

# Challenges to the walt disney company



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## The Walt Disney Company

### Strategic Issues

#### First Strategic Issue

Walt Disney has experienced various strategic issues, and their strategic approaches have led to success. Its strategic management has identified the fact that their competitors could take advantage of the strategic weaknesses and pull the company behind in terms of market position. Although the issues are limited in such a successful company, they deserve maximum attention, as it is possible for them to act as threats towards the future welfare of the entire business.

From a quick SWOT analysis, Disney's strengths are diversity and the surplus cash it attains from its business operations. Its weaknesses include the two strategic issues it is recently facing, its opportunities are expansion possibilities, and its threats include stiff competition. One of these strategic issues that Walt Disney has been facing is the loss of a good number of subscribers in the ESPN. Recently, the Entertainment and Sports Programming Network of Disney is holding fewer consumers as compared to the past years when the company began. The major reason leading to this shift of customers to other internet programs that offer similar services is the fact that watching sports with Disney has turned out to be more expensive as compared to watching the same sports in other internet platforms. Its historical market position, which was high at that time, had been attained through appealing to customers regarding prices. When it is specifically about sports, there are different types of customers. Both adults and youths

across the globe have high interests in sports. However, the youths appear to have more time to invest in the sports as compared to the time adults invest. Therefore, the larger portion of customers consists of young people, who in most cases are jobless or flexible in terms their jobs. It is a fact that with their flexibility regarding careers, the youth does not earn a lot of money, meaning they will always take advantage of companies that deliver services at the least cost possible. When Disney was affordable, it appealed to the two categories of customers successfully by ensuring that it is the most affordable platform in the world. However, when the internet-based competitors found a way of broadcasting sports at lower prices and others free, Disney did not pay attention to the matching of these standards. For this reason, it lost the youths mostly to other companies. Losing its portion of youths to the competitors is a great issue, which, were it not for other strengths that exist in the business, would have caused the downfall of Disney as an international company.

### Second Strategic Issue

The second strategic challenge that Disney is facing in the presence of its competitors is vitality in the market. Disney is dealing with entertainment, which is all about the preferences and tastes of customers. This dealing is capable of easily leading to its downfall if the company's management does not focus on the strategic approaches of satisfying the customers' thirst in terms of what they have a passion for but does not exist in the market. In case the product exists already, it is the duty of the company to modify it and make it more interesting to the customers without altering the likes but scraping the dislikes. With this sensitivity, Disney has faced criticism every

time it has a new release in the market as much as it faces motivating response. Bearing in mind that the two types of responses are from customers that the company takes as a duty to please, making changes to attract a larger portion of motivating customers than critics has been an all-time operational goal that may or may never be achieved. It becomes worse when during its evaluation, Disney realizes a loss of positive claims having turned to critics. This is always a clear message from the public that the company has made an unpleasant release and if they take it for a trend, their market position will be at stake. This is how hard it is for Disney to maintain a good market position having concentrated on the customers' taste and preferences alone. Other factors such as the cost of services make the situation worse than it already is. These two strategic issues only need to be attended to with the right approach in order to make the company's future bright (Rukstad & Collis, 2009).

#### Alternative Causes of Action

##### Reduced Quality

To address the above strategic issues and realize the best course of action, it is important that attention is afforded to the nature of the issues. This can be achieved through a value chain analysis that helps to indicate the company's operational strategy and goals. The loss of Entertainment Sports Program Network subscribers must have been brought about by a faulty strategy in the organization's way of setting its standards. To solve this, the company can buy the cheaper systems adopted by competitors. When other internet service providers decided to engage in innovative ways of lowering their

prices, the company did not embrace this idea, as it looked out for maintenance of quality. As a matter of fact, the internet services providers decided to adopt new and cheaper facilities that enhanced this reduction of prices to reach out to the customers whom in their opinion, watching sports had become expensive. While doing this, the first and most essential side effect they were likely to experience is the reduction of quality.

### Reduced Prices

The company can as well alter their operations in a way to slightly reduce their prices and maintain quality at the same time. As much these services were to be availed to customers at a reduced cost, they were also to be displayed at lower qualities as compared to those displayed by Disney. In this case, the market of the ESPN was split into two. There is the lower quality of services available for those that prioritize the amount of money spent on entertainment, and the other sector of the market generates high quality of services for people who do not mind spending a fortune for the sake of quality. With this division, it means that Disney is not ready to compromise its quality of output in order to lower prices and accommodate more customers. This is how it ended up with a limited number of customers as compared to its competitors providing services through various internet platforms. Reducing prices with maintained quality will help to maintain the current customers and to bring back those that it lost to competitors.

### Stable Products

Thirdly, the fact that Disney deals with mainly entertaining products is the main cause of the fact that it is faced with a strategic issue of dealing with <https://assignbuster.com/challenges-to-the-walt-disney-company/>

customers' tastes and preferences. In its market, Disney has a chance of securing its competitive advantage through dealing with motivational and educative films more than the entertaining movies. An educative product is easier to deal with in the sense that it will have nothing to do with the judgment of the customers, and the success will all depend on the effort of the company towards gathering as much knowledge in its products as possible. This way, it is possible to predict the responses of customers to its new releases. Additionally, these types of products will maintain the types of customers that the company is appealing to, bearing in mind that the youths would embrace guidance and the adults too will help respond positively to pieces of advice offered concerning their business and social lives. Just to make the point clear, it is for a fact that Disney has invested partly in these sectors, but the entertainment has taken a better part of its products. This has not only subjected it to the risk of customers' responses based on their personal tastes and interests but also on the parental force against time wastage. Their cartoon products, for instance, are found to be excessively attractive to the children to the extent that they fail to attend to other demands such as academic works. This creates a force between the cartoon products and parents as they push the children to balance all aspects of life. On the contrary, parents also utilize the products in making promises and rewarding children whenever they want them to engage in or maintain good conduct. An example is a case where the children are motivated to work harder and perform better in class in order to be allowed to watch cartoon during their holidays. All it needs to do is buy facilities that will accommodate this type of production. This would make their output stable, predictable and more profiting. All the above alternatives can be

implemented in Disney to stimulate its line of business (Rukstad & Collis, 2009).

## Recommendations

## Evaluation

The alternative of making strategic alterations to reduce the expenses of producing their products in order to lower the prices of their services is a possible approach for the ESPN issue. This will allow them to avail the same quality of services to customers at an affordable price. This means that they will be appealing to both the customers that value quality more than cost and those that are out there negotiating for lower prices. In this situation, they will have attained competition perfection in the sense that competitors that offer services at lower prices as Disney does will not be providing as high quality as that of Disney. On this note, Disney can be boosted by other secondary factors such as making sure that there is a constant flow of game displays throughout the season. This means that they will be displaying sports events even when the companies with the poor quality of facilities will be facing breakdowns for one reason or another. Disney will be the home for customers who are not ready for interrupted sessions while watching matches. However, if Disney decides to follow suit as its competitors and produce low-quality products, it will be faced with the con of losing customers who value quality. These qualities of attraction will not only help Disney to retain its current customers but also bring back the youth it has lost as potential customers. This way, the current position of the company in the market will be maintained, and the opportunity to expand will have been

utilized to make Disney's future more promising. As its only con, Disney will experience an added cost of operating. This is why, on a personal level, I would recommend the alternative of making strategic alterations to reduce the expenses of producing their products in order to lower the prices of their services as an approach for the ESPN issue. If the cartoons and other entertainment films do not appear to be interesting to customers as the company expects it, there will be a decline of the income, as the customers will not purchase the product. The worst con of it is the fact that previews that are displayed before the release of the product may lead to customers shying away from the product early enough. The advantageous purpose of these previews is to help the company predict the performance of the product in the market before it is released. The response of customers may help to detect the problem awaiting the release of a new product, but it will not help in offering a solution for the problem. Therefore, although the company will avoid tampering with its good historic reputation, it will not have evaded losses as the product has already been produced, making this alternative not good enough. This is an indication that there is not short cut towards evading this instability other than engaging in more products that will promote positional security in the market. Hence, to curb the second strategic issue, I would recommend that Disney takes advantage of its stability in the market to seize the opportunity of expansion through dealing with the products that it has not dealt with before.

### Feasibility

On the other hand, if Disney decides to embrace the cheap facilities like competitors have one to tamper with quality only for the sake of prices, they



will end up losing customers that value quality, which is the major con of this alternative. Secondly, they will have performed below their operational standards of consistently maintaining the high quality of its products. The only advantage of this alternative is the fact that it will earn back its lost customers who value cheap products. The fact that the disadvantages exceed the advantages, in this case, makes this alternative not feasible. The alternative of displaying previews does not help to find solutions for the instability of products. This means that the act will not have delivered the major expectation, thus, making it not feasible.

### Implementation

Disney should make plans to reduce the cost of running and lower the prices of their high-quality goods. This will help the company to reach out to the customers who do not watch Disney sports because of the high prices. Secondly, it should begin to take steps towards embracing other types of products in the market in order to attain stability. Since one of the strengths of Disney Company is that it always has a substantial flow of capital, this means it has the capability to indulge in the line of other products as heftily as it has done with entertainment. Therefore, all that Disney's management requires is to make decisions based on the expansion strategies that concentrate on this mission as an operational goal. Offering other genres of films and movies will allow the company to attain stability in terms of its market position. Attracting the entire market with motivational and educative products is easier than the entertainment form of attraction.

## **References**

Rukstad, M. G. & Collis, D. (2009). *The Walt Disney Company: The Entertainment King* . Brighton: Harvard Business School.