Challenges

Many of Disney's greatest franchises, such as Pixar, Marvel and Star Wars, were external acquisitions. However, an acquisition-led growth strategy may not be sustainable. This is because of the limited number of media companies that Disney can acquire, as well as increased conflicts across business units and divisions. An increased reliance on billion-dollar franchises also reduces originality. For example, Disney relies on a formulaic recipe of success: a blockbuster hit followed by derivative shows, merchandise, and other spin-offs.

While nearly half of Disney profits come from its TV networks ESPN, ABC, and others,[63] the media industry is being disrupted, as consumer preferences to streaming content via over-the-top services such YouTube, Netflix, Apple TV+, Sling TV, and other services.[64] While ESPN continues to do well, the cost of rights to show the big sporting events live has escalated dramatically in recent years. As a consequence, ESPS is losing subscribers as many consumers "cut the cord" (that is cancel their cable subscription), or never subscribe to cable in the first place. This trend also affects Disney's other TV properties, including ABC.

Although, Disney is in the process of launching its own streaming services, Disney+ and ESPN+, there appears to be room for only a few, if not just one or two winners in a competitive landscape where Apple, Netflix, Comcast, AT&T, and Amazon are all chasing after the same costumer. The question is for how many different services will the average consumer in the United States and elsewhere pay for?

Chapek's Tesla Model X stopped gently in front of the elevator banks in the parking garage of Disney's Burbank headquarters. Chapek hopped out the car, and let the Tesla park itself. As he pushed the elevator button, he thought to himself "I sure hope that the force is with me, and I can create some more magic for Disney going forward. . ."

Professors Frank T. Rothaermel Noorein Inamdar, and David R. King prepared this case from public sources. This case is not intended to be used for any kind of endorsement, source of data, or depiction of efficient or inefficient management. All opinions expressed, and all errors and omissions, are entirely the authors.