

The walt disney company case analysis essay example

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



Introduction

The Walt Disney Company is an example of an organization which is in true sense a globalized company with consumers all over the world. The fascination that Disney draws is second to none and since 1929 it has been on a magical journey of movies, cartoons, theme parks, hotel to name a few. Walt Disney has been omnipresent, accessories; toys and clothing are also one way in being a constant presence. The culture at Disney is built on imagination, innovation and good business decisions in tune with the changing winds of times (The Walt Disney Company, 2014).

Walt Disney is one of the most diversified media and entertainment firm, since the focus of the report is the analysis of the diversification strategy pursued in 2012 and its impact on the firms overall operations. The author would like to state that ' diversification' is in Walt Disney's business DNA. Starting with animation which proved to be a path breaking success, the diversification started in 1940 after it went public and in tune with times the firm focused on radio, theatre, music and publication. From then on the company waltzed to movies, TV and theme parks, hotels, thematic cruise ships.

The Mission of this company as stated on the website is to be the world's ' leading producers and providers of entertainment with regards to the collection of brands through services, content and products'.

With a record setting 4th quarter in 2012, the strategic issues that company faced were, \$4. 5 billion investment theme park in China, construction of two 340 meter Disney Cruise Line and the acquisition of Pixar and Marvel, which

reiterated the fact the only mission of Walt Disney is to keep entertaining its consumers (Nancy, 2014).

SWOT Analysis

With regards to the case study by John Gamble on Walt Disney Diversification Strategy in 2012, the author will analyze the company through a SWOT analysis in view of the details given.

The intent is to understand the ongoing and potential environment for Walt Disney products and services and to design new strategies, adjust the old ones in order to keep the competitive edge and also create new streams of revenues which are the basic objective of diversification.

Strengths:

The product portfolio at Walt Disney is its strongest suit which gives it an edge over its competitors. Motion pictures & distribution, TV networks, ABC broadcast TV network, theme parks & resorts, cruise lines, eight local TV networks.

Another Strong aspect is that in the words of CEO Robert Iger, Walt Disney is brand focused and has diversified with the acquisition of Pixar and Marvel and has taken Walt Disney to a new level with regards to the intellectual property that these companies bring with them, Hulk, Spiderman, Iron Man, Captain America and the Avengers movies which recorded \$1 billion globally.

With the advent of social media and technological innovation, Walt Disney Also ventured in interactive media, consumer products and publications and family content is available through Disney. com/You Tube partnership.

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WatchESPN services is marketed through technology i. e. internet, Smartphone and Table computers.

With the diverse businesses that Walt Disney operates successfully, it's the management team that helps in creating value in terms of investment in the right business and also a coordinated strategy which links all business in a profitable manner as evident by the increase of revenues from \$35. 5 billion in 2007 to \$40. 9 billion in 2011 as stated in Exhibit 1

Thus, leadership is of prime importance and has to make sure the issues are fronted with effectively and also the resources are utilized in a capable manner (Caitlyn, 2013).

Consumer products are a big strength for Disneyland and they were nominated as the largest licensor of character merchandiser in 2011, however due to the economic conditions it took a hit and as stated in the Exhibit 7 it shows a drop in 2011.

Theme Parks and Resorts are a major source of revenue. Cruise Lines are also one of the major revenue earners for Disney.

Weakness:

Not all the business units performed well enough to provide value for the investment and in this regard, going into 2013, the CEO and the Disney management team had in mind to assess the strategic diversification decisions.

In spite of operating on a global basis the major chunk of the revenues comes from U. S. i. e. 50% of the bottom line profits which basically laid bare the fact of the dependence on the home market.

High operating cost is a weakness which is there in view of its numerous businesses and the grandeur of the operations that is done at Walt Disney.

Opportunities:

The corporate strategy set are great opportunities, in view of the technological aspect, the 2010 acquisition of Playdom to increase gaming capabilities and also the international expansion has always been an opportunity which can be tapped consistently and this UTV was acquired to facilitate the efforts. India, China, Turkey and Russia are targeted as the big four, with India being targeted as the main region and are viewed as emerging markets.

Most recently the success of Captain America the winter soldier illustrates the potential of Marvel and also Social gaming and space and 2013 is targeted as the year to reap benefits on the interactive media investments. According to Iger ' It's a media world and it is everywhere and the sky is the limit in terms of tapping the potential of the social networking.'

Also the focus on new content in tune with times is something which can create new revenue streams and new markets and reach customers in new ways.

With regards to the 50% revenue generated from U. S., it is also an opportunity to aggressively set new bottom line figures for the international market.

Shanghai Disneyland is an opportunity which the CEO thinks highly of and the potential is limitless if executed properly. Besides Parks and Resorts business have seen numerous business endeavors.

Also with regards to the cruise lines the opportunity is there according to Iger to tap in the market as the other cruises are booked 90% already.

Threats:

Although, India, China, Turkey and Russia are targeted as the big four, the biggest issue is the entry strategy.

The biggest threat that Disney faces is its viewership due to the impact of DVD's, video games and internet. Advertising rate has been affected and thus the impact on revenues is significant. Lack of DVD sales is also a threat.

The global economic impact is also a major threat as it impacts the buying power of the consumers which directly hit the revenues.

Intense Competition is a major threat for Disney, besides keeping up with producing quality content and service is also a threat as with the magnitude of the business and the brand name it is expected to be consistent at all times.

Corporate Strategy

Walt Disney's corporate strategy was affixed on three major aspects.

- Quality Content for Family
- Focus on the technological innovations to make entertainment in tune with the current consumers
- Intentional expansion with a major focus on emerging countries

The theme parks and resort business is also on high priority in terms of the corporate strategy set with an intention to sustain the competitive edge in this space and thus fund needs to be allocated to keep the momentum

going.

The synergies of business units were also on the corporate strategy agenda as exemplified with Pirates of the Caribbean: On Stranger Tides and Cars 2 featuring in Florida and California theme parks.

In view of the diversification strategy employed in 2012 the company business units were organized into 5 divisions and has been utilized effectively and create economies of scope (Hitt, M, Ireland, R. D, Hoskisson, R., 2013)

Exhibit 3 provides the market ranking of local stations, subscribers and % of cable networks of Disney.

Recommendation

In view of the SWOT analysis the author's recommendation is as follows: Walt Disney should focus on more synergies in its business to create extra value for businesses. Technology should be a key focus for Disney as to be able to keep up with the market it is imperative that social gaming, online TV and marketing aspect on the social networks be worked upon.

Social Gaming, International expansion, Movies line and most importantly new content for family oriented target market should be focused on.

One of Disney's most prized assets is its diversification. If the company continues to address probable threats to the company and remains focused on its goals then the forecast for the future for the Walt Disney shows potential.

It is of paramount significance that identifying and understanding customer

needs and creating solutions that deliver satisfaction to customers, producers and stakeholders is dealt with effectively.

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