

# Research on Business Strategy Based on New Culture and Entertainment Industry

*Xiwen Zhang\**

The High School Affiliated to SUSTECH, 518109 Shenzhen, China

**Abstract.** The Disney Company and Warner Brothers have long played an important role in shaping and disseminating American popular culture. With the gradual development and improvement of the Internet and the information technology these days, they are quietly subverting the traditional culture and entertainment industry. Disney and Warner Brothers, as two large and classic film and television companies, their success from their founding to today cannot be separated from their own business strategies. As Disney gradually became bigger and bigger, it acquired many famous companies as its subsidiaries, and Warner Brothers also developed many peripheral products, or cooperated with other companies for their marketing. However, in the process of continuous development, the two companies also faced different problems. This paper studies and analyzes the development status and business strategies of these two companies. At the same time, it also provides some suggestions that are beneficial for the two companies. This paper uses the comparison method, and uses the tabulator data to more convincingly reflect.

## 1 Introduction

Because of the epidemic, people's online office scenes have gradually increased, and everything online has developed more and more rapidly. At the same time, this has brought huge challenges to the film and television industry, and made the box office of many big-name companies much worse than the expected revenue. Many companies are on the verge of bankruptcy at this stage, but there are still many giant companies that are still strong, Warner and Disney are typical examples. Disney is the first giant in Hollywood, was originally just an animation studio, but the depressed economy after World War II forced Disney to produce a theatrical version of Snow White. And the plot of the Mickey Mouse series they made brought joy to people and also cheered them up in a difficult situation during the depression, while the determined and optimistic animated characters also gave people the motivation to overcome difficulties. The Boston American noted that Mickey Mouse arrived at the beginning of the Great Depression, when the country needed him most, and helped people laugh, forget their creditors, and keep their spirits up [1]. With the gradual development and growth of their subsidiary Marvel Studios, Disney's market share can almost reach 25% of Hollywood, almost monopoly. Warner Brothers, the classic "WB" logo is its abbreviation, the company produced and distributed the world's first true sound film, "The Jazz singer", the success of the film was undoubtedly a blockbuster in the year. After the 1970s, it launched "The Matrix", "Harry Potter" and "The Lord of the Rings" and other series of films, "Harry Potter" films have been "the world's most profitable series". A lot of

people have done research on the two companies' marketing strategies, but they are not meticulous enough. The research done in this paper will increase or expand the existing foundation of the film and television industry, which has practical significance for the future development of companies.

## 2 Description of Disney

In terms of earnings and marketing strategy for the two companies, people have to admit that Disney is outnumbering Warner Brothers. Disney is a "non-stop" Hollywood giant, in other words, the frequency with which its films hit a billion worldwide. Taking a look at the other four studios, Warner and Paramount have managed to make a \$1 billion movie worldwide, and they do not know when they are going to make another good one. Universal and SONY have recently had a global movie that broke \$1 billion in a few years, but all are concentrated in a series, the former's Jurassic dinosaurs have come to the end of their time, the latter's Spider-Man is to rely on feelings card, all belong to their own troubles. Only Disney, not only the frequency is high, but also are different series flowering, which is obviously much better than the other four. Looking at Disney's films, which have exceeded \$1 billion worldwide, its comprehensiveness is very strong. For example, the Marvel Universe, which belongs to the global IP, as long as Mickey Mouse does not add some elements which make audience uncomfortable to the films, then it is basically a victory. Under the strong influence of the Marvel brand, superheroes meet the hero complex in the hearts of young people around the whole

\*Corresponding author: [dugengchen@hsas.edu.cn](mailto:dugengchen@hsas.edu.cn)

world, so this IP is versatile and popular in most areas. Star Wars, the IP main region is North America, it is in the United States belongs to a unique existence, the American fanaticism for Star Wars is beyond imagination. In fact, it can also be seen from the data of the Table 1. However, all Star Wars movies, the North

American box office is very high, “The Force Awakens” is still the only film in North America with a box office breakthrough of 900 million US dollars, and several other films clearly have a bad reputation, but the box office is still a level with “Avengers”, and even an external transmission has 500 million a lot of box office.

**Table 1.** Box Office Figure for Disney Films

Film title	North America box office (dollar)	Chinese box office (RMB)	Global box office (dollar)	Film production cost (dollar)
Avengers: Endgame	858m	4.25b	2.797b	357m
Avengers: Infinity War	678m	2.391b	2.048b	316m
Avengers	623m	568m	1.518b	220m
Panthers	700m	663m	1.347b	200m
Iron Man 3	409m	775m	1.214b	200m
Captain America: Civil War	408m	1.244b	1.153b	250m
Episode VII	936m	82.4m	2.069b	245m
Episode VIII	620m	268m	1.332b	317m
Pirates of Caribbean 4	241m	464m	1.045b	250m
Frozen	400m	298m	1.304b	150m
Frozen 2	477m	861m	1.45b	150m
Toy Story 3	415m	118m	1.066b	222m
Toy Story 4	434m	201m	1.073b	222m
Finding Dory 2	486m	254m	1.028b	200m

Data source: China statistics network: [www.itongji.cn](http://www.itongji.cn)

A global Marvel, plus a specialized local Star Wars, have these two cards is basically equal to breaking the game, but Disney has others. PIXAR animation department, a variety of “General Mobilization” animated films, specializing in the global children field, from the box office results can also know how popular, and even the “award machine”. From the perspective of film and television production, the intercultural communication of Disney animated films is mainly due to the packaging of its universal value. Universal value

can be regarded as global, and Disney is very good at tapping into local content and value. Specifically, the first is in the reference of other countries' stories; The second is in the localization of the role and scene setting [2].

However, in recent years, because the direction of Disney has changed, it especially likes to add some “uncomfortable” elements to the film, like black Little Mermaid and Latino Snow White. It is not that this is bad, but it breaks people’s previous cognition and makes people difficult to accept, so it will lose many overseas

markets, especially China, the world's second largest film market. Of course, a lean camel is bigger than a horse. On August 9, The Walt Disney Company released its results report for the third quarter of fiscal 2023 ending July 1, 2023. Financial data show that Disney's operating revenue in the third fiscal quarter of 2023 was about \$22.3 billion, up 4% from the same period last year, and its overall operating profit was \$3.559 billion, which was flat compared with last year, but its net profit plunged, from \$1.502 billion in the same period last year to a loss of \$153 million. Among them, restructuring and impairment charges surged to \$2.65 billion as one of the main reasons for the loss [3]. And with the capital accumulated in the first three stages, the seriousness of the problem will not explode immediately. But in the long run, it is clear that Disney needs to think about these issues. Also, when the Internet and the media are fully developed, Disney's previous content-driven animation linkage model was broken, and a new IP creation method without story background, such as "Stella Lou" and "Lina Belle", appeared [4].

### 3 Description of Warner Brothers

Warner Brothers as an established company, has a variety of marketing methods, which are well worth people's analysis. Warner Media starts from the strategic level, tactical level and business level, they adapted, made some changes, fused them, and evolved. Warner Brothers has long adhered to the strategy of "taking video content as the center, developing new technologies and business models to enhance the value of content", divesting non-core businesses, reorganizing and optimizing the organizational structure and management system, and enhancing its competitiveness in the new media business represented by streaming media video. Moreover, based on the rich content resources and brands, the company looks for the application opportunities of new technologies and new media, improve consumers' insight ability, upgrade the content production and distribution process in an all-round way, and deeply cultivate, deposit and develop valuable head IP [5]. "Friends" is getting an official sequel. Behind the fanaticism, it was a big marketing move. After a fierce battle between the two major media platforms, the streaming show is about to change its home. From 2015 to 2018, the famous Netflix bought the rights to show "Friends" for 30 million dollars a year, and it proved that the investment was worth it. "Friends" has remained at the top of the viewing charts, winning Netflix a large number of young users, and even in 2019, Netflix paid 100 million dollars to stream it for another year. But today, Friends' producer, Warner Brothers, is launching HBO Max. It found out that Disney+ has three major subsidiaries which can all bring a lot of benefits, Disney, Marvel and Lucas film, so it decided to pay 425 million dollars for the rights to show "Friends" and invest in a special sequel.

In recent years, "IP marketing" is a popular phenomenon. Many TV dramas have become film and television IP because of their high-quality content.

Friends is considered one of the most influential and popular TV shows in the world. From the dissemination and reuse of content to the production and creation of content, the ultimate goal of various forms of marketing activities around the IP of Friends is to promote the emotional identification of the audience and thus trigger consumption [6]. As a detonating marketing topic, this is of course a good thing for all the fans of the series, 16 years later to see the actual official sequel, Warner can make a lot of money by this action. This is their latest effort to attract more users in the face of competition for users. Next is "Barbie viral marketing". On July 21, 2023, the live-action film "Barbie" was released simultaneously in China and North America. The film, produced by Warner Brothers, has been a worldwide sensation since its official release. Strong linkage products, immersive interaction, as well as the major brands of integrated marketing, Barbie's overall strategy is a "omnipresent". Whether you like her or not, Barbie is without a doubt the most familiar virtual character [7]. Perhaps some people want to sigh Warner's extravagance, but they might not know that behind this, but also the production of Barbie toy brand -- Mattel in a big chess game. In fact, Mattel through the cooperation with Warner, in the realization of the brand IP (IP is short for Intellectual Property). It is often the result of intellectual and creative labor, rather than a bent product that reflects the popular culture and emotional resonance of consumers. Although a brand carries a product, brand IP can help a brand develop a distinct, vivid personality and engage with its target consumers through stories and brand content. Why is Warner spending so much money to build Barbie's IP? The advantages of branding IP can be boiled down to these two keys. First is improving brand identification and communication. IP is essentially through the continuous output of concrete and personified content, so that the brand is easier to be divided and remembered, so as to maintain the communication power and influence like the classic film and television image. Second is enriching the expression of brand value, enhance consumer loyalty, and provide consumers with not only the functional attributes of the product, but also a carrier of emotions. IP will expand the expression of the brand in culture and value, produce emotional connection with consumers, and ultimately enhance consumer loyalty, turn them into big fans.

### 4 Comparison of Disney and Warner Brothers

From the perspective of the production styles of the two companies, Warner Brothers focuses on the dark style. Their films are always interwoven with the theme of the struggle between light and darkness. They have a thorough understanding of the chaos, darkness and ugliness of the world, and their works emit a tragic heroic temperament like Akira Kurosawa [8]. So it is much worse than Disney in terms of audience. In the survey, it was found that 99.67% of the audience knew the Avengers, and 92.03% of them knew the main selling point of Iron Man. It can be seen that the

dissemination of the Avengers has succeeded in occupying a certain position in the minds of the audience. Those who have seen the Avengers or not will be impressed Iron Man in his red and gold high-tech robot armor [9]. Disney films are more down-to-earth, for example, many of the places of the stories can often be found on the map, whether it is the American Civil War or World War II, there are traces. Moreover, Disney's style is relaxed and humorous, and the characters are amiable, like some heroic roles, which can make the audience feel strongly. Take some well-known superheroes for example, whether it is Spider-Man, Iron Man or Captain America, they feel like everyone's neighbourhood, and these are undoubtedly suitable for all ages. But in contrast, many Warner Brothers' films are set in fictional places, with empty characters, empty stories, and often "cold" characters. Take "Gotham City" as an example, this city can basically be said to be a monopolistic city, but also a place "abandoned by the sun", giving people the feeling that it is cold and damp, evil and rampant, ordinary people live in deep water all day, exploitation at the bottom are repeatedly forbidden. The Batman movie: The first release of the Dark Knight caused a heated discussion. At the same time, the Joker played by Heath Ledger in the film has numerous fans, and many people began to follow the craze of clowns. It is because of this craze that the film Joker, starring Warner Joker, was screened at the Venice Film Festival in August 2019. The film recreates Warner's clown image in the form of the protagonist, realizes the successful construction of the clown's self-value from the perspective of others, and completely depicts the clown image, making DC "clown" widely spread as a cultural symbol representing the bottom and full of darkness [10]. It would be better if Warner were willing to change their old style and try some positive and sunny films with happy endings. Because in terms of acceptability, most audiences still like light-hearted, humorous and down-to-earth movies, and they are also willing to pay for such movies. Or it can be said that Disney's movies are a little more commercial, but there is no denying that many of Warner's movies have a lot of depth, but it is truly difficult for mainstream audiences who yearn for a better life and like happy endings.

Back to today's point of view, when Warner Brothers was so powerful, now why is it not powerful than Disney in film? Focusing on the 21st century Marvel Cinematic Universe and the DC Extended Universe. Most people agree that DC's dark style has more depth than Marvel's in terms of connotation, but there is no denying that in recent years, Warner Brothers' films have been less popular than Disney's films. So, if Warner is willing to cater more to audience preferences, it will make their market bigger and have a better response. There is also some advice for the bosses of the two companies. An old company like Warner Brothers has a problem with bureaucracy -- executives are obsessed with controlling power. So for the creators of their subsidiaries, there are too many constraints and too much interference. In contrast, Disney's management of subsidiaries is relatively loose, so subsidiaries have a lot of freedom in content creation. So, Warner's leaders would do well not

to interfere too much in the creation of films unless necessary. For Disney, in recent years, they changed the settings of some works, like the wheat skin color of Snow White, which was against people's original cognition and affected the market in some regions. If they do not change these characters' settings, the effect will be better.

## 5 Conclusion

In the era of the gradual development of the Internet and social media, the film and television industry has become an indispensable entertainment industry in people's lives. Most people only care about some films, TV series and other film and television products they watch, or peripheral products they buy, but they do not care much about the marketing strategies and publicity methods used by the companies behind these. Understanding and learning to apply the marketing strategies of large companies such as Disney or Warner is important to many businesses and can help them grow better. With the gradual growth of the industry, Disney has created more and more rich characters, its audience is also large, and its income is also the most, but at the same time, it also has some shortcomings exposed, they should keep their own original will, and pay attention to the audience's preferences to produce works. Warner Brothers' work have always been deep in content, but the painting style is relatively dark, and their audience is not very broad, they should pay attention to some concerns and preferences, and do some products according to their preferences. Many other studios can take a look at this research and achieve effective growth by drawing on development experiences. The experience of Warner which can think of and adapt to the trend of media convergence, can be learned by various film and television companies or media companies around the world, so that they can develop and improve.

Of course, the research done in this paper also has shortcomings. The whole paper tends to case analysis, and less uses quantitative research, modelling and calculation research methods. The future can be more in-depth research, but also can expand more cases.

## References

1. Z. Xu. Cross-cultural management strategy analysis of Disneyland. Master's thesis, Xinjiang, (2023).
2. C. Q. Song. The Practice and Exploration of Disney Entertainment Industry from the perspective of IP. Master's thesis, Hunan, (2019).
3. S. Tu. Computer newspaper. **11**, (2023).
4. Y. X. Ren. Disney's new IP marketing model under the perspective of new media. PHD thesis, Xian, (2023).
5. L. Ting, L. F. Xu. Transformation, upgrading and Integration Development of Western media publishing field. Take Warner Media as an example. Wuhan, (2020).

6. J. W. Weng. The Connection between Commerce and Emotion: A Study on IP Marketing of American TV Series -- A Case Study of Friends. Master's thesis, Hefei, (2021).
7. J. L. Li. Modern Advertising. Barbie marketing universe, a global pink storm. 20-23(2023).
8. W. J. Yan. The Dark Knight in the author's view -- Nolan. PHD thesis, Pingdingshan, (2019).
9. V. Zhang, K. Xue. Disney brand communication research -- Based on Marvel's Avengers movies. Master's thesis, Shanghai, (2018).
10. C. H. Yang. From the Perspective of the Other to Self-Worth: The Construction of Identity symbols for DC clowns -- Take "Batman: The Dark Knight" and "The Joker" for example. Master's thesis, Enshi, (2022).