

Research on the Disney's IP Brand-building Process and Shaping Tactics

Yanyan Gao*

School of Communication, Hong Kong Baptist University, Hong Kong, 999077, China

*Corresponding Author Email: 21648018@life.hkbu.edu.hk

Abstract. With the development of streaming media and the Internet in recent years, everyone can produce original content, and the audience's taste is gradually becoming discerning. This "content is king" environment also affects the film industry. Disney is the studio with the most IPs out of the six main Hollywood studios. However, it will still challenge the continuous output of quality original content. Some researchers have analyzed Disney's past operation mode of IP in the traditional media environment. Still, there is a research gap for a new brand-building process and tactics to cope with the mobile internet era of pan-entertainment and the explosive growth in the number of users of self-media platforms. Based on several statistics and case studies, this study emphasizes the growth determinants of the new FMCG IP and focuses on the structure and development model of Disney's IP industry. The study finds that the birth of the internet and the technological revolution have shattered the monopoly of traditional media empires and established a more direct connection with audiences. At the same time the development of the internet has also led to the creation of FMCG ip LinaBell, this type of ip can greatly reduce the cost for the creation of ip stories and content. The success of Lina Belle in the Asian market has brought great reference to the entertainment film industry in shaping the ip strategy.

Keywords: Disney; IP Brand-building Process; Shaping Tactics.

1. Introduction

1.1. Research background

The "IP era" has now arrived in the film industry, and a studio's profitability and position in the market are directly impacted by the quantity and quality of IPs in its possession. Disney is now the studio with the most IPs out of the six main Hollywood studios; the other five are Warner Brothers, Universal Studio, Sony, 20th Century Fox (before the acquisition by Disney), and Paramount. Disney was the first studio to draw out the entire industry chain of IP operations. In addition to concentrating on creating original intellectual property, Disney has a clear strategy and has been active in acquiring IP companies worldwide, creating a vast IP empire. For \$4.24 billion, Disney purchased Marvel Studios in 2009, which owes more than 5,000 superhero Ips. Twelve years later, it paid \$4.05 billion to acquire Lucasfilm, the top special effects studio in the world, taking control of the valuable Star Wars property. Recently, it purchased a portion of Twenty-First Century Fox for a staggering \$71.3 billion. According to Disney's financial report, the film industry generated \$67.418 billion in sales in 2021, rising 3.1 percent from the previous year. In 2021, the Disney film business experienced a decline from \$69.607 billion in 2019 due to the impact of the epidemic, but it still maintained strong growth. It is anticipated to reach a new peak in earnings in 2022 because the pandemic threat has decreased globally following retaliatory spending. Before the global outbreak of COVID-19 in 2020, about 66% of Disney's revenue was generated by IP-intensive areas of its functioning. Disneyland has long been regarded as one of Disney's primary avenues for monetizing its intellectual property. The theme parks industry is Disney's most profitable, unique, and reliable revenue stream. This is due to Disneyland's influence over price. The chart below (Figure 1) displays the change in Disneyland admission fees from year to year with dollar amounts modified following the Bureau of Labor Statistics' inflation calculator.

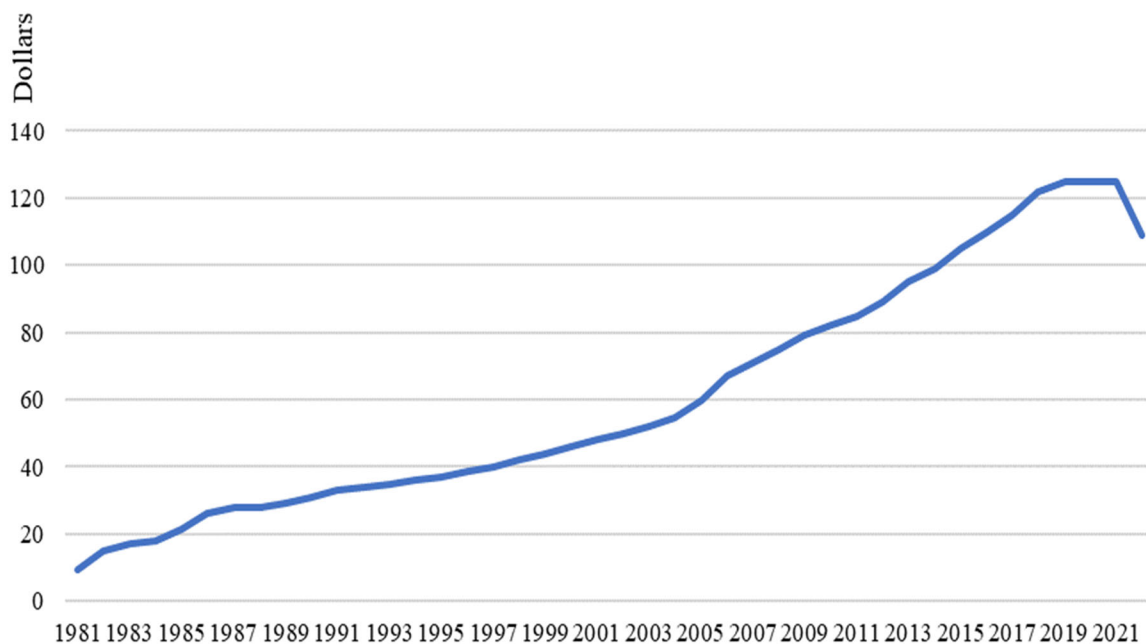


Figure 1. Disneyland Adult Regular Admission Fee 1981-2022

Since 1981, the final year when Disney fans could get tickets for less than \$10, as well as after 2019, when the epidemic significantly impacted tourist attendance. Disney has been raising admission fees and the costs of commodities and services in the park practically every year. At the same time, more and more people are coming to the park every year. Before the pandemic, a report by the Themed Entertainment Association indicated that Disney was in the first place, with more visitors than the second- and third-placed Merlin Entertainments and Universal Studios combined. Disney can boost prices without affecting long-term earnings, which fosters economies of scale because its products have consistently been among the best in content quality and business scope. One of the main factors attracting travelers to Disney is the quality of the “content”. “Content reality” can be found in the park for kids or people with a kid at heart. There is no substitute for this experience; it cannot be duplicated elsewhere. Additionally, various small tricks are used at the Disney operations level to improve this experience, such as misting particular scents in certain locations to enhance visitors’ memories of the park and leave them with a lasting “aftertaste”. Another example is that all Disney employees portraying the cartoon characters must undergo a rigorous training before they can begin work. If you are Donald Duck, every movement you make, including how you walk and greet people, must resemble the character from the animated series. Disney even demands that every “Donald Duck” signature be the same. The strong customer stickiness of Disneyland’s business—which frequently indicates future leeway for price increases—is due to the high degree of match between online content and offline experience.

Disney has developed an ecological map of diversified operations, including media networks, theme parks, film and entertainment, consumer products, and interactive media. From the creation of animated images to the promotion of branded products, the completion of theme parks, and the acquisition of scarce resources, Disney has been a pioneer in the field. Produce an original product, gather a customer base, develop a brand, and then allow customers to use other items under the same banner, increasing the base of consumers while also increasing the reliance on repeat business from existing customers. The main skeleton supporting Disney’s more than 90-year existence has been the structure of the whole IP industrial chain. In response to the mobile Internet era of pan-entertainment and the explosive growth in the number of users of self-media platforms, Disney is simultaneously

consolidating traditional IP while actively creating new trendy IP that can better integrate with business, giving the old empire a new vitality.

1.2. Research content and methods

This study, which is based on several statistics and case studies, emphasizes the growth determinants for the new FMCG IP and focuses on the structure and development model of the Disney IP industry. Ultimately, this paper identifies a few variables that might limit the growth of Disney's intellectual property. The paper is broken into three parts, the second is the literature review, and the third is the research findings: The general state of Disney IP development and shaping is discussed in the first section. The second section focuses on the lately well-known FMCG IP LinaBell. An examination of the drawbacks of Disney IP marketing is presented in the third section.

2. Literature Review

In the last century, Disney has grown tremendously from a small American animation studio to a multifaceted worldwide media giant. Presently, the corporation generates more money annually than the GDP of more than a hundred nations. Disney has developed distinctive and unifying principles adapting to a shifting social context. At the same time, the Disney universe has significantly impacted how Americans regard the world. Regarding the effect Disney movies have on viewers, in his study on the effect of Disney movies on audiences, Mason notes that while Disney movies hold a special place in children's viewing habits, their relationship with adult audiences has not received enough consideration or study. However, as evidenced by the popularity of Disney IP-derived merchandise, Disney movies are just as appealing to adults as children. Like other entertainment sectors worldwide, the animation business has seen a downturn due to the 2019 coronavirus outbreak. Despite the difficulties, the outlook for animated movies in the coming decade is still optimistic. Precedence Research predicts that the size of the worldwide animation industry will be approximately US\$ 587.1 billion by 2030, increasing at a CAGR of 5.2 percent from 2021 to 2030. Disney is anticipated to perform even better in the post-epidemic era, given its position as the industry leader in animation.

3. Results

Disney's IP derivatives cashing strategy is quite obvious. At the content level, Disney cartoon characters have been used in films and books and combined with cutting-edge cinema technology to produce intellectual property. From the standpoint of channel distribution, Disney mixes online and offline through users paying to watch content to cash, offline through the traditional IP-based item licensing, theme parks, and other real estates to accomplish worldwide sales. Disney's key assets are its intellectual property (IP), which ranges from Winnie the Pooh to Spider-Man, from the Princess series to Toy Story, appealing to IP enthusiasts of all ages. Because Disney relies on its potent IP, its derivatives are well-liked.

3.1. The philosophy behind Disney's IP

To create a full "movie + derivatives + entertainment real estate" IP ecosystem, Disney believes that IP should not be restricted to a single film but should be developed throughout an entire industrial chain. The movie serves as both the catalyst for IP and its amplifier. IP first generates revenue through the movie's box office. Then, due to the movie's social and spreading effects, its popularity and brand recognition are greatly increased, providing a foundation for realizing IP derivatives that come after. Second, the production and sale of IP-licensed merchandise continue to be the largest market in the IP derivatives industry. High-quality IP can be licensed to produce various products, many of which become best-selling and enduring products, continually expanding the IP market. Disney has produced commercially and artistically successful films, using cinematic animation as the basis for a chain of interconnected wealth generation that spans the entertainment industries of film and

television, video games, theme parks, and consumer goods. This industrial chain creates a healthy self-renewing cycle that can regenerate itself.

Disney has a far deeper understanding of IP. Disney's three operation philosophies for its intellectual properties--empowering IPs with "happiness," assisting IPs in telling a compelling tale, and pairing compelling storylines with varied scenarios—have prevented it from making its IPs "empty" or "dead." First, when choosing the intellectual property, Disney's brand has always been built around the idea of "bringing happiness to the world," and a great IP is the source of all "happiness" in terms of IP selection. Even though they are the adversaries in the movies, Disney is quite strict about the designs of its cartoon characters, which must be "cute" or at least "harmless." Disney IPs are still being fostered and developed for various reasons, including a philosophy of continuous innovation, high-quality products, a culture of sharing and inclusion, and a model of product creation focused on stories. Most significantly, Disney never loses sight of the word "joy" during the entire IP development process. This is the initial objective and ultimate goal of Disney's research and nurturing of any IP: to build each IP with pleasure, to allow the IP to convey joy, and then encapsulate that joy into merchandise that can be sold throughout the world, giving consumers the best and most special delightful experience.

Disney has enjoyed box office success thanks to well-made animated films. The company keeps extending that success to all online and offline contexts, permanently extending the brand impact of a strong tale. Disney's live entertainment is the most notable example of this. Disney has matched the stories from its films to the various scenes, whether the parking lot, amusement facilities, general setting, or local details, to give visitors an entertainment experience seamlessly integrated with the movie's story.

3.2. The leading icon of Disney's FMCG IP - LinaBell

Disney has creatively deviated from the conventional IP marketing formula while also telling a compelling story. Disney has done this by cultivating doll idols in East Asia, where idol economy and fan culture are prevalent, and by occupying the minds of Generations Y and Z through omnichannel and content co-creation. This has allowed Disney to harvest value quickly. As the Duffy family's "guest star" in September 2021, Shanghai Disney introduced LinaBell, a pink fox who quickly gained popularity online. Fans of LinaBell frequently wait in line for five hours to take a picture with her and seven hours to purchase the derivative products. On major online shopping websites, pendants originally selling for 99 yuan were being priced at 500 yuan, and scalpers were selling the official 200-yuan dolls for more than 1000 yuan. LinaBell is a "starlet without a tale," as opposed to classic IPs like Mickey Mouse and Snow White. She hasn't appeared in any animated or live-action films; instead, Shanghai Disney created her as a fan-oriented virtual cartoon icon with her character as the primary selling point.

Except for the Duffy family, where LinaBell belongs, all Disney content IP fits the profit model depicted in section 3.1. Moving directly to the second and third steps to license and sell derivatives is the primary way to gain benefits obviating all costs and efforts associated with content production. Then, to serve as a mirror to reflect the feelings of the Y- and Z-eras and to capture their imagination, give this character who emerged from nothing with personality and emotional value. Like Mickey Mouse, created by Disney about a century ago and is still active in the market of co-branding, the life cycle of IP cultivating that Disney has developed over the years is lengthy. On the other hand, the business logic of the idol industry is "hot" and "fast" to maximize the value of fans.

The Lina Belle marketing phenomenon overcomes the limitations of the established idol economy and conventional IP marketing. With the emergence of new media like live streaming and short videos in recent years, user media consumption patterns have steadily switched to the Internet, which has since become the primary platform for the development of idols. In contrast to the safety concerns and educational value of children's toys, the popularity of the social network in a variety of multi-level distribution, as well as whether it can become a hot cake, are crucial factors for trendy toys. 32 times have been recorded for LinaBell on Weibo hot search in the month since the official launch in

September. More than 450 million times of LinaBell's connected videos have been played on Tiktok. Lina Belle's customer-oriented sales channels have expanded and are no longer restricted to the former offline store marketing model for derivatives. Instead, for the promotion of Linna Belle through a mixture of online and offline, online rely on the network platform to get the attention of network users, and through the offline park experience to draw closer to the customer, and ultimately evoke a stronger emotion of fans.

Lina Bell's evolving persona is also detachable from the UGC (User Generated Content) marketing strategy. In recent years, UGC has taken the lead in brand marketing. UGC content draws in new users, increases exposure, and encourages additional people to co-create content. On social media platforms, fans produce and share a wide range of movies, emoji packs, and mobile wallpapers. A strange phenomenon has also emerged: doll beauty. Many bloggers take orders for Lina Bell doll face restoration, making the doll as the buyer wants it to look. UGC is created by users whose diverse ideas are frequently more in sync with user tastes and more likely to elicit strong emotional reactions from users. Emotional resonance is a powerful connection-building tool that can effectively increase new users' sense of dependency and draw more attention. With this form of collaborative content creation, Lina Bell immediately went viral.

The enormous popularity of Lina Bell, from the perspective of brand marketing, demonstrates the effectiveness of this marketing strategy. But the company will need to continue to enhance its image and maintain the character's vibrancy if it expects to win over young users' excitement over the long term. For instance, Pirates of the Caribbean was a "male star without a story" as well; the project began as a theme park, and then a series of films based on it were produced, all commercially successful.

3.3. Possible problems of Disney IP development

Disney's least profitable division is its IP licensing division. Despite the prevalence of Disney-licensed commodities, Disney takes only a small cut from them. Disney's IP licensing business divisions are the Muppets Studio, Disney Store, Disney Digital Network, Disney Interactive, and Disney Publishing Worldwide. Consumer preferences are erratic, and even while the licensing industry generates a little revenue, its growth or decline each year is directly correlated with the success of the motion picture industry, particularly the animated film industry. When there is popular movie content, licensing and retail profits for content goods improve. High-quality content-related merchandise has a specific brand premium, which enables manufacturers to sell toys more expensively, and channel considerations also significantly impact merchandise and content factors. There aren't many retail outlets for Disney (only the Disney Store and stores in the parks), and those that do not have room for significant growth. In recent years, the network of e-commerce has significantly influenced many traditional retail stores, which will also impact Disney's licensing business. Because the park serves as both the channel and the content, the theme park industry is relatively stable. The retail, digital online marketing, and IP licensing industries are generally more volatile than the theme park industry.

Additionally, Disney is up against several rivals globally. While Disneyland consistently holds the first spot in the list of the world's best theme parks, theme parks like Universal Studios, China's Changlong Ocean Kingdom, Beijing Happy Valley, and Korea's Lotte World all have strong competitive power, according to a report by the Themed Entertainment Association.

4. Discussion

4.1. User participation in the creation of the way to create the IP

As mentioned in the previous section 3.3, Disney's IP licensing division accounts for only a small portion of major revenues, as the volatility of consumer preferences can directly impact the film industry and the IP licensing industry. Take the recently popular Lina Bell, for example, through the

demographic, geography, and age group segmentation accurately targeted to the Asian Generations Y and Z young women. Unlike other cartoon characters, Lina Bell does not have a complete storyline as she appears with a vague characterization. The script only provides a small background and a minimal introduction to the character: “The little fox who loves adventure “. But this “open script” gives fans a high level of involvement and gives Lina Bell a different story through her interpretation of the character. In addition, in 2018, after the internal merger of Disney Theme Parks and Experiential Products, the new department has taken a more positive strategy than ever before in operating parks and park products. In the original Disneyland, the operation model was entirely offline. The most common is to such as the Duffy family park NPC set a fixed selfie point, visitors can go to interact with their favorite characters and take pictures. However, it is difficult for visitors to reach them without going to the park. After being empowered by the Experience Product Department, Disneyland’s operation strategy has been upgraded to a combined online and offline model. Taking the Chinese market as an example, operators began to focus on platforms with a high concentration of young women, such as Bilibili, Weibo, and Tiktok, to take advantage of interactive short video platforms to create buzz for Lina Bell. The production and dissemination of short, interactive videos like this one featuring Lina Bell are characterized by ubiquitous participation. “Ubiquitous participation” refers to the fact that users of mobile Internet and intelligent mobile terminals can access and publish information in various scenarios anytime and anywhere and realize the interaction of information. Fans can continue to enrich the character portrait of LinaBell through their imagination. And the production of short, interactive videos has become an important vehicle for creating self-worth and emotional investment, attracting more production bodies to join the role of continuous heat creation. Although such an FMCG IP is somewhat independent of the success of the animated film industry, without the support of film and TV productions, most online celebrity pop-ups are only relatively short-lived. Fans’ enthusiasm for the characters will quickly fade if not maintained. Because of the lack of work and connotations, they can hardly enter the hearts and spirits of fans. They will only stay on the surface, filled with visuals and social interaction, so only continuous exposure can prolong the life cycle of the FMCG IP.

4.2. Open up the meta-universe market to increase diverse IP stories

To bridge the gap with competitors like Universal Studios, which focuses on experiential parks, Disney is preparing to enter a metaverse to create a unique fantasy virtual world that will further upgrade the consumer experience. Disney CEO Chapek mentioned in the earnings call that Disney will build its own “meta-universe”. He said that Disney’s current efforts are just a prelude. Disney will eventually connect the real and virtual worlds more closely, crossing boundaries and creating more IP stories in its own Disney “meta-universe. Meta-universe has created a boom in the technology industry. Meta-universe has created a boom in the technology industry. Meta, the parent company of Facebook, Apple, and Microsoft, is developing businesses related to the metaverse. The metaverse allows Disney World to turn virtual, interact with Disney characters, and even merge the real Disneyland with the virtual world to create a new world. Disney says consumers can experience the fun of Disneyland no matter when or where they are. Although Disney did not announce details of its entry into the metaverse, Disney Executive Bob Chapek said the metaverse allows them to create a whole new world that will combine with Disney’s storytelling to build new consumer experiences and look at new cutting-edge trends. Combined with Disney’s brand reach, real and digital experiences, and global reach, Disney’s possibilities are endless in the next 100 years.

5. Conclusion

With almost a century of IP history, Disney has produced remarkable accomplishments. Concentrating on storytelling is the key to maintaining Disney’s IP, and its entire IP production chain drives the company’s enormous revenue. In response to the growth of Internet technology, the popularity of short video platforms, and the public’s rising desire to share and create, Disney has

introduced a new member to its typical IP family, the FMCG IP LinaBell, which has grown to be one of the most popular IPs of the present. Despite some shortcomings and competition from many peers, the great power of the IP empire still secures its leadership position. It enters the meta-universe industry to upgrade the consumer experience. The ultimate goal is to continue to deliver fans wonderful memories. Disney was the first studio to draw out the entire industry chain of IP operations. From the creation of animated images to the promotion of branded products, the completion of theme parks, and the acquisition of scarce resources, Disney has been a pioneer in the field. Therefore, studying Disney's IP branding process and shaping strategy can provide a benchmark reference for the film and entertainment industry. And Disney's successful business model has also contributed to the healthy development of the industry, bringing a better experience to audiences and visitors.

However, the article still has some limitations, lack of primary data, business model analysis, and modeling, mainly from a macro perspective to analyze the process of shaping Disney's IP. In the future, more professional business model research will use surveys, interviews, questionnaires, and other ways to obtain primary data to make the article more academic value.

References

- [1] Tyler, A. (2019, December 31). Disney bought Marvel 10 years ago: How it changed everything. ScreenRant. <https://screenrant.com/disney-marvel-purchase-10-years-movies-changed-how/#:~:text=Disney%20bought%20Marvel%20for%20%244.24%20billion%2C%20and%20the,impact%20on%20the%20film%20industry%20than%20many%20anticipated.>
- [2] Whitten, S. (2018, October 30). Disney bought Lucasfilm six years ago today and has already recouped its \$4 billion investment. CNBC. <https://www.cnbc.com/2018/10/30/six-years-after-buying-lucasfilm-disney-has-recouped-its-investment.html#:~:text=Disney%20bought%20Lucasfilm%20six%20years%20ago%20today%20and,a%20greements%20and%20sales%20of%20merchandise%2C%20apparel%20and%20toys.>
- [3] Neal, A. (2020, May 26). Disney's purchase of 21st Century Fox explained. The DisInsider. <https://thedisinsider.com/2020/05/13/disneys-purchase-of-21st-century-fox-explained/#:~:text=Disney%20acquired%2021st%20Century%20Fox%20Company%20on%20March,It%20is%20full%20of%20nuance%20and%20small%20details.>
- [4] Fiscal Year 2021 Annual Financial Report - the Walt Disney company. (n.d.). <https://thewaltdisneycompany.com/app/uploads/2022/01/2021-Annual-Report.pdf>
- [5] Farkas, J. (2022, May 30). Here's how much it cost to go to Disney World the Year you were born. GOBankingRates. <https://www.gobankingrates.com/saving-money/entertainment/how-much-disney-world-cost-year-born/#:~:text=1981%3A%20%249.50%20Price%20increase%20from%20previous%20year%3A%20%241.50,Disney%20fans%20enjoyed%20tickets%20for%20less%20than%20%2410.>
- [6] Themed Entertainment Association (2019), TEA/AECOM 2019 Theme Index and Museum Index: The Global Attractions Attendance Report https://www.teaconnect.org/images/files/TEA_369_936023_200716.pdf
- [7] Wills, J. (2017). Disney Culture. Ithaca, NY: Rutgers University Press.
- [8] Mason, J. (2017, September). Disney Film Genres and Adult Audiences: A Tale of Renegotiated Relationships. Semantic Scholar. <https://theses.whiterose.ac.uk/19239/1/Mason%20JR%20Media%20&%20Communication%20PhD%202017.pdf>.
- [9] Precedence Research, Animation market size to hit around US\$ 587.1 Bn by 2030, Animation Market (By Offerings: Software and Services; By Product Type: 2D Animation, 3D Animation, Motion graphics, Stop Motion, and Other; By Industry: Direct, Education, Media and Entertainment, Aerospace and Defence, Automotive, Healthcare, and Others) - Global Market Size, Share, Growth, Trends Analysis, Regional Outlook and Forecasts 2022 - 2030, 2021. <https://www.precedenceresearch.com/animation-market.>
- [10] Lazaroff, L. (2014, November 7). Disney's 'Frozen' will become the biggest franchise ever. TheStreet. <https://www.thestreet.com/investing/stocks/disneys-frozen-will-become-the-biggest-franchise-ever-12943710.>

- [11] Tan, H. (2021, December). LinaBell, an 'inquisitive' pink fox character, is so popular among Disney fans in China that scalpers are reselling its plushies for huge profits. Business Insider. <https://www.businessinsider.com/linabell-disney-character-massively-popular-in-china-scalpers-resell-plushes-2021-12#:~:text=It%20said%20the%20sale%20plan%20was%20to%20comply,%28%2416%20to%20%2447%29%20each%2C%20according%20to%20Shanghai%20Daily.>
- [12] Shi Yi, Ubiquitous Participation: An Analysis of the Motivation of Interactive Short Video Production and Dissemination: The Case of Disney Character Lina Belle Short Video, *Information Technology*, 2022, no. 10, pp.151-153. DOI: 10.19395/j.cnki.1674-246x.2022.07.008. [https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFDAUTO&filename=SHIT202207047&uniplatform=NZKPT&v=ILOvR0LV6SOqJ5q0VINWoGg8fXn01EIHCEf2PaEkLbE8UZCZyzTLCptMJY8U0e3P.](https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFDAUTO&filename=SHIT202207047&uniplatform=NZKPT&v=ILOvR0LV6SOqJ5q0VINWoGg8fXn01EIHCEf2PaEkLbE8UZCZyzTLCptMJY8U0e3P)