

# [Disney land in europe](https://assignbuster.com/disney-land-in-europe/)

Question no. 1: What are some of the characteristics of multinational enterprises that are displayed by the Walt Disney Company? •They have to be responsive to different forces of home country and host country at the same time although Euro Disney do not have any big competitor as it was the largest amusement park opened in France but it failed to study accurately external environment, needs and wants of people, culture, price, policies, economic, social and legal issues. They should keep local employees rather brining from foreign countries. They draw common pool of resources like financial, information, human both are shared by Euro Disney land with other Disney land’s in the world. •They link different business partners within single mission vision. The company (Euro Disney land) share of venture was to be (FDI) 49%. For which it would put up $160 million other investors put $1. 2 billion, French government provided a low interest $900 million loan, banks loaned $1. 6 billion & the remaining $400 million was to come from special partnerships formed to buy properties and to lease them back. It acts as MNE because it operates in several countries i-e different parks in different countries (accepted the concept of globalization). Question no. 2: Why did Disney take an ownership position in the firm rather than simply licensing some other firm to build and operate the park and settling for a royalty on all sales? Disney officials were optimistic about the project. Their U. S parks, Disneyland and Disneyworld, were extremely successful and Tokyo Disneyland was so popular that on some days it could not accommodate the large number of visitors.

Simply put, the company was making a great deal of money from its parks. However, the Tokyo park was franchised to others and Disney management felt that it had given up too much profit with this arrangement. This would not be the case at Euro Disneyland. The company’s share of the venture was to be 49% ($160 million), other investors put in $1. 2 billion, French government provided $900 million, bank loaned $1. 6 billion and remaining $400 million will be put by special partnership.

For its investment and management of the operation, the Walt Disney Company was to receive 10% of Euro Disney’s admission fees, 5% of food and merchandise revenues, and 49% of all profits. We can say that it will create monopoly in whole Europe. Easily through rail and train network customers can travel. This will be more profitable to them instead of licensing some other firm to build and operate the park Question no. 3: In what way did Euro Disney reflect the strategic philosophy of Walt Disney as a multinational enterprise? Marketing Strategies: Euro Disney land was located at an excellent central location on 5000 acres in Europe attracting customers from 7 different countries & target customers for the opening day were 500, 000. •It agreed to build in France because it promise to build a train line which will connect the amusement park to the European train system, so large no of visitors could be attracted. •Euro Disney officially changed its name to “ Disney land Paris”. In such a way it re-positions itself. • Alcoholic beverages were allowed later on, as European was in the habit of having outing with it. For the park to be more appealing to the local visitors “ Disneyland Paris” gave a European focus to it. •Replaced Tomorrowland with Discoveryland, based on themes of Jules, Verne and Leonardo da Vinci. In Disneyland food service were designed to reflect the fable’s country of origin: Pinocchio’s facility served German food, Cinderella’s had French offerings, and at Balla Notte’s the cuisine was Italian. The company also shot a 360-degree movie about French culture. •It opened in Europe because many Europeans visit other Disneyland, so Disney officials were optimistic that opening in Europe would be more beneficial for them. Later company studied their French culture and tries to modify themselves according to customer demand. •Adopt French culture i-e replaced burgers and Mickey mouse which reflect American culture. HR Strategies: •“ Disneyland Paris” changed their HR policies in order to cope up with crises. •Employees objected to the pay rates and working condition. •Employees raised concern about variety of company policies ranging from personal grooming and speaking English in meetings, even if most people in attendance spoke French. Their management was not good as of previous Disneyland’s working in other countries. •They also changed dress code. •They keep foreign employees for their working. Financial Strategies: •To overcome the bankruptcy situation (three years of heavy losses), in 1994 a major investor purchased 24. 6 per cent (reducing Disney share to 39 per cent of the company injecting $500 million of much needed cash). •Disney waived its royalty fees. •Loan repayment plan is schedulized. •Arrange investors from French government. •Issued new shares. Disneyland reported a slight profit in 1996 i-e (about $50 million annually); visitors are increasing with the passage of time. In the end we could say that Walt Disney gas gained profit through globalization. Question no. 4: Did Disney management conduct an external environment analysis before going forward with Euro Disney? Explain External environment consist of: Economic, social, cultural, political, technological and competitive forces. Euro Disneyland study: •Central location in the heart of Europe selected for “ Disneyland” •Profit earned from new investment •No. f visitors who could be attracted throughout Europe and the money they will likely to spend •A train line and considerable financial incentives promised by French government •It will create monopoly in whole Europe. Euro Disneyland didn’t study: •External environment •Restriction of previous Disneyland •Prices •Polices and management system •Culture of France (Europe) •Ignored future obstacles •Test marketing •Financial situation of Economy of Europe (recession) •Don’t understand customer’s expectations and demands So we can say that most of the considerable environment analysis of Europe was ignored. That is the reason Euro Disney soon ran