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Specific Factors That Make Disney Successful

Yufei Qi[1†], Yinong Wang[2*†], Changan Zhang[3†]

[1]York school, Monterey, USA
[2]Licheng No.1 Middle School, Jinan, China
[3]Weiyu High School, Shanghai, China
**Corresponding Author. Email: Yinongw6@Gmail.com*
[†]These authors contributed equally to this work and should be considered as co-first authors.

Abstract: The paper presents a comprehensive SWOT assessment of the Walt Disney Company, emphasizing internal and external factors that facilitate its promotion and stewardship in the global entertainment arena. In this assignment, we will dive into Disney's merits, such as its strong brand of $57 billion, diversified business, and proprietary franchises such as Marvel, Star Wars, and Pixar, which have secured Disney's success. The essay further highlights Disney's challenges, such as dependency on a limited range of creative equipment and a continuous need to find a profitable formula in the trendy broadcasting world. The analysis also shows international markets creating new opportunities for growth and technological innovation advances like VR and AI content personalization. Alongside these merits, the paper details the challenges like tough competition from Netflix, Warner Bros., and many other economic and regulatory barriers. This paper maintains that, through unchecked innovation, global market expansion, and transformation, Disney can become more competitive and forever win the battle for dominance against its stronger competitors in a hard-fought and increasingly cutthroat competitive industry.

Keywords: Walt Disney, SWOT analysis, entertainment industry, streaming services, competitive market

1. Introduction

The Walt Disney Production Company, founded in 1929 by Walt Disney and his brother Roy, grew from a small cartoon studio to one of the largest and most influential media outlets in the world today. At present, the Walt Disney Company is also widely recognized. Its themes are leisure, TV channels, amusement parks, and streaming services, representing a wide range of genres worldwide. So, a SWOT analysis of how Disney got to this position reveals the main internal and external factors that have driven the company to grow and maintain its leading position in the entertainment industry. This article provides a detailed analysis of these factors and compares Disney to its major competitors, including Warner Bros., Paramount, and Netflix.

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2. SWOT analysis

2.1. Strengths: Disney's key points to success

Disney's brand, valued at $57 billion in 2023, is strong and one of the most widespread in the world [1]. The Disney brand is often associated with family-oriented animation, original stories, and well-known characters who can find their place in different generations [2]. Based on the strength of the brand, some customers are willing to pay a higher price for their goods to get similar services. These relationships are not limited to movies and merchandise but also include Disney theme parks, which remain a popular travel destination for many families worldwide. Disney owns several of the world's most influential branded businesses, showing its brand resilience.

Disney's IP includes Marvel, Star Wars, its vast library of animated movies going back over 60 years, and beloved children's brands such as Disney Princesses and Disney Villains. Their content, suitable for all ages, helps them to maintain a steady revenue stream through promotions, media products, and theme parks [3]. Those varied IPs also help Disney sustain high brand loyalty worldwide by consistently connecting with multigenerational audiences [4]. Additionally, Disney employs a strategic approach to its IP management, which bolsters its brand value across various demographics and geographies through carefully curated character-driven storytelling, evident in the success of Shanghai Disney's localized elements [5]. The appeal of the brand is to deliver consistent, high-quality entertainment, and now the Disney brand is globally famous.

Disney has a suite of businesses that are critical to helping the company weather tough times and profit from multiple revenue streams. Disney operates in different business areas, namely media networks, parks, experiences and products, studio entertainment, and direct-to-consumer and international. In 2023, Disney's revenue equated to $88.9 billion, a 7.47% increase from 2022 [6]. The Parks segment contributed about $32 billion, an increase of more than 16 percent from the previous year, driven by increased visits to theme parks and experiences following COVID-19 restrictions. Furthermore, in 2023, at Disney World in Orlando, annual price passes jumped by nearly 10%, with the most expensive Incredi-Pass now selling for $1,449 [7].

Disney's media networks, such as ABC and ESPN, as well as its sports, affairs, and popular entertainment content, also generate significant revenue for the company. Not only does it appeal to different demographic groups, but it positively impacts the company's core business. Filament Entertainment is partially managed by the company's successful film franchises, which combine the differentiated production divisions of Disney, Pixar, Marvel, Lucasfilm, and 20th Century Fox. On the other hand, Disney's strength in the future streaming market is based on direct-to-consumer and international segments, including Disney+, Hulu, and ESPN+, this extensive media networks offer robust revenue streams, which helped Disney achieve $88.9 billion in revenue in 2023, a 7.47% increase from 2022 [8].

Its success has been driven by strategic acquisitions by Disney. Pixar, Marvel, Lucasfilm, and 21st Century Fox acquired them, expanding Disney's content library and gaining access to some of the entertainment industry's highest-grossing intellectual property. As a result, Disney has created record box office and streaming franchises, largely thanks to these acquisitions. One of the best examples of this is the Marvel Cinematic Universe, which has grossed more than $29 billion since its release and has clearly contributed a lot to Disney's continued success [9].

Among other things, these acquisitions allow Disney to create simultaneous synergies across all five business units (Avatar, Star Wars, Toy Story, Frozen, etc.). Consideration can range from Marvel and Star Wars movie characters to Disneyland, TV networks, and toy stores. With the acquisition of 21st Century Fox in 2019, Disney has a much larger library of movies, TV shows, and even several of its most popular series, making it a contender in the entertainment industry.

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2.2. Weaknesses: difficulties in maintain market leadership

One weakness associated with Disney is that it is highly dependent on a few major franchises, such as Marvel, Star Wars, and Pixar, which poses a risk to its overall stability if consumer interest declines in these areas [10]. The success of these franchises has helped Disney score points, but if something happens to one of them, the situation could seriously affect Disney. Reliable returns from these three major sources also point to the risks of over-reliance on a small number of IPs.

Directors who own Disney at the same moment have little opportunity to explore new territory or research their own content, which may soon catch the eye of their clients. For example, the Marvel Cinematic Universe, a major revenue generator, faces challenges as its original audience grows weary of multiple movie trends, the latter of which have less fluidity. Similarly, while the Star Wars films have been hugely popular, maintaining consistent quality and keeping audiences interested is still a battle, especially when the public is not 100 percent sure about the latest films and franchises.

Disney+ may be quite successful, but the economic challenges make it difficult to move from the highly competitive streaming market to the world of Internet monetization [11]. The company has had to face a lot of growth, which has impacted its bottom line due to high prices for producing content and platform maintenance tools [12], as well as paid advertising. Operating costs for Disney + rose to $1.5 billion in fiscal 2023 from $1.1 billion in 2022, driven by rising potential for additional ecosystems. Disney+ has burned more than $11.4 billion of operating losses since its launch and is forecast to profit at the end of 2024 [13]. The streaming business remains attractive to competitors like Netflix, which added more than $21 billion in net revenue [14], and now Disney needs to re-align its technology strategy.

In addition, Disney's pressure on streaming stems from its ongoing struggle to balance rewarding content investments and the profitability of the service. While Disney+ has a huge subscriber base, estimated at a staggering number, the service remains a burden for the company, largely because of the significant upfront costs it spends on creating unique content. As for Disney bundling Disney+ with Hulu and ESPN+, the company managed to increase subscriptions but also had to contend with more operational complexity and increased costs [15].

Disney's family-oriented content is their core strength and one of the main factors in the success of their business; however, from another perspective, it can be a limitation. Such an emphasis could limit the company's reach for older and more mature audiences, who gravitate toward more complex narratives and themes. These are the strengths of Netflix and HBO. In 2023, 20 percent of all Disney+ content will be aimed at seniors, while 50 percent of Netflix content will be aimed at mature viewers. As a result, this gap reduces Disney's appeal in the existing streaming market, where they should be competing with established players such as Netflix and HBO.

That could cause Disney to miss out on some of the latest content trends, which have gained popularity recently with more adult complex scripts, including options for Netflix and HBO. While Disney has made some attempts to diversify its content and focus on topics that are different from the norm, the gains are meager compared to its main competitors, Netflix and Prime Video, and could hamper the growth of the streaming market.

2.3. Opportunities: possible future growth

Disney is well-placed for growth in the international markets, especially in the rising countries where middle-class societies rapidly grow, and the entertainment demands will stay caught up. As a carved-out subset of its income, the year's international revenue grew 40% compared to the preceding year's 35%. The surge was, to a greater extent, concentrated in Asia, especially China and India. Advanced services tailored for regional tastes and choices, evident in success stories like that of the one in those regions by Disney, can ramp the gross revenue up.

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Disney has spent heavily to buy a sizable market position in India. In 2019, it paid $71 billion to buy 21st Century Fox [16], with Fox's TV assets in Asia and the Star pay-tv business in India among the crown jewels of the acquisition.

Disney has an additional technological innovation opportunity that it can tap. Integrating virtual and augmented realities in the park industry and entertainment industry has already begun by the Disney Company. In 2023, 'Star Wars: Galaxy's Edge, a feature in the genre of AR, was launched in Disney's theme park [17], which experienced a 20% rise in attendance at the parks and a 15% rise in the amount of spending by the guests [18]. Steen's investments in these areas could eventually birth new revenue streams and the consumer experience improvement—endeared consumers to Disney further stressing its innovation leadership in the entertainment industry.

Likewise, AI and machine learning enhancement might refine the content personalization and customer commitments at digital Disney platforms, such as Disney+ and Hulu, which is likely to increase user engagement and retention by tailoring content to individual tastes [19]. Recommender systems powered by AI could give suggestions more likely to match the viewer's taste, thus increasing the viewer's experience and content retention. Conversely, AI could be an avenue through which Disney enhances the interactive and immersive experiences in its theme parks. More specifically, it could be used to personalize interactions between people in costume and dynamic real-time attractions so that the visitors would also have their photos taken during their visit.

The rise of Disney's streaming services area, especially when substantive growth in online platforms surpasses traditional cable TV, acts as the chief aspect. Although Disney+ only added 9 million subscribers in 2023, it was a commendable improvement from the previous year. The total number of subscribers hit 161.8 million, with noticeable increases in Asia-Pacific and Latin America regions[20]. However, the chance to go bigger still exists with these factors: improving content diversity and forming partnerships with local content producers. One of the strategies that could help Disney+ overcome the difficulties experienced by the streaming sector is its further expansion abroad.

Disney can take the opportunity by focusing on developing culturally oriented content that suits and disappears for the local public. Mention Disney could, for example, develop series and films in partnership with local popular artists and content creators that would have an appeal to the regional audience. On the other hand, one element that Disney should contemplate is bringing in tier-based pricing in some locations, thus presenting a strategy with cheap subscription options for cost-savvy.

2.4. Threats: competitive industry

Disney is in a highly competitive industry and faces significant competition from other major players such as Paramount Worldwide, Warner Bros. Discovery, and Netflix.

Regardless of entertainment content and user base size, streaming remains a fierce competition for current market leaders. As of 2023, Netflix has reached 238 million total subscribers worldwide, surpassing Disney + 161.8 million, raising questions about increased competition in the streaming market. In this way, they gave their YouTube account more than just streaming, but a leg up in the filmmaking space. In film production, several formidable franchise and content strategy competitors, such as Warner Bros. and Paramount, are a threat [20].

Disney operates in a highly competitive entertainment industry with major competitors like Netflix, Warner Bros., and Amazon Prime Video. Netflix's lead in global subscriptions, which surpassed Disney+ by 76 million in 2023, reflects the intense competition and the need for continual innovation to maintain market share [5]. Meanwhile, has also leveraged the appeal of its catalog, which includes hugely popular franchises such as Mission Impossible and Transformers, to bolster its competitive position. The entry of two new brands, Apple TV+ and Amazon Prime Video, has further expanded the market space, prompting Disney to innovate and expand its products/services to meet the competition.

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An accelerating customer shift toward on-demand streaming and digital media content is another danger for Disney. By venturing into the streaming space, it has tapped into the dynamics of changing customer behavior and preferences, and it should always consider staying competitive. An expanding entertainment market with diversified streaming services could lead to a long-term erosion of Disney's retail sales. In 2023, a study showed that 60 percent of viewers would accept more than one dedicated streaming service subscription rather than one universal streaming service, meaning Disney's universal approach could be at risk.

In addition, platforms such as TikTok and YouTube, for example, have seen a surge in the popularity of short-form content as a trend accepted by the public, thus gaining audience share that normally consumes longer-form content, including movies and TV series. Adapting to these changes, especially by deepening market presence in these places or inventing short content that aligns with the brand, is critical to predicting Disney's long-term success.

Key economic factors such as inflation, the recession, and changes in consumer spending could weigh on Disney's overall revenue, especially its theme parks and entertainment businesses. In 2023, global inflation led to higher operating costs at Disney theme parks, resulting in a 10 percent increase in ticket prices and a 5 percent decrease in attendance at domestic parks. Recessions are usually accompanied by a drop in discretionary spending, which means less attendance at theme parks and less sales of high-end entertainment. Disney must work within these constraints and continue to develop and invest in innovation to grow.

Second, the global economic collapse due to nationalization processes and other causes and the resulting after-effects of COVID-19 could seriously impact consumer spending habits and areas of consumption. With the basic part of consumption likely to become a priority, Disney could see revenue decline from incredible fantasy parks, historic places, and merchandise.

Concerning regulation, the company is equally confronted with the problem in various markets as it moves several of its operations to the global level. In markets where the government uses discretionary powers to regulate media content, such as China, Disney may need help to operate freely because it limits the type of content it creates and transmits, as it must stay within the country's regulations. On the same subject, data protection legislation in countries such as the European Union and the US may alter Disney's data collection procedures and the use of information, especially when it comes to producing content and collecting viewers' data - personalization processes are crucial here.

Furthermore, the current scenario in which tech behemoths and large networked media companies are getting the attention of many global regulators can be a driving force behind the introduction of fresh norms meant to curb the power they have over the market. By imposing such controls, Disney can be denied an opportunity to exploit its unparalleled content collection and media resources, thus negatively impacting its competitive advantage.

3. Conclusion

The Walt Disney Company has been so successful largely because of its strong brand, diversified portfolio, and precise acquisitions, clearly defined in the SWOT analysis. The only way for Disney to dominate the international entertainment industry is to capitalize on its strengths. However, the business is under pressure, and the streaming market is highly competitive regarding user preferences due to changing audience preferences.

Disney will ensure its competitive advantage only through its efforts to continuously innovate, expand geographic reach, and increase the range of content it offers to satisfy a broad customer base. The company can also use artificial intelligence and machine learning on the technology side to personalize the user experience and increase efficiency. However, Disney should be awake on the regulatory and economic fronts, as they could threaten its growth. Disney can maintain its leading

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position in the entertainment industry with its strong brand proposition, adaptability to new technology areas, and market dynamics.

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