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DSC630-T301

Week5: Preliminary Analysis—Milestone 3

Abstract

The purpose of this project is to analyze Disney's revenue and determine whether such revenue increased or decreased after the introduction of their Magic Key Program. Information will be taken from Disney's overall revenue profit which means there will be other outside factors, aside from the Magic Key revenue, included in the data report. It will be assumed, for the sake of the project that Disney's revenue relies heavily on ticket sales where the Magic Key played a big impact in. Trends over the years pre, during, and post coronavirus closure will help determine if the global pandemic, and the closure of Disney, played a bigger role than the introduction of such Magic Key in 2021.

Intro/background of the problem

Background

In August of 2021 Disney introduced a new ticketing scheme to the Disneyland Resort in response to their new reservation system in place due to Coronavirus restrictions. Their reservation system works by selecting a date in which you want to visit and reserving such date to ensure your entry in line with capacity limits. The new ticketing scheme introduced by Disney is known as Magic Key Pass which replaced their old Annual Pass program; the Magic Key Pass consists of four keys: Dream Key,

Believe Key, Enchant Key, and Imagine Key. The Dream Key pass was priced at \$1399 (highest of all keys) and promised “Reservation-based admission to one or both theme parks every day of the year” but was soon met with criticism when Dream Key holders were unable to make reservations to visit the park.

Problem Statement

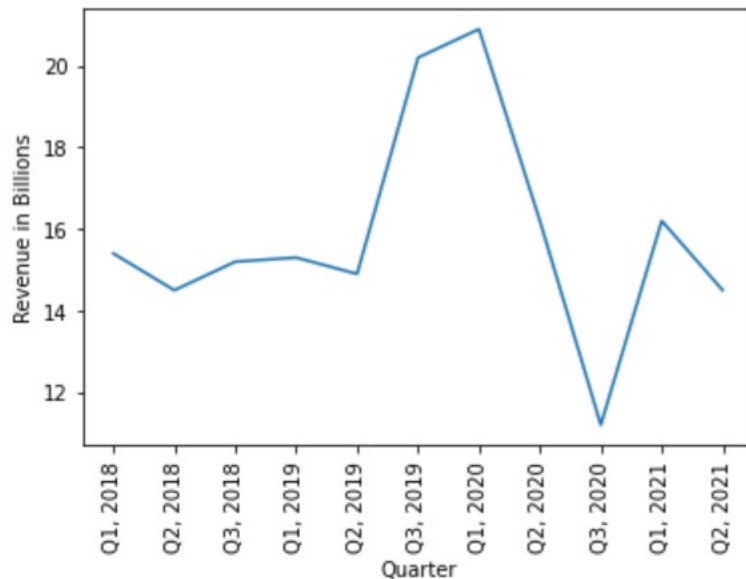
When purchasing expensive Dream Key passes, die-hard Disneyland fans were under the impression they would be let into Disneyland/California Adventure every day of the year. They were highly disappointed when they found out they were unable to do so due to lack of reservations available to either park. Many blamed not being able to reserve a date on Disney’s lack of preparation and over-selling/promoting a program they were not able to accommodate. Could upset magic key holders be avoided if Disney had used predictive analysis to determine how to promote their new ticketing scheme in a way that everyone (key holders and day ticket purchasers) would benefit from it?

Methods

The given data on Disney’s revenue consists of information sorted by quarter from 2018 to 2021 (3 quarters per year, 2021 only having 2 quarters, totaling 11 quarters of data). Some of the (monetary) information provided is in billions versus millions, these values will stay as their corresponding values but requires closer looks at each value and whether it is b (for billions) or m (for millions). Additionally, some of the rows include too much missing data, rows with less than 40% of initial filled data will be dropped. Because each quarter is crucial, those columns with less than 40% filled data

will not be dropped but rather filled with '0' value to allow all quarters to be compared with one another. The data for this week/milestone is reliant heavily on cleaning as most of Disney's consumer reports are difficult to obtain.

Results



Discussion/conclusion

It can be argued that COVID played a bigger role in the plummeting sales of Disney tickets when compared against the Magic Key's impact. From the graph provided above we see that this statement has some truth as sales started dropping during the first quarter of 2020 which is when Disney parks began to close due to the global pandemic.

After Disney parks began a phase of reopening, we see their revenue slowly but surely spike up again. A lot of assumptions are to be made with the little information provided by the Disney company on what might have caused the rise in sales. Between

the first and second quarter of 2021 we see a decrease in revenue; the 2021 decrease can be down to a lot of factors which I plan to research more in depth. Potential factors that might have caused such decrease include:

- Lack of Magic Key flexibility
- Rising COVID cases
- Reduced capacity limits of guests entering the park

Acknowledgments

Because The Walt Disney Company is very private about their information it is quite hard to get much data on sales revenue.

References

"The Walt Disney Company (DIS) Stock Price, Revenue, And Financials". Craft, 2022,
<https://craft.co/the-walt-disney/metrics>.