

The Impact of COVID-19 on The Walt Disney Company Online and Offline

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Abstract: This article will focus on whether the outbreak of COVID-19 has a positive or negative impact on the entire Walt Disney Company, and whether the advent of COVID-19 has mainly affected the online or offline development of Walt Disney. This article will analyze and discuss the impact of COVID-19 on the Walt Disney Company from three perspectives: profit, assets and liabilities. First of all, this paper will divide the profits into the following income. The net income calculation and analysis of Return on assets and return on equity are three main parts to specifically judge the impact of COVID-19 on Walt Disney Company. Next, this paper calculates and analyzes whether Covid-19 has a negative impact on Walt Disney Company from the perspectives of assets and liabilities. The final conclusion is that when the novel coronavirus pneumonia broke out, it had a negative impact on the whole company of Walt Disney, especially the offline income of Walt Disney was hit hard, but the online income of Walt Disney Company did not decrease because of the outbreak of the novel coronavirus, but continued to grow. But after two long years of fighting COVID-19, Walt Disney's online and offline departments have returned to normal and are expected to surpass pre-pandemic levels.

Keywords: Covid-19, the Walt Disney Company, online, offline

1. Introduction

The outbreak of COVID-19 in 2020 caught people by unprepared [1]. According to the BBC, the outbreak of COVID-19 in 2020 brought economic sectors such as tourism and hospitality to a near standstill. Although people are afraid to go out, they still need living resources. There is no doubt that online activities will become more and more developed [2]. According to a survey institution in the United States, more than 81% of Americans said that COVID-19 has caused changes in their life, for example, many companies have changed to work from home, and children have changed to remote classes [2]. Then, for some companies operating both online and offline, whether the outbreak of COVID-19 will have a huge impact on the economy of this type of company. Therefore, this paper will choose Walt Disney World as the representative for analysis. The Walt Disney Company is a diversified global entertainment company and is expected to maintain its leading position in the world's largest media and entertainment group. The Walt Disney Company operates in two main segments: the first segment is Disney Media and Entertainment Distribution, and the second segment is Disney Parks, experiences, and products. The author will analyze the annual reports of Walt Disney

Company from 2019 to 2022 to compare and calculate the profits, assets, and liabilities of the three years, to find out whether the novel coronavirus pneumonia has also brought negative economic impact on a large and well-developed company. This study can help us to distinguish whether some sudden disasters have the same impact on large companies as small ones and help more businessmen to judge whether they need to establish both online and offline operations.

2. Literature Review

According to the Carlos Carillo, the Walt Disney Company is more than just offline theme parks and resorts, consumer products and even cruise ships[3]. Its online media is the main source of material for all offline. This article inspires the author to divide Walt Disney Company into two parts, offline and online and compare the impact of the Covid-19 on these two parts respectively [4]. According to statistics, the Covid-19 outbreak has pushed people's entertainment choices online, with short videos accounting for 30% of mobile Internet use time in China in the first half of 2022. As a result, the amusement park market is now more focused on social media. This report tells that although many offline stores are closed due to the epidemic, they can still operate in other ways [5]. Return on equity and return on assets are the two most essential measures to evaluate how efficiently a company's management team manages the capital entrusted to it. Return on equity is calculated by dividing net income by shareholders' equity, a measure of profitability. Return on assets is calculated by dividing net income by total assets, a measure of how efficiently a company uses its assets. Therefore, the author can promote the research results by calculating and comparing return on equity and return on assets.

3. Analysis

3.1. The Whole Walt Disney Company Financial Analysis

This article will analyze the Walt Disney Company's total profits, assets, and liabilities from 2019 to 2022. First, the profit is divided into four parts: revenue, net income, return on equity and return on assets. According to the revenue line chart, the income curve showed a significant decline. When the Walt Disney Company was hit by the COVID-19 pandemic, total revenue hit a low point in 2020. And it took two years for the company to gradually return to revenue growth. Turning to the chart of net income, the Walt Disney Company's net income declined at a particularly rapid rate between 2019 and 2020, so that the net income in 2020 had reached the point of loss. In the period from 2021 to 2022, the company is still affected by COVID-19. Although the net income is gradually increasing, there is still a large distance to go back to 2019. Finally, the two-line charts of return on equity and return on assets for the four years 2019 to 2022 show the decline of return on equity and return on asset value in 2020. At the same time, both the return on equity and return on assets turned from losses to profits between 2021 and 2022, but it is also clear that two-year profit values have not recovered to pre-pandemic values. Thus, it can be concluded that profit levels have been severely affected in the wake of the COVID-19 outbreak. From the next perspective, the author will analyze whether Covid-19 has had a negative impact on Walt Disney Company from the perspective of assets and liabilities. First, the author concludes from the current ratio that the impact of Covid-19 on the Disney Company is negative. Because the current ratios for 2019 to 2022 are 0.90, 1.32, 1.08 and 1.00, respectively. According to this data, current assets increased, and current liabilities decreased in 2020 when the epidemic just broke out. Of the four years, asset turnover was highest in 2020, and gradually slowed from 2021 to 2022. Next, the author compared annual reports for the four years 2019 to 2022 with the data to find the reasons for the increase in assets and the decrease in liabilities. During the 2020 pandemic, the Walt Disney Company purchased significant amounts of cash and cash equivalents and paid down accounts payable and other accrued liabilities. As a result, its mobility

ratio has increased after the COVID-19 pandemic. Finally, according to the above information, the company's profit level decreased after the outbreak of COVID-19 in 2020, which can simply prove that the Walt Disney Corporation was adversely affected by COVID-19.

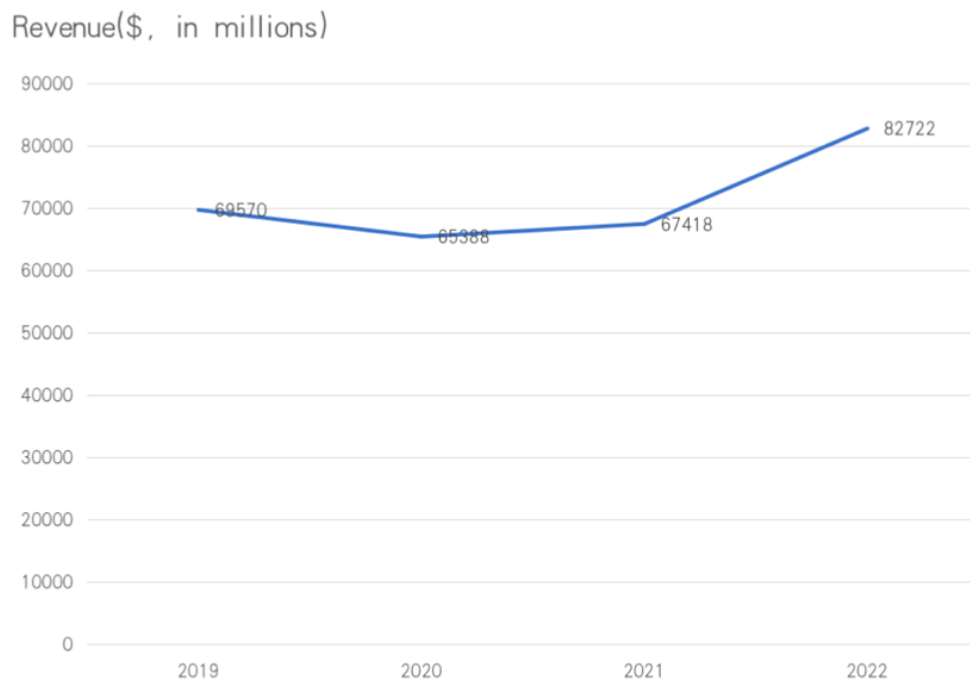


Figure 1: The Walt Disney Company's revenue between 2019 and 2022.

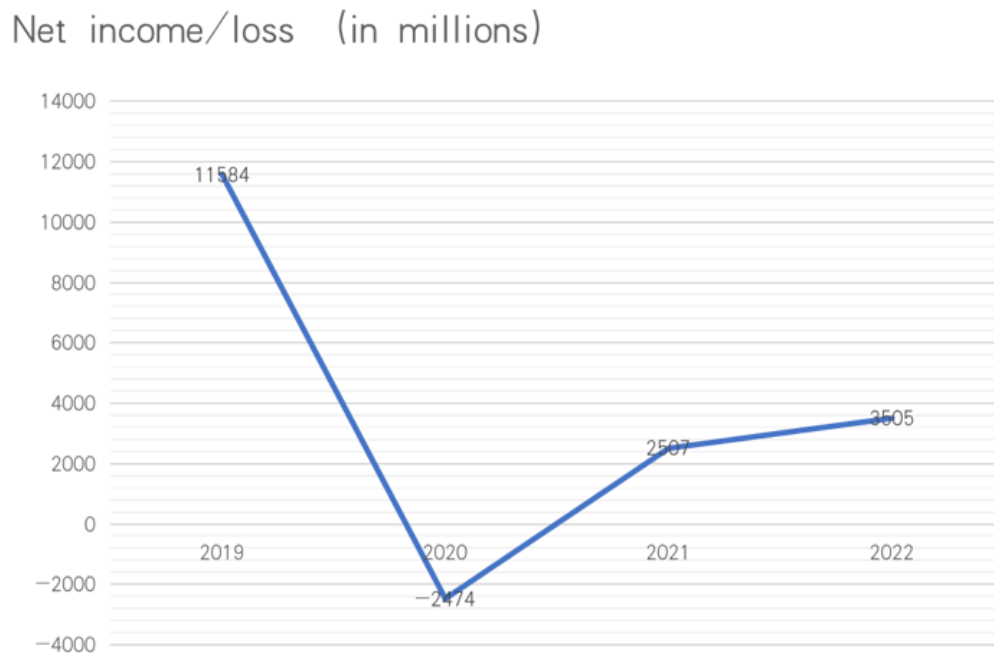


Figure 2: The Walt Disney Company's Net income/loss's between 2019 and 2022.

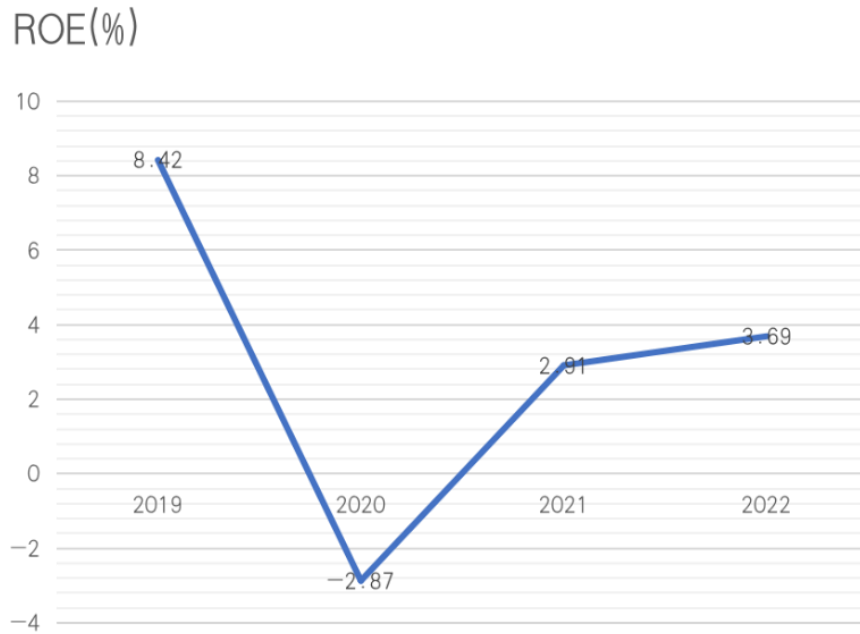


Figure 3: The Walt Disney Company's ROE between 2019 and 2022.

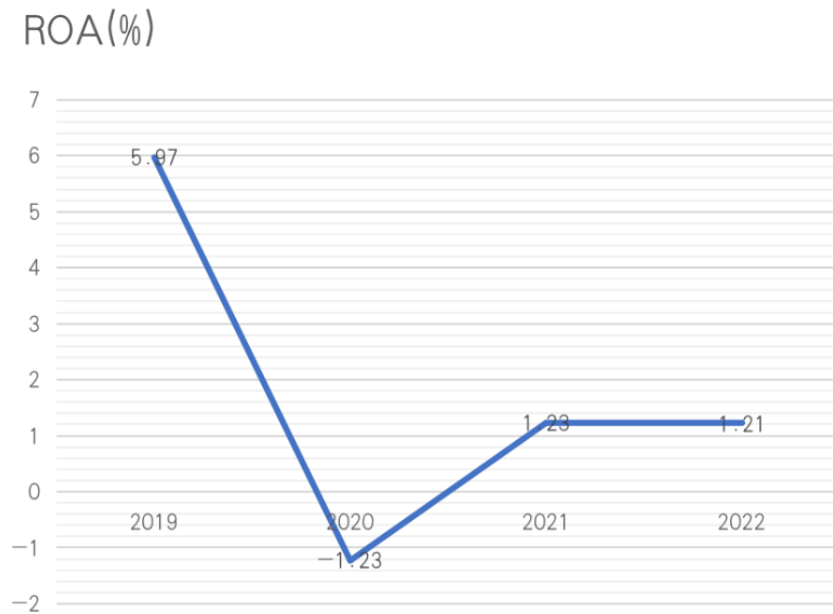


Figure 4: The Walt Disney Company's ROA between 2019 and 2022.

3.2. Compare Online and Offline Financial Analysis

According to the OECD (2020), the Covid-19 crisis has accelerated the expansion of e-commerce to the world, and there is no doubt that the changes in e-commerce are of a long-term nature [6]. Although the crisis of the pandemic is gradually relieved in the future, the convenience of e-commerce will still allow it to exist for a long time, and even develop more rapidly. Therefore, the following will be analyzed solely from the online development direction of Walt Disney Company.

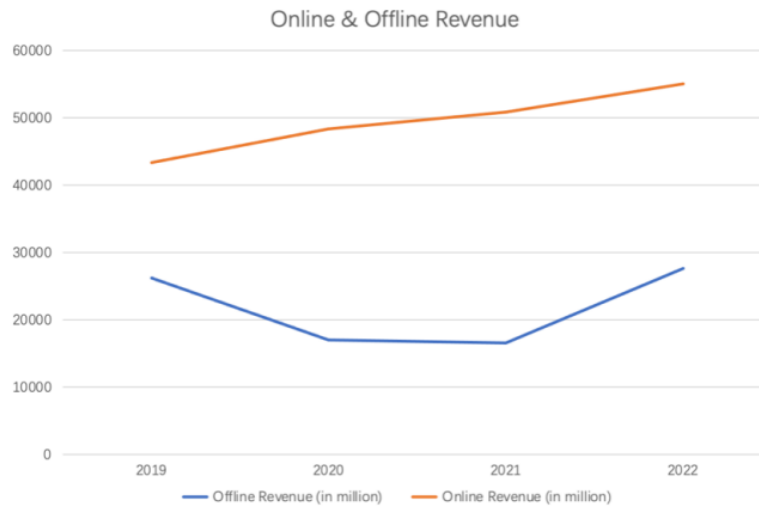


Figure 5: The Walt Disney Company's online and offline revenue between 2019 and 2022.

First of all, it is clear from the chart of online and offline revenue that online revenue shows a gradual upward line. Therefore, it can be concluded that when the COVID-19 crisis comes, people increasingly rely on online activities and online media networks are increasingly popular. In addition, [7] Urso mentioned in his article that nearly 60% of customers do not trust direct online purchases without offline purchase experience or recommendations from friends and family. Thus, it is necessary to ask whether the outbreak of the novel coronavirus crisis have a significant negative impact on offline marketing. According to the online and offline revenue chart, the offline income decreased significantly in 2020 and 2021 when the epidemic crisis was greatly affected. However, in 2022, after the Covid-19 crisis gradually subsided, the offline income increased rapidly, even exceeding the income before the outbreak of the epidemic. Finally, the line chart of online and offline income clearly shows that online income is better than offline income regardless of whether it is affected by the novel coronavirus pandemic. Online income does not decrease due to the outbreak of the novel coronavirus pandemic but continues to rise. Not only was offline income lower than online income before the pandemic, but in the two worst years of the pandemic, there was a widening gap between online income and offline income.

3.3. Example

According to the BBC, the Shanghai Disney Resort has been closed frequently in recent years due to the COVID-19 outbreak [8]. A large number of tourists were even shut down at the resort, and they were allowed to leave only after nucleic acid tests were negative. If only from the perspective of the Shanghai Disney Resort, the Walt Disney Company's offline revenue would be severely hit. However, the Walt Disney Company proposed, although Shanghai Disney Resort will be closed for a long period of time due to the COVID-19 pandemic, it will not have a significant impact on the overall company's revenue, and the Walt Disney Company's online media will make up for the loss of Shanghai Disney Resort. Similarly, the closure of the Shanghai Disney Resort will accelerate the company's development of online media [9]. According to Global Times, experts are optimistic about the revenue of Universal Studios Beijing, which opened in the midst of the COVID-19 pandemic and is similar to the Shanghai Disney Resort. There is no doubt that the COVID-19 outbreak has had a significant impact on the travel industry, so why are experts expressing such optimism about the Walt Disney Company and the Universal Studios? That is because these large, iconic companies are

expanding not only offline but also online, which helps maintain a healthy revenue profile when the world faces an emergency like the COVID-19 pandemic.

4. Conclusion

In conclusion, the COVID-19 outbreak has had a negative impact on economies around the world, especially tourism. Large companies such as the Walt Disney Company have also been hit hard by the COVID-19 pandemic, especially its offline business, such as Shanghai Disney Resort, but the online media business of the Walt Disney Company has not been affected by the COVID-19 pandemic, and even the development trend of the online media and other sectors is getting better. Since the data in this paper are obtained from the Internet, when the author continues to study this issue in the future, the author will further do some empirical data and obtain results through the author's own experiment recording data. Similarly, in future studies, the author will make a more detailed comparative analysis of Disney online and offline as well as in various countries, to understand which aspect has a huge negative impact on the Walt Disney Company and the degree of impact of the Disney Company in different countries under the COVID-19 epidemic. There is no doubt that there will be inevitable disasters like COVID-19 in the future, as many companies have accelerated the development of online businesses, and even now the world is beginning to encourage the development of sustainable commerce, so the future will not be as big as this shock.

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