# (Note: executive document, not memo format)



# Executive Document: Transformation Plan for Disney+

## 1. Executive Summary (should be done last?) - Nora

* A high-level overview of the document’s purpose, highlighting key points of the transformation plan, objectives, expected outcomes, and current project status. The introduction should set the stage for the detailed discussion that follows, highlighting the document's importance and the collective effort required to steer the company towards its envisioned future. Remember, the tone should be both informative and inspirational, reflecting the seriousness of the transformation while also rallying the board's support and enthusiasm for the journey ahead.

## 2. Overview of Disney D2C (20 pts)

## Introduction to the Company: Brief history, mission, and core business activities.

* Current market position and competitive landscape.

### 3. Rationale for Transformation

* Key drivers behind the need for change (e.g., technological advancements, market competition).
* Strategic objectives the transformation aims to achieve.

## 4. Transformation Components (20 pts)

### 4.1 Statement of Concern

* Detailed analysis of current challenges facing the company.
* Assessment of these challenges on Company’s performance and sustainability.

### 4.2 Transformation Hypothesis - MR

* Proposed Changes: Overview of suggested changes to overcome identified challenges.- part of statement of concern?
* Expected Benefits: Short-term and long-term benefits anticipated from these changes.

### 4.3 Transformation Plan

#### 4.4.1 Timeline

* Phased approach with key milestones and deadlines.

#### 4.4.2 Resources - MR

* Overview of financial, human, and technological resources required.

#### 4.4.3 Change Management – MR (reference paper 1)

* Strategies for managing organizational change, including stakeholder engagement, communication, and support throughout the transformation process.

4.4.4 Risk Assessment and Mitigation – MR (reference paper 1)

* Outline potential risks associated with the transformation, including operational, financial, technological, and market-related risks.
* Address risks associated with organizational resistance or external stakeholder pushback and the corresponding change management strategies to address these risks.

## 5. Strategic Framework and Execution - Class Materials (20 pts)

### 5.1 Strategy and Pillars of the Transformation

* Strategic Framework: The overarching strategy guiding the transformation.
* Pillars of Transformation: Core areas of focus or pillars supporting the strategy.

### 5.2 Transformation Key Performance Indicators (KPIs)

* List of KPIs to measure the success of the transformation efforts.

### 5.3 Governance Model

* Structure and key roles and their responsibilities for overseeing the transformation process.

5.4 Transformation Program Lalitha

* Comprehensive overview of all projects and initiatives included in the transformation. - create an overview of what we have? -
* Program Management: approach to managing and executing the transformation program.

## 6. Current Status of the Transformation Project

* Project Status: Update on the progress made so far, including any milestones achieved or any roadblocks encountered, and strategies employed to overcome them.

7. Financial Implications - Jason

* Overview of the financial impact, including budget allocations, expected financial benefits, and investment justifications.

## 8. Conclusion and Next Steps – LM (added)

* Recap of the transformation’s strategic importance to Company
* Call to action/actions the Board of Directors and other stakeholders need to take. This can include: A**pprove the Transformation Budget, Support Strategic Initiatives, Authorize Strategic Partnerships, Champion Change Management Efforts, Facilitate Stakeholder Engagement, Participate in Regular Review Sessions, Ensure Resource Allocation: etc.**

## 9. Appendices – charts created by our team can go at the end

* Additional data, charts, or detailed project plans supporting the transformation strategy.

## Presentation Slide – Alex

## Ensure each section is succinct to fit 7 pages, focusing on clear, impactful information that will guide the Board's understanding and decision-making

# Copied and pasted from each prior assignment and current draft:

# Executive Summary: Transformation Plan for Disney+

This document outlines a bold and strategic transformation plan designed to propel Disney's Direct-to-Consumer (DTC) offerings, including Disney+, ESPN+, and Hulu, to the forefront of the global streaming landscape. As we stand at a pivotal juncture in the entertainment industry, this initiative is a clarion call for collective action, demanding visionary leadership and unwavering commitment from all stakeholders.

Key Points of the Transformation Plan:

* Optimizing Content Strategy: Leveraging data analytics to curate a compelling content mix that balances our beloved franchises with fresh, audience-driven originals.Technological Innovation: Investing in cutting-edge technologies like AR/VR and gaming to create immersive and personalized user experiences.
* Flexible Pricing Models: Implementing tiered subscription options and targeted promotions to cater to diverse consumer preferences, maximizing Average Revenue Per User (ARPU).
* Strategic Global Expansion: Prioritizing Hulu's international growth to capture new markets and solidify our global footprint.
* Effective Communication & Change Management: Proactively engaging stakeholders, fostering a culture that embraces change, and ensuring transparency throughout the transformation journey.

Expected Outcomes:

Solidified Global Leadership: Establish Disney DTC as the preeminent leader in digital entertainment, with a dominant global presence.

Innovation at the Forefront: Cultivate a reputation for groundbreaking content and cutting-edge technological implementation, particularly within the immersive AR/VR space.

Enhanced Brand Loyalty: Build unwavering customer loyalty by maintaining a commitment to high-quality storytelling, sustainability, and social responsibility.

Current Project Status:

This transformative plan is currently in its initial phase, undergoing meticulous planning and resource allocation. We are committed to a phased approach, ensuring smooth implementation and continuous improvement.

Conclusion:

This transformational journey is not merely an operational shift; it represents a monumental leap towards Disney's envisioned future. By uniting our collective talent, embracing innovation, and focusing on a sustainable growth strategy, we can solidify Disney's position as a global entertainment powerhouse for generations to come. The road ahead requires dedication, agility, and unwavering passion. However, the potential rewards are boundless. Together, let's guide Disney DTC towards this next exciting chapter in our captivating story.

## **2. Overview of Disney D2C**

Disney's celebrated tradition of storytelling excellence and creative innovation positions us uniquely in the entertainment industry. Our D2C offerings—ESPN+, Disney+, and Hulu—demonstrate our commitment to quality and diversity, serving a broad audience with a rich library of content. As the digital era reshapes consumer expectations, our focus shifts towards integrating our traditional strengths with new digital capabilities to ensure we remain at the forefront of the entertainment evolution.

**Market Overview:**

The global streaming video market is experiencing explosive growth, driven by the increase in internet penetration, cord-cutting, and rising consumer demand for convenient and affordable entertainment options. The market is expected to reach $697.2 billion by 2025-2030, exhibiting a compound annual growth rate of 19.5% (VynZ). This expansion is fueled by technological advancements, a shift away from traditional cable, and an increase in consumer demand for accessible, diverse, and quality content. The current landscape is characterized by fierce competition, rapid innovation, and changing consumer behaviors, particularly among younger demographics.

**Our Firm’s Relative Position:**

Disney's streaming services, including Disney+, Hulu, ESPN+, and Star+, collectively cater to a wide audience range, from families and children to sports enthusiasts and adult viewers seeking premium content. While Disney+ boasts a considerable subscriber base, exceeding 130 million subscribers, comparative metrics indicate a need for strategic improvement to maintain our competitive edge, particularly against benchmarks set by industry leaders like Netflix. This competitive pressure accentuates the need for a focused strategy to bolster our brand appeal and financial outlook.

**Rationale for Transformation**

The competitive landscape mandates a strategic transformation to address subscriber volatility and to close the competitive gap, underscored by our commitment to a $25 billion content investment. This transformation is pivotal in refining our strategic approach to content curation, pricing strategies, and global market expansion, ensuring Disney D2C's enduring legacy and leadership. We face critical challenges in subscriber growth and content investment efficiency. Addressing these through targeted strategic initiatives is expected to yield significant improvements in ARPU and subscriber retention, thereby enhancing our competitive stance and financial health.

**Primary Statement of Concern**

Streaming (ESPN+, Disney+, Hulu): Disney DTC confronts a critical challenge in the streaming arena, particularly in competition with Netflix. While we observe a positive trend in average revenue per user (ARPU) within the US and Canada, Disney+'s subscriber count has seen a decline as opposed to Netflix's significant growth to over 260 million subscribers by Q4 2023 (Appendix 1). This situation emphasizes the urgent need for Disney DTC to revisit and refine its strategy to boost subscriber growth and ARPU, which, despite improvements, remains below Netflix’s $11.64 (Appendix 3). Additionally, our content investment per user stands nearly three times that of Netflix (Appendix 4), highlighting an area for strategic review to ensure efficient content spending and to address market demands for original content. A focused recalibration on these fronts is essential for enhancing Disney DTC's competitive position and financial health, thereby securing its legacy in the streaming domain.

Content and IP: In terms of studios, we incurred significant spending of an estimated one billion on four movies that did not perform as well as anticipated. There is a need for innovation in this area and acquisition of new IP due to consumer fatigue with oversaturation of similar content. So, we must strike the balance between franchise content and original content in terms of costs and reduce franchise content to prevent oversaturation. Currently, there is a lot more franchise content due to cost-cutting measures. (Appendix 2)

### **Transformation Hypothesis**

In response to the rapidly evolving digital entertainment landscape, Disney Direct-to-Consumer (DTC) recognizes the critical need for content diversification, we will implement a Creativity Hub, leveraging demographic insights and data analytics to strike a harmonious balance between franchise and original content. This initiative aims to address inefficiencies in content spending, ensuring our offerings resonate with a diverse and global audience. To elevate our engagement strategy, Disney DTC will invest in cutting-edge technologies, including augmented and virtual reality (AR/VR) and gaming. By capitalizing on the robust stature of ESPN and the expansive universe of Disney's intellectual properties, we aim to deliver unparalleled immersive experiences. This technological leap, supported by advanced data analytics for tailored content development, promises to revolutionize personalized user experiences across our platforms, including Disney+, Hulu, and ESPN+. Recognizing the importance of dynamic pricing and subscription models in driving subscriber growth and enhancing average revenue per user (ARPU), Disney DTC will introduce tiered subscription options and targeted promotions. These strategies will be finely tuned using demographic insights and market dynamics, enabling us to offer competitive and customized packages that cater to varying global consumer preferences. Our global expansion strategy, particularly the acceleration of Hulu's international presence, is central to capturing untapped markets and broadening our global footprint. Through deep partnerships focused on content creation and distribution, we are committed to delivering localized experiences that align with regional tastes and cultural nuances, further solidifying Disney's global appeal.

The short-term benefits gleamed from these initiatives have included an enhanced user engagement through diversified and personalized content, improved financial health from optimized content spending and dynamic pricing strategies, and initial steps towards global market penetration.

In the latter phase of our transformation journey, Disney DTC will integrate Environmental, Social, and Governance (ESG) principles into our content production and corporate operations. This strategic pivot not only aims to establish Disney as a frontrunner in responsible content creation but also to enhance our brand loyalty among a growing segment of socially conscious consumers. By optimizing our pricing and subscription models based on continuous market analysis and user feedback, we will ensure Disney remains competitively positioned and attuned to consumer satisfaction. Disney DTC's strategic transformation plan is designed to fortify our legacy of storytelling excellence while embracing the opportunities presented by digital innovation. Through targeted investments in content diversification, technological advancement, global expansion, and a commitment to sustainability, we are poised to not only meet but exceed the evolving expectations of our audiences, ensuring Disney's enduring success in the digital era.

Long term benefits that will be achieved by these initiatives include established leadership in digital entertainment with a significant global footprint, a reputation for innovation in content and technology, especially in AR/VR, and a strong brand loyalty driven by a commitment to sustainability and social responsibility.

#### **Timeline**

Disney DTC is poised for a transformative five-year journey, innovating our digital streaming, content production, and global outreach. With an emphasis on demographic insights, we're establishing a creativity hub that drives a data-driven culture, fostering content that resonates with diverse audiences. Central to our strategy is leveraging ESPN's unparalleled stature and extending our IP into gaming and AR/VR, while Hulu’s expansion underscores our commitment to a global footprint. Through deep partnerships leveraged by our esteemed brand, we will deliver tailored experiences that meet local market nuances and demographic expectations. This commitment to innovation and adaptation fortifies Disney DTC’s position as an industry leader, ensuring our brand's magic transcends borders and generations. The transformation timeline is referenced in our appendix.

Here is the expected timeline for the strategic transformation:

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Profitability | Content Investment Per User | Monthly ARPU |
| 1 | - Implement cost optimization strategies.  - Analyze and reduce non-essential expenses.  - Adjust compensation package, linking compensation to results. | - Invest in demographic analysis to refine content and user engagement.  - Creativity Hub (content strategies, investment validation)  - International content partnership studies and production trials. | - Revise pricing strategies.  - Introduce tiered subscription models.  - Implement targeted promotions and trials.  - International expansion of Hulu |
| 2 | - Focus on streamlining content production efficiency, quality and distribution. | - Expand partnerships with creators and influencers.  - Increase investment in data analytics for tailored content development. | - Enhance user experience and personalized content recommendations.  - ESPN APP spin off and available on other platforms.  - Boost international streaming partnerships |
| 3 | - Evaluate fiscal impact of new revenue streams and adjust strategies. | - Leverage analytics insights to refine content investment on high ROI genres/formats. | - Introduce AR/VR content experiences.  - Differentiate service to justify premium pricing tiers. |
| 4 | - Expand into new geographic markets with tailored strategies.  - Strengthen Disney's market position. | - Invest in technologies and storytelling for next-gen content experiences.  - Focus on genres and formats that offer the best ROI. | - Develop cross-platform bundles (streaming services, theme parks, merchandise)- Increase overall revenue per user. |
| 5 | - Focus on ESG principles in content production and corporate operations.  - Secure sustainable growth. | - Establish Disney as a leader in sustainable and socially responsible content creation.  - Enhance brand loyalty and attract a socially conscious audience. | - Optimize pricing and subscription models based on market analysis and user feedback.  - Ensure competitive positioning and user satisfaction. |

#### **Resources**

We estimate that this transformation will require $25 billion dollars per year. To achieve the ambitious objectives outlined in our $25 billion annual transformation agenda, Disney Direct-to-Consumer (DTC) will judiciously allocate financial, human, and technological resources. Financial allocations will prioritize content development and acquisitions, technological advancements, strategic global market expansion, and initiatives promoting sustainability. The human resource strategy will focus on attracting and retaining a diverse pool of top-tier creative talent, data scientists, technical professionals, and specialists in global operations and environmental, social, and governance (ESG) principles, underpinning our commitment to innovation, market responsiveness, and corporate responsibility. Technologically, our investments will concentrate on bolstering streaming infrastructure, employing sophisticated data analytics and artificial intelligence for enhanced personalization, pioneering in AR/VR and gaming, and ensuring the utmost cybersecurity. This comprehensive resource deployment strategy is designed to solidify Disney DTC's leadership in the digital entertainment sphere, embracing technological evolution while responding dynamically to global audience demands and sustainable business practices.

**Change Management and Risk Assessment/ Mitigation-** Outline potential risks associated with the transformation, including operational, financial, technological, and market-related risks. Address risks associated with organizational resistance or external stakeholder pushback and the corresponding change management strategies to address these risks. Lalitha

Operational risks include potential disruptions to existing operations during implementation, inadequate training and skill gaps among employees for digital transformation, and insufficient resource allocation for transformation initiatives. We are mitigating these risks by conducting thorough impact assessments, investing in comprehensive training programs, and ensuring proper resource allocation.

Financial risks encompass overestimation of return on investment from digital transformation, budget overruns due to unforeseen expenses or delays, and revenue loss from traditional revenue streams during the transition period. We are confident in the rigorous financial modeling that was performed for this transformation which we will continue to help stay on track. Implementing strict budget controls, and diversifying revenue streams are other things we are doing. The transformation plan also accounts for bringing in revenue during the transition period before the new initiatives have begun and are ready for consumer consumption. This is in the form of acquiring content for the meantime for Disney +, movies, ESPN Sports and performing more research-based tasks for gaming exploration of opportunities.

Technological risks consist of technical issues or downtime in digital platforms and systems, cybersecurity threats, data breaches, or privacy concerns, and compatibility issues with legacy systems and new technologies. We already implement robust cybersecurity measures. Throughout this transformation, conducting thorough testing and quality assurance, and partnering with reputable technology providers will mitigate the risks.

Market-related risks include increased competition from digital native companies, shifts in consumer preferences or market trends, and regulatory changes impacting digital content distribution and marketing. A major part of our transformation is improved data analytics that enable us to monitor market trends and conduct continuous market research. We will also advocate for regulatory reforms to support digital transformation looking into the future.

Organizational resistance and external pushback risks involve resistance from employees due to fear of job redundancy or change, pushback from traditional partners on digital distribution strategies, and concerns from shareholders about short-term financial impacts.

It is imperative that we address the natural resistance to change with a thoughtful and comprehensive approach. Our success hinges not just on the strategies we implement but, on the unity and adaptability of our team. Recognizing that resistance often stems from uncertainty and apprehension, we are committed to fostering an environment where open communication, continuous learning, and active participation are cornerstones of our journey.

To this end, we will enhance our communication efforts, ensuring transparency through quarterly Town Halls and a monthly transformation newsletter. This will keep everyone informed about the rationale for changes, anticipated outcomes, and progress. Moreover, we understand the importance of equipping our team with the necessary skills and knowledge for this journey. Comprehensive training programs and robust support systems will be available to ease anxiety regarding adapting to the evolving landscape. We also value the power of inclusion and will involve our team in the transformation process through workshops, brainstorming sessions, and feedback mechanisms. This involvement is key to mitigating resistance, fostering a sense of ownership, and building a culture of inclusivity. Additionally, we will openly discuss potential challenges and concerns, acknowledging fears and providing solutions or support to build trust and diminish resistance. Celebrating our milestones is equally important. It boosts morale, demonstrates the tangible benefits of our efforts, and reinforces a positive outlook towards change. Furthermore, we will introduce incentive structures to reward adaptation and innovation, motivating our team to contribute positively to our transformation efforts.

Our approach to this transformation is multi-faceted, centered around transparency, support, inclusivity, and recognition. By embracing these principles, we are confident in our ability to navigate this journey together, ensuring a seamless transition into a future filled with promise for our team and the organization.

## **Strategic Framework and Execution**

I am dedicated to guiding our DTC operations towards significant growth, enhanced cost-efficiency, and a stronger competitive position. Our strategy focus will pivot towards:

Market Transformation: Prioritizing the 16-34 age group to ensure our offerings resonate with this critical demographic. We aim to leverage ESPN's digital footprint to convert online engagement into substantial subscriber growth and revenue, ensuring our sports content retains its premium appeal.

Product Transformation: Introducing innovative IPs and enriching our beloved franchises underscores our commitment to rejuvenating our content portfolio. This effort aims to foster growth and enthusiasm within our fan base, catering to a diverse audience with an emphasis on the digital-native sector. Strategies include refining platform user experiences to boost engagement and retention, developing market-specific content to meet global needs, implementing flexible pricing models to expand our subscriber base, and addressing the challenges of content saturation and price sensitivity head-on.

Digital Transformation: ESPN's digital strategy is designed to broaden our reach and unlock new revenue streams, promoting growth and long-term stability. We're exploring partnerships in gaming and AR/VR to tap into uncharted market territories.

**Transformation Key Performance Indicators (KPIs)**

Our focus on key performance indicators such as *profitability, content investment per user, and ARPU* aims to extend beyond merely maintaining our leadership. We aspire to achieve sustainable profitability and establish a commanding market presence, addressing the evolving needs of our audience and the dynamic digital landscape.

### **Governance Model**

The transformation of our DTC segment is meticulously overseen by the Streaming Strategy Committee, led by DTC Entertainment Leader Joe Earley (Appendix 6). The committee is a constellation of senior executives uniquely positioned to steer the strategic direction and ensure that the transformation efforts are in harmony with Disney's overarching objectives. This governance model is designed to foster agile decision-making, allowing for rapid responses to emerging challenges and opportunities. It also ensures strategic coherence across all initiatives, ensuring that each step of the transformation contributes to the collective goal. Through comprehensive performance monitoring, the committee evaluates progress against key performance indicators, enabling timely adjustments to strategies as necessary. This structured approach underscores the committee's commitment to guiding Disney DTC through a period of significant change, aiming to solidify its leadership in the streaming industry and enhance its competitive stance in the digital era.

### Transformation Program -

Our transformation program encompasses a strategic initiative to harness digital innovation and expand our market reach in the changing entertainment landscape. The program consists of a series of key projects and initiatives aimed at leveraging advanced technologies, enhancing content offerings, and driving subscriber growth across all digital platforms that are a part of D2C.

Key Projects and Initiatives:

ESPN Digital Product Enhancement and Subscriber Growth: This initiative focuses on enhancing the digital experience for ESPN subscribers through innovative features and functionalities. The project aims to optimize user engagement, increase retention, and drive subscriber growth for ESPN's digital products.

Content Hub for Data Analytics and Consumer Research: We are establishing a centralized Content Hub equipped with advanced data analytics capabilities to drive informed decision-making. By leveraging consumer insights and market trends, we aim to create compelling original content for our streaming platforms.

Disney Plus Subscriber Growth and Profitability Improvement: Disney Plus is a cornerstone of the transformation program, with initiatives aimed at expanding subscriber base and improving profitability. Through strategic content investments and targeted marketing efforts, we seek to strengthen our position in the streaming market.

New IP Creation: We are investing in the creation of new intellectual properties (IPs) to diversify our content portfolio and capture new audience segments. By developing innovative storytelling concepts, we aim to be on the top in entertainment.

Acquisition of Content Aligned with Current Trends: We are pursuing strategic acquisitions of content assets that align with current market trends and audience preferences. By acquiring high-quality content, we seeks to enhance our content library and cater to the evolving needs of our audience.

Hulu Subscriber Growth and Expansion: By investing in original content and enhancing user experiences, we aim to strengthen Hulu's competitive position in the streaming market and enhance profits.

Incorporation of New Technologies like AR and VR: We are also exploring the integration of augmented reality (AR) and virtual reality (VR) technologies into our content offerings. By embracing these immersive technologies, Disney aims to enhance user experiences and drive engagement across its digital platforms.

Development of Gaming Product Line in Partnership with Epic Games: We also want to develop our collaboration with Epic Games to develop a gaming product line that leverages iconic Disney characters and franchises. We seek to expand our presence in the gaming industry and capitalize on the growing popularity of interactive entertainment.

These key projects and initiatives underscore our commitment to innovation, growth, and delivering unparalleled entertainment experiences to audiences worldwide. By leveraging digital technologies, strategic partnerships, and compelling content offerings, we are poised to be the leader in entertainment.

## **Current Status of the Transformation Project**

As we move forward in addressing the dynamic challenges in the streaming market, Disney DTC's status indicates a promising trend in ARPU and an earnest push towards profitability. However, the dip in subscriber numbers underscores the urgency to expedite specific aspects of our comprehensive transformation plan designed for 2024 and 2025. This initiative, meticulously spearheaded by the Streaming Strategy Committee under Joe Earley's leadership, focuses on a series of immediate actions aimed at refining our strategic approach to market demands and subscriber engagement.

Our primary immediate actions include:

* Enhancing Market User Analysis: To gain a deeper understanding of demographic preferences, ensuring our content strategy aligns with audience expectations.
* Establishing a Creativity Hub: Adopting a venture capital-like approach to validate new productions and innovations, fostering a culture of data-informed creativity.
* Revising Compensation Models: Transitioning towards a more results-driven framework to incentivize performance and innovation.
* Expanding Global Partnerships: Collaborating with overseas partners to offer localized content, thereby establishing Disney as a globally recognized brand with diverse and cost-effective creative solutions.

Additionally, following the full acquisition of Hulu, we're strategically positioning Disney+ to dominate the family-oriented content space, while Hulu will cater to the evolving interests of older demographics. This strategy ensures a seamless audience transition, bolstering our market adaptability and reach.

To further solidify Hulu's position as a formidable global competitor, we're committed to expanding its international presence and diversifying its content production. This global outreach is anticipated to not only enrich our content library but also empower Hulu to produce globally resonant hits.

These strategic measures are integral to our transformation plan, outlined through specific 2024 KPI targets that chart our path towards bolstered subscriber growth, optimized content investment, and long-term profitability (Appendix 5 for 2024-2015 transformation KPI targets):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year/Quarter** | **Global Subscribers**  **(in million)** | **Content Spending per User** | **Monthly ARPU (US and Canada)** | **Profitability**  **(in million USD)** |
| 2024 Q1 (Oct-Dec 2023) | 149.6 | $181.09 | $8.15 | -$387 |
| 2024 Q2 | 164.2 | $152.25 | $8.95 | -$138 |
| 2024 Q3 | 180.0 | $138.89 | $9.50 | - |
| 2024 Q4 | 215.0 | $116.28 | $10.00 | $0 |

These initiatives and KPI targets exemplify our dedication to navigating the evolving streaming landscape, ensuring Disney DTC's enduring growth, profitability, and global stature

**Financial Implications - Overview of the financial impact, including budget allocations, expected financial benefits, and investment justifications.**

Iger’s new content strategy is “cash content spend reduction target” of $4.5 billion, expects to spend $25 billion on content in 2024, down from $27 billion from fiscal 2023. This will take a few years for the bulk of the savings to be reflected in the P&L. 40 percent of Disney’s content budget allocation is on sports and sports content and 60 percent on Entertainment. This is equivalent to $10 billion on sports, and $15 billion on entertainment in 2024.

Budgeting on major sports network distribution is expected to continue to spend 4.5 billion annually. This budget allocation is necessary to maintain its live sports portfolio as a leader in sports for both near- and long-term and subscriber retention, and growth for the ESPN platform.

Disney focuses on big films and dials back the spending and investment in series. It is in our belief that it gives us an opportunity to increase our margins and grow the business.

Digital Transformation: Disney is not a tech company, but a storytelling one. Partnering with Apple Vision Pro, a user watching a fully immersive scene from *The Mandalorian* and interacting with a virtual recreation of Tatooine from Star Wars, underwater with NatGeo on Disney+, and on the field for ESPN broadcasts. This partnership has the financial backing of Apple, working on Apple’s goggles will also give creatives at Disney the necessary experience in this AR space that can be applied to future endeavors. All at minimal expense to Disney which aligns with the goal of cost cutting.

## **Conclusion and Next Steps LM**

Conclusion.

Our strategic pivot towards the transformation of Disney’s DTC services is far more than a mere chapter; it signals a pivotal era of foresight and groundbreaking innovation. With deliberate investments in content diversification, cutting-edge technology, and extensive global reach, we stand on the verge of revolutionizing the streaming and entertainment sectors. Leveraging our unparalleled legacy of storytelling excellence and creative excellence, our goal is to elevate Disney+ to unparalleled heights, solidifying its role as a beacon of innovation on the global stage.

A Visionary Mandate

The Board's engagement throughout this journey is crucial. By steering the Streaming Strategy Committee, your leadership will ensure our transformation seamlessly aligns with Disney's grand vision while remaining adaptive to the evolving dynamics of entertainment and technology. Your governance will be the compass guiding us through uncharted territories. Through transparent communication and collaborative engagement, we will craft a narrative of transformation that resonates with every Disney employee, partner, and shareholder. By remaining attuned to market trends and consumer preferences, we will continually refine our strategies, securing our leadership in the digital age. I urge the Board to boldly affirm our proposed annual $25 billion investment in transformation. This is not merely an allocation of resources but a pivotal investment in our future, empowering us to navigate the currents of content diversification, technological innovation, and global expansion.

As we embark on this transformative journey, we will be guided by the timeless values that have always defined Disney. United, we will light the path to a future where our legacy of storytelling merges with the possibilities of the digital age, creating magical experiences that captivate the hearts and imaginations of audiences around the globe for generations to come. Let this be our legacy; a testament to the courage, creativity, and vision that propels Disney forward in an ever-changing world.

## **Appendices (Optional)- Additional data, charts, or detailed project plans supporting the transformation strategy.**

## Ensure each section is succinct to fit 7 pages, focusing on clear, impactful information that will guide the Board's understanding and decision-making

References:

<https://www.sportico.com/feature/disney-to-invest-44-9-billion-on-sports-rights-through-2027-1234697032/>

<https://thewaltdisneycompany.com/espn-fox-and-warner-bros-discovery-forming-joint-venture-to-launch-streaming-sports-service-in-the-u-s/>

<https://www.disneytouristblog.com/disney-apple-vision-pro-headset-metaverse-virtual-reality-partnership/>

Subject: Strategic Transformation Project – Disney DTC

To: Board of Directors of Disney

From: Bob Iger, Chief Executive Officer

Date: 2024-03-14

Dear Esteemed Members of the Board,

In an increasingly competitive digital streaming landscape, Disney Direct-to-Consumer (DTC) is poised for a pivotal transformation. Embracing the mantra "The right board, the right strategy," we are poised to initiate a strategic transformation that meticulously addresses the competitive pressures from industry giants like Netflix and the rapidly evolving consumer expectations. Our transformation blueprint spans a five-year period, focusing on diversifying content offerings, leveraging digital technologies, and broadening our international footprint. This strategic overhaul aims not only to fortify Disney DTC's position as a leader in the global entertainment industry but is a resolute commitment to broaden our appeal and engagement with a more diverse global audience. By investing in innovative content, embracing new technological frontiers, and expanding our reach beyond traditional markets, we are committed to delivering unparalleled entertainment experiences. This executive summary encapsulates the essence of our ambitious journey towards sustaining Disney DTC's legacy, fostering growth, and enhancing shareholder value in the digital era.

**Overview of Disney DTC**

Disney, a titan of storytelling and innovation, has earned a storied legacy through our streaming services, including ESPN+, Disney+, and Hulu. Offering a vast library of over 500 films and 15,000 TV episodes, Disney has woven its magic into the fabric of the entertainment industry, as evidenced by its 22 Academy Awards and substantial successes in 2023. Embracing the digital era, Disney melds time-honored storytelling with the latest digital trends, ensuring its offerings continue to captivate a global audience and adapt to their evolving preferences, thus maintaining our revered legacy in a rapidly changing market.

**Market Overview and Firm’s Position**

The streaming video market is burgeoning, projected to hit $697.2 billion by 2025-2030, with a 19.5% CAGR, propelled by tech advancements, the decline of traditional cable, and heightened demand for diverse, quality content accessible on demand. In this arena marked by intense competition and swift innovation, Disney+ stands out with 149 million subscribers. However, facing Netflix's market valuation of $258 billion against our $200 billion, and a subscriber dip from 161.8 to 149.6 million, Disney must refocus to maintain competitive edge. This competitive pressure accentuates the need for a focused strategy to bolster brand appeal and financial performance. Our $25 billion content investment signals a commitment to strategic recalibration that fortifies Disney DTC's position at the pinnacle of the entertainment sector, ensuring its cherished narrative endures amidst the industry's evolution.

**Primary Statement of Concern**

In the fiercely competitive streaming space, Disney DTC faces a pivotal challenge. Despite an upward ARPU trend within North America, Disney+’s subscriber base has contracted, starkly contrasted by Netflix’s climb to over 260 million subscribers by Q4 2023 (Appendix 1). Such trends compel a strategic reassessment to invigorate subscriber numbers and elevate ARPU, which trails Netflix’s $11.64 (Appendix 3). Moreover, our content investment per user is substantially higher than Netflix's (Appendix 4), necessitating a strategic optimization to bolster content efficiency and fulfill the audience's appetite for originality.

On the content and IP front, Disney's expenditure on four underperforming movies signals a need for a refreshed creative direction and the curation of new IPs, moving away from an over-reliance on franchises that risk audience fatigue (Appendix 2). This strategic balance aims to rejuvenate our portfolio, align with market expectations, and solidify Disney DTC's standing and fiscal vitality within the streaming landscape.

**Strategic Commitment and Framework**

As CEO, I am committed to steering Disney Direct-to-Consumer (DTC) toward unprecedented growth, efficiency, and a superior competitive stance. Our strategy emphasizes:

* **Market Transformation**: To capitalize on market dynamics and drive growth, we must target the pivotal 16-34 demographic, leveraging ESPN's robust digital presence to spur subscriber growth and revenue. This strategic move is essential to preserving the compelling nature of our sports content.
* **Product Transformation**: Revitalizing our content slate is key. Introducing innovative IPs while enriching our beloved franchises to stimulate fan engagement across diverse audiences, particularly the digital-native sector. Our strategy encompasses refining user experiences, tailored contentfor global audiences, adopting flexible pricing models, and tactically addressing the challenges of content saturation and price sensitivity with strategic finesse.
* **Digital Transformation**: Expanding ESPN's digital outreach and forging partnerships in gaming and AR/VR is a deliberate strategy to explore and unlock new revenue channels. This is pivotal for fostering enduring growth and ensuring long-term sustainability of our brand in the digital landscape.

**Transformation Objectives and Key Initiatives**

Our $25 billion yearly transformation plan is geared towards leveraging digital innovations, diversifying content, and broadening our global presence. We aim to:

* Enhance digital platforms for ESPN and Disney+ to boost subscriber engagement and growth.
* Develop a Content Hub powered by data analytics for strategic content creation based on consumer insights and market trends.
* Diversify our content portfolio through new IPs and strategic content acquisitions, aligning with audience preferences.
* Advance technologically by integrating AR/VR and collaborate with Epic Games for a new gaming product line, providing immersive entertainment experiences.
* Expand Hulu's international footprint and establish deep content creation partnerships to broaden Disney's global influence.

**Transformation Hypothesis**

Central to our approach is the Creativity Hub, aimed at fostering a balance between iconic franchises and innovative original content through demographic insights and data analytics. This initiative supports our commitment to content diversification and addresses market demands effectively.

We're embracing technological innovation by integrating augmented and virtual reality (AR/VR) and partnering with Epic Games to explore new gaming frontiers. These efforts are expected to deepen audience engagement and open new revenue avenues. Additionally, dynamic pricing strategies and tiered subscription models will be tailored to diverse consumer needs, enhancing our Average Revenue Per User (ARPU).

Our global expansion strategy, particularly for Hulu, aims to broaden our market presence and deliver localized content, reinforcing Disney's global brand appeal. By embedding Environmental, Social, and Governance (ESG) principles into our operations, we're positioning Disney DTC as a leader in responsible content creation. This transformative journey, overseen by the Streaming Strategy Committee, promises to solidify Disney's legacy in digital entertainment, ensuring long-term success and a global entertainment powerhouse.

**Key Transformation Project Indicators**

Our transformation's success will be measured against specific KPIs, focusing on:

* Profitability: Enhancing financial health through strategic initiatives.
* Content Investment Per User: Optimizing content spending to ensure maximum engagement and return on investment.
* Average Revenue Per User (ARPU): Elevating ARPU through innovative pricing models and subscriber growth strategies.

**Transformation Journey and Timeline**

Outlined over five years, our plan includes:

* Year 1: Cost optimization, Creativity Hub launch, exploration of international partnerships, and pricing model revisions.
* Years 2-3: Content production enhancement, deepening of digital partnerships, and global expansion.
* Years 4-5: Integration of ESG principles, achievement of sustainable growth, and solidification of market leadership through strategic pricing and subscription models.

**Resource Allocation**

Under my leadership, Disney Direct-to-Consumer (DTC) is setting a new course in our strategic investment, committing $25 billion annually towards our rich mix of content, with 40% dedicated to sports rights, including major deals through 2027, and 60% to entertainment. Notably, weare making a groundbreaking move with a $1.5 billion equity investment in Epic Games. This decision is pivotal, reflecting our ambition to blend Disney's storytelling legacy with the forefront of digital innovation and interactive entertainment.

This investment aligns with our vision to revolutionize the way we engage with audiences, combining Epic's expertise in immersive experiences with our storytelling prowess. It is a bold step towards integrating advanced gaming and virtual realities into our content ecosystem, enhancing our entertainment offerings and ensuring Disney remains a leader in a rapidly evolving digital landscape. This strategic direction is designed to foster growth, captivate global audiences, and sustain our market leadership, ensuring Disney's enduring legacy and success in the digital era.

**Change Management**

To navigate organizational changes effectively, Disney DTC implements a comprehensive strategy focusing on:

*Strategic Communication* to establish organization-wide alignment and commitment through clear and consistent messaging about the transformation's purpose, benefits, and progress. To maintain this communication:

* Quarterly townhall meetings will be held, incorporating team feeling reviews to assess and address the emotional and cultural impact of the transformation, ensuring every voice is heard and acknowledged.
* A monthly newsletter will keep all stakeholders informed about ongoing efforts, achievements, and upcoming initiatives, reinforcing the transformation's momentum and collective purpose.

*Organizational Development* equipping employees with the digital competencies necessary for the future. This includes:

* Tailored training and development programs launched to instill a culture of continuous learning and agility, ensuring the workforce is prepared for new challenges and opportunities.
* A capability and training plan review conducted semi-annually to evaluate the effectiveness of training initiatives, identify gaps, and adjust strategies accordingly to meet evolving needs.

*Stakeholder Engagement* emphasizing the importance of active involvement from employees, partners, and other stakeholders by:

* Regular updates and feedback sessions foster a participatory decision-making process, enhancing ownership and commitment to the transformation journey.
* Leveraging these interactions to minimize resistance, encourage open dialogue, and cultivate a supportive and inclusive environment for change.

By embedding these strategic components within the transformation program, Disney DTC aims to navigate the digital era with a workforce that is not only skilled and adaptable but also deeply engaged and aligned with the organization's evolving vision and goals.

**Risk Management and Mitigation** within Disney Direct-to-Consumer's (DTC) transformation is a multifaceted approach designed to proactively identify, assess, and address potential risks across operational, financial, technological, and market domains, ensuring the initiative's success and resilience.

* Operational Risks: To minimize disruptions and ensure a smooth transformation, Disney DTC will undertake comprehensive impact assessments and resource allocation reviews. A structured training and development program will be rolled out to bridge any skill gaps and ensure all employees are adept in navigating the new digital landscape. Regular process evaluations will help adapt and streamline operations in alignment with transformation goals.
* Financial Risks: Financial oversight will be rigorous, with a focus on adhering to the budget while achieving the $4.5 billion reduction target in content spending. Financial models will be regularly updated to reflect the transformation's impact accurately, ensuring fiscal health. Diversification of revenue streams and careful monitoring of expenses will mitigate risks of budget overruns or revenue loss during the transition.
* Technological Risks: In partnership with leading technology providers and leveraging the financial backing from strategic partnerships, such as with Apple Vision Pro, Disney DTC will ensure the highest standards of cybersecurity, data privacy, and system compatibility. Continuous technological updates and testing will prevent downtime and safeguard against data breaches, ensuring a seamless user experience.
* Market-Related Risks: Enhanced data analytics capabilities will enable constant monitoring of market trends, competitor actions, and consumer behavior, allowing Disney DTC to stay ahead in the competitive landscape. Advocacy for favorable regulatory reforms and strategic market positioning will address potential market risks.
* Organizational and External Stakeholder Risks: Through strategic communication, including quarterly town halls and monthly newsletters, and semi-annual capability and training plan reviews, Disney DTC will foster an inclusive environment that values employee and stakeholder input. This approach aims to boost confidence, ensure high motivation levels throughout the transformation, and build resilience against resistance to change.

**Governance Model**

The Streaming Strategy Committee plays a pivotal role in driving, monitoring, and ensuring the success of Disney Direct-to-Consumer's (DTC) transformation program (refer to Appendix 6 for committee details). Led by DTC Entertainment Leader Joe Earley, this team of senior executives brings strategic direction and operational excellence to the forefront of Disney's ambitious transformation efforts. This governance structure is instrumental in fostering agile decision-making, enabling the committee to respond swiftly to emerging challenges and opportunities.

Crucially, the committee oversees the comprehensive performance monitoring system, evaluating progress against key performance indicators (KPIs) such as subscriber growth, average revenue per user (ARPU), and content investment efficiency. These evaluations allow for real-time adjustments and strategic refinements, ensuring the transformation remains aligned with Disney's overarching objectives and the dynamic demands of the digital streaming market.

In managing change and mitigating risks, the committee implements a holistic approach. This includes developing and executing strategic communication plans to ensure clear messaging across the organization, spearheading organizational development initiatives to equip employees with necessary digital skills, and fostering stakeholder engagement to minimize resistance and build a culture of inclusivity and innovation.

By actively involving employees, partners, and other stakeholders in the transformation journey and addressing potential risks through proactive assessment and contingency planning, the committee aims to maintain a unified and motivated workforce throughout this period of significant change. Their leadership is key to navigating the transformation confidently, enhancing Disney DTC's competitive stance, and solidifying its leadership in the streaming industry in the digital era.

**Current Status of the Transformation Project**

Disney DTC is actively addressing the streaming market's dynamic challenges, showing promising trends in ARPU and moving towards profitability. However, a decline in subscriber numbers highlights the need for urgent action within our transformation plan for 2024 and 2025. Under the guidance of the Streaming Strategy Committee, led by Joe Earley, we are prioritizing:

* Market User Analysis Enhancement: Deepening our understanding of audience preferences to align our content strategy effectively.
* Creativity Hub Establishment: Implementing a venture-capital approach to content innovation, fostering data-driven creativity.
* Compensation Model Revision: Shifting towards performance-driven incentives to encourage innovation.
* Global Partnership Expansion: Strengthening international collaborations for localized content, enhancing Disney's global brand presence.

With Hulu now fully integrated, we are positioning Disney+ as the premier platform for family content, while Hulu targets older demographics, ensuring adaptability and market reach. Plans for Hulu include international expansion and content diversification to compete globally and produce resonant content.

These efforts are supported by 2024-2025 KPI targets (Appendix 5) aimed at boosting subscriber growth, optimizing content investment, and achieving long-term profitability.

**Conclusion and Next Steps**

Disney DTC transformation is not just a step towards innovation and market leadership; it represents a pivotal shift towards a future marked by foresight and groundbreaking innovation. Spearheaded by the Streaming Strategy Committee, our focused efforts are aimed at subscriber growth, optimizing content investment, and ensuring profitability. By enhancing market analysis, launching a Creativity Hub, revising compensation models, and expanding global partnerships, we are poised to redefine Disney DTC's role in the digital streaming landscape. This strategic realignment, underscored by specific Key Performance Indicator (KPI) targets, underscores our commitment to mastering the evolving entertainment market.

As we venture further, the importance of collaboration and strategic execution cannot be overstated. Our journey is fueled by a collective effort to navigate the challenges of the digital era, ensuring Disney DTC's legacy and success in the global entertainment industry. This transformation extends beyond mere adaptation; it is about cementing our place at the forefront of streaming and entertainment sectors. Through strategic investments in content diversification, state-of-the-art technology, and global expansion, we aim to elevate Disney+ to new heights, making it a symbol of innovation worldwide.

The role of the Board in this transformative journey is critical. Your leadership and guidance through the Steering Committee are integral to aligning our efforts with Disney's broader vision, while staying agile amidst the fast-evolving entertainment and technology landscape. Your governance acts as the compass that guides us, ensuring that our transformation resonates with employees, partners, and shareholders alike. By fostering transparent communication and collaborative engagement, and staying attuned to market trends and consumer preferences, we can refine our strategies to maintain our position as industry leaders.

I advocate for the Board's bold endorsement of our proposed $25 billion annual investment in this transformation. This isn't just a financial commitment; it's a visionary investment in our future, enabling us to lead in content diversification, technological advancements, and global presence. As we embrace this journey, we draw on the timeless values that define Disney, uniting to illuminate a future where our storied past meets the endless possibilities of the digital age. Together, let's build a legacy that reflects Disney's courage, creativity, and vision, captivating audiences worldwide for generations to come. This is the future we envisage, a testament to Disney's enduring spirit in an ever-changing world.

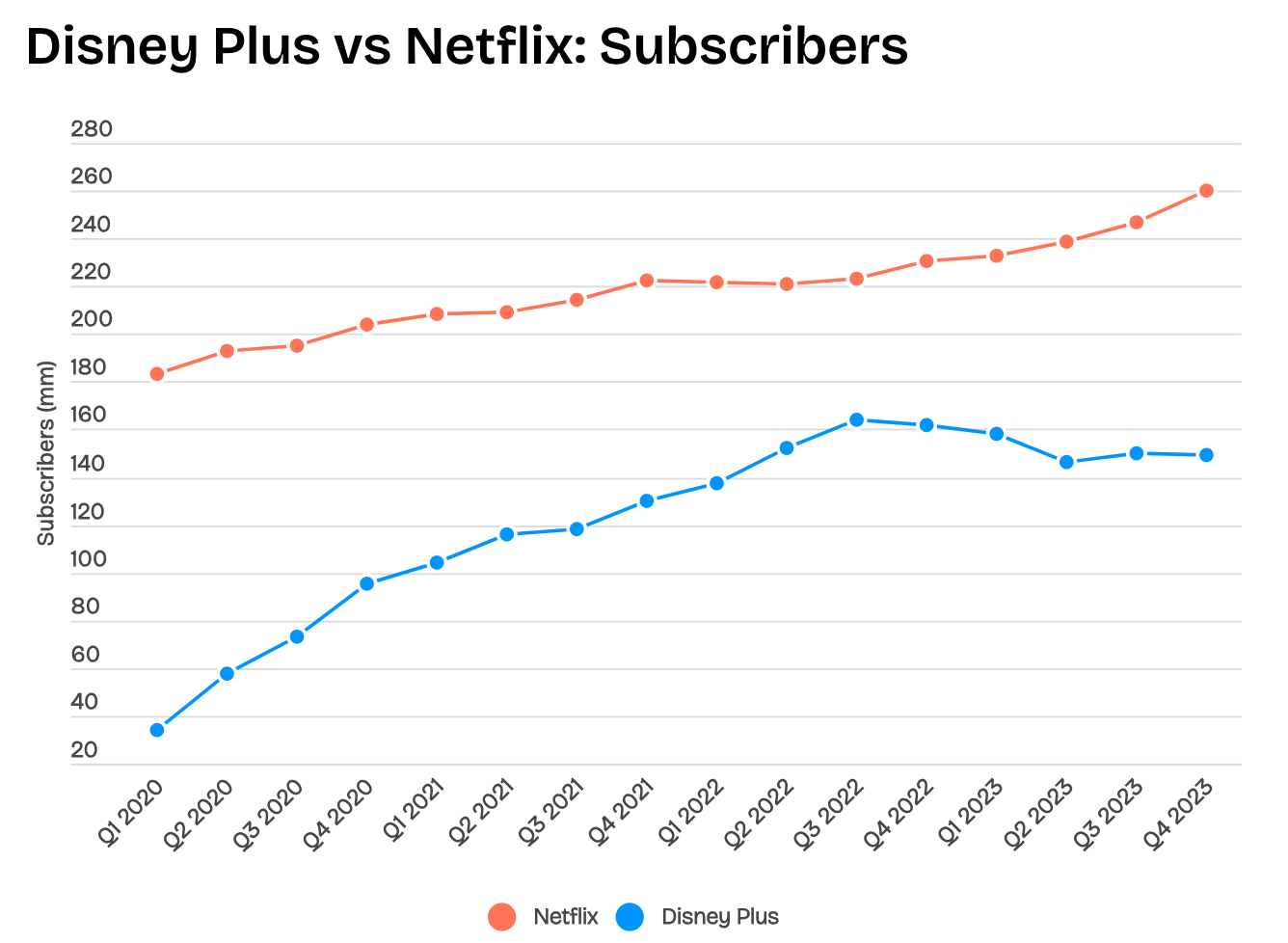
Warm regards,

Bob Iger

Chief Executive Officer

**Appendix**

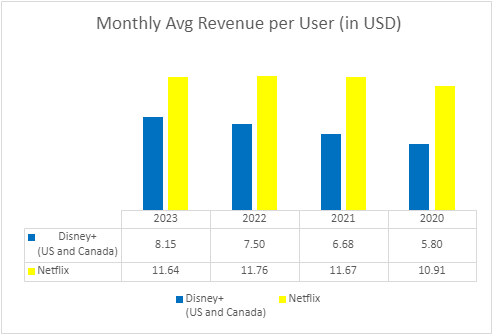
**Appendix 1**



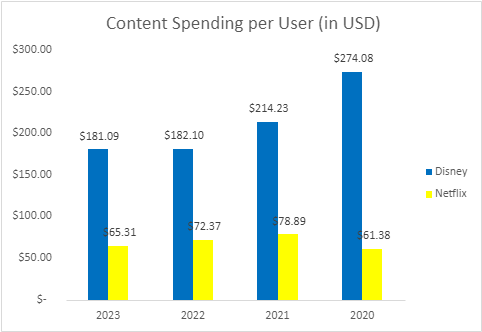
**Appendix 2**

|  |  |
| --- | --- |
| **Year** | **% of Original Content** |
| 2018 | 28% |
| 2019 | 55% |
| 2020 | 46% |
| 2021 | 50% |
| 2022 | 56% |
| 2023 | 56% |
| 2024 | 25% |

**Appendix 3**



**Appendix 4**



**Appendix 5 Disney DTC Transformation 2024-2025 Targets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year / Quarter** | **Global Subscribers (in million)** | **Content Spending per User** | **Monthly ARPU**  **US and Canada** | **Profitability**  **(in million USD)** |
| 2024 Q1  (Oct-Dec 2023) | 149.6 | $181.09 | $8.15 | -$387 |
| 2024 Q2 | 182.2 | $152.25 | $8.95 | -$138 |
| 2024 Q3 | 200.0 | $138.89 | $9.50 | - |
| 2024 Q4 | 215.0 | $116.28 | $10.00 | $0 |
| 2025 Q1 | 225.8 | $97.45 | $10.50 | $300 |
| 2025 Q2 | 237.0 | $92.81 | $11.03 | $500 |
| 2025 Q3 | 250.0 | $88.00 | $11.64 | $500 |
| 2025 Q4 | 270.0 | $81.48 | $11.67 | $937 |

**Appendix 6 Streaming Strategy Committee**

The **committee members** responsible for steering this transformation include:

Robert Iger, CEO (Sponsor): Oversees the overall strategic direction and champions the transformation project across Disney DTC.

Joe Earley, DTC Entertainment (Leader): Directs the operational execution of the transformation plan, ensuring alignment with Disney's entertainment legacy.

Michael Paull, Direct to Consumer (Disney+, ESPN+, Hulu, and Star+): Focuses on the direct-to-consumer platforms, enhancing content delivery and subscriber experience.

Hugh F. Johnston, CFO: Manages financial oversight, ensuring the transformation is aligned with fiscal health and profitability goals.

Sean Corrigan, SVP of Corporate Strategy and Business Development: Leads strategic planning and market analysis to support the transformation objectives.

Rebecca Campbell, International Operations/Media & Hospitality/Transformation: Guides the global expansion and operational excellence in media and hospitality segments.

Jerrell Jimerson, Chief Product Officer, Disney Streaming & Direct-to-Consumer: Innovates product development and technology advancements across streaming platforms.

**Committee Responsibilities:**

* Performance Reviews: Our governance committee will conduct regular performance reviews, evaluating progress against key performance indicators (KPIs) such as subscriber growth, average revenue per user (ARPU), and content investment efficiency. These assessments are vital for ensuring that our transformation strategies remain aligned with our objectives and market demands, allowing for timely adjustments as necessary.
* Data Analysis: Leveraging advanced data analytics, the committee will gain deeper insights into subscriber behavior, content performance, and emerging market trends. This data-driven approach will inform strategic decisions, optimizing content investments and enhancing subscriber engagement.
* Stakeholder Feedback: Engaging with key stakeholders, including content creators, partners, and subscribers, is crucial for gathering feedback and insights. This engagement will inform the transformation's direction, ensuring that our strategies resonate with our audience and stakeholders' expectations.
* Technology Advancements: Staying at the forefront of technological advancements and digital trends is imperative. The committee will continually evaluate new technologies and digital platforms that can enhance the streaming experience, drive innovation, and potentially open up new revenue streams.
* Change Management:
* Strategic Communication: Crafting messaging that underscores the value and necessity of change, ensuring alignment across all levels of the organization.
* Organizational Development: Implementing training programs and leadership development to equip our team with the skills needed for the digital era.
* Stakeholder Engagement: Actively involving stakeholders in the transformation process to foster buy-in and mitigate resistance.
* Risk Mitigation Management:
* Proactive Risk Assessment: Identifying potential risks early in the transformation process, from content strategy shifts to technological implementations.
* Contingency Planning: Developing robust contingency plans to address potential disruptions and maintain business continuity.
* Regular Monitoring: Establishing a framework for ongoing risk evaluation and response, adapting strategies in real-time to mitigate risks effectively.
* Financial Oversight: Rigorous financial oversight will be maintained throughout the transformation process. Continuous monitoring of budget allocations, content spending, and profitability forecasts will be crucial for ensuring the financial sustainability of the transformation initiative. This oversight includes assessing the financial impact of strategic decisions and recalibrating financial models to align with our long-term goals.

**Monitoring actions include:**

Bi-weekly Executive Stand-up Meetings: These sessions provide a platform for quick reviews, updates, and alignment among the executive team, ensuring rapid decision-making and adaptation to emerging challenges or opportunities.

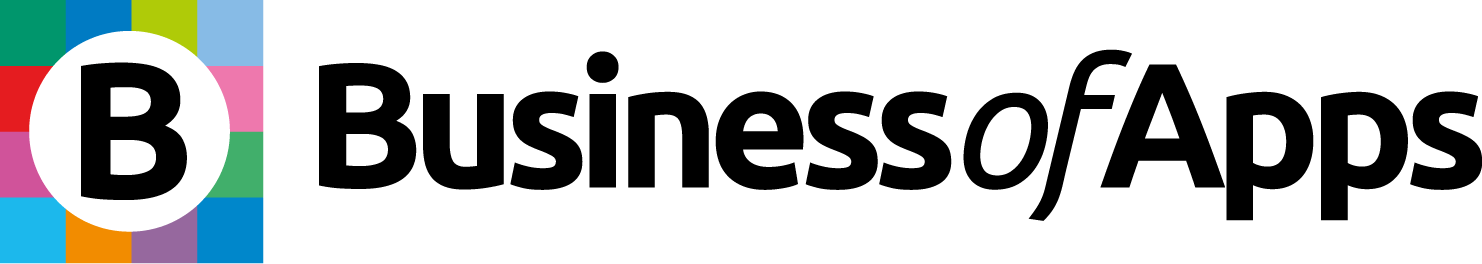
Monthly Follow-up Meetings: Conducted to assess progress against KPIs, discuss strategic adjustments, and delve deeper into operational aspects of the transformation. These meetings ensure sustained momentum and accountability.

Crisis Decision-making Protocol: In case KPIs deviate unfavorably for four consecutive weeks, this mechanism mandates immediate intervention. It allows the team to swiftly address issues, recalibrate strategies, and mitigate risks, ensuring the transformation remains on track.

**Appendix 7 DTC Transformation Plan**

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Profitability | Content Investment Per User | Monthly ARPU |
| 1 | - Implement cost optimization strategies.  - Analyze and reduce non-essential expenses.  - Adjust compensation package, linking compensation to results.  - Initiate organizational change management (target capabilities mapping and investment) | - Invest in demographic analysis to refine content and user engagement.  - Creativity Hub (content strategies, investment validation)  - International content partnership studies and production trials. | - Revise pricing strategies.  - Introduce tiered subscription models.  - Implement targeted promotions and trials.  - International expansion of Hulu |
| 2 | - Focus on streamlining content production efficiency, quality and distribution. | - Expand partnerships with creators and influencers.  - Increase investment in data analytics for tailored content development. | - Enhance user experience and personalized content recommendations.  - ESPN APP spin off and available on other platforms.  - Boost international streaming partnerships |
| 3 | - Evaluate fiscal impact of new revenue streams and adjust strategies. | - Leverage analytics insights to refine content investment on high ROI genres/formats. | - Introduce AR/VR content experiences.  - Differentiate service to justify premium pricing tiers. |
| 4 | - Expand into new geographic markets with tailored strategies.  - Strengthen Disney's market position. | - Invest in technologies and storytelling for next-gen content experiences.  - Focus on genres and formats that offer the best ROI. | - Develop cross-platform bundles (streaming services, theme parks, merchandise)- Increase overall revenue per user. |
| 5 | - Focus on ESG principles in content production and corporate operations.  - Secure sustainable growth. | - Establish Disney as a leader in sustainable and socially responsible content creation.  - Enhance brand loyalty and attract a socially conscious audience. | - Optimize pricing and subscription models based on market analysis and user feedback.  - Ensure competitive positioning and user satisfaction. |

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