

A Case Study of Disney's Sustained Success

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Abstract. As a successful century-old enterprise, Disney has formed its unique business system after many reforms and changes in sales strategies since its establishment and has great international influence now. This article is based on the case analysis of the Walt Disney Company to study its business model and analyze the reasons for its success. Therefore, this article will collect data on how Disney reformed its business model and its benefits, by analyzing the data to study the effectiveness of Disney's business model. Studies have shown that Disney's business operations method of movie production, the management of its characters' quality and copyright issues, offline operations such as theme parks, and the transition to streaming media are effective to help Disney stabilize its position in the world and help Disney succeed. The research found that Disney's business operation model can be partially applied to other developing enterprises and will have a promoting effect. This study is of great significance to those who want to attract more users in the media industry and emulate Disney's business model to achieve success.

Keywords: Business model; Disney; digital media.

1. Introduction

Disney is a typical representative of a very successful leading media company in the world. It has played an important role in leading the popularity and innovative changes of the entire film and television industry. As a leading company in the film-television and park industry, how Disney built a business model that is now mature and survived the economic downturn during the new crown epidemic is attractive. It is facing diverse competitors such as Netflix and HBO. Disney+ has a little market share in the now nearly saturated streaming industry. Faced with such problems and challenges as the current economic downturn, changing competitors, decreasing consumer base, and high operating costs, what kind of business strategy has Disney adopted to deal with them is the research focus of this study. During the new crown epidemic, Disney and its subsidiaries have also been affected to varying degrees. It is mainly reflected in the prohibition of large-scale gatherings, which affects the regular business of theme parks and the release of movies due to medical isolation. Disney, a century-old enterprise with many character copyrights, online movies and offline amusement parks, can stand the test of a long time and gain a firm foothold in the contemporary era of rapid information changes, which is closely related to its unique business operation model. Disney's ability to accurately predict future trends and make economic model changes in keeping with the times proves its ability to keep it successful. What kind of business model has made this company with a long history strong until now, and what are the redeeming qualities of its business model for other companies are the questions that will mention in the following. This article will analyze several typical Disney business models to study the transferability of Disney's business model and its exemplary role for other media production companies.

2. The Business Backroad and Development of Disney

The Walt Disney Company was established on October 16, 1923. After its establishment, it first devoted itself to the production of animated films. It created many well-known characters and IP characters that are very important to the development of Disney afterward, such as Mickey Mouse, Donald Duck, Winnie the Pooh, etc. It has become a fond memory of countless children's childhood and won the Academy Award for Best Animated Feature for its excellent film production and story creation.

After accumulating many animated images, Disney established Disneyland around the world. Disney theme hotels, cartoon dolls, related clothing, and other star animation character peripheral products are very popular. In addition, Disney has also made a lot of money by acquiring successful film and television companies. In 2006, Disney successively acquired Pixar Studios, Marvel, Lucas, and 21st Century Fox and formed a huge IP role, with famous characters such as superheroes and Star Wars consolidating Disney's position [1].

Since 2018, Disney has undergone its first business restructuring. According to the needs of consumers and the trend in the world, it adjusted its structure and developed the streaming media business. In 2019, Hulu and Disney+ were officially launched [1]. Under the trend of the epidemic in 2020, the income of Disney's offline theme parks is not optimistic. Disney has undergone its second business restructuring. After being greatly affected by the epidemic, Disney turned to online consumers and began to sell streaming media subscription services [1]. Because of this Disney get positive revenue growth under the new crown epidemic.

3. Analysis of Disney's Business Model

The following will analyze the success factors of Disney's business model from two levels. Management and operation of the IP image will be analyzed based on Profit Multiplier Model. The overseas strategy of globalization will be analyzed by taking Disney's films as an example.

3.1 Profit Multiplier Model: Management and Operation of the IP Image

By making movies, Disney keeps creating its own classic character images and then reusing the successful characters to make different products for different commercial promotions to maximize its profits. By using a base with a profit greater than 1, continuously multiplying it with itself several times can upgrade it to become a new profit. The result of this profit will eventually be greater than 1 [2]. This model is also known as the profit round model [2]. Under the operation of Disney, this model can also be divided into several stages.

In the first stage, Disney will continually produce high-quality movies to accumulate its IP images [3]. Early film production is equivalent to advertising these characters to let people know them well. It paved the way for the next extension of the product line.

In the second stage,

At this stage, Disney began to build theme parks. There are currently 12 Disneyland in the world [4]. Disney's combination of classic character reproduction and playgrounds has attracted many children and has become a classic parent-child must-see amusement park. The role-playing of excellent characters in amusement parks attracts many tourists, which not only satisfies consumers but and brings considerable income to enterprises [5].

In the third stage, relying on commercial logos and intellectual property rights to obtain profits is the third stage of this model. Through the operation of existing characters, and the agency rights of selling cartoon patterns to many children's toys or children's food manufacturers [6]. Establishing a chain store Disney to obtain a steady stream of profits is the thing that Disney can do to make its profit double. For example, toys, drinks or biscuits, and T-shirts with patterns. Donald Duck and Mickey Mouse are typical characters who have usually been put in all kinds of advertisements and made as toys to sell in stores. These will all become channels for Disney to make profits.

In the fourth stage, Disney acquired many film companies and has many excellent films. In the fourth stage, Disney mainly transfers animation video playback rights and management rights [7]. Disney's film production is very high-quality. Its works are loved by youth groups and children and are very popular all over the world. The huge customer traffic that comes with the Disney brand is still being snatched up by companies around the world even though its broadcasting rights are expensive, which shows that it is still profitable.

3.2 The Overseas Strategy of Globalization

The globalization of Disney can be shown in the selection of characters in many Disney movies. For example, Disney's princess series is one of the essential trademarks widely used in various media and merchandise [3]. The princesses in it are not entirely white and include characters of various races and countries. A lot of attractive princesses with different personalities have been created. For example, Princess Belle in *Beauty and the Beast* is French. Jasmine is an Iraqi, Pocahontas is a Powhatan, Aurora is a British, and Mulan is from China. These characters are not only loved by children in their countries and attract children from other countries.

Disney also uses foreign licenses to market its products. Disney allows foreign companies around the world to manufacture and sell its products. This strategy helps Disney products become more appealing to citizens of other countries because licensees are more familiar with the culture of their region.

The theme parks that Disney has built in various countries are also a good example. But the idea of creating a theme park was stymied in the beginning. It started its expansion in Tokyo, followed by Europe. But Disneyland, which has established its French headquarters in Europe, created a lot of turmoil. The reason for this confusion is that when Disney entered the European market, it did not change its products and copied the original strategy and content to France. But the French pay great attention to their own cultural status and think that this is an adventurous move by the United States [8]. Therefore, Disney set the primary language in the playground as French and put stories related to European culture in the mainstream. But for many places, this is also a good opportunity because Disneyland's successful business strategy and mature management methods can be quickly established and drive local economic development. Many countries also regard this kind of Disney's entry into the local market as a kind of Chance.

4. The Benefit of Disney's Business Model

Disney's development history and its industrial development path have always been dynamic. Whether Disney is passively transforming or actively exploring the market, its industrial survival must rely on optimizing production and expanding its structure to stabilize its market position and maintain sustainable operations. The accumulation of many characters in the early stage, the innovative stories, and the many film production companies cannot be surpassed by many emerging companies. Especially its unique profit model, the profit multiplier model, which relies on the accumulation of original characters to form a huge industrial chain, has formed Disney's unique method of making money [2]. Especially when Disney has penetrated and extended to the Internet, creating online communities and games, hoping to form a new force to promote the development of downstream industrial chain links. However, Disney does not regard the animated image created as a one-time consumer product but treats it as a treasury that can be operated and managed for a long time and spends a certain amount of manpower and material resources to maintain, manage and operate it [3]. This is something that many other new media companies can learn. The income from putting these well-known characters in advertisements is also considerable. And Disney will start thinking about its derivative products simultaneously when designing the movie and hand it over to a dedicated toy manufacturer for planning [6]. Also, Disney regularly holds an internal event called Gong Show. All employees gather in a conference room to discuss how to get the most out of this role. However, many current companies start thinking about derivative products in a hurry after waiting for the movie to be released. The idea of planning in advance and preparing in advance can be used for reference by other companies.

Disney's success stems from its substantial accumulation in the early stage and strict management in the later stage. It has strict screening criteria for licensors. Strict standards ensure the quality of Disney's licensed products and consolidate Disney's brand image. Many companies also want to copy Disney's successful model, trying to create a successful character image, and then use this as the starting point to carry out brand radiation and industrial extension [3]. Still, they have yet to achieve

much success. A significant reason is that there is not enough strength to create a character with a story and enough influence because there are restrictions on playing resources and many wills. And it created a good image in time, but in the later period, regarding the copyright issue of this image, derivative products were easily eroded by piracy. Those companies lack a strong team like Disney to maintain copyright. Therefore, there are loopholes in copying Disney's model [9]. Enterprises should learn to invest in long-term planning, as well as the idea of brand management and maintenance, which is the inner essence of its industrial chain operation [10].

5. Conclusion

Disney is a company with great strength and good development prospects. Disney's unique business model and keen business forecast allow it to open its unique model and make continuous progress in the ever-changing business field. Through the operation of its initial role, ongoing management and function have created this vast business empire. According to the analysis of the case, two suggestions are put forward for other media companies of the same type. Media companies need to pay attention to accumulating good stories and finding scripts that can be turned into classic movies. It is suggested that media companies build corporate awareness by creating film IP. Media enterprises should learn to plan their business strategy in the long term, and learn to invest, manage and maintain their brands.

Under the pressure of the COVID-19 epidemic and the competition of its peers, Disney urgently needs new sources of income, but it takes work to make profits now. North American streaming media competition is fierce, not only from media giants such as Netflix, Warner Bros., and HBO Max but also from strong rivals such as Amazon, MGM, and Apple. Disney is trying to develop business in the Chinese market, but the situation could be more optimistic. The situation in the Chinese market is relatively complicated, but Disney's brand in the Chinese market has accumulated a stable audience base, so the Chinese market still has excellent development prospects for Disney.

At the same time, after the opening of the epidemic, Disney Park has ushered in a turning point in profitability, which could make up for the previous loss caused by the new crown epidemic. But the fact that yields at Disney's theme parks are slowing cannot be ignored.

Although Disney has a large number of IPs, it can bring Disney a steady stream of income and traffic dividends. But in terms of media online video, the rise of Netflix has impacted Disney's position, showing Disney's shortcomings, which may become a crisis for Disney. Although Disney has also started a streaming service, it still needs to improve. This shows that Disney should continue to expanding its overseas streaming services, investing in video services, and producing more overseas local content to meet consumer demand to achieve profitability.

This innovative model of Disney can be learned, but it is impractical to copy it completely. This research can help some companies of the same type to discover and correct some problems of existing companies. However, because the entire business model of Disney is a vast business body, this study does not discuss every detail in detail. Future research can be done in more detail.

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