

The Impact of COVID-19 on Disneyland

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ABSTRACT

COVID-19 is a very infectious disease and it can hurt people very badly. In this situation, people dare not have too much contact with others or even go out to work. As a result, people work fewer hours and put less effort into their jobs, which means they get paid less. People have to spend money on the necessities of life to make sure that they can sustain themselves, which means they have less money to spend on recreation. In this situation, many entertainment industries have been severely affected, and Disney Park is a good example. During COVID-19, changes in Disney parks' revenue, strategies to response COVID-19, and the Disneyland workforce caught the author's attention. Therefore, the author uses data analysis and comparative research methods to study the impact of COVID-19 on Disneyland in this paper. The author also studies and compares Disneyland's revenue and policies before and after COVID-19. Through analysis, the author finds that COVID-19 has a serious impact on Disneyland.

Keywords: *Disneyland, COVID-19, Revenue, Stock, Data Analysis*

1. INTRODUCTION

It's at the end of 2021, but COVID-19 is still spreading around the world. COVID-19 is a very infectious disease and it can cause a lot of harm to people's bodies. According to UCI Health, "the cytokine storm also can contribute to coagulopathy [clot formation], kidney damage and heart damage" [1]. COVID-19 can even kill people, and it is very terrible. COVID-19 is not only hurting people physically, and it is also causing a lot of psychological stress. Due to the high rate of transmission and mortality of COVID-19, people are worried about their health all the time, and they are even afraid to go out or go to work. In this situation, ordinary people's income decreases, and they may not go out to do some recreational activities, which means that people cannot spend as much money on recreational and rest activities as before. Therefore, many entertainment industries can't get the similar number of customers as usual, which means their income is reduced, and they may even face the risk of bankruptcy. Disneyland is a large amusement park and it provides many amusement facilities for people. Before the

outbreak of COVID-19, many people like to go to Disneyland for entertainment. But now, people are afraid to come into close contact with others because of COVID-19, and then there are fewer people to go to Disneyland, which would affect the revenue of Disney to some extent. The purpose of this study is to explore what significant impacts COVID-19 has had on Disneyland and how Disneyland has responded to the impact of COVID-19 on itself. Through analysis in this paper, the author is to inform people about the impact of COVID-19 on humanity and hope that people can work hard to defeat COVID-19.

2. THE SITUATION OF ENTERTAINMENT INDUSTRIES DURING COVID-19

2.1. The Severity of COVID-19

COVID-19 is extremely infective and it causes a high mortality rate. The rates of infection and death from COVID-19 are shown in Figure 1 and Figure 2.

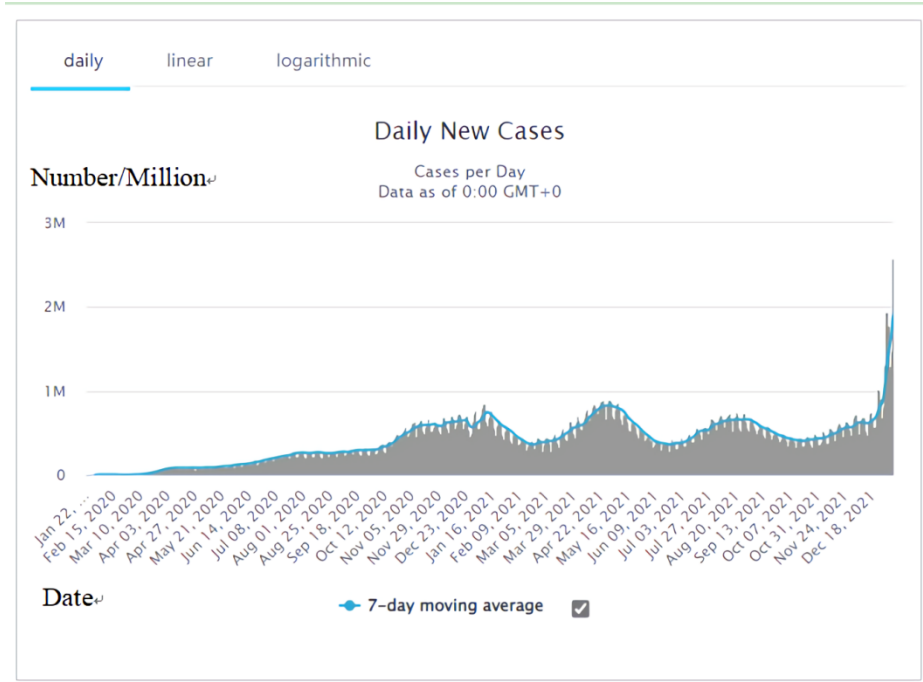


Figure 1. Daily New Cases of COVID-19 [2]

From the figure 1, it can be seen that COVID-19 is very infectious. Every month since June 2020, 250,000 to 750,000 people have contracted COVID-19, which is a very terrible number. In the face of such a huge daily

increase, people have to work hard to avoid contact with others to try to reduce their chances of contracting COVID-19.

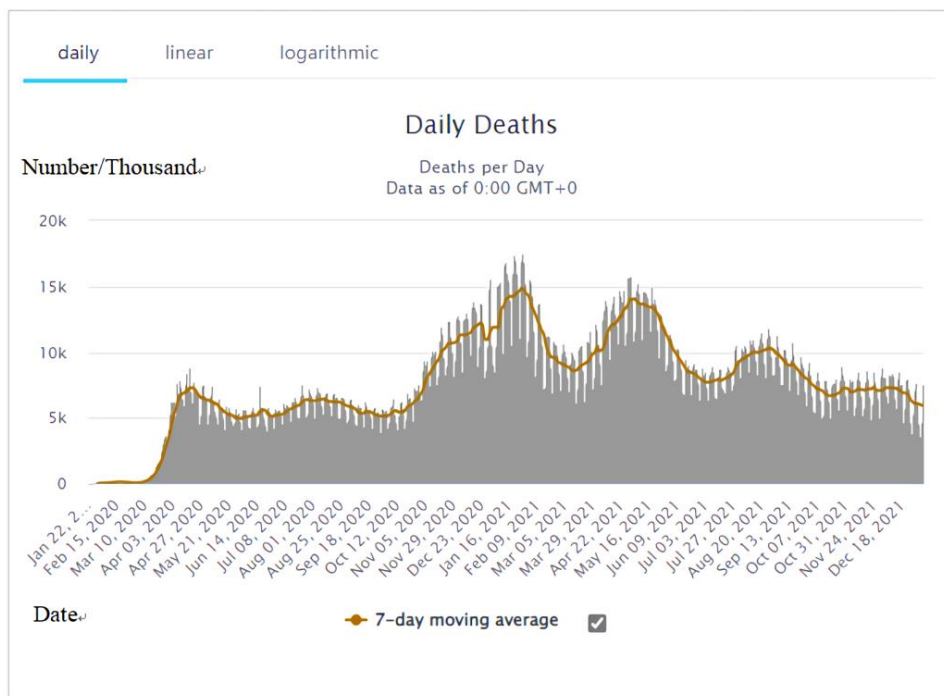


Figure 2. The number of Daily Deaths caused by COVID-19 [2]

From the figure 2, we can see that starting in April 2020, at least 5,000 people will die of COVID-19 every month. In the first half of 2021, the number of deaths due to COVID-19 even reached 15,000, which is very terrible. All these figures prove that COVID-19 poses a great threat to people's lives

2.2. The Impact of COVID-19 on Entertainment Industries

Due to the infectivity of COVID-19, people are afraid to go out at will, and they are even more afraid to go to

some places where there are a lot of people. Entertainment places usually have a large number of people. As a result, the entertainment industries are severely affected. According to Brad, “In 2020 the entire global theatrical and home/mobile entertainment market totaled \$80.8 billion, the lowest figure since 2016

and a decline of 18% from 2019” [3]. During COVID-19, these entertainment companies can't get enough customers, which means they lose a lot of money, thus causing a significant decrease in their revenue. The Figure 3 below shows that the revenues and profits of entertainment industries during COVID-19.

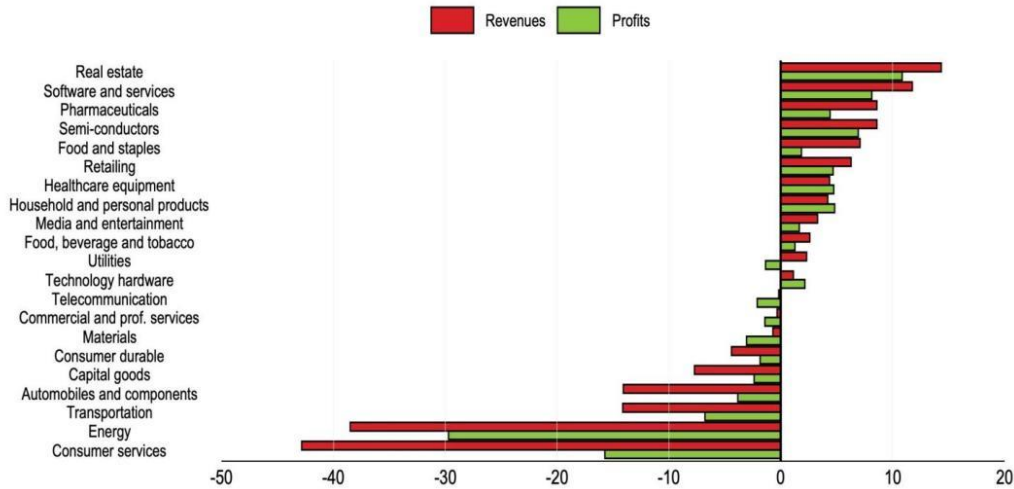


Figure 3. Covid-19 and the corporate sector [4]

From Figure 3, it can know that the revenues and profits of entertainment industries during COVID-19 have been influenced. The lowest revenues is almost -44% and the lowest profits is almost -30%, which is very terrible. A few entertainment industries make less than five percent of their profits and revenues, and most of them lose a lot of their revenues and profits.

During COVID-19, people often like to have some entertainment at home rather than go out. The number of customers and income of the entertainment industries around the world have been seriously affected. The entertainment industries have to choose to comply with the development of the market environment and provide people with some entertainment activities at home to help them earn a certain amount of money. According to Brad, “The trend toward digital entertainment was accelerated in 2020 as revenue climbed to \$61.8 billion, an increase of 31%. Digital media had accounted for over three-quarters of total theatrical, home/mobile entertainment revenue. There are now 1.1 billion online video subscribers worldwide up 26% from 2019” [3]. Due to the influence of COVID-19, some entertainment companies gradually focus their work on digital entertainment, such as Netflix, Sony, Walt Disney. At the same time, they have achieved certain results in the digital entertainment industry. Disney, for example, has launched Disney+, which means that people have access to entertainment at home. Disney+ is in line with the needs of market during COVID-19, and people can experience the joy of Disney characters through the Internet without leaving their homes. Indeed, they are making money from the digital entertainment industry,

but they are also facing a huge challenge to focus their efforts in areas that they have not previously focused on.

Overall, COVID-19 has had a very severe impact on the entertainment industries around the world, with their revenues and profits declining to a large extent. Therefore, they have had to adapt to the changing environment and focus their efforts on digital entertainment.

3. THE SITUATION OF DISNEYLAND DURING COVID-19

3.1. Introduction to Disneyland

As a world-famous amusement park, Disneyland is located in southern California in the United States. It covers an area of 160 acres and it is affectionately called "the Happiest Place on Earth". There are many interesting recreational facilities and photo-friendly sights, which means it attracts many people to visit. According to Shauna, “Disneyland opened on July 17, 1955, with 18 rides and attractions. Just a year after Disneyland opened, five million people visited the park. As of 2019, more than 700 million people had visited Disneyland.” [5]. As we can see, Disneyland has a history of 66 years, and five million people visited this place in its first year, which means Disneyland is very popular. So far, 700 million people have visited Disneyland and many people will use it as a place to relax and have fun. With so many tourists visiting, Disney's revenue has remained relatively steady. The Figure 4 below shows the revenue of Disneyland before COVID-19.

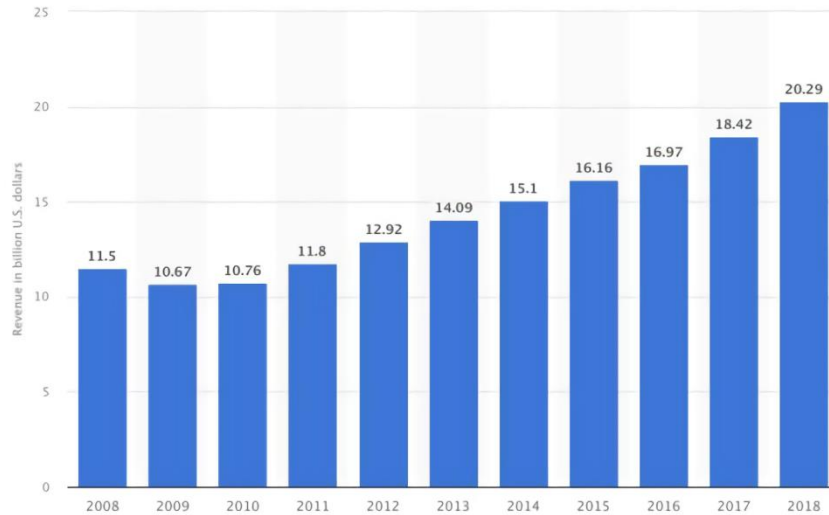


Figure 4. Revenue of the Walt Disney Company's parks and resorts segment worldwide from 2008 to 2018 [6]

From Figure 4, we can see that before COVID-19, Disneyland's revenue had been steadily increasing. Disney's revenue has grown steadily from 11.5 dollars in 2008 to 20.29 dollars in 2018. In just a decade, Disneyland's revenues have almost tripled. It can be seen that more and more people love to visit Disneyland. However, such a popular entertainment venue has also been severely impacted by COVID-19.

3.2. Revenue Changes of Disney during COVID-19

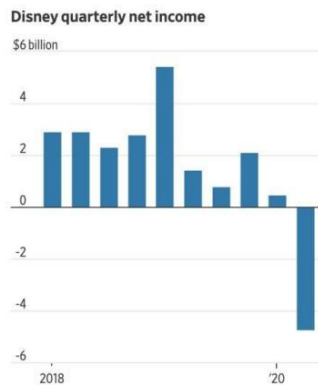


Figure 5. Disney quarterly net income [7]

It can be known from the Figure 5 that before COVID-19, Disney has positive income, and it always earns a lot of money. However, during COVID-19, we can see that Disney's net income decrease a lot. When we look more closely at Disneyland's losses for 2020, we can see that COVID-19 has wreaked havoc on Disneyland's revenues. According to Sarah, "In the second quarter, the company had reported it lost \$1 billion in operating income due to the pandemic, and in the third quarter, the pandemic cut its operating income by \$3.5 billion." [8]. Disneyland's revenues in these

several years have taken a big hit because of COVID-19, and it's pretty terrible.

3.3. Disney's Response to COVID-19

In cases affected by COVID-19, Disney has adopted several strategies to deal with the financial losses from the decline in attendance at its parks. First of all, Disneyland took the way of laying off employees to reduce some unnecessary expenses. COVID-19 is a highly contagious disease, and Disneyland had to adopt a closure policy to prevent people from catching COVID-19 while playing at the park. Due to the closure of Disneyland, employees are not able to do any work for Disneyland. Under these circumstances, employee wages are a huge pressure. As a result, Disneyland has laid off many employees over COVID-19. Sarah said that, "With its California parks unable to open, Disney laid off 28,000 workers across the parks division in September" [8]. 28,000 is a terrible number, and we can imagine that 28,000 people will lose their jobs and 28,000 families will face an income crisis because of COVID-19. Admittedly, downsizing is a good way for Disneyland, which can help it reduce many unnecessary costs. However, this approach will have a serious impact on Disney employees who will have a hard time finding new jobs during COVID-19, and they won't be able to earn enough money to support themselves.

Second, Disney has worked hard to improve its streaming service. COVID-19 is a highly infectious disease that many people have chosen to stay at home. As a result, people spend more time than usual using mobile phones for some entertainment and relaxation. Disney seized the opportunity to develop its own streaming business. According to Steve, "With Disney's parks and cruises shuttered or only partially open for at least a few more months, much of the company's focus and energy has been around its year-old streaming

service, Disney+. The platform has already ballooned to nearly 95 million subscribers, second only to Netflix.” [9]. Disney understand what the market want and act on it.

Third, Disney eliminated physical stores and offered more products to online stores. People are afraid of being infected with COVID-19, so they want to meet most of their needs at home. Thus, more and more people are using the Internet to shop, which means they can get what they want without going out. Disney catch this opportunity. According to Steve, “when the company announced it will close 20% of its 300 retail stores around the world. Additional store closures and an undisclosed number of layoffs will follow. The media giant said it will instead bolster its e-commerce business by offering more products on its ShopDisney website.” [9].

Fourth, Disneyland has adopted mandatory face masks during COVID-19. According to CNN, "In the US, all guests ages 2 and up at Walt Disney World and Disneyland Resort are required to wear face coverings indoors, Chopped of vaccination status " [10]. Masks can help reduce the risk of getting infected with COVID-19, and this has helped reduce the risk for people visiting Disneyland. In this case, people feel more secure about visiting Disneyland, and then the number of visitors to Disneyland is guaranteed.

Thanks to Disney's use of some strategies, Disney's value has recovered somewhat. It is well known that the price of a company's stock can reveal the value of a company. Figure 5 shows the change in Disney's stock price during COVID-19.



Figure 6. The stock price of Walt Disney Company [11]

It can be seen from the Figure 6 that Disney's stock started falling in January 2020 because of COVID-19, and it even dropped by a third, which is really scary. Fortunately, Disney's stock price has gradually recovered as the company has found some timely strategies to deal with COVID-19. Therefore, we can find that Disney's strategies during COVID-19 is effective to a certain extent.

All in all, Disney lost a lot of money due to its inability to function properly during COVID-19, but Disney gradually understands the market demand and tried to make some revenue in other ways to make up for the former loss.

4. SUGGESTIONS FOR DISNEYLAND

First of all, Disneyland's policy of forcing visitors to wear masks has effectively helped people avoid COVID-19 infection. However, COVID-19 is still prevalent, so Disneyland can provide more safety measures to help people avoid COVID-19 infection. Disneyland, for example, can serve alcohol at the entrance to every item, and people can use alcohol to disinfect themselves before they experience the entertainment. In this case, people

can experience the entertainment facilities in a safer environment, which not only ensures the safety of tourists, but also ensures the income of Disneyland.

Disneyland, in part to avoid unnecessary COVID-19 infections, has adopted a strategy of booking tickets online. People must book tickets online in advance to secure admission to Disneyland. But Disney is ignoring a serious problem. Some people may not use electronic devices very much, which means they may not use mobile phones or computers to book tickets. Disneyland could launch video tutorials to help people understand how to buy tickets. Besides, Disneyland uses advance booking to sell its tickets. However, some people may decide to go to Disneyland for entertainment at the last minute, which means they can't book tickets in advance, in other words, they can't go to Disneyland. In this case, Disneyland could set up some temporary tickets that visitors can purchase to get into Disneyland when they prove that they are not infected with the Novel Coronavirus and will take safety measures.

What's more, Disneyland can innovate tourism technology. In other words, it can make people feel the atmosphere inside Disneyland without leaving their

homes. Disneyland is very popular and many people miss Disneyland very much during the pandemic and they are eager to visit Disneyland. In this case, Disneyland can use VR technology to launch "cloud" tourism. When people wear VR devices, they can visit Disneyland at home through using the Internet. Disneyland employees can also use livestreams to give visitors an online tour of the park. People can learn more about Disneyland through live streaming and VR devices so that visitors can discover the charm of Disney. At the same time, the policy will also increase people's good feelings towards Disneyland. When the pandemic is over, people will look to Disney as a travel option, and the attendance of Disneyland will pick up.

Disney could also launch IP co-branding with other companies to increase revenue. It was a good decision to launch a co-branded blind box with Pop Mart. People are often curious about unknown things and choose to try them, and the blind box just fits people's psychology. When Disney and Pop Mart launched the joint blind box, people would choose to buy the blind box out of love for these two companies, which means Disneyland can get a certain amount of income.

5. CONCLUSION

COVID-19 has had a huge impact on Disneyland, causing the decrease of its revenue. However, Disney has timely taken some effective steps to mitigate the impact of COVID-19 and made efforts to understand the market situation to help reduce the losses of Disneyland. The author also puts forward some suggestions for Disney in the end of this paper. However, there are still some shortcomings in this paper. As mentioned above, COVID-19 has had a certain impact on entertainment industries, but this paper only uses Disneyland as an example, which may not be very convincing. In the future studies, the authors would show more companies and people who have been affected by COVID-19, and people will realize that the impact of COVID-19 is universal. The author will focus on the impact of COVID-19 on various populations to inform people about the dangers of COVID-19 and to work towards eliminating it. During COVID-19, people have had to try hard to adapt to a new way of life. Hopefully, people can work hard to beat COVID-19.

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