

# Pest analysis of the walt disney company: streaming service to keep profits risin...

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The Walt Disney company is one of the most beloved by children, adults, and parents. The resorts are full of whimsy and magic. The animations remind you what it's like to be a kid again. But not everything is fun and fancy-free with this company.

In fact, the company has open opinions regarding the current political landscape. And they're likely to become Netflix's biggest competitor. This PEST analysis of the Walt Disney Company explains the political, economic, social, and technological aspects you likely aren't aware of.

### **Political factors: An opinionated chief executive**

Over the last few years, the Walt Disney Company has been surprisingly opinionated about politics. Back in 2011, the company fired a comedian when he called the United States cowardly for how they handled the September 11, 2011 terrorist attack. Later, the company wouldn't distribute the film " Fahrenheit 9/11" because of criticisms involving President George W. Bush and the Iraq war.

But they have let certain things fly. Jemele Hill tweeted that President Trump was a “white supremacist” and didn’t receive consequences by Disney, despite her being a host for the ESPN cable network that Disney owns.

According to the executive chief of the company, Robert A. Iger, he felt that it’s important to understand what other people at ESPN were feeling, which meant no disciplinary action against Jemele Hill.

And Mr. Iger has also spoken against President Trump after one Disney employee was killed in the Las Vegas massacre, citing that people become outraged over athletes not standing during the national anthem, but not when gun-related tragedies happen. All of this is interesting, considering Mr. Iger may be considering running for president in the 2020 election. Perhaps this is setting the stage for if he does decide to run. Either way, he’s deep in the political mix, and this reflects directly on the company.

### **Economic factors: Billions in revenue with more to come**

In 2018, the Walt Disney Company generated over 20 billion U. S dollars with only their worldwide resorts and parks. Their media networks generated over 24 billion U. S dollars on their own. These networks include ABC Television Networks, ESPN, Hulu, and the Disney Channel. In total, the combination of all the assets owned by the company amounts to 95 billion U. S dollars in 2017 alone.

For a breakdown: the network channels brought in the most revenue, followed by parks and resorts, and then their studio entertainment and film businesses. It’s likely that in the next coming years, revenue will further increase if they finally release their alleged streaming service.

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The economics of the company aren't all positive. Disney's cable networks were down 1 percent at the start of 2017 with operating income falling to 13 percent. Expenses increased, particularly with their network programs, which forced operating income down further.

The company owns many franchises, like Pixar Animation Studios and Marvel Studios. Briefly, the company was negotiating a deal with Netflix, allowing the streaming giant full access to their catalogue of movies. Then, months later, the deal was off. And recently, Disney has pulled certain content from Netflix, including certain Marvel series. Why? Because Disney is supposedly creating their own streaming service which would be a massive competitor for Netflix (even more so than Hulu). And since Netflix is raising prices again, Hulu is now cutting some of their monthly packages as a response.

People are eagerly awaiting the Disney streaming service. Unlike Netflix, that had to start from the ground up with creating (costly) original content, Disney has plenty in its arsenal that their customers want digital access to. Which means, expenses can stay low at launch.

### **Social factors: Nostalgia everywhere**

The Walt Disney Company is firstly an entertainment company. Disney World is still fondly thought of as the most magical place on earth. New animations are hitting the market frequently, whether it has the Disney or Pixar logo on it. And it's clear, everything Disney does follows old Walt Disney's vision: "To make people happy."

The company is expanding into mobile and video games, as well as branching into new economies like India and Russia. This means needing to put more funding in research and development to understand these markets and tailor products specifically to their needs.

Social media is a method for the company to push nostalgia. They have specific pages on Facebook devoted to specific movies and television shows. They use footage from their films to create “ memes” and captions on Twitter. It’s all a means to foster community, discussion, and remind people of their childhood while cruising media platforms. And it works; their social media profiles have millions of follows who actively engage with the content they put out. For any digital marketer, that’s the dream.

### **Technological factors: Streaming, video games, and piracy**

As stated above, the Walt Disney Company is expanding into new technology. Not just with the inevitable streaming service (as well as Hulu that they partly own), but also how they manage social media profiles. These are new ways to stay in sync with the latest innovations, and keep in touch with consumers.

It’s much easier to segment their audiences based on fandoms by running pages for specific movies and television too. Although they still offer Blu-ray DVDs for movies and television, many people wish to forgo the physical discs and opt for the online equivalent.

The problem is, many still pirate and torrent Disney offerings because it’s free and easy to do. This why the streaming service is a fantastic idea; more

profit for Disney and a way for people to get what they want while still supporting the company they love.

Disney will likely see a boom in interest when video game Kingdom Hearts 3 releases in 2019. The first two games of the series feature prominent Disney characters and worlds that you're able to visit as the main character. The Little Mermaid, The Lion King, Hercules, and Beauty and the Beast are just a few of the visible in these games.

In this new version, Pixar characters, such as Elsa and Anna from Frozen will also be playable. Fans have waited over 10 years for this installment, and since it heavily features the world of Disney, it'll likely boost interest in the animated films.

## **Conclusion**

The Walt Disney company is in a precarious situation; it's steeped in political controversy while also remaining the landmark of your childhood. It's supposed to be a company that makes you feel heroic, warm, and fuzzy; that's harder to achieve when the name is wrapped up in the latest political scandal. Even so, the profits are still on the rise and likely to continue with a probable streaming service and continuation into the video game industry.

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