

# Beyond Toy Story: Pixar's Business and Marketing Strategies for Enduring Success in Entertainment

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**Abstract.** As the animated film industry continues to grow, many companies are faced with a lack of content innovation and character innovation, and some companies continue to experience a decline in market competitiveness as well as an increase in investment risk as a result. However, Pixar Animation Studios, a subsidiary of the Disney Group, has created a series of classics through its compelling storytelling and superior animation techniques, which have not only won wide acclaim from audiences around the world, but also continue to set box office records. These achievements perfectly reflect Pixar's innovation and market leadership in the animation industry. This study examines how Pixar continues to engage a new generation of audiences through unique storytelling and innovative strategies, as well as addressing some of the creative challenges it may face. The importance of the study is demonstrated by understanding the significant role that innovation has played in the development of the animated film company and how it has helped the company to address potential issues and challenges by approaching them from different innovative perspectives. Using a case study approach, this study assesses Pixar's market performance, innovation strategies and potential for developing future growth through data analysis and literature research. The study finds that Pixar has successfully maintained its innovation and leadership in the animated film industry through technological innovation, creative marketing, cross-border collaborations, and adherence to originality, resulting in a series of award-winning productions such as "Coco" and "The Lion King".

**Keywords:** Pixar; innovation; marketing strategy; animated film; originality.

## 1. Introduction

As an art form that combines a variety of artistic elements, animated film originated at the beginning of the 20th century, from the beginning of black-and-white silent animation to color stereo animation, and then to 3D animation combined with modern digital technology, which not only enriches the expression of film art, but also promotes the development of the media and entertainment industry to a certain extent. Animated movies have become an important part of the global entertainment market with their unique visual experience for a wide range of audiences. At the same time, as more and more companies join the competition in the animated movie industry, many of them have encountered bottlenecks in innovating story content and character design. This lack of innovation not only weakens the competitiveness of these companies in the marketplace, but also exposes them to higher investment risks. These companies face unprecedented challenges. However, Pixar Animation Studios, as a leader in the industry, has provided important insights for the entire animated film industry with its innovative strategies and the great achievements brought about by its unique storytelling. This study aims to delve into how Pixar attracts audiences through its innovative strategies and to analyze how Pixar skillfully responds to the creative problems and challenges that may arise. In by examining Pixar's innovation strategy, this study helps to reveal how innovation is the core driving force behind the company's development, and the analysis of Pixar's success story provides a reference for other companies to deal with similar issues. Based on the framework of overview research, this study uses case study, comparative study, and secondary data study as the actual research methodology to discuss the basic situation of Pixar, then discuss Pixar's market performance, and finally analyze Pixar's innovation strategy as well as its future development prospect.

## **2. Overview of Pixar**

### **2.1. History of Pixar**

Founded in 1986, Pixar Animation Studio is a company specializing in computer animation and has taken a leading position in the animated film industry. Pixar's early focus was on computer graphics technology, especially 3D rendering and animation techniques, and it was widely recognized in the fields of animated short-film production and commercials for its outstanding works, such as "Luxo Jr." and "Tin Toy". Afterwards, Pixar was acquired by Disney in 2006 for \$7.4 billion after successfully transforming itself into an independent animated film production company through its technical involvement in Disney's early animated film productions. In the partnership model, Pixar, known for its unique storytelling and character diversity, provides the content and animation materials, while Disney provides a strong creative platform and helps with distribution.

### **2.2. Pixar's Corporate Culture and Core Competencies**

Since its founding in 1986, Pixar has been at the forefront of computer animation technology, and Edwin E. Catmull and Patrick M. Hanrahan, as the founding fathers of Pixar, have played a pivotal role in the development of Pixar's animation technology. The RenderMan rendering system, developed under the leadership of Edwin E. Catmull, was used in films such as "Toy Story" and "Finding Nemo", making animated scenes and characters look more vivid and realistic through its handling of complex lighting, shadows, and reflections. The RenderMan rendering system has become an indispensable 3D rendering software in the field of computer graphics, and these self-developed core proprietary software systems have become one of Pixar's core competencies. As a result, Pixar's advanced proprietary software systems have simplified the editing and use of animated images, dramatically improved the efficiency of animation production, and contributed to the advancement of the world's animated film industry and the development of 3D cinema.

Furthermore, Pixar's company culture and core values can be summarized in the fact that storytelling and quality always come first, no matter how technologically advanced the company is. The company encourages originality and innovation in storytelling and encourages its employees to ask questions and develop a challenging and divergent mindset. The braintrust system, known for asking questions and brainstorming, is the best example of the company's core culture. In regular brainstorming sessions, employees are allowed to ask questions and offer different perspectives on the movie, and the director is not forced to follow suggestions for improvement. In this innovative system, the discussions are only used to help the director see the storyline and characters from different viewing perspectives, and the ultimate goal of such seminars is to help members better understand the importance of giving and receiving feedback so that they can better collaborate with the team [1]. Original content and creativity also serve as Pixar's core competencies that support the company's movie production. Unlike Disney's adaptations of pre-existing fairy tales, Pixar is more adept at utilizing novel perspectives and character creations to support the editing of original stories, and Pixar's Art Director Anthony agrees that Pixar never buys stories from the market; instead, Pixar only presents audiences with original works that they consider to be of high quality. Through these original stories, Pixar conveys a human touch and a sense of life to the audience, making them feel something [2].

## **3. An Analysis of Pixar's Marketing and Innovation Strategies**

### **3.1. Pixar's Market Performance and Industry Position**

As one of the pioneers of computer animation technology, Pixar is known for its high-quality works and superior animation production techniques and has achieved great commercial success. As an example, the "The Incredibles 2" was once ranked second on the global box office list of animated films, grossing \$1.24 billion, and has won numerous movie awards, such as the Academy Award for

Best Animated Feature. Pixar has created countless quality works that not only have high commercial and artistic value, but also have a profound impact on pop culture. Pixar is good at giving some objects and animals some human characteristics, such as the ability to speak and cleverness, etc., and some of the iconic characters are loved by the audience. Pixar's technical innovations in 3D animation and box office success have established its leading position in the animated film industry. The cross-cultural and cross-species communication theme of the movie has had a profound impact on the world's animated film industry (Table 1).

**Table 1.** Examples of iconic Pixar movies (Data from: douban.com)

| Number | Name        | Release date      | Importance                                             |
|--------|-------------|-------------------|--------------------------------------------------------|
| 1      | Inside Out  | June 19, 2015     | The 88th Academy Award for Best Animated Feature Film  |
| 2      | Coco        | November 22, 2017 | The 90th Academy Award for Best Animated Feature Film  |
| 3      | Toy Story 4 | June 21, 2019     | The 92nd Academy Award for Best Animated Feature Film. |
| 4      | Soul        | December 25, 2020 | The 93rd Academy Award for Best Animated Feature Film  |
| 5      | Lightyear   | June 17, 2022     | Pixar's first film made in IMAX                        |

### 3.2. Pixar's Unique Marketing and Innovation Strategy

Pixar has a unique understanding of its work and uses unique and innovative marketing methods to help promote its films. In addition to the well-known traditional marketing methods, social media campaigns, theater posters, and some online advertising, etc., Pixar will also set up a special website and related games to build a world similar to the one shown in the film, using complex and innovative online marketing, to attract people's attention, and people can feel the plot of the film, which brings a more intuitive and real feelings [2]. One of the most intuitive examples is the cooperation between Pixar and Disneyland, where people can easily find the "Toy Story Land" theme park, which is inspired by the Pixar animated series "Toy Story". In cross-platform partnerships, Pixar leverages Disney's large fan base and influence to increase awareness of its films and convert intellectual property into higher commercial value, enhancing revenue streams. Cross-platform cooperation with other brands and platforms also reflects Pixar's unique marketing approach. For example, in the LEGO The Incredibles game, players can play the role of characters from "The Incredibles" series, such as Mr. Incredible, Elastigirl, Jack-Jack, etc., and experience their own personal experiences. In addition, in the online cooperation with Disney, such as in Disney Infinity 1.0, players are invited to play the role of space rangers Buzz Lightyear, Jessie or Woody, so as to complete some space missions [3]. These cross-brand commercial collaborations not only effectively expand the audience base in the movie, utilizing the fan base and influence of other brands to attract more consumer attention and support, but also achieve the expansion and extension of brand value in the field of gaming and other areas.

Besides, Pixar is also good at using some ceremonial activities to promote the movie and make the audience addicted to it, which not only establishes the unique image of the brand, but also promotes people's active dissemination and sharing. When the movie "Up" was released, Pixar used a real blimp to show the trailer in the air, which attracted a lot of attention; at the same time, they launched a highly interactive online game called "Balloons Around the World", which enabled the audience to participate deeply. These creative and ritualistic promotional strategies greatly strengthened people's anticipation of the movie and the movie's influence, which in turn drove the continuous growth of the box office [2].

Pixar's innovative strategy is not only reflected in its publicity, but also in its willingness to use new ideas and themes and its strong risk-taking ability, even if some of the attempts are not in line with the market trend, this spirit of risk-taking still promotes innovation. When the movie "Ratatouille"

came out, no one could have imagined how much creative risk Pixar had taken. While rats are usually portrayed as negative characters or some secondary role, this animated movie puts the rat in the positive role of a chef, presenting as the protagonist a love of food and a respect for the French gastronomic culture. Before watching the movie, it would be difficult to imagine a rat cooking in a kitchen, or even stomach-churning, but it is this bold and innovative theme that raises questions and curiosity and brings the movie a high level of attention and enthusiasm. In the movie, food is also used as a tool for self-expression and crossing class boundaries, leading to popular themes such as growth, hobbies, friendship, and self-actualization [4], which attracted countless moviegoers. This move to subvert tradition and stereotypes was undoubtedly an innovative and risky move, which made Pixar take a great creative risk, and it was this original storyline that brought more visual shock to people. In the end, the movie was a huge success and created great commercial value. It grossed \$623.7 million at the box office and won the Academy Award for Best Animated Feature Film, and was nominated for a number of awards, including Best Original Screenplay. This shows the important role of originality and innovation in movie making.

In fact, Pixar's filmmaking strategy also includes expeditionary travel. As an animated film company with originality and art at its core, Pixar wants to ensure the originality and authenticity of its stories through field trips as well as real-life situations, rather than simply referencing the work of its predecessors. As an example, during the creation of "Ratatouille", the production staff traveled to France to learn about the local cuisine and exchange experiences with Michelin restaurant chefs, and specially composed Parisian-style music, which ultimately resulted in this critically acclaimed and excellent film. Similarly, during the early stages of production of "Finding Nemo", the film's production staff visited a sewage treatment plant in San Francisco to add more creative ideas and details to the movie. The successful results of these moves all reflect the success of Pixar's serious and responsible approach to movie making and innovative creative strategies.

## **4. Pixar's Sustainable Strategy for the Future**

### **4.1. Challenges that Pixar May Face**

Regarding the potential challenges faced by Pixar, first of all, how to adhere to the originality of the story, under the background of the continuous development of the animated film industry, more and more material is being utilized, a constant flow of new films into the market, most of the films began to borrow from each other and refer to each other, and even the content and form of the film are very similar. In this case, the originality of the movie's storytelling content is particularly important and attractive. Therefore, how to insist on original content in such a movie creation atmosphere and content saturated market became Pixar's primary problem.

Second, keeping Pixar's creative team energized and preventing the loss of creative talent is also vital to the company, which is centered on original storytelling. The company's creative talent not only accumulates a wealth of valuable experience, but also provides good ideas for movie production. Turnover, on the other hand, can lead to a host of problems including a decline in the quality of the work as well as low employee morale. For example, in May 2024, Pixar Studios announced a 14% layoff, affecting about 175 positions, which is not only a big blow to the company's creative team, but also indirectly reduces the company's source of innovation.

Third, with the development of science and technology, the popularization of AI technology may also pose a challenge to Pixar to a certain extent. This is mainly because AI currently has the ability to put into automated production many tasks that traditionally required manual labor, such as scene rendering and character animation. These replaced rule-based and repetitive tasks could lead to a reduction in the demand for traditional animators, which would mean the loss of millions of jobs in the market and hurt the growth of the economy to some extent [5]. Where are the employees in these displaced positions at Pixar supposed to go? While it is true that the use of AI in film creation has brought a lot of convenience to artistic creation, the ensuing problems are how to ensure the originality and artistry of the work while improving efficiency; how to balance the roles between AI

and human artists; how to ensure data security and user privacy when using AI for data analysis and user behavior research. These are all issues that need to be addressed urgently.

In addition to this, with the booming animated film industry, Pixar not only needs to deal with the challenges brought by technological innovation, but also face the increasingly fierce international competition. Globally, the animation industry in many countries has been able to produce high-quality works to compete with traditional giants such as Pixar through years of development and accumulation. For example, the rise of the Asian market, especially in countries such as China and Japan, has led to remarkable progress in animated films. For instance, Chinese productions such as “Ne Zha” and “White Snake” have achieved great success in both domestic and international markets.

#### **4.2. Responses to Potential Issues**

In order to ensure the sustainable development of Pixar in the future, Pixar can explore new creative perspectives by cooperating with scientists, historians and other experts in different fields, and should encourage the creation of production teams with different cultural backgrounds, which is conducive to viewing the story from different cultural perspectives and exploring new perspectives. Secondly, Pixar should strengthen communication and collaboration, enhance corporate culture exchange, and cross-cultural and cross-platform cooperation to ensure the vitality of Pixar culture. Setting up a reward and recognition system can encourage innovative thinking and the production of excellent works. Pixar needs to create a work environment that supports creativity, free expression and collaboration. Moreover, human artists should be allowed to focus on the creative and decision-making process when utilizing AI as an assistive tool. And Pixar should provide retraining opportunities for employees who may be affected by automation to help them move to new positions or fields. When using AI to analyze audience and user preferences, strict data management and privacy policies should be established to ensure the security of user information. Meanwhile, Pixar must continue to innovate its technology and produce high-quality work, exploring unique narrative structures and in-depth content to differentiate itself from the rest of the market, and establishing a brand image to maintain its leading position in the animated film industry.

### **5. Conclusion**

Overall, as a pioneer in the animated film industry, Pixar adheres to the principle of insisting on originality and encouraging innovation and has won a number of awards for its excellent works. After being acquired by Disney, Pixar still adheres to the original intention, and original storytelling has become one of Pixar’s core competitiveness. In addition, Pixar is committed to the research of computer animation technology, and has developed a core patented software system, which further promotes the development of the global animation film industry. In addition, Pixar’s unique marketing methods and innovative strategies, through cross-platform and cross-cultural cooperation, have successfully attracted the attention of the audience and expanded the audience of the movie, increasing the commercial value of the movie. Pixar’s serious and responsible attitude towards movies is also an important factor in the success of its innovative strategies. Although Pixar may face some potential problems as the industry is booming with unlimited opportunities and challenges, Pixar can continue to produce high-quality original stories by maintaining its creative ideas as well as technological innovations and enhance its strengths by continuously learning from the best works to maintain its leading position in the industry. The limitations of this study are mainly in the small amount of data used and the lack of actual data as proof when discussing the advantages and disadvantages. The future outlook of the research direction is to delve into one or two Pixar movies and study their specific strategies.

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