

Walt Disney's Business Model

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Abstract:

Disney is a well-known worldwide entertainment company with a wide range of investments, including entertainment and motion picture production. The SWOT analysis framework is utilized in this article to examine Disney's advantages, disadvantages, opportunities, and threats to clarify the elements that have contributed to the company's success. Disney's resilience in the face of a changing business is seen in its strong alliances, significant cash flow, and wide range of products and services. However, its dependence on flagship properties and vulnerability to outside influences present difficulties. By utilizing Disney's connections and experience, there are several potentials to grow into the internet streaming market with Disney Plus. However, threats like increased competition and economic instability still exist. Analyzing Disney's development and strategic decisions highlights the company's lasting impact on the entertainment industry and exemplifies a revolutionary business strategy with broad implications.

Keywords: Disney, streaming services, SWOT analysis, entertainment business

1. Introduction:

Everything, including entertainment, evolves. People's preferences and social norms heavily influence what is created and gains popularity. The state of technology also plays a role. This applies to all forms of media, including music, television, and film. Entertainment has undergone several changes that may not appear significant then but become revolutionary when viewed through the lens of a whole decade.

Industry outlook:

The U.S. film business will be valued at \$91.83 billion in 2020, with cinematic entertainment grossing \$25.9 billion in revenue. And although that may sound like a lot, it represents a 27% reduction from 2019's sales of \$35.3 billion. ("25+ Striking U.S. film industry statistics", 2023) Despite theatre closures, the film industry has expanded throughout the epidemic. The industry is anticipated to grow at a CAGR of 4.1% between 2018 and 2025. Five large American studios control almost 60 percent of the film industry's earnings. Included in this group are Disney (18.2%), NBCUniversal (16.4%), Time Warner (16.4%), and 21st Century Fox (12.9%). Together, they account for around 63.7% of the film industry's income. Before the Pandemic, Hollywood contributed \$504 billion to the U.S. gross domestic product. This represents at least 3.2% of the gross domestic product sector of the goods and services sector and a significant portion of the media and

entertainment industry.

2. SWOT analysis

Disney is one of the largest corporations in the world. People of all backgrounds and nationalities adore Disney. Disney's competitive advantage derives from its extensive content portfolio and a strong and respected worldwide brand, enabling it to dominate all its media and entertainment categories.

2.1 The Strengths of The Walt Disney Company's

Reliability - Disney maintains robust partnerships with its suppliers, ensuring the procurement of superior primary materials for the company's production operations.

Disney's cash flow system has considerable strength, enabling the corporation to allocate funds toward various strategic investments. As of the conclusion of fiscal year 2021, the organization exhibited a cumulative operating cash flow amounting to \$5.5 billion. The fiscal year 2022 witnessed Disney's total operating cash flow amounting to \$6.02 billion.

Diversified Offerings - Many entities within the entertainment sector tend to focus on a singular niche, exemplified by Netflix's concentration on streaming services. Disney provides extensive products and services across many business categories, encompassing media networks, studio

entertainment, direct-to-consumer, parks, experiences, and merchandise. Disney caters to consumers' diverse needs and preferences across various age demographics. Individuals can get pleasure from inside activities through the use of Disney+ streaming services and engage in outdoor experiences by visiting Disney's theme parks or attending screenings at movie theaters.

2.2 Disney's Weaknesses

Disney's success is primarily contingent upon the performance of its primary properties, namely Star Wars, Marvel, and Pixar. The potential failure of any of these franchises could substantially influence the organization's financial performance.

The susceptibility of the Disney business to external factors, like the economy, geopolitical crises, and natural disasters, is a significant concern. Various circumstances can potentially influence a company's financial performance, as seen by the COVID-19 epidemic that led to a substantial decrease in Disney's revenue.

2.3 Disney's Opportunities

Disney's online streaming service, Disney Plus, has proven to be a lucrative addition to the company's portfolio, contributing to the expansion of its streaming services. Through generating fresh content and establishing collaborative alliances with other media enterprises, the organization can sustain its growth trajectory in the realm of streaming services.

In anticipation of marketing strategies, Disney has the potential to modify its investment approach, which holds the promise of rectifying numerous overlooked prospects and enticing novel clientele.

Due to their extensive knowledge and experience in the mass media industry, Disney's core competencies may contribute significantly to advancing breakthrough technologies and other pertinent aspects.

2.4 Disney's Threats

Competition in the media industry- Disney encounters significant rivalry from other media and entertainment enterprises, all striving to capture customers' attention and financial resources. The potential emergence of new competitors may adversely affect Disney's market share and financial performance.

Economic downturns - The global economy is perpetually susceptible to fluctuations and economic downturns, which can influence consumer expenditure and thus affect Disney's financial outcomes.

The Disney model can be characterized as a business model that strategically targets a worldwide family audience by offering a diverse range of child-friendly products and services that are closely interconnected, hence facili-

tating cross-promotion and boosting sales in other sectors (Williams and Hammond 277). During the 1920s, the Walt Disney Company produced its inaugural animated feature film. The initiation of animated picture production by Disney occurred during the 1930s. Subsequently, Disney initiated the production of documentaries as a strategic endeavor to broaden its scope of influence. Disneyland was inaugurated on July 17, 1955, in Anaheim, California. Disney has emerged as a significant entity within the realm of filmmaking and the domain of theme parks. At Disneyland, patrons can view a Disney film and then engage in a re-immersion experience. According to Williams and Hammond (1972), Disney's theme parks accounted for \$221 million of the company's total sales of \$329 million. Nevertheless, the Disney theme parks serve as merely the initial manifestation of the overarching Disney concept.

Disney's strategic choice transcends just financial prudence. The Disney model necessitates producing films catering to a family-oriented audience. However, the acquisition of talent plays a crucial role in enabling the company to significantly influence the entertainment industry and global society. Disney pushes the boundaries of filmmaking by seamlessly integrating inventive narratives, visually captivating imagery, and a sense of youthful wonder that appeals to individuals of all ages. According to Schlender and Tkazik (2006), there is a perception among certain individuals that Disney's standing among families has diminished due to a decline in the quality of the company's products. It is argued that Disney has prioritized quality. Nevertheless, this quotation elucidates that Disney's inception may be attributed to producing meticulously crafted films in fantasy and adventure. They facilitated the production of films centered around enigmatic locales and the realm of imagination in a manner accessible to all. The factor above significantly contributed to the achievement of Disney's initial film production.

Disney revolutionized the cinema industry through various means, most notably in advertising. Disney strategically positions itself as a brand, transcending its role as a mere movie production entity. Disney's amusement parks serve as a noteworthy exemplification. These theme parks also foster a sense of proximity to the Disney brand and elicit nostalgic recollections of one's childhood, thus facilitating the development of stronger emotional connections. Disney has implemented alterations to its movie promotion practices alongside its merchandising endeavors. Disney characters are prominently featured on various consumer goods, encompassing toys, apparel, and interactive entertainment. The company developed consumer products that appealed to children and enticed parents to make purchases for their children while leveraging their

films for promotional purposes. The connection between the Disney model and the topic at hand lies in the transformation it brought about in the film industry, wherein films and movie production firms were not inherently seen as brands before their emergence. The integration of films into tangible items has the potential to enhance their brand identity. The initiation of this advertising strategy necessitates the production of family-friendly films, as they are more amenable to targeting both children and the adult demographic that purchases children's products. Disney's production of branded items for individuals of all age groups serves the dual purpose of generating intrigue in the associated film and fortifying consumer affinity towards the Disney brand.



Fig.1 Disney Business Model

2.5 Disney's Streaming Service

Disney will be dominant in the future because Disney Plus has stood out as the most successful new service in the so-called "streaming wars." Video streaming services are growing in popularity. The number of internet searches for Amazon Prime Video has increased by 231% during the previous five years. By 2027, revenue from video streaming (SVoD) will increase by over \$139 billion yearly. So, it is unsurprising that many media businesses are introducing new streaming services. Paid over-the-top (OTT) services like Netflix, Hulu, and Amazon Prime Video are increasing. Disney is simultaneously using its rich heritage to attract new viewers and users to its platform. Among the new episodes is "The Mandalorian," the flagship series of Disney+. In barely five months since its introduction in November 2019, the site has exceeded 50 million members. Since then, the quantity has increased.

3. Why Disney plus

The main asset of Disney Plus is its extensive library of movies and television series, which includes hundreds of vintage animated pictures formerly locked away in the

"Disney Vault." Subscribers get access to almost every film in the Marvel Cinematic Universe (MCU) and "Star Wars" franchise. The streaming site has also done an excellent job of archiving scores of original Disney cartoons and television programs. Netflix offers more original content than Disney, but Disney's unique franchises are a major selling factor. Disney Plus, like its rivals, delivers unique original content. Unlike Netflix, Disney Plus releases its new original series weekly instead of simultaneously releasing the complete season. Disney Plus also has a variety of unique films, including "Turning Red" and "Chip 'n Dale: Rescue Rangers" from Pixar. Also, members may watch a selection of musical specialties.

Netflix, HBO Max, and even Amazon Prime Video provide a wider variety of original programming for adults with diverse tastes, but Disney Plus's catalog is inescapably appealing to the masses. Content is abundant for families. However, Disney Plus's biggest flaw may be its emphasis on family-friendly material. This means famous R-rated Disney films are absent from the streaming service despite their Marvel connections. Therefore, adding more mature shows to its catalog is essential for Disney's continued success as a streaming service. When R-rated movies are included, the selection for mature viewers grows significantly.

Throughout cinematic history, the Disney Model has been quite prevalent. It added a new aspect to filmmaking, resulting in epic and uplifting pictures for all ages. The Disney Model also influenced movies to become brands and produce merchandise based on the film. While Disney is always reinventing itself, it will always have films with appealing and daring tales, like Pixar's. As long as movies exist, the Disney Model will continue to impact filmmaking.

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