

A Case Study in Disney Compared with SONY, Warner Bros and Paramount

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Abstract. Film, as a form of cultural art, has been continuously developing since its inception. With the changes of the times and the progress of technology, film art has gradually penetrated into people's hearts and become an indispensable part of modern cultural life. In this context, film research has gradually become a subject of widespread concern. And film companies are significant basis for the support of the industry. This article will analyze and make judgments based on the operating conditions and achievements of some major film companies recently. And based on the research, this article will provide reference opinions for the future development of enterprises. This article selects Disney, Warner Bros, Sony, and Paramount as the analysis objects. In the end, a recommended invest choice will be given after analysis. And there will be SWOT analysis in this industry. Finally, some suggestions will be provided at the end of the article.

Keywords: Film; development; operating conditions.

1. Introduction

The film industry, as a vital part of the cultural and creative industries, plays a crucial role in today's global entertainment market. With the rapid development of digital technology, changes in audience viewing habits, and intensified market competition, film companies are facing new challenges and opportunities. The media industry, in particular, is expanding within the creative industries. Both the nature of the labor and the working conditions are transient in the film industry. The movie business has a great symbolic significance and is mystified and glamourized [1].

In the past few decades, the film industry has undergone many significant changes. However, with the advent of the digital era, there are new problems. How to innovatively meet the diverse needs of audiences and maintain a competitive advantage in the fiercely competitive market, driven by digital technology, has become an urgent problem for film companies to solve.

This study will use methods such as in-depth interviews, literature analysis, and market research to explore the strategic choices and implementation of film companies in different fields. By comparing and analyzing the development paths of different film companies, this article will reveal the best practices and innovative methods in the film industry, providing valuable lessons for practitioners and decision-makers in this field. This paper aims to explore the key factors in the development of film companies, from marketing strategies, creative content production to digital technology applications, and thoroughly analyze the impact of changes in these fields on the film industry.

This article will be divided into the following four parts. Firstly, a brief introduction to the selected company; Secondly, SWOT analysis of market competition in the film industry; Thirdly, analysis and comparison of important indicators such as P/E ratio; Fourth, select companies with better operations and provide opinions on other companies.

2. Analysis of a Better Company

2.1. Acquaint companies

Film industry has grown a lot in many aspects. For example, creativity and content production, production and technical level, business model and market share and so on. That is also the reasons why these four influential companies were chosen as the study objects.

Disney: Disney is one of the world's largest entertainment companies, covering multiple fields such as animated films, television programs, theme parks, and consumer goods. Famous for its animated films, Disneyland, Marvel films, and Star Wars series. Has a strong brand influence and market share in the media industry. The Walt Disney Company also has a lot of brands in movie companies. Marvel Studios may have been the most beneficial investment in recent years, in my opinion. The 2012 blockbuster movie was created by Disney using these film concepts. The Avengers and a number of other blockbusters simultaneously brought in earnings much beyond the \$4 billion acquisition cost - 3.3 times that amount, excluding revenue from comic books, video games, fashion, television, and toys [2].

No matter what, a truth that in recent, Marvel movies has occupied a large market. Especially Avengers series has earned a huge box office to the company.

SONY: Sony Pictures Entertainment, abbreviated SPE. It is a division of Sony (USA) Limited (SCA), a division of the Tokyo-based Sony Corporation. SONY has a large range of business such as film industry, games, digital products, electric car and advanced technology like VR. Its masterpieces have The Smurfs, Hotel Transylvania and so on.

Warner Bros: Warner Bros. Established in 1918, has a great achievement in film Harry Potter series and it also has the IP of DC, which can compete with Marvel. It is an entirely integrated entertainment firm that leads the world in all aspects of entertainment creation, delivery, licensing, and advertising. The four brothers Abel, Harry, and Sam of Warner, a poor Polish immigrant, founded Warner Films in 1923. At that time, they did not expect that movies made them the wealthiest and most charming entertainment industry tycoons in the world [3].

Paramount: Paramount Pictures, Inc. established in May 1912, it is an American corporation that produces and distributes films, and its logo features stars encircling mountains covered in snow. Its famous movies include Marvel Studio before it was bought by Disney, Mission Impossible, Transformer and so on.

2.2. Ratios Analysis

Disney: The most expensive stock between four companies (\$87.49). It has the highest EPS growth rate and highest revenue growth rate. P/E ratio has reduced by 8.02.

SONY: Its stock price is \$83.85. Highest EPS between four companies. However, it is the only company whose NTM EPS reduced. P/E ratio has increased by 1.1. Negative PEG ratio (Its revenue growth rate is negative, too.). Lowest GP/A ratio. Financial restraint has played a greater role in Sony Pictures' transformation from a case study in decline to a respectable operator than any other element [4].

Warner Bros: The cheapest stock between four companies (\$14.11). P/E ratio is unreliable because of the negative EPS turned to positive. Lowest TTM P/E in four companies. However, its TTM EPS is negative, which means there is something wrong with operation.

Paramount: Cheap stock. Highest GP/A ratio. Reduced P/E ratio (-4.62).

The specific ratios that are based have shown in Table 1.

Table 1. Main ratios in four companies

9 August, 2023				
	DISNEY	SONY	WB	PARA
Share price	\$87.49	\$83.85	\$14.11	\$15.62
TTM EPS	3.25	5.5	-2.76	0.66
NTM EPS	4.63	5.13	0.26	0.82
EPS growth rate	42.5%	-6.7%	109.4%	24.2%
Revenue growth rate	5.0%	-4.5%	1.8%	4.7%
TTM P/E	26.92	15.25	-5.11	23.67
NTM P/E	18.90	16.35	54.27	19.05
PEG	63.4%	-226.6%	4.7%	97.6%
GP/A (based on the most recent fiscal year)	13.9%	9.8%	10.0%	17.7%

In conclusion, Disney can be a good choice to invest. However, its price is pretty high if an investor want to invest one stock and he or she doesn't have sufficient bankroll, Paramount is a great choice, too.

2.3. SWOT analysis

By limiting the quantity of information to enhance strategic making, SWOT analysis has become a significant technique for dealing with intricate strategic scenarios. One of the most well-known and well-established methods for formulating a strategy is the SWOT analysis. It has been applied in a number of present-day and upcoming issues domains. SWOT analysis can be used to a variety of subjects [5].

S (strengths):

Brand Value: Disney has a powerful and typical prestige. A variety of services, such as studio entertainment, motion pictures, amusement parks, events, and goods. Extraordinary team: including story scriptwriters, illustrators, and graphic designers.

Social Accountability: The company enjoys providing and upholding welcome, enjoyable, safe experiences for all of its audiences, including people of all ages.

W (weaknesses):

Rely on North America: Disney's main market is still in North America.

Bad Financial Strategy: Disney is having issues as a result of a poor business plan.

Covid-19 Crisis: The COVID-19 eruption led to significant financial bleeding and job losses at businesses. Due to its significance that these locations accounted for an enormous portion of Disney's incomes, the bankruptcy of its theme parks and other outdoor scenic spots during the crisis had an extensive effect on the firm' earnings.

Racism Controversy: Disney came under pressure after it came to light that a top manager at Disney's ABC News has a past of making racist views as well as hiring other unethical and insensitive racial behavior.

O (opportunities):

Adapting With Trends: Disney continuously searches for innovative methods to make some more fantastic parks for adults as well as young guests. Disney is setting the bar high through their IoT parks. One of Disney's inventions made to enhance one's trip conveniency is the MagicBands. Subsequently, the Play Disney Parks app, can help users may now improve their Disney trip online.

Online video streaming service: The business or focus on Disney +, which can give a chance for it to compare with others like Amazon and Netflix. They might use this to exploit the quarantine, which is a major reason in the latest worldwide upsurge in streaming activity. Its giant library of movies and TV programs could present Netflix with a significant hurdle.

Strategic Acquisitions: Strategic Purchases Disney has made investments in an assortment of firms, such as Pixar, Marvel, Fox, and others, permitting the company to flourish as well as seize chances

in a range of entertainment-related industries. Disney may soon formulate further strategic purchases to promote its expansion.

T (threats):

Increasing Competition: Competition is intensifying, and things are changing quickly in the media industry. Online journalism and television are becoming more popular, and fresh competitors with creative business prototypes are outperforming seasoned media companies. The business units that operate Disney's theme parks and resorts face a serious threat from nearby rivals who can provide better-suited goods. The Walt Disney Company is consequently facing greater competition pressure.

Piracy: Films, TV series, and additional content have been combined as streaming services have already become more and more popular. However, consumers do not desire to subscribe to each piece of material that like Disney + offers. People who want to watch their favorite shows have turned to among peers file sharing, which has fostered piracy. On account of the increase in piracy, which also influenced Disney's profit and viability.

High Cost: Disney continually makes large investments in the development and staff training. At this point in time, Disney typically pays new hires \$15 per hour as their starting salary. In every country in the world, wages are constantly increasing. Disney may lower its earnings when it comes to paying off its offshore employees in other nations due to the nation's statute requiring wage rises. Disney does not operate in the sector of emerging technology. Therefore, it cannot primarily employ technological advances for their benefit. Due to technology improvements, a lot of content can be seen on cellphones and TVs, which is a function that Disney couldn't do. In the end, it has to invent new product service and improve technologies in order to preserve its predominant standing in the marketplace [6].

3. Advice

Quickly achieve strategic transformation, due to the development of the technology, traditional strategies are not sustainable.

Using legal means to protect one's copyright and combat piracy.

Expand existing markets and stabilize existing ones

Streaming expansion: The media network division, as a fundamental business, has remained at a high level and has undergone steady changes despite fluctuations. Due to the impact of the epidemic, the experience and consumer goods business segment of theme park resorts decreased from \$26307 billion in 2019 to \$19.576 billion in 2020, and its proportion in operating revenue also decreased from 41.03% in 2017 to 29.94% in 2020. In 2021, with some countries relaxing their control over the epidemic, this business segment is expected to return to its position of greatest contribution [7].

The findings demonstrated that while sequels did not fare as well at the box office as their parent movies, they outperformed their non-sequel counterparts. Additionally, they do more effectively when more intervening sequels come before them and when they become available quickly following the first movie. The findings for the forward spillover showed that sequels to movies earned more money with less risk than movies that weren't sequels. In terms of the reciprocated overflow, they discovered that installments enhanced the first movie and helped the first one sells more DVDs [8].

Enlarge the mounts of Disney land or choose different places to make a movie. One of the essential creative sectors that interacts strongly with the location is the film industry. Filmmakers capture and depict the locations and cities in their works by shooting their movies there. So, like Cannes and Los Angeles, film tourism industries can influence the expansion of cities and tourism by creating different and difficult resources. The global film business, which includes a number of subsectors including photography, the music and video industries, stage art, advertising, films, and video tape publication, considerably boosts economic growth. Additionally, films boost location recognition, have a beneficial effect on tourism, and have a significant influence on viewers' decision-making regarding their next travel destinations. Auckland, the entertainment city of New Zealand, is another valued instance for the film-blooming tourism. After the Lord of the Rings series shot in New Zealand,

the amount of visitors that travelled the place vitally extended. Recently, Auckland City concentrates on film-blooming tourism, and on appealing added film-workers and relevant inventive industries [9].

Explore more talents in the film and television industry: Explore talents from all over the world, such as action directors from China, directors from France, British actors, Italian photographers, British art, and more [10].

Overall, the Hollywood film industry plays an important role in film production, business models, and cultural influence. However, this industry is also constantly changing and evolving to adapt to new technologies, markets, and audience needs.

4. Conclusion

This paper provides a comprehensive analysis of the film industry, revealing important trends, problems, and challenges faced by the industry. Through a comprehensive analysis of market data, case studies, and expert interviews, it was found that the impact of digital technology on film production, distribution, and viewing experience is becoming increasingly significant, and the diverse needs of audiences for content are also constantly evolving.

Although the film industry has made much progress, some limitations are also aware, such as the difficulty of data acquisition and the uncertainty of market forecasting. However, these limitations do not diminish the value of the research in industry analysis, and these findings still provide valuable information for film practitioners and decision-makers.

In the future, there are some suggestions that film companies further focus on the application of digital technology and actively respond to changes in audience demand. At the same time, more cross-border cooperation is also needed to explore new markets and business models. Producing good film works is the main successful means of company operation. This study provides a new perspective for the development of the film industry and hopes to provide inspiration for further exploration in the industry and academia.

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