Disneyland Paris: A Case Study of Glocalization Operational Strategies

Ruiting Chen(✉)

University of Glasgow, Glasgow G128QQ, UK
CHENRUITING_@outlook.com

Abstract. Cross-cultural management has always been a popular topic in the business world, and even the cultural giant Disney has to include glocalization in its strategies to remain competitive when it comes to international markets. Glocalization is a combination of the universal and the specific, and it is a key strategy in cross-cultural management. Disneyland Paris suffered a financial crisis in its early years of operation. This paper shows how the glocalization strategies can be used by analyzing a series of measures implemented by Disneyland Paris to emerge from the crisis. To conclude, Disneyland Paris has weathered the crisis through the glocalization strategies including management changes, price reductions, cultural integration, and staff policy changes.

Keywords: Glocalization · Disneyland Paris · Business strategy

1 Introduction

In the context of the rapid growth of multinational companies, effective cross-cultural management has been the key to competing successfully in international markets. Glocalization is an indispensable strategy in cross-cultural management, which refers to the process of adapting a company's operational strategy to the local environment and its eventual acceptance by the locals as it expands into overseas markets [1]. The multinational giant Walt Disney, with its superb cultural influence, is undoubtedly a symbol of globalization. But even such a cultural giant has failed in expanding Disneyland overseas and has had to include glocalization in its strategies to remain competitive. Disneyland Paris, previously known as Euro Disneyland, was a model of a "failed theme park" as it suffered a financial crisis in its early years of operation. This paper shows how glocalization strategies can be applied by analyzing how Disneyland Paris reversed the crisis. This paper begins with a brief introduction to the concept of glocalization, followed by the analysis of other overseas Disneyland to draw out the need for glocalization. The next part describes the glocalization strategies that Disneyland Paris used to improve its operations after examining the macro environment. In the final part, this paper explores what the case of Disneyland Paris could imply for theme parks and multinational corporations. This article reveals the importance of glocalization by examining how Disneyland Paris pulls itself out of the slump by using the glocalization strategies, and offers lessons for the future development of theme parks and multinational companies.

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2 Background Information

2.1 Glocalization Theory

The relationship between local and global has always been a good deal of the globalization debate. The concept of "Glocalization" was developed by Robertson [1], which refers to the combination and interaction of "localization" and "globalization" [2]. In general, glocalization is the process of transplanting the products or services to other places, adapting the operational strategy according to the local environment and finally being accepted by the locals. McDonald's is a typical example of glocalization. It replicates the unified fast food model and business philosophy around the world, while adjusting menus according to local eating habits in different regions. Specifically, it offers Kiwiburgers in New Zealand and McFalafels in Egypt [3], thereby showing a local friendly corporate image and attracting people to consume. Nowadays, more and more multinational corporations share the same philosophy as McDonald's: embracing glocalization as an indispensable business strategy and integrating local elements into global themes.

2.2 The Expansion of Disneyland

The multinational behemoth Walt Disney, with its super cultural influence, has become a symbol of globalization. With the phenomenal success of Disneyland in the United States, it has aggressively expanded overseas over the past 40 years. But one of the main problems it faces in the process of globalization is what it expands abroad is compatible with the acceptance of the host country [4]. Comparing Disneyland's success and failures overseas can be the most direct way to summarize the key points of glocalization.

The typical examples of overseas markets are the well-fitted Tokyo Disneyland (TDL) and the failed Hong Kong Disneyland. TDL adopted a marketing strategy that was a 100% replica of the US Disneyland [5]. It is regarded as one of the most successful theme parks all over the world, and its annual revenue is even greater than the combined revenue of other theme parks in Japan [5]. The reasons for its success include the high level of cultural identification with the US. Besides, it adopts a franchise model. With the operating rights granted to a Japanese real estate company, the service model follows the local Japanese lifestyle and consumption habits. This reduces the rejection of foreign cultures by the local people to a certain extent [6]. While TDL continued to be profitable, Walt Disney continued to expand overseas and established Hong Kong Disneyland (HKDL), using the same marketing strategy that had been successful in Japan. However, HKDL has been called "Hong Kong Shame", with attendance figures falling short of its target by 500,000 in its first year and continuously declining in the following years [7]. It has been criticized for the chaotic park operations, lack of respect for local legislation, exploitation of workers, and some even say it is a crass supporter of Americanism [7]. As some mainland visitors do not understand Disney's culture and even stand in opposition to American culture, it has led to a consumer backlash against the park's crude copycat model.

From these two simple examples, it can be concluded that Disneyland may encounter resistance in culturally diverse countries if they simply stick to spreading Disney culture without adapting operations to local circumstances. Localization strategies are necessary in the process of globalization and cannot be avoided even by a culturally aggressive giant such as Walt Disney.

3 Macro-environment of Euro Disneyland

Walt Disney realized the necessity to expand Europe market when there was a high number of European visitors in the Disneyland California. With the huge success of TDL, Disney expanded further overseas and began to work on the construction of Euro Disneyland (DLE). This section will conduct a PESTLE analysis on the macro environment of the DLE from the political, economic, and social aspects.

3.1 Political Analysis

The French government intended to use Disneyland as a catalyst for urban regeneration, therefore it offered a full range of financial incentive policies to attract Disneyland to Paris. This included the purchase of 1,943 hectares of land for only 19.7 billion francs and the provision of a low-interest loan of $7.5 billion to Disney [8]. In addition, the French government provided guarantees for the transport system, including undertaking a number of infrastructure projects such as the construction of a high-speed railway, the extension of the suburban metro, and the improvement to the theme park facilities [6]. The substantial support from the French government gave Disneyland a significant reduction in costs and guaranteed a convenient access to the park.

3.2 Economic Analysis

In the late 1990s, DLE opened at a time of economic recession in Europe. The sharp fall in land prices created negative equity for Disneyland, and the falling interest rates made capital loan servicing expensive [9]. The greatest impact was the reduction in the consumption level of European tourists. Incomes have fallen significantly due to the recession, which led to a reduction in recreational spending, and resulted in the revenue of ticket sales, restaurants, toy shops, and hotels all falling far short of expectations.

3.3 Social Analysis

After World War II, an anti-American sentiment arose in France and intensified after the Vietnam War [10]. In addition, France believed that its own culture was supreme and had a sense of national superiority that any country in the world should be in awe of France. Thus, it was difficult for the American culture, which has a relatively short history, to break through the European tradition and gain a foothold in Paris. However, DLE has inherited the Californian style from its architecture to its management style, including American-style shows, a ban on alcohol in restaurants, and the use of English as the first language in the park, spreading a strong American culture. Hence, there was a lot of opposition voice from French during the construction of DLE [11].

4 Glocalization Strategies of Euro Disneyland

Despite strong government support and convenient transport links, DLE suffered heavy losses after opening. Attendance in the first quarter after opening was only 50,000, far short of the 500,000 expected. The loss in the first year was nearly $900 million [11], followed by disastrous losses year after year. The recession in Europe and people's reluctance to spend their money at the park were part of the reason. But more to the point was the huge cultural differences that made the French feel disrespected and resented. One of the most prominent points of the culture clash was the ban on alcohol in Disneyland restaurants. Besides, there was also a high turnover of employees due to the resistance to the customs and labour policies. This section will show how Disney developed glocalization operational strategies to improve the situation.

4.1 From DLE to Disneyland Paris

When DLE was almost on the verge of bankruptcy, the chairman was changed from the American general Robert Fitzpatrick to the French general Philippe Bourguignon in 1993 [4]. This was the turning point in Disney's transition from American to European style management. Michael Eisner, the French manager who was appointed when Philips took over, renamed Euro Disneyland as Disneyland Paris (with emphasis on the origins) after re-evaluating the major problems [9]. This change gave the French a greater sense of belonging when walking into Disneyland, and facilitated a more precise positioning of the Disneyland on the map. The alteration of the name was also the beginning of Disneyland's glocalized cross-cultural management. Then, there was a huge change in management, and the new European frontline manager implemented various glocalized operational strategies.

4.2 Lowering Prices

During the European recession, one of the main reasons for consumers' reluctance to spend money at Disney was the high perception prices. According to Altman [9], the ticket price for adults was twice of the UK's best theme park Alton Towers. Besides, the resort's hotels were much more expensive compared to the similarly ranked hotel in Paris [9]. Thus, in terms of entrance fees, Disney's newly hired Chief Executive Officer lowered single adult admission prices in 1995. It was also the year that the number of visitors increased by around 33%, and DLP became profitable for the first time [12]. In addition, the prices for resort's hotel were reduced in the same year that the park was renamed.

4.3 Culture Fusion

Walt Disney conducted very careful research in the early stages of building DLP, but overlooked the crucial factor in multinational companies: culture. American and European cultures are vastly different, and the most prominent manifestation of the culture clash is the ban on alcohol in Disneyland restaurants. Wine is an indispensable part of

European diet and daily life. Many people believe that a meal is incomplete without wine [11]. So the ban on alcohol in Disney restaurants certainly turned out to be disrespectful to the traditional European culture, which led to a European backlash against Disneyland. Therefore, André Lacroix, a French manager, pushed for new rules on serving alcohol in the restaurants after the problem was identified [14]. Moreover, more French cuisine was added to the menu to appease visitors [13]. Another major difference in eating habits is reflected in the dining habits. Since Americans like to eat casually around while visiting, whereas the French are used to sitting down for formal meals [13]. Then, DLP added more spacing to its restaurants [9] and changed the way it operates between 12 noon and 1 pm to serve guests gathered for meals [4]. Other cultural integration included the installation of locally themed Tomorrowland attractions [9] and the addition of practical sweatshirts to the souvenir shop to satisfy French people who do not like expensive and impractical souvenirs [14].

4.4 Changes in Employee Labor Policies

DLP also had a high staff turnover, with 3,000 workers leaving within a month of its opening [4], mainly due to resistance to Disney's staff customs and labour policies. One manifestation was the use of English as the park's first language and the compulsory speaking of English for employees [13][15]. Later, a glocalization strategy was implemented, allowing French or other languages to be used as the first language of employees and naming some attractions in French [15]. Secondly, the strict dress code for employees violates French labour law. The dress code was as detailed as nails, earring length, and even mascara colour [4]. After being accused of violating French labour laws and realizing that employee turnover was a big problem, DLP revised its appearance manual and removed strict rules like nail polish and stockings [4]. Following these modifications to employee customs and dress codes, Disney has been successful in reducing staff turnover.

4.5 Turning Point

After implementing a series of Glocalization strategies, Disneyland Paris escaped the paradigm of "failed theme parks". Park attendance grew from 8.8 million to 10.7 million in 1995 and generated a net profit of $22.8 million [16]. By 2005, DLP had become the No. 1 travel destination in Europe [17], and as of 2009, over 12 million visitors entered Disneyland each year [4]. After that, DLP invested $2 billion in the park's expansion in 2018 [18].

5 Insights

The case of DLP can provide some implications for the development of theme parks and multinational companies. In the case of theme parks, because of their experiential focus, it is necessary to pay particular attention to the culture and habits of local people when expanding into overseas markets. Besides, Disneyland has a complete system of innovation when it comes to improving its business. It incorporates foreign cultures not simply by introducing them, but by fusing them with Disney characteristics [6]. Therefore, in the current situation of theme park homogenisation, it is of great significance to learn from DLP's innovative mechanism. For multinational companies, they should not only avoid promoting their own culture as DLP does, but also avoid being completely assimilated into other cultures. It is necessary to develop an operational strategy that is both global and local, taking into account the company's business and local needs.

6 Conclusion

This paper demonstrates that even the cultural giant Disney has to incorporate glocalization into its strategy in order to remain competitive. For instance, in the face of economic recession, cultural conflicts, and high staff turnover, DLP adopted a series of glocalization strategies of lowering prices, changing menus, and revising staff policies. In the end, the company was able to reverse its impending bankruptcy and achieve a surge in visitor numbers. The case of DLP also offers some insights into the development of the theme park industry and the multinational companies, including glocalization strategies, innovative mechanisms, and cultural integration. The understanding of glocalization is a significant issue in the context of globalization. This paper only briefly demonstrates the concept of glocalization through the case of DLP. It may be interesting for future research to further analyse the concept of glocalization in depth or to conduct more case studies.

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