

The marketing functions of walt disney tourism essay



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The Walt Disney's core business area is Amusement and theme parks.

Organization started business in 1955 with an 80-acre Park in California US.

Currently they have theme parks in US, Tokyo and France. "Euro

Disneyland" was one of their biggest projects in 1990's; the venture was one of the American efforts to expand their business in foreign countries. Even though Walt Disney's first foreign venture in Tokyo was a success, their next expansion of business in foreign soil "Euro Disney" became a failure.

Objective of this document is to examine marketing management and its role in the business at Euro Disney. Throughout the document it focuses on current marketing function and identifies significant issues which has caused noteworthy drop in the performance of Euro Disney and analyses fundamentals of consumer market behaviour and the use of marketing concept to overcome the situation.

Euro Disney Marketing Functions

Marketing research

Since Tokyo Disneyland became an instant hit, Walt Disney Company executives believed they learned so much about operating a theme park in another country, they began immediately to search for a site for a fourth park. The selection was "Paris" for many reasons.

France had a spectacular transportation network because of its large population.

The Walt Disney Company executives believed since Tokyo Disneyland and Paris was located in almost the same latitude and shared a similar cold-weather climate that they would be able operate successfully.

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Their research was aimed at Europe because Disney films historically have done better there than in the United States. Because of this Disney entertainment was already familiar with western European audiences, (Scimone, 1991).

Marketing planning

SWOT Analysis

Product development

Development of Euro Disney was mainly focused on not to repeating two mistakes that they did during past ventures, i. e.

Allowing other establishments to open hotels in surrounding area of the theme park

As happened in Orlando, Florida, where only 14% of the hotels owned by Disney.

Allowing another company to own the theme park

Where Disney just collects royalties from an immensely profitable attraction (Solomon, 1994)

Consequently, Walt Disney bought far more land than it needed in order to eventually build 700, 000 square meters of office space, a 750, 000 square meter corporate park, 2, 500 individual homes, a 95, 000 square meter shopping mall, 2, 400 apartments and 3, 000 time share apartments (de Quillacq, 1994).

Advertisement and sales promotion

Euro Disneyland did marketing to emphasize that it is a “ Complete vacation destination that offers enough to keep family happily occupied for a week”(Scimone, 1991, p18). They promoted Euro Disney as a place where French guest could visit and stay for a long duration. Their main strategy of marketing was promoting the theme park by adopting American Style. i. e.” Bigness and extravagance” (Wentz & Crumley, 1993, p. 1 23). Furthermore they used little showcase to market what adventures guests could perform and used characters to explain what they could see inside the park.

All the sign boards inside the park were themed with “ Pirates of Caribbean” style and trademark was “ Smile a lot”. To achieve more guest attraction into the park, Euro Disney organized events such as “ Halloween”. Low price tickets were sold after 5pm specifically targeting Parisians, another marketing tactic was to give reductions to school groups and people below 25 and over 60.

Selling and distribution

The accessibility to the location of euro Disney Land has been made easier by location itself, where it’s only 20 miles away from center of Paris and also it’s situated between two international airports of Orly and Roissy-Charles-de-Gaulle. Also the site is connected with French railway regional express where it’s connected with the Paris metro system. On the opening day itself the direct rail link to Great Britain via the English Channel wade the pathway to countless additional potential guests.

Public relations

The employees with trilingual capabilities were given more prominence in recruitment of staff, since Disney hoped to attract visitors from all over Europe. These employees were given special human resource training to implant the “ Have a nice day” mentality and to smile the “ Disney Smile”. Employees were also instructed to adhere to the “ Disney Look” to be in line with the Disney culture.

Analysis of the fundamentals of consumer behaviour

The buying process

There are four types of buying behavior:

Disney Europe expected a variety seeking buying behavior from the customer, as they offered a variety of products within the theme park. Ranging from theme park rides, interaction with Disney characters, food, beverages, Disney merchandize and many more.

Root cause Analysis

The strategy that Disney wanted to implement was the same tried and tested model that they had adopted in the Unites states and Tokyo. However the root causes for their failure was also this strategy which failed to factor in the socio cultural differences of the French and Europeans and their over ambitious plans to develop the site plus their financial structure itself.

Strategy mismatch at Euro Disney

The root cause of the blunder that Disney made in France was that they perceived that their theme park was a monopoly due to its size a monopoly

is described in literature is described as a single supplier with no rivals and high barriers to entry. When comparing Disney to the other theme parks that were in existence at the time it's evident that all of them were small and less known than the famous Disney brand. Also it was very difficult for an investor to come up with a park of the same size and quality due to the high cost involved. Therefore Disney's assumption about the monopolistic position could not be faulted.

Disney was also focusing on tourists who would spend several days at the park in order to experience the entire park, which would entail revenue from their hotels, food and merchandise;. Euro Disney due to their perception of their park being a monopoly also priced themselves at a premium, which was more expensive even compared to the tickets for their venues in America. It was also discovered that consumers were not behaving in the manner expected for a monopolistic market. However what transpired was that the French saw it as a day destination which made Disney compete with many other smaller theme parks scattered around France. Euro Disney also miscalculated the per-capita spending of visitors to the park. It was assumed by them that customers would spend as much as Americans and Japanese, however French visitors spent about 12% less than their counterparties. Europeans left the theme parks empty handed whereas this was rarely seen to take place in America and Japan.

Cultural Issues

Disney failed to identify the existence of cultural differences in Europe resulting in them making the following mistakes;

Disney executives thought that Europeans had the same holiday patterns as Americans who spent their money on several short holiday sprees, whereas the Europeans and French were more likely to spread their money and take a few longer breaks.

The company also miscalculated the eating habits of the European visitors where they thought they would emulate the Americans by having a quick meal rather than a sit down meal at the appointed time accompanied with wine and liquor. This caused a huge uproar as the French were accustomed to taking a glass of wine with a meal.

The employees who were predominantly French were expected to act in a manner that was contradictory to their social customs. The Disney Company expected their employees to adhere to a strict thirteen page guideline which imposed a well scrubbed American look. This did not sit very well with the employees who preferred their individualism.

Marketing strategy mismatch

The theme park was marketed as "...a complete vacation destination that offers enough to keep the family occupied for a week" (Scimone, 1991. p. 18) this strategy boasts typical American style bigness and extravagance. Where they have completely alienated the emotional aspect of it by neglecting to emphasis on the special memorable experience the family could have. This clearly shows that the company did not consider the views of the Europeans when developing their strategies.

Euro Disney also did not see the approaching recession which tumbled the French real estate market which largely negated their strategy of developing
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property and selling it to potential buyers; it also shrunk the European and French disposable income so that families thought twice before taking a costly vacation at Euro Disney.

Operational Strategy Mismatch

Euro Disney encountered several operational mismatches during its early existence some of which are still in existence today such as the right level of staffing at the theme park, it was assumed that Monday would be a light day for guests and Friday would be heavy but the reverse was true. They also miscalculated the facilities available for parking, hotel check out positions, poor management of the crowds (Large queues, restaurant seating capacity)

Strategic Action Plan for Disney Euro

Seven P's of Euro Disney

Product

Happiness

Place

Euro Disney Park

Promotion

Powerful and widely known brand name

The amount of publicity generated by the project

Price

Determined by benchmarking those of other Disney parks

People

All the cast members , current and previous customers

Physical environment

Theme park , hotel , retail complexes and recreational facilities

Process

The process by which the product happiness and satisfaction is delivered to customers

Recommendation and conclusion

By analyzing the above facts, there are two main objectives that Euro Disney Co will consider; those are to overcome their high debt incurred along the way of its operations and to fulfil the gap of the cultural mismatch. Euro Disneyland reported \$905 million loss for the fiscal year that ended in September 30, 1993(Sterngold, 1994), and by December 31, 1993, Euro Disneyland had amassed cumulative loss of 6. 04 Billion French Francs or 1. 03 billion US dollars (Grumbel & Turner, 1994). Therefore to overcome these debts the following strategies and tactics are recommended;

Issuing of shares to the borrowers to set off against the outstanding debts.

Rights issue to the existing share holders in order to raise funds to recover the company debts.

Downsizing of employees.

Reposition the brand to reflect its proximity to Paris.

Price deductions on entrance fee and hotel prices on special promotional periods, and on different custom segments such as schools, age and etc.

Offer all inclusive packages which include transport, food and accommodation to attract budget tourists.

Design special festivals aimed at different seasons of the year such as Spring, Summer, Autumn and Winter this will entice visitors to the park several times a year to have a different experience.(Increase Consumption)

Introduce activities such as golf, tennis etc to cater to the different segments of visitors.

Revamping of the way it was marketed to be a family oriented vacation highlighting the emotional aspect of it.

Expand the market to other untapped markets such as the Middle East and Afric

A better mechanism to lighten up the current customer service in order to attract more customers to the business.

By achieving the plan mentioned above we are confident that the euro Disney operation can be made profitable successful.