Company Overview

The Walt Disney Company (DIS) was founded in 1922 and, together with its subsidiaries and affiliates, has become a leading diversified international family entertainment and media enterprise with four business segments. These segments are: media networks, parks and resorts, studio entertainment and consumer products. Today the company is operating on a multinational level, and has over 137,000 employees worldwide. With assets in excess of $60 million, Disney is the second largest entertainment company in the world (Disney, 2008).

Financial Evaluation

In the midst of a highly volatile market, Disney stock continues to remain steady. With a beta of 1.05, it is clear that Disney stock prices have maintained a position in line with the market. In 2001 the company reported the lowest earnings per share in ten years with earnings at $0.55. Disney has since bounced back, with earnings steadily increasing until reaching a record company high of $1.92 per share in 2007 (Churchwell, 2008). While the earnings per share are increasing at a healthy rate, the balance sheet is much more indicative of the current state of the economy. Disney has a current ratio of 0.99. This can be attributed to the weakened advertising demand in the United States market and the overall decrease in spending of the American people (Ramey 2008).

Strengths

One of Disney’s strengths is a globally recognized brand name and logo. With this well known moniker the company has mastered the art of brand extension. Disney is well known for its childrens movies, television shows, and theme parks. Disney also owns two production companies, which have successfully produced several grown-up movie sensations (Ramey 2008). Disney has eleven theme parks
which are spread out across three continents. The company owns ten television channels, including ESPN. Disney also has a consumer merchandising division that manufactures everything from character t-shirts to bridal line (Yahoo 2008). It is easy to see that The Walt Disney Company has expertly tapped into nearly every facet of entertainment, and has done so with immense success.

**Weaknesses**

Disney has publicly expressed hesitation toward the concept of making the company more environmentally friendly because it is afraid it would ruin the experience guests have at the park (Harris, 2007). This hesitation is costing the company money and could cause an angry backlash from environmental groups. Disney may also come to regret a recent increase in the cost of admission to the parks (NationMaster, 2008). This increase was made in the midst of an economic crisis that is impacting the amount of money families are able to spend on entertainment (NYTimes, 2004). The impact of this increase will become more apparent during the typically busy holiday season.

**Alternatives**

In order for the Walt Disney Company to reach its full potential in upcoming years and to avoid the potential impact of the financial crisis, the company should considering adopting one or more of the following alternatives.

*Reduce Ticket Prices*

Disney theme parks recently increased the cost of admittance by eight percent. This is the largest increase in prices in ten years. This would not have been a bad decision if the United States was not in the midst of a financial crisis. This price increase in combination with the economic issues is happening at a very inopportune time for the company. During a typical year the holiday season is the second busiest time of the year for the parks. With this price increase Disney should expect a great reduction in attendance. If instead of increasing ticket prices, Disney chose to decrease prices by ten percent during the holiday season, the company is almost guaranteed
to feel less impact of the economic recession. This price reduction would encourage families who may have been saving for a trip, to go now. This would boost sales during a key time of year for the company.

**Expand Consumer Products**
The Disney consumer product line is quite extensive and successful. There are however, some additional expansion modifications that could be of benefit to the company. The Disney Bridal House is the only clothing line currently run by the company that does not center all of its designs on the animated movie characters. Disney has already developed a couture line in attempt to break into the high fashion industry. This line, which is still only creating products emblazoned with the animated characters, has not been very successful up to this point. With Disney’s already developed name and creative expertise, this line could easily be changed from a flailing fashion line into a couture powerhouse. Even in times of economic crisis, the high fashion industry continues to flourish, as it caters to exceptionally wealthy individuals who tend to not be impacted as much by economic changes. Disney has already proven itself to be exceptional in marketing, reaching a variety of cultures worldwide, and in creativity. If Disney were to turn its couture line into a line of high end, chic, inventive pieces that are highly marketable, the company would easily be able to compete with industry essentials such as Dolce and Gabanna. If annual revenues of recent additions to the high fashion market are comparable, making this change in one line of the consumer product division could raise its contribution to company revenues from seven percent to anywhere from twelve to fifteen percent annually. For a company as innovative as Disney, a transition into the high fashion industry should not be a difficult one.

**Go Green**
The idea of going green is no longer a trend; it is quickly becoming the way of life. It is time for Disney to get on board. Disney theme parks serve four times as many guests as its competitors do and this traffic is causing the parks to have excessive issues with patron consumption and attraction emissions. So far The Disney Company has been hesitant to go green as they do not feel it will be “worth it” if it ruined the experience of the park for its visitors (Harris, 2007). Since going green is clearly the best thing for the environment, if it becomes common knowledge that Disney is choosing not to do so in
order to keep attendance rates above its competitors, environmental
groups may begin to target the company.

There are several ways the company can improve its environmentally
friendly status. One of the options is to migrate to green cleaners at
all of the company resorts and hotels. This will enable the company
to have full certification from the Green Lodging Program and will
eourage positive publicity. In the parks, Disney could focus efforts
on waste minimization and water and energy conservation. These
changes would not negatively impact the experience and would
positively impact the environment. Other changes the park could
make include: developing proactive guidelines for each attraction,
promoting habitat conservation, and educating employees and
guests. Making these changes would not change the experience of
Disney parks, only improve the environment and save money. Rivals
of Disney who have already adapted similar environmentally friendly
practices report savings of up to 60 million dollars.

**Recommendations**

After in depth analysis of The Walt Disney Company the alternatives
that would have the most positive impact on the company are Going
Green and Expanding Consumer Products.

**Go Green**
While going green may initially be one of the more difficult and
expensive adjustments to make, it will have the largest pay off
overall. Not only will it save the company money, but it will
eourage positive publicity and go a long way in maintaining the
reputation Disney strives to have. The resource allocation strategy
Disney would need to implement this change would include hiring a
staff of individuals to not only set into motion the changes already
recommended, but to also continue research on any new
advancements that may help the company. The cost of this
additional staff in combination with implementing the suggested
changes will have an initial cost of over ten million dollars. The
savings Disney can expect to see will be over well 60 million dollars,
not including the swell in attendance that can be expected with an
increase in positive publicity. Going green is the best investment
Disney can make to set the foundation for a brighter future.
Expand Consumer Products
Expanding Consumer Products will be the easiest modification for Disney to make. The company is already familiar with the positive payout that comes with creativity. Creativity is the key to long term success in the high fashion industry. The implementation of this recommendation would entail hiring a new team of designers, preferably those who have studied under individuals already successful in the high fashion market. The employment of an additional marketing team groomed specifically for high fashion marketing would be a key factor in the success of this endeavor. Disney already has the rest of the tools necessary to make this transition into couture an easy one: exceptional creativity, a recognizable brand name, and the willingness to experiment with new ideas and concepts. This venture will have an initial cost of less than 5 million dollars and can be expected to more than triple that amount in revenue within the first year.

Conclusion
The Walt Disney Company has been wildly successful for over 50 years. The company is in no danger of losing its strong hold on the entertainment world. Combining the above alternatives will enable the company to successfully make it through the current financial difficulties the U.S. is experiencing without feeling the pain its competitors will.
Works Cited


