

# *Expansion in Chinese Market: Choose Commensurate Corporate Strategy Management for Disneyland*

## **The Impact of Raising Disney's Brand Awareness in China Comprehensively on Disney's Overall Competence in Chinese Entertainment Market**

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**Abstract:** For the initial purpose, Disney in China want to enhance a more organic creation of growth of Disney parks and resorts in China, more appealing to Chinese market, and attract the overall age group including elderlies, due to limited access of Disney's work to Chinese middle-age population. This essay utilizes SWOT to analyze the strengths, weaknesses, opportunities, and threats that the corporation Disney faces in China in the status quo. This essay will focus on how Disney can strengthen its position in China under the compelling atmosphere in present China through the strategic management demonstrated through the enterprises' reflection of its plans. Moreover, this essay brings up the overall positive impact through its action in raising brand awareness in China not only towards the consumer group of Children but also towards elders. As a result, the conclusion this essay comes up with can be summarized by the importance of brand awareness in China. It can be achieved by the possible strategy in expanding the resorts and entertainment park's target audience, and the methods are dependent on the analysis of the strategic management of Disney's resort market in China. This essay can contribute to the suggestion towards strengthen the IP's place in China and consequently raising Disney's revenue.

### **1. Introduction**

Global entertainment empire, The Walt Disney Company, generated approximately 20.3 billion U.S. dollars from its parks and resorts segment in 2018. This is the highest revenue the company has generated in this segment over the past 10 years. In 2020, Disney holds its Global Revenue of 65.39 billion USD. While Attendance at Walt Disney Attractions reached nearly 155.99 million. [1]

However, the age of consumer group of Disney is too narrow. The heavy reliance on the popularity of its IP directly leads to high price level and high entrance access of this form of entertainment. However, in Chinese market, the attractiveness appealing to people who never watched or familiar with the IP sublines is considerably low, especially for middle-aged consumers and elderlies.

We claim that the Chinese Market itself is being very profitable in various ways, but still, a company or IP's success can be measured on the scale of attractiveness and popularity. [2] As a result, we analyze how Disney can strength its IP's attractiveness in a more comprehensive way and then, stabilizing Disney's resort and entertainment market of China as a whole targeting all the Chinese

consumers. The goal for this is to raise its competence towards other huge entertainment companies such as Wanda in China.

Therefore, due to the low attractiveness among all age groups, the themes of Disney lose its value in attracting Disney audiences, in return to being attracted by this specific type of IP. This chain effect can be traced easily in the two following age groups: middle-aged people and elderly. While Disney's target customers are Children, and in these age-groups' childhood, Mikey Mouse and Snow White are apparently non-existing cartoon figures. Therefore, many Chinese people lose the initial interest in Disney. Similarly, the overall price level is too high for consumers in China. Therefore, we lose a lot of consumers in these two age groups. While these two consists of major groups of consumers in China.

## **2. Literature Review**

### **2.1 Evolution of the Concept**

With the development of the industrial revolution and economy, the concept of "corporate strategy" is gradually formed. In the 18th to 19th centuries, Representatives like Adam Smith, Watt, and Stuart have emerged in Europe for management thinking. Later, the scientific management school represented by Taylor appeared in the United States. At that time, scholars and managers focused on the management of the internal activities of the organization. By the beginning of the 20th century, Fayol proposed five functions of management. In 1938, in Barnard's book "The Functions of Executive," he separated organizational theory from management theory and strategy for the first time. He believed that management and strategy are the main tasks related to leaders. In addition, he emphasized management science is to create organizational efficiency—how to adapt the organization to the environment [3]. This proposition has become the basis of modern strategic analysis methods. In the 1960s, Andrews of Harvard University defined strategy in four aspects, demonstrating companies should better allocate resources to form unique capabilities to gain competitive advantage. In the same period, the American scholar Ansoff put forward the theory of four strategies, results in the study of strategic management theory have shifted from simply within the enterprise to the study of the relationship between the organization and the environment. In 1965, Ansoff published the first book "Corporate Strategy: Analytic Approach to Business Policy for Growth and Expansion," which became the starting point for the study of modern enterprise strategic management theory. Since then, many scholars have actively participated in the research of strategic theory and have formed a variety of schools. For instance, the design school, the planning school, the learning school, the positioning school, and the resource school [3].

Ohmae Kenichi, the Japanese organizational theorist and management consultant, has claimed that business strategy is how to achieve competitive advantage [4]. If there is no competitor, there is no need to develop a strategy.

### **2.2 Formation Process**

To form a corporate strategic management can be extremely complex. The research content covers social responsibility, business ethics, non-profit organizations, dynamic environment, global competition, and other fields, forming ten major strategic schools such as design, planning, and positioning. From the perspective of research, it involves many disciplines such as management, politics, economics, humans, ecology, society, history, psychology, etc., and nine theories examine corporate strategy from the perspectives of process, industry, resources, capabilities, game, risk, environment, ecology, etc. [5]. Obviously, the examination of enterprise strategic management system is multiplex. The earliest worldwide research on strategic management began in the 1950s and 1960s [5]. Chinese academic and business circles attach importance to this subject only in the recent decades. Thus, it still leaves much space for innovative studies.

### **2.3 Influential Factors**

Even though scholars hold different beliefs, generally, factors can be categorized into three aspects: entrepreneurial, corporate, and the business environment [4]. Compared to others, the entrepreneurial factor is relatively subjective. The entrepreneur's preference, ideals, value orientation, etc., directly affect the company's choice of strategy. The second, corporate factor, includes the human, material, financial, technical, and management resources of an enterprise. Those elements will be considered when evaluators try to determine the capabilities of the enterprise and explore in which areas it has a competitive advantage. The formation of a unique development strategy must rely on the enterprise's cultivation of core competence; imitating other companies' strategies is effortless, guarantees no advantages due to differences between firms in aspects such as inputs, outputs, human capital, and so on. Lastly, the business environment consists of two parts: the industry environment and the macro environment. Research on industry environmental forces investigate customers, competitors, substitute producers, suppliers, entrants, etc. [4]. Based on these data, researchers can make a hypothesis about the survival and development space of enterprises. Meanwhile, the macro environment plays a role in the strategy of companies through the influence of industry environmental forces.

## **2.4 Driven Factors**

The specific management activities of the enterprise are the reflection of its plans. From the external, individuals can perceive the effect of the enterprise's strategy implementation. The driving factors of corporate behavior have become a prerequisite for the discussion of driving factors of strategic management behavior. Following are the main types of strategic management behavioral drivers: (1) Profit-driven; the existence of profit is objective in business, and whether the means and methods of making profit are proper has also become a sign of testing the success of the enterprise. (2) Government regulation-driven; Adapting the given conditions while seeking potential is the task. (3) Market-driven; The basic role of the market in the allocation of resources is becoming increasingly important, which will help companies operate following the rules of the market economy. Companies can participate in the division of labor and cooperation in the international economy in a wider range of fields and depth. Customers are the focus of the marketing process. (4) Entrepreneur/Core character driven. Like mentioned above, the leader is the key to management decisions. (5) Knowledge innovation driven; For a well-developed enterprise at a certain stage, implemented management must be based on knowledge innovation. Strategic management will strengthen the creation, application, sharing, accumulation, and multiplication of knowledge, with the belief that knowledge is the biggest resource of the industry [5]. The formation and accumulation of knowledge capital will improve the quality and quantity of resources in an all-around way.

## **3. Data and method**

### **3.1 Data**

The Walt Disney Company, commonly known as Disney, is an American diversified multinational mass media corporation headquartered at the Walt Disney Studios in Burbank, California. It is the world's second largest broadcasting and cable company in terms of revenue, after Comcast. Disney was founded on October 16, 1923, by Walt Disney and Roy O. Disney as the Disney Brothers Cartoon Studio and established itself as a leader in the American animation industry before diversifying into live-action film production, television, and theme parks. The company also operated under the names The Walt Disney Studio, then Walt Disney Productions. Taking on its current name in 1986, it expanded its existing operations and also started divisions focused upon theater, radio, music, publishing, and online media. In addition, Disney has created new corporate divisions in order to market more mature content than is typically associated with its flagship family-oriented brands.

The Walt Disney Company owns Disneyland Resort, Walt Disney World and is licensed to operate Disneyland Resort Paris, Tokyo Disney Resort, Hong Kong Disney Resort in China and Shanghai Disneyland Resort in China. On June 16, 2016, Shanghai Disneyland in mainland China was officially opened.

October 2019, No. 9 on the 2019 Forbes Global Digital Economy 100 list. January 22, 2020, ranked No. 4 on the 2020 Fortune list of the world's most admired companies; February 25, the company's board of directors announced the nomination of Bob Chapek, chairman of Disneyland, as the company's new CEO. July 2020, Forbes 2020 Global Brand Value 100 was released, and The Walt Disney Company ranked No. 7.

### **3.2 Method**

SWOT is a strategic analysis method, through a comprehensive assessment and analysis of the strengths, weaknesses, opportunities and threats of the analyzed object to draw conclusions, through the organic combination of internal resources and external environment to clearly determine the strengths and weaknesses of the analyzed object, to understand the opportunities and challenges faced by the object, so as to adjust the methods and resources at both strategic and tactical levels to ensure the implementation of the analyzed object SWOT analysis, also known as situational analysis, is a method that can objectively and accurately analyze and study the reality of a unit, and SWOT stands for strengths, weaknesses, opportunities, and threats[6].

There are some prerequisites when conducting a SWOT analysis [7].

1. must have an objective understanding of the company's strengths and weaknesses
2. Must distinguish between the company's current situation and prospects
3. must be compared with competitors, such as better or worse than your competitors
4. Keep the SWOT analysis simple to avoid complication and over-analysis

So, the formular stage and of the SWOT [8].

1. What is the current strategy?
2. Confirm the changes in the external environment of the enterprise pest
3. Confirm the key capabilities and key constraints of the enterprise according to the enterprise resource portfolio.

4. Evaluate according to the general matrix or similar methods and divide all the identified advantages into two groups based on two principles: whether they are related to potential opportunities or potential threats in the industry. In the same way, all martyrs are divided into two groups, one group is related to opportunity and the other group is related to threat.

## **4. Results and discussion**

### **4.1 Strengths**

According to the SWOT analysis, the strengths of Disney is the brand and the unique for thematization. Disney has taken its unique service and user experience as a differentiating competitive advantage, and gained extensive and stable customer flow. Disney brand has good reputation to consumers in China, attracting an average of 80,000 visitors daily. The unique theme is reflected in Disney's services. Disney's excellent services are reflected in theme parks, Disney theme planes, cruise ships and many other places. Disney advocates the production of "joy" for consumers, and all the designs, environments, activities, and programs in Disney theme park are based on the theme of "joy". The cartoon characters in the park are all from the well-known Disney movies, which make the park full of fantasy but true colors, so as to evoke the fairytale joy experience that tourists get when watching Disney movies [9]. Disney also spends a lot of money on training its employees. In the park, visitors can always seek help from the staff when they encounter difficulties, and the staff will help people with exquisite, proper and warm service. The formation of Disneyland has opened up new space for the business model of The Disney Company, and Disney theme parks have gradually become a business model characterized by diversity, differentiation and humanization [9]. Disney employees offer stunning, Disney-style shows and services both at the park and on the Cruise ship. Disney company creates classic themed cultural experience, provides high-quality service to tourists, establishes a lasting brand image in people's mind, and achieves maximum operating profit [10]. Theme parks and theme cruise ships make use of specific themes to create entertainment and landscape-oriented entertainment and leisure space, and take tourist experience as the core of brand

image. Therefore, the experience economy model of Disney has developed an open amusement concept centering on diversification and interaction.

## **4.2 Weaknesses**

The weaknesses of Disney are the high price and high dependence on IP. Disney's ticket prices are the highest among all of the other entertainment parks in China. Disney faces low "repeat business" in The Chinese market, based on high ticket prices and relatively naive entertainment. Tokyo Disney's success is based on a high number of repeat customers. According to statistics, Disney in Tokyo has a lot of visitors are 25 to 30 times "repeat". In 2008, Tokyo Disneyland celebrated its 25th anniversary. In a year when many developed economies were hit hard by the global financial tsunami, Disney Tokyo recorded its highest attendance and sales of 389.2 billion yen, including net profit of 18 billion yen. However, the number of repeat visitors to Hong Kong Disneyland is low. Reasons include Hong Kong's limited local population; Most mainland tourists are visiting Hong Kong for the first time so they rarely go to Disneyland; The area of Hong Kong Disneyland is half that of Tokyo Disneyland, with fewer entertainment items and poor environmental experience, which greatly reduces the possibility of people becoming "repeat customers" [11]. In addition, for ordinary citizens, visiting Disneyland is a luxury consumption, which requires people to have a good and stable income. Disney has largely lost both tourists and "repeat visitors" in terms of regions, spending power and entertainment preference, which has led to the decline of Disney's profits. Disney is highly dependent on IP, but in the Chinese market, most Chinese audiences tend to choose domestic movies to watch, because many Chinese audiences do not know or love Disney's IP very much. On March 5, 2021, Hollywood's original animated film "The Legend of the Dragon" was released simultaneously in China and the United States. With the epidemic still out of control in North America and Europe, Disney is focusing its publicity on China and online, hoping to rely on the Chinese market to rebound. With 17 percent of screenings on its opening day, the film is now ranked fourth in the single-day box office, behind "Hello, Li Huanying," "The Surge" and "Detective Chinatown 3." All three films are Chinese made. Most Chinese audiences are not familiar with or interested in Disney's IP, so they are more likely to choose domestic films than Disney films. Disney has used several A-listers to promote its Hollywood films better in China, but the results remain unclear. "Tom and Jerry," a live-action CG film from Warner Bros. based on one of the world's largest franchises, was also a flop in China on Feb. 26. The Warner Bros. blockbuster, which is based on one of the world's largest franchises, has grossed only 90 million yuan in its first seven days of release on the mainland, and has been ranked the lowest in terms of box office share and attendance. In recent years, with the maturity of the domestic film industry and the continuous improvement of the quality of domestic films, the appeal of Hollywood blockbusters in China is decreasing

## **4.3 Opportunities**

There also a various of opportunities. The Chinese market opens Disney's peripheral business. Through the influence of theme parks, Disney has increased its brand awareness in people's mind, to sell other products of Disney company, such as clothing, stationery, toys, etc. The Chinese market has a large mainland tourist population and high consumption power, which ensures Disney can expand its peripheral products. Disney wants to boost sales of offline merchandising by selling it in a pop-up store. According to statistics, the scale of pop-up stores is huge. In 2020, the total scale of the pop-up store industry will exceed 3,200 billion yuan, among which the short-term rental market will exceed 80 billion yuan. The number of pop-up stores in China is about 9.6 million times. And the total scale is expected to reach 800 billion yuan by 2025 [12]. Brands that want to create the popular sales model of pop-up stores need to be large brands with established offline channels, and Disney fits that bill. Disney products have a huge offline channel but few stores to sell them, with most people going to theme parks to buy them. Disney can set up pop-up stores in commercial venues, communities, and office Spaces in various cities, and cooperate with large advertising companies and digital pop-up store service providers to set up pop-up stores in various regions of China to sell Disney products. In addition to these Disney derivatives, Disney has also partnered with domestic airlines to

create Disney-themed planes in the Chinese market. According to statistics, in 2019, the passenger flow of most cities in China has become a growing trend than in previous years, which shows that more and more people choose the plane as an excellent means of transportation for travel and business. The China Eastern Airlines has become the first public transportation company in the world to sign a global cooperation framework with The Walt Disney Company. For example, the theme plane "Duffy · Lianmeng" in 2019 has well applied Disney's characteristics to the theme of transportation. Disney-themed planes offer travelers an immersive flight experience filled with fun and echoes of empty Spaces. In addition to the exterior painting of the fuselage, the cabin decoration, onboard supplies, and airport theme scenes are all integrated. So far, there are five Disney themed planes in the Chinese market, using cooperation with airlines to promote the Disney themed brand image. This is the core and most competitive part of The Disney Company. Through cooperation with the transportation industry, Disney has expanded its development space in the Chinese market.

#### **4.4 Threats**

The threats of Disney are those powerful competitors and special environment situations. Those alternatives are much more budget-friendly or more novel. Also in Shanghai, Shanghai Happy Valley is a theme park with cost effective performance. Tickets to Shanghai's Happy Valley are 230 yuan, much cheaper than Disney's. Shanghai Happy Valley covers an area of 650,000 square meters, with more than 100 experience projects, including seven theme parks. At the end of 2017, The Spanish-themed OCT Shanghai Jiayu Resort was put into trial operation, forming a "theme park + theme hotel + cultural performance" tourism resort destination in East China with Shanghai Happy Valley [13]. Shanghai Happy Valley is a strong competitor of Disney mainly because of its cost performance, various projects and parks adapt to more consumer groups, and have many characteristics like Disney, such as performances and thematic experiences. If Shanghai Happy Valley enhances the experience of cultural immersion, and more tourists experience the theme park along the cultural clues, to improve the cultural theme of the whole park, it will bring a lot of pressure to Disney, which takes "theme" as its core competitiveness. The special environmental situations include worldwide pandemic viruses, such as the 2020 Novel Coronavirus. Disney was also badly affected by the 2020 Novel Coronavirus outbreak around the world. According to data on August 5, 2020, the total revenue in the third quarter of 2020 was \$117.79, down 42% from the same period last year, with a net loss of \$4.718 billion. During this period, Shanghai Disneyland was also closed and closed due to the epidemic [14].

#### **5. Conclusion**

This essay we analyzed how to use a more comprehensive way to enhance the attraction of its intelligent property rights, so as to stabilize Disney's vacation and entertainment market in China. So, we use swot as a way of analysis, we can find that their strength is in the uniqueness of branding and theming. Disney's weaknesses are high prices and childish rides, which are not suitable for everyone. His opportunity is the potential in the Chinese market is not fully explored. His threat is the strong competitors as those competitors have cheaper solutions etc.

And our research is based on the formulation of strategic management. From the research if we go through these strategies and some management methods, Disney's competitiveness will rise compared to other groups. Because through these strategies as a way to make Disney's revenue rise for example, Disney can expand the target audience by expanding the age range so that older people start to be interested in Disney and want to go to play, because the group of older people is very large, so Disney not only can you raise awareness but can also set higher standard revenue.

So, when people read this paper of ours, they can get from it that theme parks can be said to be the money maker of Disney company, and Disney's doing big is the success of the cultural market-oriented operation mode to strongly develop the territory of cultural industry. But because of the current limitations of Disney for the age, so they can expand the age range thereby satisfying the constant pursuit of novelty and excitement of people seeking new and different psychology. The Park

continues to build amusement facilities, pushing the new, not only to meet the children's desire for new, but also to take into account the needs of families, young people, the elderly and other audience groups, to maximize the value of their own excavation, to obtain the maximum benefit.

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