

Exploring the Success of Disney Park Through Intellectual Properties and Operation Strategies

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Abstract: The demand for entertainment, especially in theme parks, was boosted as the rapid economic growth in China attracted multinational companies to introduce their theme parks in China and encouraged more local companies to enter the competition, making the theme park market more popular than ever. However, we must admit that there are still limitations in the fast-growing but relatively new Chinese theme park industry development compared to other major countries. This research will take Disney Parks, one of the most famous and successful theme park chains, as the sample and analyze the factors that could make Disney Parks successful from a Business Studies perspective, including their application of IP to generate higher revenue, their Unique Selling Point – Immersive Experience and Corporate Social Responsibility. The paper will then suggest how these factors that make Disney parks successful could help theme parks in China improve their development.

Keywords: Business Studies, theme parks, Disney, Strategies.

1. Introduction

With the increasing living standards in China, the demand for entertainment has risen more than ever, especially in the theme park industry. Since the end of the 20th century, hundreds of theme parks operated by local companies have popped up around mainland China and have grown extremely fast. With the development of the economy in China and the theme park market, the great population and largely undeveloped land not only stimulate even more local companies to build their theme parks but also attract the world's top multinational companies to enter the Chinese market.

In 1999, after the negotiation between the Walt Disney Company and the Hong Kong government, the construction of a brand-new theme park was settled on October 31st. After a construction that lasted more than two years since 2003, Walt Disney Company debuted its first-ever theme park in China --- Hong Kong Disneyland. This is the first top theme park chain in the world to be introduced into China. Since then, after the success of Hong Kong Disneyland, more international companies have entered the market. A few years later, during the pandemic, Universal Parks & Resort introduced its theme park in China as the debut of Universal Beijing Resort. Furthermore, the well-known English company Merlin Entertainment is also planning two Legoland projects that are currently under construction in Shanghai and Sichuan. Due to the high demand for entertainment and the fast-growing theme park market, many of the world's top theme park companies have entered China, and the number is highly likely to be higher in the future [1].

Undoubtedly, during the world's top companies entering China, local companies also grew rapidly by opening more theme parks and entering the competition. However, we must admit that the number of visits and the quality of regional theme parks still need improvement. Nowadays, regional theme parks are a fast-growing but still relatively new market. Many Chinese theme parks have problems such as high homogeneity, lack of Unique Selling Point (USP), and need for new park additions. Therefore, by analyzing the success of industry leader --- Disney Parks, the well-known theme park chain successful because of its immersive experience, proper operation strategies, and attention to Corporate Social Responsibility leads to the research question: What are the factors that make Disney Parks so successful, and whether these factors could generate some suggestions for theme parks development in China?

2. Literature Review

2.1. Development and Evolution of Theme Parks

Back in the 18th and 19th centuries, the origin form of theme parks was mostly travelling or periodic fairs, where people could enjoy freak shows, acrobatics, conjuring, and juggling. After a wave of innovation in the 1860s and 1870s, several ideas for mechanical rides, such as the steam-powered carousel, created the original concept of an amusement park.

Many modern amusement parks evolved from earlier pleasure resorts that had become popular, such as Blackpool in the United Kingdom and Coney Island in the United States. With the popularity of these pleasure resorts, the first permanent enclosed entertainment area was founded in 1895 as Sea Lion Park at Coney Island in Brooklyn, often considered one of the first modern amusement parks [2].

From the mid-century to the 2000s, the amusement park industry has evolved into theme parks and resorts. During this period, some nowadays well-known theme parks were born, such as Disneyland and Universal Studios. Meanwhile, the prosperity of classic amusement parks continues with the opening of Six Flags and Cedar Fair parks. Nowadays, the amusement park industry is still growing rapidly; for example, the industry revenue increased at a CAGR of 3.4% to \$ 5.4 billion over the past five years (2018-2023), including 8.8% in 2023 alone [3].

2.2. Disney Parks

The origin of all Disney Parks should be traced back to the foundation of the Walt Disney Company, currently a world-famous American multinational mass media and entertainment conglomerate headquartered in Burbank, California. Walt Disney Company was founded on October 16, 1923, by Walt Disney and Roy Disney; the company was originally known as Disney Brothers Studio and first became a leader in the animation industry after the debut of 'Steamboat Willie', a short film. [4].

After success in the early 1940s, Disney expanded their business to live-action films, television shows, and theme parks in the 1950s. However, after Walt Disney died in 1966, the company's profits declined, especially in the animation division. Fortunately, the new CEO, Michael Eisner, took over Disney and rescued the company by the rapid expansion of Disney's theme parks worldwide in the 1990s. Afterwards, the next CEO, Bob Iger, continued to expand the business' entertainment segment through acquisitions of Marvel, Lucasfilm, and other companies to make Disney even more successful. [5].

Disney is now one of the biggest companies in the world and has been ranked 48 on the 2023 Fortune 500 list of biggest companies in the United States by revenue [6], and the company's seat in Forbes Global 2000 was 87. The Walt Disney Company recently celebrated its 100th anniversary on October 16, 2023 [7].

The genesis of Disneyland, Disney Experiences' predecessor, traces its roots to an unassuming day at Griffith Park in Los Angeles, when Walt Disney, spending time with his daughters, envisioned a family-centric destination built upon the success of Disney's animated classics. His desire to transcend the confines of a mere studio visit for Disney aficionados led to the earliest recorded proposal on August 31st, 1948—a memo to studio designer Dick Kelsey outlining a modest eight-acre entertainment space dubbed "Mickey Mouse Park," adjacent to the studio [8].

Then, Walt Disney Inc. designers started working on this original project. However, the project was much larger than the land around the studio could hold. [9].

As a result, Disney hired Harrison Price from Stanford Research Institute to find a proper area for the park's future growth. Based on his evaluation, Disney eventually acquired 160 acres of land in Anaheim, southeast of Los Angeles [10].

Disney Parks' pricing strategy is often claimed to be the "high price" strategy, which means the price of Disney products, such as the food in the park and different souvenirs. However, several researchers often discuss the effectiveness of this pricing strategy.

Take Shanghai Disneyland as a sample; a survey shows that 82.4% of guests prefer not to buy additional food & drinks in the park, and 76.9% of them claimed the reason is the high price. Based on further research, the researcher states a lower pricing strategy could benefit the park's operations [11].

Research about the operation analysis of Disney Parks worldwide, based on the business model of Disney Parks, such as Tokyo Disney Resort, claimed that the balance of dynamic investment and revenue is the key to a successful operation. The update of new theme areas within the parks, new products, and other internal factors will stimulate the future growth of Tokyo Disney Resorts [12].

2.3. Disney Parks' Cross-cultural Management Strategy of Disney

Disney Parks should develop different management, marketing, and operations strategies as a multinational company to meet visitors' needs and preferences in various regions. When Disney introduces its theme park to a foreign country, it cannot copy and paste it directly due to cultural and traditional differences; Disney has to do indigenization when it expands its theme parks to another country.

In 1992, Disney debuted their newest resort in Paris, France, as the opening of Euro Disneyland. However, due to the differences in economy, culture, and so on between France and the United States, there was a lot of conflict between Disney and local workers and visitors. As a result, Disney realized the cultural superiority of local people, so they decided to change the name Euro Disneyland to Disneyland Paris in 1994; Disney also changed the working language from English to French and reduced restrictions on workers' clothing, significantly improving workers' job satisfaction. By changing the name, the cultural superiority of local people could be satisfied; Disney also adjusted the food provided by the restaurant in the park and the opening hours to cater to the local lifestyle. All of these adjustments resulted in increased visits to the park [13].

In mainland China, like Disneyland in Tokyo, Paris, and Hong Kong, Shanghai Disneyland has the same objective of adhering to the localization principle in cultural communication. Disney weakens the expression of American Culture in Disneyland, such as the classic 'Main Street USA' in other Disneylands being removed and changed to 'Disney Town'. The main reason for these adjustments is the slightly unstable relationship between the United States and China, so Disney wants to prevent residents' resistance to Disney because of these external issues; additionally, the strong sense of cultural protection of Chinese culture from local visitors [14].

2.4. Theme Park Industry in China

In 2000, theme parks were introduced as a well-known entertainment activity in China. In the beginning, the main style of theme parks was artificial miniature landscapes based on the world's famous natural landscapes or local successful movies and television plays such as *Journey to the West*. The low investment required and high revenue lead to many of these kinds of parks in China. However, the high competition and the low-quality attractions within the parks caused the original idea of theme parks in China to fade quickly. [15].

After a few years of development, theme parks in China generally evolved into modern theme parks that we are more familiar with. More and more theme parks have been built, especially in larger cities such as Beijing, Shanghai, Hangzhou, and Shenzhen. By the end of the 19th century, there are 40 theme parks in Guangzhou and 39 in Beijing. [16].

Unfortunately, many theme parks were short-lived due to the lack of management, high competition, and unreasonable market positioning.

In the 21st century, the theme park industry started recovering due to China's rapid economic growth. The higher demand for entertainment, the development of infrastructure such as public transportation, and the higher investment in tourism by both government and other local or foreign investors cause a boom in the theme park industry in China. Additionally, publishing "The State Council on Accelerating the Development of Tourism" [17]. also creates a pushing power to further theme park development. Since then, the development of theme parks in China has grown rapidly. There is a continuous significant increase in both local, high-quality theme parks and the introduction of foreign theme park brands. The trend is likely to continue in the future.

To begin with, lack of meticulous planning. Large numbers of theme park investments should focus more on future revenue; the ultimate objective of all endeavours is profitability. A good return is necessary for every investment; however, by only focusing on economic return without considering visitors' feelings and creating a clear and effective management plan for each part of the park, the business will not be successful in the long term [18]. This could cause a potentially lower quality experience and, more seriously, a potential safety hazard among the complex mechanism of each amusement ride.

Additionally, high homogeneity and a need for more innovation. Since the opening of the first modern and relatively successful theme park in China, Splendid China, in 1989, Chinese theme parks still need to get rid of copying these successful parks at home or abroad. The earlier Fantawild parks around China are considered the "Knock-off Disneyland in China" by social media abroad. And the copy-pasted of huge numbers of Fantawild 15 years ago now faded faster and faster as newer theme parks are being built. On the contrary, some individuals state that the number of Disney parks is too limited compared to other brands, with six resorts worldwide, and local Fantawild has 43 theme parks in China. The low number of Disney resorts will make people unable to reach some Disney parks due to long travel distances and reduce potential guests, so building more Disney parks worldwide will be better. The low number of Disney parks is the Magic that makes Disney parks in each country unique. Disney has designed different attractions to meet various customer preferences in other regions. The lower quantity allows Disney to focus on developing every single park more effectively, creating a higher quality theme park experience in the future.

3. Discussion

3.1. Theme Park should actively create its intellectual properties.

Disney Park's chain succeeds because of its various and extraordinary Intellectual properties. There are many classic cartoon figures within Disney, such as the Micky Mouse and Donald Duck, which

are incredibly famous worldwide. These IPs create an image of Disney and Disney Parks; when people look at these figures, they will be connected to Disney, the brand.

This is not only because of its high recognition of Disney IPs but also due to the protection of their property rights. Disney is sensitive to every behaviour that may influence its IP, from the commercial promotion of a company to a child's school artwork. In 2015, "The Autobots", an exact copy of the Disney series animation film 'Cars' made by a Chinese company, was sued by Disney. However, there is no doubt that the knock-off movie is far from creating any competition for Disney. Eventually, the Chinese company paid Disney a one million Yuan compensation.

The expansion of Disney's IP is not only about creating it but also includes taking over from other companies. Disney purchased the assets of Pixar in 2006, Marvel Entertainment in 2009 for its famous superheroes, Lucasfilm in 2012 for its STAR WARS series, and purchased 21st Century in 2019. This takeover of external assets helps Disney access more IP to have more potential in their film revenue and theme park creation. We've seen several new expansions based on these purchased IPs, such as the latest STAR WARS Galaxy's Edge, which opened in Disney Hollywood Studios in Orlando. Also, Disney uses these IPs to retheme their existing rides, such as the retheming of Space Mountain in Hongkong Disneyland to Hyperspace Mountain, Rock'n Roller Coaster in Walt Disney Studios Park in Paris to Iron Man theme to attract more fans of these IPs to visit Disney Parks.

Among the Chinese theme park industry, we must admit that the creation and protection of local IP still need improvement. There are some locally famous IPs such as "Pleasant Goat and Big Big Wolf" and more classic cultural fiction figures such as "Journey to the West" and "Nezha". We can see that quantity is not the problem; however, these IPs have an issue with their durative and worldwide awareness. There are lots of famous animation series that were popular initially but gradually faded from the general public, such as the cartoon series 'Pleasant Goat and Big Big Wolf', which was probably one of the most popular cartoons after its publishment in 2005 to 2015, however, due to its lack of innovation and the increasing competition, the series got less attention. Although the series is continuing, its competitiveness already declined significantly.

In addition, the increasing competition indeed causes the appearance of a few successful animation series IPs, such as the 'Boonie Bears' from Fantawild. The Bonnie Bears are becoming increasingly popular locally and expanding to Western countries such as the United States. However, the connection between the Bonnie Bears IP and the theme parks owned by Fantawild is still weak and should be improved in the future; the causes of this situation will be included in the following paragraph; on the other hand, the connection and the future of some IP in China seems to be bright.

Buildings in theme parks probably make the first impression on visitors; therefore, integrating IP into buildings is the most obvious way to show IP to visitors. Such as the spectacular and classic Disney castle in every Disney Park, which already become a symbol of Disneyland, creates a lovely and fantastic image for visitors to remind them they are in Disneyland. By integrating the IP, these symbols could leave a deeper impression on visitors and create an iconic brand appearance. It is worth mentioning that the difficulty of making an iconic symbol is not the cost; building an iconic symbol could be cheaper, such as the classic Universal Earth at the front gate of Universal Studios parks worldwide, which does not require lots of investment. The barrier to creating the symbol is the parks' popularity. Besides IP, the best way to eliminate this barrier is to create a high-quality theme park experience for visitors [19].

A successful IP could offer Disney Parks a fantastic opportunity to bring the world within the movie to reality, which will create an immersive world for the visitors; lots of theme lands in Disney Parks, such as the classic Fantasy World; Disney applied great numbers of their classic IPs into the park, such as Cinderella, Dumbo and Winnie the Pooh. The most recent and well-known IP application in Shanghai Disneyland is the debut of Zootopia Land by the end of 2023. On the opening

day of Zootopia, according to Shanghai News, were 32000 visitors in the park, which could easily show how a successful IP application attracts customers.

In addition, Disney also introduced various products to expand the impact of IPs on visitors. For instance, after the debut of a new Disney movie, Disney Parks will simultaneously introduce a brand new souvenir line in the parks' shop. This can create extra revenue and enhance the emotional connection between the audience and the IP. Thus, theme parks could also be a good promotion platform for the IP, creating a deeper impression on the audience and further strengthening the impact of IPs.

3.2. The Magic of micro-design – Forced Perspective

Forced Perspective is a technique that employs visual and psychological cues to make objects appear larger, smaller, or farther away than they are. The history of application to forced perspective can be traced back to Greece and Rome. This technique can be easily seen in theme park designs, especially in Disney Park.

One of the most iconic examples of Disney Parks using forced perspective is the Disney Castle. The basements of the castles are often built on a 1:1 scale; the higher part of the castle will use a smaller scale on every single element, such as the flags, windows, and wall bricks. This will make the upper part of the castle look farther than it is, making people feel the castle is taller visually and more spectacular [20]. By using these skills in park design, visitors could get a more immersive experience; guests can feel they have stepped into a fantasy world, fostering a deeper emotional connection and increasing the park's enjoyment, uniqueness, and success.

4. Conclusion

Creating a successful IP could be challenging because it often requires a long period to enhance its influence on the audiences and leave a consistent and deep memory in people's minds. Fortunately, with the strong base of Chinese history and the fast-growing animation film industry, some great IPs could be integrated with theme park experiences well. Local companies already have a conscious effort to combine the theme park experience with their IP. However, due to the low budget and high homogeneity of Fantawild Park, the potential of this increasingly successful IP cannot be fully shown; the park sometimes changes the name of a regular amusement ride to make it associated with the IP, such as name a regular water slide tower "Bonnie Bears water slide tower" without doing any further decorations, which will make an influential IP be wasted. Thus, theme parks in China may have to allocate probably not higher but more effective budgets for designing the integration of IPs into the theme parks to release the full potential of every ip and enhance the popularity of their theme parks within the market.

In addition, according to the 'flow theory', the higher the immersion level, the easier it is for guests to have positive psychological states such as emotional resonance, identity, and satisfaction. Simultaneously, an immersive and positive experience will improve visitors' behavioural participation, such as exploratory, interactive, and repetitive behaviour. Thus, maintaining a high-quality theme park experience could help to create stronger customer loyalty. In conclusion, creating world-class theme parks in China requires a multifaceted approach integrating innovation, local culture, and social responsibility. By adhering to these objectives, theme parks in China may attempt to learn from the success of industry pioneers such as Disney while forging their trail to Magic and excellence in theme parks.

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