Disney company – pest analysis and strategy

[Business](), [Company]()

Tighter regulation of product safety

Economic General economy growth in global

Economic downturn in Western Europe in 1993

Inflation and Devaluation of Currency Growth of entertainment industry in Emerging markets

Cost advantage in India

Social Different local cultures and history C

hanges in customers preferences

Significant role of television & film

Significant role of kid's andfamily's entertainment

TechnologyTechnological advancements

Recent social trend in smart phones and APS Development of world's media

Environment

Echo-Friendly

Philosophy

Sustainable

Development

Legal

Antitrust

Law

Limits

Opportunities

PESTLE Analysts - conclusion

From the analysis of PESTLE, there are a quantity of factors tend to impact the Walt Disney to change. However, the social factor is the most important one (Kara and Couture, 2014). The key drivers are identified as following: Various new media platforms appear due to technological advancements. As the development of technology facilitates generating of various new media platforms, smart phone and computers are used by people more frequently than watching traditional television (Kara and Couture, 2014). Moreover, people may choice to see films in the APP and Internet instead of going cinema.

The Walt Disney has to update the technology and create products in new media platforms in order to meet the changes of people's life style. The needs of entertainment are multiple and volatile. Nowadays, the demand to entertainment increases as development to overall economic. However, the people's needs of entertainment are volatile and multiple, which means they usually are attracted by fresh and prefer trying new products (Bailey and

Harington, 2007). Moreover, they may not be satisfied with Just seeing films in the cinema but going to theme park to gain live experiences.

Last but not the east, people may pay more attention to quality of services rather than product itself (Bailey and Harington, 2007). Therefore, the Walt Disney has to improve the ability of innovation and quality of service in the future.

Internal analysis:

In terms of internal environment of company, a tool that identifies the strengths, weaknesses, opportunities and threats involved in a business venture called SOOT (Pall et al. , 2009). It is a common structured planning method used to evaluate the internal environment.

SOOT Analysts:

SOOT Analysts Strengths:

1 . Strong Diversification

2. Brand Reputation

3. Loyal Customers

4. Acquisitions ; Alliances

5. Economies of Scope

6. Creative process

7. Large investment in R

Weakness

1. Cultural Difference

2. Low financial management ; operation

3. Limited targeted markets

4. Large R cost

5. High sunk cost

6. Risk factories

Opportunities:

1 . Growth of entertainment industries in emerging markets

2. Further expansion in new emerging economies

3. Global localization

4. Development of technology

5. IT Advances ; Mobile Gaming

6. Cost advantage in India

Threats

1. Intense competition national ; global.

2. Increasing piracy

3 Change to customer's taste and preference

4. Continuous Need For Technological Updates

5. Economies Recession

6. Negative Publicity Due to Unexpected Event

Some Important Elements in Details

Firstly, the Walt Disney Company has highly diversified products and service portfolio. Therefore, it can conducive to reduce the business risks and enter new market to increase the revenue (Ammo's, 1975). Most importantly, all kinds of tangible and intangible resources will be shared and utilized more effectively (Ammo's, 1975).

For example, the same trademark can be used and Disney cartoon characters in television can be copied into clothing and stationery. Secondly, the Walt Disney Company has strong brand reputation. Brand Value Listed 27th in the world's 500 most valuable brands ($ 20, 548 million brand value in 2013 $ 23, 580 million brand value in 2014). Meanwhile, brand reputation also strengthens the customer'sloyalty(Uncles, 1995). Last, the Strategic and Tactical Acquisitions help the company to accelerate the global expansion and become the leader of its industry.

As an international company, the cultural difference could be an obstructive element to run business successfully in each geographic segment (Bailey and Harington, 2007). For example, the revenue of North America is quite outstanding while there is a great loss of Disneyland in Europe Paris. It states that the company is more concentrated on North American as it is based on native cultural but misunderstanding the consumption behavior of European.

Moreover, the financial management is one of capacities. As operation cost is high in company, it leads to low profits and earning rate.

Finally, there is limited range of targeted audience group as targeted markets of company are mainly focused on children and youth There are a number of opportunities in emerging markets like china and India whose entertainment industries is in growth (Baker, 2008). China has large population, which exists huge potential population consumption. In the meanwhile, entertainment industry will be supported by sustainable tourism policy introduced in China as it can attract more tourists. India has a cost advantage in terms of salary and overall cost of production.

It illustrates that making an animation movie in India costs 60, 000 dollar compared to 250, 000-40, 000 dollar USA (Baker, 2008). Therefore, it is opportunity for the Walt Disney Company to expand products and invest in emerging markets. Furthermore, as development of technology, company may benefit from IT advance like designing mobile gaming with Disney characters to meet the new demands of customers. Disney faces many media conglomerates competitors includes Victim Inc (VIA), Time Warner Inc. (TWX) and Compact (CAMS) in its various segments.