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GLOBALISATION OF COMMERCIAL THEME PARKS

Case: the Walt Disney Company

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Abstract: In this contribution we focus on the globalisation of commercial theme parks with Walt Disney Company as the best known case study. After definitions and historical background of theme parks, we analyse the visitors key factors. For the Walt Disney Cie we start with some historical facts, we set up a SWOT-analysis and focus then on Euro Disneyland Paris, the biggest theme park of Europe.

Key words: Theme Parks, Walt Disney Company, Euro Disneyland

1. Introduction

The Economics Research Associates (ERA) defines a theme park as “A gated attraction that contains rides and/or shows in a themed environment, offers a pay-one-price ticket for its guests and attracts at least 500,000 annual visits” (ERA, 2007).

A more detailed description for theme parks is given by Philip L.Pearce (in *Jafar Jafari, 2000, p.124–5*): “Theme parks are capital intensive, highly developed, self-contained recreational spaces which invariably charge admission. The entertainment, rides, speciality foods and park buildings are usually organised around themes or unifying ideas such as a specific period in history or a particular geographic region. These themes are crucial to the operation of the parks as they create a feeling of involvement in a setting which is in stark contrast to daily life. A distinction can be drawn between the commercial theme parks, which are well described by the theming and entertainment elements mentioned, and outdoor museums or historic theme parks, which may be less commercial in emphasis and have goals in heritage preservation and public education”.

Theme park is the basic term for a compilation of rides and other amusement attractions pull together for the purpose of entertaining a group of people. The theme park is more complex than a simple city park or recreational area. This park is a type of amusement park, built around one or more topics (i.e. American Far West theme or Pirates of the Caribbean).Theme parks developed in Europe from leisure gardens. The oldest amusement park of the world (since 1583) is “Bakken” at Klampenborg (north of Copenhagen) which is still in operation. In the USA, world fairs and expos induced a real expansion of the amusement park business. (www.weitzlux.com)

A theme park includes a combination of attractions which can be classified into several categories: thrill rides, roller coasters, family rides, water attractions or (indoor) dark

rides. Major part of theme parks’ revenue comes from entrance fees. Standard admission for a pay-one-price park is (normally) more than \$30 with discounts for children and senior residents. Most theme parks also charge for car parking and ticket prices do not include food, which can be very costly. Almost all amusement parks operate using one of two admission principles: Pay as you go (= pay for rides individually) or Pay one price (= one big admission charge, for (almost) all of the attractions).

1.1 History of theme parks

The Feast of St.Bartholomew (since 1133 yearly held in England), is the father for amusement and theme parks. Theme parks became popular at the beginning of the Industrial Revolution, such as the Vauxhall Gardens (1661) in London, or Prater (1766) in Vienna.

Another type of fair is the World Exhibition or Expo. World Expos started in 1851 with the Crystal Palace in London’s Hyde Park. The World’s Columbian Exposition in 1893 in Chicago is an early pioneer of the modern theme park and introduced the Ferris Wheel. (P. De Groote, 2006, p.38–39).

In 1894, Paul Boynton Water Chutes opened the world’s first new amusement park and charged entrance for the rides. In 1895, he also built a park at Coney Island (New York), which is still very popular. By the early 1900s, there were hundreds of theme parks worldwide, and it was the period of the “golden age” until the late 1920s, mainly due to the increase of income and the decrease of labour time. In the 1930s during the Great Depression and World War II the decline of the theme parks was a fact. After the WWII the influence of television was negative and families visited theme parks seldom. (www.ultimaterollercoaster.com). The historical overview and location of the main European theme parks is showed in *figure 1*. The pioneers are situated in the period before 1955.

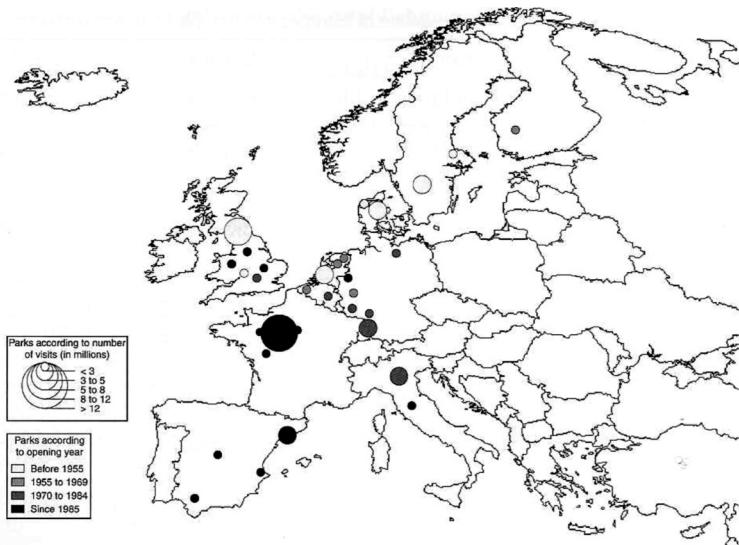


Figure 1: History and location of the main theme parks in Europe
Source: Clave A., 2007, p. 68

Universal Studios illustrates the progress of an attraction (= originally train ride tour of the studios in Hollywood) into a complete theme park. In 1990, Universal Studios Florida in Orlando was opened. Universal Studios is now the second-largest theme park group in the world, only competed in size with Disney itself. During the 1970s, the theme park business initiated to mature as a mixture of refreshed traditional

amusement parks and new projects financed by bigger firms emerged. Most of today's major theme parks were built in the 1970s and belongs now to some major globalised groups (table 1), with Walt Disney (table 2) in the USA as the biggest, and for Europe: Merlin Entertainments (GB), Euro Disney SCA (F), Parques Reunidos (E) and Compagnie des Alpes (Grevin)(F).

1.2 Visitors key factors

Products, experiences, and people are the lifeblood of the theme parks. Managers must take into consideration a lot of influencing factors. The origins of the International Association of Amusement Parks and Attractions (IAAPA, www.iaapa.org) goes back to 1918, as a USA association (formerly the National Association of Amusement Parks). Now it is the world's premier amusement association with headquarters in Alexandria (USA) and the European one in Brussels.

Based on the survey of May 2007 (www.iaapa.org) we see that adults with higher incomes (figure 2) are more visiting theme parks. An yearly average of 80% adults would visit a park again in the next year. Repeat visitors are of significant importance for the continuous success of theme parks. For the adults, spending time (figure 3) with family and friends was their preferred characteristic of a visit theme park (43%). Second were rides (24%), shows (9%), games (5%),

Table 1. Top 10 Amusement/Theme Park Groups worldwide (2007)

Rank	Theme Park Attraction Chain	2007 Attendance (millions)
1	WALT DISNEY ATTRACTIONS	116.5
2	MERLIN ENTERTAINMENT GROUP	32.1
3	UNIVERSAL STUDIOS RECREATION GROUP	26.4
4	SIX FLAGS INC.	24.9
5	BUSCH ENTERTAINMENT	22.3
6	CEDAR FAIR ENTERTAINMENT COMPANY	22.1
7	PARQUES REUNIDOS	12.0
8	COMPAGNIE DES ALPES (GREVIN)	9.6
9	HERSCHEID FAMILY ENTERTAINMENT	8.9
10	EVERLAND	8.6

Source: TEA/ERA, 2008, Theme Park Attraction Attendance Report 2007., p.VI

Table 2. Theme parks of the Walt Disney Group (2006)

1. WALT DISNEY ATTRACTIONS

Estimated 2006 Attendance: 112.5 million

- BLIZZARD BEACH at Walt Disney World, Lake Buena Vista, Florida
- DISNEY-MGM STUDIOS at Walt Disney World, Lake Buena Vista, Florida
- DISNEY'S ANIMAL KINGDOM at Walt Disney World, Lake Buena Vista, Florida
- DISNEY'S CALIFORNIA ADVENTURE, Anaheim, California
- DISNEYLAND, Anaheim, California
- DISNEYLAND PARIS, Marne-La-Vallée, France
- WALT DISNEY STUDIOS PARK, Marne-La-Vallée, France
- EPCOT at Walt Disney World, Lake Buena Vista, Florida
- MAGIC KINGDOM at Walt Disney World, Lake Buena Vista, Florida
- HONG KONG DISNEYLAND, Hong Kong, China
- TOKYO DISNEYLAND, Tokyo, Japan
- TOKYO DISNEY SEA, Tokyo, Japan
- TYPHOON LAGOON at Walt Disney World, Lake Buena Vista, Florida

Source: ERA, 2007, p. 10

Diagram 1B: Respondents who visited an amusement/theme park in past 12 months, by annual income (May 2007)

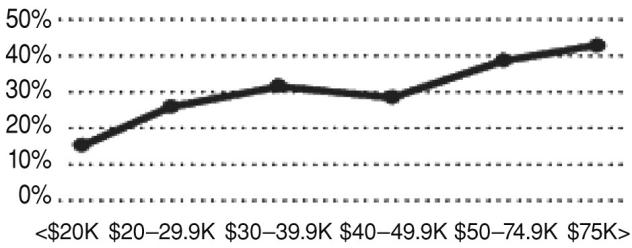


Figure 2. Relationship between visitors of a theme park and income (May 2007)
Source: www.iaapa.org

Diagram 4: Favorite thing about visiting an amusement/theme park (May 2007)

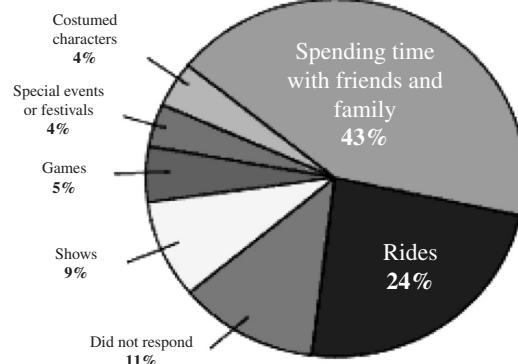


Figure 3. Activities of visitors in a theme park

Source: www.iaapa.org

and both costumed characters and special events (4%). The percentage of adult whose last theme park journey (*figure 4*) contained an overnight stay has risen slightly during 2005–07 to an average of 33%.

Diagram 5A: Respondents who last amusement/theme park visit included an overnight stay, by age

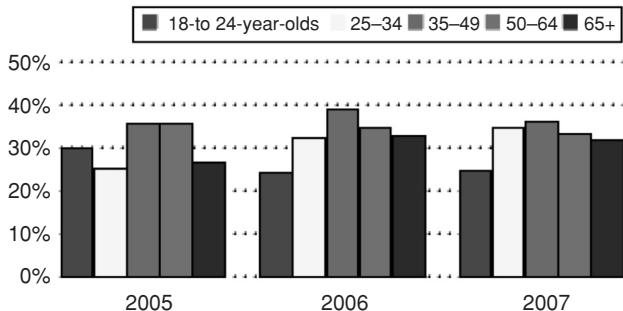


Figure 4. Relationship visitors of theme parks and overnight stays
Source: www.iaapa.org

Table 3 shows the total attendance for the world's Top 25 theme parks in 2007. Disney's Magic Kingdom in Orlando was the most world's popular theme park with 17,060,000 guests. Eight of the top 10 parks across the globe were Disney parks. The Latin America market is less expanded compared to North America and Europe because of a difference in income levels. Asia is experiencing stronger expansion, mainly spectacular in China where the middle class is increasing rapidly. Some major attraction plans are in the channel with the region including a Universal Studios

Table 3. Top 20 Theme parks worldwide (2007)

Rank	Park and Location	2007 Attendance
1	MAGIC KINGDOM at Walt Disney World, Lake Buena Vista, FL, USA	17,060,000
2	DISNEYLAND, Anaheim, CA, USA	14,870,000
3	TOKYO DISNEYLAND, Tokyo, Japan	13,906,000
4	TOKYO DISNEYSEA, Tokyo, Japan	12,413,000
5	DISNEYLAND PARIS, Marne-La-Vallée, France	12,000,000
6	EPCOT at Walt Disney World, Lake Buena Vista, FL, USA	10,930,000
7	DISNEY'S HOLLYWOOD STUDIOS at Walt Disney World, Lake Buena V	9,510,000
8	DISNEY'S ANIMAL KINGDOM at Walt Disney World, Lake Buena Vista, FL	9,490,000
9	UNIVERSAL STUDIOS JAPAN, Osaka, Japan	8,713,000
10	EVERLAND, Kyonggi-Do, South Korea	7,200,000
11	UNIVERSAL STUDIOS at Universal Orlando, Orlando, FL	6,200,000
12	SEAWORLD FLORIDA, Orlando, FL, USA	5,800,000
13	DISNEY'S CALIFORNIA ADVENTURE, Anaheim, CA, USA	5,680,000
14	PLEASURE BEACH, Blackpool, UK	5,500,000
15	ISLANDS OF ADVENTURE at Universal Orlando, Orlando, FL, USA	5,430,000
16	OCEAN PARK, Hong Kong, China	4,920,000
17	HAKKEIJIMA SEA PARADISE, Yokohama, Japan *	4,770,000
18	UNIVERSAL STUDIOS HOLLYWOOD, Universal City, CA, USA	4,700,000
19	BUSCH GARDENS TAMPA BAY, Tampa Bay, FL, USA	4,400,000
20	SEAWORLD CALIFORNIA, San Diego, CA, USA	4,260,000
21	HONG KONG DISNEYLAND, Hong Kong, SAR, China	4,150,000
22	TIVOLI GARDENS, Copenhagen, Denmark	4,110,000
23	EUROPA-PARK, Rust, Germany	4,000,000
24	NAGASHIMA SPA LAND, Kuwana, Japan	3,910,000
25	PORT AVENTURA, Salou, Spain	3,700,000

Note: Percent changes for 2007 for certain parks (noted by *) are based on adjusted/updated figures for 2006, thus not directly comparable to published TEA/ERA list for 2006/05

Source: TEA/ERA, 2008, Theme Park Attraction Attendance Report 2007, p.VII

theme park in Singapore in 2010. European parks are being well sustained and reloaded by ongoing private investment. (www.themeit.com/attendance_report2007.pdf)

The 2007 total attendance for the Top 20 theme parks in Europe (*table 4*) was 60.9 million, standing for a growth rate of 3% compared to 2006 (cf. 2.6% for North America). *Table 5* shows the evolution of number of visitors in the European theme parks (1995–2007). European theme parks have a process for expanding the season that has little to do with including infrastructure, such as the Christmas market. Tivoli has been the top player in Europe in successfully expanding its season – with a new Halloween celebration in October. Both events extensively increased the park's attendance and incomes. In general, the European theme parks are relatively stagnant compared to the United States or Asia. The Top 20 have not changed greatly. Geography and strong national character are major aspects. Each country has one big park and one lead market. Apart from Disney, European theme parks are local ones. (www.themeit.com/attendance_report2007.pdf)

Table 4. Top 20 European theme parks (2007)(+ change over 2006 in%)

Rank	Park and Location	2007 Attendance	% Change
1	DISNEYLAND PARIS, Marne-La-Vallée, France	12,000,000	13.1%
2	PLEASURE BEACH, Blackpool, UK	5,500,000	-8.3%
3	TIVOLI GARDENS, Copenhagen, Denmark ¹	4,110,000	-6.5%
4	EUROPA PARK, Rust, Germany	4,000,000	1.3%
5	PORT AVENTURA, Salou, Spain ²	3,700,000	5.7%
6	DE EFTELING, Kaatsheuvel, Netherlands	3,200,000	0.0%
7	GARDALAND, Castelnuovo del Garda, Italy	3,100,000	0.0%
8	LISEBERG, Gothenburg, Sweden ¹	3,050,000	3.4%
9	BAKKEN, Copenhagen, Denmark	2,700,000	0.0%
10	WALT DISNEY STUDIOS, Marne-La-Vallée, France	2,500,000	13.6%
11	ALTON TOWERS, Staffordshire, UK	2,400,000	0.0%
12	PHANTASIALAND, Brühl, Germany	1,900,000	0.0%
13	THORPE PARK, Surrey, UK	1,700,000	0.0%
14	MIRABILANDIA, Savigliano, Italy	1,700,000	0.0%
15	LEGOLAND WINDSOR, Windsor, UK	1,650,000	11.5%
16	PARC ASTERIX, Plailly, France	1,620,000	-4.7%
17	LEGOLAND BILLUND, Billund, Denmark	1,610,000	10.3%
18	FUTUROSCOPE, Poitiers, France	1,600,000	6.7%
19	PARQUE DE ATRACCIONES, Madrid, Spain	1,500,000	0.0%
20	HEIDE PARK, Soltau, Germany	1,400,000	16.7%

Note: + indicates a tie.

¹ Attendance for Tivoli and Liseberg includes Christmas market operations

² Attendance for Port Aventura is for theme park only (excl. waterpark - separate ticket)

Source: TEA/ERA, Theme Park Attraction Attendance Report, p.XI

2. The Walt Disney Company

The Walt Disney Company works as a diversified amusement company worldwide. The corporation's Media Networks sector contains networks of Internet, mobile operations, radio and television. The Walt Disney Company's Parks and Resorts sector holds and controls the Walt Disney

Table 5. Evolution of number of visitors (in million) in the European theme parks (1995–2007)

Parknaam	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Disneyland Resort Paris	10.7	11.7	12.6	12.5	12.5	12.0	12.2	10.3	10.2	10.2	10.2	10.6	12.0
2. Blackpool Pleasure Beach	7.2	7.5	7.8	6.6	6.9	6.8	6.5	6.4	6.2	6.2	6.0	6.0	5.5
3. Tivoli Gardens	2.4	3.1	3.2	2.8	3.1	3.9	3.9	3.8	3.3	4.2	4.1	4.4	4.1
4. Europa Park	2.5	2.5	2.7	2.7	3.0	3.0	3.1	3.3	3.3	33	3.9	4.0	4.0
5. Port Aventura	2.7	3.0	3.0	2.7	3.0	3.1	3.3	3.3	3.1	3.1	3.3	3.5	3.7
6. Efteling	2.7	3.0	3.0	2.7	3.0	2.9	3.1	3.0	3.2	3.2	3.3	3.2	3.2
7. Liseberg	2.2	2.4	2.5	2.5	2.6	3.0	3.1	3.1	2.8	3.0	3.1	3.0	3.1
8. Gardaland	2.5	2.4	2.7	2.7	2.8	2.9	2.9	2.9	3.0	3.1	3.1	3.1	3.1
9. Bakken	2.4	2.1	2.1	2.0	2.3	2.5	2.5	2.8	2.7	2.5	2.6	2.7	2.7
10. Alton Towers *	2.7	2.7	2.7	2.5	2.8	2.4	2.3	2.5	2.5	2.4	2.4	2.4	2.4

* Since 2007 Walt Disney Studios (Marne-La-Vallée) is number 10 with 2.5 million visitors. Alton Towers is number 11.

Source: P. De Groote, based on TEA/ERA reports

World Resort that contains theme parks, hotels, dining, entertainment and sports complex, conference centers, water parks and other leisure facilities. It also manages Disney Cruise Line (cf. the Disney Magic was the first ship, 1998), Disneyland Resort Paris (1992), and Hong Kong Disneyland (2005) and Tokyo Disney Resort (1983). The corporation's Studio Entertainment sector produces, purchases, and allocates animated action pictures, musical recordings, home entertainment, video-on-demand, pay television, and free television markets. Disney Company distributes its products (i.e. books and magazines, computer software and video games) through Disney Stores (esp. in North America and Europe) and www.DisneyShopping.com.

2.1 History of the company

Walt Disney, and his legacy, especially given that he was born on 5 December 1901, just as the 20th century was beginning while it would be several decades before he would have a significant impact on the world, his contribution would eventually have a lasting impression in the hearts and minds of millions. The Walt Disney Company started on 16 October 1923 in Burbank as the Disney Brothers Cartoon Studio, a joint venture of Walt Disney and his brother, Roy. In 1926 the company had created two movies and bought a studio in Hollywood, California. Difficulties in distribution rights nearly went down Walt and his company, but the design of Mickey Mouse (1928) and Donald Duck saved a dropping boat. The ensuing years would bring with them merchandise licensing, full-length animated

features like Snow White and the Seven Dwarfs (1937) and Pinocchio, television programs (like The Mickey Mouse Club since 1955), live-action movies, and, of course, one of Walt's most ambitious projects, a theme park called Disneyland. (D. Smith, S. Clark, p.21–27)

In 1955 opened the first Disney theme park, Disneyland in Anaheim. Disney maintained its rise in popularity, and

Table 6. Comparison of World's Disneyland Resorts

Walt Disney World Resort	Disneyland Resort	Tokyo Disney Resort	Disneyland Resort Paris	Hong Kong Disneyland Resort
				
Location Orlando, Florida, USA	Location Anaheim, California, Orange County, USA	Location Urayasu, Chiba, Japan	Location Marne-la-Vallée, Paris, France	Location Penny's Bay, Lantau Island, China Hong Kong
Opening Day Magic Kingdom Park October 1, 1971 Epcot October 1, 1982 Disney-MGM Studios May 1, 1989 Disney's Animal Kingdom: April 22, 1998 Water Park River Country: 1976 Disney's Typhoon Lagoon: June 1, 1989 Disney's Blizzard Beach: April 1, 1995	Opening Day Disneyland July 17, 1955 Disney's California Adventure Park February 8, 2001	Opening Day Tokyo Disneyland April 15, 1983 Tokyo DisneySea September 4, 2001	Opening Day Disneyland Park April 12, 1992 Walt Disney Studios Park March 16, 2002 Disney Village: 1992	Opening Day Hong Kong Disneyland September 12, 2005
Resort Facilities Theme Parks: 4 Water Park: 3 Other Major Facilities: Downtown Disney - Florida Disney Hotel: 22	Resort Facilities Theme Parks: 2	Resort Facilities Theme Parks: 2	Resort Facilities Theme Parks: 2	Resort Facilities Theme Parks: 1 Other Major Facilities: Park Promenade Inspiration Lake and Recreation Center Disneyland Resort Pier Disney Hotel: 2
Area Total Resort Area: 27,001 acres Epcot: 300 acres Disney-MGM Studios: 135 acres Disney's Animal Kingdom: 500 acres Magic Kingdom Park 107 acres	Area Total Resort Area: 512 acres Disney's California Adventure Park: 54 acres Disneyland 163 acres (Original Area: 84 acres)	Area Total Resort Area: 494 acres Tokyo DisneySea: 121 acres Tokyo Disneyland 126 acres	Area Total Resort Area: 4,800 acres Walt Disney Studios Park: 126 acres Disneyland Park 141 acres	Area Total Resort Area: 311 acres Hong Kong Disneyland 99 acres (Developed Area: 37 acres)

Source: www.skyscrapers.c

stayed alive even after the death of its founder in 1966. His brother Roy took over control at that time, and then was succeeded by a management team in 1971. In 1983, Disney went international with the opening of Tokyo Disneyland. (www.disneyworldtrivia.com)

In the past few decades, Disney has gone into a wider market, starting The Disney Channel on cable and creating subdivisions like Touchstone Pictures to make films other than the usual family-oriented fare, achieving a firmer balance on a broader series. In the 1970s and 1980s, the company experienced from takeover efforts, but got well thanks to successful team, leading Disney to continue its tradition of brilliance into a new century.

Walt Disney is now an expanded entertainment company, working in 4 business segments: media networks, studio entertainment, parks & resorts, and customer products. The company got recently increasing net profits (esp. in 2007–8). *Table 6* compares Disneyland Resorts in the USA, Paris, Hong Kong and Japan.

2.2 SWOT Analysis

The Disney Company (*table 7*) faces domestic weaknesses and strengths, which can to a certain level be controlled. The outside forces like opportunity and threats are more complex to manage, and Disney has to adopt and take advantage to those forces.

Disney's major **strength** is in its resources, practice in the entertainment business and its low-cost strategy. Moreover, the company evidently has expanded a very strong and well known brand name over 80 years. The company has also been able to spread its operations and products to evade against declining transactions in product lines. In recent

years it has redirected into Film, Home Video, products, Radio and Television and in Theme Parks. It has also successfully worldwide diversified its business from USA to Japan and Europe. The main strengths in domestic resources refer to human resources and financial solidity. Employees in the Disney studios appear to be very innovative and in recent years they have created several productions. A corporation without new inspirations has a trouble in today's aggressive business environment. The low-cost company's strategy is an advantage for them. The company can manage costs, and still make quality goods and services. Financial risks have been reduced by sharing initial investment costs with the highest number of outside participants.

Disney's main **weaknesses** are: very large work force, frequent change in top-management, and high operating costs. The corporation mainly manages in the USA and has worldwide 137,000 employers in 2008 (cf. 60,000 in 1991). This fact shows potential communication difficulties, and a high administration level within the Disney Company. By expanding into more sectors and niches, the company's work force will rise even bigger, and the managerial structure has to be able to hold a growth of the work force. The fact that the company very often changes its corporate officers makes the company structure even more complex. There are many positive things that come with changes, but modification is also connected with struggle, and big expenditures. Great operating costs are typically direct results of a large work force and a big number of fixed assets. For example, ticket prices should not be able to go above 33\$ for entry to Disney's theme park. Visitors are not prepared to spend more money than that. As a result, operating costs should be strongly observed to match the price that customers are willing to pay for the goods and services offered.

External **opportunities** must be recognised, examined, and responded to in a very early phase. The Disney Company is facing numerous external opportunities like positive government attitudes towards its operations, barriers of entry, large group of loyal visitors and the entertainment industry itself. Official and governmental forces are usually recognised as being negative external features to a company. Paradoxically, in Disney's case, the French government donated significantly in the Euro Disney plan with over USD 1.2 billion, built transport facilities, and gave Disney tax relief's on expenditure of goods sold accounts. Also, since the difficulties of entry into the greatly specialised business in which Disney is operating, competition will find it complicated to infiltrate the company's highly

Table 7. SWOT Analysis of Walt Disney Company

Strengths	Weaknesses
<ul style="list-style-type: none"> • Experience in the entertainment business (over 80 years), • Tourist attraction, • Strong reputation and brand name, • Wide company's product range- different types of attractions and products, • Disney's attractions adjusted to changes in visitor's preferences, • Familiarity, • Financial stability, • Qualified and educated employees, 	<ul style="list-style-type: none"> • Large work force, • Many changes in top-management, • High operating costs, • Different culture, • High price for tickets, • Design duplication, • Cultural imperialism, • Visitor Spending – European visitors not spend as much as American visitors,
Opportunities	Threats
<ul style="list-style-type: none"> • Highly diversified product and service, • Positive government attitudes, • Barriers of entry, • Large group of loyal clients, • Expansion on foreign markets, 	<ul style="list-style-type: none"> • Over saturated markets, • Increasing number of serious and actively operating competitors, which address their offer to the same segment of clients (e.g. Six Flags) • Bigger elasticity of competitors in adapting to particular segment of clients thanks to the smaller volume of sales, • Increasingly competitors offer, which is perceived by clients and retailers as a wider and better available,

diversified product and service mix. In addition, huge initial capital investments are needed to come into the business.

Main **threats** to the Disney Company are over saturated markets and foreign competition. As the supply of services and products in the entertainment business was starting to saturate the markets, competition is more powerful, and the most dominant companies survived. Some of its functions, such as the Network-television division may not be able to handle the force from the Cable-giants like Turner Broadcasting Systems (TBS).

3. Euro Disney Resort in Paris

The **Euro Disney SCA** Group's major action is the operation of the Disney Resort in Paris (*figure 5*). It was built in the New Town Marne-la-Vallée (32 km east of Paris) by 1,700 companies and 10,000 workers from 2 August 1988 until the official opening on 12 April 1992. The features contain the Disney land Paris Theme Park, several theme hotels, symposium facilities, the Disney Village amusement center including 15 cinemas, 3D adventure screens and golf lessons. The Group also controls the real estate growth and expansion of the related infrastructure of the assets; they possesses Disneyland Park, Hotel Disneyland, Walt Disney Studios Park and Ranch Davy Crockett. (www.eurodisney.com)

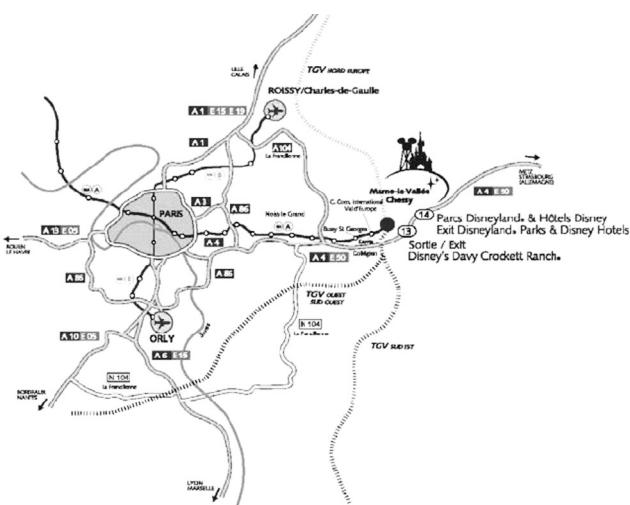


Figure 5. Location of Euro Disneyland Resort in Marne-la-Vallée
Source: www.eurodisney.com

3.1 Historical background

The plan of a European amusement resort and park complex had been developing within Disney since the early 1980s. In 1981, the company began a worldwide bidding procedure for situating Euro Disney, originally involving Germany, Spain, France and others. With continued success of the three existing parks, the promise of a new European Union was too much to resist. The most important detail was the location. The choice was to be made between Spain and France. Despite worse weather conditions and less generous offer from

France, in 1985 the decision has been made. Two years later, Michael Eisner and Jacques Chirac, signed a contract for the building of a Disney theme park at Marne-La-Vallée with Robert Fitzpatrick as the president of Euro Disneyland. Next to the proximity of Paris (one of the world's tourism capitals) the central location with large potential visitors from Germany and Great Britain (cf. The Chunnel) was another decision reason.

Despite over 7 years of planning and doing research, Euro Disney quickly developed in one of the most costly mistakes in company history. In the first 2 years of operation, Euro Disney lost close to 1.03 billion \$. They were close to go bankrupt. Initial failure can be connected with the? European Recession. Just as Euro Disney opened, Europe was in the middle of an economic slump. Disney felt that they could overcome this issue; however, Europeans had little spending power at that time (1992-4) and the decline in France's GDP resulted in a decrease of disposable income among the French population. Many other European countries were experiencing similar problems.

Furthermore Disney didn't expect the huge cultural differences between the Americans and the Europeans. The whole resort was planed along the identical principles as the original Disneyland in the USA. When they were opening the Disneyland in Tokyo, Japanese people were saying that they don't want being Japanese, but they came there to see America and for Disney. They wanted to know America. Disney thought that the Europeans would react in the same way. But they didn't. There were many differences in which French couldn't agree. Consequently, Euro Disney was not accepted between the European societies. The problem was also with the marketing policy. Euro Disney was promoted wrongly to the consumers. The resort was advertised in the American-style of "bigness and extravagance". Instead, Euro Disney should have concentrated on the emotional aspect, marketing that visitors would have a unique, unusual experience they would not forget. (www.eurodisney.com)

3.2 Financial problems

Many additional domestic and external factors gave the opening failure of Euro Disney. Contact gaps, increasing interest rates, decrease in the real estate market, operational mistakes, and high labor costs all gave the 1 billion \$ total loss in 1992 and 1993. Fortunately for Disney, many of these issues were accurate. By 1995, Euro Disney was able to make a profit of 15.6 million \$. Euro Disney SCA. is a Société en Commandite par Actions. Under French regulation, this structure establishes an obvious characteristic between the Gérant who is responsible for working the Company and the management board, which administers the management of the Company.

Disney Company is Euro Disney's largest shareholder (*figure 6*), with 39,8% of its stock. 10% of shares belong to Prince Alwaleed (Nephew of Saudi King Abdullah, world's wealthiest Muslim businessman, Saudi Arabia) and his family. Other shareholders possess 50,2% of its stocks. Since 1 November 2005, Euro Disney SCA share are only issued on the Paris Stock Exchange. (www.eurodisney.com)

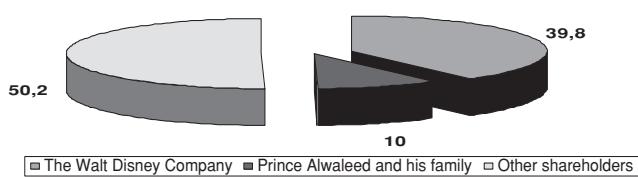


Figure 6. Euro Disney – shareholder's structure

Source:www.eurodisney.com

Euro Disney Paris is one of Europe's top family vacation purposes. In 2004 park's attendance (figure 7) was equal to 12,4 millions of visitors. But in 2005 this number decreased slightly by 12,3 million (1%). During 2006, the company continued its development strategy planned to attract and keep theme parks' tourists and hotel guests, and started to see some first profits. Theme Parks attendance for fiscal year 2006 increased to 12,8 million. Euro Disney Paris has 49,000 direct and indirect jobs, including more than 13,000 employed at the Resort itself.

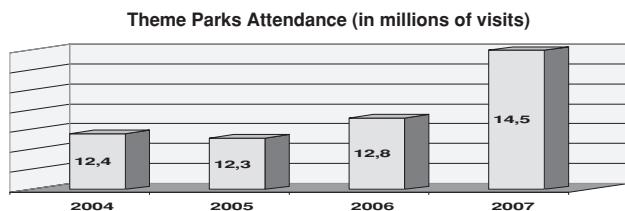
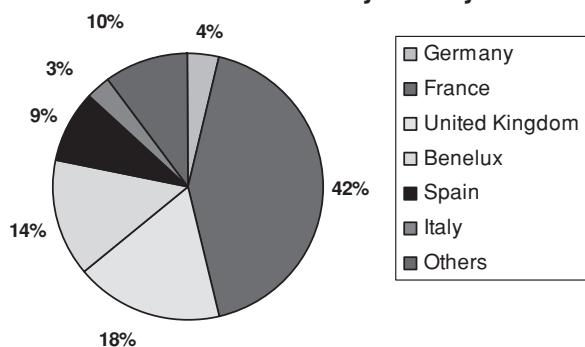


Figure 7. Theme Parks Attendance

Source: own calculation based on eurodisney.com

Breakdown of Attendance by country in 2006



Breakdown of Attendance by country in 2007

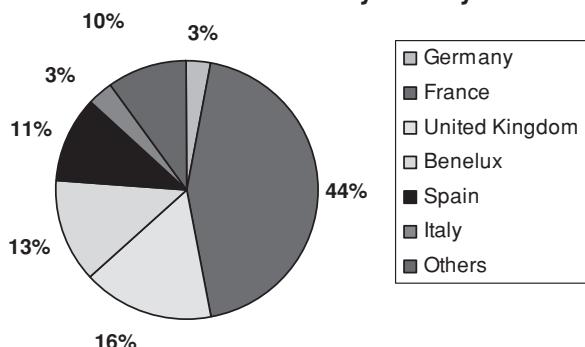
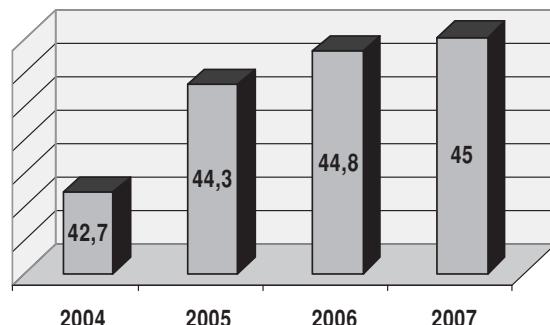


Figure 8. Breakdown of Attendance by country

Source: own calculation based on eurodisney.comOnderkant formulier

In 2007 and 2008 records of 14,5 and 15,3 million of visitors were registered, and so it is the top-visited tourist attraction/destination of Europe. The increase in theme parks attendance primarily reflects growth in the French, Spanish and United Kingdom markets (figure 8). Euro Disney's strong figures were credited to increased guest expenditure and theme park attendance, partly balanced by upper operating costs. Increased visitor spending was due to higher expenditures for food, beverage and merchandise, higher average ticket prices and higher average daily room rates. In 2007 spending per guest was equal to €45 and spending per room €197,9 (figure 9).

Theme Parks Spending per (in euros, excl. VAT)



Hotels Spending per Room (in euros, excl. VAT)

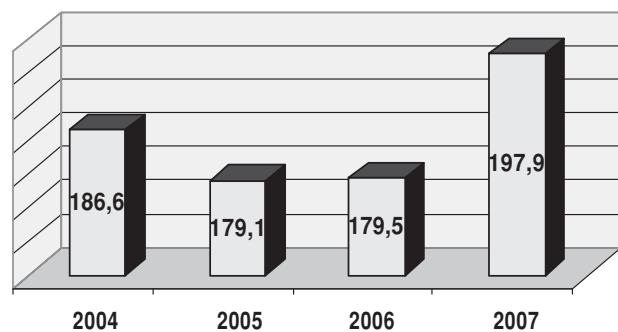


Figure 9. Theme Parks Spending per Guest

Source: own calculation based on eurodisney.com

During 2007, the company celebrated the Resort's 15th anniversary, though continuing with its expansion strategy designed to increase both visitor volume and spending at the Resort by attractive products and services to best meet the visitors' needs and to take benefit of what management believes are significant opportunities to attract and keep visitors. The hotel occupancy rate improved by 5,8%, compared to fiscal year 2006 to 89,3% in 2007 which was the result from an incremental 123,000 room nights compared to previous year 2006. This raise was also driven by more guests visiting from Spain, United Kingdom and France.

3.3 Future and Conclusion

As Disney walks into the new millennium, it is impossible to predict all changes and advances that will

occur within the Company. While there are many plans for particular films, theme parks, attractions, television series, and other projects. No one can forecast precisely what the 21st C has in store for Disney, but one thing is sure: the Company is leading to meet the next hundred years by continuing and increasing upon its presence in all current areas of effort while reaching into some that have not yet even been considered.

Certainly, through the past 100 years several generations have been touched by Disney's characteristic brand of original magic world. Some may believe that the Disney Company has done all there is to do, but Walt's never-ending creative vision lives on within the animators, actors, imaginers, musicians, and other people world wide who are responsible for concreting the road to Disney's future. Just by looking at the plans stated for the first few years of this new millennium, one can see that the future at Disney is both exciting and filled with a character of fantastic originality. As Walt marked, "I only hope that we never lose sight of one thing- that it was all started by a mouse".

The Walt Disney Resort has come an extensive way from marshland to vacationland. Through some land purchases in the last twenty years, it now covers 30,500 acres. Its initial number of Cast Members has grown from 5,500 to 36,000. Attractions, Resorts, and even added theme parks are in expansion for years to come. The Vacation Kingdom of the World has considered and informed people young and old from all over the world (Tombs Dominic & Quinn Brian, 2005, p.255). Nowhere else on the globe can one meet a snow skiing alligator or robot transport pilots fly a magical pirate boat above the clouds, or ride a real vapor train through the Old West or discover a haunted hotel or stylish greenhouses, where growing systems platform the future of our planet's food supply. It promises every tourist that anything can really happen when they desire to be a star. And it is the realized vision of one man who believed that anyone can achieve what they set their brain to: Walt Disney.

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