

Walt Disney – The Evolution of the Brand

"Animation can explain whatever the mind of man can conceive. This facility makes it the most versatile and explicit means of communication yet devised for quick mass appreciation."

-Walt Disney, Founder, Walt Disney Group of Companies.

"For better or worse, his innovations have shaped our world and the way we experience it. But the most significant thing Walt Disney made was a good name for himself."

-TIME Magazine¹

"Disney boldly diversified into television, commercials, music, comic strips and amusement parks at a time when other studios could think of little but celluloid."

-The Economist²

DISNEY LIVES ON...

Finding Nemo, an animation movie about the adventures of a fish called Nemo, jointly produced by Walt Disney Co and Pixar Animation Studios, was the top movie in the USA and Canada during the summer of 2003. It raked in an estimated \$ 70.6 million in opening ticket sales alone and had the biggest debut in the history of Disney pictures. This was also the biggest opening ever for an animated film. *Finding Nemo* won critical acclaim as well. The movie was appreciated by movie-goers, both children and adults, and proved that the Disney magic still continued.

Disney was one of the most successful names in the field of animation. In fact, many wrongly believed that Walt Disney was the inventor of animation. However, there is no doubt that it was Disney who made animation what it is today. The widespread popularity animation enjoyed for a long time was due to him. He used technological innovations to improve its quality. His name was associated with pure entertainment. His creation Mickey Mouse, was as popular at the beginning of the 21st century as it was when Disney had first created it more than 75 years ago. Much of Walt Disney's success was due to his extraordinary management skills. He pioneered branding, brand-stretching and merchandising, and all that later became integral to the world of Hollywood. In 1938, with the film *Snow White*, he became the first producer to have a complete merchandising campaign for a film. He started Mickey Mouse Clubs for children which offered them games and prizes, to cement their loyalty to the company. Millions of consumer products were sold all over the world under the Disney brand. Walt Disney's extraordinary marketing efforts have managed to keep his name alive even after 27 years of his death.

The Walt Disney Group of Companies was a diversified entertainment house which had business interests in media, resorts and parks, studios, consumer products and the internet (Refer Exhibit I for an overview of the Groups businesses). Disney was one of the biggest names in the business of entertainment and the group was known the world over for high quality entertainment. Disney resorts attracted millions of visitors every year, while Disney products remained popular across the globe. Movies made by the Walt Disney studios have often been the top-grossers of the year. In 2002, the The Walt Disney Group sold goods worth almost \$22 billion and made a net income of over one billion dollars (Refer Exhibit II).

¹ Richard Schickel, "Ruler of The Magic Kingdom - Walt Disney", Time 100 Polls, Time

² "America's Sorcerer", The Economist, July 8, 1998.

BACKGROUND

Walter Elias Disney (Disney) was born on December 5, 1901, in Chicago, Illinois. His parents, Elias and Flora Disney had five children and he was the fourth among them. His father was of Irish-Canadian descent, while his mother was of German-American descent. Disney therefore, was exposed to a variety of cultures and customs as a child. When Disney was five years old, the family moved to Missouri, where Elias Disney took up farming with the help of his two older sons, Herbert and Raymond. In 1908, Herbert and Raymond left the farm, to seek their fortunes in Chicago. Elias continued farming for a few more years, until he contracted typhoid in the fall of 1910 and almost died. With no help available to run the farm, the Disney family sold it and moved to Kansas City.

In Kansas City, Elias bought a newspaper route and employed his other two sons, Roy and Walt as newspaper delivery boys. Disney continued with school as he worked, and spent all his spare time drawing pictures of animals and other objects. Even as a child he was able to sell sketches and drawings to his neighbors. He even created his own version of a popular comic strip of that time called "Maggie and Jiggs". As a child, Disney often performed short skits at school. Once he even memorized President Lincoln's Gettysburg Address³ and went to school dressed like Lincoln to enact it for his fellow students. He entertained his teachers and class-mates by imitating Charlie Chaplin⁴ and narrated stories supplementing them with illustrations on the school chalk board.

While he was still in school, Disney also attended the Chicago Institute of Art to hone his drawing skills. In 1918, during the First World War, he joined the Red Cross and went to France to serve as an ambulance driver. He worked in France for a year and in 1919 returned home with the intention of pursuing a career as a commercial artist. His brother, Roy Disney helped him get a job at the Pesmen-Rubin Commercial Art Studio, where he worked on illustrating farm equipment catalogues. The studio did not do well and Disney was laid off.

Disney and another laid-off colleague, Ub Iwerks, then decided to start their own commercial art studio. In December 1919, they started the Iwerks-Disney Commercial Artists firm. The firm did not succeed and had to be wound up. Both the partners then joined the Kansas City Ad Company which made animated commercials. This marked Disney's foray into animation. At that time, animation technology was still in its infancy and cartoons were jerky and repetitive. Even so, the public was fascinated by this new form of entertainment. Disney spotted the potential in animation and wanted to improve the way the cartoons were made. He started reading books to find out how animation technology could be improved.

In 1920, (while continuing in his job at the ad studio) he decided to enter the business of making cartoons and rented his father's garage to use it as a studio. At that time, Kansas City theaters were hiring cartoons made by animators from the east coast. Disney decided to target this market by making cartoons with a local twist. He sold this idea to the Newman Theater and started making his own cartoons called the Newman Laugh-O-grams. Disney was successful with the cartoons, but did not make any money as he set the price of these cartoons very low. However, he had made a start in the cartoon business.

³ The Gettysburg Address was a speech made by President Lincoln in 1863 during the American Civil War.

⁴ A popular producer, director and actor of comedy movies in the early 1900s.

As the cartoons gained popularity, Disney left his job at the Ad Company and immersed himself in creating more cartoons. In 1922, he raised \$15,000 from some investors, hired a few assistants, and incorporated a new company, called the Laugh-O-gram Films. He soon got a client who offered to pay him \$11,100 for a series of fairy-tale cartoons. However, after six months, the client claimed bankruptcy and Disney could not get any money from him. The business collapsed and his workers left him. Disney did not have money even for food and rent and had to give up his house and move into the Laugh-O-grams office.

Sometime later, he got a \$500 contract to do a film on dental hygiene. He invested the money he got for the film in making a new animation movie called "*Alice's Wonderland*". But before he could complete the project, he was forced to declare bankruptcy. With the unfinished film in hand, he went to California. There, he tried for minor acting roles in Hollywood. But things did not work out there either. He got back to his original work of animation and set up a studio in the garage of his Uncle Robert. He then wrote to Margaret J. Wrinkler (a film distributor), in New York, that he was setting up a studio in Los Angeles, to produce a set of new and novel series of cartoons. He proceeded to complete his unfinished "*Alice's Adventures*" and a series of other Alice cartoons which were about a real little girl and a set of animation characters. Wrinkler bought each of these cartoons for \$1500. This marked the beginning of Disney in the animation business.

The realization that he did not have an aptitude for running a business, made Walt Disney convince his brother Roy Disney to become his partner to look after the financial aspects of the work. In 1923, they started the Disney Brothers Studio with their own savings and some money borrowed from their parents and Uncle Robert. They bought a used camera, hired a few assistants and embarked on their new venture. In 1925, Disney got married to Lillian Bounds, an employee of their company. They had two daughters, Diane and Sharon. In 1926, Disney started a new studio called the Walt Disney Studio.

Disney was a workaholic. He often left parties and social occasions half way through to complete unfinished work at the studio. The Disney Brothers continued the production of *Alice Adventures* and were successful for quite some time. However, Wrinkler soon handed over the business to her husband Charles Mintz (Mintz). Mintz was a difficult person to work with and often criticized Disney. By then, the appeal of the Alice series had also begun to wane and Disney began to work on a new character called, 'Oswald – the Lucky Rabbit'.

Oswald gained popularity and Disney felt that he could re-negotiate his contract with Mintz for better terms. With this aim in mind, he set off to New York with his wife. However, he was taken aback when he found out that Mintz had lured away his workers with a better offer and that Mintz and Universal Pictures legally owned the rights for Oswald. Disney realized that he had no legal claims over his character. Mintz demanded that Disney should work exclusively for him and should give up his own business. Disney refused and so they parted ways.

THE MOUSE THAT MADE IT

Disney knew that he had to create a new character to make up for the loss of Oswald. On the train journey back from New York to Los Angeles, he visualized his new character, a mouse, who he wanted to call **Mortimer**. But his wife did not like the name and suggested '**Mickey**' instead. He took her advice and the most famous mouse in the world was born.

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Initially it was not easy to sell Mickey Mouse (Mickey). He was just another new cartoon and had to compete with the more popular Felix the Cat⁵ and Oswald. Disney saw a way to overcome the competition. He synchronized "*Steamboat Willie*," one of the three Mickey cartoons that he had made, to sound (Refer Exhibit-III for picture). He sought the help of Pat Powers, a distributor who helped him purchase the required sound equipment and even agreed to distribute the cartoons. This was a major step in the path to fame. When the cartoon was screened in November 1927, the public and the reviewers loved it. Disney soon became popular and his business grew. He hired more assistants to start new enterprises.

More Mickey cartoons followed and Mickey, the mouse soon eclipsed Felix, the Cat as the world's most loved animated character. Between 1929 and 1932, more than a million children joined the Mickey Mouse Club. Franklin Roosevelt, Benito Mussolini, the then Nizam of Hyderabad and King George V of England were all Mickey fans. Mickey's popularity spawned new off-shoots. Walt Disney and Ub Iwerks started a new newspaper comic strip based on Mickey.

The success of Mickey encouraged Disney to think about new cartoons characters and series. He decided to work on a new series in which animation pieces would be set to classical music. This broke the regular mold of animated films and gave his animators a chance to experiment with newer themes. He called this series "*Silly Symphonies*".

The first cartoon in this series was called "*Skeleton Dance*" and featured dancing skulls and bones. Distributors were initially apprehensive and were reluctant to market these cartoons. But the series soon caught on and became successful. Disney soon set up another unit of animators separate from the Mickey animators.

Meanwhile, relations with Pat Powers soured when the Disney brothers realized that Powers had been withholding money from them. They decided to part ways. Disney cartoons continued to gain popularity. A number of support characters like Donald Duck, Pluto and Goofy were created and they soon became stars in their own right. The *Silly Symphonies* shows too expanded. Disney then decided that it was time to experiment with color. He took a nearly finished *Silly Symphonies* cartoon called "*Flowers and Trees*" and redid it entirely in Technicolor. This piece won Disney his first Academy Award⁶ in 1932.

Disney continued to experiment and in 1935, Mickey made his debut in color. He also started experimenting with color to add depth to the cartoons. After being successful in making short films, Disney decided to venture into making full length feature films. Many people thought that a feature-length animated film was not a good idea and tried to dissuade Disney. They felt that the cost involved in making such a film would be too high and did not believe that Disney could come up with a story that would keep the audience interested in it for more than an hour.

But Disney persisted. He knew that people were getting fed up with the predictable cartoons that that were being churned out and wanted something different. New cartoon characters like *Popeye*,⁷ were also beginning to compete with Mickey in

⁵ Felix was a cartoon cat created in the early 1900s by cartoonist Otto Messmer. He first appeared in a short film called *Feline Follies*.

⁶ The Academy Awards, or the Oscars as they are popularly known, are given by the Academy of Motion Picture Arts and Sciences (USA), in the field of motion picture entertainment. The first Academy Awards ceremony was held in 1929.

⁷ Popeye the Sailor, a popular cartoon character was created by cartoonist Elzie Segar in 1929 for a popular comic strip "*Thimble Theater*". He made his first screen appearance in Fleischer Studios' cartoon entitled *Popeye The Sailor*.

popularity. Therefore, he felt that a full length animated feature had a good chance of succeeding. He chose the story of *Snow White* as the subject for his first animated feature film.

He carefully developed the idea of *Snow White*. "I knew if we wanted to get anywhere we'd have to go beyond the short subject" said Disney.⁸ He knew that the story of *Snow White* was the right subject as it had in it all the elements necessary for a story's success – romance, sympathy, evil and comedy. His team, on the other hand, was not convinced. To convince them, he acted out the whole story himself. In December 1937, *Snow White* was released at a premiere attended by the biggest names in Hollywood then. It was a huge success, winning critical as well as commercial acclaim, and Disney had created animation history.

BOUQUETS AND BRICKBATS

With the success of *Snow White*, Disney became a successful Hollywood producer. With the money generated by the success of the film, he started building a new studio in Burbank, with state-of-the-art facilities. He invested \$3 million in the new studio. While the studio was being constructed, Disney animators continued working on three new projects, "*Pinochio*", "*Bambi*" and "*Fantasia*". All of these feature films made new strides in the world of animation.

However, all was not well on the human resources front. The success of *Snow White* and the huge amounts being spent on the new studio made his employees believe that Disney had a lot of money, and they demanded higher pay. In reality, Disney was not as well off as he seemed to be. The uncertain political situation of that time and the outbreak of the Second World War, restricted his market. In the first place, Disney was never good at running a business. There was never a budget that he would not go over. He took decisions without any concern for monetary constraints. There were times when he re-did a nearly complete project because he was not satisfied with it.

His fetish for artistic realism meant that the three new projects also fell behind schedule. Things reached a peak when his animators struck work with the help of an outside union, to demand higher wages. Disney was completely disillusioned with the state of things. Till then, he had always considered his workers as part of his family but this new turn of events shocked him. He tried to talk to the striking workers and win them over, but to no avail. This dawned on him the realization that business was business and there was no such thing as loyalty in business.

When the US was drawn into the Second World War⁹, the army occupied the Disney studio and made it their camp. The purpose was to protect the nearby Lockheed aircraft plant which was critical to the America's security.

Before this, Disney was working on "*Bambi*" and some other fairy tales, like *Peter Pan* and *Alice in Wonderland*. But because of the War, he put everything else on hold and worked on making films for the military. He made animated training films and other such projects. He made a film about paying taxes called the "*New Spirit*". A survey showed that 37% of the people who saw the film were more willing to pay taxes than before. Although the films were successful, they did not bring in any money because they were contracts with the government. The money earned from most of the projects covered only the costs and there were no profits earned.

⁸ Disney.go.com

⁹ The Second World War occurred from 1939 to 1945. USA was drawn into the War after the bombing of the US naval base - Pearl Harbour by the Japanese in December 1941.

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By the end of the war, the studio was in deep debt. With no funds to take up ambitious projects, the Disney studio made short films with limited artistic beauty. The fall in revenues, forced Disney to go public. He issued 155,000 shares of convertible preferred stock through which he raised \$3.5 million. With this money that he raised, he soon started off new projects, in three areas—animation, True Life Adventures and Live action films.

After the war, Disney took up the production of an animated film called "*Cinderella*", which went on to become a huge success. But it was with *True Life Adventures* that Disney tasted real success. This was something new and different from what had been attempted earlier. Disney sent a couple of film makers to Alaska to create some footage of seals. The footage was spruced up with slick editing, good narrative and music. This was released as "*Seal Island*", and was very successful. Disney made 13 True Life Adventures in all and eight of them won Academy Awards.

His next move was into making live action films. His first such movie, "*Treasure Island*" was filmed in England. His distributors tried to dissuade him from shifting from animation to live action, but Disney persisted. His sense of story, attention to detail and perfectionism helped him make a success of the new venture as well.

DISNEYLAND – A FANTASY WORLD

It was in the early 1940s that Disney got the idea for Disneyland. He was trying to entertain his two daughters on weekends when he realized that there was no clean, safe place where children could be entertained at a reasonable cost. He got the idea of starting a new place that would fit the bill. He started working on a series of ideas including that of an amusement park with joy rides and a traveling show which would go to the people. But none of these ideas satisfied him. He finally conceptualized an amusement park, which would entertain children as well as their adult companions.

He decided to call this project, Disneyland. The Disneyland project met with stiff opposition from all the people Disney knew. His well wishers advised him against putting his money on a project of such large scale. Since the studio had issued shares to the public, Roy and others felt that the shareholders would not take kindly to using the company's money in such a risky venture. But Disney wouldn't budge. He borrowed funds against his life insurance, sold his vacation home in Palm Springs and even borrowed money from his employees to pursue his dream.

Disney incorporated his company, resulting in Walt Disney Incorporated, which later came to be called WED (Walter Elias Disney), to work on the new project. He even visited a number of parks in the US and around the world to evolve new ideas for Disneyland.

The short-fall in money was overcome by entering into an agreement with the ABC networks,¹⁰ a television channel. ABC invested \$500,000 in cash and guaranteed another \$4.5 million in loans, in return for a one-third ownership in the park and a one hour television show to be made by Disney, for ABC. The show, also called *Disneyland*, was to be introduced by Walt Disney himself. This was to make Disney's face as popular as his name was.

¹⁰ American Broadcasting Corporation. One of the biggest television networks in the US.

Disneyland park was opened in July 1955. Disney had sent out a select 300 invitations for the opening, but the invitations were faked and 30,000 people turned up for the opening, creating chaos and throwing plans awry. The crowds resulted in a number of rides being broken down on the opening day. There were not enough refreshments for all the people and all the roads leading to Disneyland were jammed. But things were soon rectified and one million people visited Disneyland in the first seven weeks of opening.

DISNEY ON TV

Television, to which Disney turned a source of funding for the Disneyland project, soon became a major part of the Disney empire. Disney became a big name on television. The show helped ABC a great deal too. For three years, Disneyland was the only show on ABC that was rated among the top 15 programs on television. The success of the 'Disneyland' show led to more shows like *Dumbo*, *The Mickey Mouse Club* and *Zorro*. *The Mickey Mouse Club*, which began to be aired in October 1955, was the first show that Disney designed exclusively for children. It was a one-hour program aired on weekdays. The show was watched by more than 75% of the households in America and also started Disney off in the merchandise businesses. For a long time, the mouse ear caps worn by the Mouseketeers (the children who featured on the show) sold at a rate of over 20,000 a day. More than 200 other items were also merchandised.

The second season of *The Mickey Mouse Club* was more successful than the first. But ABC network had a problem trying to find sponsors who would advertise to an audience primarily comprising of children. As a result, the duration of the show was cut to half-an-hour during its third season on air. Also, ABC refused to revive '*Zorro*' for a third season. Disney did not like this and also felt that the channel was focusing more on commercials, causing viewers to lose interest in the programs. He decided to stop making shows for ABC. ABC contended that Disney could not take the shows to a rival channel, but after a successful lawsuit, Disney was able to offer the programs on other networks under the name *Walt Disney Presents*. In 1960, he also bought back ABC's one-third stake in Disneyland.

With he being fully involved with the Disneyland project, Disney was not able to concentrate on the studio. The studio did turn out a number of pictures in the 1960s, but these did not have Disney's aesthetic touch. The Disney pictures of that era include *Sleeping Beauty*, *101 Dalmatians*, *The Lady and the Tramp*, *Swiss Family Robinson* and *Pollyanna*. Although the pictures did reasonably well at the box office, they were not able to bring in enough money to meet costs and make profits. Movies like *Sleeping Beauty* were made at a very high cost. *Pollyanna*, was one that was appreciated but did not make money. *Bambi*, when it was re-released in theaters, was more successful than the first time. 'Buena Vista', the distributor division of Disney pictures then started the practice of re-releasing Disney Classics into theaters after seven years.

By 1961, Disney had paid back all his debts and all revenue now went to the studio directly. The same year, Walt and Roy Disney started CalArts, an institute that provided training in all kind of arts. CalArts was established by merging the Los Angeles Conservatory of Music and the Chouinard Art Institute. Disney had often trained his own animators. He knew that there was no place where the animators could learn the finer skills of animation and acquire the expertise he demanded of them. Disney conceived the new place as a school where all performing and creative arts

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would be taught under one roof, to professionalize training in arts. "If I can help provide a place to develop the talent of the future, I think I will have accomplished something," said Disney.¹¹

There were times when Disney wanted to move out of animation, fairy tales and children's adventures. He was impressed by serious movies like "**To Kill a Mocking Bird**"¹². In the 1960s after seeing this movie, Disney is said to have remarked to his son-in-law, Ron Miller that he would have liked to make a picture like it. But Disney knew that it was impossible for him to break away from his image. "He was very frustrated. Walt had created this image and got locked in it" said Miller.¹³

In 1964, Disney made one of his most memorable movies ever – "*Mary Poppins*". The studio had been trying to get the movie rights for the book¹⁴ for over 12 years and was finally successful. The movie, a musical, was released in August 1964, to critical and commercial acclaim. It received 13 Academy Award nominations. In the same year, President Johnson presented Disney with the 'Medal of Freedom', the highest civilian honor of the US.

In the early 1960s, the project which consumed Disney's attention was the plan for a new city, which he called EPCOT (Experimental Prototype Community of Tomorrow). This was to be based in Florida and was to include all scientific advancements of that time. He wanted to start yet another theme park in Florida. He began to spend most of his time reading books on city planning and devising plans to make EPCOT, a never before phenomenon. The plan for the project was approved in 1966 by the Florida legislature.

Unfortunately, Disney could not see his dream being realized. He passed away in December 1966, at the age of 65, following a surgery for lung cancer. Ironically, after Disney's death, the prices of his company's shares actually rose. The company was managed by his brother Roy Disney, who had become the chairman. The Florida project was officially named "**Walt Disney World**" and in 1971, the theme park was opened to the public. Work on EPCOT continued even after Walt's death.

DISNEY AFTER WALT

After Roy Disney's death in 1971, Don Tatum became the chairman and Card Walker, the president of the Disney Group. Ron Miller became the executive producer. The successors lacked the vision of Walt and Roy Disney and almost led the company to bankruptcy. Initially, the company had planned to fund the EPCOT project completely with outside sponsorship. However, as the work progressed, some part of the company's internal surpluses had to be ploughed into the project. This led to a severe resource crunch. Another major problem cropped up when, in 1979, 14 of the best animators left the company. In 1980, after Tatum retired, Walker became the chairman of the Disney Group. In 1982 The EPCOT center was finally opened and plans were made for a new Disney channel on television.

¹¹ www.animatedmovies.net

¹² "To Kill a Mocking Bird" was a much acclaimed trial movie, made in 1962. It was adapted from a Pulitzer Prize winning novel of the same name written by Harper Lee in 1960.

¹³ Disney.go.com

¹⁴ *Mary Poppins* is a book written by Pamela L. Travers, published in 1934. "Mary Poppins" is also the name of the lead character in the book and its sequels.

In 1983, the Disney Group started the **Tokyo Disneyland**, in association with Oriental Land Company, a leading developer of theme parks, resorts, restaurants and leisure centers in Japan. In the same year, the **Disney Channel** was also launched. The channel aired programs created exclusively for it by the Disney media networks. It also broadcasted shows on special events at the various Disney resorts. In 1983, Walker resigned from his post and Ron Miller became the CEO. After just a month, Miller gave up his post to Ray Watson. By the early 1980s, this leadership crisis resulted in a number of corporate houses attempting to take over Disney. This uncertainty resulted in a steep fall in the prices of Disney's shares. The share prices fell from \$84 in 1983 to \$45 in 1984.

Saul Steinberg (Steinberg), the chairman of the Reliance Group Holdings Inc¹⁵ started making serious bids to acquire stock in the Disney Group. By April, 1984 he had acquired 8.3% of the stock and announced his plans to soon acquire 25% before long. Recognizing the threat, the Disney Group started making defensive moves. It started acquiring companies like Gibson Greetings and Arvida, a land development firm, through stock swap deals. The company also announced its decision to buy back shares at a premium. Steinberg agreed to re-sell his stock at a premium of \$32 million and for an additional \$28 million for his expenses. All this added to the huge debt of the company. By the mid-1980s, what was needed was a change in leadership to effect a turnaround.

In 1984, Michael Eisner and Frank Wells were brought in as the chairman and the president respectively. Eisner and Wells began by revamping the entire internal structure of the company. To restructure the group, they brought in 60 executives from Warner Bros. and Paramount Studios, two of the major movie studios in Hollywood and retrenched over 1000 Disney employees. They developed a new culture of complete commitment to the company among the employees. The employees were expected to stay late every night and work seven days a week. A number of changes in the company were brought about by setting up a new strategic planning department, and focus was on strategic alliances and acquisitions that would help the company move forward.

The new leadership consolidated the different businesses of the Walt Disney Group and expanded the core business of animated family entertainment. In 1984, the company branched out into adult entertainment with *Splash*, a romantic comedy released by Touchstone Pictures, a wholly owned subsidiary of Walt Disney Pictures. After this, in an effort to provide more diversified entertainment, the Studio gradually branched out into making R-rated movies (movies which children cannot attend on their own).

The company opened its first **Disney Store** in 1987, in California. The Disney Stores created a themed retail environment by exclusively storing Disney products like apparel, toys, comics' stationery and so on. They also sold tickets to the theme parks and resorts. (By 2003, there were about 550 Disney stores worldwide.)

In 1989, a new company called 'Hollywood Pictures' was added to the group to make big budget action films. The first picture released under the Hollywood Pictures banner was *Arachnophobia*. In 1993, Miramax Film Corporation, a leading art-house company was taken over. Subsequently, a number of pictures like *'Pulp Fiction'*, and *'Sirens'* were released under the Miramax banner. The company opened the **Paris Disneyland** (or Euro Disney) in 1992.

¹⁵ Reliance Group Holdings Inc. is a New York based company which underwrites a broad range of commercial property and provides personal-casualty and automobile insurance. It also provided information technology consulting services.

With the success of a number of its animated movies, like *The Lion King* and *Pocahontas*, the company regained its original identity as the leader in animated films. *The Lion King* was one of the most successful movies of the studio and also won two Academy Awards. In 1995, with the takeover of ABC networks, Disney became a truly diversified business house. In the same year, the company launched its internet division, **Disney Online**, to consolidate the Disney Group's wide ranging internet activities. It later acquired Infoseek Corporation, a publicly held internet company. Together, Disney Online and Infoseek launched Disney.go.com, an interactive internet portal from which users could obtain information on all Disney activities. In 1996, **Radio Disney** was launched on ABC Radio networks.

In 1996, the company also bought 25% stake and management control of a major league baseball team called California Angels. The team was later renamed Anaheim Angels. Later, remaining stake was acquired for \$140 million. (The team was sold in 2003 for \$180 m.) In 2001, the company bought Fox Family Worldwide from Rupert Murdoch¹⁶ and Haim Saban¹⁷ (each of who held 49.5 % stake) for \$5.3 billion. Through this deal, Disney acquired the Fox Family Channel, Fox Kids Europe and Fox Kids Latin America as well as the Saban Entertainment library, a production, distribution and merchandising company, which held over 6500 hours of program software for children's programs.

The company also entered into agreements with Coca Cola and Kellogg's to produce Disney branded juices and cereals respectively. The juices, branded 'Xtreme Coolers' depicted different Disney characters and targeted children. Kellogg introduced Disney branded cereals in three varieties and was also considering the introduction of crackers and cookies. In 2003, Disney was considering restructuring or sale of some of the Disney stores, which had become unprofitable. The company had been experimenting with re-structuring the stores with new lay-outs, product mixes and advertising strategies, but it had not succeeded. Consequently, the company was planning to sell the stores to a retail expert who would own the stores and take care of the day-to-day management but would pay Disney a royalty.

CONCLUSION

Disney was the biggest brand in the entertainment industry world over. Disney was a pioneer in the field of animation. He held the Guinness Record for winning the maximum number of Academy Awards ever. He won 48 Academy Awards and six Emmy Awards for his exemplary work.

The Disney brand, identifiable by its logo (which is a stylized version of Disney's signature) was one of the most recognized brands in the world. While it started with animated films, the brand went on to cover television channels, consumer products, Hollywood movies, even Disney parks and resorts. All these units were grouped around one core value – entertainment. The brand stood for quality, variety and fun. Disney was a brand that could successfully diversify into different areas focusing on its core values. The brand transcended the creator and was at least as strong at the beginning of the 21st century as it was when Disney was alive.

¹⁶ Rupert Murdoch is the founder of News Corporation, a vertically integrated global media company.

¹⁷ Haim Saban is the Chairman and CEO of Saban Equity Group, an equity investment company. He is also the founder of Fox Family Worldwide and Saban Entertainment.

Questions for Discussion:

1. Walt Disney first started out by making animated films and later diversified into other areas. Describe Disney's brand extension and diversification efforts.
 2. Walt Disney came from a humble background. In spite of his initial hurdles, he was able to create and sustain a highly successful entertainment business. Discuss the growth of the Walt Disney Group with special emphasis on the company's brand extension strategy.
 3. It is very difficult for a brand named after a person to sustain itself after the founder's death. But the value of the Walt Disney brand is as strong today as it was when the creator was alive. Examine the working of the Walt Disney Group after Disney's death.
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