# A case study of the walt disney company marketing essay

Multinational Corporation (MNC) is a large company with plants or other direct investment in one or more oversea countries. In the same way, it is also called a transnational corporation or an international corporation. The multinationals usually provide technology, finance capital, and marketing skills in return on a profitable market and where they operated in developing countries. However, even the high class industrial nations may be the scenes of investment by multinational companies. The multinationals have power that can influence over the foreign governments. It has been the criticism target, but many host countries have imposed regulations and given them a larger share of profits, jobs, and markets. (Investments & Income, 2007-2010)

Multinational corporations can be categorized into three types of integrated according to the structure of their production instruments, such as horizontally integrated multinational corporations, vertically integrated multinational and diversified multinational corporations. Horizontally integrated multinational corporations are managing the production establishments located in different countries to produce the same or similar products, like McDonalds. Vertically integrated multinational corporations are managing the production establishment in certain country/countries to produce products that serve as input to its production establishments in other country/countries, like Adidas. Diversified multinational corporations are managing the production establishments located in different countries that are neither horizontally nor vertically integrated, like Microsoft. (Investments & Income, 2007-2010)

# Company Information

## 2. 1 Company History

The Walt Disney Company (NYSE: DIS) is the second largest media and entertainment corporation in the world, after Time Warner. It founded on October 16, 1923 by brothers Walt and Roy Disney as a small animation studio. But now it has become one of the biggest Hollywood studios, and owner of eleven theme parks and several television networks, including the American Broadcasting Company (ABC). The Walt Disney Company's corporate headquarters and primary production facilities are located in California at the Walt Disney Studios (Burbank). The headquarters is located in US's large-scale multinational corporation. The primary service manufactures including the entertainment programs, subject parks, toys, books, computer games and media networks. The philosopher's stone movie company, the Miramax movie, Hollywood Movie Company (company), the abundant great audio and video product, the ESPN sports, the ABC television network all is its uneven under company brand. (Usahm. net, n. d)

Since its founding in 1923, The Walt Disney Company and its affiliated companies have remained faithful to their commitments that produce unparalleled entertainment experiences. It based on the rich legacy of quality creative content and exceptional storytelling. The Walt Disney Company, together with its subsidiaries and affiliates, is a leading diversified international family entertainment and media enterprise with four business segments, such as media networks, parks and resorts, studio entertainment and consumer products. (disney. com, n. d)

2. 2 Company Structure

Walt Disney's Creative Organization Chart

(Source: Kuang, C., 2009)

Roy Disney was fighting for a strangely organized company that the Walt Disney Company created in many aspects. It depended to refining remarkable ideas rather than hovering profits. In other words, check out his organization chart of Disney under Walt Disney's Creative Organization Chart (above). (Fast Company, 2010)

As At Issue points out, this wasn't your standard pyramidal corporate hierarchy–it was one used to giving autonomy to the people. And it actually making the films, and letting each of their own processes works out themselves. Naturally, as Disney grew into a corporate behemoth, that organization was swept away in favor of layers of VP's and SVP's. Hence, Disney never makes movies again like they used to–Just as Roy always argued. (Fast Company, 2010)

# 3 Globalization

## 3. 1 Definition

Globalization is the system of interaction among the countries of the world in order to develop the global economy. Globalization depends on the integration of economics and societies throughout the world. Globalization involves technological, economic, political, and cultural exchanges made possible largely by advances in communication, transportation, and infrastructure. (Hubpages Inc., 2010)

There are two different types of integration, such as negative integration and positive integration. Negative integration is breaking down of the trade barriers or protective barriers such as tariffs and quotas. The migration of barriers can be profitable to a country if it allows for products that are important or essential to the economy. For example, by removing barriers, the costs of raw materials imported will decrease and the supply will increase. Therefore, it can make cheaper to produce the final products for export (like electronics, car parts, and clothes). (Hubpages Inc., 2010)

Besides, positive integration is used to standardize the international economic laws and policies. For instance, a country which has its own policies on taxation trades with a country with its own set of policies on tariffs. In the same way, these particular countries must have their own policies on tariffs. By following the positive integration and the continuing growth on the influence of globalization, these countries will process on having similar or identical policies on tariffs. (Hubpages Inc., 2010)

## 3. 2 Impacts of Globalization

Try to imagine a world without Walt Disney. It is a world without magic, whimsy, and fantastic. Walt Disney transformed the entertainment industry into what we know today. He commences the areas of animation, and found new approaches to teach and educate others. (JustDisney. com, 2005)

Walt Disney’s optimism came from his unique ability to see the entire picture. His views and visions came from the fond memory in recent years, and it will remain for the future years. Walt loved history. As a result of this, he didn’t give technology to us piece by piece; he connected it to his advance tasks in making life to be more fun and enjoyable. Walt Disney became our bridge from the past to the future gradually. (JustDisney. com, 2005)

During his 43-year Hollywood profession, Walter Elias Disney established himself and his innovations as a genuine part of Americana which sustained the development of the action picture industry as a modern American art. (JustDisney. com, 2005)

Walt Disney is a legend; a nation hero in the 20th century even in the 21st century. His worldwide popularity was based on the models which his name displays: imagination, optimism, creation, and self-made success in the American tradition. Walt Disney would like to touch the hearts, minds, and emotions among the millions of Americans than any other person in the past century. Through his work he brought joy, happiness, and a universal means of communication to the every nation on the world. He brought us to get closer to the future while he is telling us of the past; it is ensure that there will never be such as great a man, as Walt Disney. (JustDisney. com, 2005)

Disney has always acted a special degree in American culture. The level of familiarity with classic Disney animation movies like The Little Mermaid, The Lion King, The Jungle Book, and others which are amazing and extension through many generations. In addition, Disney has been one of the major participants that play the significant role in our mind, especially to the kids. (Fuji Lozada’s Fieldnotes, 2010)

Disney holds an ideal view point to impact the way in which many Americans look at other cultures and given its high reputation. That is the way that

Disney coordinates the fictions with familiar cultures and fairy tale especially among children. This is importance because the way people become aware to affect others violently and how they interact each others. If Disney indicates the most of someone's experience with another culture, then it will be drawn upon heavily to develop an understanding and explanations of particular cultural principles. (Fuji Lozada's Fieldnotes, 2010)

Some of the classic Disney movies are problematic in several ways. First, the particular part of cultural imperialism they create- not direct imperialism, but rather a sense of imperialism within the minds of Americans-leads to a complicated in establishing good relationship between Americans and the cultural. In reality, the way that these cultures are " Americanized" causes a enhanced concept of similarities, or homogenization, within the minds of viewers that do not have a separate foundation on understanding the particular culture. Creating this idea that " they are just like us" leads to a degree of aversion enhanced to the differences when they actually appearance and a powerful back stand from the cultures who feel as though they have been ignored. (Fuji Lozada's Fieldnotes, 2010)

## Porter's Five Forces Model

## 4. 1 Threat of New Entrants

Since the Walt Disney Company has been able to find a very unusual niche within the industry, the entrance barriers are high relatively. The company is able to grow over a long term period, and has to develop from the departments of Research and Development (R&D), marketing, and finance.

By depending on past experience, the company officials know to a large extent what the target customer wants. (scribd. com, n. d.)

## Threat of Substitute

The products or services are moderate to low. Other cartoon figures, theme parks, and movies can search the market in which the Walt Disney Company is operating in, but this is obviously representing a significant threat. The Walt Disney Company has placed price controls on many of its product lines already, and should be able to cope with other new competitors. However, by upgrading products and services, the threat alone of new entrants into the market requires the Walt Disney Company to hedge against such risk by simultaneously. (scribd. com, n. d.)

## Bargaining Power of Suppliers

The suppliers are governed by a few companies as the Walt Disney Company is operating in a highly differentiated and unique industry with high switching costs associated with operations. Besides, they are most probably very concentrated. However, the Walt Disney Company is a unique company and important customer of many suppliers. Furthermore, the size of the company may be a great advantage certainly. The company will create a dependency relationship in the industry by being able to order large volumes of unique products from unique suppliers. (scribd. com, n. d.)

## Bargaining Power of Buyers

The bargaining power of buyers is high in the service and in the entertainment industry. The customers have powers certainly since a large number of customers are needed to make the Walt Disney Company's operations run smoothly. For example, if the price on a particular home video is too high, customers may be averse to spending the money needed to purchase the products. Another example is the entrance fee charged at the Walt Disney Company’s theme parks. Furthermore, the entertainment industry does not take the buyer money, even if it is planned in a way that it will make the buyer spend more. A majority of the Walt Disney Company’s product mix focuses on intangible returns of the buyer’s money. However, some customers may not realize that they are getting such a return may increase the bargaining power of the customers. (scribd. com, n. d.)

## 4. 5 Rivalry among Existing Firms

It does not play a very important role in the Walt Disney Company’s external operational environment. Nevertheless, it is true that the company’s exit barriers are extremely high. Furthermore, capacity is expanded in extremely large investments. However, there are no closer direct competitors to the Walt Disney Company’s operations. Competitors such as “ Lonely Tunes” retail stores do not appear to appoint themselves to expensive advertising campaigns in order to obtain market shares. Moreover, the Walt Disney Company’s products are highly differentiated. The switching costs are therefore quite significant. A multinational corporation such as the Walt Disney Company faces internal weaknesses and strengths, which can to a certain extent be controlled. The external forces such as opportunity and threats are more difficult to control, and the Walt Disney Company has to adopt and take advantage to those forces. (scribd. com, n. d.)

# SWOT analysis

## 5. 1 Strength

The Walt Disney Company's main strength is in its resources, its experience in the business, and its low-cost strategy. Besides, the company has developed clearly a very strong and well known " brand-name" through many years. The company has also been able to diversify its operations and products to hedge against decreasing sales in product lines. In recent years, it has categorized into Home Video, Film, merchandise, Radio broadcasting, Net-work television and in theme parks. It has also effectively diversified globally its operations from USA to Japan and Europe. The main strengths in internal resources relate to human resources and financial stability. Employees in the Walt Disney Company studies appear to be extremely creative and they have produced several box-office productions in these recent years. A company without new ideas is bounded in today's competitive business environment. However, the low-cost-corporate-strategy is a benefit for the company. The company can control costs, and still produce quality goods and services. Financial risks have been minimized by sharing initial investment costs with a maximum number of outside participants. (scribd. com, n. d.)

## Weaknesses

Corporations always have internal weaknesses. The Walt Disney Company's main weaknesses are the following: A very large work load, often changes in top-management, and high overhead expenditures. The company has 58, 000 employees in 1991. This fact represents possible communications problems, and a high bureaucracy level through the corporation. The company’s work load will increase even larger, and the organizational structure has to be able to support an extension of the work load by varying into more businesses and niches. The company has a very frequently changes and its corporate officers makes the corporate structure even more difficult. There are many positive things that often changes, but the changes are also associated with resistance, and high expenses. (scribd. com, n. d.)

## Opportunities

External opportunities should be recognized, analyzed, and responded to in a very early stage. The Walt Disney Company is facing several external opportunities. However, the external threats facing the company are out-numbering the opportunities. Opportunities include the following; positive government attitudes towards its operations, barriers of entry are significant, and include the entertainment industry itself. Legal and legislative forces are usually identified as negative external factors to the company. Furthermore, the French government contributed greatly in the Euro Disneyworld project in the Walt Disney Company’s case. The French government invested in the project to built communication facilities, and gave the Walt Disney Company tax relief’s on cost of goods sold accounts. In addition, since the barriers of entry into the highly specialized industry in which the Walt Disney Company is still operating, competition will find it difficult to penetrate the company’s highly diversified product or service mix. Therefore, large initial capital investments are required to enter the industry accordingly. (scribd. com, n. d.)

## Threats

Major threats to the Walt Disney Company include the following; Over saturated markets, politics and economic aspects from a global perspective, and foreign competition. As the supply of products and services in the entertainment industry is starting to saturate the markets, competition will be more exciting, and only the most powerful companies will be able to survive finally. The Walt Disney Company has leveraged this risk to a certain level as it has diversified and globalized its operations, but still, the company is in the service/entertainment business. The Cable-giants such as Turner Broadcasting Systems (TBS) may not be able to manage the stress on its operation such as the Network-television division. (scribd. com, n. d.)

## Strategies

The Walt Disney Company's corporate level strategy is based on a horizontal and scattered informal management approach. Ideas are born within the departments and are processed throughout the low hierarchy relatively from the final decisions. The management is placed on group creativity and in teamwork. For example, the most creative employees usually met the target in the purpose of generate with new ideas and new business strategies. As seen in this example, a large emphasis is focused on employee participation, especially on the most talented employees. Furthermore, the company is always refreshing its top management with new executives. " Top-flight" managers from the entertainment corporation and the financial business think new ideas and concepts which can be applied in the Walt Disney Company. There is however a significant increase in expense attached to attracting the very best to join the company. This increase in expense is related to special perk-packages directly, higher bonuses and escalated salaries that are offered to the top-executives. (scribd. com, n. d.)

Another interesting strategy is the focal point that is focused on enhancement of the business. The corporate policy is to grow slowly instead of “ impress others”. It is important for the company to meet demand with a sufficient supply of goods and/or services. It can be accomplished by effective distribution channels and marketing department. This leads us to another corporate policy, efficiency and suppression. Recently, movie industry trend towards increase in costs rapidly, it have a direct effect on the profitability of the company. By reducing the costs involved in making and marketing Disney films, it is cheaper and more profitable movies can be produced. Efficiency enforced by tight budgets and expected high returns, Disney must be able to produce more efficiency and cheaper than its competition. (scribd. com, n. d.)

In addition, the corporate strategy is clearly focusing on diversifying its products and services. The expansion overseas rapidly and an increase in the product and service mix have created an umbrella effect. Thus, risks have been reduced and minimized. If one product line fails, other product lines have to cover for its losses. (scribd. com, n. d) The Walt Disney Company is able to produce more and more products to the others countries which do not have Disneyland. Instead of going toward the countries that have Disneyland, the customers also can buy the Disney products in their own countries. Besides, it can increase the revenue on those particular countries.

## Conclusion

(Source: Ketterer, J., 2010)

**As a conclusion, Walt Disney is a master in globalization. It is one of the largest companies on the planet. Disney tries hard to create the big amount of revenues in the markets and worldwide itself in order to establish itself become as a global brand. Afterwards, the brand has been further developed as a result of merchandising. Merchandising has definitely played an important role in establishing the brand all over the world. (Suite101. com, n. d.)**

**" An important factor in the success of Disney has been the integrated nature of its products, with synergies between film and television, between media and theme parks, and between theme parks, hotels and resort operations," according to the 1998 book Embracing and Managing Change in Tourism: A Globalised Theme Park Market? The Case of Disney in Europe. (Suite101. com, n. d.)**

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# 9 Appendices

Appendix 1

Source: Walt Disney, 2008