Corporate Strategy of Walt Disney

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The corporate strategy of Walt Disney is to create content that the whole family can see. The company is not just focusing on kids but the entire generation. It wants to have better innovative technology so that it can make the audience's entertainment experience better. Another corporate strategy is to expand the business globally. The focus of the 2012 diversification strategy of the Walt Disney Company is organizational changes. It has been seen that it's the people who make the company, so promoting them from within the company can help it achieve its ultimate objective of growth.

The personnel who work at Walt Disney know better about the inner dynamics of the company. Originally, Disney's objectives were limited to cartoon production and promotion, but with the changes in the minds of the customers, they wanted something more than that, which Disney adopted and tried to bring something new to the market. The strength of the family is not limited to animated cartoons but to its diversified portfolio of businesses in different industries like theme parks and resorts, media, interactive media, consumer products, and studio entertainment. The purchase of ESPN has created a drastic change in the way people used to watch their particular entertainment source. One of the key strategies for Disney is to enhance and improve its core animations with innovative characters and skills. With the help of its broader target group through purchasing ESPN, it continued to be diverse [1].

The long-term attractiveness of the industries represented in Walt Disney Company's business portfolio

Industry shows high attractiveness toward the diversified business portfolio of Disney. This is mainly due to the diversified portfolio and has high attractiveness in different industries like consumer products, themes and parks, interactive media, and studio entertainment.

Every single industry that Walt Disney has created generates good revenue for it, but the media network is generating higher revenues than other industries. The long-term attractiveness of the company can be evaluated through its threats and opportunities, as well as the assessment of industry attractiveness.

	Opportunities	Threats
Media Networks	• Social media and make use of mobile applications and streaming devices.	• A shift from the traditional media outlet. • High competition in the industry.
Parks and Resorts	• High barriers to entry. • Technology Advancements. • Niche marketing for themes and resorts.	• Relatively Weak economy. • High competition in the USA.
Walt Disney Studios	• High barriers to entry. • Advancing Graphical abilities.	• Increasing Box Office prices. • The shorter span of time in Box office. • High competition. • Weak economy.
Disney Consumer Products	• Changes in consumer taste. • Growth through related diversification. • Growth through a new market. • Expand international markets.	• Highly competitive industry. • Changes in consumer consumption pattern. • Changes in economic conditions of USA. • Piracy of electronically stored data.
Disney Interactive Media	• Recent Merger and Acquisition. • Talent pool	• Recent trends in Cloud computing and Social Gaming. • Increase in small independent developers.

From the case study, it has been seen that the revenues generated by Walt Disney interactive media are lower than those of themes, parks and resorts, studios, media networks, and consumer products, which shows the unattractiveness of the industry.

Competitive strengths of Walt Disney Company's different business units

Disney's competitive strengths lie in the diversified business portfolio it has. Major strengths include a strong business portfolio, experience in achievements, diversification, and brand reputation. One of

the major accomplishments of Walt Disney is continuing to work on its weaknesses and transform them into its strengths. Technological advancement has created a separation of the industry. The characters involved in most of its motion pictures enable its consumer products to boost their sales. Although Walt Disney has created high popularity, this allows it to be differentiated from other competitors; it also enables it to be the strongest competitor. Media networks, along with parks and resorts, are the highest performers and generate most of the revenues for Walt Disney [2].

Nine-cell Industry Attractiveness/Business Strength Matrix for Walt Disney Company

The cell industry matrix shows which business units of Walt Disney have the highest priority and which have the lowest. The matrix shows the strengths and attractiveness positioned by the different diversified companies. Business units having the greatest industry attractiveness and competitive strength show that the overall performance of the company is good. Looking at the top left side of the grid reveals the high priority for resource allocation (blue color), yellow color shows the medium priority, and pink color shows the lowest priority. The index shows that interactive media is a lower performer than the others. All the items in blue show high performance and industry attractiveness. These are the sources on which Walt Disney should focus and invest.

The financial and operating performance of the Walt Disney Company

Liquidity Ratios

Ratios	2009	2010	2011
Current Ratio	1.33	1.11	1.14
Quick Ratio	0.93	0.77	0.77
Debt/Equity Ratio	0.35	0.28	0.30

The current ratio shows whether or not the company can repay its debts (Short Term Obligations). It can be seen that over the past three years, the company's current ratio is above one, which is a sign that the company is making its short-term payments [3].

Profitability Ratios

Ratios	2009	2010	2011
Return on Asset (%)	5.27	5.99	6.80
Asset Turnover	0.58	0.58	0.58
Return on Equity	10.01	11.12	12.84

ROA shows how well the company is profitable against the assets employed, while ROE measures the profitability of the company by looking at the investments made by the shareholders against the profit that the company is earning. The ROE and ROA of Disney are almost average, as clearly shown in the table. The higher the percentage of the profit margin, the greater the company's effectiveness towards costs [4].

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