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## The Family-Focused Tourist Destinations of Disneyland Resorts and Walt Disney World

Disneyland Resorts and Walt Disney World have historically positioned themselves as family-focused tourist destinations. So, it is no surprise that Disney's American Parks and Resorts demographic fits that description. However, Disney also attracts childless families. And, of the families attracted by Walt Disney World, an overwhelming percentage are 'affluent'.<sup>[i]</sup> Geographically, Walt Disney World is patronized disproportionately by residents of the American coastline, with the heaviest concentration centered around Virginia and New Jersey. Though not conclusive, the distance from the Walt Disney World's location may be a factor as to why the most likely attendees are so close to the park's location.<sup>[ii]</sup>

Disney Parks and Resorts faces a wide range of competition; despite being composed of parks and resorts, it is threatened by many forms of tourism, as Disney provides services that other tourism businesses provide as well. Major competitors include Six Flags, local and international hotels, local food festivals, and other similar businesses. Disney Parks and Resorts offers many products, from souvenirs and Disney apparel and clothing to the experience of riding Disney attractions and using Disney hotels. These products are expanding on a global scale, with locations in China and Japan. Its prices are moderately high, with tickets to local hotels costing hundreds of dollars<sup>[iii]</sup>. It is promoted through traditional means like television advertisements<sup>[iv]</sup>, though it also utilizes social media<sup>[v]</sup>.

The Walt Disney Studios contains a diverse mix of subsidiaries that individually target distinct markets. Pixar and Walt Disney Animation Studios largely focus on family-centered movies like *Up* or *Tangled* that possess broad appeal<sup>[vi]</sup>. Walt Disney Studios Motion Pictures, Marvel Studios, and Touchstone Pictures each aim to capture a successively older and more mature demographic; whereas Walt Disney Studios Motion Pictures produced live action films with extremely pronounced appeal, like *Pirates of the Caribbean*, Marvel Studios produces films that fit a slightly smaller niche, capitalizing on its titular intellectual property. Touchstone Pictures, though only a distributor, successfully positioned itself as a source of movies for an even older demographic. Films like *Good Morning Vietnam*, *Pearl Harbor*, and *Step Up* were all individually marketed towards an adult population willing to engage in serious narratives founded on contemporary events, a population not serviced by the other subsidiaries<sup>[vii]</sup>.

Because it both creates and self-distributes movies, The Walt Disney Studios is in competition with other producers and distributors. Some of its major competitors include Viacom Inc., Twenty First Century Fox, Comcast, and CBS. It offers a diverse mix of products, from movies

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to music and live theater performances[viii]. These products are typically distributed through movie theaters, radio, and theater houses, and are often resold through other distributing channels like iTunes[ix]. Prices adhere to those typically charged by the market and promotion is a mixture of both social media and traditional advertisement. For example, tickets for Guardians of the Galaxy were priced similarly to other movies[x], and included both social media and television commercial-based advertisement[xi].

Disney Consumer Products sells both books and merchandise. One of its subsidiaries, Disney Publishing, sells both magazines and books for children anywhere from 0 to 12 years of age[xii]. Its second subsidiary, the Disney Store, sells products for both children and adults, though its most pronounced product line revolves around clothing designed after Disney's animated intellectual property[xiii]. Because Disney's animated intellectual property is calibrated to appeal to children and families, adults without children may not see themselves as a member of the Disney Store's market, even though there are some products aimed at that demographic. Disney Publishing, being an all-digital publishing station, is able to have a geographically unlimited demographic. The Disney Store, though several retailers exist throughout the country, is not. Disney Consumer Products competes with several other retailers and publishers. Major competition includes Penguin Books and HarperCollins LLC. It offers strong variety of products, including books, merchandise, apparel, and toys. These products are typically announced through social media with few traditional promotions and priced more luxuriously relative to the market. A singular toy car from Disney's Cars Artists Series, for example, after being announced on social media[xiv], may cost the price of several generic toy cars from another retailer[xv].

Disney Interactive has a similar market. Its products largely use its animated characters and intellectual property in games to appeal to a younger population. One of its products, a website, is explicitly described as a "virtual world for kids". It also contains a blogging space for parents, nicely completing Disney's typical family-centered demographic appeal[xvi]. It faces competition from other blogging websites, child-centered spaces, and game producers. Major competition includes Wordpress and Tumblr, PBS Kids, and video game businesses focused on children like Nintendo. These products are typically priced aggressively, distributed through resellers like Amazon, and promoted heavily through traditional advertisement. Disney Infinity, for example, is priced below the average price of video games on the market, sold through distributors like Amazon and Best Buy, and was promoted with several commercial advertisements.

Disney Media Networks is extensive, covering a global demographic extended from early childhood to late adulthood. Disney Junior, Disney XD, and Disney Channels Worldwide all cover early childhood programming in over 160 countries[xvii], while ABC Daytime, ABC Entertainment Group, and ABC Family market themselves as adult-centered programming

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stations and display heavy penetration into the 18-49 demographic (as evidenced by their Nielsen awards)[xviii]. News from ABC-owned stations is able to reach more than a fifth of all households with television[xix]. ESPN, too, is able to attract a demographic of young men, largely employed and college educated[xx]. Disney's television demographics are generally affluent and are more likely to be a family-member living in an urban environment. The product mix ranges from adult-focused original programming a la Scandal or The View and programs designed for children to news and sports broadcasts. Products like these are typically distributed through Disney's own channels, like their ABC-owned stations, and are almost always priced within a cable or television subscription package. Promotion occurs through both traditional means and social media.

Being a news source, television producer, and sports center, Disney faces major competition from several sources. Fox Broadcasting Company, again, serves as a foil, creating news, television, and serving as a sports authority. Other sources of news and sports information, like Yahoo or MSN, act as similar, though smaller, sources of competition.

## **Requirement 2: Disney's Competition and Life Cycle**

I believe Disney has a powerful and sustainable competitive advantage arising out of its ironclad brand, mass goodwill, and extensive copyrights, trademarks, and intellectual property. Forbes rated its brand as one of the strongest in the world[xxi]. Out of its roughly 72 billion dollars' worth of assets, nearly a tenth was composed of intellectual property, copyrights, and other intangible assets[xxii]. Goodwill was similarly estimated at 27 billion dollars[xxiii]. Of the brands Forbes rated, Disney was the single highest in 'leisure', its next strongest competitor, Fox, being placed 34 spots down[xxiv]. Disney has an unshakeable advantage.

I believe Disney is in the 'growth' stage of its life cycle. Disney has both posed a recent gain in its earnings[xxv] and experienced a surge in its market valuation[xxvi]. Opportunities for growth still exist both internationally and locally. Sales are increasing. Risk is decreasing. Both Time Warner and Viacom, key sources of competition, are having problems securing sales from the company[xxvii]. Hence, Disney is in its star stage.

On my honor, I pledge that I have neither given nor received help on this assignment

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