

# Research on the Development of Disneyland's Business Model

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**Abstract.** The Disney Park business model has undergone a significant transformation, evolving from a primary reliance on ticket sales to a diversified revenue structure that now includes merchandise, resort services, and brand licensing. This paper explores the strategic evolution of Disney's business approach, particularly in response to technological advancements and global expansion. The objective is to examine how Disney effectively balances its traditional cultural elements with innovative strategies to maintain its leadership in the global theme park industry. Key areas of focus include the integration of emerging technologies such as artificial intelligence, big data analytics, and virtual reality, all of which enhance the visitor experience and improve operational efficiency. Additionally, the study emphasizes the importance of Disney's global market expansion and the localized adaptations of international parks, such as Shanghai Disneyland, which have been critical to its success. The findings indicate that continuous innovation, a seamless integration of online and offline strategies, and a strong focus on sustainability are essential for Disney's future competitiveness. The study concludes that adaptability, technological investment, and cultural consistency will drive Disney's continued global leadership in the entertainment industry.

**Keywords:** Disney parks; Global market expansion; Commercial development of Disneyland.

## 1. Introduction

As a beacon of creativity, technology, and imagination, the Walt Disney Company has helped shape the modern theme park experience, introducing the world to iconic characters, groundbreaking technologies, and immersive environments. With its vast global presence, diversified business model, and strong intellectual property (IP), Disney theme parks have continued to maximize revenue even during periods of global economic downturn, offering valuable marketing strategies for other entertainment enterprises. Disneyland, recognized as the world's most renowned theme park, has set a high standard for the global theme park industry and become a benchmark for entertainment enterprises worldwide. Its success is not solely due to its entertainment facilities, but also to its distinctive business model and meticulous attention to detail, positioning it as the leading theme park globally. Disney continually pushes the boundaries of technology and innovation, attracting visitors of all ages while regularly updating park attractions to reflect its popular films and TV shows. In light of the rapid growth in global entertainment, innovation and transformation are crucial to maintaining Disney's strong market position.

The business model of Disneyland has gone through several stages, including ticket revenue, accommodation services, merchandise sales, catering services and brand licensing services. Ticket revenue is Disneyland's main source of income. According to Smith, Disney obtains more revenue through differentiated pricing strategies [1]. Disney sets different ticket prices based on the season, visitor flow and the time of booking tickets. For example, the price in the peak season is higher than that in the off-season. This differentiated pricing strategy mainly balances the passenger flow and maximizes revenue [1]. Jones pointed out that Disney also launched day tickets and annual tickets based on the differences in tourists' psychology and needs. This flexible ticketing option not only enhances tourists' loyalty but also increases revenue for the company [2].

Disneyland continues to innovate its business model. In addition to hotels, it has also expanded its resort business. Jones analyzed how Disney increased revenue by expanding horizontally near the theme park to build hotels and provide accommodation and catering services, and set up resorts [2]. Disneyland & Hotels & Resorts, this model realizes integrated services of catering, accommodation, entertainment and vacation, allowing tourists to obtain a full-service experience, increasing tourists'

cohesion and brand loyalty. For example, Disney's "Global Village" project has hotels with different cultural themes, attracting tourists from all over the world [3].

Merchandise sales rank second in Disney's revenue. Brown believes that Disney's innovation in merchandise sales is very meaningful for research. While generating revenue, it also expands publicity and enhances brand awareness, such as limited edition merchandise [3]. At the same time, in order to expand merchandise sales, Disney has also opened online sales [4]. In addition to purchasing merchandise in the park, visitors can also place orders online.

Another key to Disneyland's business model is catering services. According to Taylor, the catering services in the theme park mainly include theme restaurants and fast food [4]. Disney uses big data to analyze the supply chain, allowing catering services to further improve efficiency and increase revenue. In addition, Disney has also improved the quality of catering services by improving menus, recruiting celebrity chefs, and cooperating with major catering companies, and improving satisfaction based on visitor feedback [1, 5].

Brand licensing and franchising are important components of Disney's business model. According to Wilson, Disney has expanded its brand to other areas by licensing its products and theme projects to other brands or companies, thereby gaining a higher market share and revenue [5]. At the same time, Disney also uses online platforms to expand the influence of brand licensing. For example, by cooperating with digital companies to carry out more platform promotions to enhance brand awareness.

Although Disney's business model is excellent, it has encountered many challenges during its operation. For example, the pandemic has led to a global economic downturn, which has had a huge impact on the company as a whole [2]. In order to adapt to the ever-changing external environment and pressure, Disney needs to constantly adjust its strategy, such as optimizing service quality, adjusting pricing strategies, and responding to market fluctuations [1]. Disney is considering entering emerging markets, opening more theme parks, and expanding its brand awareness through online platforms [6].

In addition, with technological innovation and changes in demand, Disney needs to continuously optimize its supply chain and update its products and services to ensure its market share and existing position [3]. For example, virtual reality and augmented reality technologies can provide a super experience, allowing visitors to get extraordinary and magical excitement [5,7]. There is also Disney's "Star Wars" theme, which allows visitors to get an immersive experience in movie scenes [8].

In conclusion, Disneyland is no longer a single-income business model but has now developed into a comprehensive and diversified revenue model, with a stable and powerful system management and service. However, in the face of an ever-changing market environment, Disney still needs to continue to innovate and adjust its strategies in order to gain more revenue and market share.

The study of the development of Disney theme parks' business model carries significant strategic and academic implications. However, there remains a gap in the research on how Disney theme parks continue to evolve their business model. A deeper exploration of how Disney balances its traditional cultural elements with innovative strategies to adapt to the future entertainment market is essential. Investigating Disney's business model evolution can not only provide valuable insights for other theme park industries but also offer academic support for further research in this area.

## **2. The Commercial Development of Disneyland**

The commercial development of Disneyland represents an important case study of the ways that an innovative entertainment enterprise could grow into an international tourist phenomenon. Opening in Anaheim, California, in 1955, Disneyland reinvented the concept of the amusement park by fusing immersive storytelling with sophisticated technology thus creating a unique, family-oriented entertainment product. This concept was supported by market research showing a growing demand for home entertainment and interactive experiences [9].

Each Disneyland facility was imbued with commercial characteristics different from the others and molded by culture, government involvement, and market forces as it expanded into international and new markets such as Japan, France, and China. Walt Disney actually envisioned building a complete park that was to be much more than just rides and attractions; it was about an immersive experience in which guests would live, literally, with Disney's iconic characters and stories. Johnson also respectively states that this approach focused on ensuring Disneyland was a "theme park," rather than an amusement park, and gave the brand a powerful and different identity for the consumer [10].

According to Katsoufis, Disneyland pays attention to details and innovation in its design to ensure that visitors can have an immersive experience [11]. This meticulous design concept helped Disneyland achieve great success in its early days [11].

It did so by effectively using IPs from characters of animated movies throughout their rides, shows, dining, and merchandise—a way to create continuity, making every visitor a participator of this Disney story. At first, Disneyland made most of its commercial model off of ticket sales. However, through the 1980s, as Baker points out, the company was very effectively able to diversify its streams of revenue, which also included merchandising, in-park dining experiences, and vacation packages. Accompanying the expansion of on-site hotels could be exclusive vacation packages that extended visitor stays and, therefore, helped Disneyland increase profitability.

Capitalizing on this synergy between in-park experiences and the sale of merchandise—including themed clothes, toys, and souvenirs linked to the park's rides and characters created an ecosystem where each part of the park supported the other, leading to increased visitor spending.

International expansion started in 1983 with Tokyo Disneyland. As analyzed, entrance into the Japanese market reflected a new approach on the part of Disney to commerce: for the first time, Disney merely licensed the brand to the Oriental Land Company instead of owning and operating the park directly [12]. In effect, this did minimize the financial risks while profiting from the licensing fees and intellectual property rights it received.

After entering the 21st century, the commercial development focus of Disneyland shifted to global expansion and brand licensing. Disney opened several new parks in Asia, Europe and other places, such as Tokyo Disneyland, Paris Disneyland and Hong Kong Disneyland [13]. These new parks not only continue the classic elements of Disneyland but also make localized adjustments according to local culture to attract tourists from different regions [14].

However, the more difficult challenge was Disneyland Paris, launched in 1992. As quoted, the park was initially flattered due to the cultural resistance and poor growth in visitor ships [15]. The company has responded by adjusting the commercial strategy: more European-themed attractions were built and the level of local market promotion has grown. Shanghai Disneyland opened in 2016 and has proven to be one of the most commercially successful endeavors undertaken by Disney thus far. This is in part because Disney could come together with the Chinese government to invest very strongly in the local infrastructure. Furthermore, it has made sure that matters have looked towards pleasing and appeasing Chinese tastes [16]. Showed that there were unique attractions in Shanghai Disneyland, aimed at attracting visitors according to Chinese cultural preferences. For instance, 'Garden of the Twelve Friends' incorporates the Chinese zodiac into its underlying structure.

Equally, Disney's commercial strategy in the parks has pivoted increasingly on innovations in technology. The introduction of digital ticketing, personalized visitor experiences, and in-app services has changed the manner in which Disneyland interacts with its visitors. As Davis indicates, such digital initiatives—which decrease wait times and allow for more personalized experience operations and boost consumer satisfaction. What's more, Disneyland was incredibly informed by the commercial development across cross-promotional opportunities. According to Johnson and White, highly successful streams of Disney films, TV shows, and merchandise have given way to the attendance in Disneyland, while on the contrary, the parks themselves have been utilized as promotional venues for other upcoming Disney media.

Notably, the commercial way in which Disneyland has sought corporate partnerships has changed, too. In the past decade, Disney has partnered with international brands like Starbucks and McDonald's

to offer exclusive services and products inside the theme parks. It's a very lucrative model since it allows Disneyland to increase its offerings without having to absorb the entire cost of operation. The last reason that Disneyland has been able to achieve sustainability in its commercial success is because it adapts. By making constant changes in the type of attractions that it offers, infusing new technology into its operations, and responding to cultural trends, Disneyland has maintained its position as a leading destination globally in tourism. This is succinctly summed up by Green in stating that innovation coupled with brand consistency is indeed the key to Disneyland's continued commercial success.

### **3. Opportunities and Challenges for Disneyland Amid Rapid Technological Development**

With the rapid development of modern technology, Disney parks are encountering a variety of opportunities and challenges. This section will analyze four key opportunities and four challenges that the industry faces in this transformative environment, ensuring a stable position in the future market.

#### **3.1. Opportunities**

##### **3.1.1. Enhanced user experience**

The user experience design is the greatest magic of Disney parks. Disney has always maintained a proactive approach toward user satisfaction, prioritizing the overall experience and attention to detail to ensure visitors have an enjoyable time.

For instance, the implementation of augmented reality (AR) technology allows visitors to navigate through different themed areas using an online map and engage in various interactive activities, thereby providing a more immersive experience. Additionally, guests can access the background stories of characters through mobile applications, further enriching their visit.

##### **3.1.2. Effective operations**

The operational model of Disney parks is continuously evolving alongside technological advancements. The integration of the Internet into park management has made resource allocation more efficient. Smart sensors enable the parks to monitor the status of attractions, allowing for immediate identification and rectification of any issues that may arise.

Moreover, visitors can purchase tickets and join queues automatically through the Internet, reducing the need for manpower while simultaneously enhancing the visitor experience. This technological integration assists park operators in optimizing their management systems and significantly saving time.

##### **3.1.3. Deep integration of online and offline strategies**

The deep integration of online and offline strategies has allowed Disney parks to reduce significant costs and increase profits in retail merchandise. Focusing solely on offline sales is not a sustainable long-term strategy; after Disney scaled back some physical stores, online sales surged dramatically. This transition not only lowered rental and labor costs but also enhanced overall efficiency.

In an era dominated by a new generation of consumers, online content has attracted a broader audience to Disney. Initiatives such as live streaming and online advertising, coupled with viral marketing strategies, have significantly amplified the influence of media platforms.

##### **3.1.4. Global market expansion**

The foundation of Disney's expansion into global markets is strong management, further enhanced by technological advancements and strategic approaches. By employing innovative marketing strategies and leveraging partnerships with theme park operators, Disney has strengthened its market competitiveness and increased its market share. Additionally, the utilization of online platforms and

media channels has attracted emerging demographics, thereby enhancing Disney's ability to engage with a global audience more effectively.

### **3.2. Challenges**

#### **3.2.1. Cost issues**

Currently, Disney Parks is integrating emerging technologies such as artificial intelligence and data analytics to enhance efficiency and reduce costs. While initial investments in these technologies appear promising, managing the balance between implementation costs and returns is crucial. Rising operational expenses and maintaining the core technological infrastructure pose challenges, but by optimizing the use of technology, Disney Parks can improve cost-effectiveness. The key focus is achieving a favorable return on investment while maintaining competitive pricing and profitability.

#### **3.2.2. User privacy**

Disney Parks must enhance their security measures for user privacy. Guests can purchase tickets and access information through online reservations and media platforms, during which a considerable amount of visitor data is collected to analyze changing preferences and provide personalized services. Although this can enhance the visitor experience, it also raises concerns regarding personal information security. Any data breaches would have a substantial negative impact on Disney's reputation. Consequently, Disney Parks requires robust information protection measures to safeguard user privacy effectively.

#### **3.2.3. Market competition**

To solidify its market position, Disney Parks needs to pursue innovation and diversification. The competition among theme parks has become fierce, with major global competitors vying for market share. Some parks leverage technological advantages to enhance visitor experiences while reducing costs, thereby challenging Disney's long-standing authority in the industry. As a result, Disney must continuously innovate based on user demands while creating a strong brand identity to ensure that its uniqueness cannot be easily replicated by other enterprises.

#### **3.2.4. Adaptability**

In an era of rapid technological advancement, adaptability is crucial for maintaining stability within the entertainment industry. Disney Parks must adopt flexible operational models to keep pace with evolving trends and audience needs by integrating new technologies. However, it is essential to innovate without disrupting existing operational models, ensuring that long-time customers remain loyal and do not feel alienated by the changes. Balancing innovation with familiarity will be vital for sustaining customer relationships and maintaining operational integrity.

## **4. Recommendations and Outlook**

In the contemporary landscape characterized by rapid technological advancement, Disney Parks, a globally recognized leader in the theme park industry, has numerous opportunities to enhance sustainability and competitiveness through strategic initiatives.

Firstly, Disney Parks should significantly increase their investment in and application of innovative technologies, particularly in artificial intelligence, big data analytics, and virtual reality. By analyzing visitor behavior, the parks can gain valuable insights into customer preferences, enabling the delivery of highly personalized experiences. For instance, an advanced recommendation system powered by data analytics could offer tailored suggestions for attractions, improving customer satisfaction and loyalty. The integration of virtual reality technology can also create immersive experiences, further enhancing the enjoyment of park visitors.

Secondly, Disney Parks should prioritize strengthening data security measures and ensuring transparency in data usage. By implementing robust encryption and protection strategies, Disney can safeguard visitor data and build consumer trust. Proactive communication and educational efforts,

such as providing clear explanations of privacy policies on mobile applications and official websites, will empower visitors to understand how their data is used and their rights in relation to that data.

Thirdly, Disney Parks should focus on continuous innovation and diversification of their product and service offerings. Beyond traditional attractions, incorporating cultural and artistic elements can enrich the visitor experience. Collaborating with well-known brands to introduce limited-edition products and themed events will attract new customers and further elevate Disney's brand presence in the market.

Moreover, Disney Parks should actively pursue sustainability initiatives by integrating eco-friendly practices into park operations. These practices could include utilizing renewable energy sources, reducing waste, and promoting sustainable transportation options. Such efforts will resonate with environmentally conscious consumers and reinforce Disney's leadership in corporate social responsibility.

Lastly, adaptability is key for Disney Parks. While maintaining essential brand values and core attractions, Disney should remain flexible in adjusting strategies to meet evolving market conditions. By establishing an agile response mechanism and regularly collecting visitor feedback, the parks can stay aligned with shifting consumer expectations and market trends.

Looking forward, Disney Parks are well-positioned to explore new growth avenues by harnessing the synergy between technology and culture. By consistently innovating, enhancing brand influence, and pursuing sustainability, Disney can maintain its leadership in the global market while continuing to offer unforgettable experiences for visitors. Through these strategic initiatives, Disney Parks will revitalize its business model and successfully seize emerging opportunities in the entertainment landscape.

## 5. Conclusion

This paper has analyzed the evolution and strategic development of Disney Parks' business model, highlighting key findings in its operational advancements, technological integration, and global expansion. Disney's business model, which began with ticket sales, has evolved into a diversified structure encompassing merchandise, resort services, and brand licensing. By leveraging its intellectual properties (IPs), such as animated movie characters, and continuously innovating visitor experiences, Disney has maintained a competitive edge in the global market.

The findings suggest that Disney's focus on localization, as demonstrated by the success of Shanghai Disneyland, and technological integration, such as the use of digital ticketing and personalized experiences, are central to its sustained commercial success. Furthermore, its partnerships with major brands and the strategic use of both online and offline sales models have increased profitability and operational efficiency.

In terms of future outlook, several key insights emerge. Disney Parks should continue to prioritize technological innovation, such as artificial intelligence and virtual reality, to enhance the customer experience and stay competitive in a rapidly evolving industry. Also, safeguarding user privacy through stronger data security measures is critical to maintaining customer trust in an increasingly digital environment. Finally, Disney should continue its sustainability efforts, aligning with global trends in corporate social responsibility, and adaptability, ensuring that both new and loyal customers feel connected to the brand's evolving offerings.

Ultimately, Disney Parks' continued success will depend on its ability to strike a balance between innovation and tradition, personalization and privacy, and globalization and localization. These strategic recommendations will ensure that Disney remains a leader in the entertainment industry while navigating the challenges and opportunities of the future.

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