

The  
WALT DISNEY  
Company  
presents:



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8th December, 2005



Welcome to  
Disneyland to  
Scandinavia

# Agenda

- I. Project Description
- II. Introduction to the Walt Disney Company
- III. Project Implementation
  1. Environmental scanning
    - a) External Environment
      - PEST(EL)
      - Industry analyses
    - b) Internal Environment
  3. Identifying and measuring marketing opportunities
  4. Developing Marketing Strategy (4 Ps)
  5. Market Entry modes
  6. Making strategy operational (budget)
- IV. Conclusion (risks, alternatives, future activities)



# DISNEYLAND SCANDINAVIA

## PROJECT DESCRIPTION- Overview



- What is it all about?
- Reasons
  - \* service sector
  - \* entertainment industry
  - \* advantages for the team
- Product Decision
- Market Decision



## The Product Decision



**A summer-winter amusement park opened all the year :**

– WINTER PARK

- use the Scandinavian climate
- cheaper, facilities in proximity
- make winter an amusement
  - ✓ Mickey Mouse with a winter jacket...
  - ✓ a winter station with storm snows, spectacles skating rink...

– CLASSICAL SUMMER PARK

- Where you can find your favourite attractions of Disney
- Water attractions with water slides replace the winter sport station

– SIZE: construction with regard to customer market

# PRODUCT DECISION

## **The NEW Disneyland will have:**

- famous rides and theme lands
- new winter facilities
- hotels (2-3)
- restaurants, cafes (10-15)
- souvenir shops



# PRODUCT DECISION

## Rides and Facilities in detail:

### I) Amusement Rides

\* the most successful rides from the other Disney parks

- Discoveryland
- Magic Kingdom

\* winter rides

- Journey to the North Pole
- The Ice Age

\* adapt to local culture

- The Vikings
- History of Sweden and the Nordic Countries



### II) Other Services

- The Swan Hotel (suitable for businessmen)  
One licensed hotel
- McDonald's, other restaurants, traditional Swedish & Nordic food
- souvenir shops

# MARKET DECISION



**North America:**  
• 2 Disney parks

**Asia:**

- 2 Disney parks
- countries in the developing stage

**European market:**

- Disney park in Paris
- Scandinavia – potential for success:
  - high standard of living
  - family oriented

**South America:**  
• standard of living too low

**Africa:**

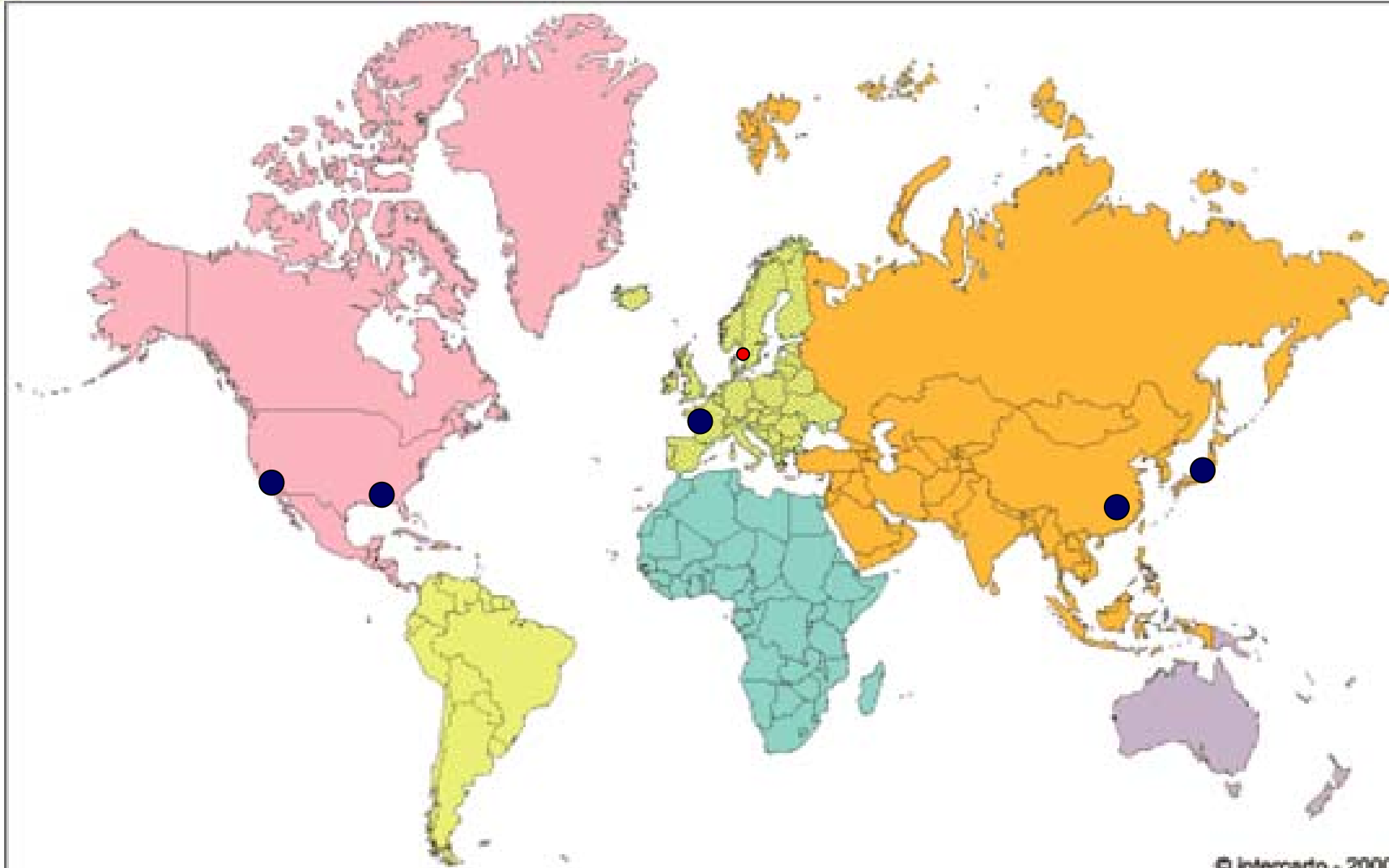
- standard of living too low

**Malmö in Sweden**

- population potential
- location of site
- preferential tax regime

# DISNEYLAND

## in the world



# WHY SCANDINAVIA ?

- Strategy of Disneyland:
  - Development, innovation & growth (5th park opened in Hong Kong in September)
  - To Develop the strategy: find a new market
- Choice of the town: Malmo in Sweden
  - Access facilities:
    - the Bridge between Malmo & Copenhagen
    - Next to the international airport of Copenhagen
  - In the centre of Denmark, Sweden, Norway
  - Near to Eastern countries



# INTRODUCTION TO

# The Walt Disney Company



Touchstone Pictures



Buena Vista Television



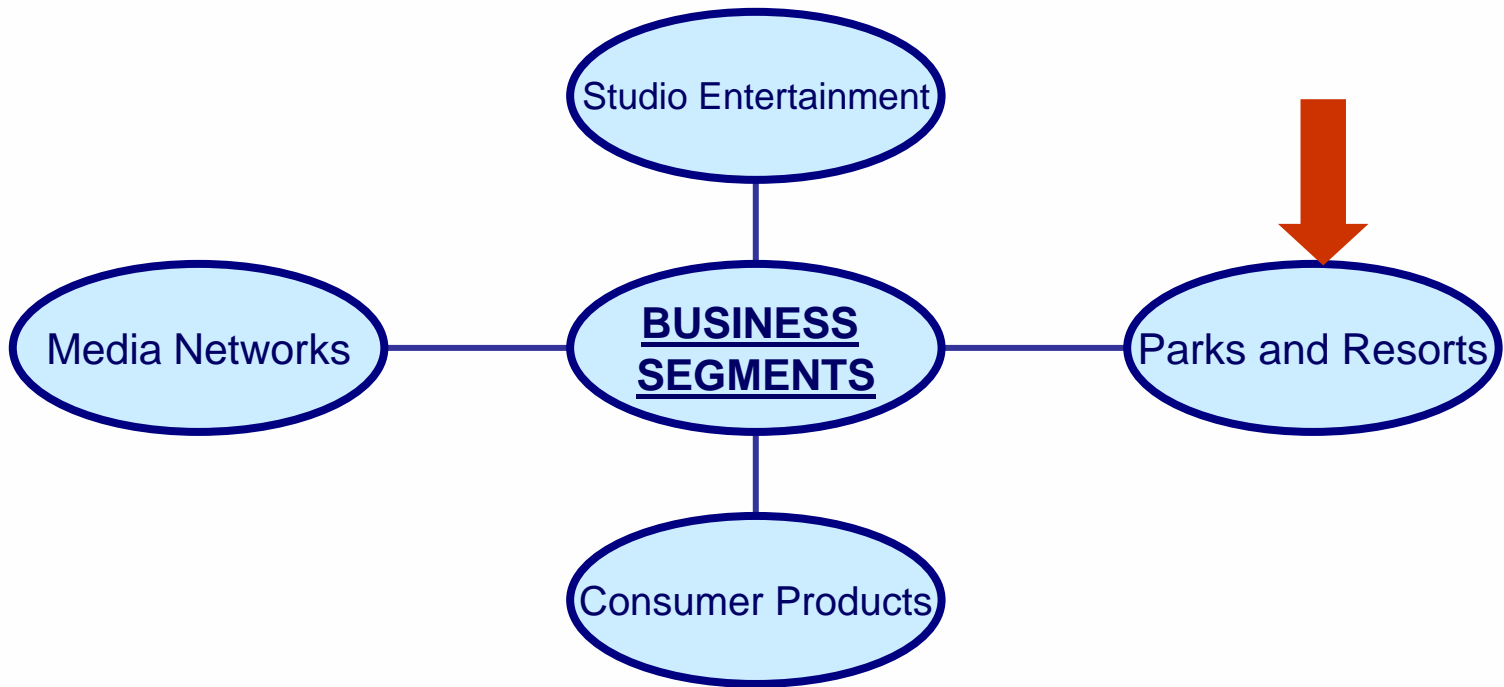
Touchstone Television



Walt Disney Imagineering

# COMPANY STRUCTURE

- Founded in 1922
- Number two media company in the United States (revenues: 30,8 billion USD in 2004)



A small illustration of Tinkerbell, the fairy from Disney's Peter Pan, flying in the top left corner. She has blonde hair, green wings, and is wearing a green dress. She is surrounded by a trail of white sparkles.

# COMPANY STRUCTURE (continued)

## Parks and Resorts (1952)

### Responsibility for five Disney destinations around the world:

- Disneyland Resort – California (USA),
- Walt Disney World Resort - Florida (USA),
- Tokyo Disney Resort (Japan),
- Disneyland Resort Paris (France),
- Hong Kong Disneyland

### Including:

11 theme parks on three continents,  
35 resort hotels,  
two luxury cruise ships,  
other entertainment offerings



# DISNEY PRESENCE

## i n Sweden

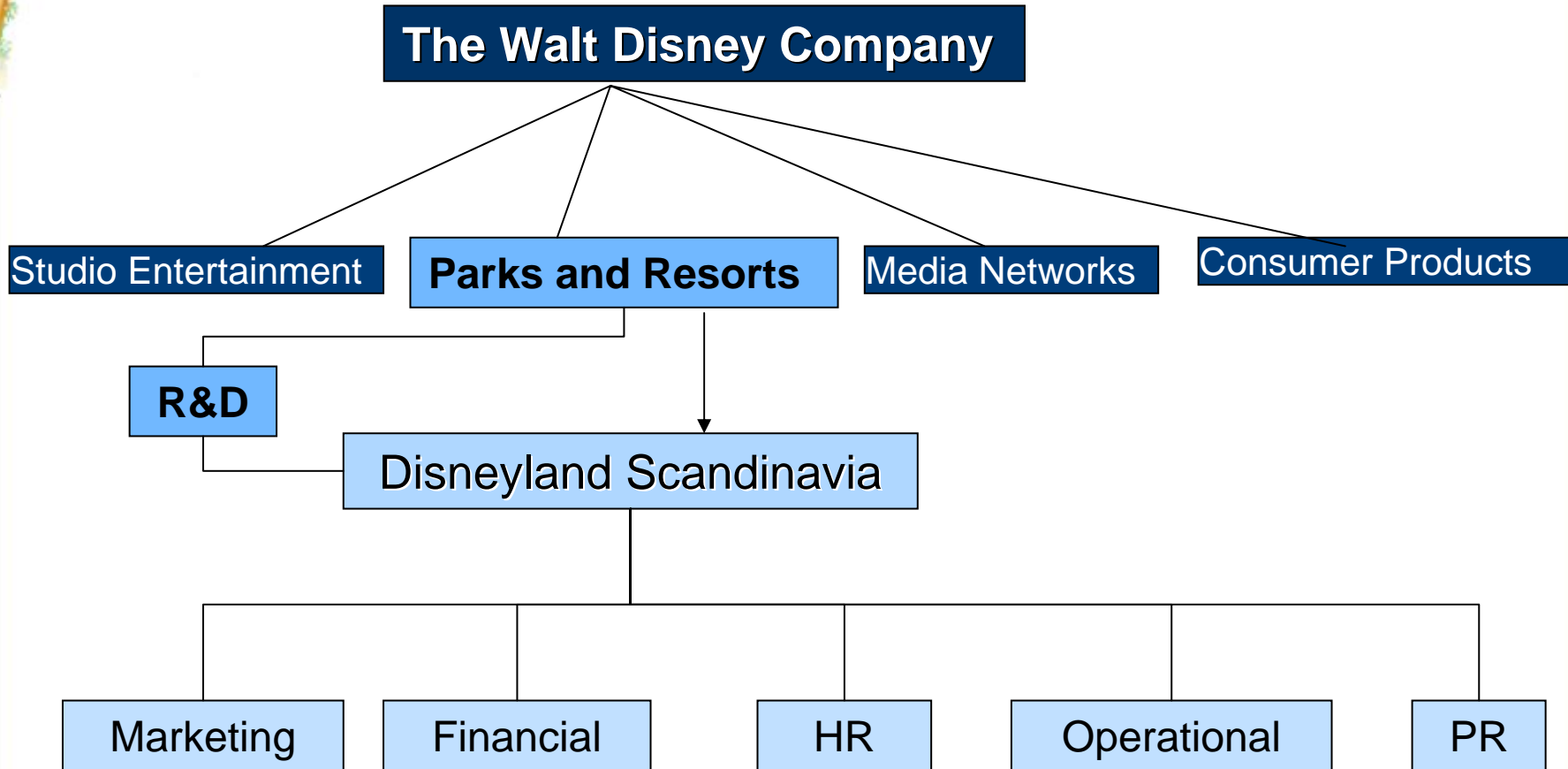
### **Walt Disney Company (Nordic) A/S**

- activities in relation to consumer goods:
  - comics magazines (licensed to the Egmont Group for publishing)
  - apparel, footwear, accessories

### **Disney is extremely popular in the Nordic region:**

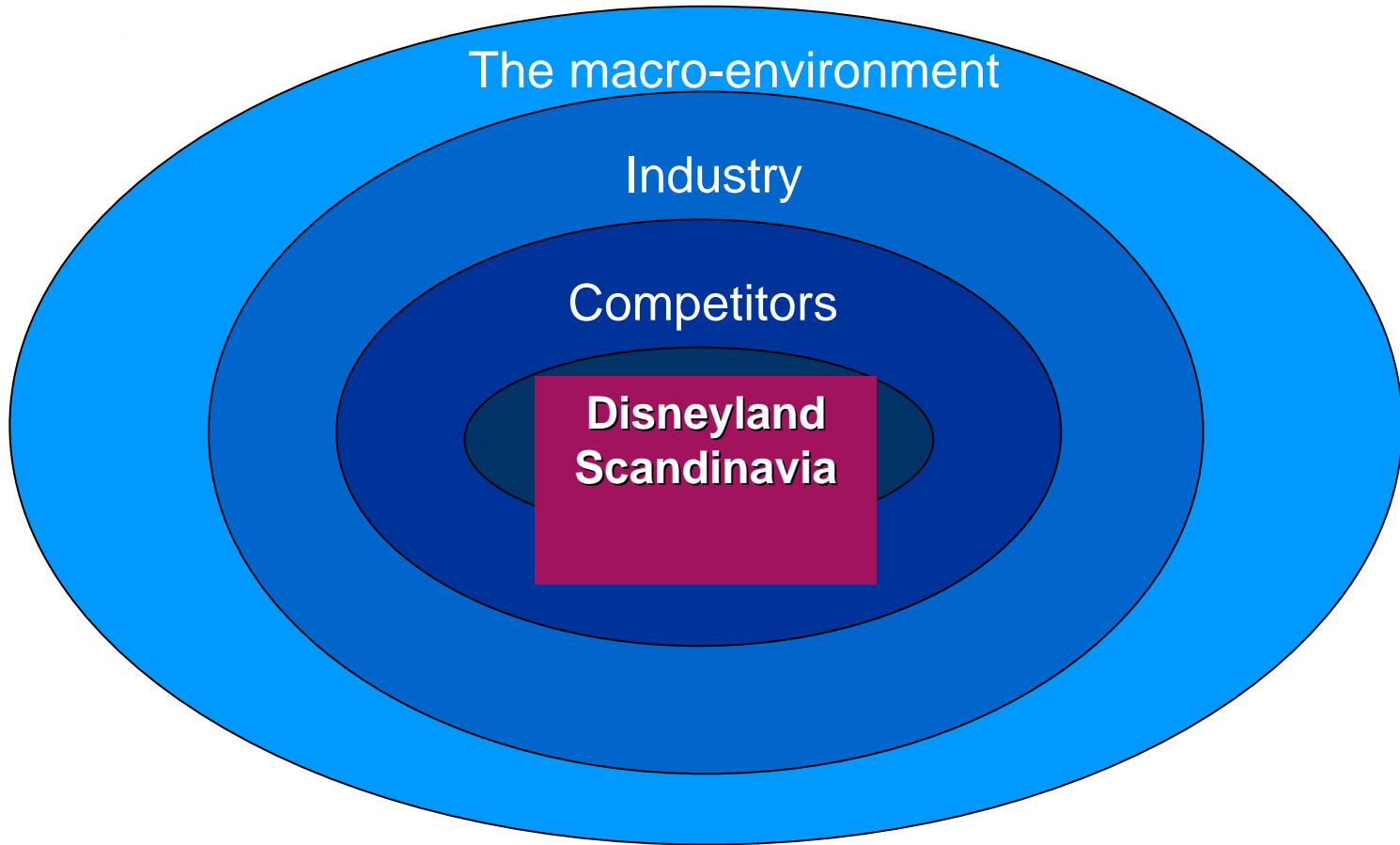
- comics' magazines (15 Swedish magazines, published by Egmont Serieförlaget in Malmö)
- Disney Website Sweden ([www.disney.se](http://www.disney.se))
- Disney Channel Scandinavia (Sweden)

# COMPANY STRUCTURE (continued)



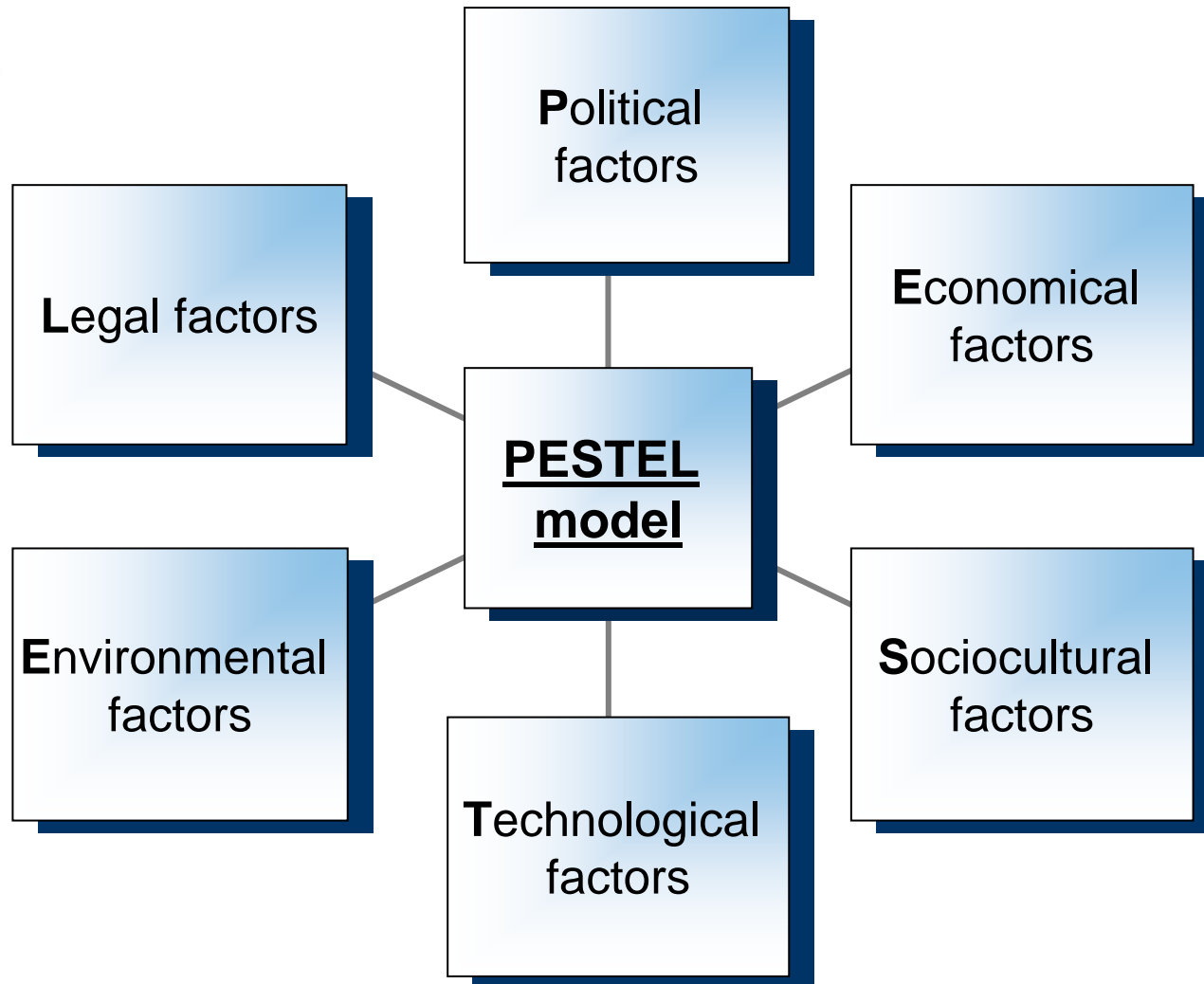
# ENVIRONMENTAL SCANNING

## External Environment



# ENVIRONMENTAL SCANNING

## Macro Environment



# ENVIRONMENTAL SCANNING

## Macro Environment - PEST continued

### Political

- Government stability
- Relatively low corporate tax
- Free trade market
- Clear social security system

### Economic

- High income level
- Highly developed countries
- Top ratings for business climate
- Low inflation rate
- 13 million tourists in Scandinavia per year

### Socio-cultural

- 19 million people in 3 countries
- Positive natural growth of nation
- High standard of living
- Family oriented society





# ENVIRONMENTAL SCANNING

## Industry Analyses – theme parks in the Nordic

✓ **Seasonability of the attendance**

*Attract more young visitors during the 'unpopular' season by:*

- 1) *special discounts and/or decreasing the price of admission tickets,*
- 2) *special events of interest to specific groups (example: school events connected with education and experience)*

✓ **A group experience**

*Do not rely only on one new ride, but on a broader spectre of change.*

✓ **Revisits depend on previous experience**

*Service is extremely important, and Disney should keep a high level of service so that customers return again.*

✓ **Dominating market is within 100-200 km**

*Close to Copenhagen (less than 100 km distance)*

*Relatively close to Stockholm (within 500 km distance)*

✓ **Visitors usually plan a visit**

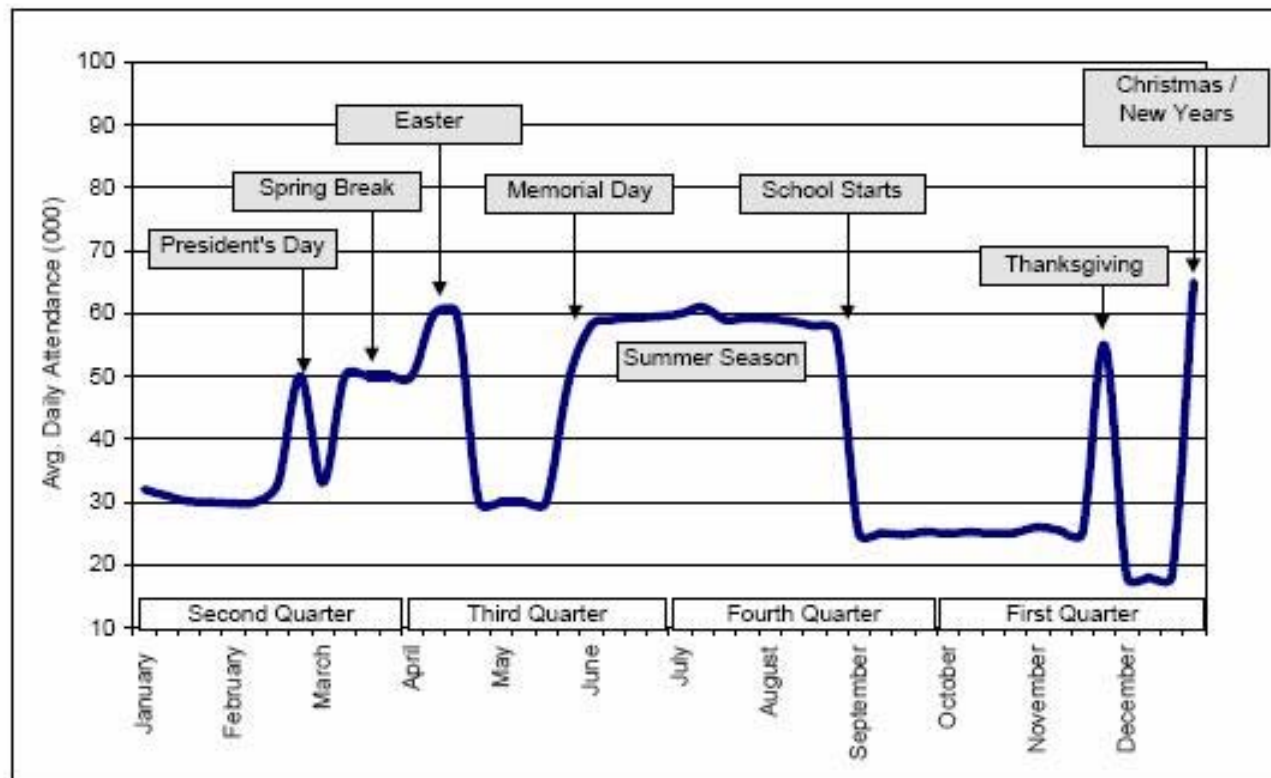
*Use the promotional tools (advertising) before the promoted event/period*

✓ **Revenues come mainly from admission tickets and per capita spending in the park** *Ways to increase revenues:*

- *attract more visitors per day (through targeting new segments or encouraging revisits)*
- *ensure an environment to predispose towards higher spending (through creating new needs)*
- *make visitors stay longer in the park (presuming thus they will spend more)*



## Exhibit 14. Theme Park Seasonality



Source: Company reports and CIBC World Markets Corp.



# ENVIRONMENTAL SCANNING

## **Industry Analyses - parks in Scandinavia**

- About 300 amusement parks (zoos, nature parks, water parks, fairytale parks etc.)
- Most of them are small and not worldwide known
- The parks are open usually only during the summer period
- Amusement parks attract many local families who prefer active lifestyle



# ENVIRONMENTAL SCANNING

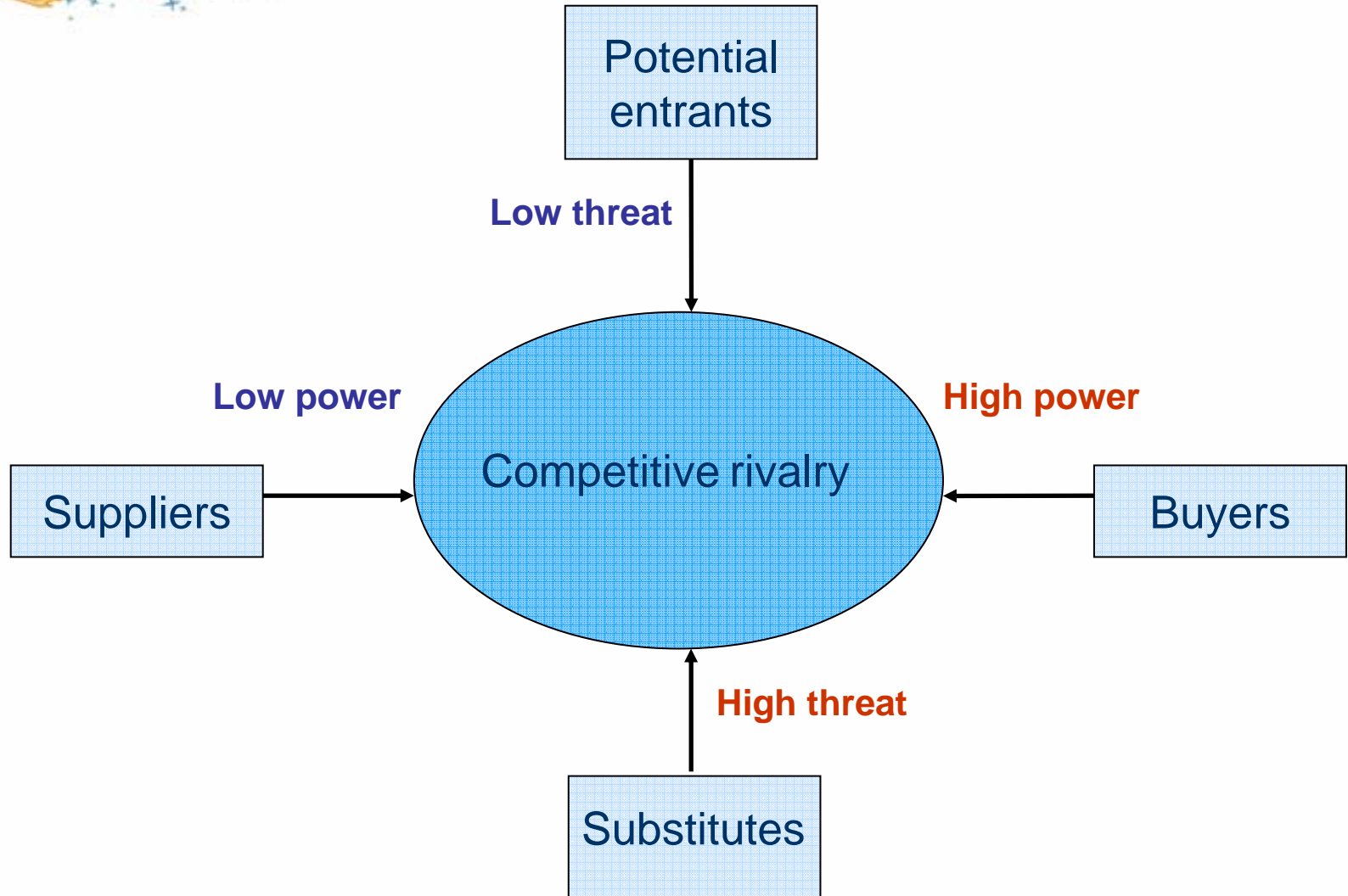
## Competitors

5 most popular amusement parks in Scandinavia:

- **Tivoli** (Denmark) - 4,3 million visitors in 2004
- **Bakken** (Denmark) - 2,5 million visitors in 2004
- **Legoland** (Denmark) - 1,5 million visitors in 2004
- **Astrid Lindgren's World** (Sweden) - 1,1 million
- **Grona Lunds Tivoli** (Sweden) - 0,9 million

# ENVIRONMENTAL SCANNING

## PORTER'S 5 FORCES



# ENVIRONMENTAL SCANNING

## INTERNAL ENVIRONMENT

	RESOURCES	COMPETENCIES
<b>Threshold Capabilities</b>	<b>Threshold resources:</b> <ul style="list-style-type: none"><li>- Facilities required for providing entertainment</li><li>- Capital</li><li>- People</li><li>- Information about the market</li></ul>	<b>Threshold competencies:</b> <ul style="list-style-type: none"><li>- Providing activities for entertainment</li><li>- Employees training</li><li>- Market researches, industry analysis</li></ul>
<b>Capabilities for competitive advantage</b>	<b>Unique resources:</b> <ul style="list-style-type: none"><li>- Walt Disney Imagineering – design and creation team</li><li>- Experience, knowledge about industry</li><li>- Worldwide known brand</li><li>- Patent for animation characters</li></ul>	<b>Core competencies:</b> <ul style="list-style-type: none"><li>- Creating magic</li><li>- Ability to make customers as a part of “fairy tale”</li><li>- Ability to involve employees in creating the magic world</li></ul>

# ENVIRONMENTAL SCANNING

## SWOT Analysis

### Strengths

- Financial power
- High quality product
- Universal appeal
- Consistent marketing communication
- Presence in Scandinavia
- Strong R&D
- Corporate & local management
- High bargaining power

### Weaknesses

- Exclusive corporate culture
- No experience in winter park rides
- Internal cannibalism

### Opportunities

- No International park in Scandinavia
- No competitors as big as us
- Well-developed transportation system
- Family oriented culture
- High standard of living
- Favourable business environment
- Favourable climate

### Threats

- Joint venture risk
- Dependence on uncontrollable external factors
- Potential substitutes
- Seasonability of the attendance

# ENVIRONMENTAL SCANNING

## Strategies implied by SWOT

- **Max-max strategy - SO**  
*(Use strengths to take advantage of opportunities)*
  - Family-oriented advertising campaign
- **Min-max strategy - WO**  
*(Remove weaknesses to take advantage of opportunities)*
  - Overcome the lack of experience in winter rides using the strong R&D to exploit the favorable climate of Malmö
- **Max-min strategy - ST**  
*(Use strengths to fight threats)*
  - Decrease the negative effect of demographic changes by targeting different segments
  - Fight seasonability by targeting different market in different seasons (ex: elderly people during school time)

# ENVIRONMENTAL SCANNING

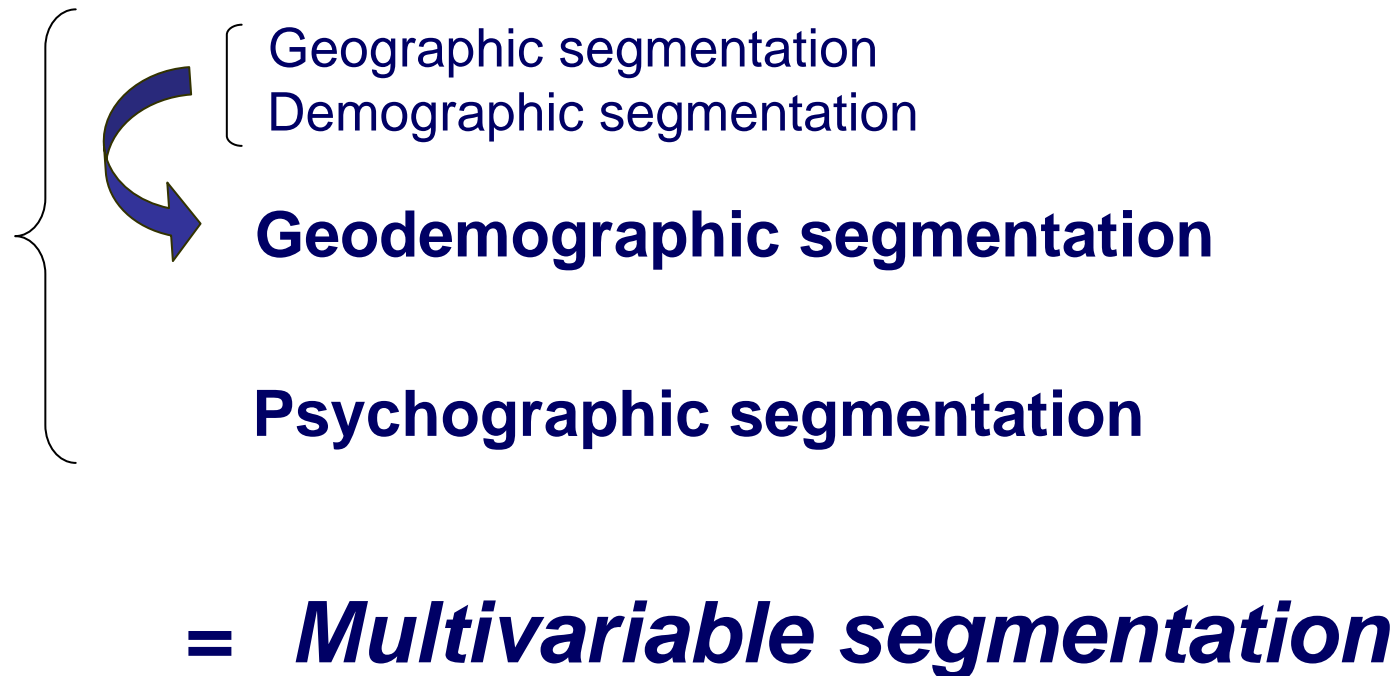


## Critiques of SWOT Model

- Could be based on observations and personal views
- Mix current and expected issues
- Information could be insufficient
- Future is uncontrollable

# IDENTIFYING THE MARKET

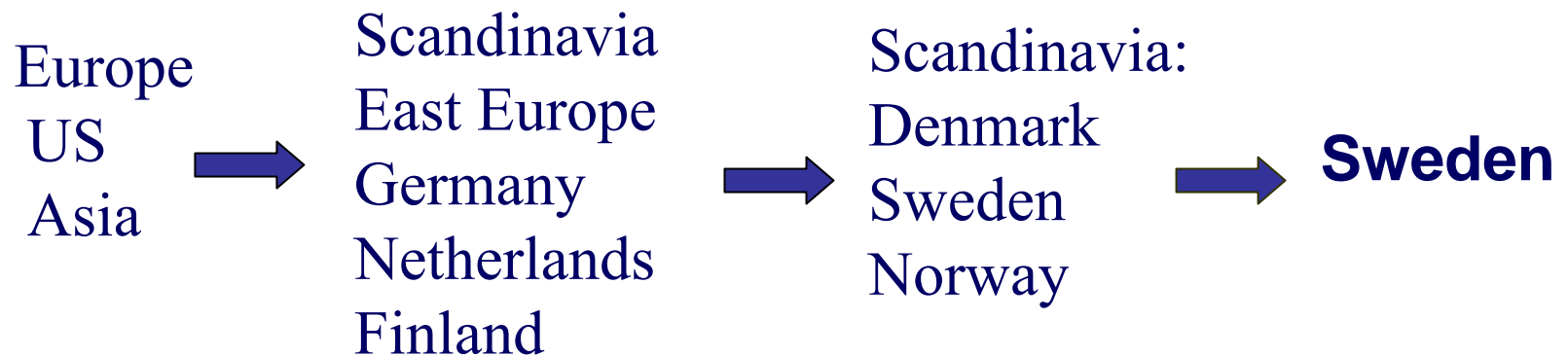
## Segmenting customer markets



# IDENTIFYING THE MARKET

## Geographic Segmentation

- It defines customer according to their location
- It is a good starting point

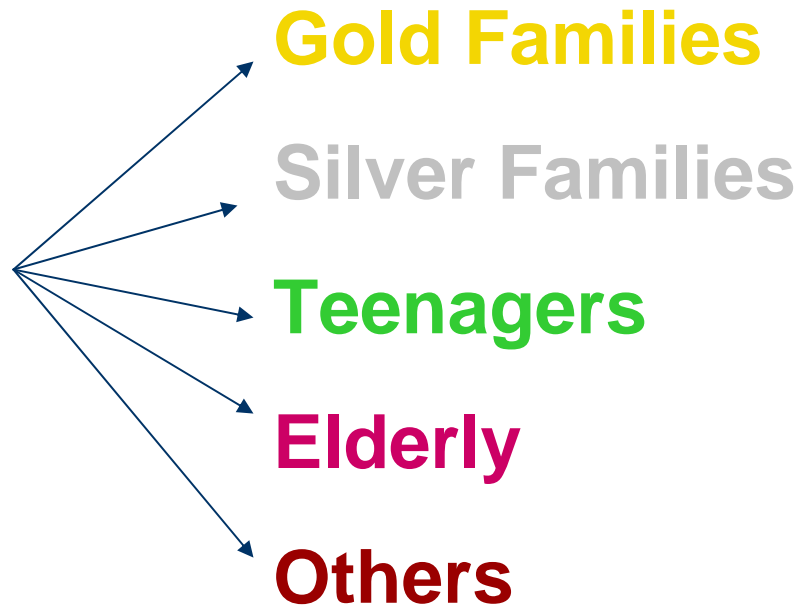


# IDENTIFYING THE MARKET

## Demographic Segmentation

- It tells a little bit more
- It uses descriptive criteria: age, income, family structure, occupation, etc.

**SWEDEN**





# IDENTIFYING THE MARKET

## Market Segments Description

### GOLD FAMILIES

- Upper and Upper-middle class families
- Family members: 3-4 (1-2 children)
- Generally they plan the visit and they tend to spend more than one day (2 to 4 days)
- They pay great attention to the service in the park



# IDENTIFYING THE MARKET

## Market Segments Description

### SILVER FAMILIES

- Middle class families
- Family members:4-5 (2-3 children)
- Mainly they come from Scandinavia
- Price is important



# IDENTIFYING THE MARKET

## Market Segments Description

### TEENAGERS

- They are 11-19 years old
- They tend to visit the park more than once per year
- They put a lot of emphasis on the park's attractions



# IDENTIFYING THE MARKET

## Market Segments Description

### ELDERLY

- They are 60-... years old
- Generally they go with their grandchildren
- They pay attention to the service
- They are more interested in recreational activities (theatre, shows, readings, etc.)



# IDENTIFYING THE MARKET

## Market Segments Description

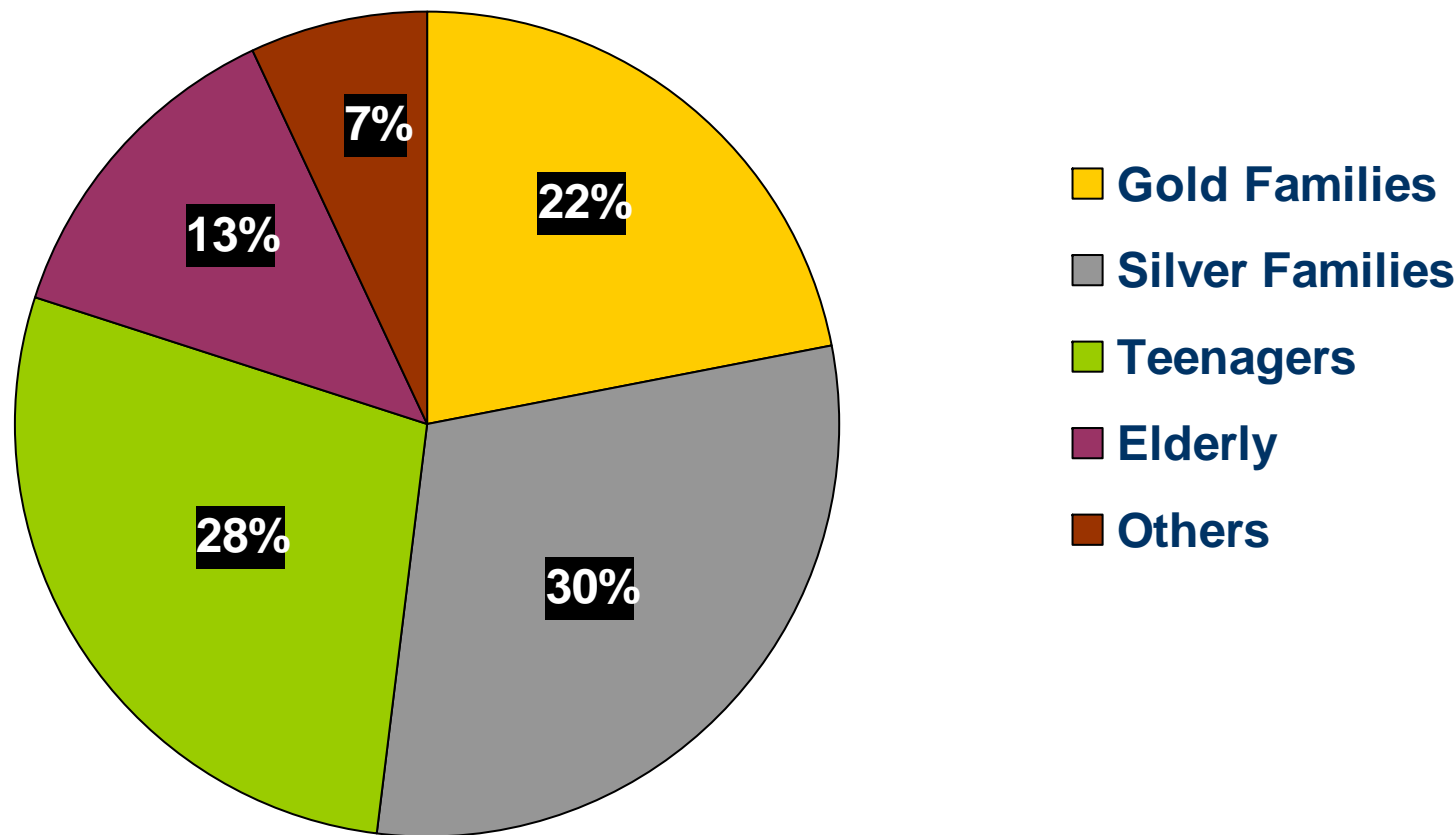
### OTHERS

- They include: school, “non-planned” tourists, ....
- They are interested in having a good time
- They tend to visit the park once

# IDENTIFYING THE MARKET

## Market Segmentation

*Estimation of visitors for each segment*





# IDENTIFYING THE MARKET

## Market Segments Analyses

### *Measurability of Market Segments*

Gold Families: 1 500 000

Silver Families : 3 000 000

Teenagers: 2 000 000

Elderly: 2 500 000

Others: 3 000 000

Total: 12 million



# IDENTIFYING THE MARKET

## Market Segments Analyses

### *Accessibility & Actionability*

#### Promotion activities

- **Gold Families:** billboards, newspapers, posters on public transport
- **Silver Families:** radio, television, magazines
- **Teenagers:** television, Internet, comics, cinemas
- **Elderly:** newspapers, television, posters on public transportation
- **Others:** information booklets & leaflets, television,



# IDENTIFYING THE MARKET

## Market Segments Analyses

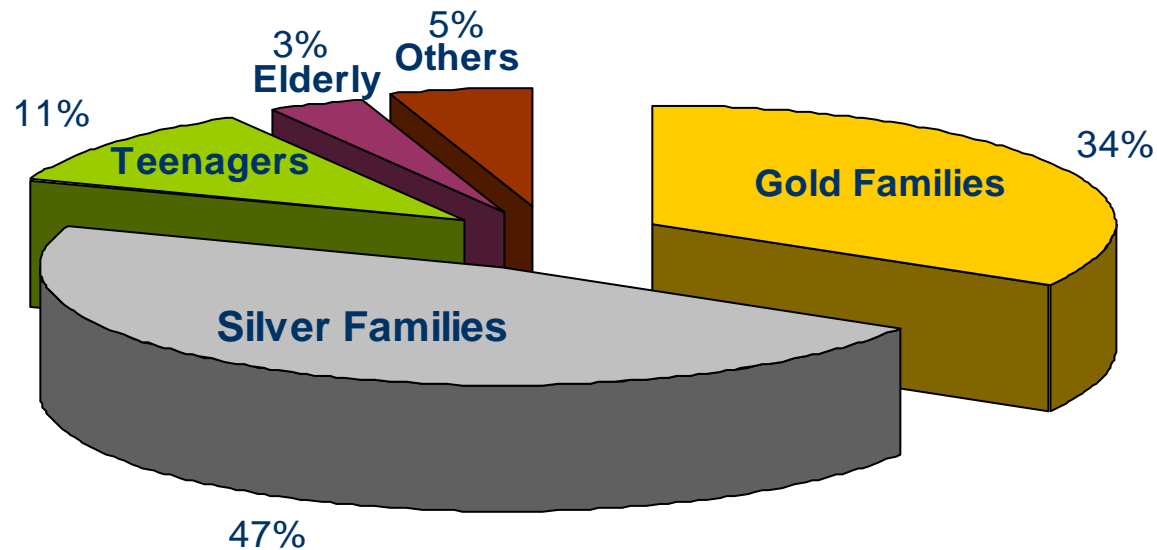
### *Profitability of Market Segments*

- **Gold Families:** \$ 35 million
- Silver Families: \$ 49 million
- Teenagers: \$ 12 million
- Elderly: \$ 0,35 million
- Others: \$ 0,52 million

# IDENTIFYING THE MARKET

## Market Segments Analyses

### *Estimated Profitability of Market Segments*





# IDENTIFYING THE MARKET

## Market Segments Analyses

### Calculations

	1 Gold Family
days	3
people	3
total admission	252
total hotel	495
total food	297
<b>TOTAL for 1 Gold Family</b>	<b>1044</b>
number of GF	333333,3333
TOTAL for GF	348000000
	<b>\$ 0,35 billion</b>

	1 Silver Family
days	1,5
people	4,5
total admission	189
total hotel	371,25
total food	222,75
<b>TOTAL for 1 SF</b>	<b>783</b>
number of SF	622222,2222
TOTAL for SF	487200000
	<b>\$ 0,487 billion</b>



# IDENTIFYING THE MARKET

## Market Segments Analyses

### Calculations continued

1 Teenager	
days	1
people	1
total admission	35
total hotel	0
tatal food	33
<b>TOTAL for 1 Teenager</b>	<b>68</b>
number of T	1700000
<b>TOTAL for T</b>	<b>115600000</b>
	<b>\$ 0,116 billion</b>

1 Elderly	
days	1
people	1
total admission	35
total hotel	0
tatal food	0
<b>TOTAL for 1 Elderly</b>	<b>35</b>
number of E	1000000
<b>TOTAL for E</b>	<b>35000000</b>
	<b>\$ 0,035 billion</b>

1 Other	
days	1
people	1
total admission	35
total hotel	0
tatal food	16,5
<b>TOTAL for 1 Other</b>	<b>51,5</b>
number of O	1000000
<b>TOTAL for O</b>	<b>51500000</b>
	<b>\$ 0,052 billion</b>



# IDENTIFYING THE MARKET

## Market Segmentation continued

### ADVANTAGES

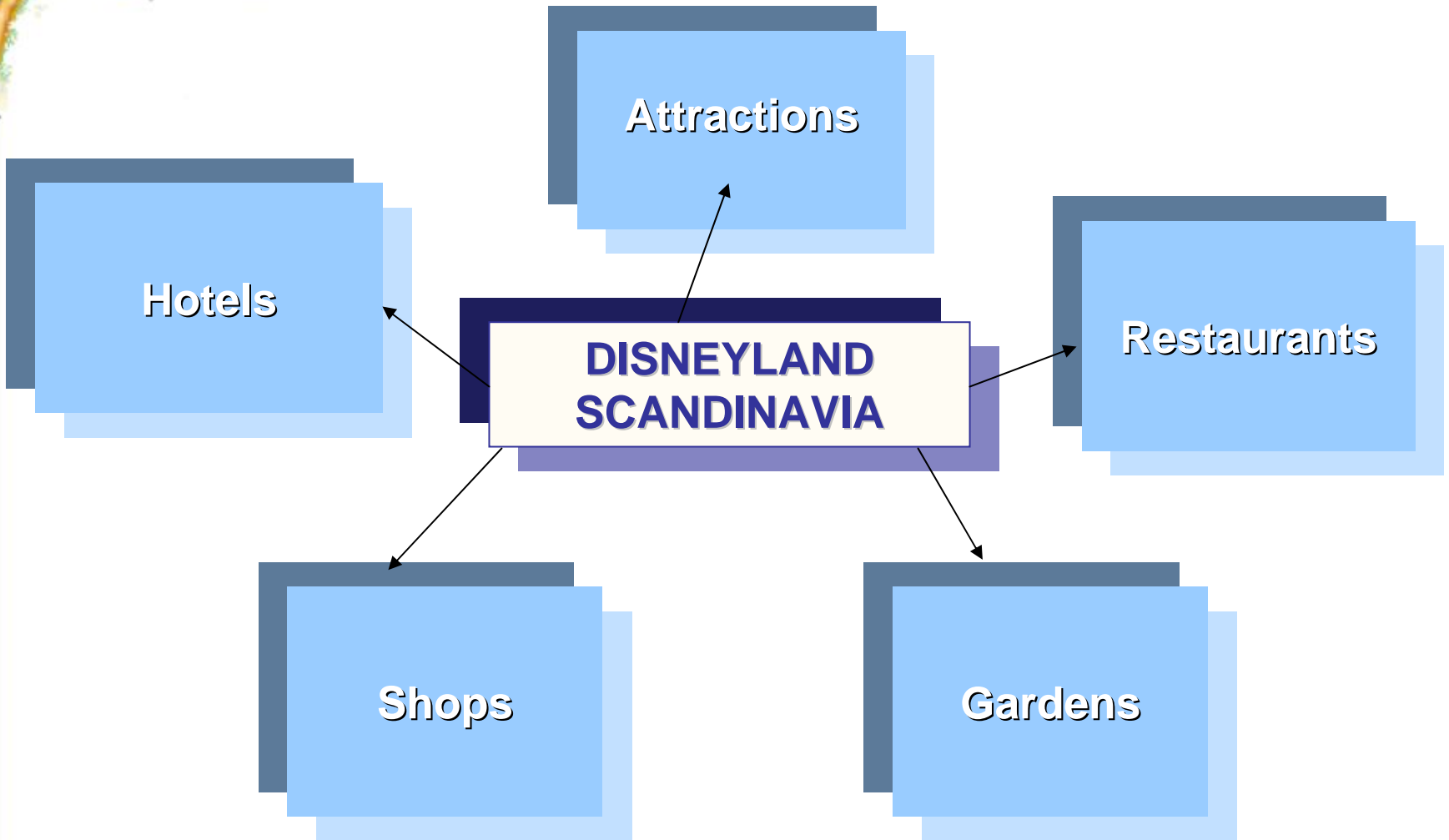
- Better resources allocation
- Market opportunities in term of competitive positioning
- Marketing programs for understanding customer needs

### DISADVANTAGES

- Risks linked to the choice of the variables
- Fragmentation of the market (loss of economies of scale)
- High costs

# MARKETING STRATEGY

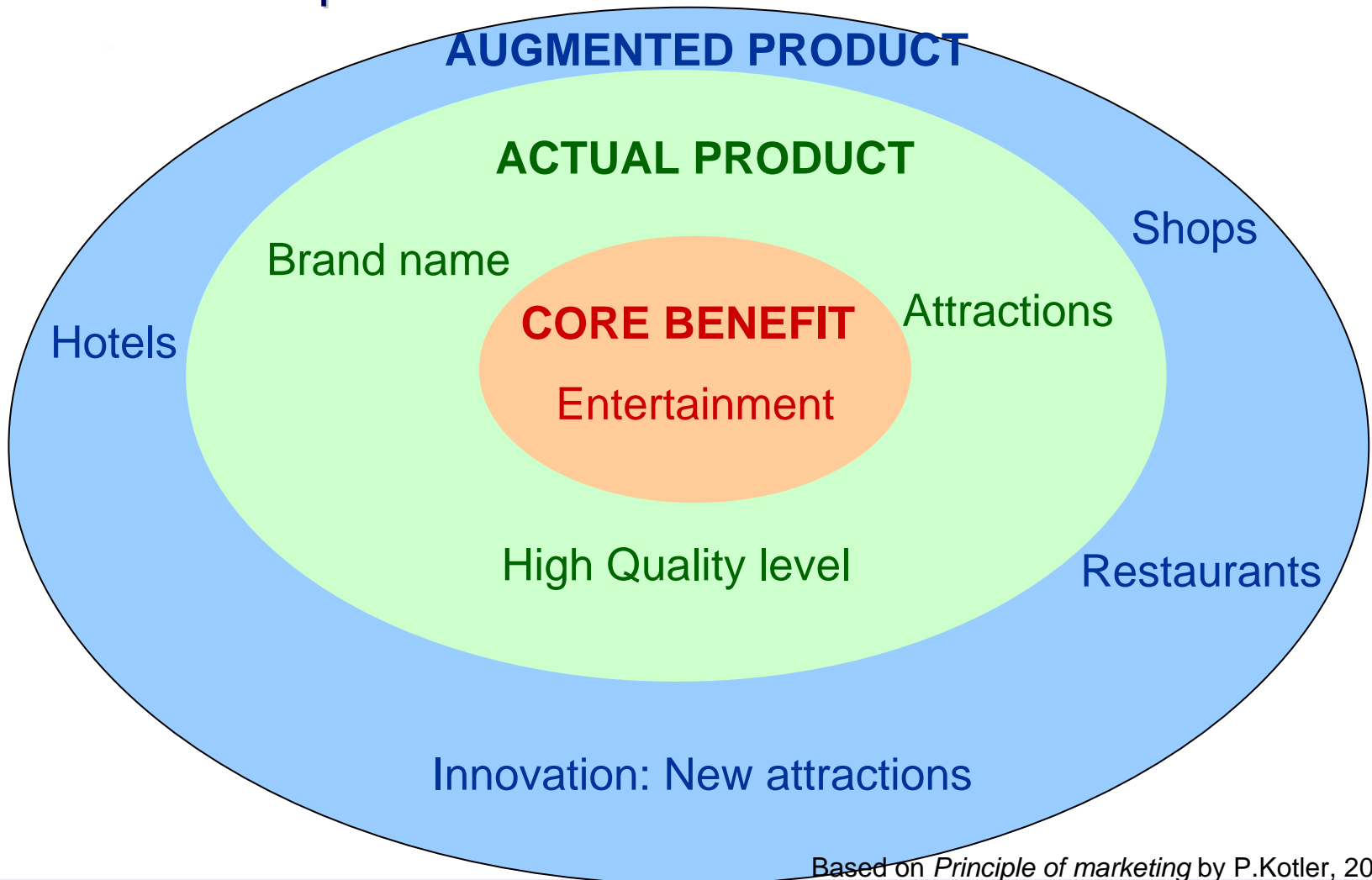
## The 4 P's - PRODUCT



# MARKETING STRATEGY

## The 4 P's – PRODUCT Con'd

3 levels of our product - KOTLER





# MARKETING STRATEGY

## The 4 P's – PRODUCT Con'd

- Heart of the marketing mix
- Our product is a **service** (intangible and perishable-Kotler)
- Product planning: **New product addition**
- Internal determinant: **Growth, market share**
- External determinant: Prestige image=**Brand name reputation**
- Strategy of product: **Standardization with a degree of Adaptation**



# MARKETING STRATEGY

## The 4 P's – PRICE

The determinants of our price decision:

- Theme parks seasonality
- Disneyland policy
- The standard of living in Scandinavia
- Customers behavior
- Our competitors prices
- Our finance expectations

# MARKETING STRATEGY

## The 4 P's – PRICE C'nued

### Price range

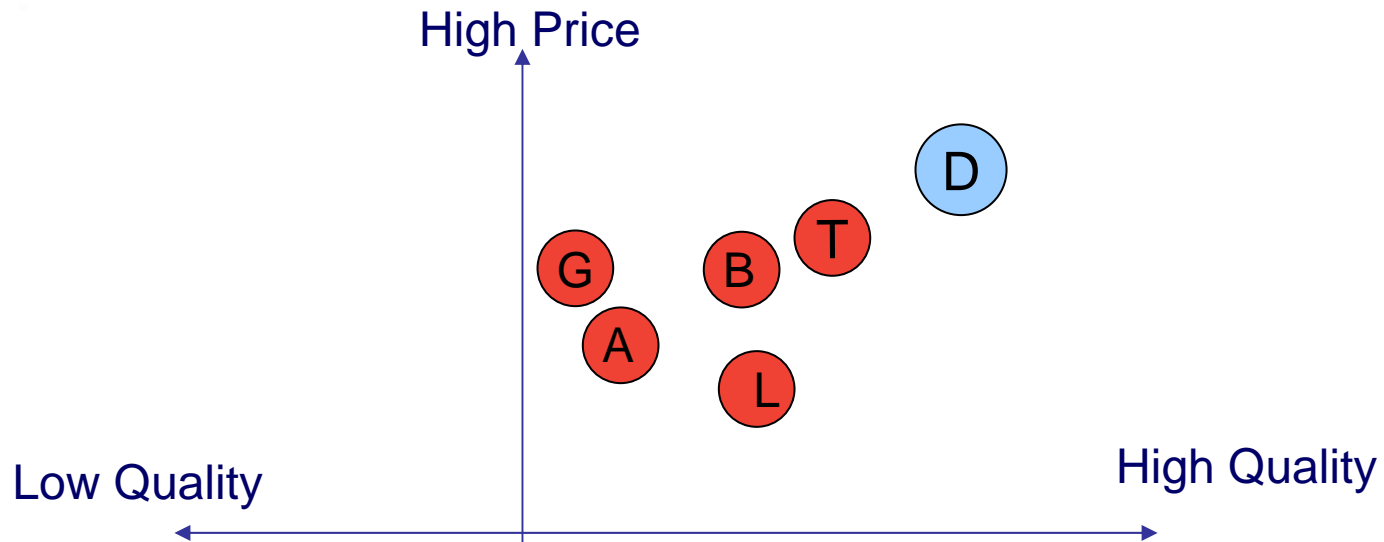
Prices Ages	1 day		2 days	
	High season	Low season	High season	Low season
0 – 3	Free		Free	
3 - 10	\$ 34	\$ 30	\$ 65	\$ 54
11 - up	\$ 46	\$ 42	\$ 88	\$ 80

# MARKETING STRATEGY



## The 4 P's – PRICE Con'ed

### Competitors perceptual map



- A – Astrid Lindgren's World
- B – Bakken
- D – Disneyland Scandinavia**
- G – Grona Lunds Tivoli
- L – Legoland Billund
- T – Tivoli



# MARKETING STRATEGY

## The 4 P's – PROMOTION

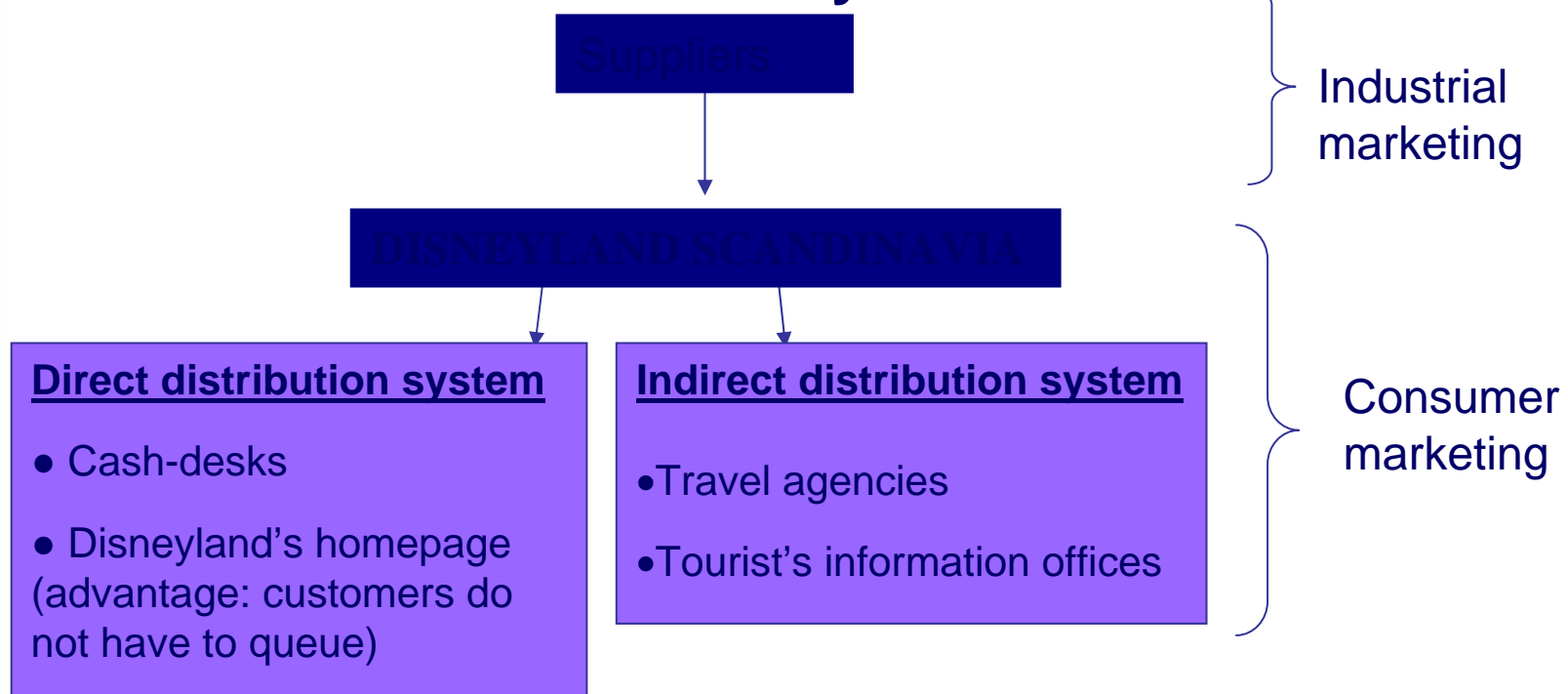
- 1) Personal selling (tour operators and travel agencies )
- 2) Sales promotion:
  - Information booklets in tourists' information offices
  - Organizing lotteries
  - Information leaflets and booklets send by post
  - Participation in different tourism industry exhibitions
- 3) Advertising:
  - Television, radio
  - Advertisements in international magazines, newspapers
  - Online advertising
  - Posters on the public transport
  - Billboards on the streets
  - In cinemas
- 4) Publicity – non-paid news in mass media

# MARKETING STRATEGY

## The 4 P's – Place/Distribution

- How to deliver product/service to the final customer (end-user)?
- How to make the product/service available in places close to consumers or industrial users?

### Distribution system



A small illustration of a fairy with blonde hair, wearing a green dress and wings, flying towards the right. She is surrounded by small white stars and a trail of light. The background is a blue gradient with a white wavy line.

# MARKETING STRATEGY

## The 4 P's – Place/Distribution

### Choice of distribution method

#### Selective distribution

- a technique that limits the number of places where the product/service is available
- Popular method for distributing PRESTIGE PRODUCTS/SERVICES
- Limiting the number of places where the product/service is available sends a message to the potential customer that this is a “special” product/service

# MARKETING STRATEGY

## Criteria for ENTRY MODE Choice



- ❖ Based on experience
- ❖ Based on analyses of the internal and external environment
- ❖ A partially owned company to share risks and financial investments
- ❖ Exclude export entry modes



# MARKETING STRATEGY

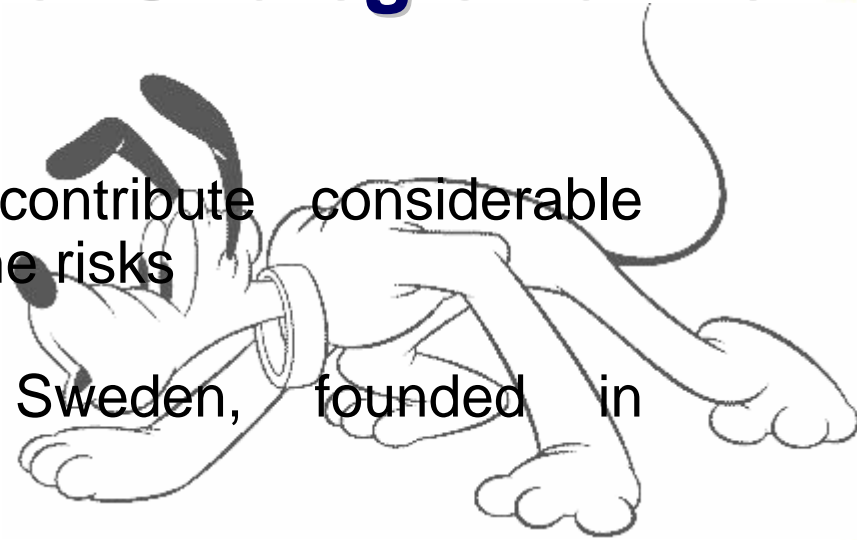
## ENTRY MODE Choice

Entry mode Description	Management Contracting	Acquisition	Stock ownership	Licensing	Joint venture
<b>Company experience</b>	None	None	Disneyland Paris	Disneyland Tokyo	Disneyland Hong-Kong
<b>Advantages for Disney</b>	<ul style="list-style-type: none"> <li>Manage the park</li> <li>Share investments</li> </ul>	<ul style="list-style-type: none"> <li>Acquire local knowledge; established external relations; some experienced workforce; some facilities; THUS: reduce start-up costs</li> </ul>	<ul style="list-style-type: none"> <li>Financial resource</li> <li>Spread of risk</li> </ul>	<ul style="list-style-type: none"> <li>No financial investments necessary</li> <li>Local knowledge of market provided</li> </ul>	<ul style="list-style-type: none"> <li>Financial resource</li> <li>Contacts</li> <li>Market knowledge</li> <li>Prestige, good image</li> </ul>
<b>Disadvantages for Disney</b>	<ul style="list-style-type: none"> <li>No equity control</li> <li>Risks of low performance of the partner</li> <li>Brand risk</li> </ul>	<ul style="list-style-type: none"> <li>No financial help</li> <li>Possible brand confusion</li> <li>Potential conflicts</li> <li>Further raise costs (pay to acquire)</li> </ul>	<ul style="list-style-type: none"> <li>May hinder management</li> <li>Risky (if share prices decrease due to external factors)</li> </ul>	<ul style="list-style-type: none"> <li>No control</li> <li>Brand risk</li> <li>Low profit</li> <li>Licensee may turn into competitor (more one-off than continuous transfers)</li> </ul>	<ul style="list-style-type: none"> <li>Partner may have no experience</li> <li>Have to start from scratch</li> <li>Conflicts potential</li> </ul>
<b>Conclusion</b>	No	No	May Be	No	Yes
<b>Reason why</b>	The disadvantages are too important for the project to be overlooked.	Because companies in the region don't have high facility base and finance of which Disney to take advantage.	More detailed study of Swedish legal system is necessary.	The disadvantages are too significant for the project to be overlooked.	The advantages are extremely important for the specific project. The disadvantages can be managed if there is a fit between the main goals of the two companies.

# MARKETING STRATEGY

## Criteria for Strategic Partner

- ✓ a big company, able to contribute considerable financial resources and bear the risks
- ✓ a company, present in Sweden, founded in Scandinavia
- ✓ a company that has prestige and high performance profile (in regard to finances and management)
- ✓ a company with experience in the entertainment industry but not a direct competitor to Disney





# MARKETING STRATEGY

## The Strategic Partner

**EGMONT**

*We bring stories to life*

### **EGMONT - COMPANY PROFILE**

- Scandinavia's leading media group
- 3,533 dedicated employees
- Company revenues (2004) : 1,284 million USD
- Company net profit (2004) : 87,265 million USD

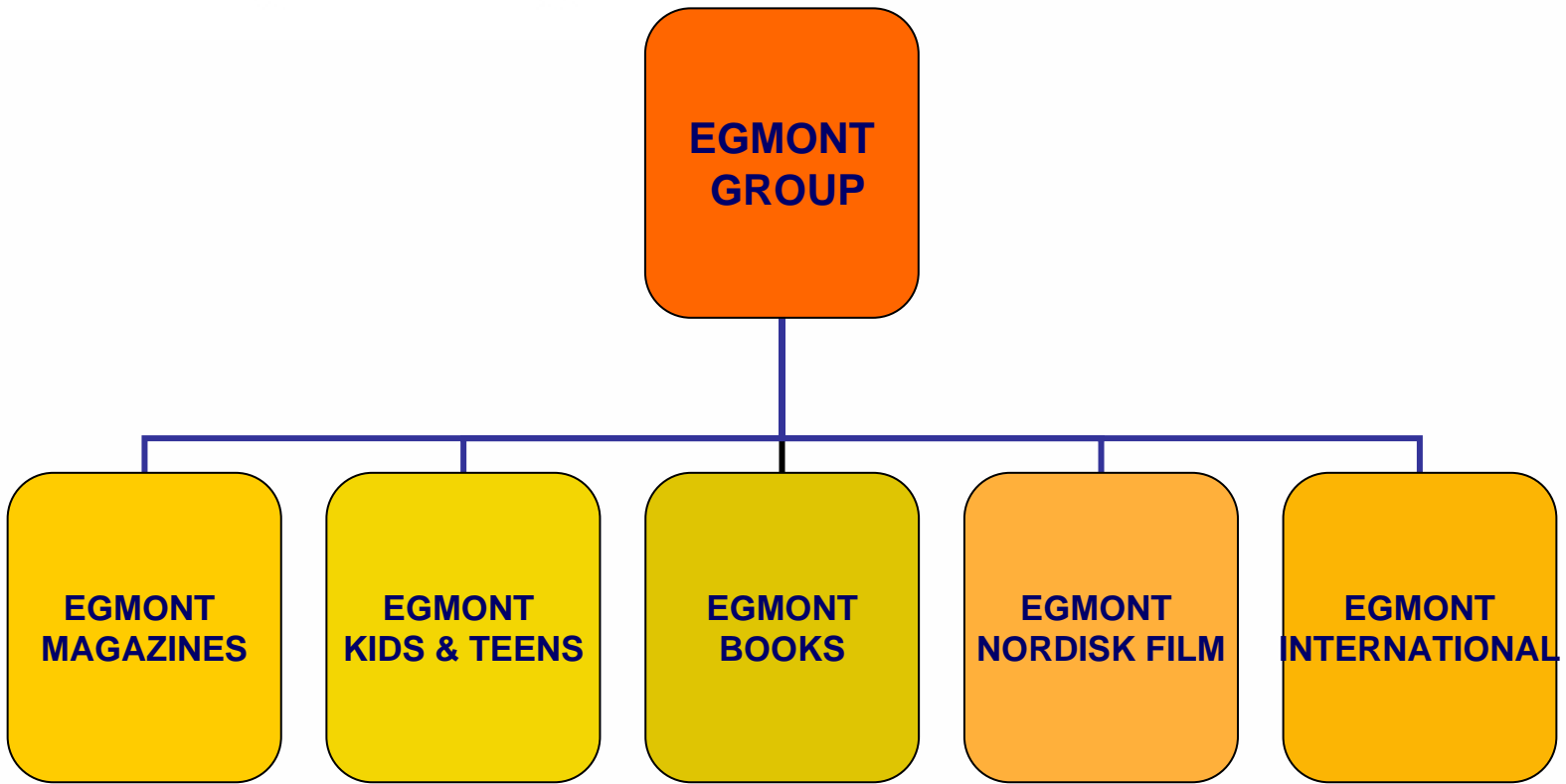
# MARKETING STRATEGY

## The Strategic Partner

## Company Divisions

**EGMONT**

*We bring stories to life*



# MARKETING STRATEGY

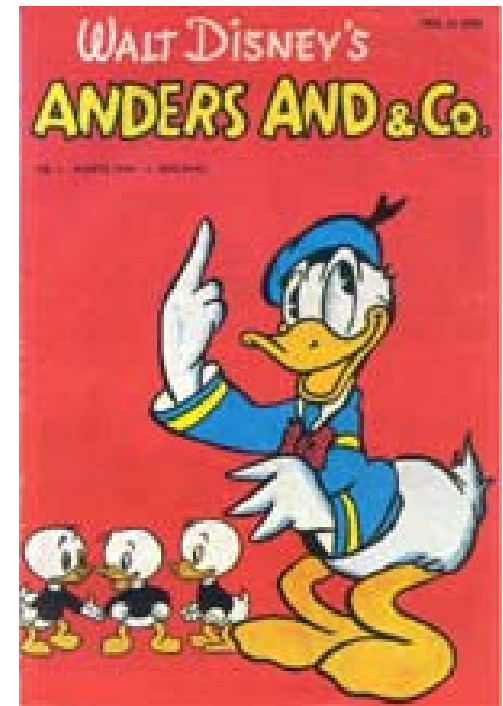
## The Strategic Partner

### EGMONT

*We bring stories to life*

Egmont and Disney 's  
cooperation about comics  
started after Second  
World War

(in 1948 the first Disney magazine  
appeared in Sweden)



# MARKETING STRATEGY

## PARTICIPANT AGREEMENTS



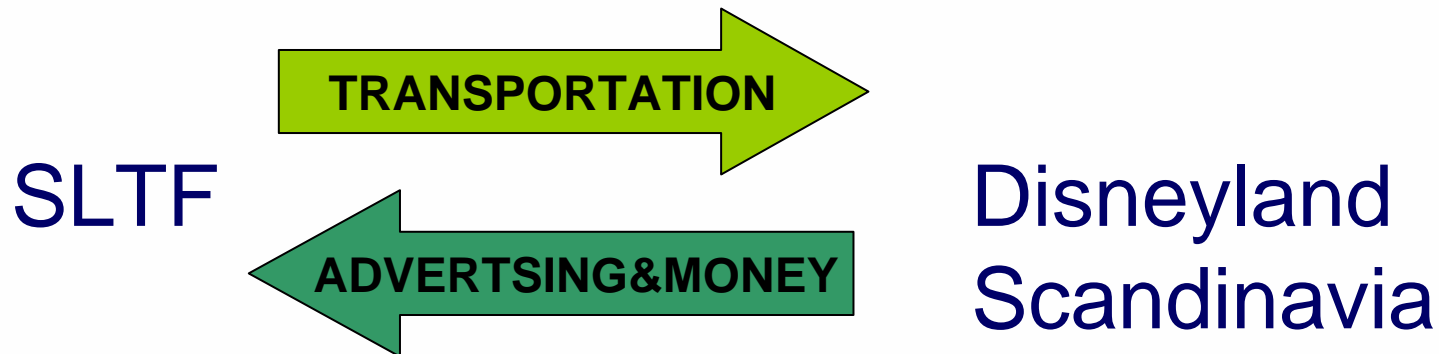
# MARKETING STRATEGY

## Participant Agreements

# SLFT

(Swedish Public Transport Association)

Trade organization of local and regional public transport in Sweden



# MARKETING STRATEGY

## Participant Agreements

### Advantages for Disney

- Customer satisfaction  
(customer can reach the park fast and easily)
- High service image

### Advantages for SLFT

- Good advertising
- Revenues



# MAKING STRATEGY OPERATIONAL

## Budget estimation

- Start-up costs: 3 billion USD
- Opening after 3-5 years
- Visitors/day: 26 000  
Visitors/year: 10 million (estimation)
- Admission ticket (average): 35 USD = 280 SKK
- Opening days: 350



Revenues from admission(average):  
330 million USD





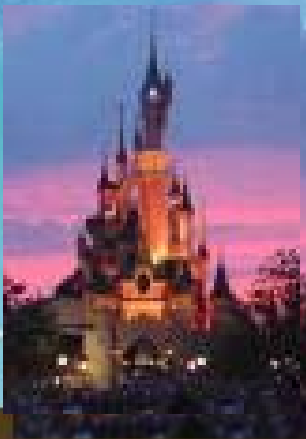
- Risks:

- Financial
- Changes in environment (customers' tastes, terrorists attacks, climate changes, etc.)

- Disney alternatives:

- Specialize and concentrate
- No change strategy (no new park)
- Focus on innovation





Come to visit us and your dreams will come true!





Welcome to  
Disneyland to  
Scandinavia