Use SWOT to Analyze and Study the Enterprise of Disney

Xingyu Zhu*
Shanghai Minhang Crosspoint American high school, Shanghai, China
*Corresponding author: 100566@yzpc.edu.cn

Abstract. The firm I am researching is a diverse global media corporation located in Walt Disney's Burbank Studios in Los Angeles, California, USA. SWOT analysis was used to research the Disney Company. During my investigation on the Disney Company, I discovered that around the start of the pandemic, the whole economic curve of the Disney Company collapsed, including total assets and earnings. However, due to the sluggish development of internet company, after adopting to the new strategy, it has gradually ushered in a pretty decent momentum, and its income has steadily returned over the last two years. If the Disney Company continues to grow at its current rate, it will become the world leader under the impact of the pandemic. This article examined the CAPM model's stability, and via my study on Disney, I discovered that the effect of two separate markets on the stock of the firm I investigated is beneficial to investors' investment decisions.

Keywords: SWOT analysis; Business; marketing strategy.

1. Introduction

My research on the Disney Company is based on the impact of the epidemic on the Disney Company. Due to the impact of the novel coronavirus, Disneyland has laid off 30000 people in the park, and many executives, including them, have been given unpaid leave. At that time, because the governor of California did not allow the restart of Disneyland, the stock price fell by 0.47% at the close of local time on the 29th [1-2], and after the announcement of layoffs, the overall after hours the stock price was scared by 1.41% [3-4]. According to USA Today, the total loss of Walt Disney Company in April, May, and June was nearly $5 billion. The business segments with the largest losses were theme parks and film and television entertainment, with revenue declining by 85.05% and 54.69% respectively year-on-year. The work introduces the SWOT model trying to analyze Disney [5-7].

SWOT is an acronym that stands for: Strengths, Weaknesses, Opportunities, Threats.

Strength: SWOT refers to internal operations that are performing well as strengths. Analyzing these areas allows you to understand what is currently effective. Then, you can apply the tactics that you are positive will work—your strong points—to other areas that may require further assistance, such as increasing your team's productivity. In compared to our competitors, who have an average NPS of 70, we give world-class customer service with a score of 90. [8-10].

Weaknesses: In SWOT analysis, weaknesses refer to the weaknesses of the company's internal measures due to various reasons. If we want to establish the baseline of success and failure, we need to find our advantages first, and then find our own shortcomings and shortcomings. If you want to consolidate your company, it will be a good starting point to find your shortcomings and make up for them. For example, because our company controls the cost of the marketing budget, the exposure of our website is very low, resulting in very low downloads and purchases of these programs on the mobile terminal.

Opportunities: Your present assets and liabilities, as well as any outside activity that may give you with a competitive edge, will all be sources of SWOT analysis prospects. These might range from regions where you have deficiencies that you’d like to strengthen to those where there were gaps in the previous two stages of your study.

Because there are several methods to generate chances, it is useful to explore the following questions before getting started: Marketing campaign: We will execute ad campaigns on YouTube, Facebook, and Instagram to increase brand visibility.

Threats: Threats in SWOT analysis refer to those that may cause problems. Threats are external influences on you, different from vulnerabilities. For example, objectively existing neighboring
countries or regions want to endanger their own national security through military operations. Firm description

2. Firm description

2.1 Overview

Walt Disney Company is a global media company and the world's second most profitable television broadcasting and cable television company. Walt Disney and Roy Disney founded the Disney Company on October 16, 1923. At first, Disney was called "Disney Brothers Cartoon Studio". Although the company has not yet started producing live action movies, television and other businesses, it is already a leader in the American animation film industry. Finally, the "Disney Brothers Cartoon Studio" was renamed "Walt Disney Studio" and its film production was named "Walt Disney Production". Disney didn't use its current name until 1986.

2.2 Financial analysis

2.2.1 Business

Disney's four major businesses: audio-visual entertainment, theme parks and resorts, consumer products, and media

2.2.2 Profit

Due to the impact of the epidemic, from 2019 to 2020, the gross profit of Disney Company decreased from the US $27.546 billion to the US $21.508 billion, a decrease of 21.92%. From 2020 to 2021, the gross profit of Disney company increased slightly, from the US $21.508 billion to the US $21.508 billion, an increase of 3.62% over 2020. By the middle of 2022, Disney's gross profit was the US $27.922 billion, a year-on-year increase of 41.11%.

When the epidemic broke out in 2020, Disney's profits plummeted and earnings were extremely low. However, after one to two years of efforts, Disney's overall profit has also shown a very obvious recovery due to its slow adaptation to the development strategy of the epidemic and some online activities.

2.2.3 Total assets

For the quarter that ended June 30, 2022, Disney's total assets amounted to the US $204.074 billion, a year-on-year increase of 0.92%.

The total assets of Disney in 2021 will be USD 203.609 billion, an increase of 1.02% over 2020. In 2020, Disney's total assets reached the US $2015.49 billion, an increase of 3.9% over 2019. In 2019, Disney's total assets were the US $193984 million, an increase of 96.74% over 2018.

Since the epidemic began in 2020, we can clearly see that the total assets of Disney company increased rapidly from 2018 to 2020. However, since 2020, the rising trend of Disney Company's total assets has shown a big jump, but it is still increasing slowly.

2.2.4 Earnings per share

From 2018 to 2019, Disney's earnings per share fell from $8.36 to $6.27. From 2019 to 2020, due to the impact of the epidemic, Disney's earnings per share once dropped to $-1.25. It did not improve until 2021, with EPS rising from $1.58 to $1.1.

The overall reason for these declines is still the epidemic, which has a great impact on Disney.

3. SWOT analysis

3.1 Strength

Disney's products include radio and television network ABC, and cable television network. When paired with the huge audience range of these cable Due to the continuous expansion of TV networks
ESPN has more than 300 million users in total, and Disney alone has 240 million users) and cable TV, Disney has used these product combinations to slowly demonstrate Disney's competitive advantage.

Brand reputation: For more than 90 years, people can hear the name of Disney all over the United States, and because of its huge industries, Disney also has a high reputation in the world. In 2012, in the ranking of the brand values of the world's most famous companies, Disney ranked second only to BMW, Oracle and Samsung, with a brand value of 19 billion.

3.2 Weakness

First, Disney Company relies heavily on North America's income, which means that if the countries in North America have a smaller market share and other impacts, the loss of Disney Company will be huge. Disney has carried out business in more than 200 countries, but according to the survey, Disney's business income is heavily dependent on the U.S. and Canadian markets, and 70% of it comes from the United States. More than 70% of the company's revenue only comes from the United States. News Corporation, Disney's main competitor, does not get much revenue from the United States. Therefore, even though there are great changes in the American market, it will not be affected by many market changes.

Second, although Disney has acquired many studios and made a lot of money, leading to high brand prices, there are few opportunities to grow by acquiring other companies. As Disney has acquired many competitors, it has become the largest entertainment supplier in the world. However, due to the highly concentrated market, Disney's business scale is very broad and has gradually attracted the attention of the government.

3.3 Opportunities

Pay TV market expansion in emerging economies: In 2010, there were 9% more pay TV customers in the Asia Pacific area than there were in 2009, and according to MPA, there will be roughly 375 million subscribers by the end of this year. By the end of 2010, 367 million homes in the Asia Pacific area had pay TV subscriptions, accounting for over half of all TV-owning households, while around 8 million of these households in the region have multiple pay TV subscriptions. Due to the area's rising usage of pay TV and internet due to the region's resurging economy and multi-platform competition, the Asia Pacific region now accounts for more than half of the world's pay TV service subscribers. If we continue to follow such a good trend, the share will exceed 50% by 2016. China alone has occupied 20% - 30% of the market share, and India is developing in the same trend. Through these developments, Disney has begun to enter the market. If Disney wants to benefit from the rapid growth of this industry, it should continue to expand its footprint. Several of Disney's offline operations were hampered by the pandemic, therefore the corporation released many online games and other material, such as the source universe, or some officially published Marvel Games offered on major game platforms, and so on.

Film production in other countries: because India, China and other countries have built many high-quality film industry facilities due to their large population, Disney can reduce costs by bringing film production to these countries, and customize more films for these consumers so as to continue to develop.

3.4 Threats

Disney engages in highly competitive areas such as media, tourism, parks and resorts, interactive entertainment, and so on. The media industry's rivalry pattern has changed dramatically. There is now news and television. Innovative rivals with new business models outperform current media businesses. Intense competition exists between Disney and a number of rivals, including Warner, Universal, Sony, and others. The Disney-Flowserve deal, however, has been finalized, and Disney will soon have a roughly 50% market share in North America, making it the most powerful media empire ever. In order to merge with diverse firms, Walt Disney Company must contend with intense competition.
The combined box office of the Disney Company was, however, half that of the studio placed second following the merger.

Copyrighted things are becoming easier to duplicate, transport, and disseminate as piracy and technological breakthroughs increase. The growing number of Internet users, as well as the acceleration of Internet speed, pose a huge risk to Disney's earnings since less and fewer people go to the movies or buy DVDs when they can be viewed or purchased for free online.

4. Conclusion

This work studied the Disney company because the author was interested in Disney since I was a child. Later, because the author liked marvel, Star Wars, and other films, the work found that these companies were all under the control of Disney. So, the author really wants to do a SWOT analysis on Disney to study what kind of ranking the Disney Company has gradually developed in the world through its acquisition of the company in recent years. The work also wants to know the impact of the epidemic on Disney.

Through my research on Disney Company, this paper found that after Disney acquired these film companies with large global popularity, Disney's popularity and Disney's income began to increase significantly. Gradually, Disney began to become the world's top international entertainment and media enterprise. Later, after a sudden epidemic, Disney's earnings per share also dropped by nearly 10 points. However, after a year of relief, the industrial income has also slowly grown again.

Because of my lack of talent and learning, lack of ability, and limited time and energy, I feel that my article still has many shortcomings. For example, there is no data specific to each unit, and there is no development trend of Disney Company from the development to the present. Instead, it chooses a period of time to do research. In addition, there are some improper aspects in the expression and demonstration of many contents, and many problems need to be considered and studied. In the future, the work may study the Walt Disney Company more thoroughly, find more data, and write more details about Disney's income, advantages and disadvantages, and problems arising from different changes in different years in my article.

The quantitative data used in this article is relatively small, so it is hoped that the research plan will use quantitative analysis methods and models to analyze the development in the future.

References