Disney under the epidemic:Impact and Response

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Abstract. At the beginning of 2020, the new crown pneumonia epidemic broke out. As the most serious public health event in the 21st century so far, the outbreak of the new crown pneumonia epidemic has undoubtedly brought a huge impact on all walks of life, and the tourism industry has also been relatively greatly affected. As tourism, Disney, the leading company in the film and television industry, has not been spared.This paper uses a combination of qualitative and quantitative methods based on Disney ticket prices and holiday line duration, to predict the impact of the new crown pneumonia epidemic on Disney and how to deal with it.This paper focus on Disney's response to the sudden disaster of the epidemic by shifting its focus from theme parks to movies and TV series, and investing funds in areas that were relatively less affected by the epidemic. This paper provides experience that can be used for reference by related tourism companies when they face natural disasters or economic crises. At the same time, it also provides theoretical decision-making basis and practical application significance for other film and television companies.

Keywords: Epidemic; Tourism; Disney.

1. Introduction

At the beginning of 2020, an epidemic that swept the world broke out. The epidemic is highly infectious, lasts for a long time, and affects a wide range. At the same time, the pandemic has had many inevitable impacts on all walks of life, especially on the economic front. Numerous companies around the world have received financial losses from the pandemic. As a leading company in the tourism and film and television industries, Disney must have also suffered a certain degree of impact. In this special period, every decision of a large company like Disney will have a huge impact on the related companies and the market.

This paper analyzes how the Disney Company responded to the epidemic and the impact of the epidemic on Disney, which can provide theoretical decision-making basis and practical significance for tourism and film and television companies in the post-epidemic era. And provide relevant enterprises with experience that can be used for reference when faced with natural disasters or economic crises. We will take the Disney Company as an example to analyze and compare the length of the holiday queue at Shanghai Disneyland, the loss of Hong Kong Disneyland, and Disney's situation in different regions. Reveal the impact hidden behind the data, what impact Disney has received around the world, and how the Disney company responds to the impact of the epidemic, and summarizes Disney's inherent logic in responding to disasters.

This paper is mainly divided into three parts. First, we will analyze the impact of the epidemic on all walks of life based on different literatures, and further explore the impact of the epidemic on Disney. The content of these documents includes, but is not limited to, the impact of the epidemic, the current situation of Disney, and the measures Disney has taken in different countries. In the second part, we build relevant models to predict the future changes of Disney. And put forward a development plan for Disney. And summed up Disney's correct choice during the epidemic to provide reference for other brands in the market. Finally, we summarize the above content and make a conclusion.

2. Literature review

2.1. Impact of COVID-19

The impact of the new crown epidemic on various industries:

Li (2020) pointed out that the raging epidemic has caused the small and medium-sized enterprises that occupy the main position of the national economy to face a great crisis. Enterprises have successively experienced insufficient capital turnover, reduced business, operating losses, and broken raw material supply chains. It disrupted the development speed of the national economy and prompted the Chinese economy to form a huge downward pressure [1].

Zheng and Leng(2021) proposed that the catering industry plays an important role in my country's economy. However, with the spread of the epidemic, the catering industry has been hit hard and entered a state of complete stagnation. Since the beginning of spring 2020, turnover has fallen sharply. When production and work resumed in time, there were very few customers who came to the store to spend [2].

Xie (2020) used the research methods of questionnaire survey and online communication to collect the valuable information of students and parents about private higher education in terms of teaching content and teachers' teaching attitude in the face of the intrusion of online courses under the epidemic situation. and found that most parents and students have a positive attitude towards online teaching [3].

Liu (2021) pointed out that the reasons for the difficulty in finding employment for college graduates during the epidemic are the reduction of jobs, the incompatibility of students' comprehensive abilities with the market, and the huge changes in employment methods. By referring to the employment impact ratio of graduates during SARS in 2003, it is estimated that the employment of 2.62 million college graduates will be affected by the epidemic [4].

2.2. The impact of the epidemic on tourism.

In addition to the huge impact of the epidemic on the catering industry and brick-and-mortar stores, the tourism industry has not been spared. In view of the impact of the epidemic on tourism, domestic scholars mainly focus on the following directions:

Chen et al. (2020) pointed out that the deficiency and sharpness of the tourism industry are generally recognized. The impact of external attacks on the tourism industry is not groundless, but co-existing and closely related to each other in a broad social and ecological environment. The social and ecological environment is formed by a variety of changes in carrying capacity [5]; Yan and Yan (2020) found that the micro-impact of the new crown epidemic on the development of tourism has caused pressure on travel agencies to refund tickets, store rent pressure, and employee salary pressure. At the same time, the new crown epidemic has brought an unprecedented severe impact on the employment and labor market [6].

Measures and management methods for the recovery of tourism after the epidemic. Li and Sheng (2020) pointed out that at present, it is necessary to take into account the combination of epidemic control and economic and social development, expand consumption as the main force to hedge the impact of the epidemic, accelerate the transformation and upgrading of traditional industries, vigorously promote new economic and new formats, and improve modern The level of industrial chain development [7].

The impact of the epidemic on tourism demand. Liu and Wang (2020) pointed out that when the tourism industry faces important emergencies, most studies tend to give advice on the tourism economy and the prosperity of the tourism industry. There are relatively few studies on behavior. Therefore, the determination of the development trend of the tourism industry after the epidemic needs to be particularly concerned with the research on tourists' travel willingness and behavior [8].

Dai Xiang (2020) believes that the outbreak of the epidemic will, on the surface, affect the free circulation of labor, capital, and goods internationally in the era of globalization. In-depth analysis will find that the most direct result of the epidemic hindering the free flow of production factors will be to disrupt the existing global division of labor system, thereby promoting the reconstruction of the international value chain. On the plus side, it is possible to urge[9].

Yan Wei (2020) thinks that in the new crown pneumonia. Under the influence, China's economy has shown a trend of polarization. On the one hand, the medical supplies industry is in short supply, on the other hand. It is other foreign trade industries that have just resumed work, but have been suspended indefinitely due to the outbreak of the epidemic in foreign markets. On the one hand, the real estate market, which is an important source of national tax revenue, is sluggish due to the impact of the epidemic; spending on social security, etc. The domestic economy after the epidemic is quite S-shaped[10].

3. Disney epidemic status, the impact of the epidemic

3.1. About Disney's development status

On June 16, 2016, Shanghai Disneyland officially opened, the first theme park in mainland China. However, starting from May 17, 2020, Hong Kong Disneyland Resort released its 2020 fiscal year results. Hit hard by the epidemic, Hong Kong Disneyland's annual revenue fell by 76% to HK$1.4 billion. Around the world, according to VARIETY, Disney will suffer unprecedented losses in the third quarter of 2020, some parks will be closed, film production and distribution are on hold, and live sports have just come back to life. In Shanghai Disneyland, compared to 2019, the queuing time for holidays in 2020 has dropped significantly, with 0 minutes in February, March, and April. In addition, the queue time for most holidays in 2020 is reduced compared to 2019.

Table 1. Average queuing time for Shanghai Disneyland holidays in the past three years

Average queuing time on holidays	2019	2020	2021
winter vacation	95		30
Chinese New Year	107		40
Qingming	131		12
Labor Day	108		1065
Saturday (Non-Weekend)	59	70	35
Dragon Boat Festival	92		37
Summer vacation	103	50	
Mid-Autumn Festival	39	40	
National Day	66	75	

Table 2. The average queuing time of Shanghai Disneyland in the past two years

Average queue time in 2019		Average queue time in 2020	
Jan	49	Jan	53
Feb	71	Feb	0
March	37	March	0
April	79	April	0
May	75	May	53
June	98	June	54
Jul	103	Jul	56
Aug	111	Aug	60
Sep	34	Sep	53
Oct	48	Oct	50
Nov	47	Nov	24
Dec	48	Dec	23

3.2. Increase in fares and decrease in foot traffic

In recent years, the ticket price of Shanghai Disneyland has been on the rise. In 2016, the ticket price on weekdays (excluding weekends and holidays) was 370 yuan, and this price rose to 399 yuan in 2018. The increase in fares in the two years was very small, and the fares did not change in the two years. However, in 2020, when the epidemic began, Disney will increase the holiday ticket price including statutory holidays and international festivals to 699 yuan. In the following two years, the holiday fare has grown to 769 yuan. This larger increase in fares far exceeds the change in normal operating costs.

Shanghai Disneyland was the world's second-most visited theme park in 2020, with 5.5 million visitors, just less than the Magic Kingdom theme park in Florida's Walt Disney World Resort (6.94 million). Compared with 2019, Shanghai Disneyland was affected by the epidemic and decreased by 50.9% compared with 2019. The epidemic in 2021 is still not over, although the passenger flow has returned to a part, now looking at the first and second quarters: the passenger flow in 2021 is about 48.2% of that in 2019 and 179.6% of that in 2020. Q3 and Q4: Passenger traffic in 2021 is approximately 78.0% of 2019 and 222.3% of 2020. The whole year can reach about 60%-70% of 2019.

It can be seen that with the improvement of the epidemic situation, the passenger flow of Shanghai Disneyland immediately picked up. Many of them involve retaliatory spending after being locked up at home for extended periods of time. The situation of the epidemic and the traffic flow are closely related. But by 2022, the re-emergence of the epidemic has inhibited the recovery of Shanghai Disney's passenger traffic. Under pressure from policy, Disney's chief financial officer told investors in March 2022 that the company was unlikely to resume pre-pandemic foot traffic at its theme parks.

The graph below is the change in Shanghai Disney's revenue from the third quarter of 2019 to the third quarter of 2022, and the function of time and revenue we get based on the change in revenue.

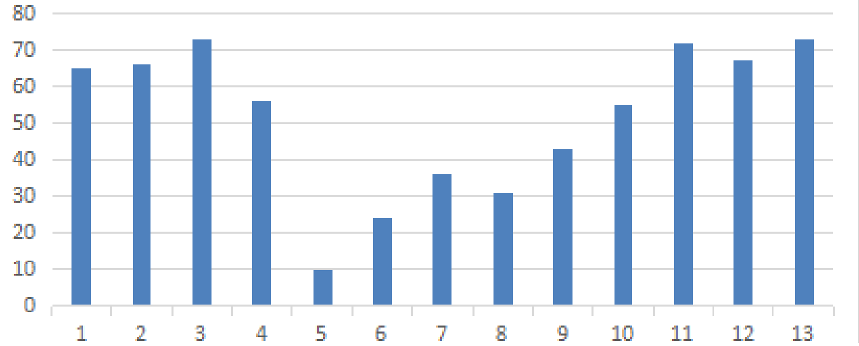

Figure 1. Histogram of quarterly changes in Disneyland's revenue

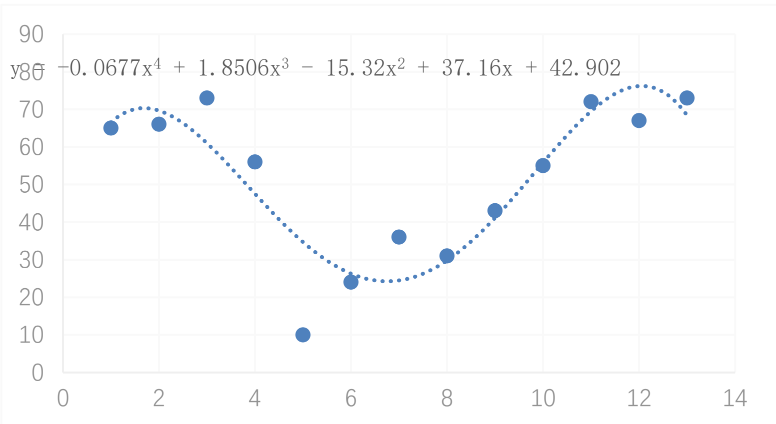

Figure 2. The quarterly change function of Disneyland's revenue

3.3. Comparison of Disney's situation in different countries

The performance of Tokyo Disney in Japan has fallen off a cliff. According to its joint financial report performance expectations for fiscal year 2020 (April 2020 to March 2021), this loss is expected to be the first time since Tokyo Disney went public in 1996. A loss of 51.1 billion yen (about 3.3 billion yuan). In addition, Hong Kong Disneyland has experienced the "embarrassment" of three openings and three closings. With the expansion of the epidemic, Disney parks in Japan and the United States have been closed one after another. Disneyland in the United States is more tragic than those in France and Hong Kong. In July 2020, the Disney World theme park in Orlando, Florida, has reopened with limited capacity. Since the United States was swept by the new crown pneumonia epidemic in March 2020, the 66-year-old Disneyland in Southern California has been closed and has remained idle. It is the last Disneyland in the world to reopen.

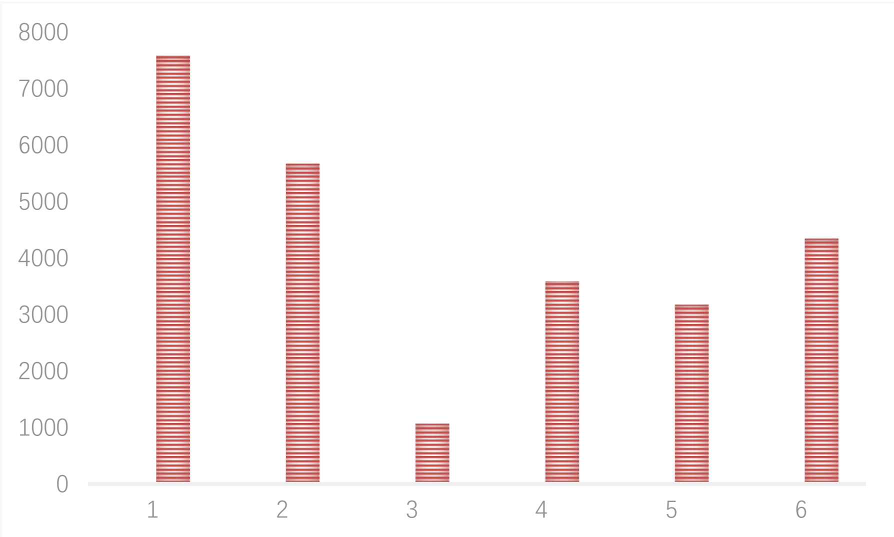

Figure 3. Disney's 2020~2021 Q1~Q3 economic trends(billions of dollars)

4. Cause and response

4.1. Reasons for fare increase and decrease in foot traffic

The epidemic is the main reason for the increase in fares. Changes in ticket prices and the impact of the epidemic itself have greatly reduced the flow of people at Shanghai Disneyland, which is closely related to the epidemic.

After analysis, we found that the epidemic prevention work itself has increased the cost of the tourism industry a lot.

National requirements: Indoor places in scenic spots should be sterilized to ensure full coverage, and be equipped with sufficient amount of hand sanitizer. The opening management of the scenic spot must follow the general requirements of "limited, reservation, and staggered peak", implement the real-name ticket reservation system, strictly implement the epidemic prevention requirements such as code scanning registration and temperature monitoring, and guide tourists to maintain a "one-meter line" social distance and strictly prevent congestion and instantaneous gatherings. . Scenic area staff must strengthen emergency drills and improve the level of emergency response to ensure that abnormal situations can be properly handled.

Restricting social distancing between visitors means more staff and more salaries from Disney. Emergency drills to train staff, as well as additional training programs, are also a potential cost increase. However, the opening management of scenic spots must follow the general requirements of "limitation, reservation, and peak shift", which makes the fares during peak periods more expensive, which explains why the fares on weekdays have not changed, but the fares during peak periods have increased. so much. More intuitively, the large-scale consumption of disinfectant water and epidemic prevention equipment during the epidemic also increased the cost of Disney.

4.2. How to reduce the losses caused by the epidemic and related suggestions

So how should Disney respond? As a large international company, Disney's assets are spread all over the world. It is Disney's main idea to make up for the losses of Shanghai Disney by operating other places. Based on Disney's own strong economic strength, that is, to occupy the global market, such an approach is quite feasible.

In many countries other than China, the impact of the epidemic has not been so great, and Disney can put the funds originally invested in the Chinese market elsewhere. Including Tokyo Disneyland, Paris Disneyland, California Disneyland, Orlando Disneyland

At the same time, Shanghai Disney should do a good job in maintaining the park during the closing period, which can greatly reduce the time and resources spent on reopening the park. Strive to successfully open the park as soon as the epidemic is lifted. Give Disney fans a chance and place to spend revenge. Make up for your losses during the pandemic.

The latest plan for Disney's transformation is that it recently announced that it will close 20% of its 300 retail stores around the world. The media giant said it will bolster its e-commerce segment by offering more products on its ShopDisney site. This move is a signal from the entertainment industry giants that consumers have developed and used habits such as online shopping and offline delivery during the new crown pneumonia epidemic, and this habit will continue after the epidemic has eased.

Disney owns not only theme parks, but also film and television companies. Disney can advocate working from home during the epidemic and shift the focus of work from theme parks to movies and TV series. At the end of 2020, a series of TV series were launched by Disney, and Disney+ has exclusive rights to many of them. Once a season is over, fans will see a whole new set of things that will keep viewers on Disney+ and subscribe to the show. Disney's digital transformation is an enabler of how the world will look in the post-pandemic era. By publishing more works and improving the quality of the works to increase the income of film and television. Many of the hit movies that often appear in theaters will come to the living room through streaming platform services.

5. Conclusion

In 2020, with the outbreak of the new crown pneumonia epidemic, many industries have been hit hard, and the tourism industry is no exception. This paper mainly studies the development status of Shanghai Disneyland under the epidemic and the reasons for the increase in ticket prices and the decrease in the flow of people. Through theoretical and literature analysis, it is proposed that by shifting the focus of work from theme parks to movies and film and television dramas, funds can be saved. Invest in areas where the impact of the epidemic is relatively small to deal with the sudden disaster of the epidemic. It is believed that Disney can effectively respond to the most serious public health event since the 21st century, and complete the transformation and open up more new fields of business under the epidemic. This paper provides theoretical decision-making basis and practical application significance for other film and television companies. And provide experience for relevant tourism enterprises to learn from when faced with natural disasters or economic crises.

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