MKT Disney Case Question

1. **What factors contributed to EuroDisney’s poor performance during its first year of operation? What factors contributed to Hong Kong Disney’s poor performance during its first year?** 
   1. EuroDisney’s poor performance during its first year was a result of assuming the success of the“transplanting of Disney US based themed park in Japan”, would mean the same success in Paris. EuroDisney failed to properly evaluate market trends and customer needs, which also included failing to identify local cultural and patterns in Paris. Other reasons for poor performance include over estimating performance, making assumptions about the local market trends in Paris, not adapting their marketing message/product, and not properly researching/recognizing cultural differences in Paris. This can be seen as in paragraph two of page one, where European’s find it expensive to spend $280 a day for attractions not including a hotel room and food. Examples can also be seen with EuroDisney’s ban on alcohol in the park. Having a meal without wine was unthinkable in the Paris culture, as seen in paragraph 2 on page 2. EuroDisney also only offered one type of sausage which was unheard of in Paris with their intense local sausage culture, as seen in paragraph 7 of page 3. EuroDisney also assumed that European’s don’t eat breakfast (even though they are big breakfast eater), as seen in paragraph 6 on page 2. This asumption lead to the park’s restaurants being understaffed and underprepared during breakfast. Another assumption made was that Europeans would want to stay at least 3 days at EuroDisney, just like other Disney parks. This was not true, and it turned out most people could complete all the rides at EuroDisney in about 5 hours, as seen in paragraph 7 of page 2. Vacation customs were also not taken into consideration as need in paragraph 8 of page 2. Promotional elements of EuroDisney were also said to be more focused on the size of the park rather than the value of the experience, which ruined the magic; as seen in paragraph 9 of page 2. EuroDisney should have done more research about local market trends, regional demographics, and market diversification/development before entering Paris. Lots of the predictions were based on assumptions. The predications turned out to be significantly lower than actual numbers resulting in major losses, as seen in paragraph 5 and 6 on page 1. EuroDisney also did not properly evaluate competitors in Paris, as seen in paragraph 7 and 9 of page 1. Overestimations of the Paris market share, performance, and understanding of the local environment/culture led to many losses and poor performance in the first year of operation for EuroDisney; as seen in the 9th paragraph no page 1. The common denominator in all EuroDisney’s mistakes seemed to be centered on assumptions of environments (as seen in paragraph 2, 3,4 and 5 on Page 2) and assuming that their way is the best way (Ethnocentrism). EuroDisney had a “kick the door down type attitude”, they had a limited mindset and only wanted it their way as seen in paragraph 1 on Page 2. Had EuroDisney better research their market development/ diversification strategies and local consumer interest’s, they would have significantly reduced their failures and losses in the first year.
   2. Even though Disney was determined to not make the same cultural and management mistakes in China that had plagued in Euro Disney, Hong Kong Disney’s poor performance during its first year was a result of similar mistakes made on behalf of Disney. This includes not properly researching local environment and demographics before development/diversification of the market of Hong Kong occurred. Things like the customer’s opinion of the small size of the park are things that held Hong Kong Disney back from success. Although Hong Kong Disney was able to successfully integrate Chinese cultural elements such as feng shui into the park which resulted in great performance the first year, the second year quickly fell to disappointment in poor performance as a result from customer complaints about the small size of the park and the unfamiliarity between locals and Disney cast characters, as seen in paragraph 5 of page 4. Some locals even stated that Disney failed to differentiate it ‘self from other parks in Hong Kong, as seen in paragraph 6 on page 4. Locals did not know or understand the Disney characters and references which made the park less unique to them. Chinese tourists unfamiliar with Disney’s traditional stories were sometimes left bewildered by the Hong Kong park’s attractions. Also, advertising in China included four family members even though China’s government limits most couples to one child and two parents. Had Disney performed adequate research and development for the understanding of market development/diversification in these trends, markets, environments, and cultures of Hong Kong, they would have had a better idea of the customer needs and would not have experienced so many losses and road bumps along the way.
2. To what degree do you consider that these factors were (a) foreseeable and (b) controllable by EuroDisney, Hong Kong Disney, or the parent company, Disney?

I feel that most of these factors that contributed to poor performance in the first year for both EuroDisney and Hong Kong Disney could have been somewhat foreseeable and controllable with proper research of market development/diversification strategies. Had EuroDisney done more research, they would be aware that the French were the world’s biggest consumer of wine (as seen in paragraph 3 on page 2), and it would not smart to have a ban on alcohol in the park of Paris. Had Hong Kong Disney done more research, they would have been aware beforehand about the government limitation on children per couple and would not have had to readjust their marketing/advertising/promotional campaign, as seen in paragraph 11 on page 4.

1. What role does ethnocentrism play in the story of EuroDisney’s launch?

EuroDisney believed they would experience success in transplanting a Disney US based themed park in Paris since is experienced a uniquely rare success in Japan, as seen in paragraph 9 no page 3. EuroDisney got full of itself. Some even assumed that EuroDisney couldn’t fail since it was running by Chairman Eisner and President Wells. People said that anything these two touched would be perfect and they never made a mistake, as seen in paragraph 5 on page 2. Others even stated that a EuroDisney had a “kick the door down type attitude”, they had a limited mindset and only wanted it their way or the highway; as seen in paragraph 1 on Page 2. With all this EuroDisney began to assume that their idea/way was superior and would be more successful than any other way/idea. This led to the closemindedness of EuroDisney, and unwillingness to try anyone else’s way until complete failure has occurred; as seen in both cases, EuroDisney and Hong Kong Disney. Ethnocentrism was a significant issue faced in both instances.

1. How do you assess the cross-cultural marketing skills of Disney?

Disney was able to figure out their cross-cultural marketing skills through trial and error, but they could have improved this process with better research and development. Instead of trying whatever strategies was waiting to hear back on errors to improve, Disney could have done their homework before hand so eliminate the possibility of errors to begin with. Had EuroDisney done more research, they would be aware that the French were the world’s biggest consumer of wine (as seen in paragraph 3 on page 2), and it would not smart to have a ban on alcohol in the park of Paris. Had Hong Kong Disney done more research, they would have been aware beforehand about the government limitation on children per couple and would not have had to readjust their marketing/advertising/promotional campaign, as seen in paragraph 11 on page 4. This can also be seen in the sausage example with EuroDisney and the incorporation of Chinese culture example with Hong Kong Disney. Cross-cultural marketing skills of Disney could have been improved from the beginning with proper research and development, but in the end, Disney was able to adjust their strategies to incorporate cultural elements into the marketing of Disney in other countries.

1. Why did success in Tokyo predispose Disney management to be too optimistic in their expectations of success in France? In China? Discuss.

EuroDisney’s assumed that the success of “transplanting of Disney US based themed park in Japan/Tokyo”, would mean the same success in Paris and in China. EuroDisney failed to properly evaluate market trends and customer needs, which also included failing to identify local cultural and patterns in Paris and in China. Other reasons for poor performance include over estimating performance, making assumptions about the local market trends in Paris, not adapting their marketing message/product, and not properly researching/recognizing cultural differences in Paris. Had Disney performed adequate research and development for the understanding of market development/diversification in these trends, markets, environments, and cultures of Hong Kong, they would have had a better idea of the customer needs and would not have experienced so many losses and road bumps along the way. After success in Tokyo, some assumed that EuroDisney and Hong Kong Disney couldn’t fail since it was running by Chairman Eisner and President Wells. People said that anything these two touched would be perfect and they never made a mistake, as seen in paragraph 5 on page 2. Others even stated that a EuroDisney had a “kick the door down type attitude”, their way would be the superior and successful way; as seen in paragraph 1 on Page 2. These successes may have made Disney’s management more optimistic, but in a way, it also blinded them from reality and what is actually feasible. Lots of the problems both EuroDisney and Hong Kong Disney faced were the result of insufficient research and understanding upfront. This could imply that Disney’s successes made them more optimistic and confidant and in that they felt they did not need to do as much research and development due to this blinding optimism. In the end, Disney was able to overcome its challenges and remain optimistic.

1. Why do you think the experience in France didn’t help Disney avoid some of the problems in Hong Kong?

The experiences in France didn’t help Disney avoid some of the problems in Hong Kong, because each country contains its own set of unique experiences. Culture observed in France will be extremely different from culture in Hong Kong. Culture in France in no way could help you predict what culture will be like in Hong Kong. All you will know is that it will be extremely different. You will need to do your research and observe the differences and to be prepared for them. Since Disney failed to properly research trends beforehand in France, they would not know to research Hong Kong just based on France culture alone. Both had significant difference, the best way to prepare yourself for these differences is proper research and development of marketing diversification/development strategies and local cultures/environments/trends/norms.

1. Now that Hong Kong Disney is up and running, will the Shanghai development benefit from the Hong Kong experience?

Now that Disney Hong Kong is up and running, Disney will have a better idea of methods to use to adapt their product to local consumer interest and trends, but Disney will still need to do research to see what these local consumer trends and interest entail in Shanghai. As we know, these vary significantly on location, so doing your research beforehand will help decrease possibilities of road bumps along the way. Shanghai development will benefit from the Hong Kong experience in the since that they will have a better idea how to adapt their products to the local trends and consumer interest. Disney will still need to conduct proper research to identify the local trends and consumer interests in Shanghai.

1. Now that Disney has opened Hong Kong Disney and begun work on the Shanghai location, where and when should it go next? Assume you are a consultant hired to give Disney advice on the issue of where and when to go next. Pick three locations and select the one you think will be the best new location for “Disneyland X.” Discuss.

Now that Hong Kong Disney is opened and Shanghai has begun, three locations to choose from next include Dubai, Athens, and Antalya. All these locations were picked to give Disney access to nations between Europe and Asia. As most Disney locations are in east Asia, West Europe, and the United States. This new location on the globe will introduce more western Asian and easter European countries to Disney. Dubia has the lowest corruption ratings but has the smallest land by area. Athens would allow for the most geographical area for construction, and it has better corruption rating compared to Antalya. This would imply that Athens, Greece would be a good location for Disney to consider for their next location.

1. Given your choice of locale X for the newest Disneyland, what are the operational implications of the history of EuroDisney and Disney Hong Kong for the new park?

In both Paris and Japan Disney did not properly research, evaluate, and understand cultural differences and consumer interests from the beginning. They had to learn the hard way with trail by error to correct their way to success. Had Disney performed proper research from the start, they could have avoided many struggles encountered in both Japan and Paris. A result of this is that Disney now has the experience of learning how to adapt to such struggles and trends, but in the future, it would be smart for Disney to preform proper research and development before entering into the country of choice. These precautions will ensure a smoother market development/diversification process for the new park location in Athens, Greece compared to locations in Paris and Hong Kong.