

# Disney

Business



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Walt Disney is one of the most successful companies in the entertainment industry. One of the strengths of the company is the volume of sales that the firm generates. In fiscal year 2011 the company obtained total sales of \$40.89 billion (ThewaltDisneycompany, 2011). A second strength of the firm is its profitability performance. Disney generated \$4.8 billion in net income in 2011 for a net margin of 11.76%. A third strength of the company is its cash flow position. As of October 1, 2011 the firm had a cash reserve balance of \$3.18 billion. Despite all the strengths of the company the firm also has some weaknesses. One of the weaknesses of the company is its high fixed cost. The firm has cost and expenses that accumulate to \$33.11 billion annually. A second weakness of the company is its high amount of total debt. The firm total debt during 2011 was \$32.67 billion. A third weakness of Disney is that it paid zero dividends during fiscal year 2011.

Disney Corporation has many opportunities that it can take advantage of in order to increase its market share. One of the biggest opportunities for the company is to expand its movie production. During 2011 the global box office revenues worldwide reached \$32.6 billion (Mpaa, 2011). A second opportunity for the company is to use its copyright characters such as Mickey Mouse to produce new video games sponsored by Disney. The video game industry generated \$17.02 billion in the U.S and \$63 billion worldwide in 2011 (Plunkettresearch, 2012). A third opportunity for the firm is to increase its sales of apparel items featuring its characters. In 2009 Disney acquired Marvel Entertainment and its 4,000 characters (Barnes, 2009). Disney also faces different threats that the company must acknowledge. First of all a decline in the economic environment in the US and abroad is hurting the ability of the company to achieve revenue growth due to fact <https://assignbuster.com/disney-essay-samples/>

that entertainment is a luxury item. In Europe the economy in the region contracted by 0.2% during 2012 (Boesler, 2012). This will hurt the revenues the company will generate from its Euro Disney operation. A second threat that the company faces is changes in technology and consumer consumption patterns (TheWaltdisneycompany, 2011). A third threat the company faces is keeping up with the human resource challenges of having 156,000 employees.

#### References

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