Walt Disney

Joris Quenee Joel Ngo Jeremy Goldschmidt Jerome Buchler
Jerome Van Der Linden Jerome Pouiller Joseph Zerbib Jerome Villemazet
Jerome Leroy Jerome Louis

Wesdneday, the 28th of May

Table des matières

Chapitre 1

Abstract

The early years of the company is in 1923. it's very difficult for the company, it started with a poor way. Nevertheless they arrive to make a reputation with Mikey Mouse in 1928. In this time the company don't have a profit political and the spirit for enjoy the wild was conserved. And the really launched of the society is in 1940 when it beginning the big production of movie.

Today The Walt Disney Company, a company started in Los Angeles, United States of America, is know the world over. It stayed dominant in the market because it was the only company to make very long cartoons, and employs approximately 120,000 people. It is a diversified worldwide entertainment company, and includes operations in five business segments :

1. Media Networks
   - Television and Radio Networks :

     The Company operates the ABC Television Network, which as of September 30, 2000 had 225 primary affiliated stations operating under long-term agreements reaching 99.9% of all U.S. television households.
   - Television and Radio Stations :

     The Company owns nine very high frequency (VHF) television stations, five of which are located in the top ten markets in the United States ; one ultra high frequency (UHF) television station ; 32 standard (AM) radio stations ; and 18 frequency modulation (FM) radio stations.
2. Studio Entertainment
   The Studio Entertainment segment produces live-action and animated motion pictures, television animation programs, musical recordings and live stage plays.
3. Parks & Resorts
   The Company operates the Walt Disney World Resort in Florida and the Disneyland Park and two hotels in California. The Company also earns royalties on revenues generated by the Tokyo Disneyland theme park and has an ownership interest in Disneyland Paris.
4. Consumer Products
   The Consumer Products segment licenses the Company's characters and other intellectual property for use in connection with merchandise and publications and publishes books and magazines.
5. The Internet Group.
   In 1997, the Buena Vista Internet Group was formed to consolidate and coordinate the Company's wide-ranging Internet activities.

The problem for The Walt Disney Company is that the cultures of the other countries are very different, and sometimes incompatible with the original American theme park and cartoon productions. So the company has to change the politics of its conquest. Then there becomes many different representations of the company

for different countries in the world. But there is always the american culture underlying these different representations.

Being an old monopoly with lots of experience in the market it has many advantages, but also it may lack the new spirit for conquest which the new generation of companies possesses. Like all the old companies, it has traditions and some of them are good and some bad. Now Walt Disney must share the market with DreamWork the principal rival.

In the first step, we'll look at the company's history in detail, with all the anecdotes and points that make it the top of the market. Next, we'll look at the opportunities and problems of the company. Then we'll create a swot analysis for a deeper understanding. Finally we'll summarize to state the important points clearly. In the second section, we'll specify the objectives of the company, and the possibility of it finding good recommendations. And we'll finish by discussing the future of the company.

Chapitre 2

Backgound

2.1 1920s - The Story Begins

October 16th, 1923 The Alice Comedies Created Walter E. qnd Roy O. Disney establish the Disney Brothers Studio in a contract with M.J. Winkler for a series of animated short subjects entitled The Alice Comedies.

November 18th, 1928 Steamboat Willie Debuts Mickey and Minnie Mouse debut in Steamboat Willie, Disney's first animated film with sound effects and dialogue.

December 16th, 1929 Walt Disney Productions, Ltd. Formed The Disney Brothers partnership is replaced by Walt Disney Productions, Ltd. ; Walt Disney Enterprises ; Liled Realty and Investment Company ; and the Disney Film Recording Company.

2.2 1930s - The First Characters Are Created

December 21st, 1937 Premiere of Snow White and the Seven Dwarfs Snow White and the Seven Dwarfs, the first feature-length animated film, premieres accompanied by the first comprehensive merchandise campaign.

September 29th, 1938 Walt Disney Productions, Ltd. Consolidates Walt Disney Productions, Ltd. absorbs the three other Disney companies created in 1929.

2.3 1940s - The Company Moves To Burbank, CA

May 6th, 1940 Walt Disney Productions Moves to Burbank Walt Disney Productions, Ltd. completes its move to its new studio lot in Burbank, California from Hollywood.

2.4 1950s - Broadcasting On Television

December 16th, 1952 WED Enterprises Founded WED Enterprises is founded as a private company owned solely by Walt Disney to design and create Disneyland.

April 6th, 1953 Retlaw Enterprises Founded Retlaw Enterprises is founded as a private company solely by Walt Disney to control the merchandising rights to the name "Walt Disney".

November 10th, 1953 Premiere of The Living Desert Walt Disney Productions' Buena Vista Pictures Distributions distributes its first film, "The Living Desert".

Octocber 27th, 1954 Disneyland Television Series Debuts on ABC Disneyland, a one-hour weekly television series that ultimately aired for 29 seasons under six different titles, debuts on ABC.

July 17th, 1955 An American Original Disneyland first opens its gates in Anaheim, California. Walt Disney Productions invests $500,000 to own 34.5 percent of Disneyland, Inc., the company that owns Disneyland.

October 3rd, 1955 The Mickey Mouse Club Airs on ABC The Mickey Mouse Club first airs on ABC.

June 19th, 1957 Walt Disney Productions Exercises Disneyland Options Walt Disney Productions, Inc. exercises options to purchase an additional 31.0 percent in Disneyland, Inc. for $528,810.

2.5 1960s - Consolidation Of The Company

July 6th, 1960 Walt Disney Productions Purchases Remaining Stake in Disneyland Walt Disney Productions, Inc. purchases the remaining 34.5 percent interest in Disneyland, Inc. for $7.5 million.

February 3rd, 1965 Walt Disney Productions Consolidates Again Walt Disney Productions acquires WED Enterprises from Walt Disney for approximately $4 million.

December 15th, 1966 The Passing of a Legend Walt Disney dies.

2.6 1970s to mid-1980s - Extension And Acquisition

October 1st, 1971 Walt Disney World Opens The Magic Kingdom opens at Walt Disney World.

December 20th, 1971 Another Legend Passes Roy O. Disney dies.

July 8th, 1981 Walt Disney Name Acquired Walt Disney Productions acquires the rights to Walt Disney's name, likeness and portrait, as well as the steam train and monorail systems at Disneyland, from Retlaw for 888,461 shares of common stock, worth $46.2 million.

October 1st 1982 : Epcot Debuts at WDW Epcot opens at Walt Disney World.

April 1st, 1983 Walt Disney Pictures Incorporates Walt Disney Pictures is incorporated as a separate entity responsible for the development, production and marketing of all live-action films and commercial television programming.

April 15th, 1983 Tokyo Disneyland Opens Tokyo Disneyland opens six miles from downtown Tokyo.

April 18th, 1983 The Disney Channel Debuts The Disney Channel first broadcasts cable programming.

March 6th, 1984 First Touchstone Picture Makes a Splash Touchstone Pictures Releases its first film, Splash.

June 8th, 1984 Hostile Take-Over Announced MM Acquisition Corporation announces its intent to take over and dismantle Walt Disney Productions by offering $67.50 a share for Disney common stock.

2.7 Late 1980s - The Company Starts To Expand Around The World

September 22nd, 1984 Disney Enters a New Era Walt Disney Productions welcomes Michael D. Eisner as chairman and chief executive officer and Frank G. Wells as president and chief operating officer.

February 6th, 1986 Walt Disney Productions is Re-named Walt Disney Productions changes its name to the Walt Disney Company.

March 28th, 1987 The Disney Store Debuts The first Disney Store opens at the Glendale Galleria in Glendale, California.

January 21st, 1988 Wrather Corporation Acquired The Walt Disney Company acquires the Wrather Corporation, the assets of which include the Disneyland Hotel, for approximately $161 million in cash and $89 million in debt.

May 1st, 1989 Disney-MGM Studios and Pleasure Island Premiere at WDW The Disney-MGM Studios Theme Park and the Pleasure Island entertainment complex open at Walt Disney World.

November 6th, 1989 Euro Disney SCA Shares Offered 51.00 percent of Euro Disney S.C.A.'s 170 million shares are offered to European investors at FF72 per share. A subsidiary of the Walt Disney Company owns the remaining 49 percent.

2.8 1990s - The Company Becomes Worldwide And It Diversifies

November 1st, 1990 First International Disney Store Opens The first international Disney Store opens on London's Regent Street.

May 6th, 1991 The Walt Disney Company Joins the Cow The Walt Disney Company replaces USX Corporation in the Dow Jones 30 industrials.

April 12th, 1992 Disneyland Paris Opens Euro Disney (later renamed Disneyland Paris) opens 20 miles outside of Paris, France.

December 9th, 1992 The Mighty Ducks Franchise Begins The National Hockey League awards Disney a franchise that would later become the Mighty Ducks of Anaheim.

June 30th, 1993 Miramax Films Acquired The Walt Disney Company acquires Miramax Film Corporation.

June 24th, 1994 The Lion King Debuts in Theaters Walt Disney Pictures releases The Lion King, which becomes Disney's most profitable film ever.

September 6th, 1994 Disney Theme Parks Pass a Milestone Disney theme parks welcome their one-billionth guest.

October 20th, 1994 Euro Disney S.C.A. Refinanced The Walt Disney Company sells a portion of its shares in Euro Disney S.C.A., operator of Disneyland Paris, reducing its ownership interest to 39 percent.

July 31st, 1995 Disney Announces its Intention to Buy Cap Cities/ABC The Walt Disney Company announces its intention to acquire Capital Cities/ABC for approximately $19 billion.

February 9th, 1996 Disney Completes Acquisition of ABC Disney completes the acquisition of ABC as approved by stockholders of both Disney and Capital Cities/ABC in their respective special meetings of shareholders held in January in New York City.

February 22nd, 1996 Disney.com Launched Disney Online launches Disney.com to provide interactive online access to a wealth of Disney information and services.

May 15th, 1996 Disney and California Angels Team Up Disney forms a partnership with the California Angels baseball team, and later becomes the sole owner ot the team.

May 22nd, 1996 Disney Debuts on 5th Avenue The world's largest Disney Store to date, at 40,000 square feet, opens on New York's Fifth Avenue and sets the all-time record for single-day volume in a Disney Store.

May 23rd, 1996 Disney and McDonald's to Partner Disney joins McDonald's in a 10-year multinational marketing alliance linking 18,700 McDonald's restaurants to Disney's theme parks and film and home video releases.

November 1st, 1996 ESPNEWS Debuts ESPN, Inc. launches ESPNEWS, a 24-hour-a-day sports news network.

November 18th, 1996 Radio Disney Premieres Radio Disney, a live, music-intensive radio network for children debuts, offering fun, high-energy entertainment and family-oriented programming for kids under the age of 12.

January 28th, 1997 E! Has Entertainment Launch Comcast Corporation and ABC Cable Networks agree to form a new organization to acquire a majority interest in E! Entertainment Television.

February 24th, 1997 Disney and Pixar join Forces Disney announces an agreement with Pixar to create five animated films over the next 10 years including A Bug's Life (1998), Monsters, Inc. (2001), Finding Nemo (2003), The Incredibles (2004) and Cars (2005).

April 3rd, 1997 Disney Purchases Stakes in Starwave Corporation Disney purchases a significant equity stake in Starwave Corporation, a leading producer of Internet media, and assumes operational control of the company.

April 4th, 1997 Knight-Ridder, Inc. Buys ABC Newspapers Knight-Ridder, Inc. announces an agreement with Disney to purchases four newspapers owned by ABC, Inc. for $1.65 billion.

September 3rd, 1997 ESPN Acquires Classic Sports Network ESPN reaches an agreement to acquire Classic Sports Network, which features the greatest games, heroes and stories in the history of sports.

November 13th, 1997 The Lion King : The Broadway Musical Premieres The Lion King : The Broadway Musical debuts on Broadway in the newly- refurbished New Amsterdam Theatre. The Lion King goes on to win six Tony Awards including Best Musical, Best Director - Musical and Best Costuming.

April 22nd, 1998 Disney's Animal Kingdom Opens its Gates Disney's Animal Kingdom, the fourth gate at Walt Disney World, opens.

July 30th, 1998 Disney Cruise Line Launches Disney Magic Departs on its maiden voyage. Disney's second cruise ship, Disney Wonder, launches the following summer.

November 18th, 1998 Infoseek Acquisition Completed Disney completes its acquisition of a 43 percent equity interest in Infoseek, a leading Internet navigation company, and Infoseek purchases Starwave from Disney.

July 8th, 1999 ABC Entertainment Television Group Created Walt Disney Television Studio, including Buena Vista Television Productions, and ABC's Prime Time Division join forces and become ABC Entertainment Television Group.

November 2nd, 1999 Hong Kong Disneyland Project Announced Disney announces it will partner with the Hong Kong SAR Government to develop Hong Kong Disneyland, scheduled to open in 2005/2006.

2.9 2000s - The Empire Is Still Expanding

January 24th, 2000 SOAPnet Debuts SOAPnet, the new Disney/ABC Cable Network's 24-hour soap channel, launches.

September 20th, 2000 Disney and Hasbro, Inc. Form Alliance Disney and Hasbro, Inc. announce a multi-year corporate alliance encompassing the licensing of Disney film and television properties, and an array of creative initiaves at Disney's theme parks and resorts.

November 6th, 2001 Disney Thinks Einstein is a Good Match The Walt Disney Company acquires The Baby Einstein Company, the award-winning creator of highly innovative media products, toys and books for babies and toddlers. The Baby Einstein Company, founded in 1996, develops and sells products that expose babies to various forms of humans expression - labguage, poetry, music, art and science, through ways nurturing and fun.

January 11th, 2002 Disney and Kellogg's Join to Start the Day Off Right Kellogg's and Disney launch three new breakfast cereals - Mickey's Magix, Buzz Blasts and Hunny Bs. The debut represents the largest cereal launch since 1979, with more volume shipped in the first quarter than other successful competitive brands launch in the course of one year.

September 30th, 2002 Internet group Breaks Even The Walt Disney Internet Group's operations reach the break-even mark.

2.10 The Walt Disney Empire

The Walt Disney Company is a diversified worldwide entertainment company with operations in four business segments : Media Networks,Parks and Resorts, Studio Entertainment and Consumer Products.
The Walt Disney Company : (was Walt Disney Productions founded in Dec 1929 and changed its name in Feb. 86)

1. Media Networks
   (a) Broadcasting
   - ABC Television Network
   - 10 Owned and Operated TV Stations
   - Television Production and Distribution
   - ABC Radio Network (Acquisition)
   - ESPN Radio Network
   - 39 Radio Stations
   - ABC Internet Operations
   - Walt Disney Internet Group

   (b) Cable Networks
   - ESPN, Inc
   - ABC Family
   - Disney Channel (April 83)
   - Disney Channel International
   - Toom Disney
   - SOAPnet
2. Studio Entertainment
   (a) Theatrical Film Banners
   - Walt Disney Pictures (April 83)
   - Touchstone Pictures (first film in March 84)
   - Hollywood Pictures
   - Miramax Pictures
   - Dimensions Films

   (b) Productions Studios
   - Buena Vista Motion Picture Group
   - Buena Vista International
   - Walt Disney Studios Paris (March 2002)

   (c) Buena Vista Home Entertainment
   - Buena Vista Home Entertainment

   (d) Buena Vista Music Group
   - Walt Disney Records
   - Walt Disney Music Publishing
   - Hollywood Records
   - Mammoth Records
   - Lyric Street Records

   (e) Buena Vista Theatrical Group
   - Buena Vista Theatrical Group

   (f) Walt Disney Television Animation
   - Walt Disney Television
   - Buena Vista Television
3. Walt Disney Parks and Resorts
   (a) Walt Disney Parks and Resorts
   - Walt Disney World Resort
   - Disneyland Resort (first open in CA in July 1955)

- Hong Kong DisneyLand (2005/2006)
- Tokyo Disney Resort (April 83)
- Tokyo DisneySea (Sept. 2001)
- Disneyland Resort Paris (April 92)
- Disney Vacation Club

(b) Disney Cruise Line
- Disney Cruise Line

(c) ESPN Zone
- ESPN Zone

(d) Walt Disney Imagineering
- Walt Disney Imagineering

(e) Anaheim Sports, Inc.
- Mighty Ducks (NHL)
- Anaheim Angels (MLB)

4. Consumer Products

(a) Disney Licensing
- Disney Hardlines (first open in Glendale, CA in March 87)
- Disney Toys
- Disney Apparel

(b) Disney Publishing
- Hyperion Books for Children

(c) Disney Retail
- The Disney Store
- Disney Store.com
- Disney Catalog
- Disney Interactive

Chapitre 3

Opportunities And Problems At The Walt Disney Company

The Walt Disney Company was funded in 1922, and has became a world leader in family entertainment. Today, the company is operating on a multinational level, and has over 58,000 employees world wide, and over 189,000 share holders. What are the factors that contributed to the company's successes and failures on its way towards becoming the World's largest family entertaining company.

The first opportunity to be discussed is the threat of new entrants. Since the Disney company has been able to find a very distinctive niche in the industry, the entrance barriers are relatively high. The company has been able to grow over a long period of time, and has developed from within the departments of Research and development, marketing, and finance. By relying on past experience, company officials know to a large extent what the target customer wants. As Disney pretty much dominates the family entertainment market, it will be very difficult for such a new organization to develop brand recognition/identification, and product differentiation. Disney has focused of market diversification for years and the company covers a wide array of products and services. Being a market leader has made it possible for the company to practice effective economies of scale in production. For example, over 500,000 copies of the Videocassette "Pinocchio" was sold in only two months, and has 20-30 million visitors to its theme parks every year.

In addition, extremely large amounts of capital investment is required for new entrants into the industry. The capital requirements are extremely high. For instance, Disney spent USD3.6 billion in its European theme park (Disneyland Resort Paris). Only very large companies can meet such large capital requirement. Lastly, the government policy towards the industry appears to be very favorable. The French government invested USD 1.2 billion (40%) in Disneyland Resort Paris, provided public transportation facilities, provided a large tax relief (from 18.6% to 7%) on the cost of goods sold.

The bargaining power of customers is high in the service and in the entertainment industry. Since a large number of customers are needed to make Disney's operations run smoothly, the customers have certain powers. For instance, if the price on a particular home video is too high, customers may be reluctant to spending the money needed to purchase the product. Another example is the entrance fee charged at Disney's theme parks. It is stated in the case that the maximum amount of money that customers are willing to pay is USD 33. Furthermore, the entertainment industry does not save the buyer money. Instead it is designed in a way that it will make the buyer spend more. A majority of Disney's product mix focuses on intangible returns on the buyer's money. The case that some customers may not realize that they are getting such a return may increase the bargaining power of the customers.

Furthermore, the size of the company may certainly be a great advantage. By being able to order large volumes of unique products from unique suppliers, will create a dependency relationship in the industry.

Major problems to the Disney company include the following ; Over saturated markets, politics and economic aspects from a global perspective, and foreign competition. As the supply of services and products in the entertainment industry is starting to saturate the markets, competition will be more intense, and only the most powerful companies will be able to survive.I believe that Disney has leveraged this risk to a certain extent as it has diversified and globalized its operations, but still, the company is in the service/entertainment business. Some of its operations, such as the Network-television division may not be able to handle the pressure from the Cable-giants such as Turner Broadcasting Systems (TBS).

Overcrowding seems to be a hindrance that the Disney Company faces in its theme park ventures. They have begun to solve this problem with advances in guest convenience. Disney has created a "Fast-Pass ride reservation system" that allows guests to take advantage of an express line to the more popular attractions. Disney believes that customers who are not constantly standing in line are more apt to enjoy the park going experience. As an added bonus, Disney has found that these customers have more time to browse through and purchase goods at the parks numerous shops, and food outlets.

World politics and the state of the global economies are related to the market capacity. In 1991, the sales revenue of Disney decreased due to a decrease in travel caused by the Persian Gulf War. Furthermore, economic depression could make it too expensive for people to utilize the services and the products offered. Once again, I have to point out that the company has hedged itself to the macroeconomics forces, as it has diversified its business worldwide. If there is a depression in Europe, Disneyland Resort Paris may operate on a loss, meanwhile, the operations in Japan would be able to cover-up the losses by boosting operating revenues. It is known that economic depressions very seldom strikes the whole world economy at once.

Competition is always one of the great problems to a company. Even though that the entrance barriers are relatively high in the niche in which the company is operating in, the problem of new competition cannot be excluded. The movie business and the Network-television departments are extremely risky. In those two areas of operation, Disney is the intruder, and there are several very powerful rivals. A less significant problem comes from new cartoon characters. New cartoon figures appears every-day in television shows, and in movie theaters overseas. Will "Mickey and the Gang" be able to beat the war of the limited market shares internationally and domestically? Only the future generation cartoon lovers can answer that question, but tendencies in the market should be very carefully monitored.

Chapitre 4

SWOT (Strengths, Weaknesses, Threats, and Opportunities analysis)

4.1 Strengths, Weaknesses - Competitors

The Walt Disney company has beaten the S&P 500 for the past 16 years (3x) but has had problems to repeat the performance in the past 5 years. Disney's brands are one of the strengths of the company together with their core capability of content creation. Additionally the digital library owned by the company gives them an important source for TV programming or DVD creation. We will describe its competitors (AOL and Viacom are the main ones, but Fox, Sony and Six Flags can be considered also as competitors to Disney) :

* AOL Time Warner (Media Entertainment Conglomerate)
  - o AOL internet service is leader in the market, advertising in this sector is more resilient than it seems
  - o Filmed entertainment group has continued to show strong revenues.
  - o Networks group (especially HBO and Turner) have implemented cost saving measures and keep strong subscription revenues.
* Viacom (Media Entertainment Conglomerate) :
  - o Cable Networks keep their strength and are oriented towards an important demographic group
  - o CBS has outperformed the other main competitors in the last season
  - o Viacom has been able to keep better prices for advertising than the competition given its ratings.
  - o Blockbuster's gradual switching from VHS to DVD is expected to generate higher margins
* Six Flags (regional theme park operator).
  - o The 38 parks it operates had attendance of nearly 46.4 million in 2000.
  - o The Company also owns an exotic wildlife and marine park.
* Fox Entertainment Group Inc (multi-faceted entertainment company)
  - o It has operations in filmed entertainment
  - o A strong participant with Television Stations, Television Broadcast Network and Other Television Businesses
  - o Producer of cable network programming.
* Sony Entertainment Pictures
  - o Sony Corporation works in the development, manufacture and sale of electronic equipments.
  - o It also produces and markets entertainment products and instruments.
  - o The Company is also in the business of motion picture production and the insurance and banking businesses.

4.2 Threats - Risks

– Decline in the advertising market that extends well into 2002 or beyond Affecting the profitability of Media Networks (60units such as ABC)

– A slower economic recovery than expected (middle of 2002) can affect investments in 2002 and 2003, affecting the CAGR expected for the next 5 years.
– September 11 events can affect Parks and Resorts operations deeper and longer than initially expected.
– The cutting costs strategy can affect the quality of Disney products, affecting the brand and revenues growth. Nevertheless Disney plans to make investments to strengthen the ABC programming.
– ABC will face strong competition from NBC and CBS. This competition can affect prime ratings and advertising revenues growth.
– The cable business is very competitive, and ESPN has been an important driver for growth but the percentage of people that wants to watch sports hasn't been growing as dynamically as in the past. Additionally, other competitors with strong channel and growing audiences (by demographics) such as Viacom's MTV can be rough competitors and take some growth away from Disney.
– DVD market can grow in more moderate rates in the short run, affecting projections for the studio entertainment division. Another risk is a retraction in the box office business due to competition, macro economic environment and unsuccessful cost cuttings policy.
– The international expansion of Disney Parks can fail due to cultural issues (so far it has worked very well), and/or macro economic reasons.

4.3 Opportunities - Growth

The company is investing in new content creation and cutting operating costs in all their main business (Media Networks, Studio Entertainment, Consumer Products, Parks). We are very confident that these investments, plus the quantity and quality of assets (e.g. film library, and characters, theme parks) of the company will generate revenue in the future. The business model of the company is heavily correlated with the U.S. economy, with consumer spending (Studio Entertainment, Parks, Consumer products), and advertising spending (Media Networks) being the most important revenue drivers. Currently, 65the economy, out of the comparable companies Disney has the higher exposure. The current economic downturn is affecting more the company than other competitors with different business models. However, we expect that the economy will recover by the end of 2002, and Disney will be again in good shape for the fiscal year of 2003 and later. Let's analyze the sources of growth for each of the main areas :

Media Networks :

* The company acquired Fox Family channel, which will become ABC Family, in 2001 ($2.9 Billion in cash, plus $2.3 billion in debt). This acquisition is expected to increase the revenues in $600 million in 2003 (EBIAT close to $150 million).
* Advertising expenses are expected to recover in the middle of 2002. This was the main factor responsible by the ABC revenues decrease in 2001.
* Disney is investing heavily in ABC to improve programming and ratings. This could set the stage for recovery when the economy improves.
* The cable networks have been a big source of growth for Disney. Higher affiliate revenue, and strong digital subscriber growth and conversion of the Disney channel to basic premium have been key drivers for this segment.
* New networks such as Soap Net (17mm of subscribers) and Toon Disney (26mm of subscribers) continue to build distribution, and have a good growth perspective.
* Disney international channels are now in 14 countries, with a strong distribution growth (expected to breakeven in 2003).

Studio Entertainment :

* Disney has strong resources to be the leader in the box office battle : Miramax and Disney Buena Vista have a current market share of 20%. The Miramax methodology to select movies to invest is one of the best in Hollywood (using statistical models and historical data).
* Although Disney has a good market share, the company is having losses in their studio entertainment operations. However, the company is adjusting its costs to become profitable again.
* DVD will be another source of growth for Disney. DVD sales have doubled in the last 2 years (from 16mm to 32mm), and are expected to reach $60mm in 2002. The big Disney cartoon collection can

be used to leverage its DVD sales, with similar products to the launch of Snow White and the seven Dwarfs on DVD (expected to sell 3mm units).

Consumer Products :

* The company is cutting costs and shutting down unprofitable Disney Stores The company is also slowing the pace of store refurbishing
* Disney is using its valuable characters to sign licensing agreements with important companies such as Coke in 2000, and Kellogg in 2001. These contracts will leverage the power of the company to sell their products to more customers. The royalties from these new contracts are expected to start to improve the revenues no sooner the beginning of 2003.

Parks :

* In 2001, the company already expanded its theme parks in Anaheim, opening Downtown Disney and Disney's California Adventure.
* The second gate at Disneyland in Paris will also be opening within the next year.
* Disney is also planning to build a park in Hong Kong in 2002. Today Disney parks in Japan receive 16 million people per year, and this park in Hong Kong can also be a big hit.

Chapitre 5

Summary of the opportunities and the issues at the Walt Disney entertainment company

The Walt Disney company has been existing for more than 80 years. It has now a great entertainment market experience, and had time to learn about the minor wills, and the cares to bring to the consummers. As a huge-sized company, Disney benefits from its own inertia. As a matter of fact, a huge gap is being created between Walt Disney and other companies sharing the entertainment economy sector.

A place like "Disney Land Resort" near Paris is such a luck for the local economy that it has to be welcomed by the politics, who don't hesitate to spare large subventions, even if they are giving money or advantages to private companies like Disney. Stakes are too important, as a theme park comes with thousands jobs to provide for the local inhabitants.

What may be Disney's better advantage can become a great inconvenience : being part of the huge world macro-economy, you must accept to be based on what's going on over the planet like conflicts and wars, which can affect irremediably the business. Added to this fact, offsetting factors also include the risk of entertainment market saturation.

The solution may consist to spread over many different markets. But do not forget that TV, and Video Games markets reveal themselves as dangerous sectors. Broadcastservices have been continuing to grow for a few years now, with Fox Television, UPN and The Warner Bros already established in the landscape of mass-communication.

Chapitre 6

Stake Holder

6.1 Animation movies stakes

The audience of Disney evolve. Before, the audience was young (Bambis, Cendrillon, etc...). Now, the olders like animation movie too. Shrek and other movies prove this. The came of 3D and computer graphisme have changed the interrest of animation movie. It is becoming easy and cheap to make a movie whith a computer tool.
Audience is larger and anition movie is cheaper, so competition has begun to come. DreamWork, Warner Studio, etc... success to still some part of audience of Disney. Disney must be carefull.
Disney must now fight again the big AOL-Warner association. Disney has now a big competitor. Disney accuse Aol-Warner to break anti-trust law. In some yearsAol-Warner could overthrow Disney monopoly and impose its movies. In add, Warner have employed a lot of old Disney drawers.
Disney have classic movie branch too (Buena Vista), but it have some difficulties to impose their movie whit kept Disney mind. The 3D movies allow to mix cartoon and traditionnal movie. Disney begin to abandon classical movie branch to do 3D animation.

6.2 Disney TV

Disney has open some channel. It competite the other child channel like Cannal Jimmy. These last months, Disney has open 3 new channels and think it can impose its cartoons.

6.3 Disney parks

The animation parks are one of the most lucrative activity of Disney. In add, it allows to make advertising for Disney movies. In USA, DisneyWorld is one of prefered holliday destination. But, in Europe, EuroDisney don't made as benefits as they want. Share of EuroDisney are low. Europeens don't like animation parks as much as Americans. Competition is hard. There are many animation parks near EuroDisney (EuropaPark, Astérix Park, Futuroscope, Sixth Land with Walibi...). EuorDisney has reputation of quiet park and satisfy familly. But, it is not enought "fun" for teens.

6.4 Merchandising

Merchandising is the power of Diney. They have understand very early that merchandising could produce lot of benefits. Disney Store are very profitable, but there is not enought of them in Europe. These last decades, video games has been devellopped so much. For Disney, it's great. Video games have a good added value and graphism is already made. Each aniamtion movie is now follow by a video game. Video game are often develloped in same time thant the movie.

6.5 conclusion

Goal of Disney should be to kept his image in young chils animation and continue to enlarge his older audience. The bet isn't easy.

Chapitre 7

What are the major objectives

Since the nomination of Michael Eisner to the head of the company, the Disney empire decided to awake ¡93¿Disney Spir it¡94¿.

For that, he decides to be based on the possible effects of synergy between the various products of the group : if a character is created, it should be used in the publicity of the trade partners (Nestle for example) ; if a tourist visits a pa rk, it should be encouraged to buy memories, clothing and key-rings for example, but also of the video-cassetes.

The parks will be used as decorations for advertising films, telefilms and films. If a star uses Disney for a film or a song, it will be necessary to make of it a character or an attraction of the park (it was the case of Michael Jackson or S teven Spielberg).

The topic of synergy must be taken again for the cartoons of full-length films : the strategy consists in bringing ou t a film in the cinema then, a few months to later diffuse it in video-cassettes.

Thus Pinocchio which was overdrawn in 1940 is arisen in 1984, bringing back 24 million dollars, and its exit in 1985 in video-cassette will bring back 11 million dollars.

The great innovation was the fusion of the departments television, cable, video and cinema in only one general direct ion : thus if a film does not go on a support, it can be perhaps essential elsewhere.

To give weight to this strategy, Disney must renew its copyrights after 50 years, securing the maitrise of the proper ty of its products.

Moreover, the rate of production has to accelerate these last years : from a full-length film all the 4 or 5 years, o ne passed to a full-length film per annum. However, not to tarnish the quality of the cartoons, Disney prefers to lose money on each one of them, the profits coming from the ¡93¿derived products¡94¿ (publicity, memories, topic of attraction,...). The results are convincing besides.

In 1988, Disney decides to repurchase the channel KHJ-TV of Los Angeles, the oldest television broadcast station of t he world (it started to emit in 1931), in order to have a direct acces to the public to sell his films and to make the promot ion of its parks and products for human consumption.

Today, Disney Company is in fact a complex structure, intended to promote the various sectors. Thus, in the only field of the studios, we have four labels : Touchstone, Disney (for the cartoons), Hollywood Pictur es, Buena Vista for television, cable television and video. For products for human consumption (sector which has the strongest progression), we have Disney Licensing (sale of re production rights for the merchandisage, publicities, shows televised,...), Disney Publishing (licences for data base and pub lications various), Art Program (sale of reproduction of drawings), Walt Disney Records (sale of film musics of Disney), Walt

Disney Computer Software allied in Nintendo (exploitation of the Disney characters in the video games), Disney Educational P roduction, created in 1952 (production of films educational ends). It is necessary to add Hollywood Records which promotes th e music of the Disney films and produces also discs of promising or recognized artists (it was the case of an album of Queen for example).
Lastly, since 1987, shops Disney (160 in 1992) are created. In addition Disney Development Company directs all the de velopments and constructions apart the parks to topics : hotels, restaurants, centers of leisures,...

Chapitre 8

Objectives & Alternatives

Like we said before, Walt Disney appears in five main domains :
- Media Networks
- Studio Entertainment
- Parks & Resorts
- Consumer Products
- the Internet Group.

They are very competitive in each domain but there are many concurrents. For example in media with NBC and CBS or in Studio (DreamWorks with Shrek or Columbia with Final Fantasy). Their only way to improve them is to innovate like they did in 2002 with the creation of a web site on which we can rent films from ... Walt Disney or others studios.
Concerning media networks, they probably have to propose new TV programs, not only for childrens but for everyone. However, they shouldn't disperse in too many topics because it is dangerous to take too way. They have already a big empire (see chapter corresponding).
As far as consumer products are concerned, we are only at the beginnning so it's quite difficult to say if is a good thing. I don't think it's a bad idea because Walt Disney is well known everywhere in the world and it is the only one who can sell product like pullover with Mickey or products like that. Let's see if the audience wants that kind of product (certainly for young children who watch the films)...
For me, the two main parts of Walt Disney are films (studio entertainment) with which M. Walt Disney begun and parks. These two domains are essential. Concerning films, it will be harder and harder because of the competition with others studios. They were the first to use 3D in a cartoon (), but with Shrek and Final Fantasy, DreamWorks and Columbia Pictures have taken the advantage in the technology of animates movies. Concerning parks, Walt Disney is actually the leader. There is not any important park like Disney in the world. In many countries, there are parks but not so important. In France, for example, there is the Asterix park but it is not so big like Eurodisney. The trouble of the park is that there are only 3 (4 soon) today (USA, Japan, France and China soon) so many people can't "visit" them. The good thing, it is the creation of a park in china. Because of the mass population (a few billions), it will be a good business for Walt Disney.

Chapitre 9

Recommendations

The question Disney is currently facing concerns the future direction of the company. The profitability and stability of the theme parks give Disney an advantage over all of its competitors. Owning one of the highest rated television networks allows the companies to more easily advertise and market their products and services. Disney's top priorities should be to ensure the future success of these two commodities. Innovation is the key to achieving this goal. The theme parks must continue to be improved and updated. The fast-pass system was a great first step and Disney should add this feature to more of its attractions. Park and Hotel expansion is a must if Disney wishes solve the problem of overcrowding. ABC executives must build upon the success of Who Wants To Be A Millionaire. They should continue to search for new and exciting shows both in the U.S and abroad.

Studio entertainment has been a vital part of the Disney success story. Disney always strived to produce innovative films for the entire family. These films were very successful and made great deals of money. However, Disney got greedy and began to produce an abundance of movies. The result was low quality pictures, many of them with actors that had never before been heard of. Understandably, these pictures were box office busts. Disney must return to their roots and once again produce high quality family films that are driven by Hollywood's most influential stars. This will enable Disney to turn studio entertainment from what has been called "a major drag" back into a box office powerhouse.

The AOL-Time Warner merger is certainly a threat for Disney's Internet and television interests. The GO network has been nothing short of a disaster. Disney acquired the InfoSeek Company in June of 1998, merged it with the GO network, and hoped it would help them compete with the likes of AOL, Yahoo, and Lycos. However, clashing ideas about the future of the site existed between Disney and the remaining members of InfoSeek. The InfoSeek members promptly left Disney and the GO network continued to lose money. In order to gain a competitive advantage on the Internet, Disney should attempt to create a merger with Yahoo or Lycos. Both of these companies will also be negatively affected by the AOL-Time Warner merger and will need additional capital to retain their market share. Disney could provide this capital and both companies would profit. If a merger is possible, Disney must remember the mistakes of the InfoSeek acquisition and avoid over managing their Internet label in the future.

Finally, Disney must change the way it manages its overseas ventures. It is unacceptable for a company that is considered to be worldwide, to earn 80% of total revenues in the United States. Managers in Burbank California do not know the interests and needs of consumers in Europe or Asia as well as do the people who live in those areas. Disney must stop micromanaging these foreign operations and allow their managers in overseas locations to take a more active role in the decision making process. This concept should be essential to the creation of the new theme park in Hong Kong if the company wants to avoid the problems and pitfalls that it faced with the introduction of Euro Disney.

Chapitre 10

What are the specific next steps

Here are the plans of Disney Co. at the beginig of the year for the next decade. Diney Corporation must extend and break into a new market. Asia seems to be the ideal continent. There is so many new customers, it is the perfect place. In january, in some newspaper we can read the begining of the conquest.

Walt Disney CO. will break ground Sunday on a $2.9 billion Hong Kong Disneyland, the first step in the media company's push into china. Disney is banking on record tourist arrivals in Hong Kong, wich returned to Chinese rule five years ago. It is competing with Vivendi Universal SA, wich is planning parks in Shangai, for a slice of the Chinese market. Tourism from China surged last year, when 6.1 million mainlanders visited the former British colony in the first 11 months, a gain of about 50 percent from a year earlier. That made China, the world's most populous country, the city's biggest source of visitors, accounting for two-fifths of the total. "This area of the World is possibly the most important growth area for Disney in the next few decades." said Jordan Rohan, an analyst at SoundView Technology Group in Old Grenwich, Connecticut.
The entertainment company isn't limiting its China ambition to Hong Kong. It also plans a park in Shangai, to be built after 2010, giving Chinese visitors a choice of Disney destinations close to home. Disney said last month it has talks with Chinese governement about the Shangai park. The company didn't strike a final agreement, said Irene Chan, a Hong Kong based Disney spokeswoman. Disney invested 2.45 billion Hong Kong dollars ($314 million) for a 43 percent stake in Hong Kong Internationnal Theme Parks Ltd. The company convinced the Hong Kong government, wich holds a 57 percent stake, to pay for most of the rest. The company says the Hong Kong park, a 126 hectare developpment on Lantau Island, will be a 10 minute railway from the airport and half an hour from downtown. It targets 5.6 million visitors a year when it opens in 2006 and will employ 18,000 people, according to Disney.
At Sunday's ground-breaking ceremony, Michael Eisner, Disney's chairman, and Hong Kong Chief Executive Tung Chee Hwa meet in a city that is counting on the project more than it did when it was announced in November 1999, at the tail end of Asia's financial crisis. "Disney is definitely positive for Hong Kong", said John Saunders, the head of regional property research at CLSA Emerging Markets in Hong Kong. "Tourism and job creation are the two key and obvious ways that would contribute to Hong Kong economy." Burbank, California-based Disney needs to boost revenue after the Sept. 11 terrorist attacks discouraged people from travelling. Theme park revenue fell 8 percent in the year ended Sept. 30 on lower ticket sales and hotel occupancy at Walt Disney World Resort, the Disneyland Resort and other U.S attractions.
Asia has been a bright spot : Oriental Land, wich opened Tokyo DisneySea in September 2001, reported net income more than quadrupled to $75.2 million in the six months to Sept. 30. Rival Vivendi is also expanding into China. Along with two companies owned by the Shangai city government, it plans to build a theme park in the city's Pudong district by 2006. The company also aims to build China's second Universal park in Beijing before the 2008 Olympics, according to a report in Thursday's Standard newspaper in Hong Kong, which cited a Chinese official. A Universal spokesman in Los Angeles, Iris Gelt, declined to comment on the report.
Disney's Hong Kong park will have two hotels and a retail, dining and entertainment complex on openning day. The company aims to expand it to two theme parks, 5,800 hotel rooms and a 300,000 square-foot entertainment center. "The Disney project will attract a lot of visitors." said Anthony Wu, head of property

research at Lehman Brothers in Hong Kong. "Mainland Chinesem and other tourists coming to Hong Kong, would definitely want to visit Disneyland."
Unfortunately, recent events bodes no good.

Chapitre 11

Position in Walt Disney

11.1 Advert for a position

```
  \textsc{Online Systems Administrator}       US-WA-Seattle

Walt Disney Internet Group

\textbf{The Position:}
you will work in a team with the WDIG engineering and will be
responsible for evaluation, implementation and support of all
systems deployed for WDIG internal and customer system support
team.

\textbf{The Profile:}
bachelor's degree in Computer Science, IT, or equivalent work
experience 2 plus years of demonstrated IT work experience
knowledge : NT, UNIX, internet standards, Network hardware,
programming languages good communication ability

\textbf{Salary:} \$1900

\textbf{Contact:} ******@***.***
```

11.2 Description for the position

Walt Disney Internet Group — WDIG
Title : Online Systems Administrator US-WA-Seattle

RESPONSIBILITIES : The Online Systems Administrator will work in a team with the WDIG engineering and content groups and will be responsible for evaluation, implementation and support of all systems deployed for WDIG internal and customer system support team. Primary focus will be supporting WDIG Global registration and Advertising systems, including content delivery systems, hardware configuration, custom software implementation, database administration, network and systems design, performance and process improvement, and systems documentation. Additional tasks as assigned.
Qualifications : * The ideal candidate will have a bachelor's degree in Computer Science, IT, or equivalent work experience * 2 plus years of demonstrated IT work experience ; emphasis towards production support of a high capacity mission-critical web serving environment with significant Internet components
Specific skills : Technical Requirements must be able to demonstrate technical knowledge in all of the following areas : * NT and UNIX experience. Expertise in system administration, configuration, troubleshooting, per-

formance tuning, preventative maintenance, and security procedures. * Web and application server expertise including administration, configuration, troubleshooting, performance tuning, preventative maintenance, and security procedures. * Understanding of internet standards such as -DNS, FTP, SSH, HTML, XML, JDBC, SNMP and other protocols * IP communication and packet structure, with focus on HTTP protocol and experience with network protocol analyzers. * Network hardware architecting including experience with load balancing equipment, switches, routers, and network troubleshooting. * Hardware systems design, RAID and disk subsystems, cluster management, troubleshooting, and hardware replacement * Some experience with relevant scripting or programming languages (Perl, JavaScript, Python, C, Java, etc). * Use of monitoring and troubleshooting utilities to effectively diagnose problems. * Industry experience for 3 or more years

Communication Requirements : must be able to demonstrate competency in at least the following areas : * Ability to participate with other functional teams and contribute to systems integration and design * Communication of ideas and solutions in a clear and organized manner * Ability to participate in the delivery of group presentations and deliver them in a clear concise manner * Effective Project management and planning of small to medium size projects * Ability to deliver training to other Staff. * Construction of concise and complete technical documentation * Mentoring of Jr. Staff on technical material * Basic understanding of the goals and requirements of the business supported

To apply please send resume and cover letter to ******@***.***

——————————————————— Additional Information Position Type : Full Time, Employee Salary : $1900

——————————————————— Contact Information ******@***.*** Walt Disney Internet Group