

Example of essay on shanghai disney land

[Business](#), [Company](#)



Walt Disney opened the first theme park company in Anaheim, California, after one year of establishment in 1955. This was at a cost of \$17.5 Million. The park welcomed over 28,000 people on its first time while it was remarkably done. “Most recently, Disneyland has recorded approximately 12 million visitors annually. It opened another park known as California Adventure in 2001” (Peng 395). “Destiny had a strong relationship with the Oriental Land Company, yet they vowed never to reach a similar project without a significant equity stake again” (Clerk & Chen 336). They viewed Disney’s style as its greatest asset and the delivery of services at Disney parks as a critical factor in maintaining the integrity of that brand.

Operating revenue for each of Disney’s theme parks traditionally came from four areas,

Admission charges, merchandise sales, food and beverage, and other miscellaneous “main entrance” fees such as stroller and locker rentals.

Shanghai, located in the middle of China’s east coast, is one of four centrally administered municipalities. “The city has four distinctive seasons with sufficient sunshine and rainfall. Average temperatures in Shanghai range from 2-3.50C (36-380F) in January and 27-280C (81-820F) in July”

(Lagerkvist 143).

The city is recognized as the economic leader in China, contributing approximately 5% to China’s GDP, and continues to grow steadily. “It has the highest GDP per capita in the country, amounting to US\$4,512 in 2001 and US\$3,327 as of September 2002” (Jeffries 589). In addition, Shanghai is the largest recipient of FDI in the country, accounting for 9.4% of China’s right FDI. Shanghai also would be the site of the World Expo in 2010 and is

making significant infrastructure improvements.

The government of China has partnered with Disney in the project to gain in the exports directly through local sales agents and foreign sourcing of immediate and the final products. The project will help in the licensing and franchising non-equity contractual agreements. The trading across space affected Turkey project. Investments in marketing and distributions that relate to natural resources and FDI seeking markets are essential for firms to gain experience and familiarize with host market.

Marketing and distribution in the hosting country can be done through local firms that specialize in services related to the project. The production of foreign services and intermediate goods are pivotal for the commitment of resources of substantial capabilities. The process begins with low value adding activities and ends in final stage of assembly. The amount of FDI and its entry speed impacts on the scale and capital intensity of operations. The partnership with government helps in entry and expansion strategy.

Disney had a desire to get into China's mainland. The inclusion of Hong Kong Disneyland was a step to gain support from the government. The Company's finance team is tasked to know the viability of the project through evaluation. Positive results noted by the good existing relationship with the government. There is uncertainty in entering an environment of Communist.

Disney knows the low labor cost in mainland of China than any of its existing parks. Brand awareness of Disney's central characters like Mickey Mouse was determined, and team to explore was set to gauge the demands and give possible options for solution.

Disney knows the precise evaluation of project Shanghai would depend

highly upon its project request correction ability. “ The exploratory team had an information package from the American Embassy in China” (Fung 45 ed.), to help in the efforts.

However, Disney Company knows of such a plan and its expected cost of \$1.2 billion in estimate. This needed the implication that rises from revenue and taxes. The information of China’s tax laws reflects 30% tax remittance. The incurred loses can be solved for the next five years. The investigation took 20 to 25 years to realize returns in the proposed project.

The project poses to be a potential attraction on tourism with much international community choosing the services from the park. The park will attract technological gurus for the manifestation of latest technological services. Transport industries will require huge investment as it plays a pivotal role in the success of the project.

The Shanghai Disney project has encountered several challenges. The municipal government of shanghai works in low-key style has slowed the legal processes for the start of the project. The slow pace makes it hard for Disney Company to adequately manage the funding towards the project due to inconveniences. There is need to fine tune details between Disney company and Shanghai municipal government. The four major regulations need to be changed to determine the areas that require public announcement.

There is potential project attraction of the stake holders. The functions of external director of operations are very essential to the stake holders. It defines how to lead and manage the project. It holds the responsibility to develop agreements pertaining to operations. The external parties

coordinate operations, safety, security, commercial and legal activities and maintenance of the project.

Regardless of the numbers, Destiny Company needs to have a bigger presence in China in an attempt right to compete with Universal-Vivendi, as well as take advantage of the largely untapped Chinese market. The large population with international social and cultural life is better for the services offered by Disney Company. Shanghai government has a lot of benefits from the Disney project. The investment will benefit four sectors. It will stimulate industries and neighboring economies directly. The land price around the investment site will rise. The project will definitely spur market. The news of the project has already propelled stocks. The market expectations are very high with already high demands for the tickets.

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