

# *The Reasons on Rapid Recovery of Shanghai Disneyland*

Zhaohua Fan<sup>1,a,\*</sup>

<sup>1</sup>*Faculty of Society Science and Law, University of Bristol, City of Bristol, BS8 1TH, The United Kingdom*

*a. ys23525@bristol.ac.uk*

*\*corresponding author*

**Abstract:** The outbreak of the COVID-19 pandemic severely impacted many industries, and Disney theme parks were among the hardest hit, suffering significant losses. However, as the pandemic gradually subsided, Shanghai Disneyland, being the first Disney theme park to reopen, experienced a much faster recovery than other Disney theme parks. The purpose of this study was to explore why Shanghai Disneyland was able to recover quickly and what strategies it adopted. This article combines marketing mix theory with operational data and visitor flow statistics from Shanghai Disneyland to analyze the reasons for its rapid recovery. Firstly, Shanghai Disneyland accelerated its recovery by increasing prices, and it can also mitigate risks in the future by implementing advanced ticket sales. Secondly, the park increased ticket sales through various distribution channels and can further improve by refining its ticket refund and exchange policy. Lastly, Shanghai Disneyland enhanced its promotion through various social media channels and can apply this to disseminate everyday knowledge and prevent the risk of pandemic recurrence. This study's analysis of Shanghai Disneyland's swift recovery can provide suggestions and references for the recovery and development of theme parks facing similar pandemic issues in the future, helping to minimize losses.

**Keywords:** Shanghai Disney, Price Strategy, Place Strategy, Promote Strategy

## 1. Introduction

The COVID-19 epidemic struck the world in early 2020. It had a tremendous influence on several businesses, particularly the tourist industry. According to Kare et al.'s research, unlike earlier pandemic crises that only temporarily damaged domestic tourism, the tourist sector required a substantially longer recovery period under the influence of COVID-19, greatly beyond the usual projected duration of ten months [1]. Fanyu demonstrates that Disneyland, like the rest of the tourism sector, experienced obstacles. During the epidemic, Disney closed its theme parks throughout the world and furloughed nearly 100,000 employees [2]. Disneyland, on the other hand, showed indications of revival in the post-pandemic era. According to Disney's financial report, the entertainment division reported \$9.524 billion in sales in the fourth quarter of 2023, a 2% increase year over year, and the experience division reported \$8.16 billion in revenue, a 13% increase year over year [3]. Notably, Shanghai Disneyland's comeback was especially impressive when compared to other Disney parks around the world. After shutting down for 107 days due to the pandemic on January 25, 2020, it returned on May 11, 2020, being the first to announce its reopening

internationally. The other five Disney parks are expected to reopen in June or by the end of 2020. Despite the fact that Shanghai Disneyland announced its fourth price increase in 2022 following the epidemic, the number of daily visitors continued to rise.

Many academics have focused on Disney; for example, Liu et al. employed SWOT analysis to assess Disney's business strategy optimization during the pandemic [4]. It demonstrates that Disney's methods were altered during the epidemic, establishing ideal circumstances for future recovery [4]. However, research on Shanghai Disneyland is limited, concentrating mostly on its worldwide expansion plan and its local impact based on Shanghai's geographic position. For example, Hao et al. used cluster formats in conjunction with social network analysis to investigate the influence of Disneyland on Shanghai's domestic tourism spatial network [5]. Shanghai Disneyland's construction has led to an increase in tourism in the city. [5]. In terms of the pandemic's influence on Shanghai and Shanghai Disneyland, Jin et al. predicted and examined the potential and difficulties for Shanghai Disneyland following the epidemic, developing models and making policy recommendations [6].

However, there has been little research on the causes behind Shanghai Disneyland's swift recovery during the epidemic, as well as its procedures. What initiatives, for example, were implemented based on Shanghai Disney's quick rebound following the pandemic? What external factors aided its quick recovery? What is the future forecast for the Shanghai Disney theme park in light of the findings, and how to make recommendations for its development based on these predictions? To answer these concerns, this article will examine Shanghai Disney's present recovery state, such as assessing its strategy changes and addressing the influence of the external environment on Shanghai Disney in combination with the social and economic conditions. Furthermore, the creative operating tactics and models not only aid Shanghai Disney Park's future development but also serve as a model for other theme parks across the world in similar epidemic conditions. Such strategic changes can significantly improve theme parks' operating efficiency, reinforce their competitiveness, and avert comparable losses.

This article aims to fill this research gap and provide effective suggestions and references for the future development and strategic planning of Shanghai Disney Park and other theme parks.

## 2. Case Description

Shanghai Disneyland, situated in the Pudong New District of Shanghai, is the centerpiece of the Shanghai Disney Resort. The park's construction commenced on April 8, 2011, and it began trial operations on May 7, 2016, before officially opening at noon on June 16, 2016. Shanghai Disneyland is the sixth Disney Park globally, and its overall resort area ranks third globally. Shanghai Disneyland demonstrated notable resilience during the COVID-19 pandemic. Despite undergoing its fourth ticket price increase, the park has continued to see a year-on-year increase in admission rates and visitor numbers. It will become the first Disney Park worldwide to open a "Zootopia" themed area on December 20, 2023. The core product of Shanghai Disneyland is its service.

During the COVID-19 epidemic, the park adopted crowd control, advanced ticket purchasing, and reservation access mechanisms, as well as actively conducting nucleic acid testing. Refunds were proactively provided to visitors who were unable to access the park owing to pandemic limitations, and visitor flow was tightly handled in accordance with government rules, ensuring that each visitor received a quality service experience. Despite a ticket price hike in September 2023, visitor counts at Shanghai Disneyland remained unchanged. In addition, the park announced new ticket packages and discounts, such as student tickets. Shanghai Disneyland has a big geographical advantage in that it is located in Shanghai's busy Pudong commercial zone, which has convenient transit and a dense population.

In terms of sales channels, the park uses online tickets and offers associated derivative items via live streaming and online sales, including popular IP derivative products such as Lina Bell, which

will be released in 2021. Shanghai Disneyland has distinct Chinese traits. Many of the park's latest attractions feature Chinese motifs and features. Rooms of the famed "Man Yue Xuan" restaurant at the Shanghai Disney Resort, for example, reflect different areas of China. The park also displays the cultural characteristics of several Chinese minority groups, such as the Miao, Yao, and She ethnicities. Shanghai Disneyland has collaborated with various local industries in China in the post-pandemic era, such as the 2022 designs and produces themed around "Jing, Hu, Shu, Yue," representing Chinese regional characteristics, and collaborations with the Shanghai Museum for designs and consumer products related to the Twenty-Four Solar Terms.

### 3. Analysis on Problem

The marketing mix theory (4Ps) originated in the 1960s. Neil Borden first coined this phrase in 1953, implying that "marketing elements" have some degree of influence over market demand. To meet market demands and maximize profits, companies need to effectively combine these elements. Jerome McCarthy summarized and integrated this concept in his 1960 book "Basic Marketing," mainly dividing all elements into four categories: product, price, place, and promotion, hence the 4Ps. These four elements can be defined as follows: product refers to quality, functionality, style, brand, and packaging; price refers to appropriate pricing strategies throughout different product life cycles; place involves establishing suitable sales channels; and promotion means using various methods to increase product sales, such as through advertising. The 4Ps theory, as an important framework for assessing business conditions and evaluating growth potential, has been applied in many different corporate studies. For instance, Yuan et al. applied this in their corporate analysis of TikTok [7]. According to the developmental needs of different industries, the marketing mix theory is not just applied to single companies but has gradually expanded to various industries. Praesri et al.'s study cited the marketing mix theory to analyze the street food tourism model and its development factors [8].

Because of the passage of time and changes in business models, the application of marketing mix theory has become more diverse and broader in scope, resulting in the formation of combination theories such as political marketing mixes. As there were no significant product changes in Shanghai Disney's service industry during the post-pandemic period, an analysis can be conducted using the three elements of the marketing mix theory: price strategy, place strategy, and promotion strategy.

#### 3.1. Reasons on Price Strategy

Regarding price strategy, many scholars have conducted research on this topic. For instance, Dudu analyzed the impact of pricing strategies on consumer purchasing and examined the effects of competitors' price changes on consumer purchases, emphasizing that businesses should pay attention to the impact of price changes when adjusting their business models [9].

The ticket cost for Shanghai Disney has undergone many modifications. From 2018 onwards, there have been a total of four instances where prices have risen, with three of these modifications occurring during the epidemic. Effective June 23, 2023, Shanghai Disney made further modifications to its ticket rates within the existing four-tier pricing system, resulting in an increase across all ticket categories.

Despite the price increases, the flow of tourists to Shanghai Disney was unaffected, owing to Shanghai's favorable regional economic conditions. Shanghai Disney has always been devoted to providing innovative goods and high-quality services since its inception. Operating expenses have steadily increased, yet ticket price hikes have always been within a fair range, resulting in little consumer unhappiness. Shanghai Disney's price changes are excellent for dispersing tourist flow. They intentionally direct tourists to visit at different periods of the year, lowering peak season

congestion and queue times and enhancing visitor satisfaction. This strategy is good for Shanghai Disney's long-term growth and quick post-pandemic recovery.

### 3.2. Reasons on Place Strategy

Woo et al. elucidated that in some specific industries, the importance of distribution strategy may far outweigh other strategies and is crucial for business development [10]. Shanghai Disney Resort has a variety of ticket sales channels, which played a significant role in its recovery post-pandemic.

Ticket sales are mainly divided into direct and indirect methods. Direct sales occur on-site at Shanghai Disney Resort. During the pandemic, due to multiple closures and limitations on visitor flow, the number of people choosing direct sales has gradually increased. Sales, which are more convenient and provide clearer information about official ticket counts, prices, and real-time policy changes, have become the most popular sales method post-pandemic. Visitors can choose different ticket types and entry times based on their circumstances.

Shanghai Disney, in addition to online sales, has adapted to local Chinese features by cooperating with the local tourism business. Shanghai Disney, for example, has teamed with hotels and commercial centers in Shanghai for ticket consignment. Furthermore, Shanghai Disney offers tickets via B2C online buying platforms, boosting its sales channels and breadth via websites or travel applications like Ctrip and Tuniu. Disney also works with a large number of recognized travel agents, commonly known as third-party travel agencies. While guaranteeing these travel firms' formal qualifications, Shanghai Disney explicitly works with them to ensure all tickets offered are genuine and do not incur additional fees, hence lowering risks for customers. Different ticketing methods have expanded Shanghai Disney's sales channels, allowing it to minimize losses even when some channels are affected by Shanghai Disney's official merchandise, which is increasingly available on China's larger online shopping platforms in addition to being sold within the park, broadening its sales scope.

### 3.3. Reasons on Promote Strategy

Hultman et al. analyzed the relationship between marketing strategies and corporate performance. They discussed the scope and socio-cultural distance to illustrate the impact of marketing strategies on the export of businesses [11]. Shanghai Disney has consistently implemented a localization strategy, maintaining its attractiveness to local visitors.

Shanghai Disney tailors its décor to suit specific Chinese occasions. During the Spring Festival, the entire resort undergoes a transformation, adopting Lunar New Year-themed decorations that harmonize with the festive atmosphere of Chinese festivals. According to Cheung and McCarthy, these instances demonstrate Disney's intentional use of an emotional branding strategy, specifically connecting Shanghai Disney with the local culture [12]. Amidst the epidemic, Shanghai Disney's ability to swiftly bounce back may be attributed to its well-implemented strategy. Targeted local actions helped to support Disney's resurgence and the brand equity of Shanghai Disney.

Weiss et al.'s analysis of Shanghai Disney's success found that it successfully incorporated local Chinese culture while retaining some of the original Disney elements [13]. For instance, the iconic Fantasy Fairytale Castle in Shanghai Disney features traditional Chinese auspicious cloud patterns, peonies, lotus flowers, and other unique designs characteristic of Chinese culture. These local decorations offer aesthetic appeal and bring a sense of surprise and belonging to visitors in China.

Furthermore, Shanghai Disney uses numerous online platforms for digital marketing, like Weibo and WeChat, with official accounts to promote activities and maintain a positive brand image among potential customers. The execution of these tactics not only increases visitors' sense of belonging but also increases consumer brand awareness of Shanghai Disney. This strategy draws new customers while also promoting Shanghai Disney's recovery and development.

## 4. Suggestion

### 4.1. Reasons on Price Strategy

Shanghai Disney's pricing structure is distinctive, adapting different pricing strategies based on visitor composition and holiday schedules, providing a foundational framework for its sustainable development. However, there is room for improvement in its pricing methods, considering the actual needs of the local Chinese market.

Shanghai Disney could expand its target audience to include younger generations. While Disney traditionally targets families and children, it has the opportunity to broaden its appeal to other demographics through tailored content and experiences. Disney could introduce ticket discounts for students, considering the spending levels and needs of young people, thereby expanding its consumer base among the younger generation in China. For example, offering special discounts to university student groups could lower the entry barrier and attract more young visitors. Moreover, setting up more group purchase options based on the number of visitors in a group could attract potential. Shanghai has many traditional festivals, but currently, Shanghai Disney's ticket discounts for special holidays are relatively modest.

Therefore, adjusting ticket prices in line with the festive atmosphere could expand the consumer base. Besides, the consumer group that Shanghai Disney caters to is not limited to China. Shanghai Disney could implement pricing strategy adjustments, considering the economic diversity of Asian countries. A more flexible pricing strategy catering to a broader range of income levels could effectively increase the number of overseas visitors and boost park revenue. Meanwhile, to prevent the recurrence of the pandemic and related situations, Shanghai Disneyland can adopt measures such as advance ticket sales and adjusting the validity period of tickets to regulate the flow of people and avoid risks.

### 4.2. Reasons on Place Strategy

Shanghai Disney's ticket distribution mechanism is well-developed, combining well with China's local tourist sector and harnessing China's abundant tourism resources to improve sales efficiency. However, due to the autonomous nature of large travel companies, issues arise when partnering with them. Despite the fact that Shanghai Disney has signed collaboration contracts with them, it is impossible for Shanghai Disney to closely oversee these agencies. This circumstance might result in unlawful pricing or product bundling by travel firms, jeopardizing consumer rights and tarnishing Shanghai Disney's brand name. As a result, Shanghai Disney should improve its monitoring and be picky about the travel agencies it works with. Shanghai Disney might work with local Chinese media businesses to boost sales platforms and channels for derivative items.

Co-branding ventures of this nature might be expanded to incorporate additional regional businesses, therefore increasing Shanghai Disney's exposure and awareness in China. According to Lee et al., this method would also allow Shanghai Disney to integrate into the Chinese cultural setting and increase social identity [14]. Disney may also aggressively incorporate parts of traditional Chinese culture into their offerings. By incorporating Chinese traditional aspects into Disney's famous characters, the company may be able to attract more customers and imbue its products with regional qualities, making them more desirable to the local market. To reduce pandemic risks, Shanghai Disneyland may strengthen its distribution methods and set up a solid system for ticket refunds and swaps, with the goal of increasing visitor happiness.

### 4.3. Reasons on Promote Strategy

Shanghai Disney markets itself mostly through particular media platforms and the film industry, owing to its well-established brand recognition. However, due to regional variances, international media promotions in mainland China have a restricted reach.

In order to enhance brand recognition and interaction, Shanghai Disney might establish partnerships with indigenous Chinese media enterprises and leverage social media platforms in the Asian region. Establishing emotional connections with Chinese consumers can facilitate the business's transition into the digital market, thereby enhancing promotional endeavors. Shanghai Disney is considering a potential partnership with Chinese high-tech companies to obtain technological assistance. Chen et al. state that this association will enable Disney to enhance its digital experiences and utilize technological advancements to enhance cultural adaptation [15].

Shanghai Disney must also strengthen its localization efforts. This involves revising its content and theme parks to better represent local Chinese culture and audience tastes, laying the groundwork for future promotional and marketing efforts. Shanghai Disney, for example, may concentrate on films and attractions that resonate with Chinese story structures, traditional culture, and values, and make these components core to their marketing strategy. In the midst of the pandemic and associated problems, Shanghai Disneyland can conduct themed activities and promote common knowledge to minimize pandemic risk and increase awareness and capabilities in prevention and control.

## 5. Conclusion

This article examines the surge in demand for entertainment following the conclusion of the epidemic, specifically focusing on the factors contributing to Shanghai Disneyland's swift recovery and its successful business strategy. Shanghai Disneyland's tactics are categorized and explained by applying complete marketing theory, with special reference to price strategy, distribution strategy, and marketing strategy. The paper also provides recommendations for its future advancement, ultimately stating that Shanghai Disneyland's proactive adaptation of its business model has helped its rapid recovery after the epidemic.

The essay examines the business model of Shanghai Disneyland by applying the marketing mix theory. It evaluates the practical implementation of the theory in other sectors and business structures, therefore expanding its range. This also serves as a point of reference for the future growth of Shanghai Disneyland and other theme parks, proposing strategic modifications in pricing, distribution, and marketing to address issues arising from the epidemic. Nevertheless, the research focuses exclusively on certain methods of marketing mix theory and fails to examine Shanghai Disneyland from alternative viewpoints. Due to its exclusive emphasis on Shanghai Disneyland, this information may lack applicability to other theme parks. Subsequent investigations may broaden the range of analysis to encompass Disney theme parks and other affiliated enterprises.

The research content can also be extended to various types of theme parks, making the study more generalizable and applicable. Additionally, incorporating more varied influencing factors for thorough analysis can further expand the application of the marketing mix theory.

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