

Tourism and the disneyland resort paris tourism essay



Disneyland Resort Paris (formerly known as Euro Disney) is the fourth of the Walt Disney theme parks, built to follow the success of Disneyland in California, Walt Disney World in Florida, and Tokyo Disneyland in Japan. It is located in central France, making it accessible by a two-hour plane flight to more than 300 million people. Disneyland Paris is a holiday and recreation resort in Marne-la-Vallée, a new town in the eastern suburbs of Paris, France. The complex is located 32 kilometers (20 mi) from the centre of Paris and lies for the most part on the territory of the commune of Chessy, Seine-et-Marne. After Tokyo Disneyland opened to great success in 1983, the executives of the Walt Disney Company began plans for a European extension. The company considered many possible locations, but soon chose Marne-la-Vallee, a French town, as the site. Disney CEO Michael Eisner signed the first contract with the French government in 1985, and construction on Euro Disney began in 1988. The information center Espace Euro Disney opened in 1990, keeping the public informed about the ongoing work. The park opened in April 1992, and although 500, 000 visitors were expected, only 50, 000 came. For the first three years, the park reported large financial losses. Attendance was poor, employees reported high dissatisfaction and the French press grew more appalled at the presence of an America-centric park in their country. In 1994, the park was renamed “Disneyland Resort Paris” in order to dissociate it from the negative press surrounding “Euro Disney.” In 1995, Space Mountain was added to the park’s attractions, and the park turned it’s first-ever profit. The park is still dubiously profitable. Even with much of its debt written off, the company reports billion-dollar deficits: specifically, \$2 billion in 2007. However, in 2008, the park was the most-visited attraction in Europe and reports more <https://assignbuster.com/tourism-and-the-disneyland-resort-paris-tourism-essay/>

than 15 million visitors every year receiving more visitors than the Louvre and the Eiffel Tower combined (Christian Sylt, The Independent, 2008).

Why was Euro Disney performing poorly during its first year of operation? Recommend and propose strategies and suggestions to improve the situation?

Michael Eisner, CEO of the Walt Disney World Company, once said, " Fantasy is very hard work." Eisner was referring to the intensive labor that goes on behind-the-scenes within the Disney Company to create the magic and fantasy which have become synonymous with the Disney brand. From the founder's humble beginnings (Walter Elias Disney) creating animated cartoons in the 1920's, to the multi- faceted corporation Disney has developed into, hard work has always been the key ingredient to the success of this entertainment empire. However, hard work does not always lead to success, especially when international expansion occurs. On April 12, 1992, Disney officially opened Euro Disney, a \$4 billion USD, and 4, 400 acre resort located in Marne- la-Vallée, France. Despite over 7 years of planning and countless hours of research, Euro Disney quickly developed in one of the most costly mistakes in company history. In the first 2 years of operation, Euro Disney lost close to \$1. 03 billion USD and was forecasted to lose approximately \$1 million USD a day for the foreseeable future (Lyn Burgoyne, Euro Disneyland Venture, 2001). The main reason why Euro Disney performed poorly during its first year of operation was due to several factors such as European recession, Cultural differences and Marketing.

Just as Euro Disney opened, Europe was in the middle of an economic slump. Disney felt that they could overcome this issue however; High interest rates and the devaluation of several currencies against the Franc caused Europeans to have little spending power at that time. That results in a reduction in disposable income among the French population. Many of the other countries in Europe were experiencing a similar downward slope during the period.

Disney did not anticipate the huge differences between themselves as consumers and the Europeans especially the French. The entire resort was designed along the same guidelines as the original Disneyland (Rohese Taylor, Disneyland Paris Case Study, 2000). Much of the reasoning behind this strategic approach can be attributed to the success Disney had with the opening of Tokyo Disneyland. According to (Marty Sklar, Vice Chairman and Principle Creative Executive of Walt Disney Imagineering), " The Japanese told us from the beginning, ' Don't Japanese us.' What that meant was, ' we came here for Disney. We came here for America. Don't give us Japan, we know Japan." Disney determined that the Europeans would want the same as the Japanese an Americanized Disneyland. However, the general sentiment among the French was one of indignation at what some called ' cultural imperialism'. Therefore, Euro Disney was not accepted among the European culture.

Euro Disney was marketed incorrectly to both the consumers and the media. The views of the French were not considered when marketing strategies were created. The resort was marketed in the American-style of "...bigness and extravagance". Instead, Euro Disney should have concentrated on the <https://assignbuster.com/tourism-and-the-disneyland-resort-paris-tourism-essay/>

emotional aspect, marketing that guest would have a unique, extraordinary experience they would not forget (Lyn Burgoyne, Walt Disney Company's Euro Disneyland Venture, 2001).

To improve the situation, there is a need for Disney to take control of the management decisions and analyzing issues and problems based on their own practice and not to use some team to analyze the problem and have it presented that is way outside the management. Thus, there is also the imperative need to understand and execute appropriate plan of actions that will bridge the gap of culture difference such as knowing what are the characteristics and attitudes of the European people in terms of the nature of business considering what will work on both sides and achieve good marketing strategies that would have connection to promotion and advertising process.

The fact that marketing issues was present, it may be proper for Disney to consider strategies that will cater to resolving such issues and probably focus on useful market tactics. The Euro Disney should implement marketing mix strategies which are the price, product, place and promotion. Promotional discounts for families on weekends will fit in to the European culture and planning more ways on how to make business better despite of business conflicts will cater to resolving those issues. Furthermore regarding the environment and location factors, Disney can choose such locations that have strong sales magnet, something that sales and profits are manageable and that possibly, Disney can opt for transfer of Euro-Disney location considering that all aspects of costs and expenses have to be minimal and does not overspend the resources and the need for a justifiable budget is <https://assignbuster.com/tourism-and-the-disneyland-resort-paris-tourism-essay/>

important as high risks within the management and its process may be evident any time. Moreover, Disney can implement and apply flexible labor systems that will be adaptable to the situation, and is accepted by the French laborers and thus, the need also to cut down costs and manage risks and small changes properly to have balance of business.

Question 2

To what degree do you consider that these factors were a) foreseeable and b) controllable by either Euro Disney or the parent company, Disney?

The factors that played into the unsuccessful first year for Euro Disney could easily be foreseen by either Euro Disney or the parent company. The same goes to the factor that Euro Disney and its parent company is controllable. It is evident that French has developed a sense of hostility towards the plans as it was stated in the case study, that they did not want American imperialism invading their country and culture. The worse thing is that Euro Disney worked in the arrogant nature of the American thinking. In this I mean, they expected the Europeans to act as Americans and thrive over this newly designed theme park, thus making things a lot worse. (John Graham, International Marketing, 2002) stated that Paris theater director Arianne Mnouchkin became famous for her description of Euro Disney as a "Cultural Chernobyl." In the case study, it was also stated that in the fall of 1989, during a visit to Paris, French columnist pelted Michael Eisner with eggs. The joke going around that time was, "For Euro Disney to adapt properly to France, all seven of Snow White's dwarfs should be named Grumpy."

The French was disappointed during the early advertising because the advertisements focus more on the size and glitz rather than the types of rides and attractions (Phillip Cateora, 2002). Everyone knows advertisements play a major part that influences the society today and affects our everyday life. Nowadays it seems that the only way to avoid any form of advertising is to isolate oneself and live in a cave but not all advertising is negative and bad. It is found almost everywhere such as just by walking on the street, driving a car or watching TV. (FERENCE, 2004) reports “ Every surface that could possibly have an ad slapped on it such as clothing, buses, taxis, myriad walls and billboards, even the snow you ski on now hawks something.”

Every advertiser or company must do more than just make a product, give it an attractive price and offer it to the consumer, communicate and promote it to their current and future customers, they have to advertise it. Therefore, the ability to foresee that the advertising was getting a negative response was obvious and this could have been somewhat controlled by Euro Disney or the parent company. Advertising bombards us everywhere but it is not without control and regulation by the government, businesses and citizens. This opens one of the major issues in advertising, “ the question of law and ethics”. Advertising should be carefully controlled. Society needs to make sure that people are not taken in by misleading advertisements in which Euro Disney make a huge mistake emphasizing the glitz and size instead of different rides and attractions. This can be controllable if Euro Disney followed principles such as telling the truth, showing the truth in which the product should look exactly the same way as the consumers will purchase it. The general impression should as well be truthful because “ Advertising is

judged not by what it says, but what the consumers thinks it says” (Roman & Mass, 2003, p. 200-202).

Other important factors that managers could have foreseen included the approaching European recession, the Gulf War in 1991 and increased interest rates. External factors that affected business also included the devaluation of other currencies against the franc and competitions that drew the attention of European tourists. These competitions were the world’s fair in Seville and the 1992 Olympics, which was held in Barcelona (Phillip Cateora and John Graham, p. 615). It was apparent that the managers of Euro Disney and Disney separated themselves from their counterparts with many levels and departments. These include the government, banks and other parties that were involved. Some of the Disney managers admitted that they were arrogant and that their attitudes were forceful and controlling. It was as if all would agree to do it the way they suggested, then everything would be just fine and everyone would be happy (Phillip Cateora and John Graham, p. 614).

Question 3

Evaluate the cross-cultural marketing skills of Disney.

The origins of cross-cultural analysis in the 19th century world of colonialism was strongly grounded in the concept of cultural revolution, which claimed that all societies progress through an identical series of distinct evolutionary stages. Culture consists of language, ideas, beliefs, customs, taboos, codes, institutions, tools, techniques, and works of art, rituals, ceremonies and symbols. It has played a crucial role in human evolution, allowing human

beings to adapt the environment to their own purposes rather than depend solely on natural selection to achieve adaptive success. Every human society has its own particular culture, or socio cultural system (Encyclopedia Britannica). Cross-cultural marketing is international marketing on a personal level. It means considering cultural differences when planning marketing campaigns and media, realizing the need for a balance between localization and globalization and most importantly, implementing strategies that respect differences while seeking to unify brand messages.

The problem with Euro Disney was that they did not utilize the cross-cultural marketing skills. Based on the case study, Disney executives were told that the French did not eat breakfast so that the meal was downsized but surprisingly the French do eat breakfast. 2,500 breakfasts were served in a restaurant that only held 350 people. They also discovered that the French did not just want croissants and coffee, they wanted bacon and eggs (Phillip Cateora and John Graham, p. 615). This showed that the cross-cultural skills were not employed such as the misinterpreted of data and wrong information retrieved during the environmental scanning of the elements of the European culture. The managers should have known that Europeans were more energetic and will certainly cover more of the Euro Disney theme park and rides than those in the western hemisphere. In contrast to Disney's American parks where visitors typically stay at least three days, Euro Disney is at most a two day visit. The European vacations were not examined so the theme park did not see the profits and success as hoped. Americans take short breaks but they take them more often. However, Europeans take one month holiday.

The American managers were naïve that they thought the Europeans would change their one month tradition and adopt the Americans shorter yet more frequent time off but that did not happen. The French schedule remained the same as they would close the office and factory during the entire month of August. These factors should have been considered. Cross-cultural marketing would have been extremely useful but the parent company's executives were being quite ethnocentric and it cost a great price (Phillip Cateora and John Graham, p. 615). Needless to say, their cross-cultural skills were unsatisfactory; in fact nonexistent is more appropriate to say. Had they had any skills of this sort, the beginning would have been a success and not such a failed start.

As we now understand, the Europeans have to be "attuned to the nuances of culture so that a new culture can be viewed objectively, evaluated, and appreciated. Just because a culture is different does not make it wrong. Euro Disney marketers should understand how their own American-style cultures influence their assumptions of another culture (John L. Graham, *The Global Environment of Global Markets*).

Question 4

Do you think the new theme park would have encountered the same problems if a location in Spain had been selected? Discuss

Spain, a country located in south-western Europe, bordering the North Atlantic Ocean and the Mediterranean Sea, between Portugal and France covers a total area of 505, 957 sq km. Spain has 4, 964 km of coastline. Besides five other places of sovereignty on and off the coast of Morocco,

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Spain consists of 17 administrative regions, 15 of which are on mainland Spain. Spain occupies four-fifths of the Iberian Peninsula and is a land of immense geographical diversity. It offers the tourist a great deal. Spain's coastline has long since been a magnet for visitors but in recent years more and more people are spending holiday time, exploring beautiful and cultural Spain, away from the sea and sand. Spain has everything from lush, green forests and mountain ranges, through to endless arid plains and long, sandy beaches (Idealspain, 2010).

Since the 1960's and the invention of the package holiday, Spain has always been a top tourist destination. There are few areas of Spain that have not seen the effect of tourism. Spain has adapted to cater for tourists and every area offers something different. Northern Spain offers a different type of holiday with lush green forests, un-spoilt nature reserves and clean rivers. This part of Spain has adapted to offer nature holidays and activity holidays, based on the rivers or within the nature reserves. Hotels tend to be more individual and have rural locations. Beach holidays have always been popular in Spain with the attraction of the wonderful climate, clean beaches and ample hotel facilities (Idealspain, 2010).

If the location selected by Disney is in Spain, it would have been met with less criticism and is believed the cultural differences will play a huge role in its success. As I mentioned earlier, Spain is also one of the top tourist's attraction countries in Europe. Disney would still have to learn the customs and the culture of Spain and incorporate them into the development, implementation and operation of a new theme park. The work habits of the Americans is totally different from Spain in which the Spain's main concern is <https://assignbuster.com/tourism-and-the-disneyland-resort-paris-tourism-essay/>

focus on life and family first whereas the Americans focus more on themselves and individuality, not the group. This suggests that if Disney theme park is in Spain at least the Spanish which gives top priorities to the families will often bring them to the theme park. (Tom Strong, Spanish Cultural Commentator) gives his view of the differences between Spain and the U. S. A. “ In the U. S. A., a newborn baby gets a social security number. In Spain, the newborn gets added to the Libro de Familia. In Spain, it is not at all uncommon for children to stay at home until age 30 whereas in the U. S. A. they would be tagged with the word ‘ loser’.

International marketing is all about culture and what we are able to do in marketing to a particular foreign product such as Disneyland to market its theme park is shaped by the cultural variables of the country as well as the great importance to understanding the Spanish culture. The geographical conditions of Spain provide sunshine all year round and milder winter temperatures. The advantages are that it may attract potential customers from the northern Africa and the Middle East because of its wonderful climate. In terms of its purchasing power, total population and it's density it won't lose to the French counterpart. The (Central Intelligence Agency World Factbook, 2010) stated that the Spain purchasing power for the year 2009 is \$1. 367 trillion and its French counterparts is \$2. 113 trillion and the GDP for Spain is \$33, 700 whereas the French is \$32, 800. As a member of the European Union, travel to the southern state already a tourist center in the Union, will yet provide more reason for the launch of Euro Disney. The entry ticket should cover the cost of the Spanish sunshine, sympathy and service, unlike the rest of Europe.

Question 5

If you were the business development manager, what would be the major consideration you would go through before selecting a location for the next Disneyworld? From your discussion select a location you think will be the next Disneyland site.

As a business development manager, I will have to take into consideration about some in depth knowledge and analysis about a country's background before selecting the location for the next Disneyworld. There are many factors in the macro-environment that will affect the decisions of the managers of Disney. Tax changes, new laws, trade barriers, demographic change and government policy changes are all examples of macro change that will help Disneyworld to know more about the foreign market conditions and the external forces. To help analyze these factors I will categorize them using the PESTEL model.

Political factors may refer to the government policy such as the degree of intervention in the economy. What goods and services does a government want to provide? To what extent does it believe in subsidizing firms? What are its priorities in terms of business support? Political decisions can impact on many vital areas for business such as the education of the workforce, the health of the nation and the quality of the infrastructure of the economy such as the road and rail system (Aguilar, F. J., Scanning the business environment, 1967).

Economic factors include interest rates, taxation changes, economic growth, inflation and exchange rates. As we all know a shift in economic can have a

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major impact on a firm's behavior. For instance higher interest rates may deter investment because it costs more to borrow a strong currency may make exporting more difficult because it may raise the price in terms of foreign currency inflation may provoke higher wage demands from employees (Aguilar, F. J., Scanning the business environment, 1967).

Social factors are changes in social trends which can impact on the demand for products and the availability and willingness of individuals to work. In the UK, for example, the population has been ageing. This has increased the costs for firms who are committed to pension payments for their employees because their staffs are living longer. The ageing population also has impact on demand for example; demand for sheltered accommodation and medicines have increased whereas demand for toys is falling (Aguilar, F. J., Scanning the business environment, 1967).

Environmental factors include the weather and climate change. Changes in temperature can impact on tourism industry such as Disneyland. With major climate changes occurring due to global warming and with greater environmental awareness this external factor is becoming a significant issue for firms to consider. The growing desire to protect the environment is having an impact on many industries such as the travel and transportation industries for example, more taxes being placed on air travel and the success of hybrid cars and the general move towards more environmentally friendly products and processes is affecting demand patterns and creating business opportunities (Aguilar, F. J., Scanning the business environment, 1967).

After the extensive analysis of these major external forces, I would think the next Disneyland site should be in Canada. I think it should be top in priority because Canada is rich in history, landscapes and its aboriginal cultures. Canada is a country with much diversity as it has mountains, national park and alpine forest. According to the Nation Brand Index (Anholt and GfK Roper research agencies, 2008) that measures the world's perception of 50 nations by interviewing 20, 000 adults from 20 countries, the friendliest nation in the world is Canada. Canada has hosted several high-profile international sporting events, including the 1976 Summer Olympics in Montreal, the 1988 Winter Olympics in Calgary, and the 2007 FIFA U-20 World Cup. Canada is the host nation for the 2010 Winter Olympics in Vancouver and Whistler, British Columbia (The Vancouver Organizing Committee for the 2010 Olympic and Paralympics Winter Games, 2009) which we can see is obvious that it is a place for major tourists attraction which can bring advantages for Disneyland.. This scientific approach to friendliness may seem a bit formal, but indeed, the Canadians are really quite hospitable, kind people and are truly worthy of honors. Many Europeans and Americans travel to this country as it is less expensive if compared to the rest of Europe. The Europeans are most likely to head there during august, the people from the United States usually head up during spring break, and many companies offer trips to Canada as incentives, bonuses and conferences. Visitors from central and South America also visited Canada.

There is an influx of expatriates moving to Canada as many want to go there to escape the Asian life and as well to pursue " The American Dream".

Having stated all of this, it is still very important to that the tunnel vision of

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ethnocentrism be avoided. Although there are advantages and reasons supporting why Disney can do well with its current operation style because they are neighboring countries, Canada's culture, beliefs and morals still vary. Like other countries, Canada is not considered to be a country of "workaholics" as the United States is stereotyped to be. The family or group is still top priority versus the American's view of individual accomplishment being the top goal. It is important to learn from the mistakes that were made when Euro Disney was started. Having offices and managers from the country will be detrimental. Incorporating Canada's culture and examining the tourists' activities, practices and trends will be crucial to the making or breaking of a Disney in Canada.

Conclusion

Euro Disney has greatly enhanced their product since the troubled beginnings in 1992. During this period, many key lessons were learned about the relationship between culture and product offering. These lessons learned became the basis for future development in the European market. Today, the Disneyland Paris Resort is marginally profitable and is experiencing high, yet stagnant, attendance rates. It would be presumptuous to label the resort a success, especially since its net total loss is still over \$700 million.

However, changes in the marketing and design of the resort have led to profitability and gradual acceptance among the European citizens. In order to increase profitability and attendance, three factors must be achieved: product marketing must be increased, the current marketing strategy must be enhanced and ethnocentric obstacles must be overcome. There exists long-term optimism for the future of Euro Disney due to the strong

foundation it has developed over its 10 years of existence, the strong financial backing of the investors, and its plans for future development within the European culture. With proper strategic planning and a relentless pursuit to continue to learn and adapt to the European culture, Disneyland Paris will be a successful resort.

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