

# Disney case narrative



**ASSIGN  
BUSTER**

CASE 2-1 Ali Zein Kazmi February 1, 1999 THE NOT-SO-WONDERFUL-WORLD OF EURODISNEY -THINGS ARE BETTER NOW AT PARIS DISNEYLAND- 1. What are the factors contributed to EuroDisney's poor performance during its first year of operation? Walt Disney overestimated the magic that was to be in introducing Europe's most lavish and extravagant theme park in April of 1992. The fiscal year 1992-1993 brought EuroDisney a loss of nearly \$1 billion.

Mickey, a major promotion tool of Disney management did not create reason or attraction enough for the European community, unlike at the sister theme park Tokyo Disneyland. European families found EuroDisney to be an “over-rated” promotion of American culture and lifestyle, contrary to what was seen by Disney's management as a family affair. In the initial years of operation this led to an overestimation of expected revenue and audience figures. Advertising messages had been miscommunicated, “emphasizing glitz and size...not the rides or attractions”. Disney remained unsuccessful in attracting customers just by vigorous brand name promotion communicated through Mickey and his friends. Moreover, families were reluctant to pay hefty price tags on accommodation and entertainment needed to enjoy the attractions of the park.

Disney failed to manage a healthy relationship with partner organizations in the host country, which most importantly alienated them from their number one ally, the French government. Regional affairs in Eastern Europe and economic recession in the western half of Europe and Scandinavia contributed much to the poor performance of EuroDisney. Airfare wars during the period of time and disproportionate changes in exchange rate

made spending for holidays in “ Disneyland, Orlando...cheaper than a trip to Paris”. Of greater consequence was the Gulf War, which statistically reduced travel to and around Europe.

The next major event inline was the birth of new democracies in Eastern Europe. The 1992 Olympics in Spain marked another landmark event that shadowed fascination towards EuroDisney. The macro-environmental scanning of namely, the political, the cultural, and the economic aspects of Europe had been grossly miscalculated. Disney had to reinvent itself, “ European style”. 2.

To what degree do you think that these factors were (a) foreseeable and (b) controllable by either Euro Disney or the parent company Disney? A company the reputation and size of Disney is allowed no room for mistakes. The stakes involved are in the billions of dollars. Complementary businesses like that of the hotel industry is reliant upon the success of this one theme park in Paris. Generous funds received from the government and private institutions would have to be made well of.

Disney should be able to foresee the unforeseen. In the international marketing task, mentioned by Phillip Cateora, we can identify marketing conditions as controllable and uncontrollable. The exhibit below details both controllable and uncontrollable factors. Factors such as those mentioned above are not categorized as the unforeseen, rather the expected.

Economics, politics, culture complemented with in-depth analysis of the 4 P's follow the basic principles of marketing. Disney should have foreseen the changing economic scene in France with the forthcoming European

recession. The relationship with the local government should have been handled with greater care and delicacy, because of the size of the investment involved and ultimately, the number of jobs dependent on the success of the project. Culturally, Disney cannot force itself on another people, which in this case was the whole of the European continent.

Disney promoted its product, the theme park, similar to that of Tokyo Disneyland believing Europe wanted their piece of “Americana”. In the marketing sense, we speak of identifying the needs and wants of the consumer. The package presented by Disney to the customer met neither of these. Disney cannot control the environment! True success lies in adapting oneself to the surrounding culture, being marketing oriented is finding success in customer satisfaction. Disney fails on both counts. “Cultures are dynamic and change occurs when resistance slowly yields to acceptance so the basis for resistance becomes unimportant or forgotten” .

Which means that on the part of the European community we are certain to see compromise, but over a period of time. Disney too has to reconcile with the environment it has settled in. We read in the case that Disney does ultimately mend its ways. Making room for continuous change is the best way to go about ones business.

3. What role does ethnocentrism play in the story of EuroDisney’s launch?

Company’s Basic Mission Type of Governance Strategy Culture Marketing

Strategy Profit Strategy HR Management Practices Profitability Top Down

Global Integration Home Country Product development is primarily to meet

the need of the home market Profits are brought back home Overseas

operations are managed by people of the home country. If EuroDisney's strategic orientation is ethnocentric, the model it follows will be as shown above. Indeed, we understand from that this is not for all factors. Profitability and public acceptance can be seen as universal goals of organizations alike.

We can question Disney's "top down" governance as having played a role in the misfortunes of EuroDisney. It could have been due to the lack of communication or formalization that is associated with the top down governance structure that led to the culture conflict. Ethnocentric marketing strategy dictates "product development is primarily to meet the need of the home market", as we understand Disney's promotion format clashed against this concept. We can say that management at EuroDisney is mostly American bred.

It may have been that managers at EuroDisney fell back on their "self reference criterion" to have misinterpreted European society. Ethnocentrism, as did culture, played a conflicting role in the launch of EuroDisney. The Disney belief was that what it sells in the U. S.

and Japan would sell just as well in Europe. A marketing mix was to be adopted similar to that of what was developed in other markets. The case indicates how the promotional strategy of Disney was more about self-glamorization, not about how Disney would affect the lives of the 30 million in the French surroundings. Ethnocentrism complicates the process of cultural assimilation by producing feelings of superiority about one's own culture and, in varying degrees, generates attitudes that other cultures are inferior...or at least peculiar".

I am of the opinion that it is the legacy accompanying the Walt Disney name, the driving force behind the magic, which on association with a product generates rapid sales. Japan unlike, France, succumbed to Disney's promotional firepower. Japan welcomed the taste of American culture; France on the other hand went nationalistic. Disney followed a domestic market extension concept, believing one universal product would be accepted in Europe with as much vigor as was seen in Japan.

A proactive marketing strategy would have been to carry out extensive marketing research. One definite outcome would have resulted in Disney employing a regiocentric orientation towards operation of EuroDisney. 4. How do you assess the cross-cultural marketing skill of Disney? The cross-cultural marketing skill as practiced by Disney in Europe fell short of expectations from the entertainment giant. I charge the cross-cultural marketing skill of Disney as lacking cultural knowledge. On one count of, perhaps, having misinterpreted the data and information retrieved during the environmental scanning of the elements of European culture.

On second count of wrongly measuring the degree of cultural sensitivity and tolerance inhibited but the French towards American culture. 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. Marketers must understand how their own cultures influence their assumptions about another culture”. Toward the end being culturally sensitive, followed by open communication, increased cultural assimilation should assist in building an ever-lasting relationship with the Europeans.

5. a. Do you think success in Tokyo predisposed Disney management to be too optimistic of their expectations of success in France? Discuss. The Japanese population is composed by a large number of younger people.

Japan's home culture as I see it is in transition, influenced a great deal by the influx of American culture bought in through increasing trade ever since the post war era. Harley Davidson and Hollywood have contributed much to the influx over the past decade. At the time, during the 80's, it seemed the right thing to do when Japan all over bought American culture in all forms. Japan created the ripe environment for Disney to enter. Europe on the other hand, was part bad luck and part miscalculation. Management at Disney was of the opinion that success in Japan would be matched by success in Europe.

The targeted European market consists of an older nationalist population. This being one of the more general observations, though one to which little heed was paid, may be attributed among other factors to why EuroDisney performed so poorly in its earlier years. Success in Japan proved so overwhelming that management treated both markets as equals. Disney was blinded of the implications for its actions. 5.

b. Do you think the new theme park would have encountered the same problems if a location in Spain had been selected? Discuss. The launch of EuroDisney in Spain would have been met with less criticism. Unlike the central and east Europeans, the southerners receive foreign culture with greater warmth. But once again Spain cannot change itself to what some may see as overbearing American pomposity.

Moreover, EuroDisney is built to serve all of Europe not only Spain. Because Disney is in it for the long run, no room for miscalculations should be allowed. International marketing is a function of culture, what you are able to do in marketing to a particular foreign product is shaped by the cultural variables of the country. Success for Disney to market its theme park internationally forces them never to over-emphasize the importance of understanding a foreign culture. A theme park in Spain as in any other part of Europe would face a varying proportion of, legal restraints, political risk, culture conflict, and economic disruption.

Professional analysis by the Disney marketing intelligence unit may reveal accurate data regarding macro and micro indicators of market size relevant to the launch of EuroDisney. Nonetheless, if a comparison is made with a Spanish city the odds will be against Paris. Geographic conditions provide sunshine all year round, and milder winter temperatures. As a market Spain may attract potential customers from northern Africa and the Arab world.

The local Spanish market is just as fruitful, in terms of, total population, density, and buying power as its French counterpart. 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 EuroDisney. Unlike France, Spanish intellectuals will chorus little against American culture imperialism that has altered European myths and fairy tales and would sell them back to the Europe. The entry ticket should cover the cost of the Spanish sunshine, sympathy and service, unlike the rest of Europe.



6. Disney is considering expansion to other locations...pick three locations and select the one that you think will be the best new location for Disneyland X. Having turned around its operations in Paris, Disney is looking for a new business location. Shanghai (China), Dubai (United Arab Emirates), and Rio de Janeiro (Brazil), seem to me as appropriate choices, although I do place reservations on each. China as an emerging market seems almost as an obvious choice.

The population provides ample enough market for generating projected revenues. Disney can make a grand exposure to China's fertile market. The culture there is in transition welcoming western influence in all forms. Shanghai, as a financial and business center of (Mainland) China, may facilitate the raising of capital and local entrepreneur with crucial macro and micro indicators of market size and conditions. Dubai is the major commercial business hub of the Arab world. Business horizons expand from the West Coast of the United States to the eastern Philippine archipelago.

Business communities around Europe have created a stronghold here as a gateway to most of northern Africa, the Middle East and to a limited extent the Asian Subcontinent. Rio de Janeiro is a cultural midway for Brazil, known for "fun in the sun" more than anything else is. Its interracial community and multicultural people present us a new face of South America. I propose Rio as alternative site, although I feel Dubai and Shanghai control the upper hand. Rio provides access to South America, and on the other hand is accessible by the rest of South America.

From the three cities mentioned above, I choose Dubai as my first choice. Apart from its commercial and business connotations, Dubai is seen as the portal not only to the minority communities from Europe, Asia, and the America's but specifically to the Muslim World of over one billion. The underlying opportunities are immense. Walt Disney is already a recognized figure in households of the respective targeted families.

The relaxed social and cultural atmosphere Dubai possesses over other Muslim states should not pose a threat to the continuity of business at “Disney Arabia”. Dubai reports a GDP (gross domestic product) per head of US\$15-18000, one of the highest figures on Asia. The trade balance remains in surplus with over US\$500 million. The infrastructure boasts access to telecommunication facilities and transport by land, air, and water as state-of-the-art. The diverse ethnic communities level communication barriers between the Arabs and expatriates. All in all Dubai possesses the right backdrop to promote the new “Disney Arabia” to a wider scope of people, both the conservative and the more liberal, the foreign and local.

Lunching the new Disney subsidiary, is obviously not an overnight project, meticulous planning will be needed in defining the four P's as pertinent to the Arab world. 7. Given your choice of local “X” for the newest Disneyland, what are the operational implications of the history of EuroDisney described above for the new park? Because of the initial failings of the EuroDisney in the first year of operation, steps will have to be taken by Disney to make sure things work out, right from the beginning. International business brings along with it unexpected happenings.

A cultural discrepancy most at times being the sole factor responsible. The knack possessed by managers to foresee the future shall dictate what Dubai holds for Disney. As mentioned earlier, one can never over-emphasize the importance and understanding of a foreign culture. Dubai as does most of the Arab world, practices a “ high-context” culture, i. e. communication tends to be indirect, and hence the expressive manner becomes critical in delivering the message.

The way Disney presents itself to its Arab counterparts in transaction will reflect the sender’s values, position, backgrounds, and associations in the business community. Because of the size of the project, politics will most certainly play an important role in raising capital with favorable rates of interest. The provision of land, and favorable construction contracts for the theme park may unfortunately require the help of another type, “ money politics”. In context with the inaccuracies that occurred at EuroDisney we come up with a guidance list detailing what to do and what not to do.

- i) Be prudent in ones projections of revenue and expected attendance. ii) Do not promote American imperialism. Arab American friendship should do better. iii) Promote glitz and size but give reference to rides and attractions. Stress on the entertainment value of the theme park. iv) Relationship marketing should be at its best, with the government and other important stakeholders.
- v) Forecast every hint of change in the macro environment. vi) Employee dress code should be perceptive of the local culture. vii) Never assume! Find

out whether it really is, then triple check. iii) Prayer rooms are essential. ix) Dubai and Disney go together. Promote one, promote the other.

x) Family hour begins after eight in the evening! These ten steps do not define the operation success at “ Disney Arabia”. They are certain to give only a flavor of what should be done so as not to fall in the same trap as that of Euro Disney. Disney should make room for change, good and bad, it should be receptive to what bring families together. Continuous improvement, or Kaizen, as the Japanese refers it to, will reduce glitches to a minimum.

On the other hand we only learn by making mistakes.