

# Case Study 2

## Walt Disney Streaming Services

**GEE - 1MEIC03 - G24**

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# Disney's Market Segmentation

Variables and Target Market

# Segmentation Variables



## Customer's Preferences

Tracking behaviour  
Predicting Patterns  
Targeted recommendations  
and advertisement



## Pricing

Ad-Free or  
Ad-Supported



## Location

Region-Specific Content  
Localized Advertisement  
Different Pricing Strategies  
based on each region



## Customer's Characteristics

Age, Gender,  
Income, Education, Family size

# Target Market

## Audiovisual Entertainment Fans

**Characterization:** Various ages located all over the world

**Content Preference:** Interested in watching movies, series and/or exclusive content (from Pixar, Marvel, Star Wars and National Geographic, for example)

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## Sports Enthusiasts

**Characterization:** Various ages located all over the world

**Content Preference:** Interested in sports, specially into exclusive live sports, e. g. european soccer and cricket (not available on cable channels)





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# **Benefits of Customer Relationship Management Strategy for Disney**



# CRM Strategy Benefits

1. Allows for a better understanding of:
  - subscriber's preferences
  - subscriber's behavior
  - engagement patterns
2. Allows for content personalization
3. Allows Disney to reach broader audiences

# Types of CRM

## Strategic CRM

1. Develop long-time customer relationships
2. Create loyalty-based programs
3. Create marketing campaigns that target customer insights

## Analytical CRM

1. Analyze data to gain even more insights into customer's behavior (views, likes, search History)
2. Predict new customer needs
3. Increase customer engagement

## Operational CRM

1. Blend processes to simplify customer interactions
2. Centralize data: Enables Disney to have a comprehensive view of the customers
3. Provide efficient customer service



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# Disney's Bundle Offering

Importance and Logic Behind It



# Disney's Bundle Offering

## Importance

1. Crucial as it provides customers with a discounted price for their entertainment.
2. It differentiates Disney in a market that currently has several streaming services and is somewhat saturated.

## Logic

1. Attract subscribers who value access to a diverse range of content across Disney +, ESPN + and Hulu, while incentivizing them to subscribe to multiple services simultaneously.
2. By building services together with ESPN and Hulu, Disney can increase subscriber acquisition, retention, and overall revenue, while also differentiating itself from competitors.



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# **Introducing a Disney+ Ad-Supported Service**

Key Considerations

# Pros

## New Subscribers

The ad-supported tier could attract new audience that doesn't mind having commercials in shows if it means being able to have the content at a lower price.

## Extra Revenue

Partnership with advertisers, opportunity to increase ad revenue and overall profitability through members that use the ad-supported service.

## Competitive Position

Having ad-supported tiers could help Disney compete with the streaming services that also offer this advantage, maintaining a competitive edge while at the same time differentiating from those without this option

# Cons

## Competition

Considering that with ad-supported streaming Disney+ will be eliminating one of the main factors that differentiated it in the market, competition will be greater.

Therefore, Disney+ would have to innovate its business model in order to:

1. Avoid the loss of customers who might consider subscribing to other services
2. Attract customers in a market that is somewhat saturated

## Break of Prior Commitment

Introducing an ad-supported service would impact customer loyalty, as they were initially attracted to a commercial-free streaming service.

This can lead to:

1. Reduction in ad-free subscribers
2. Customer unsubscription

# Should Disney Do It?



- **Balance between income and user satisfaction**

Disney's original selling point is ad-free streaming

- **Estimate potential additional income**

Weight it against potential customer loss

- **After making the decision, monitor its effects**

Analyse revenue and variance of number of subscriptions



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# Optimal Product Line for Disney

Future and Prices

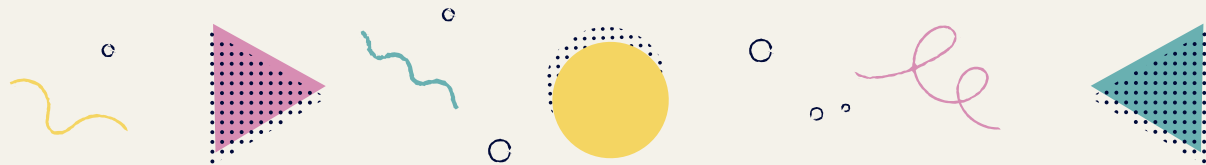
# Prices

|         | Ad-Free       | Ad-Supported |
|---------|---------------|--------------|
| Disney+ | \$7.99/month  | \$5.99/month |
| Hulu    | \$12.99/month | \$6.99/month |
| ESPN+   | -             | \$6.99/month |

# Bundles

|   | Price         | Original Price |
|---|---------------|----------------|
| Disney+, Hulu (with ads)                          | \$9.99/month  | \$12.98/month  |
| Disney+, Hulu (no ads)                            | \$18.99/month | \$20.98/month  |
| Disney+, Hulu, ESPN+ (with ads)                   | \$16.99/month | \$19.97/month  |
| Disney+, Hulu, ESPN+ (no ads on Disney+ and Hulu) | \$21.99/month | \$27.97/month  |





**Thanks!**