Hong kong disneyland case study

This paper will analyze Hong Kong Disneyland that was built y Disney in conjunction with the Hong Kong government. The local culture of the people of Hong Kong and how it is related to the operation of business especially the tourism industry, which Disneyland will fall under, will be closely examined. The author chose Hong Kong Disneyland, a theme park built and operated by a new-joint venture, between the Government of Hong Kong and the Walt Disney Company.

In this report the author uses Disney as the subject of the paper as it is a new business venture in the tourism industry in Hong Kong. Disney started its business in Hong Kong since September 12th 2005 therefore evaluations and analysis are still in their early stages. This report will give a brief background of Disney and will then go on to analyze the various methods for strategic analysis to examine the culture. The paper will use some cultural theories in order to provide a comprehensive background as to the cross cultural awareness of the company with the culture of a state.

Hong Kong Disneyland (HKD) is among five such theme parks located on a reclaimed area in Penny's Bay, Lantau Island. According to Miller (2007), it was opened on September 12, 2005, considered a good date by Chinese calendar for opening a new business. Hong Kong Disneyland was built and operated by a new-joint venture company, the Hong Kong International Theme Parks Ltd (HKITP), as formed by the Hong Kong Special Administrative Region Government which owned 57% and the Walt Disney Company owning 43% according to Miller (2007). According to Hills and Welford (2006), although Disney invested $316 million and the Hong Kong government invested $2. 9 billion, Disney has no ownership of the land.

Disney tried to avoid the culture clash that was experienced when Disneyland Resort Paris was opened in France by incorporating local cultural elements in HKD. It was projected that the theme park would to attract between five to six million visitors in the year it opened who mainly comprised of Hong Kong locals and tourists from mainland China. It is predicted by the World Tourism Organization that in the next 15 years, HKD will become one of the world's biggest tourist destinations, Hills (2006). Plans are already in place to expand the park in a next few years. With the government of Hong Kong owning a majority of Disney's stock, any change in the political scene in Hong Kong will have a significant effect on the business. Economically any change whether micro or macro will affect businesses as well as HKD significantly.

Disney went international in order to generate some form of importance for its organization, and did this by expanding to Tokyo and Paris as well as to Hong Kong. According to Daniels, Radebaugh & Sullivan (2011), companies increase their knowledge about products and services and how best they can generate and distribute them to their customers, by bringing people of varying backgrounds and experiences together.

The beginning of HKD has been rough. Disney made attempts to incorporate elements of the local culture into HKD by serving predominantly Chinese food in the restaurants at the park. According to Coker (2009), " An organization can achieve legendary service excellence in one part of the world, yet struggle to meet customer expectations when the same formula (content) is applied in a different country (context)". When Disney decided to go to Hong Kong, the struggle was to extend US's exceptional service thriving principle to the new expectations of the Chinese and Asian culture. Disney

According to Porter the following are the four determinants of national competitive advantage: firm strategy, structure, and rivalry: factor conditions; demand conditions; and related and supporting industries. It was found out that the company strategy is to relay advertise that its theme park is an answer to the dream of being in a magical land. The demand conditions can be inferred from the need of the people to be more offered with good services such as transportation. The Supporting industries of the corporation are the selling of Disney products, which could serve as souvenirs. The factor conditions are the well trained and accommodating staff that can Cantonese and English. The Hong Kong government may not have any arrow that would interrelate with all the factors however, such is positioned in order to have a clears view on the performance of the business, taken into consideration that the Hong Kong government owned majority of the stocks.

Strategic analysis using resource audit identifies the resources available to a business. Some of the resources of the company may be owned and other resources can be obtained from joint ventures or from supplier arrangements with other business. The author will focus on this part to determine the value, extent, and use of its assets.

On December of 1999 the Hong Kong Government, the Walt Disney Company, and the Hong Kong International Theme Parks Limited signed a project agreements on implementation of Hong Kong Disneyland. Disney is partly owned by the government of Hong Kong, which is holding the biggest part of the stocks, representing 57% while Walt Disney has only 43%. The government formulated the financing structure in order to inform the public on how the Government, as Disney majority stockholder, will allocate its resources for its funding with the establishment of Disney.

According to Edgar Online (2004), Walt Disney revenues from advance theme park ticket sales are recognized when the tickets are used. Revenues from corporate sponsors at the theme parks are generally recognized over the period of the applicable agreements commencing with the opening of the related attraction. The parks, resorts and other property are carried at historical cost. Thus, it can be inferred that the extent of the value of its assets also derived on its long-term value. It does not only depend on the income on its current situation. Furthermore, Disney values the need to preserve its assets in order to prolong the benefit it can derived from such assets.

Under this category the writer will take into consideration the strength and reputation of the management team and the overall business and the strength of relationships with existing investors and lenders. There are series of criticisms in 2005 that put a bad input on the reputation of Disney. Also the food poisoning incident that happened in 2005 followed by the misunderstanding of preventing the entry, in order to conduct an investigation of the incident, of the representative of the Food and environmental Hygiene Department.

However, according to Hong Kong's Financial Secretary Henry Tang, " Hong Kong is becoming an important financial hub in all of Asia surpassing Tokyo, offering a diversity of experience may it be shopping, eating, or business. Thus, it can be inferred that Disney has opened opportunities to Hong Kong making it one of the hot spot for tourism and business opportunities. Furthermore, to prevent the happening of the friction that happened in Disneyland Resort Paris, Disney has taken into consideration to make it more into the local culture. The New York Times reported that the company even consulted experts for the date pf its opening, and the proper positioning and location of Disney.

Using this analysis the writer will be able to examine the main competitors serving the same target market. Upon analysis, the only big competition of Disney is Ocean Park. Ocean Park has suffered tremendously after Disney was established. There are people clamor to see the magical land promised. The price is relatively low than what Disney offers. The major competitive threat it poses is the attraction it offers to the public. It offers live entertainment, audience interaction with the animals for the price half of what Disney offers. Hence, Disney must see to it that it intensify its campaign on offering magical land. Disney must not put into the perception of the public that really dreams are high in its worth.

According to Lim (2007), there are questions regarding the attraction' future funding were sparked off by a recent statement issued by the Disney head office to financial regulators, which said that an improved performance in its theme park division was partially offset by lower guest spending and theme park attendance at HK Disney. Hence, it can be inferred that the target income was not targeted putting the name of the Hong Kong government under scrutiny.

Before Disney was to be established the Hong Kong government has give the public that it can obtain revenue from it however due to its low acceptance from the market, there has been a doubt as to the capacity of Disney. It must not disregard that, as the Hong Kong government owns majority of its stocks it must operate for the progress of its business and not to its decline. Several steps can be taken in order to fully meet its expectations.

According to McNamara (2008), organizational culture is the personality of an organization. Culture comprised of the assumptions, values, norms, and tangible signs of organization members and their behaviors. Corporate culture can be looked at as a system. It may include feedbacks based on assumptions. The organizational culture of Disney is addressing the need to be more family-oriented. Its organizational culture is appropriate to its current strategy however, it is necessary for Disney to see it that it really conducts its business towards such orientation. Furthermore, Disney is considered a place of magical dreams. It must not only focused itself to offer magical stuff but also it must offer real service and entertainment in order to make the consumers that realization and dream are not two distant aspect of life.

The fact that the national culture of Hong Kong purely dwells into the fact that it is more traditional and it focus to the preservation of their culture. The author cannot see any negative effect of the national culture to the organizational culture of the company because of the fact that the government owns a part of its stock. The only problem is that the company must give more focus to the fact that it must protect the integrity of its employees as such will be the basis of the way the company will be of help to the progress of the economy and the whole country itself.

It is therefore right to conclude that the key internal strengths of the organization are its Name, the quality of its service, and the programs that it offers to the public. Disney name carry with it the fact it is known internationally also which offers high quality of service and products. Disney must take good of its name in order not to put a bad perception as to its capacity to be called as part of a world-renowned company. Another thing is the quality of its services. Its services are known to be of the best quality, taken into consideration first the needs of its consumers. Last is the program it offers to the public. It offers quality entertainment from quality entertainment, which makes consumers keep coming back.

On the other hand, the following are the weaknesses of Disney (arranged as to its importance): the price of tickets, the small space it occupied as compared to other Walt Disney theme parks and the fact that it is so magical. As stated the price of Disney's ticket is expensive in order for it fully accepted by its consumers. As the there has been a decline in world economy there would be consumers who will not be able to afford going at there park. It also has small space; hence sometimes it tends to have overcrowding and non-acceptance of some ticket holders, which may give Disney a negative remark.

Last weakness is the fact that it offers too much magic hence some consumer prefer to go to other place offering a more educational and realistic programs. Although it is the perception of the author that being magical is not bad, however Disney must offer its service in a magical relatively to a lower price in order to give consumers those magical dreams is within their reach less expenses.