

# Essay on walt disney world

People



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Case Study: Walt Disney World Question 1: Suppose competing attractions, such as Sea World and Universal Studios, lower their prices of admission. How should WDW respond? The issue of competitive price is close to the supply and demand one. As long as people willing to pay whatever the price parks set, especially WDW, why would they change? WDW provides such a high-quality offer than it is impossible to lower his prices; it could try to keep them steady. Even if the company decides to lower prices, it should do it in a significant way in order to attract more customers.

For instance a \$5 reduction in the price of admission would provoke any major changes. They would probably have to drop price below their competitors to make true gain. Besides, from a branding stand point, lowering prices sends a mixed message to consumers (adults with purchasing power) : indeed in customers mind, it would signal something goes wrong. Actually the price is an essential part of firms positioning and it would be difficult for WDW to position itself as the premiere theme park with lower prices than competitors; it is also un-strategic to re-position. WDW strategy has not to do with the credo “ cheapest always win”. The corporation has to play on differentiation and keep playing its leadership positioning; it means making your product unique in some ways to maintain your competitiveness. The following paragraph deal with all WDW differentiation factors.

WDW uniqueness criteria -Marketing: WDW propose a complete offer for adults and/or children (families). The variety of this offer (several theme parks such as EPCOT or Animal Kingdom, other activities such as golf or wildlife, several hostels and prices segments...) makes customers able to

customize their vacations. WDW provides multi-experience. -Communication: the firm must keep using a multi-channel and multi-media strategy to spread its marketing messages including as many new technologies as possible. - Innovation & Ideas generation: WDW must preserve the “environnement for supportive conflicts” it created through its meetings: Gong Show, Charettes with architects and theme park designers, Movie Development meetings. - Common sense & Discipline: This is the practical part of WDW uniqueness because necessary to test ideas, especially from a fiscal and financial point of view. Indeed good ideas need time that is the reason why WDW creative process goes against quick actions and audience research.

-Creativity: As M. Eisner said “ Together conflict & common sense yield creativity”. We can add that WDW culture of diversity and fun take parts in the creative process: diverse point of views and individualism lead to frictions, conflicts, debates that are essential to get great solutions. - Facilities and Employees: in facts, WDW employees competent, well-trained and friendly. That is a crucially important factor because most of them are directly in contact with customers. No need to justify how essential the sense of contact is in business. Furthermore, all the attractions in theme parks are totally safe; all the facilities (hostels, restaurants included) are clean, linked each other (monorail, boats...) and electrically connected.

. We notice also that WDW is technologically competent: it is a leader in product development, equipments design and maintenance, industrial engineering...for instance WDW design and manage perfectly attractions waiting lines: customers are sensitive about the time they have to use rides. All these aspects are visible for customers Branding Image: all the previous <https://assignbuster.com/essay-on-walt-disney-world/>

criteria are parts of the branding image; WDW brand is the amount of thousands and thousands small actions (“pointillist painting”). In particular Mickey and Disney characters, the castle are the symbol that contains all the stories the company created, the dreams and thoughts it suggest to children. Thus, if competitors lower their prices, WDW should not change its prices and by the same time keep guarding its brand through all the strategic decisions especially for marketing: WDW messages should be focused on the quality of the product. Question 2: How can WDW utilize customer information better to increase its volume of business? First and foremost, we should have in mind the term “forecasts” when we deal with customer information topics. Indeed WDW, due to his forecasts department, accumulates data on consumer’s attendance but also consumer’s behavior.

All the other departments of the firm (like Labor Management, Maintenance, Finance, Park Theme Design) have access to this precious information which will be used for a set of management decisions to increase volumes and profits. That information can be predicted daily, weekly, monthly or for several years (till five years). In order to understand how customer information is utilized, a look at the forecasting process is necessary; 1- What are the data sources? There are 3 main sources: -The guests in theme parks, hostels, restaurants...this is the more direct source. -The employees. For this category we could say that it has nothing to do with consumer information. Actually it has for at least two reasons: first employees can be directly in contact with guests and their recommendations are precious; secondly we could see each employee as a consumer into the firm and improve their working environment leads to improve final customer

satisfaction. - The travel industry professionals because they have their own data bases.

2- How WDW get them? Through surveys (questionnaires, interviews, focus group techniques...). All kind of topics could be dealt with but the two most important are customers experiences future Travel Plan. 3- How WDW process these data? Thanks to such models as judgmental, economic, moving-average models, regression analysis, monthly forecasting mode. Each model take into account a certain number of variables like gross domestic product, cross-exchange rates, airline specials... 4- Forecasts This is a major step in the decision- making process. All these consumer information and their analysis by models enable WDW to forecast consumer behavior (attendance in particular). Thus WDW can manage demand taking proper decisions about the capacity planning, the number of required employees, the due quantity offoodand beverage...Question 3: What weaknesses or limitations do you see in WDW strategy? Ops Strat s WDW strategy is coherent but we can observe some accurate failures especially in operations strategy. Let’s remind the operations process framework and colour in blue the specific “ failing fields”:

Product Design Process Design Location/ Layout Cap.

planning/Forecasts Work Organization Operations execution Of course other fields like merchandising or Facilities development are concerned. In the following paragraphs we focused on all of those black points. Prices of admissionFirstly, we can put forward the fact that WDW does not compete on prices (especially price of admission). From a positioning point of view it is logical: WDW is a leader in entertainment industry and bet on quality,

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innovation and uniqueness. But in time of global economical crisis, customers may desire a lower cost product; and there are serious competitors able to propose such offer: Sea World, Universal Studios...Of course children are attracted by WDW and can be convinced by relatives but the final decision remains to adults who get the purchasing power. Hotel development strategy Then we should notice the expanding strategy for WDW hotels: it does not deal with short term demands. Long term demand is not so much reliable when economy is disrupted.

Thus Disney occupancy rates above 90% much of the year which is not sufficient anymore. Synergies & organization -Another point is the fact that WDW meet some difficulties to create synergies because of its top management. It is a problem of hierarchy, organization, authority delegation and culture. Actually the main problem could be that it is hard to delegate autonomy, to create empowerment among the group. We should notice that the hierarchy reorganization tends to create duplications (cf: example of a person running movies in Italy reporting to two executives): several hierarchical levels are added. Actually WDW is a hybrid structure; it is in time of mutation or transition. Profits & Losses - WDW experienced losses in home-video earnings because of strategic decisions that lengthen the release cycle for certain animated movie classics.

It could be a problem of product development (cf: The product Development Funnel and especially Products Design step) or process engineering. The consumer products department also knew difficulties. Actually it is a matter of merchandising, especially concerning licensed-characters. This problem deals directly with consumer behavior (in-store purchases, on-line

purchases...). -Concerning the Interactive media division, Disney experienced huge losses (source: Disney Fiscal Year Results). Actually the group invested in self-published video games (video games that are published by their author) and it needs more times to be profitable. -It goes the same for Internet (Go.

com, Disney. com, ESPN. com...). It is s a crucial business field but investments cost a lot. To conclude we could qualify WDW weaknesses and limitations as mainly cyclical strategic problems . They are not structural even though it could deal with the organization (organization chart) and we can afford to say that those difficulties are temporary. The only structural change that has affected deeply the company concerned consumers attitude.

“ Disney still knows how to sweep people off their feet”, better than anyone else but the corporation needs to take into account new habits and expectations.