THE STORY OF DISNEY 100 YEARS OF WONDER

Walt Disney Company

Qinpeng Sun
Alex Rodriguez
Liang-Hao Chen
Merve Sekercigiller
Rosy Gascon - Nguyen

Company Profile

- Founded in 1923 as the Disney Brother Studios where Walt, the creative brother, focused on storytelling and created Mickey Mouse and his train trip from New York which became an international sensation overnight
- Became such a diverse company with business units in almost all aspects of entertainment industry including media networks, parks and resorts, studio entertainment, consumer products and interactive media over the years

Business Units

- Theme Parks
- Motion Pictures
- Hotels and Resorts
- Media
- Design Studio
- Travel Agencies
- Film Studios
- Real Estate
- Cruise Lines
- Merchandise
- Credit Cards
- Airline
- Streaming
- College Program

Corporate Purpose

Corporate Purpose

To be the leading family entertainment and media company that offers products, services and experiences through many channels to children, their parents, friends and families all around the world that wants to preserve the magic of their childhood

Brand Assessment

Disney Brands

PIXAR

MARVEL STUDIOS

Walt Disney Studios

Walt Disney Pictures

Disney Parks

Where dreams come true

LUCASFILM Ltd

Disney+

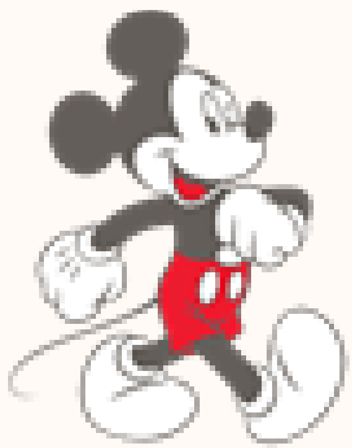
Mission & Vision

VISION

to be one of the world's leading producers and providers of entertainment and information

MISSION

to entertain, inform and inspire people around the globe through the power of unparalleled storytelling, reflecting the iconic brands, creative minds and innovative technologies that make ours the world's premier entertainment company



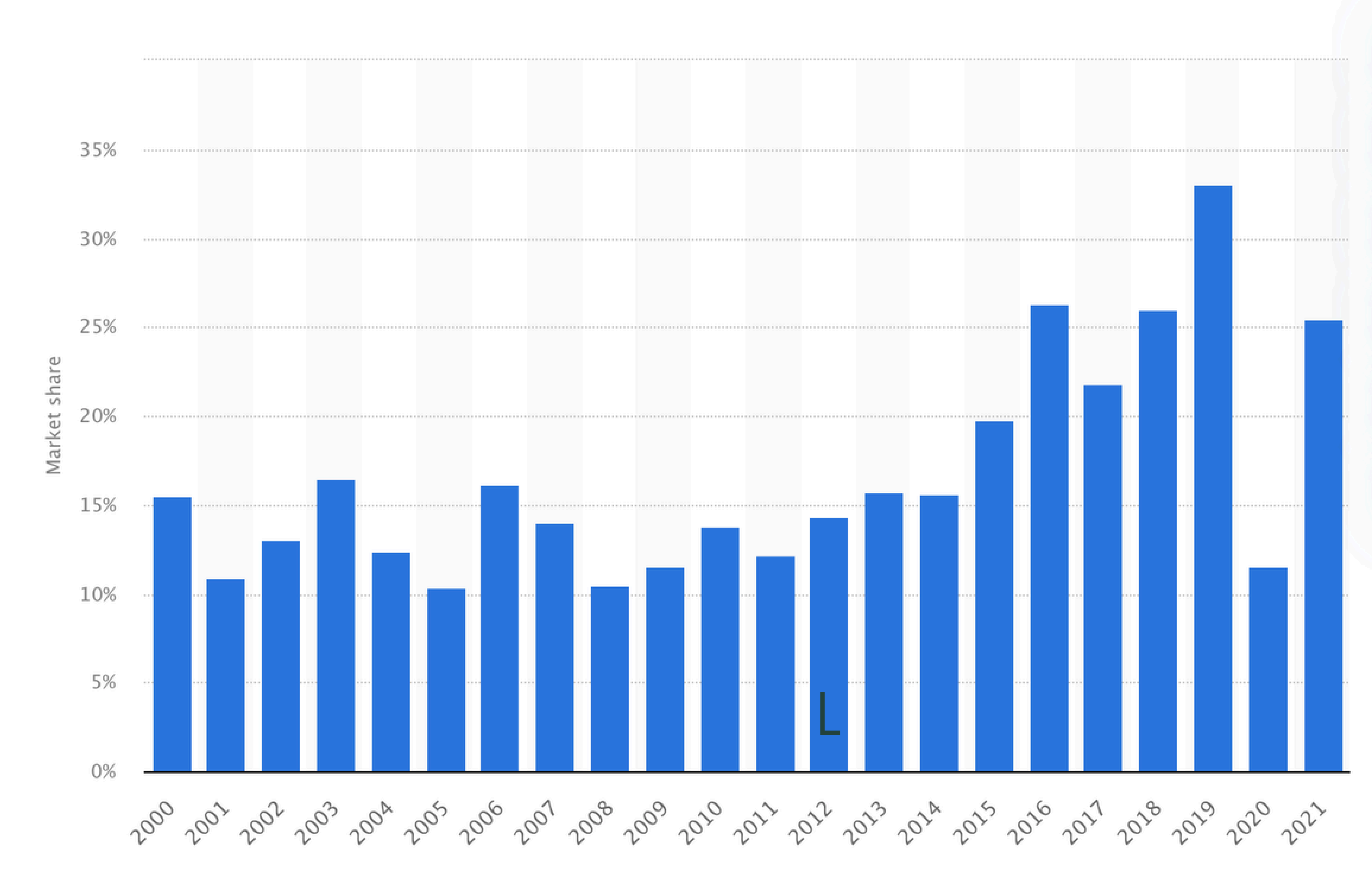
The Walt Disney Company

Industry Analysis

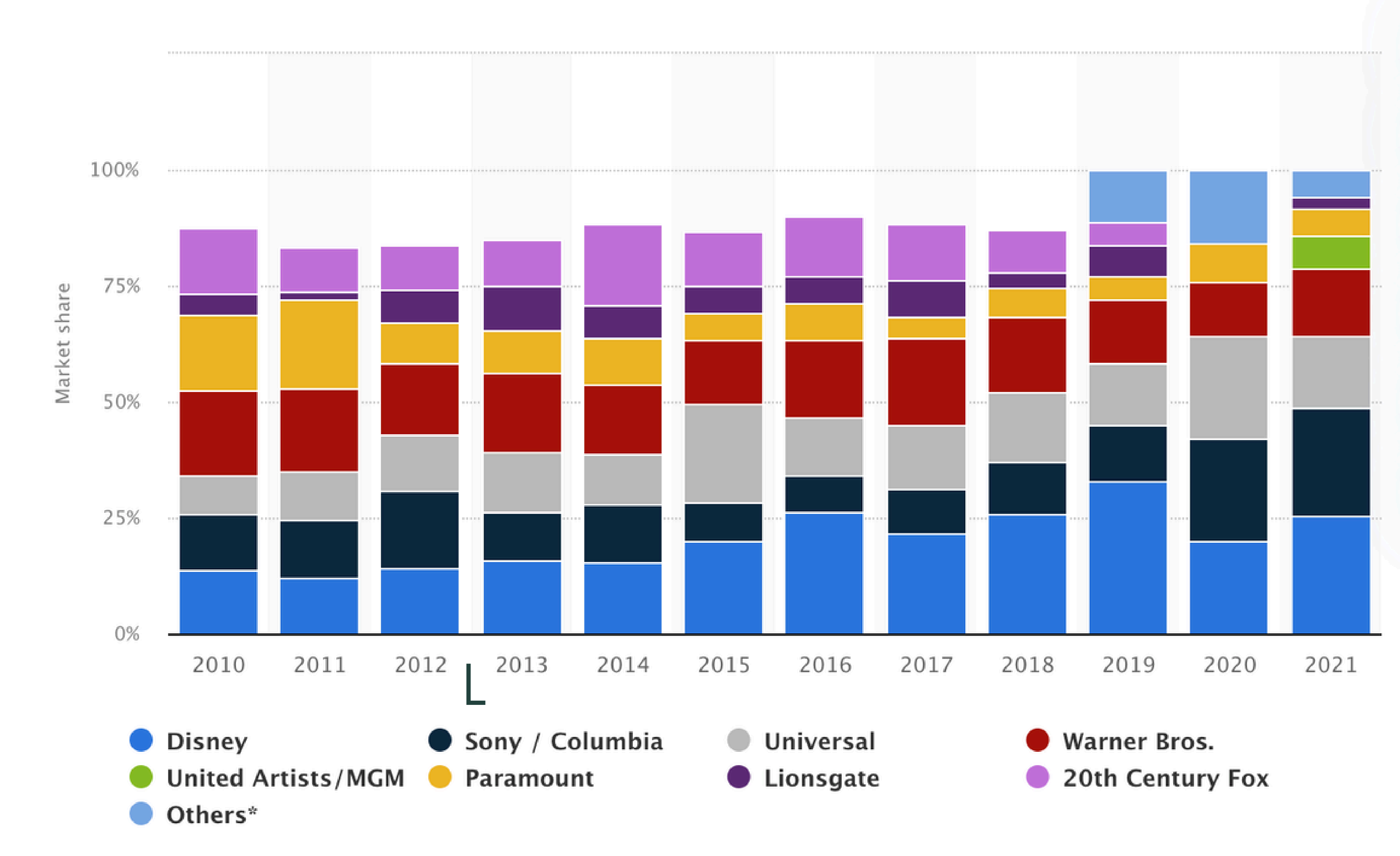
Disney's Main Industry Drivers

1) FILM AND THEATRE

BOX OFFICE MARKET SHARE OF DISNEY IN NORTH AMERICA



MARKET SHARE OF LEADING FILM STUDIOS NORTH AMERICA



HTTPS://WWW.STATISTA.COM/STATISTICS/187300/BOX-OFFICE-MARKET-SHARE-OF-DISNEY-IN-NORTH-AMERICA-SINCE-2000/

HTTPS://WWW.STATISTA.COM/STATISTICS/187171/MARKET-SHARE-OF-FILM-STUDIOS-IN-NORTH-AMERICA-2010/#:~:TEXT=IN%202021%2C%20DISNEY%20ALONE%20ACCOUNTED,HOME%22%20AND%20%22VENOM%3A%20LET

HTTPS://WWW.STATISTA.COM/TOPICS/2805/AMUSEMENT-AND-THEME-PARKS/#TOPICOVERVIEW

2) AMUSEMENT ATTRACTIONS

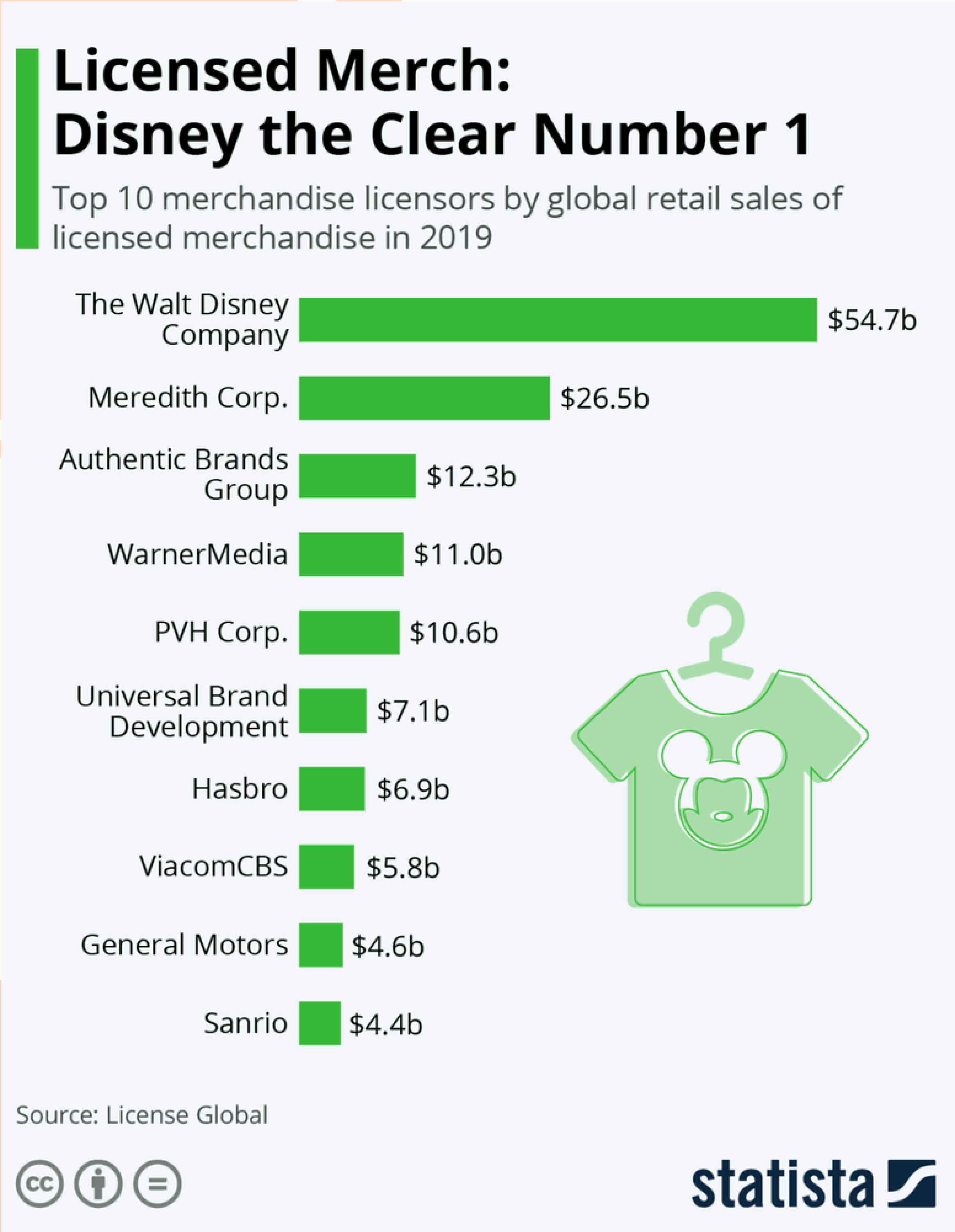
"DISNEYLAND, IN 2022, THE WALT DISNEY COMPANY'S REVENUE FROM ITS PARKS, EXPERIENCES, AND PRODUCTS SEGMENT TOTALED 28.71 BILLION U.S. DOLLARS, MAKING IT ONE OF THE BIGGEST AMUSEMENT PARK COMPANIES IN THE WORLD. DUE TO HAVING REOPENED AFTER CLOSURES DURING THE CORONAVIRUS (COVID-19) PANDEMIC, MANY AMUSEMENT AND THEME PARK COMPANIES SAW AN INCREASE IN REVENUE FROM 2020 TO 2021. FOR EXAMPLE, THE REVENUE OF SIX FLAGS ENTERTAINMENT IN NORTH AMERICA GREW TO 1.5 BILLION U.S. DOLLARS IN 2021, AND THE REVENUE OF MERLIN ENTERTAINMENTS GREW TO OVER 1.2 BILLION BRITISH POUNDS. BY 2025, THE MARKET SIZE OF AMUSEMENT PARKS WORLDWIDE IS FORECAST TO REACH 89.2 BILLION U.S. DOLLARS."

3) MERCHANDISE AND BRAND

"The Walt Disney Co.'s Disney Consumer Products unit repeated as the top licensor in the world in 2021 with $56.2 billion in retail sales of licensed merchandise worldwide, according to an annual ranking by License Global magazine published Thursday."

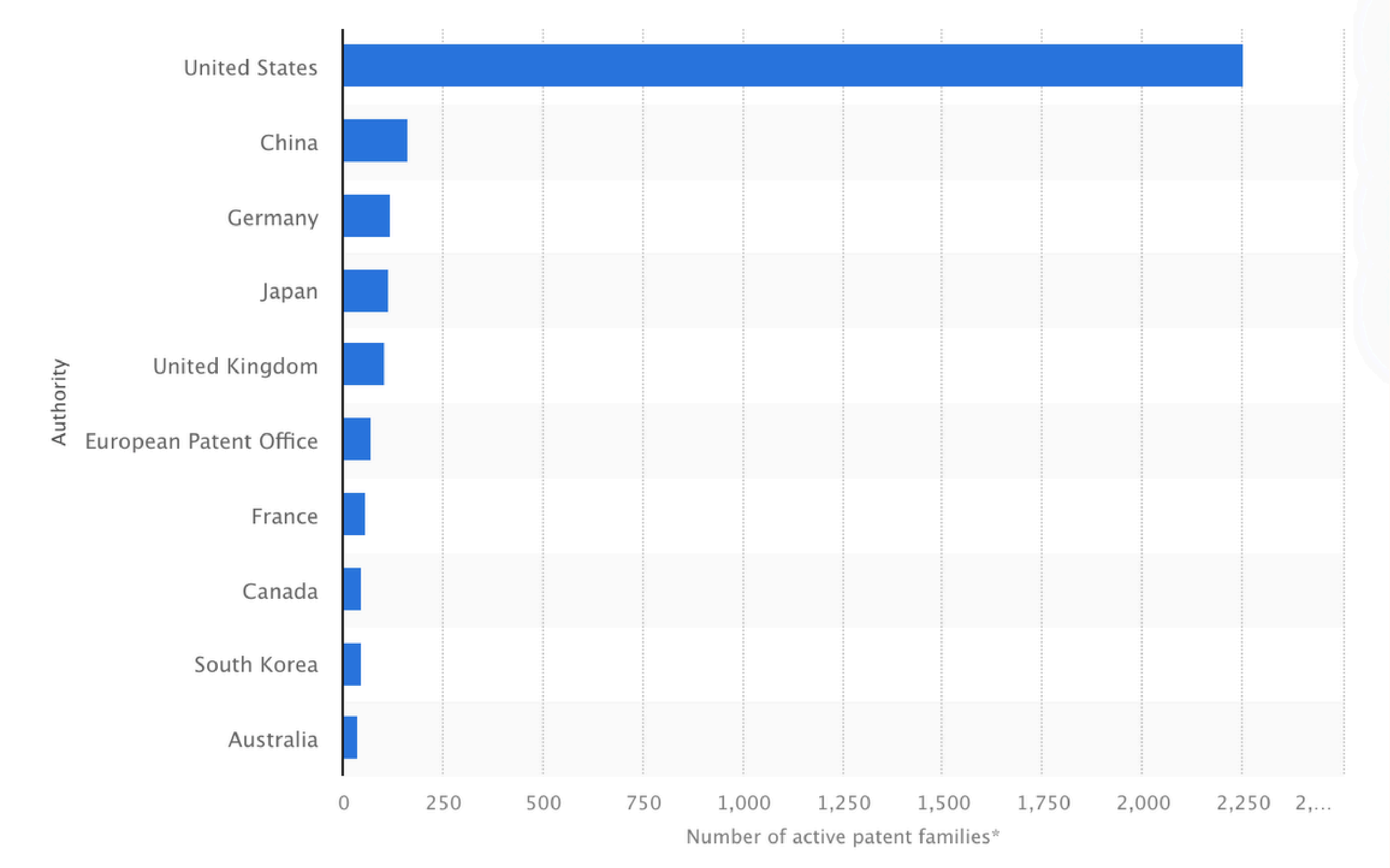
HTTPS://WWW.HOLLYWOODREPORTER.COM/BUSINESS/BUSINESS-NEWS/DISNEYS-56-2B-IN-RETAIL-SALES-LEADS-GLOBAL-BRAND-LICENSING-RACE-1235176561/

3) MERCHANDISE AND BRAND CONT'D



HTTPS://WWW.STATISTA.COM/CHART/11509/TOP-10-MERCHANDISE-LICENSORS/

4) IP'S -ORIGINAL AND ACQUIRED



HTTPS://WWW.STATISTA.COM/STATISTICS/1062195/NUMBER-OF-WASLT-DISNEY-PATENTS-GLOBALLY-BY-AUTHORITY-PROTECTED/

Indutry Rivals

COMPETING FILM STUDIOS

- Universal (owned by Comcast)
- Sony
- Time Warner (Warner Bros)
- Viacom CBS
- Netflix
- Amazon Prime Video

RIVALING THEME PARKS AND BRAND SHOPS

- Six Flags
- Cedar Fair
- Universal St. Hollywood
- Rivaling gift shop outlets (lego store, build-a-bear)
- Pre-teen centric clothing stores (Gap Kids, Carter's etc)

POSITIONING IN MERCH OVER COMPETITION

- Dominates in this sector
- Their brand - entering the realm of competing with apparel-centric manufacturers/brands

Disney's "Cruxes in their Markets

CRUXES

- Small, but growing appeal to young boys and men
- IP Acquisitions (competitors noticing company's monopolization and so is the public)
- Inorganic asset creation/attainment (unoriginal/acquisition-based)
- Corporate governance under fire
- Late to adopt tech (e.g buying Pixar late, and streaming)

RECOMMENDATIONS

- Appeal to younger male audiences - better offering of merchandise (action figures, film ideas as they do with the princess character line)
- Take a grass roots approach (recapture mission statement/ organic creation)
- Personalize the brand - appeal better to the individual instead of towards categorized market groups
- Revert to original IP creation
- Become innovators/early adopters for complimentary technology

Performance & Sustainability Measures

Customer

OBJECTIVE

customer satisfaction

MEASURE

with surveys after purchase

TARGET

retain at least 80% of the existing customers

INITIATIVE

creating customer loyalty programs in each business unit

SUSTAINABILITY

offering customer loyalty plans and benefits

Internal Business Process

OBJECTIVE

retaining skillful employees

MEASURE

share quarterly satisfaction surveys

TARGET

keeping turnover at a minimum percentage

INITIATIVE

provide better working conditions and pay rate

SUSTAINABILITY

creating training program and training employees to add more value in them so that they can contribute better

Learning & Growth

OBJECTIVE

increasing creativity in each business unit

MEASURE

providing a portal to upload the projects employee's working on

TARGET

getting each employee to submit 1 new idea every month

INITIATIVE

giving 2 hours every Friday to the employees to inspire creativity

SUSTAINABILITY

using the new ideas provided within each business unit

Finance

OBJECTIVE

increasing annual revenue of each business unit

MEASURE

reporting quarterly progress

TARGET

3-5% yearly growth in each business unit

INITIATIVE

releasing marketing campaigns to promote services/products

SUSTAINABILITY

a healthy rate of acquisition when needed

Corporate Asset Portfolio

As of 2022, Disney's portfolio is divided into two major segments:

DISNEY MEDIA AND ENTERTAINMENT DISTRIBUTION (DMED)

DISNEY'S PARKS, EXPERIENCES AND PRODUCT (DPEP)

Total revenue for both segments totaled $82.7 billion

Disney's Media and Entertainment Distribution (DMED)

BIGGEST LINES OF BUSINESS

Linear Networks, including domestic and international channels, Direct-to-Consumer streaming services Content Sales/Licensing.

REVENUE

affiliate and subscription fees, advertising, TV & theatrical distribution, home entertainment, sales/licensing- revenue for music and stage performances, intellectual property and sub licensing or sports programming

$55 billion in Revenue (2022)

Disney Parks, Experiences and Products (DPEP)

PARKS AND EXPERIENCES INCLUDING CRUISE LINES, AND CONSUMER PRODUCTS

- theme park admission,
- parks and experiences merchandise, food and beverages,
- resort and vacations
- merchandise licensing and retail
- park licensing and other-sponsorships , co-branding, real estate rent/sales, and royalties on Tokyo Disney Resort

Synergy

- Creating synergy through decades of strategic acquisitions.
- For the first 70 years Disney chose to grow organically, expanding on their current businesses
- first acquisition was in 1993, Miramax,opened the door to the independent film market
- 1995 Disney acquire Cap Cities/ABC. Gave Disney an opportunity to export American entertainment overseas by becoming the first media company with major presence in four distribution systems, broadcasting, telephone wires, cable television and filmed entertainment.

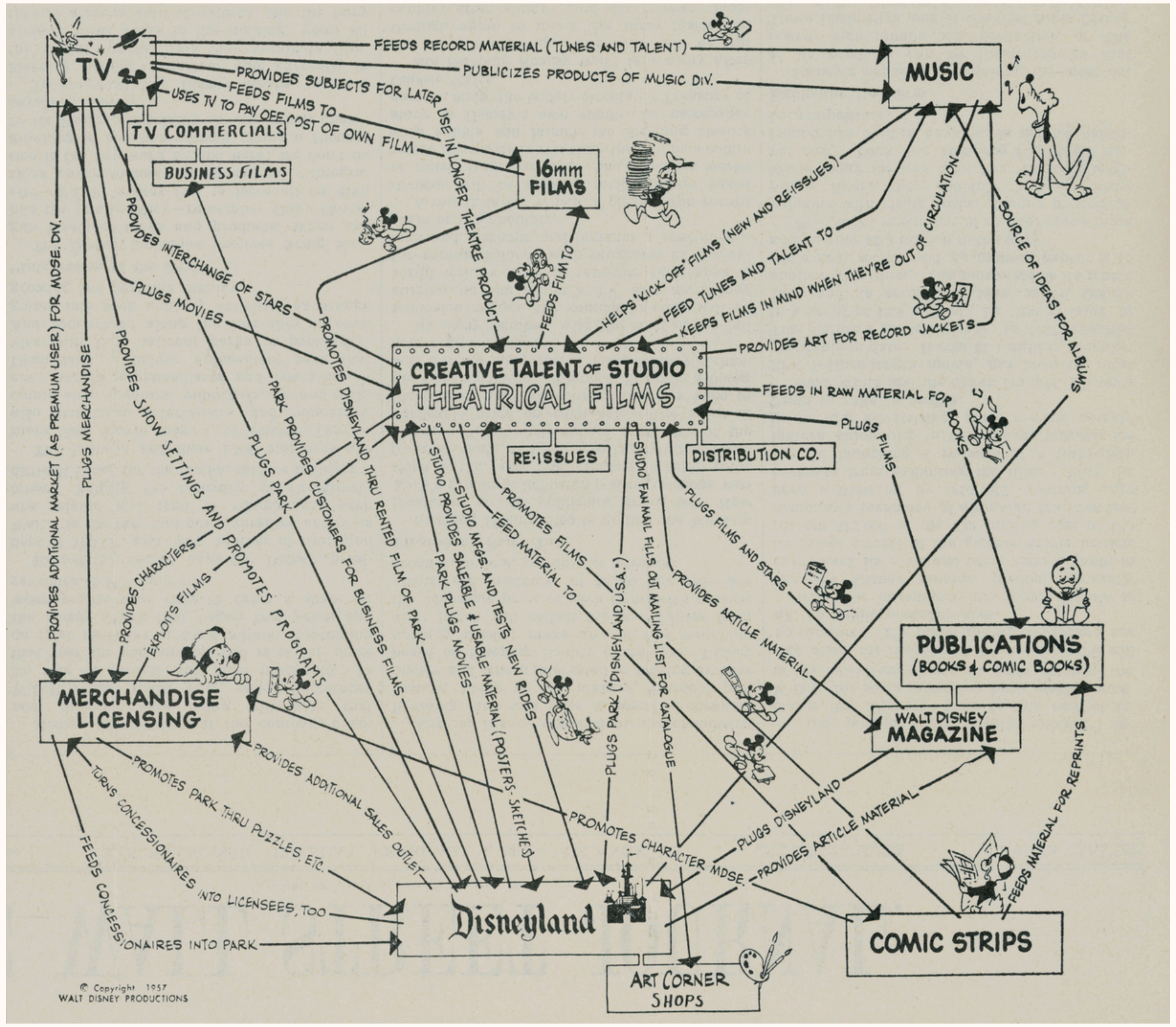
ACQUISITIONS

- Miramax – 1993; $60 million
- Capital Cities/ABC/ESPN – 1995; $19 billion
- Pixar – 2006; $7.4 billion
- Marvel – 2009; $4 billion
- Hulu – 2009; 30% purchase (increased to 66%)
- Lucasfilm (Star Wars) – 2012; $4.06 billion
- 21st Century Fox – 2019; $71.3 billion

Bob Iger, "Each acquisition has its own role to play in the ecosystem, building a global brand to last means turning acquisitions into an ecosystem. The best way for newly acquired properties to thrive is to protect what makes them unique.”

Strategic Intent

STRATEGIC INTENT



DISNEY HAS A STRONG STRATEGIC INTENT TO BECOME THE WORLD'S LEADING ENTERTAINMENT COMPANY, AND THIS HAS DRIVEN THE COMPANY'S GROWTH AND SUCCESS OVER THE YEARS. HOWEVER, THE COMPANY IS FACING SOME PROBLEMS THAT HAVE AFFECTED ITS ABILITY TO ACHIEVE ITS VISION.

STRATEGIC INTENT - PROBLEMS

POLICITICAL ISSUES

DISNEY HAD ENCOUNTERED SEVERAL POLITICAL BATTLES.

INTELLECTUAL PROPERTY

THE ORIGINAL MICKY MOUSE WILL LOSE THE COPY RIGHT IN JANUARY 2024,
AND THE MICKY MOUSE THAT WE KNOW TODAY WILL LOSS IT'S COPY RIGHT IN 2036.

STREAMING SERVICE

DISNEY’S BIGGEST ISSUES RECENTLY HAS BEEN THE MOUNTING LOSSES FOR THE STREAMING SERVICE,DESPITE THE SUBSCRIBER NUMBERS AND THE LEVEL OF GROWTH DISNEY+ HAS SEEN, DISNEY HAD LOSS 4 BILLION IN ITS STREAMING SERVICE IN THE YEAR OF 2022. (DISNEY 2022 10-K)

EMPLOYEE RELATION

DISNEY HAS FACED CRITICISM FOR OUR LABOR PRACTICES, PARTICULARLY IN RELATION TO LOW WAGES AND POOR WORKING CONDITIONS AND MORE ISSUES FOR OUR THEME PARK EMPLOYEES. WHILE EMPLOYEES IN DISNEY ARE ONE OF THE MOST IMPORTANT STAKEHOLDERS OF THE BUSINESS.

STRATEGIC INTENT – SOLUTION

POLITICAL ISSUES

IN MODERN TIMES, POLITICAL CONFLICTS ARE BECOMING INCREASINGLY COMMON WITHIN THE BUSINESS WORLD. THE BEST WAY IN WHICH WE MAY FACE THIS ISSUE IS TO ASK OURSELVES "WHAT DOES THE COMPANY TRULY STAND FOR? WHAT DO THE STAKEHOLDERS EXPECT FROM US?" ONCE WE KNOWS THE ANSWERS TO THESE QUESTIONS, WE CAN FOCUS ON THE WAYS IN WHICH WE CAN REALIZE OUR VALUES WHILE STILL PRIORITIZING OUR STAKEHOLDER COMMUNITY.

INTELLECTUAL PROPERTY

WHILE WE SHOULD KEEP TRYING TO PROTECT OUR INTELLECTUAL PROPERTY, WE SHOULD ALSO FOCUS ON CREATING NEW ORIGINAL CONTENT TO RETAIN AND ATTRACT MORE CUSTOMERS.

STREAMING SERVICE

FINDING A WAY TO SURVIVE IN CURRENT STREAMING INDUSTRY IS DIFFICULT DUE TO HOW COMPETITIVE IT IS, AFTER THE LOSS CAUSE BY FOCUSING ON STREAMING SERVICE, WE SHOULD SLOW DOWN AND PUT MORE EFFORT BACK INTO MOVIES AND OTHER BUSINESS UNIT THAT ARE MORE ESTABLISHED.

EMPLOYEE RELATION

WE CAN IMPROVE OUR RELATIONSHIP WITH EMPLOYEES BY LISTENING TO FEEDBACK, PROVIDING TRAINING AND OPPORTUNITIES, OFFERING COMPETITIVE COMPENSATION AND BENEFITS, FOSTERING A POSITIVE WORK CULTURE, AND CREATING A BETTER COMMUNICATION WITH THE LABOR UNION.

Corporate Strategy

New Segmentation

DISNEY ENTERTAINMENT

Disney Entertainment will be responsible for the company's full portfolio of entertainment media and content businesses globally, including streaming. Streaming will still be the top priority of company, with branches like Disney+, ESPN+, Hulu, Star+, and Hotstar, Disney will be able to deliver rich and direct connections between the consumer and the company's stories and characters, powering growth across the entire company.

ESPN

Disney will utilize several shared-service organizations across the company to support both Disney Entertainment and ESPN, facilitating company-wide efficiencies and creating a more cost-effective, coordinated, and streamlined approach to operations.

DISNEY PARKS, EXPERIENCES, AND PRODUCTS

Disney Parks, Experiences, and Products will still keep current operating trends. This business will keep benefiting from the continuous production of high-quality creative content and entertainment, but also from the 100 anniversary of the company, which will bring massive improvements and new events to Disney's tangible services.

Suggestion

STREAMING SERVICE

Disney should not give up Hulu for cost-saving purposes. It serves as a critical piece in the map of the streaming services market, since it compliments Disney+, which focuses on Disney original content, and ESPN, the sports platform. Losing Hulu means Disney's streaming service will lose a significant valuable asset.

BUDGET SAVING

In order to accomplish the $5.5 billion cost-saving plan, Disney can work it out in two directions: cut down or outsource high-cost low-revenue departments, and discover new revenue opportunities in other profitable business units, such as Parks and Products. Although Disney cannot give up on Hulu, the company can slow down the production of Hulu's original content and focus more back on core content, such as animated movies.

Thank you