Walt disney financial analysis

1. 0 Introduction

The Walt Disney Company is a diversified worldwide entertainment and global mass media company in the USA. It was first discovered by the Disney Brothers called Walt and Roy. It was started as the Disney Brothers Cartoon Studio and later on to be called Walt Disney Studio. The main headquarters of Disney is located in Burbank, California, USA. This company is now of the leading animation industry in America and they are slowly broadening their horizons into live-action film production as well as in television and also travel.

A cartoon name that became such a worldwide phenomenon called Mickey Mouse began in Disney as it was a well known cartoon creation of the company and it became a real pillar in company’s rise and thus later becoming the company’s mascot and the main symbol. In terms of revenue, The Walt Disney Company is one of the biggest entertainment corporations operating in five different business segments such as, Media Networks, Parks and Resorts, Studio Entertainment, Consumer Products and Interactive.

Under the media network segment, the company has assets that include the ABC television network and ten broadcast stations. On top of that, Walt Disney’s range of cable networks comprises of ABC Family, Disney Channel, Toon Disney, and even ESPN (80% ownership). The Walt Disney Studios produces films through lines such as Walt Disney Pictures, Touchstone, and Pixar. The Walt Disney has also become a top comic book publisher and film producer through the acquisition of Marvel Entertainment. The company themes parks comprises of Walt Disney World Resort in Florida, Disneyland Park, the Disneyland Hotel and the Disneyland Pacific Hotel in California.

2. 0 Financial Analysis

Cost is one of the major problems for the Walt Disney Company according to their financial analysis and their main cost problem is their media entertainment. It is not a very good thing for a company like Walt Disney, who is a capital intensive business to have a small drop in revenue and sales. The Net Profit of Walt Disney shows how steady the company is and their percentage has increased from 2010 to 2012. This shows that Walt Disney is able to manage their expenses much better compared to Time Warner. Unfortunately, Disney's Gross Profit was below par.

Although there were constant increase from the year 2012 to 2012, but still the percentage was much lower than their competitor which is Time Warner. This could be caused by the difficulty in managing their cash generated from their revenue to cover their expenditure and other operations for example for the movie The Lone Ranger where big money was spend to produce and direct the movie but the movie fared badly in the box office and was a failure. Based on my research, the Return on Equity (ROE) shows that there was an improvement from the year 2009 up to 2012.

The Chairman and CEO of Walt Disney, Robert Iger is taking constructive and confidence steps investments and this is a very good thing. Furthermore, the Return on Capital Employed (ROCE) also shows a good improvement from the year 2009 to 2012. This indicates that Walt Disney is able generate revenue through their efficiency in capital management. Overall, the profitability has shown that Walt Disney is stable and doing well but there is still ample of improvement can be done in order to produce a better profitability analysis in the future. Disney's current ratios show there is ups and downs and the reading is not flexible. But still it shows payables are superior to the cash value owned by the company.

It is said that if there is an increase in current liability, it shows that the company is a in an excellent position. As for the company's Acid-test Ratio, there is a constant reading from the year 2010 to 2012 and nothing momentous about. There was an increase in Disney's Earnings per Share from 2009 to 2012 and this indicates that the market capitalisation of the company is high and is doing fine in shares.

3. 0 Human Resources Management Analysis In today's knowledge-based economy, a well designed organization recognizes their people as the main important foundation for competitive advantages (Zupan and Kase 2007). HRM is a strategic and comprehensive approaching people and the work place environment. Effective HRM enables employees to contribute productively. Every employee in Disney are well aware and very clear of the jobs that they are doing.

They are given the freedom of thinking beyond their limits. In addition to that, training and development skills are also organise by the company for the employees in order for them to work even better and more efficiently. The employees in Walt Disney have been working for the company for an incredibly long time and thus making them very experienced people. Disney is an extraordinary place to work because the company welcomes variety of opinions and ideas from the employees. However, there is still room of improvement for Disney to make as there are high employer turnover rate and employers are not given equal opportunities.

4. 0 Marketing Analysis

4. 1Product Strategy

•Produces films, video games, consumer's products (also known as merchandise) and Theme Parks.

•Disney's entire products have been widely known and very famous all over the world for more than 90 years. They have developed a very strong brand name over the years.

•Every movies develop by Disney are solid and very high-quality. In addition to that, Disney has a very good marketing strategy by releasing the merchandise at the same time with the movies that is release.

•It's very suitable for all the kids to watch Disney's cartoon as they have very suitable and has very good ethics. Kids can really learn a lot from them

4. 2 Place

•All their theme parks are strategically located to make sure that everyone around the world can experience and visit the theme parks.

•The theme parks are located in Europe, Japan, US and Hong Kong. And they now planning to open one theme park in India too.

4. 3 Promotions

•Social media and websites such as like Facebook, Twitter, TV programs and licensed merchandise are used by Disney to promote their products.

•They also have a website where people can play games online.

•In 2012, a total of $ 2. 112 Billion was spent by Disney just for advertising their products and it went up by 9. 3%.

•Disney is positioned at number 50 in 2012 and they jumped tremendously the following year (2013) to number 27 and with a brand value of $ 15, 392 in 2012 and $ 20, 548 in 2013 and with AAA brand rating too.

Boston Consulting Group (BCG) matrix

This describes Walt Disney's market attractiveness through the relationship between its market share and profitability. Under the BCG matrix, there are four categories which are star, cash cow, and question mark. Consumer products (merchandise) fall under the star category which means that the company's products are gradually growing. Presently under the cash cow category is Disney's media which is also known as cable TV. This indicates that Disney's TV shows are matured and this can contribute to the company's profit.

But in the near future, it is predicted that the company's media may be in the decline stage. At present time, Disney's movies are under the dog category which means it is declining. But with movies like the new Star Wars movies and couple of Marvel movies to be release, it is predicted that in the future the company's movies will move into maturity stage. Disney's theme parks are on a decline therefore it drops on dog category. This is because the percentage of people visiting the theme parks has drop. This may be due to people not able to afford the expensive entry fees. Besides many people don't have the time for theme parks as they are busy with works.

5. 0 Value Chain

The definition of value chain is a system that is concerned to an organisation involving the movement and stipulation of product required by end customers" (Xiaoyuan 2011). It is a network that connects the organization, people, technologies, activities, information and the communication among them (Xiaoyuan 2011). It generally begin with the suppliers and ends with the customers. There are four segments in Disney's value chain which are investments, sales and marketing, service and outbound logistics.

The parks and resorts of Walt Disney are a major contribution to the company's sales and marketing department for an instance food and beverages sales of merchandise, sales of admission and many more. With their parks and resorts doing well, Walt Disney is able to generate cash from it. On the other hand, the company has experience a fall the studio entertainment's sales and marketing as well when they spent more than $100 million to promote and market the movie Lone Ranger and made a loss of $100 million.

They made their second loss in the movie John Carter where they spend $200 million for the advertising cost and the marketing cost for that movie Walt Disney's investment which is their financial department was badly affected by the losses of the two movies mention above. The major income of the company is their investment and through their Park and Resorts they are able to gained profits where their shared rose from 1. 55 to $66. 07. However, due to the travel industry time and the fluctuations of the rate, some problems were faced by Disney in their financial department. Walt Disney's CEO, Robert Iger is a man with good leadership skills and this is the main reason why the company has a very good Human Resources department.

Disney's service (after sales) which is also their marketing has been superior. Ranked at number 2 in 2013, Walt Disney's media network has become the world most respected company. Disney keeps on to improving their products and services where 3D printed lighting was developed for their toys. This is an advantage to the company's sales and marketing department.

6. 0 Strength, weakness, opportunity and threats (SWOT)

6. 1 Strength

•Brand reputation of the company's biggest strength due to that fact that Walt Disney's is famous and well known all over the world for the past 90 years mainly for their movies and also their theme parks.

•With the acquisitions of Marvel and Pixar has further strengthened the company further and shows their competency. With this acquisition, Disney's revenue and profit growth has shown some positive results. With future movie like Stars Wars and The Avengers movies to be release, future seems to be bright for Walt Disney.

•The company's product portfolio is also very strong making it one of Disney's strength. Broadcasting is one of Disney's key tool of promotion with channels like ESPN and ABC network enabling everyone around the world to watch them

•In addition to that, Walt Disney has a diversified business where they have five different segments. These five different segments produce their incomes using different models and functions in many different economies.

6. 2 Weakness

• Although Walt Disney is well-known all over the world, but still Disney is very depend on the income and generate profits from North America mainly around in US and Canada.

•According to reports, just from US alone Disney's revenue is around 70% which is quite high percentage.

•Disney will be in danger in the sense of their revenue dropping if they were any economic problems or any natural disaster to occur in US.

6. 3 Opportunity

• Disney is currently expanding their movies to other countries around the world like India and China

•This is a good move because the quality of the infrastructure in these countries is very good leading to them having a good movie production industry.

•In addition to that, Walt Disney's TV industry is also growing in emerging countries due to the fact that from the Asia Pacific region they have generous amount of customers and it will definitely grow with the expansion to the countries mention above.

• In the future, with these two countries, Disney's products and movies are expected to grow even bigger.

6. 4 Threats

•Disney's main treat is competition. In this competitive world, Walt Disney is running their business where films and TV Medias play a strong role in the society and they can face very intense competitions from other companies.

•With all the other companies trying their best to be on top and more competition arise, Disney's will start to feel insecure. Therefore, to make sure they are always on top and to overtake their competitors, more efforts should be made by Disney.

•Another biggest treat of Disney is piracy. Disney losses profit cause by piracy because people rather watch movies at home than in cinemas. Therefore, they download any movies they want for free from any websites on the net.