Disney's 100 Years of Magic, Strategic Milestones, and Recipe for Growth: How Long Will It Last?

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Abstract

The Walt Disney Company has grown from a small studio to become one of the world's largest and most diversified media and entertainment companies. It has achieved this through its growth strategy, primarily through the inorganic route. Given the current industry trends and the competitive landscape, it is extremely uncertain and risky to continue to grow in this manner. This article, using secondary data sources attempts to study the current industry trends and the key strategic milestones of Disney over the last hundred years and unravel the strategic recipe created to successfully grow and become an industry leader. Managerial implications suggest that there are five key ingredients.

Introduction

Since its birth in 1923 as a cartoon studio, The Walt Disney Company (Disney) has, in keeping with its founder's vision, delighted and entertained many generations with its iconic characters and incredible storytelling.[1] The company was started by Walt Disney, a man who was fired from the local papers because he was told he lacked imagination.[2] Fast-forward 100 years, the company is loved by people of all ages, and it has gained the status of being one of the most recognizable Media and Entertainment (M&E) companies and a respected brand globally.[3] Over the past century, Disney has grown from a small American animation studio into a multipronged global media giant. Today, the company's annual revenue exceeds the GDP of over

100 countries, and its portfolio has grown to include Pixar, Marvel, Lucasfilm, ABC, and ESPN.[4] In spite of the many upheavals of the 21st century, Disney has been able to successfully forge ahead with its enviable team of creative storytellers and a talented management team that has taken the company to greater heights.[5] Disney is now a multinational media conglomerate with businesses in e-commerce, retail, publishing, licensing, travel, and tourism. It has reached out to a worldwide audience through the numerous media networks, channels, and online streaming platforms under the Disney brand as well as through strategic alliances and partnerships.[6] Disney productions are released to a global viewership and are guaranteed box-office winners.[7] But from an academic and a management practitioner's perspective the key questions surrounding Disney are - how has Disney achieved this exceptional success? What has been Disney's secret recipe i.e., strategy for growth? What role has in-organic growth played in its success story? What are some of the synergies that it managed to ignite and sustain? Also, in the current competitive context and the emerging trends in the M&E industry, will Disney be able to sustain its market leadership position? Most importantly, in today's digital world, how long will Disney's magic last?

In this case study, using secondary data from various sources including company records of multiple decades an attempt has been made to answer the above-raised questions. We do so in the context of Disney CEO and chairman Bob Chapek's vision for the future: "storytelling excellence, innovation and relentless focus on the audience."[8] The case study highlights Disney's successful inorganic growth strategy through acquisitions and strategic partnerships. The strategic milestones charting Disney's growth over the century (1923-2023), from its humble beginnings as the "Disney Brothers Cartoon Studio" to unveiling the schedule for "Destination D23 2023," a special event commemorating 100 years of magic is depicted in Table 1. In this table, key company achievements such as new movie and television show releases and theme park openings are highlighted. Also shown are the company's effective use of an acquisition strategy; internationalization strategy to expand into overseas markets and related-diversification strategy to enter linked businesses while exploiting related synergies.[9]

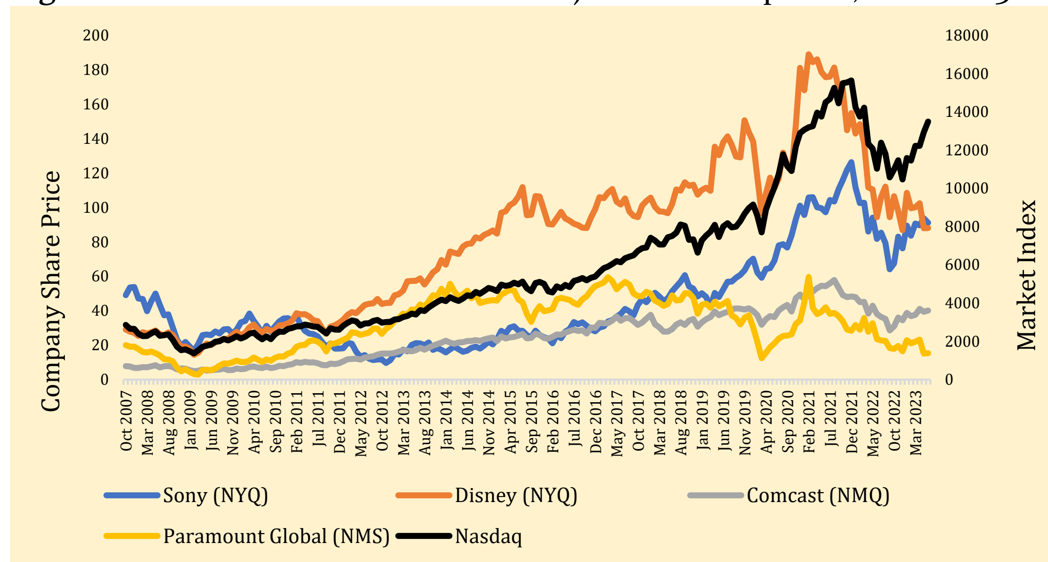
Table 1. Timeline of Major Milestones: Walt Disney Company

Date	Strategic Milestones
Oct 16, 1923	The official start date of the Disney company. It was first known as "The Disney Brothers Cartoon Studio."
Feb 8, 1926	The company was renamed "Walt Disney Studio."
Dec 16, 1929	The Disney brothers' partnership is replaced by four companies: Walt Disney Productions, Ltd.; Walt Disney Enterprises; Liled Realty and Investment Company; and the Disney Film Recording Company.
April 1, 1930	First Disney book: Mickey Mouse Book
Apr 2, 1940	Walt Disney Productions issues its first stock.
Dec 21, 1937	Release of "Snow White and the Seven Dwarfs," first feature-length animated film, at the Carthay Circle Theatre.
Oct 1, 1949	Walt Disney Music Company was formed.
Dec 16, 1952	WED Enterprises was founded by Walt Disney. Would eventually become Walt Disney Imagineering in 1986
Oct 27, 1954	The first airing of the "Disneyland" television show.
Jul 17, 1955	Opening of Disneyland.
Jun 23, 1963	Walt Disney's Enchanted Tiki Room opens at Disneyland, the first use of all-new "Audio-Animatronics" technology.
Jun 25, 1969	Walt Disney Educational Materials Co. incorporated.
Jun 22, 1970	Establishment of The Walt Disney Archives.
Oct 1, 1971	Opening of Walt Disney World.
Mar 22, 1975	Walt Disney World Village opens.
March 4, 1980	First Home Video titles released
Apr 18, 1983	The Disney Channel begins broadcasting.
Feb 6, 1986	Walt Disney Productions' name changed to The Walt Disney Company.
Mar 28, 1987	The first Disney Store opened, in Glendale Galleria.
Dec 5, 1994	Disney Interactive was formed.
Aug 23/Nov 22, 1995	Disney Online, a business unit of Disney Interactive, was founded. Toy Story, the first animated feature film generated completely on computers, was released. A Disney and Pixar co-production.
Feb 9/Feb 22/Nov 18, 1996	The Disney Institute opens at Walt Disney World. Disney Online launches Disney.com on the World Wide Web. The debut of Radio Disney on the ABC Radio Networks.
Jun 1/ Nov 13, 1997	Lyric Street Records was founded as a country music label. "The Lion King" stage production opens on Broadway.
Mar 23/ Jul 30, 1998	"ESPN Magazine" debuts. "Disney Magic" cruise ship departs on its inaugural cruise.
Mar 31, 1999	Disney completes the purchase of the Anaheim Angels.
Oct 1/ Oct 12, 2005	Robert A. Iger becomes Chief Executive Officer of The Walt Disney Company. Disney is the first to license TV episodes, from ABC and Disney Channel series, for download on Apple's iTunes Music Store.
May 5/ Sept 12, 2006	Disney purchases Pixar Animation Studios. Disney feature films are made available on iTunes.
Feb 13/ Oct 1/ Dec 31, 2009	Disney XD launches. The Walt Disney Family Museum, operated by The Walt Disney Family Foundation, opens in San Francisco. Disney's acquisition of Marvel Entertainment is completed.
Dec 21, 2012	Disney's acquisition of Lucasfilm was completed after the purchase agreement was announced on October 30, 2012.
Feb 25/ Apr 18, 2014	Disney Movies Anywhere launches with iTunes. The Disneynature film, "Bears," narrated by John C. Reilly, premieres.
Aug 9, 2016	Disney acquires stock in BAMTech.
Mar 20/ Nov 12, 2019	20th Century Fox acquisition is complete. Disney+ streaming service debuts.
Feb 25/ Apr 3, 2020	Bob Chapek was named Chief Executive Officer, and former CEO and Chairman Bob Iger became Executive Chairman. Star India's Hotstar streaming service becomes Disney+ Hotstar.
Jul 14, 2022	The maiden voyage of the "Disney Wish" cruise ship.
Sep 8, 2023	Disney unveils the schedule for Destination D23, the Ultimate Fan Event, celebrating 100 years of Magic.

Source: Author's compilation from different sources including company's records.

In this case, we first, briefly discuss the key advantages and disadvantages of inorganic growth strategy. This is followed by listing down the key value-creation processes and trends in the M&E industry. We then summarize the competitive landscape of Disney and provide details of the key acquisitions and strategic partnerships that the company has forged over the last few decades (i.e., from 1997 to 2023). We trace Disney's transformation from an animation company in the early 1900s into a globally diversified media conglomerate and market leader in this industry. We also examine its strategic priorities and the way it has focused on driving synergy and coherence. Finally, we discuss the managerial implications related to in-organic growth strategies and key learnings from Disney’s journey of over a hundred years.

Figure 1. Stock Market Trends of the Major M&E Companies, 2006-2023



Source: Authors’ Analysis

What are the Advantages and Disadvantages of Inorganic Growth?

Without growth, a business tends to suffocate and start a downward trend of losing market position and legitimacy.[10] Broadly from a strategic standpoint, there are two different ways to achieve growth i.e., organic (using the company’s own efforts and internal resources to attain the company’s vision and mission) and inorganic (growth through external partnerships, licensing, franchising, joint ventures, strategic alliances, mergers and acquisitions). Out of the two, inorganic growth strategies are riskier and more expensive due to significant investments and require careful due diligence to identify partners and integration challenges.[11] Some of the key advantages of an inorganic growth strategy are – the ability to achieve faster

growth and gain access to new markets; create synergies between companies; opportunities to hunt for related diversification; and acquire new capabilities and resources.[12] Some of the disadvantages or downside of inorganic growth is that the implementation of technology, and integration of new employees can take time. It is riskier and requires additional management attention. It requires a high degree of due diligence for evaluating potential partners as failure to do so can lead to additional debt and large upfront costs.[13]

Media and Entertainment Industry: Value Creation Processes Key Trends

The core activities of M&E companies are the procurement and production of content (that includes research, selection, idea generation, and format development), editing, bundling, and distribution of media products.[14,15,16] The value-creation processes are content development; content packaging; distribution in the form of text, sound, fixed or moving images; marketing and financing, and the overall dissemination of information and/or entertainment to a diverse audience.[17] Some of the key trends relevant to the M&E industry are listed below:

Business diversification: Recent years have seen a wave of M&A activity and consolidation in the media and entertainment industry at the end of which only the most successful global players are expected to survive.[18] Media houses can no longer rely on a single line of business but must diversify into other segments if they are to survive. Media houses have been on the lookout for newer markets such as emerging economies to expand, and target younger audiences through mobile, gaming platforms, and social media.[19] Disney is an example of a company that has successfully diversified by foraying into licensing, merchandising, retailing, and publishing.[20] Media companies need to consider strategic alliances and partnerships to enable seamless integration from content creation to digital payment systems. For example, Disney has entered into strategic alliances with Bank One Corporation and Visa to develop Disney-branded Visa cards that will reward consumers with loyalty points which can then be used to purchase Disney products.[21]

Choosing the right revenue model: Streaming content providers are experimenting with alternative business models that maximize revenue from subscriptions such as multiple pricing tiers or a pay-per-view model. For example, a top pricing tier with an annual subscription granting access to top content and first-run movies. A second pricing tier with additional payments to be made for premium content or a third tier with limited access and advertising and lastly, free services with access to limited content and more advertisements.[22,23]

Use of AI-powered technology: Media and entertainment brands are exploiting the huge potential of AI to get close to consumers and understand their requirements not only on major well-known platforms such as Facebook (now Meta), Twitter, and Instagram but also on the growing number of digital platforms that consumers today are migrating to. Customers not only want content that resonates with them, but they also want almost immediate responses to their queries and complaints.[24] Media companies are successfully doing this by using AI to generate informative insights into consumer purchasing behavior. Another technology-enabled concept is 'shoppable media' which promises a world of opportunities for media companies to ensure quick and instant access to their content.[25] This also requires integration mechanisms to be put into place across supply chains and payment systems.

Off-network distribution: Media companies must come to terms with the notion of 'off-network distribution' which means that their content will be distributed on platforms not directly owned or controlled by them.[26] On one hand, this increases the complexity of the business model requiring an array of skills in contract management, revenue optimization, and distribution channel supervision, and on the other hand, this allows companies to make their content available on a multitude of platforms and channels.[27]

Streamlining operations: Media executives have identified consolidation of internal departments and divisions as one of their top priorities. Over the years, a program of serial acquisitions has led to the formation of diverse business portfolios for most media houses. Executives are now focusing on integration as a serious strategic issue. De-layering of management and increasing the spans of control, merging stand-alone businesses, retiring multiple sub-brands, and integrating overlapping businesses are being undertaken to enhance value and create cost savings and synergies.[28]

As recent trends indicate, traditional forms of media consumption such as television and newspapers are rapidly being replaced by digital media as consumers add an ever-increasing number of digital devices to their collection.[29] Established market leaders in the M&E industry are defining newer strategies to regain consumer loyalty and deal with the main causes of disruption. For example, managing threats from distributors and aggregators who continue to deliver superior customized user experiences on their platforms; and weaker digital revenue models due to pay-for-use offerings, low switching costs, and constant competition to deliver quality content at even lower prices.[30] M&E companies need to reconfigure their strategies keeping in mind the shift from 'branding' to 'experience' and should aim to connect with customers and deliver content that they can identify with.

The Walt Disney Company: Competitive Landscape

The Walt Disney Company is a diversified company operating in two segments: Disney Media and Entertainment Distribution (DMED) and Disney Parks, Experiences, and Products (DPEP).[31] DMED's main lines of business are linear networks (ABC Television Network, Disney, ESPN, National Geographic, Freeform, FX, Fox, and Star networks outside the US); Direct-to-consumer (Disney+, Disney+Hotstar, Hulu, ESPN+ and Star+) and content sales & licensing where the content is produced by studios, general entertainment, sports and international content groups.[32]

The company has several competitors in each segment. For example, in the Studio business, the company faces competition from other major media houses such as Universal and DreamWorks Animation (Owned by Comcast), Viacom CBS (now Paramount Global) in the US as well as the movie studios of other countries such as Sony (Japan), BBC (UK), Eros International Media Ltd. (India); other cable networks and independent television stations such as NBC, Telemundo, Peacock owned by Comcast and CBS Television Networks; Multichannel video programming distributors (MVPDs); video games and the internet. Disney's sports channel ESPN faces competition from sports channels owned by CBS, Fox Sports Network, and Comcast's NBCUniversal.[33] Similarly, in the OTT segment, Disney's streaming platform Disney+ competes with Paramount, Netflix, Amazon, Apple TV, other national and regional platforms, websites like YouTube, and other streaming sites on the internet.[34]

In the theme park and resorts segment, Disney competes with the tourism and recreational industry as well as the theme parks owned by US companies such as Six Flags, Cedar Fair, and Universal Studio-owned parks in Orlando Hollywood, Osaka (Japan), and Beijing (China).

The stock market trends of the major M&E companies from 2007-2023 (see Figure 2) depict the share price trends of the major M&E companies and benchmark their growth against the Nasdaq. The data illustrates Disney's sustained levels of growth over its competition. Disney enjoyed moderate levels of growth until 2009, the year in which it made its Marvel acquisition. Since then, the company share prices have indicated an upward trend, eventually outperforming the market, in line with Bob Iger's strategy of serial acquisitions. A dip in the share prices occurred between October 2019 to January 2021 because of the Covid-19 pandemic. A second decline is visible beginning in April 2022 reflecting the company's present troubles involving litigations and creative challenges.[35]

Disney's In-Organic Growth – Key Acquisitions and Strategic Partnerships

Disney has a demonstrated ability to discover unique content and use innovative technology to extract the maximum financial potential of memorable characters and compelling storytelling which it then distributes through multiple channels to a global audience to generate the highest possible value. It achieves this through inorganic growth using a combination of carefully chosen acquisitions and strategic partnerships with content creators, technology companies, and digital service providers. Till 2005, Disney had a stream of successful animated films which made waves globally. However, competition from other media houses was getting stronger and Disney had to struggle to maintain its leadership in creative content. In the same year, Bob Iger was appointed Chairman and CEO of Disney and spearheaded a revitalization of the iconic brand.[36] Under his leadership, Disney aggressively pursued an acquisitions strategy that saw some of the most prestigious and prolific animation studios come under Disney's fold.[37] Disney purchased Pixar, Marvel, Lucasfilm, and 20th Century Fox. These acquisitions not only bolstered Disney's box office earnings by providing an enormous treasure trove of new characters but also provided additional revenue streams in the form of merchandising and theme park extensions.[38] In the next section, we provide details of some of the most relevant acquisitions done by Disney which has led to its in-organic growth.

Acquisition of Pixar

Pixar was established in 1986 when Steve Jobs acquired its computer division from George Lucas. In the same year, Disney and Pixar collaborated on the Computer Animation Production System (CAPS), and the very first cheque Pixar received from its clients for work on a project came from Disney. Pixar achieved a string of successes after this, even winning an Academy Award.[39] In 1997, The Walt Disney Company and Pixar Animation Studios made an agreement to jointly produce five movies over ten years. Throughout this time, Disney-Pixar's Toy Story 2 (1999), Monsters, Inc (2001), Finding Nemo (2003), and The Incredibles (2004) were all groundbreaking successes. At the end of this tremendously successful collaboration in 2006, Disney acquired Pixar for $7.4 billion after extensive negotiations between Disney Chief Executive Robert A. and Pixar Chief Steve Jobs.[40]

The Pixar acquisition was part of the broader long-term strategy that Bob Iger had in mind i.e., "*of acquiring and creating brand-name properties to deliver whenever and however consumers want - and to do it fast*". This was necessary because Disney's animation and creative content had been lagging

significantly behind its rivals Pixar and DreamWorks Animation and the acquisition strategy was urgently needed to restore Disney's position as a premier creator of original creative content. However, what set Disney apart from any other company pursuing an inorganic growth strategy through acquisitions, was its management of the integration. During the acquisition process, Disney officials insisted that Pixar would be managed independently and Disney would not interfere with its unusual work environment. Disney kept its promise and provided all the support and resources Pixar needed while at the same time preserving its culture and creativity. Perhaps Bob Iger was the right person for the management of the acquisition. Having been part of the previously acquired Capital Cities/ABC, he was familiar with the process of integrating into Disney's environment and successfully facilitated Pixar's transition/transformation.

Acquisition of Marvel

In 2009, Marvel was acquired by Disney for $4 billion. In a tremendous boost to its creative content, Disney bought itself a huge collection of over 5000 characters including the popular superheroes X-Men, Spider-Man, Iron Man, Thor, and Fantastic Four.[41] The deal expanded the consumer base for Marvel's brand which could now benefit from Disney's global reach and capital backing and gave Disney newer attractions to add to its theme parks, content for its television channels, characters for merchandising, and franchises for its male viewers. Disney's princess collection had so long entertained a female audience and Disney could now work its magic on the male viewership with its expanded superhero collection. As part of the deal, Disney also acquired Marvel's publishing business and gained a foothold in the $715 million comic book industry.[42] As in the case of Pixar, Disney carefully crafted its integration strategy and retained Ike Perlmutter, the Chief Executive at Marvel to oversee all Marvel productions. Disney's aggressive growth strategy and well-executed post-acquisition integration strategy both paid off. Disney has earned almost $18.2 billion at the box office with blockbuster productions such as The Avengers (2012), Ant-Man (2015), and Black Panther (2018) which went on to win multiple Academy Awards.[43] In 2017, Hong Kong Disneyland hosted the first Marvel-themed ride: the Iron Man Experience.[44] In 2021, Marvel Studios created content for Disney+ such as Wanda Vision and The Falcon and the Winter Soldier.[45]

Acquisition of Lucasfilm

In October 2012, Disney announced its decision to purchase Lucasfilm Ltd. for $4.05 billion.[46] As part of the deal, Disney would get the rights to the hugely popular Star Wars franchise. This acquisition would bring Disney

other operating businesses in animation, visual effects, live-action film production, audio post-production, and a host of cutting-edge entertainment technologies. This acquisition was in keeping with Disney's ambition to own the world's best creative content and innovative technology which would propel its global growth forward and generate shareholder value. Disney's successful management of the acquisition ensured the smooth integration of Star Wars content into Disney's theme parks and portfolio of businesses. Kathleen Kennedy, Co-Chairman of Lucasfilm was appointed President of Lucasfilm and brand manager for Star Wars. She would also be the executive producer on new Star Wars films with George Lucas as Creative Consultant. By the year 2018, Disney had already recovered its initial investment in Lucasfilm from the four, Star Wars feature films released since 2015 with additional revenue coming in from licensing agreements and sale of Star Wars merchandise.[47] Disney also began construction of two Star Wars lands in California and Florida, which opened in 2019.

Acquisition of BAMTech

Since 2016, Disney already held a 33% stake in the digital media company BAMTech.[48] In 2017, the company announced the acquisition of an additional 42% stake in a deal worth $1.58 billion.[49] It now holds a controlling stake in BAMTech, a global leader in direct-to-consumer streaming services, marketing, data analytics and commerce management technology.[50] Disney's acquisition of a company focused on innovative technology development was part of the implementation of its direct-to-consumer marketing strategy. In line with this acquisition, Disney would launch its multi-sport streaming services on ESPN with the aim to transform it into a single premier destination for all sports content. ESPN would feature not only every kind of regional, national, and international sporting event such as Major League Baseball, National Hockey League, Major League Soccer, Grand Slam tennis, and college sports but also the news, highlights, and scores for sports fans across the world.[51]

Acquisition of 20th Century Fox

20th Century Fox was created in 1935 after a merger of 20th Century Pictures and Fox Films and is known for some of the greatest movies of all time such as Avatar, Titanic, The Shape of Water, Gone Girl, The Grand Budapest Hotel, and some of television's hit series such as The Simpsons, Modern Family, and the original Batman series.[52] In 2019, the company was acquired by Disney for a deal value of $71.3 billion which was followed by a rebranding where 20th Century Fox was renamed 20th Century Studios. Disney bought most of Fox's assets including its film and television studios,

international TV businesses such as Star and Tata Sky in India, and Fox's 39% interest in Sky in Europe, cable entertainment networks, FX Networks, and Fox Sports.[53] Disney also added some hugely popular characters to its portfolio such as X-Men, Avatar, Fantastic Four, Deadpool, the Simpsons as well as the much-loved nature documentary channel National Geographic. Disney which earlier had a 30% stake in the streaming platform Hulu, gained a further 30% share upping its stake in Hulu to a controlling 60%.[54] Following this acquisition Disney expanded its international reach, allowing it to cater to audiences worldwide through its exceptional storytelling and memorable characters.

Sky is one of Europe's most successful pay television companies with innovative content and a flourishing direct-to-consumer platform. It serves almost 23 million homes in Germany, Austria, Italy, the UK, and Ireland. Star India on the other hand operates 69 channels and serves almost 720 million viewers in India and 100 other countries. This acquisition marked the second instance in history of a major film studio effectively ceasing to exist (the first was that of MGM Studios in the 1980s) and perhaps the start of an era of consolidation in the entertainment industry.[55]

Acquisition of UTV Software Communications

UTV Software and Communications is an Indian company known for pioneering work in the Indian Media industry, with Rohinton "Ronnie" Screwvala, as founder and group CEO. When shopping from home was relatively unknown, he promoted the concept with the Tele-Shopping Network. In 1981, the company introduced India's very first cable TV company, Network. In 1990, he established the UTV Group which operated in five segments: broadcasting, motion pictures, games, digital content, and television.[56] In 2008, Disney acquired a 32.1% stake in TV Software Communications Ltd. and in 2011, went on to acquire a controlling interest in the company in a deal valued at $ 454 million translating into a 50.28% share of UTV.[57] For Disney, this acquisition was in keeping with its global strategy of expanding its market reach and promoting its brand in key international markets.[58] Disney's entry into India was an important step towards capturing the middle-class consumer base which is expected to reach 500 million viewers by 2025.[59] The acquisition makes Disney content accessible to almost 100 million viewers weekly across Indian households and also gives the company a foothold in digital media through UTV's mobile gaming platform. Disney already owns several of India's leading kids' television networks: Disney Channel and Disney XD. In an agreement signed in 2013, Disney received the rights to distribute home entertainment content produced by UTV Motion Pictures Studio.[60]

Strategic Priorities, Re-organization, and Diversification Strategy

In 2022, Disney's Chairman and CEO Bob Chapek announced Disney's top three strategic priorities – "Customer Focus, Innovation, and Excellence in Storytelling."[61] He referred to Disney's "franchise ecosystem," the interdependent network of physical and intellectual properties that Disney owns and which fuels Disney's creative storytelling tradition that sets it apart from other companies. Most companies focus on developing a product first and creating a story around it later for successful marketing. Disney does the opposite. It builds a powerful storyline around compelling characters, and the merchandising comes after.[62] This strategy has worked remarkably well, turning Disney into one of the most popular and well-loved brands in today's world of media and entertainment.

In 2018, Disney underwent a series of internal reorganizations and consolidation to bring its operations in line with its strategic vision. The company's direct-to-consumer, technology, and international media operations were consolidated into a single unit responsible for distributing Disney content worldwide and for the management of Disney+, Hulu, ESPN, and ABC. All other Disney channels, third-party platforms, and channels were integrated into this segment.[63] The bringing together of the data and technology centers was done to give the company deeper insights into consumer behavior enabling the creation of more personalized content and enhanced user experience; it would also act as a one-stop shop for advertisers to reach out to Disney's global audiences through all of its Disney-owned properties. The Parks and Resorts and Consumer Products Operations were also integrated into a single unit with the responsibility of overseeing Disney's retail and e-commerce businesses, publishing and licensing business across toys, home goods, apparel, and digital games and apps, as well as its travel and leisure segment.

Thus, in the developed markets, Disney seems ready to capture growth opportunities despite the downward trends in consumer spending and the recent shocks to its in-person entertainment sector that saw drastically reduced foot traffic due to the COVID-19 pandemic. Disney will be utilizing a more technological and data-driven strategy to create unique consumer experiences and enhanced personalization across all its platforms. Disney's use of artificial intelligence (AI) in its latest releases such as the new Marvel superhero series 'Secret Invasion' in 2023 has attracted criticism from television and film writers facing uncertain futures as AI gradually replaces scriptwriters, designers, and perhaps even actors. Companies like Disney and Netflix, however, have insisted that no artists' jobs were replaced by the use of AI, instead, AI was just one among many tools that were used to incorporate advanced technologies into Disney productions.[64]

Disney will also continue its diversification strategy, targeting e-commerce, apps gaming, and consumer goods among others. In support of its continuous internationalization strategy with investments into direct-to-consumer businesses, Disney announced the creation of an International Content Group to expand its pipeline of regional and locally tailored content. The group, one of the four Disney creative content groups, will be responsible for delivering original regional and locally relevant content for Disney's global streaming platforms and television channels.[65]

Managerial Implications and Lessons

The key takeaway in this case is facilitating continuous business growth by adopting multiple approaches. The Walt Disney Company addressed the difficult challenge of producing creative content to satisfy the demands of its increasing consumer base through serial acquisitions of animation studios. Disney's strategic management of its various acquisitions also teaches valuable lessons on preserving the target companies' key competencies while at the same time successfully achieving operational integration. Disney's other strategies for business growth rely on diversification and geographic expansion. Disney's portfolio of businesses includes publishing, merchandising, retail and e-commerce. Its geographic expansion simultaneously focuses on developed and emerging markets. Managerial insights can be drawn from the company's rapid and carefully orchestrated entry into digital streaming services to capitalize on an additional revenue stream. To sum up the five key ingredients of the recipe of Disney for pursuing a successful inorganic growth strategy are:

First, using acquisitions to build, extend, and strengthen the core of the business: For the greater part of the last decade, Disney used acquisitions as part of its inorganic growth strategy. Bringing in rival brands and their movie franchises greatly builds, extends, and strengthens Disney's portfolio of creative content. For example, pursuing an acquisition strategy has bolstered creativity and provided a larger pool of creative ideas and inspirations. The ranks of classical Disney characters - Princes and Princesses from beloved children's fairytales have swelled with an influx of characters from animation studios acquired by Disney.

Second, relentless focus on excellence, integration, and alliance management: A large part of the acquisitions and alliance success was due to Disney's superior capabilities in managing and integrating the acquired companies and retaining key talent. Disney's carefully managed acquisitions and successful integration of target companies such as Marvel, Pixar, and Lucasfilm has preserved the unique creative styles that their audiences are

familiar with, while also bringing them under the umbrella of the Disney brand that has ensured production and marketing excellence.

Third, reinforcing revenue streams and cost synergies: Disney content is used to generate multiple revenue streams by packaging it in different formats, i.e., film and television characters, theme park attractions, video game figures, and consumer products. Disney also achieves significant cost synergies this way, particularly in marketing and promotions. A new film release is advertised on Disney-owned OTT platforms, television networks, and even sports channels; and Disney-themed parks follow up with a new attraction built around a specific character or storyline. This gives an enormous boost to the viewership base by reaching out to many more people than any standalone marketing effort could have achieved.

Fourth, retaining and sustaining the Disney spirit over decades and across generations: Retaining and sustaining the Disney spirit and creatively monetizing it is an important part of the company's strategy. The 'Disney magic' helps to lock in customers even across generations and is evident in Disney movies, theme parks, and merchandise. This spirit to take risks and be creative had been nurtured and preserved by Disney employees over time, requiring significant effort and scrupulous attention to detail. Parents remembering Disney movies and bringing their children along to share the experience is proof of the strong feelings of nostalgia and happy familiarity that Disney stirs up in its audiences.

Finally, multi-channel offerings and customer centricity: Disney markets its content through multiple outlets, drawing in customers and creating an immersive experience. Disney creates a variety of content across multiple genres to cater to a diverse audience. From popular characters in fairy tales to action figures, Disney has something to offer everyone and ensures its customers keep coming back for more. Exploiting synergies across its various businesses helps the company to generate revenue from its multi-channel offerings where the company packages its main creative content in different delivery formats.

Concluding Remarks

This case has highlighted the successful journey of Disney over the last century i.e., since its birth to become the M&E industry giant. In doing so, it has also illuminated the key strategic milestones and identified the top five ingredients of the recipe for successfully managing inorganic growth. A brief note on the advantages and disadvantages of inorganic growth strategy suggests the inherent trade-off involved in the strategic decision-making process. Disney's competitive landscape showcases the challenges faced by the company and how it has steered itself towards a sustained level of growth

over its competition and has outperformed the market. One of the major aspects of Disney's performance is attributed to its ability to acquire and forge strategic partnerships. The strategic priorities, re-organization, and related diversification strategy have helped the company in its growth journey. However, the current trends indicate that it's not going to be that easy for Disney to sustain its growth. It is important for the leaders of the company to think about what's next for Disney.

Discussion Questions

- *What is Disney's secret recipe for successful in-organic growth?*
- *What are the emerging trends in the M&E industry? How can Disney take advantage of these to build a sustainable business?*
- *What role has in-organic growth played in its success story of over a century? What are some of the synergies that it managed to ignite and sustain?*
- *In the current competitive context and the emerging trends in the M&E industry, will Disney be able to sustain its market leadership position? How long will it last? Why? Why not?*

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