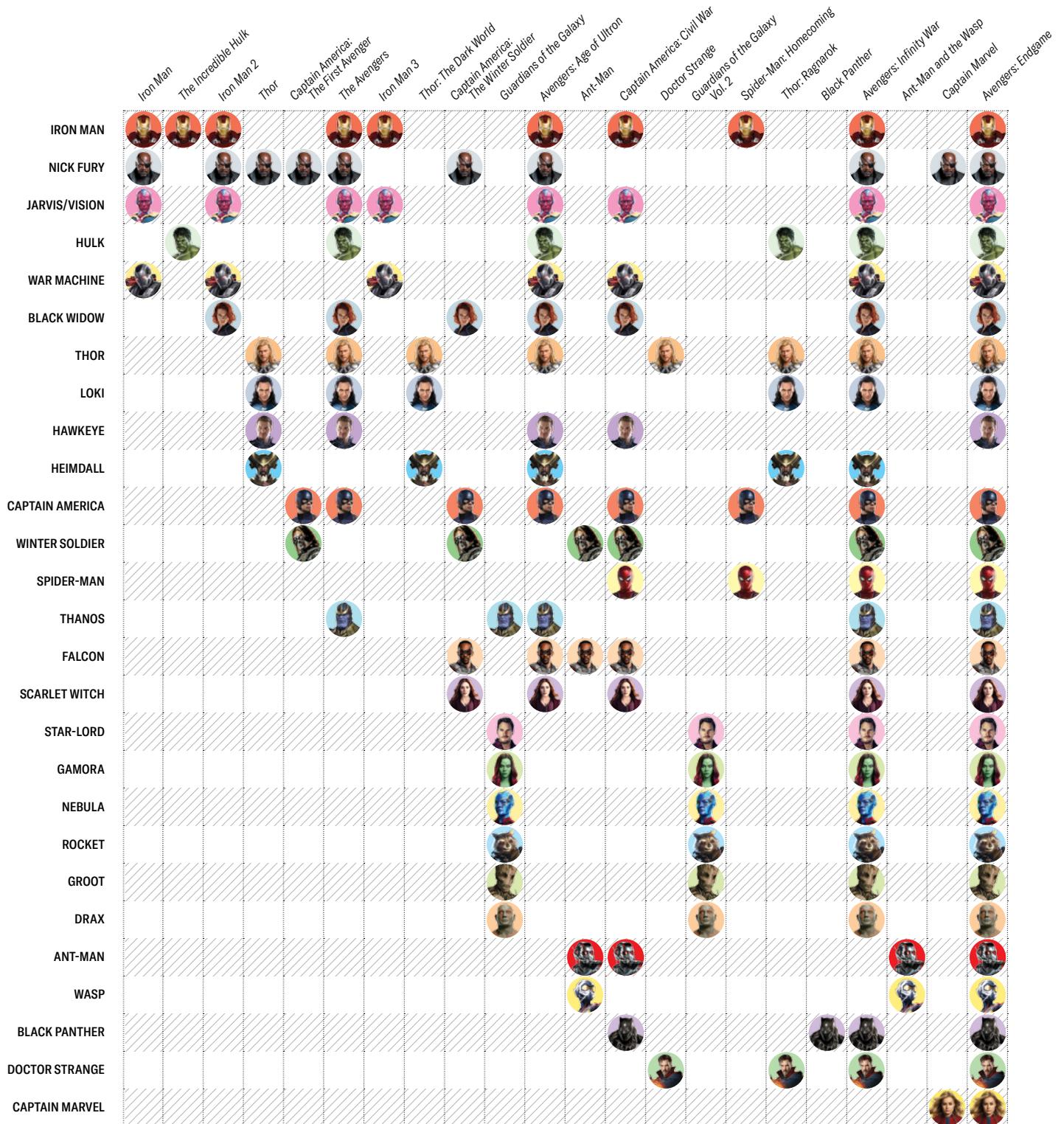
We compared overlap between movies in the staff of the core creative group (typically about 30 people for each film) with overlap in the full crew (about 2,500 people) and found significantly more in the core. On average, about 25% of a core group overlaps from one movie to the next (with a range of 14% to 68%), and the full crew averages an overlap of 14% (with a range of 2% to 33%). Predictably, movies in a series exhibit more core-group overlap: For example, from *Captain America: The Winter Soldier* to *Captain America: Civil War* it was 68%, and from *Iron Man* to *Iron Man 2* it was 55%.

A stable core supports renewal, because it exerts a kind of gravitational effect. People not in the core are keen to join it. For example, superhero movies were once seen as the kiss of death for actors with high artistic ambitions. But Academy Award winners such as Gwyneth Paltrow, Anthony Hopkins, Forest Whitaker, and Lupita Nyong’o have all played roles in the MCU. Cate Blanchett, another Oscar winner, described in a 2017 interview what she liked about joining the MCU: “Very early on, I threw a lot of ideas into the ring with Taika and with the Motion Capture people and the Special Effects crew and then they took [my ideas] and ran with [them]. It’s like what if I shot this out? What if I play with my cape? Could stuff come out of that?”

In hindsight, these actors’ attraction to the reach and resources of the world’s most successful cinematic universe may not seem surprising. But the gravitational pull seems to have been there from the start. Interviewed on the set of the first *Iron Man*, Paltrow said she had “signed in blood” for three movies—something she had never done before. Actors such as Scarlett Johansson, Benedict Cumberbatch, and the leads of *Guardians of the Galaxy* have echoed her reasons for doing so in interviews: They feel invited and empowered to “do their thing,” to explore and collaborate in building

The Stars in Marvel's Cinematic Universe

The distribution of key characters across 22 feature films illustrates a balance between continuity and renewal.



nanced and interesting characters. Yet another Academy Award winner, Brie Larson, signed up for seven movies as Captain Marvel.

Even collaborators who may have had a negative experience with Marvel seem open to returning. Zak Penn, a renowned screenplay writer (who cowrote Steven Spielberg's *Ready Player One*), provides a case in point. Recruited to write the script for *The Incredible Hulk*, he ended up having to fight over screenplay credits with the film's lead actor, Edward Norton. Penn then spent several years writing a screenplay for *The Avengers*, only to have Whedon come on board as the director and subsequently rewrite it from scratch. Many creatives would refuse future collaborations after experiences like those. Yet Penn is reportedly writing a top-secret screenplay for Marvel.

The top soccer clubs in the UEFA Champions League during the past decade have prospered with a similar approach. Barcelona in its period of world dominance (2008–2015) maintained continuity by growing young stars from its own academy and keeping the central line of the team year after year while incorporating new stars (Luis Suárez, Neymar) to complement the core group. Real Madrid had traditionally paid big money to bring in superstars, so-called *galácticos*. After 2003 this strategy backfired as the club repeatedly struggled to reach the final stages of the Champions League. Then the club switched to an approach like Barcelona's, growing a core of young players mixed with stars and intermediate players and a stable management team led by Zinedine Zidane, a former player. Real Madrid went on to win the Champions League an unprecedented three times in a row (2016–2018). Its starting lineup was almost exactly the same each season, making it the most stable top club in all Europe. Stability allowed both clubs to better absorb new supporting players.

An example from a different field is Broken Social Scene, a band that acts more like a “musical collective.” It started as a duo, but its albums include collaborating artists from other bands who rotate in and out of Broken Social Scene. For example, the group's second album featured 11 musical artists. Eight years later it released an album that featured 28. The original duo acts as the core, and the other artists act as the periphery.

Business organizations such as 3M and Nestlé embrace a similar strategy. Their classic organizational structures are overlaid with networks of teams, and the networks are monitored to ensure steady evolution—new members enter and others leave. Organizations that preserve the core, revitalize the periphery, and understand relationship networks can enable renewal, dynamism, and flexibility. They can attract an influx of new ideas while enabling continuity by keeping the overall organizational structure almost intact.



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3 KEEP CHALLENGING THE FORMULA

Organizations are often loath to abandon what made a creative product successful. But Marvel Studios' directors all speak about a willingness to let go of the winning ingredients in prior MCU movies. Peyton Reed, the director of *Ant-Man and the Wasp*, spoke in 2018 about how his movie departed from those that directly preceded it (*Black Panther* and *Avengers: Infinity War*): “We wanted to [be] in the crime genre in terms of structure and looking to stuff like Elmore Leonard novels and movies like *Midnight Run* and *After Hours*.... We always knew we were coming out after *Panther* and *Infinity War*.... We all felt like, ‘Okay...This feels organic to what we were already doing, but it’ll also be a stark contrast to what came before.’”

To determine whether this was more than lip service, we analyzed all the movies in the MCU to see if there was evidence of their being formulaic. Were people really just watching the same movie over and over again?

At first the answer seemed to be yes. All MCU movies deliver superheroes, villains, and a third act featuring climactic battles that often rely heavily on computer-generated effects. Each movie also has a cameo appearance by the late Stan Lee, the writer of many of the original comic books. But a closer inspection revealed something more complex. We experience movies through the drama they generate as well as the visual story they tell. To understand those dimensions, we conducted a computerized text analysis of the script of each movie and a visual analysis of its images. We also analyzed the elements that leading critics singled out as somehow challenging or renewing the superhero movie genre. Our goal was to get a deeper look at whether the movies differed in terms of their dramatic, visual, and narrative elements.

Our script analysis reveals that Marvel movies showcase differing emotional tones (the balance between positive and negative emotion verbally expressed by the characters). For example, *Iron Man 2* contains a lot of humor, including a scene in which Nick Fury tells Iron Man, who is sitting inside a large doughnut that acts as a sign for a diner, “Sir, I’m going to have to ask you to exit the doughnut!” In contrast, the next movie, *Thor*, which centers on Thor’s disappointing his father and being cast out of his presence, is darker and sadder.



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The movies are also visually different. The largest variations include those from *Captain America: The Winter Soldier* to *Guardians of the Galaxy* to *Avengers: Age of Ultron*. The plots of the first and the third take place on Earth, whereas *Guardians* takes place in space and on alien planets.

Furthermore, the movies that achieve the highest critical (and audience) ratings are the very ones that are viewed as violating the superhero genre. *The Incredible Hulk* and the first two Thor movies are variously described by critics as “boringly formulaic” and “only involving for the very young”; the audience is “hammered with one cliché after the other” and with an exhaustive “visual extravaganza.” By contrast, the critics found *Iron Man* notable for introducing realism and unusual depth and authenticity in the main character, *Guardians of the Galaxy* for its refreshing use of 1970s songs and its celebration of misfits, *Doctor Strange* for its artsy visuals and brainy tone, *Spider-Man: Homecoming* for inviting fantasies of neighborhood responsibility rather than intergalactic ultraviolence, and *Black Panther* for its social commentary and characters with political consciousness.

Not only do audiences appear to tolerate Marvel’s constant experimentation, but it has become a critical element of the MCU experience: Fans go to the next film looking for something different. In contrast, franchises that have stuck closer to a winning formula run into trouble when they attempt to renew themselves.

Take *Star Wars: The Last Jedi*. It was critically acclaimed for visuals that were strikingly different from those of earlier movies in the franchise and for a willingness to break with the dramatic arc of prior movies. But long-loving fans of the franchise saw these violations as unacceptable—a sacrilege. Consequently, more than 100,000 of them signed a petition on Change.org asking Disney to strike the film from the Star Wars canon. Actors portraying some of the new characters were harassed and bullied online. Star Wars movies had followed a formula that limited directors’ ability to offer innovations to the audience. Trying something new led to a backlash because the franchise’s fans hadn’t been looking for anything new.

What the MCU experience shows is that franchises benefit from continual experimentation. This lesson seems to hold outside the movie business as well. For instance, the Spanish clothing retailer Zara constantly releases short runs of new

clothes based on recent trends, often from haute couture fashion houses. Zara’s competitors expect their customers to visit two or three times a year, but Zara’s customers may visit up to five times as often, because they expect the new offerings to violate the assumptions of the old.



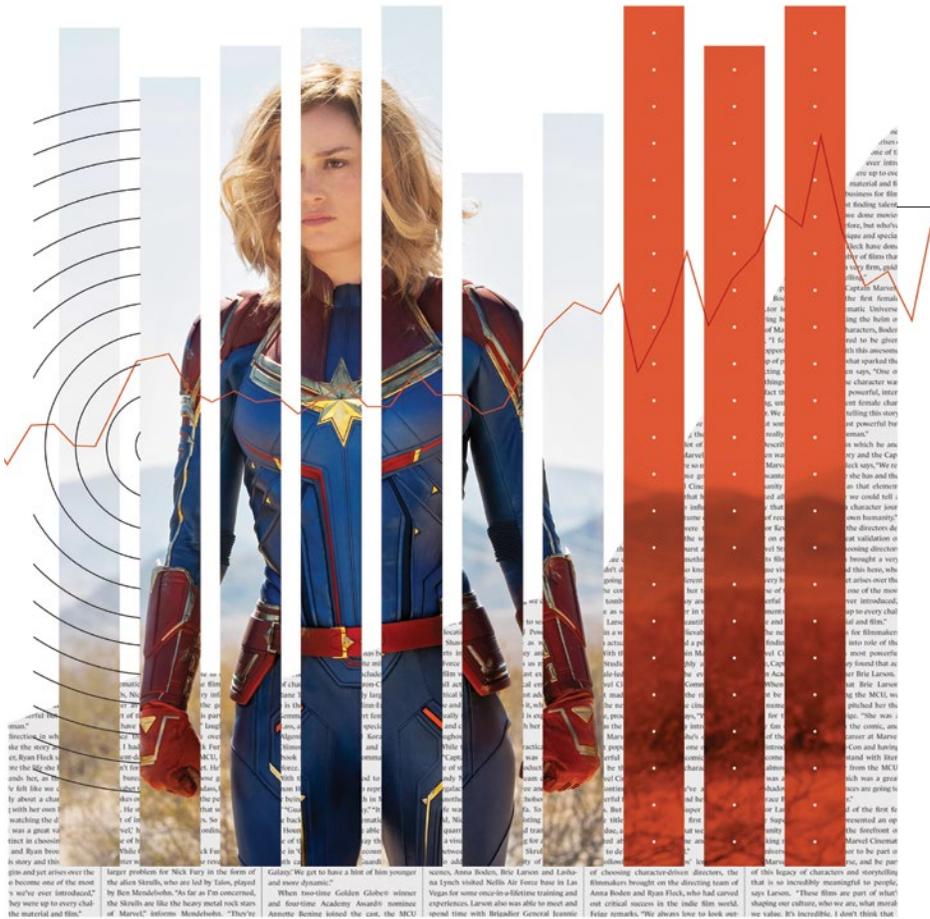
CULTIVATE CUSTOMER CURIOSITY

At its best, Marvel Studios provokes an intense interest in characters, plotlines, and entirely new worlds. Its whole universe has the feel of a puzzle that anyone can engage with. Moviegoers become active participants within a larger experience.

Marvel cultivates curiosity in several ways. One is by engaging customers indirectly as coproducers through social media interactions. This approach is rooted in a long Marvel tradition of supporting the growth of fan communities by, for example, including letters columns at the back of comic books. The columns allowed fans to perform in public and creators to respond to fan feedback. Continuing this tradition, Favreau and other Marvel directors make a point of using social media to stay in touch with the hard-core fan base of comic books, picking up insights from chat rooms and message boards.

Marvel systematically builds anticipation for its coming films by putting “Easter eggs” in its current releases that suggest a future product without giving away the story. The most obvious example is its famous post-credits scenes. The first of these was shown at the end of *Iron Man*, where S.H.I.E.L.D.’s Nick Fury, played by Samuel L. Jackson, is introduced, suggesting to fans that Iron Man may be part of a larger universe. The movies also present semiconcealed onscreen elements and references that only die-hard fans will notice—or story lines and character development that play out across several movies and products. For example, the Infinity Gauntlet, a weapon that figures heavily in the 19th film, can be seen in the background in *Thor*, the fourth film. A similarly important weapon, the Staff of the Living Tribunal, was casually introduced in *Doctor Strange* and may foreshadow the presence of a new character—named the Living Tribunal—in future movies. In *Thor: The Dark World* a chalkboard is filled with equations, one of which references a comic book arc about Doctor Strange’s trapping the Incredible Hulk, potentially foreshadowing a plot twist.

Devoted comic book fans are given countless other nods, along with hidden and overt references to other movies, internal or external to the universe. Critics and commentators are quick to pick up the more obvious ones, including



Released in March 2019, *Captain Marvel*, the highest-grossing female-led movie ever, earned more than \$1 billion within three weeks.

Nike's Jordan brand generates curiosity with hidden features in each new release of its shoes—Braille dots on the tongue spelling out “Jordan,” a window providing a glimpse of a carbon fiber shank, quotations about overcoming failure laser-etched on the sole. Indeed, Nike uses many of the strategies Marvel does—details that link products together, secrecy before product launches, and a broad-based online consumer network that provides feedback and, in Nike's case, allows customers early access to limited-run sneakers.

MOST APPROACHES TO sustaining creativity and innovation focus on building a culture or following a process. Those approaches are useful, but they miss a key fact: In many contexts a successful product

inspirations from *Raiders of the Lost Ark*, *The Maltese Falcon*, and *Star Wars* in *Guardians of the Galaxy* and the many allusions to James Bond movies in *Black Panther*. For dedicated fans, a host of blogs and specialized sites offer opportunities for much more engagement. *Black Panther* alone has several dozen such sites, where people comment on everything from comic book visuals, an overt reference to the self-lacing sneakers in *Back to the Future Part II*, allusions to African culture, and the significance of the opening scene in Oakland (where the director, Ryan Coogler, grew up, and the group the Black Panthers originated) to subtle (or not) nods to Wales's independence and Trump's wall against Mexico.

Other organizations, too, have grown their innovation universes by curating a sense of mystery and curiosity. The notion of Easter eggs originated in the 1979 video game *Adventure* and has since expanded to other video games, comics, home media, and software products. Google uses this mechanism to spark playfulness in workers, and it recently celebrated the 20th anniversary of its search engine with a series of nostalgia-inducing Easter eggs.

imposes constraints on what might follow. The four Marvel Cinematic Universe principles will help companies move beyond those constraints—but they must be applied as a whole. Selecting for experienced inexperience (principle #1) without a strong, sustained commitment to challenging the formula (principle #3) and a stable core crew (principle #2) will mean only that the people you get won't be able to do what you want them to do. Similarly, a lack of commitment to challenging the formula (principle #3) will undermine the potential for cultivating customer curiosity (principle #4): Clever Easter eggs cannot compensate for a formulaic movie or a dull product line. If a company succeeds in firing on all these cylinders at once, it will build a sustainable and ever-renewing innovation engine. ☺

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