

Research on Current Situation Analysis and Marketing Strategy of Disney in China's Consumer Market

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Abstract: As we all know, the Walt Disney Company occupies a major commercial position in the world. It not only has a great fame in the amusement park industry, but also has great achievements in the film and television production industry. Disney's development in the Chinese region is even better. For this study, we will focus on the development of Disney in China. Some authoritative websites and papers on the web will be effective sources for us. Through our careful screening of the material, we come up with a series of results, an analysis of Disney's development and Behavioral Characteristics Analysis. There are some problems and causes which are also critical to our research topic. By understanding these issues in detail, we will propose solutions to these issues on a one-to-one basis in the Discussion section. Through our careful screening of the material, we will come up with a series of results, an analysis of Disney's development and Behavioral Characteristics Analysis. As a brief mention, our findings will be detailed around merchandise, streaming and market development. In this way, Disney can benefit not only in reality, but also through the web. The conclusions we have drawn from this research will have a high commercial value for Disney. Disney can find out some different views of the Chinese public through our paper. This will also find a breakthrough for some bottlenecks that Disney encountered in the Chinese market. The paper can improve for the further development of Disney Company in China and enable Disney Company to win higher profits.

1. Introduction

1.1 Research Background

The Walt Disney Company is a diversified multinational media Company headquartered in Burbank, Los Angeles, California. The Walt Disney Company was founded by Walt and Roy O. Disney on October 16, 1923. Originally known as Disney Brothers Cartoon Studio, the company established itself as a leader in animated films in the US before branching out into live-action films, theme parks and broadcast television. The company later became known as Walt Disney Studio, and later changed its name to Walt Disney Productions. Disney didn't use its current name until 1986. It has expanded its business to focus on theater, radio, music, publishing and online media. Disney has also created new brands to address mature and profitable markets, while its flagship brand remains focused on the home.

The best-known brand by Walt Disney Company is the Walt Disney Studios Motion Pictures, which is one of the largest and most famous studios in Hollywood. The Walt Disney Company also operates broadcast networks such as ABC, cable TV networks (such as Disney Channel, ESPN, ARTS & Entertainment Network, and ABC Family). It owns or licenses fourteen theme parks around the world. It also has a successful music group. The company's stock has been a component of the Dow Jones

Industrial Average since May 6, 1991. As an early famous animated character, Mickey Mouse is the Walt Disney Company's most important character. Chinese market is always a focus for Disney. In 2019, the revenue for Asia Pacific was just 6 percent of the total revenue, according to the data from Statista, a website by a German company aims to collect and specialize the data. In 2019, China has the world's largest population of 1.4 billion [1]. According to the standard of the World Bank, there are at least 400 million people in China's middle-income group. According to the standard of domestic authoritative institutions, China's middle-income group is at least 400 million people at present. Then there are about 600 million people in China who belong to the middle-income group, which is undoubtedly the largest middle-income group in the world.

In terms of the size of the domestic consumer market, the total retail sales of consumer goods in the first three quarters of 2019 reached 29.66 trillion yuan, of which the per capital consumption expenditure was 15,000 yuan. Among them, the online retail sales grew faster, reaching 7.32 trillion yuan, and the online retail sales of physical goods reached 5.8 trillion yuan. These figures are huge, reflecting the huge scale of the domestic consumer market. The import scale of the consumer market is huge, that is to say, in order to realize the needs of a better life, The Chinese people have to import goods and services from abroad every year, the scale is very large. For many years in a row, China has been the world's second largest importer of goods and services. In the first three quarters of this year, China imported 10.4 trillion yuan in goods and 2.6 trillion yuan in services. Therefore, it is believed that there was still much space for Disney to extend its market to China.

1.2 Literature review

Washington, D.C. proposes that Disney's characters are especially popular in China, so it is a good choice for China to build Disney Park in China. As for HongKong Theme Park, tourists always complain that the scale is not big enough. However, the land in HongKong is very expensive, so Shanghai Theme Park can achieve more. Although Shanghai Theme Park will not help gain much money, it can still stimulate the economy and bring many tourists to Shanghai. Brown, Tanner believes that Chinese viewers have positive attitude towards western films shot in China. There is a claim like supporting the film is supporting China. It is really a good time to take advantage of Chinese Market. Hollywood and Bollywood are also known to take advantage of nationalist sentiment. Prophet, a consultancy, states that Disney value brand experience. One strategy is to localize. Chinese visitors prefer Theme Park in a convenient location, where they can approach easily. Chinese consumers are willing to pay for Disney special and magical experience and unique products. According to David Barboza and Brooks Barnes, Disney can promote China's economy and wants to cooperate with China. Disney is dying to own a theme park attracting both children and adults. Due to the fact that Chinese market is so huge that Disney can accept the Chinese own rules [2].

Most scholars research about theme parks in China and the positive and negative effects of them and the strategy of localizing by Disney. Fewer scholars research about the current situation by Disney in China, about the Chinese competitors and how can Disney work or compete with those strong local competitors.

1.3 Research Objective

Our research intends to mainly focus on how Disney is able to seek common ground while shelving differences for mutual benefit with other competitors. First, we would like to research the condition in Chinese market and the characteristics of Disney, such as the mechanism Disney often apply or the brand culture of Disney. Second, we will find out how Disney can take advantage of its strengths to capture the Chinese consumers.

2. Method

Depending on the actual situation of our group in the data finding, we used secondary data through the whole study.

First of all, due to the rapid development of technology and internet, online website has become very diverse. This diversification will result in two things. First, there will be a large number of "spam" websites. The four members of our team carefully screened and eliminated some old, misinformed, and irrelevant websites, leaving only a fraction of websites that were very beneficial to us to do the research on our topic. Secondly, the diversity of websites allows us to find the data we need more easily. For example, in the second half of the article, we will talk about the strategy that we have summarized, and we can only rely on some preliminary tests and data to obtain the changes in the data caused by our strategy. We can't estimate the results of this data all by our own imagination. Therefore, we will go to the Internet to find some pre-statistical data, and then compare it with the recent data, and finally produce a slightly more accurate estimate of the results. At this point, the greater variety of websites means that a wide variety of data is available to us. We also read essays and studies published by professionals online. This paper is where we use for the analysis part. SWOT analysis and PESTLE analysis are the two analysis methods we use. Since we are all only 10th and 11th graders, our knowledge base is far from adequate. This leads directly to the fact that we may not be thoughtful and mature enough to think of ways. To be more precise, some professionals write papers that are very detailed. For example, they publish papers that sometimes write very clearly about the advantages and disadvantages of a company in the market. Therefore, from time to time, we can get our own ideas from these examples. These own ideas are neither very absurd nor without practical solutions. Likewise, we have not yet survived in the society, and some national policies and regulations are unknown to us, so it would become very absurd to make them up out of thin air, so we can only come up with the impact of these national policies on the company's development through some research.

3. Results

3.1 Development Situation

In the past five years, Disney's operating revenue and net profit returned to parent company have maintained a stable growth trend. In fiscal year 2019, Disney company achieved revenue of 69.57 billion US dollars, up 17.1% year on year, and net profit returned to parent company 11.584 billion US dollars, down 11.3% year on year. The decline was mainly due to a decline in the film business [3].

Disney has a strong advantage in the global theme park industry and occupies an oligarchic position. In 2018, the world's top 10 theme park groups received 501 million visitors, of which 31.39 percent came from the Disney Group. Its 157 million visitors were double that of the second largest, Merlin Entertainment Group. As the pioneer and explorer of the global theme park industry, Disney has a huge influence in the global theme park industry, and its market share is far ahead.

3.2 Behavioral Characteristics Analysis

Since the opening of Shanghai Disneyland, a large number of tourists have been attracted to visit the park. The crowd shows the characteristics of young people, middle-class families and other consumers. Consumers generally love to travel and travel. The population aged 35 and below accounted for 77.1% of the Shanghai Disneyland population, indicating that young people are more enthusiastic about Disneyland [4]. Seventy percent of those consumers are married. Meanwhile, people from first-tier cities are the main source of tourists for Shanghai Disneyland. Sixty percent of consumer devices are high-end products.

In the early days of The Opening of Shanghai Disneyland, influenced by the inherent concept and cognition of the theme park, tourists mostly took experience of amusement projects as their main purpose of visiting the park. It used to be necessary to follow the online guide and punch the "Internet celebrity" items. In recent years, tourists have become more and more relaxed and leisurely. Besides queuing up for amusement projects, they also enjoy performances, interact with Disney friends, taste delicious food and buy time-limited themed goods, which are also becoming more and more popular among tourists. Hotels are no longer just a place for tourists to stay in theme parks. More and more tourists use theme hotels as Staycation destinations. The number of repeat visitors to Shanghai

Disneyland increased by 50 percent between 2017 and 2019. In addition, the average annual pass holder of Shanghai Disneyland visits the park more than 10 times a year. More and more people are returning to Disney just for a new theme park, a new experience, a new entertainment show, or even a new product.

3.3 Marketing Problems

The profits of Disneyland are mainly from tickets, meals, movies and souvenirs. First of all, Disney's biggest problems are the high price, occupancy rate and location. First of all, the ticket price of Disneyland is usually 370 yuan per ticket, but the price can vary during holidays and off-peak seasons. Then, dining is divided into: dinner and snacks. According to some statistics, a dinner costs about 60-150 yuan; Snacks cost about 20-80 yuan per serving, and drinks cost about 10-45 yuan per serving. So each person spends about 300 yuan a day on food on average. Then there is shopping, all kinds of copyrighted souvenirs (dolls, key rings, badges, pens, notepads, and toys), clothing, bags and other prices ranging from dozens of yuan to hundreds of yuan. Finally, a trip to Disneyland costs about 1,000 yuan per tourist. This is not a low consumption. Secondly, The Walt Disney Company continues losing money on its streaming service and millions of subscribers which is such a great loss for Disney [5]. Finally, Disney has only two parks in China, one in Shanghai and the other in Hong Kong which discourages many consumers from going to Disneyland because of inconvenient transportation.

3.4 The cause of the problems

One of the reasons for the problems mentioned above is that the cost of building Disneyland is very high, including facilities, staff, and maintenance and so on. So, you need to raise prices to make a profit. The second reason is that Disney's media industry still needs develop and hasn't reach the Chinese market yet. The third reason is that the decision of geographical location needs to be considered by many factors, for example, whether it is approved by the government, whether it can bring enough passenger flow, what kind of environment, what kind of traffic, etc.

4. Discussion

According to the marketing problems mentioned above, three schemes are designed to help the Walt Disney Company circumvent the existing problems:

4.1 Co-branded products

Given production costs, revenues, competitive markets, etc., it is difficult for Disney to directly reduce the price of its products. However, launching new products in conjunction with other brands in this case would be a felicitous approach to reduce customer purchasing pressure. Co-branding can be a very effective activation that bolsters both brands working together rather than acting independently which helps extend reach, awareness, and sales potential by capturing prospective consumers of each brand.[6] Compared to those souvenirs in Disney Park, co-branded products are more practical, involving a wider range of consumers and a variety of field. Here comes some concrete examples. Vans was one of the first brands to partner with Disney, dating back to the 1970s. Over the decades, Vans has been launching Disney co-brands, which are truly enduring and loved by young people, and in their joint printed shoes, they have attracted worldwide attention and become the private clothes of big-name stars. In 2015, Uniqlo launched clothing in the U.S. market with Mickey Mouse T-shirts and other clothing, sales are booming, according to Uniqlo marketing director Justin Kerr told the media in a day, "Some of these models have sold more than 70 percent." The fashion industry is married to Disney, because of the "brand youth" considerations. In some of the print ads presented, the protagonist is not a child, not a product, but a variety of skin color, ordinary vitality of adult models, they wear a cooperative series of clothing and Mickey's shadow play, as if adult reality and heart. "FUN" and "MAGIC" are the extensions Uniqlo hopes to bring to the brand. And the products involved are not just children's clothing, adult target products accounted for two-thirds of the co-products [7]. When souvenirs are sold separately in stores within Disneyland, consumers are more likely to give up on

purchasing them because of their higher prices and lack of practical value. But if Disney can team up with some well-known Chinese brands, like Anta, LI-NING, to build consumer complementarities and build brand awareness, their consumer audience will not only face young people and children, but even expand to more adults and seniors.

4.2 Launching streaming platform

According to the revenue of the Walt Disney Company in the fiscal year 2020, the company's biggest segment was its media networks, which generated revenue of 28.39 billion U.S. dollars in 2020[10]. However, there are few channels in China to watch Disney films and cartoons. To increase Disney share of the media industry in the Chinese market, Disney could collaborate with some Chinese video sites. Disney's partnership with YouTube is a good example of Disney launching its streaming platform within the U.S. market. In 2011, Disney Company announced a partnership with YouTube. Several original video series to be produced by Disney and distributed on YouTube as well as a co-branded channel on Disney.com. To provide some online video content to attract children. What's more, this channel will also offer the amateur video taken from the torrent uploaded to YouTube every day. As a result, their total revenue was \$16.25 billion which exceeded their expectations [8]. Based on this case, the Walt Disney Company can utilize some Chinese video websites' popularity to reach more online video content, thus increasing market share and extending the reach of the brand. iQiyi, a high-quality video entertainment service provider in China, may be a suitable choice. On May 18, 2021, iQiyi released its first quarter 2021 financial results, which showed that iQiyi's first-quarter revenue was RMB8 billion, up 4% YOY, exceeding market expectations of RMB7.674 billion [9]. In this case, the Walt Disney Company could have a collaboration with iQiyi to launch an exclusive program that will give people access to Disney movies, cartoons and related Disney promotional films, expanding Disney's influence on Chinese video sites and attracting more consumers.

4.3 Open New Park

China is a country with a very large population base, but now China has only two Disney parks, one in Shanghai and one in Hong Kong, which makes many tourists need to queue up for one or two hours to take a ride. In this case, it will greatly reduce the consumer experience and thus reduce the number of visitors. Moreover, most non-local visitors can only go to Disney on holidays and spend a lot of time on transportation, so the Walt Disney Company can consider about building a new Disneyland in China in order to distract traffic and improve the customer experience. Considering passenger flow, traffic and geographical position, Xiamen is a suitable location for the Walt Disney Company to open a new Disneyland. Xiamen's pleasing scenery help it to attract an abundance of tourists each year. In 2018, Xiamen achieved a regional gross domestic product (GDP) of 479.141 billion yuan, an increase of 7.7% over the previous year, of which the primary industry grew by 2.6%, and the secondary industry achieved an increase of 8.1% to GDP growth of RMB198.016 billion, contributing 45.2% to GDP growth [11]. Thus, its passenger flow can be ensured. Additionally, Xiamen currently does not have any well-known amusement park, which is a great advantage for Disney to establish a new Disney Park there without competitors.

5. Conclusions

5.1 Summary of Several Findings

The Walt Disney Company now occupies an oligarchic position in the world. As time goes by, an increasing number of young people have a willing to visit Disneyland. The Walt Disney Company seems to be very perfect, but still has many flaws. For example, the cost of building Disneyland is very high, Disney's media industry in China has not been effectively developed, and Disney's location is not really reasonable. We have designed three targeted solutions. The first is to produce Co-branded products to reduce the customer's consumption pressure. Second, Disney could increase the distribution of streaming platforms by partnering with some Chinese video sites. Finally, right on location, The Walt Disney Company could choose to build another Disneyland.

5.2 Research Significance

In the past few years, Disney may have had many shortcomings that stopped its development. However, through our investigation and research, Disney can achieve equal and rapid development in reality and online respectively. Disney can make qualitative leaps in consumption, streaming and location. Not only can it surpass its competitors to become the world's top company, but it can also perfectly meet the needs of thousands of customers.

5.3 Limitations and Future Study

After revisiting our study again, we found the following limitations and shortcomings in our research study. The only method that we used to search useful information is the secondary resource. The lack of first-hand data equates to the lack of what the public really thinks. Sometimes, due to the boom of the development of society, people's ideas are constantly changing. No one can speculate what the current trend is, for example, what kind of hotel decoration young people like, what Chinese people think about foreign movies, etc. We will actively avoid this limitation in our future research. In the future studies, trying to ensure the authenticity and accuracy of the research by increase the variety of methods through surveys and interviews is our critical action.

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