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The Keys to Disney's Magic and Success

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THE KEYS TO DISNEY'S MAGIC AND SUCCESS

by

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ABSTRACT

This research was conducted in order to compare the inner business practices of the Walt Disney Company, specifically their theme park known as the Walt Disney World Resort, to the concepts set forth by Michael Porter and his Productivity Frontier. This research was compiled with information gathered from firsthand experience as a Disney cast member, in depth explanations about Disney's technological advancements for data collection, as well as data gathered from Walt Disney Company financial statements. After analyzing the way in which the company runs it's extremely large service organization, it can be concluded that the Walt Disney World Resort is not only operating at an optimal level on Porter's Productivity Frontier, but is also pushing it forward. While they are utilizing the currently available methods and technologies to increase the level of service qualities, they are also implementing new ideas in order to set the bar for other organizations as well.

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COMPANY INTRODUCTION

The Disney Culture

Within the Walt Disney Company, they utilize a specific set of words in place of those that are commonly used throughout other organizations. Examples of such words and their regular business counterparts are as follows:

Cast Member → Employee at a Disney park

Coordinator → Disney equivalent of a shift leader

Leader → Disney equivalent of a manager

Guest → Customers or clients

On Stage → The area that cast members work where they can be seen/heard by guests

Walt Disney World's Status Today

Covering a span of 40 sq. miles in Orlando, Florida, making it about the size of two Manhattans, sits the "most magical place on Earth", the Walt Disney World Resort. With its over 59,000[1] Cast Members (employees), Walt Disney World welcomes an average of 148,054 guests each day, and an average of 54,040,000 park visits each year based on 2015 attendance data[2].

This was the second resort opened by the Walt Disney Company, who originally

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[1] Cockerell, L. (2009). Creating magic: 10 common sense leadership strategies from a life at Disney. London: Vermilion.

[2] Reikofski, P. (2016, May 26). How Many People Go to Disney World Every Day – 2015 Edition. Retrieved November 07, 2017, from http://temporarytourist.com/how-many-people-go-to-disney-world-every-day-2015-edition/

began welcoming guests on October 1st, 1971, with its 1 theme park and 3 resorts[3]. It has now grown into a resort that is comprised of 4 theme parks; Disney's Magic Kingdom, Disney's Animal Kingdom, EPCOT (Experimental Prototype Community of Tomorrow), and Disney's Hollywood Studios, 2 water parks; Disney's Blizzard Beach and Disney's Typhoon Lagoon, as well as over 25 hotel locations[4], a shopping and entertainment district called Disney Springs, and the ESPN Wide World of Sports Complex.

The Walt Disney World Resort is just one segment of the Walt Disney Company, a company that ranks number 52 on the Fortune 500 list[5]. The company as a whole brought in revenues of $55,632,000,000 in 2016[6], and $16,974,000,000[7] was from Parks and Resorts alone. Unfortunately, Disney only discloses their park revenue information as a whole, not broken up by revenues of specific park segments such as Disney Land, Disney World, Tokyo Disney, Disneyland Paris, Hong Kong Disneyland, Shanghai Disney, and Aulani Resort and Spa individually. According to Senior Vice President of Investor Relations for the Walt Disney Company, Lowell Singer, the company used to disclose that information, but has decided to now only separate the revenues by domestic and foreign park and resort totals.

Although Walt Disney World is just one of the many resorts created by Disney, it is home to the most attended theme park in the world, Disney's Magic Kingdom. Being

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[3] This Day in History: Walt Disney World Resort Officially Opens - 1971. (n.d.). Retrieved November 07, 2017, from https://disneyparks.disney.go.com/blog/2010/10/this-day-in-history-walt-disney-world-resort-officially-opens-1971/
[4] Help Center. (n.d.). Disney Resort Hotels - Frequently Asked Questions. Retrieved November 7, 2017, from https://disneyworld.disney.go.com/faq/resorts/resort-hotel-list/
[5] Fortune 500 Companies 2017: Who Made the List. (n.d.). Retrieved November 07, 2017, from http://fortune.com/fortune500/list/filtered?searchByName=disney
[6] The Walt Disney Company. (n.d.). Fiscal Year 2016 Annual Financial Report (pg. 24) [PDF]. Washington, D.C.: United States Securities and Exchange Commission.
[7] The Walt Disney Company. (n.d.). Fiscal Year 2016 Annual Financial Report (pg. 31) [PDF]. Washington, D.C.: United States Securities and Exchange Commission.

home to the most popular theme park is just one source of the resort's revenue production, they also have all of their other theme parks and resorts that were previously mentioned. Due to their immense amount of cash flow, and the large success of this resort, they have needed to find extremely effective and efficient ways to handle the daily operations to not only continue working as a business, but to keep their reputation as high as it currently is.

BASIC KEY BUSINESS OBJECTIVES

According to a managerial accounting textbook[8] used by students at the University of Maine, there are key core objectives and measures that are commonly used in most organizations. Their list of five core objectives includes: increase market share, increase customer retention, increase customer acquisition, increase customer satisfaction, and increase customer profitability. The text describes different ways to measure the possible progress for each of these objectives, but there are different measurements developed for each organization, depending on how their business is conducted.

The Walt Disney Company has many different ways that they can conduct their business that allows them to work towards these objectives, while they are constantly growing. One example of how Disney works towards increasing their share of the entertainment market would be their recent acquisition of Marvel and Lucasfilms. The acquisition of these companies gave Disney the fan bases that were already attached to these brand names. With Marvel's successful comic book universe, Disney was able to add action heroes like Iron Man, Captain America, Thor, the Incredible Hulk, Spider-Man, and many more to their list of characters. These characters, along with the ones obtained from the acquisition of the popular Lucasfilm series, Star Wars, helped Disney reach new sections of the entertainment market that they may not have already entered. Despite the fact that many males do enjoy the characters that Disney already created, the acquisition of these Marvel and Lucasfilm characters will help the company increase the

[8] Hansen, D. R., & Mowen, M. M. (2018). Cornerstones of cost management. Boston: Cengage Learning

number of entertainment fans they have that are either or both older and male, that may not be attracted to the common characters associated with the Disney name.

PORTER'S PRODUCTIVITY FRONTIER

While the Walt Disney Company as a whole can provide examples for each core business objective, one that stands out significantly would be their business practices in their parks that allow them to increase their customer satisfaction, specifically, at the Walt Disney World Resort in Orlando, Florida.

In order to increase their customer satisfaction, Disney theme parks spend weeks training their new cast members how to properly treat guests during a variety of different interactions. Many guests have unfortunate situations during their stay, such as weather interfering with their plans, broken merchandise, lost luggage, and undesirable interactions. Cast members are empowered and given tools to be able to handle these situations and try their hardest to have a smile on the guest's face at the end of the interaction, satisfying their desires and preconceived ideas about how Disney treats their guests.

Although Disney is working towards creating wealth with objectives such as customer acquisition, increasing customer, increasing market share, etc., it is important to point out how they stand in respect to Michael Porter's Productivity Frontier, as shown below[9] in Figure 1.

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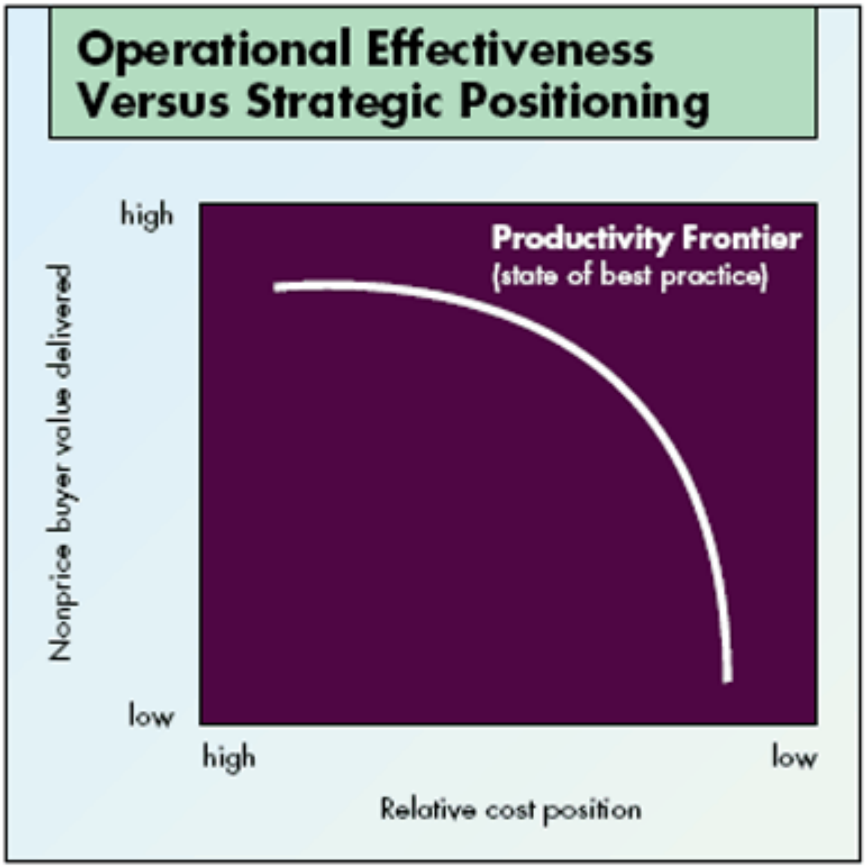
[9] Porter, M. (1996). What is strategy? Harvard Business Review 74(6) 61–78.

Figure 1



This diagram shows the relationship between how much is being spent versus how much quality is being received in return. Porter describes his design of the Productivity Frontier in his article in the Harvard Business Review,

> "Imagine for a moment a productivity frontier that constitutes the sum of all existing best practices at any given time. Think of it as the maximum value that a company delivering a particular product or service can create at a given cost, using the best available technologies, skills, management techniques, and purchased inputs. The productivity frontier can apply to individual activities, to groups of linked activities such as order processing and manufacturing, and to an entire company's activities. When a company improves its operational effectiveness, it moves toward the frontier. Doing so may require capital investment, different personnel, or simply new ways of managing. The productivity frontier is constantly shifting outward as new technologies and management approaches are developed and as new inputs become available."

Businesses falling below the line of the Productivity Frontier aren't operating to the full potential available in the current time period based on what technologies and practices are available/created at that point in time. Porter also mentions in his article that,

> "A company can outperform rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at a lower cost, or do both. The arithmetic of superior profitability then follows: delivering greater value allows a company to charge higher average unit price; greater efficiency results in lower average unit costs."

The Walt Disney Company is not only one of the companies that has established a difference in their practices that delivers continually increasing value to their guests, even sometimes while lowering their own costs, but it has also played a part in shifting the Productivity Frontier outward.

Disney As a Leader On The Frontier

Through their use of cast member training, empowerment, and rewards, the Walt Disney Company has been able to provide quality service to their guests while putting preventative strategies in place in order to help avoid both internal and external failures in their services. Along with the creation of their intense cast member training, they have also created a new tool in the theme park industry that can allow them to not only increase efficiency for their guests, but also collect numerous types of data for the company to analyze and use to their advantage, just by having guests wear a customizable band on their wrists.

The Walt Disney Company is an excellent example of Michael Porter's idea that in order to thrive, companies need to be able to combine both the use of operational effectiveness and strategy, saying that while one is beneficial, but isn't enough. This is accomplished by increasing their operational effectiveness through intense trainings and constant growth, and establishing new methods to perform activities differently than their rivals through the use of Disney’s Magic Bands. The implementation of these business practices helps Disney not only perform on the Productivity Frontier at the state of best practices, but helps them push this line forward, creating new levels of quality, productivity, and efficiency for other companies to strive for.

Although all core objectives are important, the goal to increase customer profitability is one that accountants have a close relationship with. Customer profitability is the amount of profits received by the company after taking into account the costs that went into serving said customers, or in Disney's case, guests.

Although it isn't always exactly known how much a guest will spend and how much it will cost to earn these revenues, Disney can prepare for many different guest financial interactions by increasing their risk management. This idea of reducing risks in an organization can help said organization implement their strategies effectively.

In the business world, the term "risk" can have different meanings to different types of professionals in their different fields. According to Shyam Sunder, a professor of accounting, economics, and finance at the Yale School of Management,

> "In plain English, risk means hazard—exposure to loss, injury, accident, failure, or breakdown. To be at risk means to be vulnerable to loss or damage, from which one may need protection. Its origins in French (risqué), and Italian (risco, riscio, rischio, and riscare meaning 'run into danger') point to its unwelcome nature. Risk is context specific, but always denotes the possibility of an undesirable, even feared outcome"[10]

This definition of risk can be taken many ways, to an accountant, risk could be seen as the hazard of intense unavoidable external factors such as hurricanes that may halt operations at Walt Disney World. To a manager, risk could be seen as problems caused by internal failures such as lack of cast member discretion or attention to detail, or even unforeseen crowds with insufficient labor forces to maintain guest satisfaction. Since

[10] SUNDER, S. (2015). Risk in Accounting. *Abacus*, *51*(4), 536-548. doi:10.1111/abac.12060

risks like hurricanes cannot be avoided due to the location of the park, the managerial risks associated with Walt Disney World have more of crucial impact on its role on Porter's Productivity Frontier.

Dr. Robert Kaplan of Harvard Business School discusses in an interview with MicrosoftBI[11] about how data is collected to see if a strategy is being executed properly. Now these strategies are put together through their "framework" that is created by the company's balanced scorecard and strategy map, but in order to implement a strategy efficiently, it is necessary to go over the risks that may occur throughout the execution of these strategies, whatever they may be. Dr. Kaplan gives an example in his interview about the downsides of not having proper risk management to either combat issues before they arise, or have a plan for the future if they are to happen. This example is about the BP (British Petroleum) oil spill that occurred in 2010. He explains,

> "if you're there drilling, there are sensors you could put down in these wells, if not, create them, that will give you early warning indicators when the seal hasn't sealed, when the mud and concrete isn't working and you sense gases coming up, and that gives you the opportunity of acting very quickly to head off the risk event. [...]they didn't have the instrumentation to give them these early warning indicators".

If the proper organization members had spent the time and resources to sit down and go through every possible risk that they could think of before they began drilling, then they would have been able to have their machinery built to combat these risks.

Risk management does in fact cost money, but dealing with the consequences of a lack of preparedness can be much more costly, especially for companies like BP who's mistakes can have such a negative impact. As Dr. Kaplan said in his interview, "You can

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[11] Risk Reduction Advice from Dr. Robert Kaplan [Interview by B. Aziza]. (2011, February 4). Retrieved from https://www.youtube.com/watch?v=Kr0AwuvODaw&feature=youtu.be

pay now, or you can pay later. Now is much cheaper.”, it is more beneficial to take the time to prepare for these risks. One way to combat these risks is by collecting and utilizing data from previous operating periods to help determine what to expect in the future, or in Disney’s case, on a year to year, season to season, and even day by day basis.

Kaplan discussed the idea of BP taking the time to create a sensor that would allow them to track what is happening and determine if something had malfunctioned in their current process. The idea of creating something that could be utilized to track data is actually something that Walt Disney World had done through the creation of a small device called the “Magic Band”. Risks can also be avoided and managed through the implementation of extensive cast member training.

<u>Using "Magic" Accounting Technology To Assist Management</u>

In 2013, Walt Disney World started using a new type of information gathering technology they had created called "Magic Bands". These magic bands were designed to take place of the original paper FastPasses (tickets that allow you to have a reservation in a faster line for an attraction, ride, or character meet and greet), along with functioning as the guest's hotel room key and park entrance passes, allowing purchases in the parks and resorts, and acting as a PhotoPass ID[12]. The Magic Band looks and feels similar to a light watch that can be worn on the wrist, and recently they have even been redesigned to act as keychains as well. With their waterproof design, these Magic Bands can be worn for the duration of a guest's stay without getting damaged by moisture. This capability will allow them to continue wearing the Magic Band whether they are zooming down a waterslide, plunging down Splash Mountain, or even just experiencing perspiration from the intense Florida heat and humidity.

Guests can choose their Magic Bands while planning their trip online, and can select from a range of colors including; pink, green, red, purple, orange, yellow, blue, and gray. Those options are usually used for the Magic Bands that come with the purchase of a hotel stay, but guests are also able to purchase themed Magic Bands online or in the parks/resorts to link up to their vacation as well. Such themes include park specific attractions, Disney/Pixar/Lucasfilm/Marvel movie character, and even specific ones that

[12] Magic Kingdom Park Hours. (n.d.). Retrieved January 06, 2018, from https://disneyworld.disney.go.com/faq/bands-cards/understanding-magic-band/

you can design on your own at various locations.

From the viewpoints of the guests, these Magic Bands serve as an excellent tool that allows them to leave their wallets, tickets, and cards behind. However, they serve an even greater purpose to the cast members working for the company. Magic Bands are created to utilize RFID technology to assist the resort. RFID stands for "radio frequency identification technology"[13] and is used to track specific data by utilizing a tag that comes in many shapes and sizes, and can be small enough to put into one of Disney's Magic Bands. The information stored by RFID technology allows Disney to create "magical" experiences in the form of sharing names for reservations so cast members can welcome them specifically, but it also helps Disney utilize data collected on the magic bands from guest behavior. When a guest uses their Magic Band to make a purchase, that information is stored, telling the company what sorts of items that specific guest is purchasing, as well as what parks they visit more than others, as well as which rides are utilized frequently.

Utilizing Magic Band Data

This information gathered by Magic Bands can help Disney generate even more revenue by seeing trends in their products and services, telling them what they need to make sure is available to guests, knowing that they are attracted to spending their money on that experience. Since these Magic Bands also contain ticket information, trends in attendance can be used to determine how busy parks get during certain times of the day, week, month, or year, enabling Disney to properly staff each store, park, or resort. These trends can help the company lower costs that are involved with having unnecessary paid

[13] Want, R. (2006). An introduction to RFID technology. IEEE Pervasive Computing, 5(1), 25-33. doi:10.1109/MPRV.2006.2

cast member presence during the workday by allowing them to only schedule a necessary number of cast members.

Due to the ability to use historical financial information to set daily goals for profits, they can estimate whether or not they are on track to reach their set goals. In the event that their guest profitability is lower than desired, they can alter part of that profitability equation (guest profits minus the costs associated with handling the guest) to increase the profitability. By decreasing the amount of resources used to assist guests, then more of what guests spend with the company can be seen as profits. This decrease can be done by lowering the amount of cast members currently working during the time of low guest spending.

At Walt Disney World, they have something called the Disney College Program, where college students can spend up to a year working for the company. One of the roles that students can work in is merchandise. These merchandise cast members work at different stores throughout the parks, hotels, and shopping districts. Although a large part of the program is to work, the students also have an element of their time that is used to spend time in the parks. These students are allowed to go to the theme parks, free of charge, when they are not required to be at work. When guest spending is unexpectedly lower than desired, merchandise leaders can make the decision to allow cast members who would like to have an early release, the ability to end their shift. Due to the fact that not every cast member can be sent home, there are a limited number of slots available for this release, depending on the gap that the leaders are trying to close within customer profitability. This early release, of course, isn't required, so the cast members who would like to continue their shift are more than welcome to, such as full time cast members who support families. This release does, however, appeal to some of the College Program students who are there for the whole experience. Their desire to spend time in the parks, and the company's need to utilize less resources during low spending periods, makes the early release method an excellent way to increase guest profitability. By continually tracking data about the amount of purchases being made in these stores, Disney can save money in the long run by paying attention to early signs of potential risks.

The Costs And Benefits

As stated before, implementing new technologies and strategies can cost a company money before they are able to see the results. This became apparent in the Walt Disney Company Annual Report for 2013 when there was a 6%[14] increase in selling, general, administrative and other costs. The company disclosed that this increase of was a result of the costs associated with the creation and implementation of MyMagic+. MyMagic+ is the online program for the company and guests that goes along with all of the benefits from Magic Bands. This program can be accessed online through a computer or a smartphone application. After creating an account, guests are able to make all of their fastpass, dining, and hotel reservations at the touch of a button, as well as see ride wait times, event schedules, and even make purchases.

[14] The Walt Disney Company. (n.d.). Fiscal Year 2013 Annual Financial Report (pg. 33) [PDF]. Washington, D.C.: United States Securities and Exchange Commission.

Even though there was a significant cost to be able to utilize the new Magic Bands, data from Annual Reports for the years 2014[15], 2015[16], 2016[17], and 2017[18], shown in Table 1 show clear increases in revenues, as well as per room guest spending, after the implementation of the Magic Bands.

Table 1

Annual Report Category	**2017**	**2016**	**2015**	**2014**
Domestic Park Revenues (in millions)	$14,812	$14,242	$13,611	$12,329
Per Room Guest Spending	$317	$305	$295	$280

*Created by Jordan Daley from annual reports created by The Walt Disney Company

In each annual report, the Walt Disney Company attributes their increase in park revenues to higher average guest spending. This spending includes the amount that the guests have spent on food, beverages, and merchandise in the parks, all of which were goals for the implementation of the Magic Band in 2013.

Per room guest spending is defined by the Walt Disney Company in each report as consisting of "the average daily hotel room rate as well as guest spending on food, beverage and merchandise at the hotels". Although Magic Bands can be purchased by park guests, they are complimentary for Disney resort hotel guests, making it easier to venture around their resorts and through the parks without needing to carry their wallets, hotel keys, and park tickets. The convenience benefits, combined with the fact that guests

[15] The Walt Disney Company. (n.d.). Fiscal Year 2014 Annual Financial Report (pg. 35) [PDF]. Washington, D.C.: United States Securities and Exchange Commission.
[16] The Walt Disney Company. (n.d.). Fiscal Year 2015 Annual Financial Report (pg. 33,34) [PDF]. Washington, D.C.: United States Securities and Exchange Commission.
[17] The Walt Disney Company. (n.d.). Fiscal Year 2016 Annual Financial Report (pg. 33,34) [PDF]. Washington, D.C.: United States Securities and Exchange Commission.
[18] The Walt Disney Company. (n.d.). Fiscal Year 2017 Annual Financial Report (pg. 32,33) [PDF]. Washington, D.C.: United States Securities and Exchange Commission.

aren't given a bill that represents their Magic Band spending until the end of their trip, contribute to the overall increase in spending from guests.

In an article called “The ‘Moment of Truth’ In Customer Service”[19], the authors, Marc Beaujean, Jonathan Davidson, and Stacey Madge discuss the importance of interactions with guests in respect to how much their share of wallet will ultimately be with your company. When something within a service industry hasn’t fully satisfied a guest, or even if it dissatisfied them, the way that the organization, or in this case cast members, handle the situation will alter the perceived image that the guest has on that company.

By taking the time to train cast members on how to handle different guest interactions, Disney is getting ahead of the potential risks that come along with the variability of the service industry. This training does have a financial cost for the company, but in the long run, this cost is more of an investment in the peace of mind that comes from knowing your cast members are trained and empowered to deal with these possibly negative interactions. Each cast member is required to go through training at a training facility called “Disney University”, and then on-site training at their workplace locations. This training does take a couple of weeks to finish, and cast members are paid for all training involved, but each hour of training is a useful way to ensure that these cast members are prepared to handle the different situations that they may encounter during their time at Walt Disney World.

[19] Marc Beaujean, Jonathan Davidson, and Stacey Madge. (2006, February). The 'moment of truth' in customer service. Retrieved March 01, 2018, from https://www.mckinsey.com/business-functions/organization/our-insights/the-moment-of-truth-in-customer-service

Just as Dr. Kaplan brought up in his interview, it is important to make sure that an organization goes through the different stages of its service to determine situations that could occur at each stage in order to properly prepare for as many variables as possible. The training that these cast members go through covers many different events that have either previously happened, which have allowed Disney to learn from historical data to better prepare the cast members of today, or have been established as a highly possible event. Examples of such instances are lost children, language barriers, safety hazards, and disgruntled guests.

By having cast members go through training for these possibilities, they are able to react accordingly if these were to happen during regular operations. When the cast members feel trained and empowered to solve these problems, guests can see the confidence that they possess and can recognize that this cast member is genuinely trying to remedy the situation, or compensate them for their inconvenience. This positive interaction during a negative experience help create that "moment of truth" discussed in the article, meaning that the guest takes the cast member's actions strongly into account when deciding how well the company met their needs.

The Four Keys

One way to also combat the risk of a dissatisfied guest that Disney practices through training is their implementation of what they call The Four Keys. When new cast members are trained on how to fulfill their roles, they are told about how Walt Disney himself wanted his cast members to act in order to help the guests have a great experience in his parks. This vision that Walt had requires cast members to make sure that whenever they are doing anything during their time "on stage", that they must follow The Four

Keys, which are: Safety, Courtesy, Show, and Efficiency. Cast members not only remember what the names of the keys are, but they are also required to know the order they are written in, due to the fact that they are organized by importance. Their organization is used to remind cast members that no matter what is happening, the safety of everyone around them is the most important key to focus on at all times, while efficiency is important, but shouldn't be given more priority than any key listed before it. Although cast members are constantly reminded about The Four Keys every day at work, they are also given a pocket sized card that lists the keys and what each one really means. The card contains the information provided in Figure 2.

Figure 2

The Four Keys Basics	
SAFETY	• I practice safe behaviors in everything that I do. • I take action to always put safety first. • I speak up to ensure the safety of others.
COURTESY	• I project a positive image and energy. • I am courteous and respectful to Guests of all ages. • I go above and beyond to exceed Guest expectations.
SHOW	• I stay in character and perform my role in the show. • I ensure my area is show-ready at all times.
EFFICIENCY	• I perform my role efficiently, so Guests get the most out of their visit. • I use my time and resources wisely.

*Created by Jordan Daley with information gathered from Disney At Work[20]

Not only are cast members highly encouraged to remember and utilize these keys, but they are also rewarded for doing so. When a fellow cast member, coordinator, leader,

[20] Disney's Four Keys to A Great Guest Experience. (n.d.). Retrieved February 06, 2018, from http://disneyatwork.com/disneys-four-keys-to-a-great-guest-experience

or even guest witnesses a cast member going above and beyond with any of The Four Keys, then they can choose to write that cast member a Four Keys Card. This card requires the author to check off which of the keys that the cast member utilized, write a short comment about their performance, and then have one of their superiors sign the card. After the card has been completed, one copy of the card is put into a locked box where it will remain until it is put into the computer system under the cast member's record with the company, and another copy is given to the cast member to keep. Since these cards can be seen when a cast member is being reviewed for a promotion, assessment, or role change, they are highly welcomed by cast members as a reward for their hard work, knowing that each one will help them increase their appeal to their employers by performing exceptional guest service practices.

Although these Four Keys Cards seem like they are meant to benefit the cast members, they are actually a great way to promote risk management. By giving cast members these small pieces of paper, they are empowering and rewarding them, two very important parts of risk management. Having cast members that go out of their way every day to make sure that all guest interactions are handled with a great deal of effort can help prevent cases of dissatisfied guests, or even the need for service recovery measures, both of which can be costly.

Merchentaining

One concept utilized to promote quality as a form of marketing in merchandise locations at Walt Disney World is something called "Merchentaining". This Disney specific concept is the combination use of merchandise and entertainment. Merchentaining can be anything ranging from wearing a pair of Mickey Mouse gloves to wave at guests with while welcoming them into the store, to using a bubble wand, or even playing with a remote control BB-8 robot from the new Star Wars movies.

When cast members are already being productive by welcoming guests into the stores, assisting guests who are looking for specific merchandise, they can increase their productivity by introducing merchandise to be showcased in the work that they are already doing. Since these cast members are already being paid for their service of welcoming guests or other various activities, their job can be enhanced without having to increase the amount that they are being paid, increasing the quality that is a result of the investment in the cast members.

Merchentaining does two key things during each guest interaction, promoting a product and entertaining guests. There are times where guests both young and old see a cast member playing, or merchentaining, with different pieces of merchandise and have instantly put one of them in their shopping basket. Other situations have resulted in the cast member catching the eye of a guest while they are using the piece of merchandise, creating a sense of interest or intrigue on the part of the guest, wanting to either try it on their own or see a demonstration. This type of situation is similar to the marketing aspect of samples in a grocery store, the product can be tested, or in Disney's case, played with, and then the guest can either continue on their way, or quickly obtain one of these products right then and there. These guests notice the quality or benefits of a product before noticing the cost that obtaining it would be, creating a strong desire before price is even considered. After seeing the prices, the guests can then determine if the level of quality that they have observed deserves the level of pricing that the product has been given.

Continuing To Grow

As mentioned before, The Walt Disney Company is continually growing. Since the company was founded in 1923[21], they've created 6 theme parks, built multiple resort destinations, started cruise lines, created over 700 feature films[22], opened numerous retail locations, acquired additional companies, produced television channels, and composed various styles of music. To go along with everything they have already done, they are also following one of the lessons that is continuously taught in countless University of Maine Business School classes, and that is that businesses need to keep growing. Although they are growing by creating additions such as Toy Story Land and Star Wars Land to their theme parks, releasing new movies such as *Black Panther* and *A Wrinkle In Time*, and acquiring Fox, they are growing in their retail front as well.

Walt Disney World isn't just quitting after creating the Magic Band and implementing risk management trainings. They understand that as time goes on, they need to update their store fronts to match the new needs and desires that their guests have expressed through their actions in the parks. One location, located in Disney Springs, called World of Disney is currently undergoing a drastic storefront change. Steven Miller, a Communications Manager for Disney Theme Park Merchandise, wrote on January 10, 2018 about "Reimagined World of Disney Stores Coming to Disneyland and Walt Disney

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[21] Disney History. (n.d.). Retrieved January 04, 2018, from https://d23.com/disney-history/
[22] List of Disney Films. (n.d.). Retrieved December 06, 2017, from https://d23.com/list-of-disney-films

World Resorts in 2018”[23]. This alteration to already popular stores will be able to help the Walt Disney Company to continue working on those core objectives of business, allowing them to have a new look that will help them with guest acquisition, continue to sell the merchandise that their current guests love and travel long distances to purchase, which will help them maintain guest retention in the store, all of which are investments that lead into more growth in guest profitability.

An article written by Keshia Hannam, titled “A Record Amount of Brick and Mortar Stores Will Close in 2017”[24], discusses how plans had been made in 2017 in the United States to close down over 6,700 storefronts. This number of closures surpassed the 6,163 record set by the 2008 financial crisis, according to the article. The author also quotes a message that Nike told it’s investors, saying that “undifferentiated, mediocre retail won’t survive”. Despite all of these challenges in the retail industry, Disney is able to use their status as a leader in the industry to continue creating new and efficient ways to supply information to their accountants, allowing them to help managers decide the best ways to grow. This continual growth helps them continue to be able to increase their merchandise sales, improve their storefronts, and survive during a time of continual store closures, despite our society’s online shopping habits and ability to get what they want from the comfort of their own home. While other retailers are being pushed out by new technologies, Disney has taken these new shopping ideas, evolved them, and have grown to see these technological changes as a new strength, not weakness.

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[23] Reimagined World of Disney Stores Coming to Disneyland and Walt Disney World Resorts in 2018. (n.d.). Retrieved March 25, 2018, from https://disneyparks.disney.go.com/blog/2018/01/reimagined-world-of-disney-stores-coming-to-disneyland-and-walt-disney-world-resorts-in-2018/
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Keep Moving Forward

The continuous growth that the Walt Disney Company works towards increases the amount of value that they present to their guests at their parks. The acquisition of well-loved brands and franchises, the implementation of new data collecting technology, the extensive training of cast members, and the continuation of growth have all helped the Walt Disney Company not only operate on Michael Porter's Productivity Frontier, but also push the Frontier forward, setting new bars for other companies in the industry.

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