

Textbook Case Strategic Analysis Paper: Disney

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Disney is a multibillion-dollar company in the entertainment industry that has impacted the childhoods of generations all over the world. This company has products from short films, TV show networks, streaming services, movies, theme parks, cruise lines, as well as merchandise from all of their different products. Disney is at the top of the industry with one of the most, if not the most, easily recognizable names and brands (Robins, 2014). Disney was able to capitalize on their initial popularity from their short films and movies, and make an empire that the competition will have a hard time taking down.

The company Disney, formerly known as The Walt Disney Company, was started by a young animator named Walt and his brother. They began as the Disney Brothers Studio, where they created shorts, eventually starring the infamous mouse we all know today, named Mickey. The beginning of this international empire kicked off with the increased popularity of Mickey Mouse (Wang, 2022). From this, Disney was able to move into long films and eventually began the TV network that many generations grew up watching, called the Disney Channel. Disney is known for creating magical experiences for kids at their theme parks and on their cruises. Disney has been reported to have some strict rules for their employees to ensure that actors do not break character and the magic stays alive for Disney's guests.

Disney's rivals vary depending on the part of the company that you are talking about. When it comes to Disney's movies it would be the Universal and Warner Bros production company. As for their television shows their biggest competitors are Comcast and Netflix. When it comes to their cruise line and theme parks it would be companies like Six Flags and Royal Caribbean (Segal, 2022).

In 2025, The Walt Disney Company, under the leadership of CEO Robert A. Iger is one of the world's most iconic entertainment companies. Disney entered 2025 with a focus on digital

transformation, modernized operations, and long-term growth. After a corporate restructuring in 2023, Disney now operates through three primary business segments: Disney Entertainment, ESPN, and Disney Parks, Experiences, and Products. These strategic changes have given the company room to grow effectively within their leadership and financial accountability, resulting in increased profitability.

In the fiscal year ending 2024, Disney reported revenues of \$91.36 billion, representing a 3% year-over-year increase (The Walt Disney Company, 2024). The company's performance was mostly driven by its Parks, Experiences, and Products segment and a return to profitability in its Direct-to-Consumer streaming services. Revenue distribution across segments was as follows: Disney Entertainment with \$41.19 billion in revenue, ESPN with \$17.62 billion in revenue, and Parks, Experiences, and Products with \$34.15 billion (The Walt Disney Company, 2024).

The Disney Entertainment segment is further broken in three components: Linear Networks, Direct-to-Consumer and Content Sales/Licensing/Other. Linear Networks consist of domestic and international cable networks, such as Disney, ESPN, National Geographic, ABC Broadcast Television Network, eight domestic stations, and a 50% equity investment in A+E Television Networks. Linear Networks account for 26% of the total revenue within the Entertainment segment and yields \$10.69 billion in revenue (The Walt Disney Company, 2024).

Direct-to-Consumer includes Disney+, Disney+ Hotstar, ESPN+, Hulu, and Star+, generating \$22.78 billion in revenue, up 15% from 2023 (The Walt Disney Company, 2024). The last component of the Entertainment segment is Content Sales/Licensing/Other, bringing in \$7.72 billion in revenue and having the lowest year-over-year decrease of 15% (The Walt Disney Company, 2024). Today, Disney's entertainment sector is actively expanding its content portfolio across film, television and streaming services. With 125 million global Disney+ subscribers in

the first quarter of 2025, Disney is a current market leader in media (Stoll, 2025). With stronger subscriber growth across platforms like Disney+, Hulu and ESPN+, the company's content strategy has increased profit over sheer subscriber volume in the streaming marketplace.

In 2023, Disney formally restructured ESPN into its own standalone segment, reflecting their commitment to expanding its offerings in live sports. For the fiscal year 2024, ESPN generated \$17.6 billion in total revenue. As of 2025, ESPN+ has over 26 million subscribers, up from approximately 25.2 million in late 2023 (The Walt Disney Company, 2024). ESPN+ provides exclusive live events such as UFC, NHL, soccer, original content, and supplementary sports coverage. Disney has discussed forming strategic partnerships with the NFL, NBA, and major technology companies, exploring new ways to bundle sports rights and digital platforms (Singha, 2023). ESPN has also introduced a sports betting integration app in 2023. The 2023 launch of ESPN Bet, partnership with Penn Entertainment, marked Disney's official entry into the online sports betting market. This platform encourages user engagement while creating revenue opportunities through commissions and ad spending in the betting world (The Walt Disney Company, 2023). In addition to this, CEO Robert Iger has confirmed ESPN plans to launch a standalone full streaming service by 2025 or 2026. The service will offer the full ESPN experience, including live programming, through a direct-to-consumer model (The Walt Disney Company, 2023). This move will allow Disney to capture more value directly from consumers as cable subscriptions decline.

The Parks, Experiences, and Products segment includes six resorts, 12 theme parks, 55 resort hotels, a cruise line, and other vacation experiences with a reported revenue of \$34.15 billion for the year of 2024 (Guttmann, 2025). These components are in both domestic and international locations. Disney dominates the global theme park industry with four out of the five

most visited parks worldwide belonging to Disney (Guttman, 2025). In 2023, Disney had 140 million visitors across all parks, with Magic Kingdom at Walt Disney World in Orlando, Florida being the most visited, attracting almost 18 million visitors. Disneyland in Anaheim, California isn't far off with 17 million visitors in 2023 and Disneyland Park Paris in France had the highest attendance of any European theme park with 10.4 million visitors (Guttman, 2025). The attendance numbers have dropped compared to pre-pandemic times but Disney still maintains their name as the most popular theme parks to visit. In the last 5 years Disney has added two Star Wars-themed lands and Marvel land, as well as various attractions and characters. There are different events, festivals, parades, firework celebrations, seasonal food and drink, and merchandise available throughout the year to make every day and every visit different (Whitten, 2024). Many of these offerings are for only limited times, creating a feeling of urgency to drive people to the parks and these same park-goers are more likely to purchase popular collectibles and foods. New technology, such as AI and mixed reality allows Disney to create immersive and personalized environments that creates an unforgettable experience to encourage repeat visits (The Walt Disney Company, 2025).

Starting off the PESTEL analysis of the media and entertainment industry, political factors include government regulation, which applies to advertising, marketing, labor, and content production, affects operations, growth, and competitiveness, relates to taxes, and varies by country, level of political stability, which can affect revenues, the number of customers, and operations, and trade relationships, which are connected to changes in trade policies and tariffs and affect costs, pricing, and sales (Makos, 2024). Economic considerations are growth and recessions, which have a close relationship with consumer spending, affecting revenues, and relate to consumer confidence, interest rates, which are important for financial planning, relate to

financing activities, and affect capital projects and investments that are being made, changes in exchange rates, which affect finances, add unpredictability, involve risk management, and have different effects on spending and profitability depending on whether currencies are stronger or weaker, cost of labor, which affects efficiency and the quality of service provided and relates to workforce availability and changes in the labor market, and inflation, which increases input costs and could lead to a rise in prices for consumers or lower margins (Pereira, 2024).

Social aspects encompass changes in consumer behavior, which include an increasing interest in sustainable products and social responsibility and growth in e-commerce and the use of digital platforms, market saturation, which relates to competition for the attention of consumers and the great variety of content and media available, and the use of social media, which increases the need for accountability, provides feedback, places decisions under scrutiny, has a strong effect on company reputation, involves interacting with and engaging consumers, connects to the promotion of ethical business practices and social movements, and relates to the emphasis placed on representation, diversity, and inclusion (Makos, 2024). Technological characteristics are cybersecurity, which is important for maintaining customer relationships, keeps digital assets and payment data safe, and relates to industry regulations, data analytics, which provides insight into customer preferences and helps with improving marketing strategies and content creation, the growing use of artificial intelligence, which is present in theme parks, television, and film and helps with content optimization and creating personalized experiences, and technological innovations, which include better animation quality and augmented reality, relate to new experiences, personalization, and recommendations, and affect competitiveness (Pereira, 2024).

Environmental components include corporate social responsibility, which relates to energy use, emissions, plastic use, recycling, setting goals, and consumer expectations, environmental regulations, which are connected to pollution and keeping air and water clean, sustainability, which involves wildlife conservation, renewable energy, water use, and waste management and reduction, and supply chain management, which includes ethical sourcing and using sustainable materials and practices (Makos, 2024). Finally, legal elements are the protection of intellectual property, which relates to patents, copyrights, trademarks, licensing, and infringement and is important for preserving company reputation, brand image, and revenue streams, labor and employment laws, which concern working conditions, health and safety standards, wages, and unions, antitrust laws, which affect acquisitions and promote competition and fair practices, consumer protection laws, which connect to advertising and marketing, data protection and privacy, and product safety, and content regulation, which is different across countries (Pereira, 2024).

Analyzing the media and entertainment industry using Porter's five forces shows that the threat of new entrants is low because of high economies of scale, high product differentiation, and high capital requirements, the bargaining power of suppliers is low because of the high number of suppliers and low product differentiation for suppliers, the intensity of rivalry among competitors is high due to the high number of competitors involved, high fixed costs, high strategic stakes, and the increasingly competitive environment, the bargaining power of buyers is high because of low switching costs, the high number of alternatives available, and increasing price sensitivity, and the threat of substitute products and services is moderate because of the limited number of substitutes for the industry, which would primarily be related to various hobbies (Strategy Capstone, n.d.). Disney's resources that allow it to push back against these

forces and improve competitiveness are its intellectual property that is protected by patents, copyrights, and trademarks, since it helps with having a broad appeal to different consumer segments and a wide range of offerings, acquisitions, because they strengthen the company's appeal, expand assets and content offerings, add talent, and reduce competition, strong brand image and reputation, since it allows for differentiation, connects to high customer loyalty, and relates to effective marketing efforts, and the interconnectedness of its business segments, which creates synergies, provides focus and direction, and increases overall growth and success (Dess et al., 2024).

Disney's corporate vision acts as a guiding point for strategic planning (Edwards, 2024). It is centered around creativity, innovation, and storytelling as core values (Edwards, 2024). The company intends to be a global leader in producing and delivering entertainment and information by using their broad skills within brands to create distinctive content, services, and consumer products. Disney's top priorities in achieving their vision include creativity, innovation, expanding reach, and strengthening brand identity. Disney's vision also emphasizes magic and imagination to create an unforgettable experience for all ages (Edwards, 2024). Disney's mission is to entertain, inform, and inspire people worldwide through the power of storytelling and the magic of entertainment, delivered through content, experiences, and consumer products (Edwards, 2024).

Disney uses product differentiation as its generic strategy for competitive advantage (Williams, 2024). This strategy involves offering unique products to many market segments, targeting practically every person in the world, with an emphasis on family-orientated programming. Operations management focuses on quality and uniqueness through innovation to set products apart from competitors. Walt Disney Imagineering Research & Development, for

example, has dedicated teams to ensure uniqueness in theme park experiences (Williams, 2024). This competitive strategy is tied to brand strength as a key competitive advantage (Williams, 2024).

Disney implements its intensive growth strategies alongside its generic competitive strategy, focusing on differentiated competitive advantages to drive business expansion. Innovation and creativity fuel the development of new products tailored to global market trends. Disney's main growth strategy is product development which involves creating new products for existing markets, such as releasing new movies paired with related merchandise (Williams, 2024). This approach supports the differentiation strategy by emphasizing unique product offerings. A strategic goal is to boost business growth by persuading customers to choose Disney products for their distinct qualities (Williams, 2024). As a secondary strategy, Disney increases sales of existing products in current markets through methods like aggressive advertising (Williams, 2024). Strengthened by brand loyalty and distinction, this approach is directed towards growing revenues and attracting a broader customer base (Williams, 2024). Used less frequently is their market development strategy, which involves introducing existing products into new markets or segments, such as launching new Disneyland parks (Williams, 2024). The goal is to support the use of separate products to successfully enter and grow in new tourism and entertainment markets (Williams, 2024). Disney also pursues diversification by developing or acquiring new businesses, like the Disney Cruise Line (Williams, 2024). Differentiation supports competitive advantage in these ventures, with the strategic objective expanding Disney's global presence and brand influence (Williams, 2024).

In addition to objectives linked to its growth strategies, Disney has created several major strategic objectives and initiatives to support long-term success. These include maximizing

growth for potential innovation and moving towards product-focused strategies that strengthen contrasting elements (Williams, 2024). Disney emphasizes developing technologically enhanced products, such as internationally targeted movies and new augmented reality experiences to add to the Disney experience (Williams, 2024). Strengthening competitive advantages through marketing, expanding the Disney+ streaming service, and putting the streaming business on a path to success and profitability are also principal concerns. The company is refocusing on creativity by empowering creative leaders, increasing accountability, and ensuring high-quality content and experiences (The Walt Disney Company, 2023). Disney's business development efforts focus on international expansion, digital innovation, and strategic partnerships to drive growth. Also, Disney invests heavily in cutting-edge technologies, such as AR and VR to enhance customer visits, improve efficiency and create an immersive storytelling opportunity (Edwards, 2024). Other initiatives include expanding immersive theme park experiences and continuing to invest in new content creation and entertainment development.

In February 2023, The Walt Disney Company announced a strategic restructuring to refocus creativity, empowering creative leaders, strengthening accountability, and guiding its streaming business toward profitability (The Walt Disney Company, 2023). The company was reorganized into three core segments: Disney Entertainment, ESPN, and Disney Parks, Experiences, and Products (The Walt Disney Company, 2023). Leaders of each segment were granted full operational control and financial responsibility for their global operations, tasked with driving greater efficiency. This restructuring was characterized as a move to place creativity back at the heart of the company (The Walt Disney Company, 2023).

Disney's competitive advantages have been mentioned previously on the ownership of Disney but it truly started with Walt's dream, "In an interview with the Wall Street Journal in

1958, Walt Disney shared his formula for success: Dream, diversify, and never miss an angle” (James, 2019). With Disney’s accumulation of investments they have yet to miss an angle unlike many competitors of whom they also absorbed into their company, or could be planning to. That has led them to have strong brand equity in having a section in almost every outlet possible of the entertainment industry. Their content also has them with a strong competitive advantage with Marvel, Star Wars, and the disney classics like Mulan, Cinderella, and the Little Mermaid.

“Disney’s ability to leverage its brand and content library as key factors contributing to its favorable market position” (Christoforou, 2024). Continuing to use Walt’s formula they have left no stone unturned with the diverse revenue streams that we have been speaking of throughout our analysis; theme parks, resorts, social media and media outlets (ABC, ESPN, Disney Channel), the film studios, and our main focus Disney+. With investments in other ways they offer bundles with Hulu and ESPN+ which to subscribers offers more value than Disney's competitors and cost-benefit is what is most important to consumers (Christoforou, 2024). These competitive advantages they have will guide them to a sustainable competitive advantage being that they are one of the major owners of entertainment. Their ability to acquire places them in sustainable advantage as well since over the years they have added pixar, animation studios, marvel entertainment, lucas films, and 21st century fox (Westberg, 2023). As well as their global presence, having parks and resorts all over the world along with the streaming services being available in roughly different countries. Their ability to have parks and streaming services globally speaks volumes to their technology and innovation, “The entertainment industry has seen rapid changes throughout the last century, and Disney technology has remained at the forefront. The company’s unyielding desire to discover and innovate continues to influence the industry and creates enduring memories for audiences all over the world” (Molly, 2023).

The largest concern for the Disney company that may continue to be an issue in the following years is inflation. The services and experiences that Disney provides are not a necessity for survival. As things become more expensive, middle-class families, which are Disney's main customer demographic, will be less likely to spend the money on things like entertainment, theme parks, and cruises. Disney will need to find a way to keep the prices of their products affordable for their customers as the United States struggles with its current inflation issue.

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