

Analysis of Disney's Marketing Strategy and Competitiveness — Based on 4Ps Theory and SWOT Analysis

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Abstract. The new epidemic has had a major impact on the global economy, resulting in many companies in the real economy out of business. However, it has also reinvigorated the entertainment media industry. Disney actively faced the challenges posed by the epidemic impact, carefully observed the changes in user habits, stepped into the streaming media industry, and achieved digital transformation. Using literature research and case studies, the author analyzes its marketing strategy based on the 4Ps theory, conducts a competitive analysis based on the SWOT analysis model, and makes recommendations for its future development. The research finds that Disney has achieved success with innovative products, reasonable and competitive pricing strategies, both online and offline places, and various ways for promotion. As a mainstream in the entertainment industry, it still has advantages in terms of brand, market share, and business modules, but disadvantages in terms of financial and market distribution. Meanwhile, as for the external environment, it should not only seize the opportunity to develop streaming media and localize and internationalize its film production, but also actively deal with the challenges brought by financial problems, epidemic problems, and business saturation.

Keywords: Disney; SWOT; 4Ps theory; marketing strategy; COVID-19; business competitiveness.

1. Introduction

Since the outbreak of COVID-19, the global economy has generally been in a negative downturn. Some companies, indifferent to the epidemic, have ended up facing closure or financial crises. Hertz, the world's largest car rental company, was reportedly hit hard by the epidemic that affected the entire offline car rental industry and eventually filed for bankruptcy protection on May 22, 2020. However, some other companies responded strongly to the changes in the epidemic. Disney is a prime example. It found an 18% increase in the use of television of all kinds in the United States and quickly launched its online streaming video platform Disney+, which harvested more than 100 million subscribers in 19 months, as a very crucial step in its digital transformation [1]. Of course, Disney's success cannot be separated from its diverse marketing strategies and business segments. Therefore, the analysis of Disney's marketing strategy and transformation competitiveness is of great relevance and helps the development of entertainment companies in the post-epidemic era.

In order to make an accurate and comprehensive analysis of Disney's marketing strategy and competitiveness, the 4P theory and SWOT business analysis model will be used in assistance. In fact, these two theories and models have been studied to some extent by several scholars in the past. The SWOT analysis model was first proposed by Professor Wyrick of the University of San Francisco in the early 1980s, including strengths, weaknesses, opportunities, and threats. Subsequently, Wang and Gan [2] in construct a quantitative model of SWOT marketing strategy, making its analysis more scientific; Su, Wang, and Zhou [3] proposed the best solution to solve the actual problem with an additional strategic perspective on SWOT; Li Xingang [4] improves it, and finally one execution strategy plan and two alternate strategy plans can be obtained through SWOT model analysis. Moreover, Shen [5] proposed that SWOT can be applied to almost any decision-making behavior, pointing out the omnipotence and importance of SWOT.

As for the 4Ps Theory, in 1960, McCarthy [6] proposed the 4P factors of the marketing mix for the first time including product, price, place, and promotion, suggesting that it is the market that determines the product and price but not the production; later, Professor Lauchlan [7] proposed the 4Rs theory in the 1980s, which considers that marketing should be more consumer-oriented, including

consumer, cost, convenience, communication, emphasizing market demand-oriented to meet consumers; then, American scholar Elliott Ettenberg [8] proposed the 4Rs theory, namely relativity, relationship, retribution, and reaction, asserting competition-oriented service for customers. Yu and Feng [7] believe that many people confuse the three, or replace the 4Ps with 4Cs and 4Rs, but in fact, the three are fundamentally different. They are in a relationship of constant development but replacement. Hu [7] also said 4P theory is irreplaceable, even today, it is still the basis of every marketing plan, and every marketing course because it is the most basic framework of marketing analysis.

In this paper, based on the 4Ps marketing theory and SWOT analysis model, the author provides a comprehensive analysis of Disney's marketing strategy and competitiveness of the company in the post-epidemic era in the methods of literature research and case study. Then, suggestions on future development targeting its weaknesses and threats will be launched, which is of great practical significance to the development of entertainment media companies in the post-epidemic era.

2. Analysis Process

2.1 Firm Background

2.1.1 Firm History and Development

Disney was founded by Walt Disney in 1923 primarily as a studio named Disney Brothers Studio in California profiting from animation production. In 1986, the company was renamed The Walt Disney Company officially, which is maintained until now.

In the past years, Disney has devoted itself to improving the quality of its content, expanding its worldwide market extending its business templates. Now it has become a well-known entertainment company with 190,000 employees by 2021, consisting of five main business templates throughout the whole entertainment value chain, filmed entertainment, media networks, Disney Interactive, Disney consumer products, and Disney resorts [9].

2.1.2 Firm Brand

The Disney brand was not built in a short period of time but in a very long phase. In 1928, Disney created a short film about Mickey Mouse with color animation, multi-plane photography, and technology for the first time, which accumulated some popularity in a small area. In 1934 it created the story of Snow White and the Seven Dwarfs, enabling feature-length animation to become a rival to live-action films. Therefore, with its never-ending creativity and constantly innovative technology, Disney has created its brand value of "Innovation" and "Storytelling". After World War II, with the success of films such as Song of the South, Cinderella, and Treasure Island, Disney gained higher popularity and built a complete brand with a new brand concept "Quality" in film production. However, it was the first Disneyland Amusement built in California in 1955 that helped Disney approach everyone. It was a symbol that Disney's expansion into the whole entertainment chain from the movie industry and also a key process to add "Optimism", "Community" and "Decency" into its brand value [10]. By this time, Disney had established a world-renowned entertainment brand with rich brand connotations and high brand awareness. These years Disney has been always recognized as the most popular brand with high value in the world.

2.2 Marketing Analysis in 4P Theory

2.2.1 Production

Production refers to goods and services that can satisfy certain consumers' needs and realize their value in exchange, including the product core, product form, and additional benefits of the product [11]. The product mix is a central part of the 4p marketing theory, and high quality and multiple sorts of products can make up for the deficiencies in other 3 areas.

Disney's ability to satisfy both quantity, quality, innovation and diversity of products is a model that all companies in the world need to learn from. In terms of product variety, Disney has been

continuously expanding downstream in the entertainment industry value chain, and according to the five major Disney business templates mentioned above, it is able to offer four different types of products. The first one is studio entertainment involving motion pictures, direct-to-video content, musical recordings, and stage plays, which are direct and decisive production of a motion picture company. The second one is networking including cable, television, and radio programs. The third one is consumer products and Interactive Media such as books, magazines, comic books, video games, merchandise, and online video content. The last productions are parks and resorts with a Disney theme called Disneyland, where visitors feel like they are in a real Disney fairy tale and are able to interact with the Disney characters played by staff [12].

Except for the variety of production, Disney is serious about the quality and innovation of its production. For example, there is a famous operation model called the "three-three system" for Disneyland, which means every year one-third of the hardware equipment should be replaced with new projects. In this way, Disney is able to acknowledge customers' satisfaction and rebuild the resort to be more attractive and fancier skillfully, improving the quality of the equipment and offering freshness at the same time [13].

2.2.2 Price

Price refers to costs paid by consumers for goods and is a significant factor in attracting customers [13], which is affected by both external factors such as industry competition and market demand, and internal factors including pricing targets and product costs [11].

Disney has made reasonable and extremely competitive pricing decisions based on value and market orientation [13]. Recognizing early that it no longer had an advantage in competing for market share with the experienced streaming leader Netflix, it lowered the basic subscription price of Disney+ to \$6.99, which was launched less than three years ago, giving it a clear price advantage in today's highly competitive streaming industry. So, in just one year, it has almost 100 million subscribers, a subscriber base that took today's streaming boss Netflix seven full years to build up. But the thin-price strategy is not something all companies can implement. It benefits from three distinct advantages of Disney's own: a large company volume, a recognizable brand, and a diversified profit model. Without these three factors guaranteeing high and stable revenues, it would be difficult for Disney to bring Disney+ to market at a low price. Thus, Disney is setting a reasonable yet attractive price after making correct market positioning. In addition, Disneyland tickets are priced differently according to the status of the purchaser, distinguishing between student tickets, adult tickets, and senior tickets. And on top of the single ticket, there are packages and two-day tickets, ensuring that the majority of consumers can afford the tickets. [13]

2.2.3 Place

The place is the sum of the driving forces that drives the smooth realization of each link in the process of moving a product from the producer to the final consumer [13]. As for Disney, it represents the places that the company uses to reach its customers both online and offline, including in mass media, commodity and retail and resort markets, and so on [12]. As for online places, Disney distributes its products mainly through its official website, mobile apps, and licensees, and other parties such as cable, satellite, telecommunications service providers [12]. The licensees and other parties are the most profitable place because this way involves the third party, which helps to expand the reaching area of production. Today mobile apps have been increasingly popular as a sales way because they are beyond space limitations, allowing people from all over the world to get a movie ticket and purchase a Snow-White toy whenever and wherever they are.

Moreover, Disney also makes good use of movie theaters, retail stores, and theme parks to achieve physical reach to the audience offline, among which retail stores are an excellent way with the intensive distribution of licensed images. Disney licensed a large number of Disney images to shopping malls, convenience stores, and traditional wholesale markets, letting them have a frequent presence. On the one hand, it can further enhance the brand awareness of Disney. On the other hand, it allows consumers who have a preference for Disney to have more opportunities to see items with

the image of Disney when shopping, and thus increase sales with their choices to buy the product [14], which also allows Disney to take more initiative in the selection of licensees.

2.2.4 Promotion

Promotion refers to the process that communicating information between operators and consumers in personnel or non-personnel way, stimulating consumers' desire to buy and prompting their purchasing behavior. This part of Disney includes advertisement, direct selling, sponsorship, sales promotion, and public relations.

Advertisements, as the most typical and traditional promotion way being in a turnaround, is still an important way to publicize the production. Nowadays some online advertisements like TV commercials have been losing effectiveness as the Internet has enriched people's approaches to gaining information, leaving TV not necessary in their life. Therefore, Internet advertisement is becoming a new trend. Aware of the transformation of advertisements, Disney is trying to move part of the cost of TV commercials into social media, to which most people especially youngsters pay great attention. And Disney has registered two accounts for local Disneyland parks in the United States and Disneyland Paris such as Facebook, Instagram, and Twitter to share information about their parks.

Direct selling is a way to get profits by offering some chances for other firms to have brand exposure by communicating with them first. For example, Disney could offer an opportunity for others to appear in Marvel movies or Disneyland as a reward. In this way, Disney sets the stage for them to reach more audiences while getting reasonable profits.

Sponsorship represents Disney's support of diverse activities no matter in its industry or in society. By sponsoring events, Disney builds a good brand image and company image, meets the good expectations of investors, laying the foundation for further financing of the company. This is an indirect long-term promotion approach. Because the Disney brand itself is so valuable, it doesn't need to launch a lot of sales promotions at the advantage of low prices to get noticed. But they do offer a variety of package options at Disneyland, allowing the price to be accepted by different people. In addition to the marketing strategy above, it is vital for Disney to build and maintain a great brand image strategically, which requires the fantastic ability to deal with public relations [12, 14].

2.3 SWOT Analysis

2.3.1 Strengths

Strength focuses on Disney's own competitive advantages [2].

First, Disney has a very high market share in the movie industry, the streaming industry, the toy industry, and other industries, and is still expanding at a high speed, giving it a clear market advantage over other small and new companies. For example, Disney+, Disney's video streaming platform, now has more than 100 million subscribers in 59 countries, which means it occupies 18% of the market share in the SVOD market in the U.S., making it difficult for new competitors to capture and divide up such a large market share in a short period of time. And if compared to its strongest competitor Netflix, Disney+ subscriptions are showing faster growth, with Disney reaching over 100 million subscriptions in just 19 months, which took Netflix at least 5 years to achieve. As a result, Disney has a definite advantage in market share volume and growth rate.

Second, The Walt Disney Company has great brand value and a strong fan base. Walt Disney has been highly recognizable in the U.S. for more than 90 years and was named the 13th most valuable brand in the world in 2012 [15]. Up to now, it has remained a recognized provider of family entertainment, which not only makes the Disney brand highly valuable but also makes the Disney Channel, Disney Parks, and Resorts, and Disney movies well-known all over the world [16].

Third, Disney has competency in acquisitions and therefore has multiple profit channels. As mentioned above, Disney has five business models involving movies, media networks, user interaction, consumer products, and offline amusements, which ensures stable and diversified revenue

sources and minimizes its risks when adapting to external changes [15]. Besides, it can attract different types of customers and retain more consumers.

Fourth, Disney uses a product localization strategy, which has enhanced the competitiveness of the product in the local market [15]. Different regions of Disneyland restaurants vary in style. For instance, Shanghai Disneyland has a lot of restaurants with Sichuan, Cantonese, and Hunan cuisine. The local theme show also overflows in Chinese style, with additional elements of Chinese acrobatics, shadow puppet elements, and also actors using the local accent that makes Chinese people very friendly [17]. Disney products are localized thoroughly, so the local market has been strongly penetrated.

2.3.2 Weaknesses

Weakness in SWOT refers to the disadvantage company has compared to its competitors.

First, Disney's markets are unevenly distributed geographically and highly dependent on the North American market, with over 70 commercial revenues coming from it [15]. This makes Disney company seriously affected and vulnerable to political and economic changes in North America. Meanwhile, it means that Disney's market share in other regions does not have an advantage and is easily overtaken by other companies in one fell swoop.

Besides, Disney is facing serious financial problems recently and has a downward trend in stocks. On the one hand, Disney has reportedly lost more than \$1 billion and Studio Entertainment has brought only \$11.13 billion in revenue, which says the company's studio entertainment section is losing ground [18]. On the other hand, Disney's EPS for 2020 is showing negative growth for the first time, which indicates that investors and other information users are not optimistic about Disney's forecasts [19].

2.3.3 Opportunities

Opportunities are the trend that emerges in the environment that is conducive to the survival and development of the company. If the company seizes the opportunity, it can change its strategic marketing position [2]. Here Disney has the following new opportunities:

First, COVID-19 has led to an 18% increase in TV usage in the U.S. during the week, and with social distance norms and isolated personnel increasing home digital consumption, a surge in demand for subscription-based streaming services has been created [1]. Therefore, the trend of the streaming industry is very optimistic, so Disney needs to seize this opportunity for industry development to continue the expansion of the subscription market of Disney+. As a solution, it could use its strong influence on IP, while increasing the number of episodes to become the boss of the streaming industry.

Based on the successful experience of localizing film production by Netflix, Disney is well positioned to expand its film production to other parts of the world, especially to countries with huge potential markets such as China and India, which is estimated to have a 45% rate of increase in OTT market in 2023 [1]. On the one hand, these countries are large population countries with huge exploitable markets; on the other hand, the film production infrastructure in these countries is relatively well developed, which can reduce production costs and thus gain more profits. Moreover, localization of film production is one of the important strategies for international market expansion, which can help Disney enter more international markets and reduce its dependence on the North American market.

2.3.4 Threats

Threats are trends in the environment that are detrimental to the survival and growth of a company.

First of all, COVID-19 remains a major threat to the operations of Disneyland. According to Disney's announcement, Shanghai Disneyland lost \$135 million in the second quarter of 2020 after the epidemic outbreak [20]. Even with the reopening of some areas of Disney after March 2020, the public's epidemic-proof mentality still makes visitor numbers unpromising, especially in a country like China with strict epidemic-proof policies. Up to now, COVID-19 still shows no end in sight for the next few years and has a major impact on Disney theme park attendance.

Second, while Disney+ has shown good growth these years, the recent influx of new competitors in the streaming industry, such as Peacock, HBO, and CBS All Access, has made it more difficult to expand its market share for Disney [21]. Moreover, Netflix, the original leading competitor in the industry, is still very competitive in terms of original content and user experience. So, all in all, in order to continue its growth in the streaming industry still requires innovation in original products and a multi-faceted marketing strategy.

Finally, as one of the largest companies in the film and television industry, Disney has expanded its business to the entire entertainment value chain from movie production to Disneyland offline services, rich and complete but close to saturation. Compared to Netflix, a company that can support all its operations through subscription fees only, Disney seems to have few other innovative models left. Therefore, Disney needs to break through that bottleneck for product and business model innovation.

In summary, as a large and experienced company that still needs to innovate, Disney has strengths, weaknesses, opportunities, and threats in the post-epidemic era. Disney needs to first develop a proper financial strategy to cover its weakness. Then, it is supposed to seize the opportunity to increase subscriptions of its streaming platforms such as Disney+, and promote localization and internationalization of film production. To confront the outside threats, Disney also needs to prepare strategically for the further impact of the epidemic, accelerate its digital transformation, and innovate its products and business models to bring a more constant flow of energy to the company.

3. Conclusion

In the post-epidemic era, the global economy is still in the initial stages of recovery, and many companies in the brick-and-mortar sector have been losing money or even needing to file for bankruptcy assistance. However, new opportunities for media companies have been created, with a surge in demand for subscription-based streaming services as social distance norms and quarantined individuals increase digital consumption at home. Disney seized that opportunity to achieve digital transformation. The 4Ps theory is used to analyze Disney's marketing strategy based on extensive literature, and SWOT analysis on its competitiveness and future recommendations are launched. The research found that Disney has practiced a complete marketing model with high-quality innovative products, reasonable and competitive pricing strategies, both online and offline places, and a variety of ways for promotion. Based on them, Disney has actively launched a streaming platform and achieved digital transformation as a response to the challenges posed by the epidemic. Today, the Asian market still has great potential in terms of streaming platforms, so localizing and internationalizing film production to penetrate regional markets is an important corporate expansion strategy. However, due to the persistence and uncertainty of COVID-19, Disney needs to develop well-prepared solutions for Disneyland and retail stores in case of offline emergencies at any time. In order to cope with the fierce competition in the streaming industry, devoting to content innovation is a necessary way to enhance the core competencies, by observing new business directions to tackle near-saturated business sections.

Overall, the author has gained an in-depth understanding of Disney's current situation and strategy, but the quantitative analysis is not used. As a result, the rigor of the conclusions remains to be verified. In the future, more focus on observing and collecting data on Disney's financial, subscription, and market share changes will be addressed to further verify the conclusions of this paper.

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