RORY MCDONALD
ALLISON MNOOKIN
IULIANA MOGOSANU

The Walt Disney Company: Theme Parks

At the end of the day, our product is not the castle or the teacups or the physical things we build. Our product is the guest experience. That's what keeps people coming back.

— Tom Staggs[1]

Tom Staggs, then Chairman of Walt Disney Parks and Resorts, was scrolling through the day's news in August 2010 when an *Orlando Sentinel* headline caught his attention: "Harry Potter and Forbidden Journey ride passes million-passenger mark."[2] The Wizarding World of Harry Potter had opened at Disney's competitor, Universal Studios Orlando, barely three months earlier, but was already a blockbuster success for Universal and its new parent company, Comcast. Universal Studios Orlando had always lagged far behind Disney in attendance and revenue. In 2009, Universal drew roughly 5 million visitors to its top Orlando park, a fraction of the 17 million visitors to Disney's Magic Kingdom Park.[3] Disney's twelve theme parks across the globe consistently ranked as the world's most heavily visited themed attractions (see **Exhibit 1**) and domestic attendance had seen over twenty five percent growth in the prior eight years (see **Exhibit 2**).

Publicly, Disney executives took the position that a rising tide of visitors to Orlando would raise all ships. "We welcome Harry Potter to Central Florida," Michael Griffin, a Disney vice president, told the *New York Times*, "because experience has shown us that any new offering in this market helps draw additional visitors to our resort."[4] But reports of swarming crowds, shrieking fans, and hours-long lines signified that Potter mania was taking hold. In its first six months, Wizarding World would attract 20% more visitors to Universal than in the entire previous year. Revenue skyrocketed by 41%, led by higher ticket prices and Potter-themed merchandise.[5]

Pressure was mounting for Staggs to drive growth in the Parks business.[6] Walt Disney Company's CEO, Bob Iger, had shifted Staggs from the position of CFO to that of Chairman of Parks, while simultaneously moving then-Chairman of Parks Jay Rasulo into Staggs' former job as CFO. The swap was widely viewed as a test to determine which executive was better equipped to succeed Iger, whose contract was set to expire in 2018.[7] Staggs knew that his advancement hinged on the daunting task of growing the segment's $11 billion in revenue which already represented nearly 30% of total company revenue (see **Exhibit 3**). Throughout the global recession, the company remained deeply committed to

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expansion of the Parks assets, consistently investing roughly $1 billion per year in the segment.[8] It was now up to Staggs to decide how to strategically deploy this capital over the next several years.

In addition to conventional expansion and renovation projects, Staggs' Parks team proposed several competing out-of-the-box creative concepts. First, a technological overhaul of the Walt Disney World Resort promised to bring Disney vacationing into the digital era. Second, a stand-alone hotel in Hawaii would be an opportunity to test demand for Disney's signature hospitality experience without the theme-park infrastructure. Finally, several members of the team remained intrigued by the division's attempt to launch and scale DisneyQuest, a small-scale themed indoor recreation site that was intended to provide an immersive experience in cities spread across the US and around the world.

Staggs was convinced that the company needed to innovate radically to attract the next generation of Disney vacationers while taking pains to protect the core experience. Were there other options? Which ideas held the most promise for creating long-term value? The time for a decision had arrived.

Walt Disney and a New Type of Amusement Park

Walt Disney began seriously tinkering with the notion of what would become the modern theme parks in the 1940s, about twenty-five years after founding his iconic movie studio. At first, Walt experimented with miniature figurines to create micro-scale scenes of American life, complete with backgrounds painted by a studio artist.[9] He also developed rudimentary mechanical human-like figures, precursors of the Audio-Animatronics technology that later became signature features of the parks. Walt originally wanted to take his dioramas on the road; he dubbed the project "Disneylandia" and described it as "visual juke boxes with the record-playing mechanism being replaced by a miniature stage setting."[10] The idea of a traveling miniature show gradually morphed into a dedicated park concept: a full-size train would carry visitors through his movie studio to arrive at a small-scale landscaped "village" scene.[11] What had begun as a static diorama concept thus evolved over time, inching closer and closer to a dynamic real-world immersive experience.

These early theme park concepts often took a back seat to studio issues that required Walt's attention. But after a transformative visit to Tivoli Gardens in Copenhagen in 1951, he returned to Burbank more dedicated than ever to his wild idea (see **Exhibit 4**).[12] As a parent, he observed that "he always ended up sitting on the bench as (the kids) rode the merry-go-round and had all the fun." [13] Disney believed there should be a park where the entire family could engage together and have a good time. "Every time you had a meeting with Walt on something else, why, the Park would come up. Especially if you were up in his office, where he had all his drawings and stuff," recalled one animator.[14] When Walt initially described the concept to executives at the TV network ABC (which would later invest in Disneyland), they later admitted that "our people seemed not to understand what he was talking about."[15] Undeterred by such skepticism on the part of his wife, his brother, business partners, and investors, Walt forged ahead full-steam. Abandoning his initial intention to locate the railroad and park at the Burbank studio, he instead purchased an 160-acre parcel in Anaheim.[16]

In 1952, Walt formed WED Enterprises (using his initials), a spin-off of the studio that would focus solely on development of the park concept.[17] The WED team largely consisted of former animation artists, movie producers, and production designers who knew nothing about building theme parks but everything about compelling and imaginative storytelling. Walt filled in the gaps in the team's capabilities by hiring architects and engineers. The WED team, later known as the Imagineers, guided the creative evolution of the theme parks for decades to come. To figure out how guests would experience their new park, Walt and his Imagineers visited other family-entertainment centers, such as Knott's Berry Farm, aiming to "measure the width of the walkways, the traffic flow, and study how people moved about."[18] After years of frenzied planning, design and construction, Disneyland opened its doors on July 17, 1955. Though opening day was a notorious logistical fiasco, the park eventually claimed a place in American culture as "the happiest place on earth."[19]

Disneyland's Opening Day: The Birth of a New Business Model

Though visiting California was out of the question for most Americans in 1955, the Disneyland concept immediately gripped the country: 90 million viewers tuned into ABC's live broadcast of opening day.[20] There had never been anything like it. The park was laid out in a hub-and-spoke design; arriving guests entered a thoroughfare dubbed Main Street, U.S.A., which ultimately led to the Sleeping Beauty Castle. Main Street recalled aspects of Walt's childhood hometown of Marceline, MO, setting a tone of nostalgia and idealization of a bygone era. From this central hub, guests could explore four themed lands: Adventureland, Frontierland, Fantasyland, and Tomorrowland. Some attractions were based on Disney's films, but many invoked classic fairytales or embodied newly imagined intellectual property. Marty Sklar, a celebrated Imagineer, described the design as "the road map of Walt Disney's life."[21]

Walt and his Imagineers shielded Disneyland from the real world via strict control of aesthetics and operations. Physically, the park was walled off by an elevated ridge or *berm* that created visual distance between its attractions and their actual surroundings.[22] Inside Disneyland, guests could only see what the Imagineers fabricated for them to see. The scale of the park also set a distinct tone. Walt was said to have insisted that the height of the attractions feel welcoming; he derided how "tyrants in the past built these huge buildings. . . . And they towered over the people just to impress the people."[23] Sleeping Beauty Castle was designed to be a "visual magnet" to lure guests down Main Street, not to intimidate them.[24] Equally firmly controlled was the park's version of hospitality later referred to by some as "the Disney way." All employees underwent rigorous training, later known as "Disney University," that dictated everything from demeanor to facial hair; similar training persists at the company today (see **Exhibit 5**).[25] Van Arsdale France, the original head of Disney University, explained: "We don't hire for jobs here so much as we cast for parts, especially the onstage roles—ticket takers, ride operators, tour guides. You can't go on stage unless you are set to give a pleasant, happy performance."[26] Fittingly, park employees are referred to as *cast members*.

Less than two months after opening day, Disneyland welcomed its millionth visitor.[27] The park proved to be a financial success as well as a cultural phenomenon, generating $24.5 million in revenues in 1955.[28] Guests paid a nominal entry fee and then purchased tickets for rides. Plentiful "A-tickets" were for simple rides; later the rarer "E-tickets" provided admission to exciting attractions like Pirates of the Caribbean.

The banks that had once considered the Disneyland idea outlandish were now willing to lend at a rate of 3.75%, far below the interest charged on loans for filmmaking, to create more parks.[29] A new business model was born. Cities as dissimilar as St. Louis, MO, and Brasilia, the capital of Brazil, clamored for a second Disneyland. In the early 1960s Walt convened a team of his most trusted executives to lead Project X, which culminated in the purchase of 27,500 acres of land for just over $5 million in Orlando, FL.[30] This second Disneyland's name, Walt Disney World, embodied the company's ambition for the new resort. When Walt died in 1966, his brother Roy O. Disney and the Imagineering team forged ahead with the Magic Kingdom, which opened to the public in 1971.

The Eisner Years: Monetizing the Parks

For nearly two decades after Walt's death, the company appeared to stagnate, hobbled by infighting among Walt's nephew Roy E. Disney (his father's namesake), Walt's son-in-law Ron Miller, and two members of Walt's original team, Card Walker and Donn Tatum.[31] The 1982 opening of Walt Disney World's second park, EPCOT Center (which bore limited resemblance to Walt's original concept), did little to boost Wall Street's confidence.[32] By 1984, the stock price had tumbled to $50 from a high of $123 in 1973.[33] To ward off a hostile takeover and pacify Wall Street, Michael Eisner, then president of Paramount Studios, was named CEO and Chairman of the Board in 1984.[34]

Eisner's status as a Disney outsider would turn out to be crucial; he was unencumbered by Walt's legacy. The two original Disney executives were legendary for their devotion to "what Walt wanted." For example, when pressed to increase the price of parking at Disneyland from a laughable $1 per car, Walker protested: "The parking lot is the first thing the guest sees. Walt wanted them to think that this is the greatest place on earth. We have to keep our prices low so that guests feel they've gotten a good value."[35] Eisner was unconvinced that the value of a Disney vacation depended on low prices. On the contrary, he believed that the company had vastly underestimated visitors' willingness to pay for a Disney experience.[36] This insight would revolutionize the parks. In 1984, Disney theme parks generated just over $1 billion in revenue.[37] In 2005, the year of Eisner's departure, the segment brought in $9 billion.[38]

Initially Eisner implemented slow-but-steady increases in admission prices, which had recently shifted from a ticket-per-ride model to an all-access entry pass. The new model encouraged guests to spend more time at the park on each day of their visit in order to wring the most value out of the pass, and thus to make more ancillary purchases of concessions and souvenirs. With nearly 30 million visitors per year, a mere $1 increase in the admission price would translate into an additional $30 million in operating profit. [39] By increasing ticket pricing in increments no greater than 10% over four years, Eisner improved operating profit by $310 million while initially avoiding the attention of the press (see **Exhibit 6**).[40] By 2010, a four day trip for a family of four to Walt Disney World was likely to cost over two thousand dollars. (see **Exhibit 7** for a cost breakdown).

Eisner's longer-term vision was to transform a theme park visit into an end-to-end vacation experience. In 1990 he unveiled a sweeping plan for 29 new projects that targeted 20% growth per year and a 20% return on equity.[41] "The next 10 years, we're going to do nothing less than re-invent the Disney theme park and resort experience, and not just here in Florida, but in all our parks and resorts," Eisner declared.[42] This so-called "Disney decade" would entail the opening of seven new parks (including international expansion to Paris and Hong Kong), nearly a dozen hotels, fine-dining restaurants, an Orlando shopping center, a timeshare offering, a cruise line—the list went on. The anticipated scope and pace of execution was staggering.

Diversifying the Disney Audience: Appealing to Adults

Due to an aging population and age compression within the United States, Eisner wasn't just enlarging the parks' geographic reach; he also envisioned expanding their target audience (see **Exhibit 8** for data on demographic trends). Many of the experiences inaugurated during this period skewed much older than Walt's original attractions. The 199-foot Tower of Terror, for example, dropped guests vertically 13 stories to give them the sensation of free fall. Mission Space, a giant centrifuge, simulated the G-forces of a spacecraft's launch and re-entry; the attraction was so intense that it was later modified to offer a slower "green" option. Eisner also broke the mold by looking outside the Disney universe for content; by leveraging hit movies like *Star Wars* and *Indiana Jones*, he made the parks more appealing to a wider demographic.

Disney also looked to large conventions as an important source of profit at its theme parks. Conventions helped to offset the natural seasonality that occurs as a result of the school year. By the end of 2005, Disney owned and operated over 300,000 square feet of conference space and hosted some of the largest conventions in the world.[43] As conventions became a more important component of the theme parks, Disney increased the number of entertainment options available to attendees. For instance, conference attendees factored into the design of Disney's Boardwalk Resort, which included a dueling piano bar called Jelly Rolls, several upscale restaurants and an ESPN-themed restaurant called ESPN Club. Richard Clover, Senior Vice President at ESPN, explained, "The appeal of [Disney's Boardwalk] for us clearly includes convention attendees, which tend to be our core audience of adult males."[44] Disney also attracted a number of top chefs to improve the appeal of their restaurants to an older and more sophisticated crowd.

While many conference attendees valued the Walt Disney World location because of its numerous, high quality hotels and superior entertainment options, others felt it was a weird amalgamation of work and play. For instance, conference attendee Jim Hanks complained that while having an important breakfast meeting at the resort, Pluto playfully placed his hands over his eyes. According to Hanks, "All of a sudden I felt a pair of hands covering my eyes. I was really angry."[45]

The most extreme example of Eisner's pivot toward adults was Pleasure Island, a collection of diverse thematic entertainment venues limited to adults and located in the Downtown Disney shopping district. Perhaps the most over-the-top was the Adventurers Club, a comedy venue in the style of a members-only lodge where explorers warmed up the crowd. The BET Soundstage attracted hip-hop enthusiasts; 8Trax blasted music from the 1970s and featured the world's largest rotating dance floor.[46] Every night of the year, each venue held a "New Year's countdown" culminating in a massive midnight celebration. Pleasure Island proved to be a financial success, attracting both vacationers and locals.[47]

In 2001, the *New York Times* sent a 30-year-old single reporter to review Walt Disney World, a clear sign that the demographics of Disney guests had evolved. "As a 30-year-old man in a constant battle for personal coolness," the reporter wrote, "the concept of going to Disney World had always had roughly the same appeal as donning a Day-Glo tuxedo or celebrating my birthday with my mom." But, he continued, "What I discovered surprised me: not only was I not alone—parts of the park are actually teeming with single people—but the park itself was awash in some distinctly grown-up activities. Indeed, in the three days I visited in February—during the park's Mardi Gras celebration—I found all sorts of behavior that might have made Walt wilt."[48] A trip to Walt Disney World was no longer just a getaway best suited to mom, dad and the kids. It was also for those seeking high-speed thrills. It was for the busy conventioneer looking to network in a work-friendly atmosphere. It was for the young-adult couple who wanted to experience a romantic dinner at a celebrated restaurant and the countdown at Pleasure Island. It was for anyone looking to escape.

Adding Income Streams: Beyond the Theme Parks' Gates

Eisner also multiplied the segment's income streams by investing outside the theme-park wheelhouse and exploring new ways to deliver an immersive experience. One prime example was the Disney Cruise Line, launched in 1996, which has expanded to four ships; an additional three were planned to be delivered by 2023.[49] Though competitors like Royal Caribbean and Carnival Cruise Line already featured child-friendly spaces and even character-based themes, the Imagineers designed their ships from scratch to thoroughly transport the guests to a fantasy land. Mickey Mouse motifs and costumed characters abounded—but there were far less predictable components. Waiters were assigned to serve a particular family throughout their vacation, creating a bond between the staff and the vacationers. Broadway-quality theaters boasted stage shows like *Beauty and the Beast*. Disney even bought its own island in the Bahamas, where many of its cruise itineraries stopped. Castaway Cay was designed by the Imagineers as a contained tropical paradise, complete with a fabricated shipwreck (see **Exhibit 9**). The astounding success of the cruise line would later serve as a proof-point for Staggs that Disney could create compelling immersive experiences without a single ride.

Other projects that extended beyond the theme parks were unsuccessful. The Disney Institute, for example, was a sprawling campus adjacent to the Orlando parks, intended to provide vacationers with fun and instruction on topics ranging from business to cooking to topiary gardening.[50] Prices varied $600 to $2,000 per class, excluding room and board, for stays of three to seven nights. Uptake was tepid. The company indefinitely extended its introductory price of $49 per class and rolled out shorter one- and two-night packages. The campus was closed in 2002. Today the Institute specializes in professional development and training, with a focus on leadership and customer service; classes are held at Disney hotels. According to a company blog, "We always offered business programs in addition to the leisure classes. It took us some time, though, to realize that the business programs are our sweet spot."[51]

Another promising but challenged concept was DisneyQuest, a small-scale themed indoor recreation site where visitors could design their own attractions and enjoy other themes games and activities.[52] The company opened 100,000-square-foot venues first in Orlando and then in Chicago, to provide guests an indoor immersive experience targeted largely at teens. There were plans to expand DisneyQuest to up to thirty more cities throughout the country and world.[53] DisneyQuest was viewed as an opportunity to reach customers who didn't frequent the parks (see **Exhibit 10** for household income segments). The idea was initially popular; one customer described it favorably as "an indoor ultimate Chuck E. Cheese."[54] Over time, however, complaints about long lines and high prices increased. Disney eventually lowered the Chicago admission price from $34 to $26, a fraction of the price of admission to Disney Parks.[55] As time passed without technological updates, the VR experience began to seem primitive. The Chicago venue closed within a few years. However, some wondered whether the strategy still had merit. "DisneyQuest was not a bad concept…It might have legitimately become a mainstay of American cities and a local connection to Disney Parks," commented one journalist.[56] Could a different execution have more susccessfully brought the magic of Disney closer to "home"?

The Iger Years: Reigniting Creativity

Michael Eisner's tenure ended in a scenario nearly as tumultuous as the one he had entered 21 years before. Though the successes of many of his domestic projects were undeniable, the financial woes of Disneyland Paris plagued the company. Also, the creative core of the company was beginning to suffer under Eisner's hyper-cost-focused regime, and infighting among Eisner, Roy E. Disney, and company executives had reached a breaking point. As the *New York Times* reported, shareholders essentially revolted against Eisner, forcing the departure in 2005[57] of a CEO who would be remembered as "both brilliant and controversial."[58] Then-President and COO Robert (Bob) Iger took on the CEO position and a set of difficult challenges: to refocus the company's strategy, continue to deliver the rapid growth that Wall Street had come to expect, and refresh the creative minds at Animation and Imagineering, whose ranks had been reduced to control project costs.

Iger's managerial style was a stark contrast to Eisner's domineering approach; he was known as "a hard worker with an easy charm and cool demeanor."[59] Out of the gate, Iger's acquisition of Pixar fueled a creative renaissance at Disney. His first Head of Parks, Jay Rasulo, also delivered a major win when the company finally won approval from China's central government to build a Disney park in Shanghai.[60] After four years of early success sharpening the company's strategy and steadily growing the share price, the global financial crisis put a damper on consumer travel and discretionary spending. It was in this difficult climate that Staggs was named to the position of Chairman of Disney Parks and

Resorts. Disney cut prices, but largely maintained steady attendance throughout the recession.[61] Staggs and Iger were both highly optimistic about the long term potential of the theme-parks business. It was up to Staggs to determine where growth would come from next.

Staggs as Chairman of Parks: Refocusing the Core Business

For starters, Staggs and his team sought to reaffirm Disney's mastery of immersive attractions and to counter the frenzy surrounding The Wizarding World of Harry Potter. The next project had to be bigger and better than anything that Universal could deliver. Borrowing from the Eisner playbook, Staggs and his team looked beyond Disney's intellectual property for characters compelling to the Potter set. Eventually Staggs announced that the company would build Pandora The World of Avatar, a new immersive area at Disney's Animal Kingdom Theme Park at Walt Disney World Resort featuring two technologically groundbreaking attractions based on *Avatar*, the 2009 box-office blockbuster.[62]

Meanwhile, in a pivot away from the Eisner era, Staggs reoriented the company toward families, its core demographic. He directed the Imagineers to completely overhaul Downtown Disney and closed Pleasure Island. The new retail complex, dubbed Disney Springs, leased space to designer retailers like Kate Spade and Kiehl's and high-end restaurant venues such as Morimoto Asia and Ghirardelli. "Our fundamental goal is to create a welcoming, comfortable space where families can enjoy time together and instantaneously feel right at home," Staggs explained.[63]

Staggs as Chairman of Parks: Searching for the Next Blockbuster Project

Alongside these upgrades to the core experience, Staggs knew that his team had to look for new opportunities for expansion. It would take a game-changing project to produce significant growth; the segment already brought in $10.6 billion in revenue and $1.4 billion in operating income in FY09. Also, Iger had hinted that he would soon be promoting an as-yet-unchosen member of the executive team to a new COO position.[64] An innovative signature project would make Staggs a prime candidate for the promotion. When Staggs' team presented him with options, he began contemplating what he would recommend to the board.

Digital Overhaul

Disney executives were increasingly preoccupied with using technology to enhance guests' vacation experience and streamline theme-park operations. Two of the most influential consumer-technology thinkers, Steve Jobs of Apple and Sheryl Sandberg of Facebook, sat on the company's board, and Jobs was known to be a close personal confidant of Iger.[65] In 2008 the president of Walt Disney World, Meg Crofton, challenged her team to rethink how Disney vacations work. "We were looking for pain points," she told *Wired* magazine. "What are the barriers to getting into the experience faster?"[66] For several years, her executive team had been fixated on improving declining metrics, including deteriorating "intent to return." Guests cited long lines, high ticket costs, and the overall complexity of the experience as key reasons for dissatisfaction.[67] A staggering 8–10,000 guests on average passed through the park's main entrance every hour.[68]

The handpicked team of Disney veterans and Imagineers whom Crofton convened to brainstorm came back with "a drawing of the Magic Kingdom without turnstiles," she later recalled.[69] Over time, this vision took the form of an RFID-enabled adjustable plastic bracelet, or "Magic Band," that would be sent to guests prior to their vacation. The prototyped wristbands were colorful and personalized with the guest's name, making them fun to wear as well as functional (see **Exhibit 11**). As soon as guests arrived at the resort, they could use their bands to key into their rooms, pay for food, and skip lines for rides they had reserved in advance. The wristband would allow guests to immerse themselves in their Disney vacation, without cell phones and credit cards to interfere with the illusion. Meanwhile, behind the scenes, an all-inclusive new digital infrastructure would integrate Walt Disney World's four theme parks, 140 attractions, 300 dining locations, and 36 hotels.[70]

The promise of making Disney vacations more efficient and stress-free was exciting. But at an estimated pricetag of $1 billion, this would be an unprecedented investment in experience enhancement.[71] Supporters of the project argued that the Magic Bands would be much more than a fix for customers frustrated by long lines; they would drive incremental profit. For instance, visitors would have the option of charging meals and merchandise to their bands, increasing the ease and speed of in-park purchasing. And by enabling guests to reserve ride times in advance, they could reduce congestion and increase through-put at top attractions. But perhaps the bands' greatest benefit lay in the data they would capture. At a micro level, park operators could personalize guest interactions, enabling restaurant hosts and costumed characters to greet visitors by name.[72] As an equities analyst at Deutsche Bank put it, the undertaking would not be a cost center but a profit-booster, with the potential to drive double-digit returns.[73]

Hawaiian Hotel

Some in the Parks division argued that Disney would only achieve meaningful growth by venturing beyond theme parks. One team of Imagineers proposed a Hawaiian hotel concept they named Aulani, Hawaiian for "messenger of a chief." Aulani would be a sprawling resort on the coast of Oahu, consisting of 360 hotel rooms and 480 timeshare units. The project was estimated to cost $800 million, excluding the price of the land.[74] Joe Rohde, a veteran Imagineer, explained the origins of the idea: "We had a lot of guest information, a lot of internal information that our own people, our own guests, would love to see us do something in Hawaii."[75] The resort would boast a giant pool and water-play area, a spa, nightly luaus and other impressive amenities — everything one would expect of Disney except, of course, the rides. The idea was to leverage Disney's renowned hospitality to create a vacation experience separate from the theme parks. The Imagineers described Aulani as a "family paradise with a touch of magic."[76]

Without attractions to entertain guests, Disney was making a bet that families would use the resort as a launching pad to experience Hawaii. Rohde explained: "It increases your confidence about going out into Hawaii, and it will increase your knowledge and understanding of what you see. I don't think people would keep coming to Aulani and just staying at Aulani forever. I think it becomes a machine and engine by which you understand how to enjoy Hawaii better."[77] But some worried that guests would expect more entertainment at the property itself, and that a hotel alone would not make the resort a destination. At the time, for example, one of the best-known immersive family resorts was Atlantis, a billion-dollar all-inclusive destination in the Bahamas. The project, built in 1994 for $800 million, featured nearly 1,000 guest rooms, a water park and a casino.[78] Over time, another 2,000 rooms and dozens of activities were added, including a dolphin habitat, acclaimed dining, shopping, and museum-quality art.[79] Hawaii's extraordinary natural beauty offered many more attractions than the Bahamas, but questions lingered about whether the scope of Aulani needed to be expanded, and whether a stand-alone hotel project made sense for Disney.

A Path Forward

Contemplating which investments to recommend to the board, Staggs reflected on Walt's original vision. He was proud of his team and loved the innovative project ideas they had come up with. Should he endorse the digital overhaul of the parks? The Hawaiin hotel? Another option? Staggs knew in his bones that the company had to keep pushing the boundaries of what a Disney vacation meant.

Exhibit 1 Global Top 20 Theme Park Ranking (by attendance, in millions)

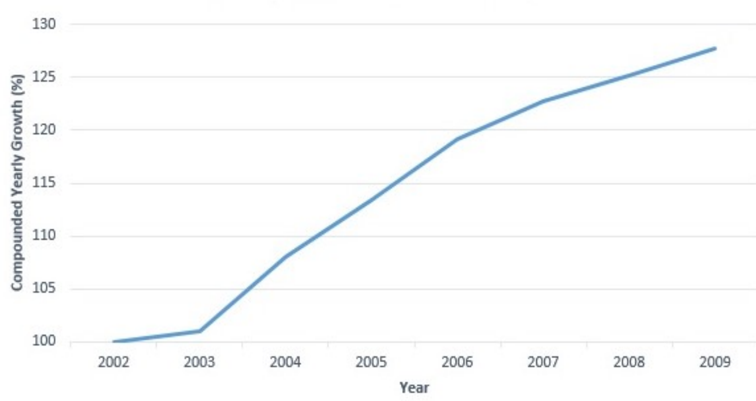
	2009	2010
1	Magic Kingdom (Disney, Orlando): 17.233	Magic Kingdom (Disney, Orlando): 16.972
2	Disneyland (Disney, Anaheim): 15.900	Disneyland (Disney, Anaheim): 15.980
3	Tokyo Disneyland (Disney, Tokyo): 13.646	Tokyo Disneyland (Disney, Tokyo): 14.452
4	Disneyland Park (Disney, Paris): 12.740	Tokyo DisneySea (Disney, Tokyo): 12.663
5	Tokyo DisneySea (Disney, Tokyo): 12.004	EPCOT (Disney, Orlando) 10.825
6	EPCOT (Disney, Orlando) 10.990	Disneyland Park (Disney, Paris): 10.500
7	Hollywood Studios (Disney, Orlando): 9.700	Animal Kingdom (Disney, Orlando): 9.686
8	Animal Kingdom (Disney, Orlando): 9.590	Hollywood Studios (Disney, Orlando): 9.603
9	Universal Studios Japan (Universal, Japan): 8.000	Universal Studios Japan (Universal, Japan): 8.160
10	Everland (Samsung, Gyeonggi-Do): 6.169	Everland (Samsung, Gyeonggi-Do): 6.884
11	Callifornia Adventure (Disney, Anaheim): 6.050	Callifornia Adventure (Disney, Anaheim): 6.278
12	Seaworld (Seaworld Ent, Orlando): 5.800	Islands of Adventure* (Universal, Orlando): 5.949
13	Universal Studios (Universal, Florida): 5.530	Universal Studios (Universal, Florida): 5.925
14	Ocean Park (Hong Kong): 4.800	Lotte World (Lotte, Seoul): 5.551
15	Nagashima Spa Land (Kuwana): 4.700	Hong Kong Disneyland (Disney, Hong Kong): 5.200
16	Islands of Adventure (Universal, Orlando): 4.627	Seaworld (Seaworld Ent, Orlando): 5.100
17	Hong Kong Disneyland (Disney, Hong Kong): 4.600	Ocean Park (Hong Kong): 5.100
18	Yokohama Hakkeijima Spa Paradise (Yokohama): 4.500	Universal Studios Hollywood (Universal, Hollywood): 5.040
19	Universal Studios Hollywood (Universal, Hollywood): 4.308	Walt Disney Studios (Disney, Paris): 4.500
20	Lotte World (Lotte, Seoul): 4.261	Nagashima Spa Land (Kuwana): 4.465

Source: Created by casewriters from "Global Attractions Attendance Report," AECOM, 2010, https://www.aecom.com/content/wp-content/uploads/2015/10/2010_Theme_Index.pdf, and;

"Global Attractions Attendance Report," AECOM, 2009, https://www.aecom.com/content/wp-content/uploads/2015/10/2009_Theme_Index.pdf, accessed August 2019.

* The increase in attendance at Universal's Islands of Adventure between 2009 and 2010 is attributable to the opening of The Wizarding World of Harry Potter in June 2010.

Exhibit 2 Compounded Attendance Growth Year Over Year at Disney Domestic Theme Parks



Source: Created by casewriters from The Walt Disney Company 2003-2009 data: September 30, 2003, Form 10-K (filed December 12, 2003) https://otp.tools.investis.com/clients/us/the_walt_disney_company/SEC/sec-show.aspx?Type=html&FilingId=2641361&CIK=0001001039&Index=10000, and;

Annual Reports: 2006, 2007, 2008,2009,2010,2011, via The Walt Disney Company website, accessed August 2019, https://www.thewaltdisneycompany.com/investor-relations/#corporate-governance.

Exhibit 3 Walt Disney Company Financials (in $ millions)

	2005	2006	2007	2008	2009	2010
Revenues						
Media Networks	12,637	14,100	15,046	15,857	16,209	17,162
Parks and Resorts	9,023	9,925	10,626	11,504	10,667	10,761
Studio Entertainment	7,587	7,529	7,491	7,348	6,136	6,701
Consumer Products	2,127	2,193	2,347	2,415	2,425	2,678
Interactive Media	-	-	-	719	712	761
Total	**31,374**	**33,747**	**35,510**	**37,843**	**36,149**	**38,063**
Operating Profit Before Tax						
Media Networks	3,040	3,480	4,285	4,981	4,765	5,132
Parks and Resorts	1,178	1,534	1,710	1,897	1,418	1,318
Studio Entertainment	207	729	1,201	1,086	175	693
Consumer Products	543	618	631	778	609	677
Interactive Media	-	-	-	(258)	(295)	(234)
Total	**4,968**	**6,361**	**7,827**	**8,484**	**6,672**	**7,586**
Revenues (% of Total)						
Media Networks	40%	42%	42%	42%	45%	45%
Parks and Resorts	29%	29%	30%	30%	30%	28%
Studio Entertainment	24%	22%	21%	19%	17%	18%
Consumer Products	7%	6%	7%	6%	7%	7%
Interactive Media	-	-	-	2%	2%	2%
Operating Profit Before Tax (% of Total)						
Media Networks	61%	55%	55%	59%	71%	68%
Parks and Resorts	24%	24%	22%	22%	21%	17%
Studio Entertainment	4%	11%	15%	13%	3%	9%
Consumer Products	11%	10%	8%	9%	9%	9%
Interactive Media	-	-	-	-3%	-4%	-3%

Source: Compiled by casewriters from; 2005–2007 data: The Walt Disney Company, September 29, 2007, Form 10-K, (filed November 21, 2007), via edgar.sec.gov, accessed April 2018, and;

2008–2010 data: The Walt Disney Company, October 2, 2010, Form 10-K, (filed November 24, 2010), via edgar.sec.gov, accessed April 2018.

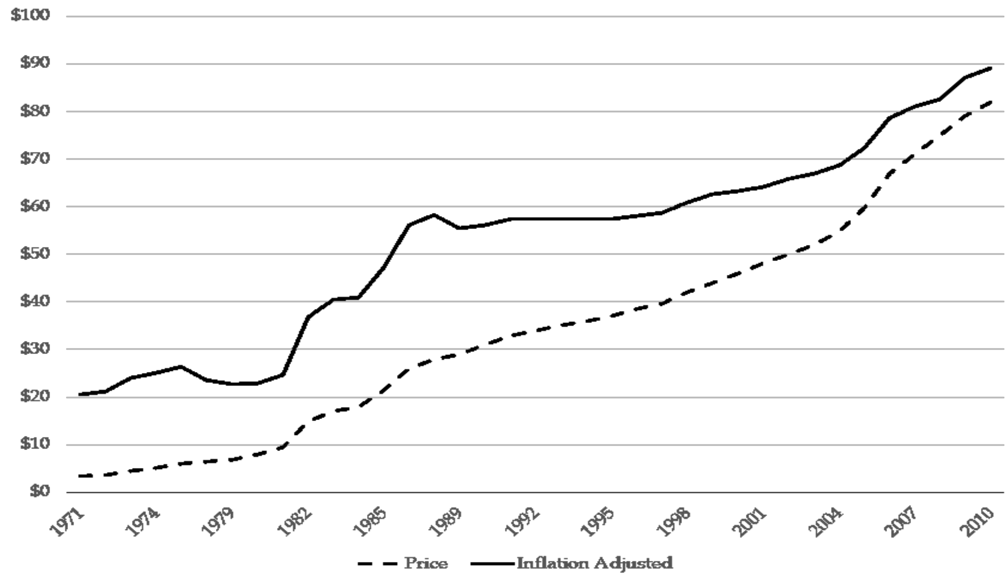
Exhibit 4 Tivoli Gardens, the Park that Inspired Walt Disney

Source: The Library of Congress, "The Tivoli park, Copenhagen, Denmark," http://loc.gov/pictures/resource/ppmsc.05757/, accessed March 2020.

Exhibit 5 The "Disney Look" for Cast Members

Source: Jennie Park mydisneyadventures, "Beast and Princesses," https://www.flickr.com/photos/11325321@N08/6822410380, accessed March 2020. CC BY 2.0 https://creativecommons.org/licenses/by/2.0/.

Exhibit 6 Price Increases, Disney World Theme-Park Admissions, 1971–2010



Source: Created by casewriters using data from Jack Linshi, "See How Much More Expensive Disney World Prices Have Gotten," Time, February 25, 2015, http://time.com/3721999/disney-world-magic-kingdom-ticket-price/, accessed August 2019.

Exhibit 7 Cost of 4-day trip to Walt Disney World for a Family of Four (2010)

	Cost
2 Adult tickets[a]	$164 per day
2 Children tickets (age 3-9)[a]	$148 per day
Total park entry	$312 per day
Per room guest spending[b]	$224 per day
Cost per day	$536 per day
Cost of 4-day trip	**$2,144**

Source: Created by casewriters from; "2010's Walt Disney World Tickets", AllEars.net, accessed August 2019, http://allears.net/walt-disney-world/wdw-planning/2010s-walt-disney-world-tickets/; and,

The Walt Disney Company, October 2, 2010, Form 10-K (filed November 24, 2010), via Walt Disney Company Website, accessed August 2019, https://otp.tools.investis.com/clients/us/the_walt_disney_company/SEC/sec-show.aspx?Type=html&FilingId=7578914&CIK=0001001039&Index=10000#D10K_HTM_TOC100216_8, accessed August 2019.

[a] Tickets are "1 Day Magic Your Way Base" that give each member entry to one theme park each day for four days. These prices are available as of August 5, 2010 when Disney raised ticket prices from $79 per adult ticket and from $68 per children tickets respectively.

[B] Per room guest spending consists of the average daily hotel room rates as well as guest spending on food, beverages and merchandise at the hotels. Hotel statistics include rentals of Disney Vacation Club units.

Exhibit 8 U.S. Population and Children Under the Age of 18

Year	Total Population (millions)	5-Year Absolute % Increase	Children Under 18 (millions)	5-Year Absolute % Increase	% of Total Population
1950	151.9	--	47.3	--	31.1%
1955	165.1	8.7%	55.7	17.8%	33.7%
1960	180.0	9.0%	64.5	15.8%	35.8%
1965	193.5	7.5%	69.7	8.1%	36.0%
1970	204.0	5.4%	69.8	0.1%	34.2%
1975	215.5	5.6%	67.2	-3.7%	31.2%
1980	227.2	5.5%	63.7	-5.2%	28.0%
1985	237.9	4.7%	62.6	-1.7%	26.3%
1990	249.6	4.9%	64.2	2.6%	25.7%
1995	266.3	6.7%	69.5	8.3%	26.1%
2000	282.2	6.0%	72.4	4.2%	25.7%
2005	295.8	4.8%	73.5	1.5%	24.9%
2010	308.7	4.4%	74.1	0.8%	24.0%

Source: Created by casewriters using data from; U.S. Census Bureau. Statistical Abstract of the United States: 2012. Section 1. Population. National Estimates and Projections. Table 2. Population, accessed September 2019. https://www.census.gov/library/publications/2011/compendia/statab/131ed/population.html, and;

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Exhibit 9 Disney's Castaway Cay

Source: Mike Burton, "2007 Disney Wonder and Flying Dutchman, Castaway Cay, Bahamas," https://www.flickr.com/photos/scmikeburton/2514193247/, accessed April 2020. CC BY-ND 2.0 https://creativecommons.org/licenses/by-nd/2.0/.

Exhibit 10 Number of Households in USA in 2010 (in thousands)

		Related Children Under 18											
		0		1		2		3		4 or more		Total	%
Household Income in 2010	$0 - $19,999	24,642	8%	6,559	2%	6,402	2%	4,261	1%	2,996	1%	**44,860**	**15%**
	$20,000 - $39,999	31,508	10%	9,303	3%	9,729	3%	5,536	2%	3,930	1%	**60,006**	**20%**
	$40,000 - $59,999	26,019	8%	8,739	3%	9,107	3%	4,755	2%	2,753	1%	**51,373**	**17%**
	$60,000 - $79,999	20,078	7%	8,077	3%	7,935	3%	3,427	1%	1,971	1%	**41,488**	**14%**
	$80,000 - $99,999	14,541	5%	5,785	2%	6,787	2%	2,727	1%	1,474	0%	**31,314**	**10%**
	$100,000 and over	34,556	11%	15,319	5%	17,560	6%	7,221	2%	2,853	1%	**77,509**	**25%**
	Total	**151,344**	**49%**	**53,782**	**18%**	**57,520**	**19%**	**27,927**	**9%**	**15,977**	**5%**	**306,551**	**100%**

Source: U.S. Census Bureau. Current Population Survey, Annual Social and Economic Supplement, 2011. https://www.census.gov/cps/data/cpstablecreator.html, accessed August 2019.

Note: CPS Data Collected in Year: 2011

Exhibit 11 The Disney Magic Band Concept

Source: Created by Christopher Diak (Program Assistant of The Forum for Growth and Innovation at HBS). October 2019.

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