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Brand Loyalty to Disney Theme Parks in Mainland China

A thesis submitted in partial satisfaction
of the requirements of the University Honors Program
of Loyola Marymount University

by

Megan Pepi and Professor Wesley Kading

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Abstract

Since 2005, Disney has attempted but failed to establish brand loyalty among Chinese consumers in the theme park market. Disney is going to retry achieving this goal through Shanghai Disney Resort, which is a theme park that opened on June 16, 2016. Facing its past failures, the challenges of appealing to unique Chinese cultural preferences, and having to cooperate with a restrictive government system, will Disney be able to implement its authentic brand identity and establish brand loyalty among Chinese consumers through its new theme park? To answer this question, a qualitative analysis of the entertainment offered at Shanghai Disney Resort was conducted in order to determine whether or not the authentic “Disney” theme park brand was actually present. Also, Chinese guests who visited Shanghai Disney Resort were asked whether or not they would consciously choose to visit a Disney theme park over a competing brand’s, if given a choice. Based on the results of these interviews, a majority of Chinese consumers in the theme park market would choose to visit a Disney theme park over a competitor’s. It is too early to definitively conclude, however, whether or not, in general, Chinese consumers in the theme park market are brand loyal to Disney, since the park recently opened, and since there are no statistics regarding the number of guests who have returned to the park after their first visit. Ultimately, Disney is still educating Chinese consumers about its unique brand with the hope that these consumers will eventually become loyal to Disney’s brand.

Background

Brand Loyalty

Ever since China has seen spectacular economic growth and a rapid increase in the amount of disposable income, or income after taxes and basic necessities have been paid for, that

Chinese citizens have, many Western businesses have expanded into Chinese markets. Chinese consumers' annual consumption was \$.64 trillion in 2000, and, in 2020, it has been forecasted that annual consumption will be \$4.38 trillion- approximately a 584% increase (Atsmon and Magni).

When a firm enters a foreign market, such as China, whose members have little familiarity with its product and service offerings, it becomes increasingly important for that firm to educate the consumers in the new market about its brand's identity. Then, in order to succeed in this new market after consumers of this foreign market become aware of the brand's presence, it is essential for that firm to establish brand loyalty in that market, in order to convince consumers to purchase their goods and services over competitors'.

According to marketing professionals who belong to the American Marketing Association, brand loyalty exists if a consumer makes "biased," or intentional, and repeat "purchases" of a particular firm's goods or services "over time," as opposed to the goods and services of "one or more alternative brands," through a "psychological (evaluative, decision-making) process" (Jacoby 2).

Brand Loyalty in the Chinese Theme Park Market

Theme park attendance in Asia has surpassed attendance in North America, and Chinese consumers' "theme park spending accounts for over a fourth of Asia's" overall theme park spending (Ho). In fact, Chinese consumers are expected to spend \$16 billion in 2016 on theme park-related purchases, and, in 2019, they are expected to spend \$20 billion (Ho). "Sixty-five" theme parks are currently "being built or planned" in China, many of which are owned by Western companies that will be entering the Chinese market for the first time (Ho). As

mentioned earlier, these companies, whose brands are somewhat unfamiliar among Chinese consumers, are hoping to educate Chinese consumers about what makes their brand and “theme park experience” unique, and, ultimately, convince them to choose to visit their theme parks over their competitors’ (Ho).

One brand that has been particularly successful in creating a unique brand identity and establishing brand loyalty among consumers in both foreign and domestic markets is Disney. In Western societies, solely hearing the word “Disney” evokes emotions around fun and carefree lifestyles,” and being exposed to the brand induces consumers to purchase Disney’s products not just once but over the course of their lives (Marshall 255).

Disney first entered the Chinese theme park market in 2005 with Hong Kong Disneyland. Disney’s main goal with Hong Kong Disneyland Resort was to provide its target market, mainland Chinese consumers, a genuine “Disney” experience at its park, to “familiarize themselves with the Disney brand,” and to encourage this target market to establish a loyal relationship with the Disney brand (Fung 200). Even though mainland Chinese visitors have enjoyed their trips to the Disney theme parks in Asia and have “felt compelled to visit the parks,” opinions and commentary from mainland Chinese visitors suggest that Disney has ultimately failed in achieving the aforementioned goals, because the visitors’ “passions for the Disney brand is low” (Fung 201). This shows that guests from mainland China view Disney’s theme parks as “just another entertainment spot, like shopping malls” (Fung 202). A “Shanghai Disney Resort marketing developer” even admits that theme park guests from mainland China “have little familiarity or affinity with the stories and values associated with Disney characters” (Makinen 2).

Disney is going to try to make up for its failures in Hong Kong and achieve its goal of establishing brand loyalty among Chinese consumers with the opening of Shanghai Disney Resort in 2016. This will be Disney's third theme park that is located in Asia and its first in mainland China.

Challenges to Disney's Goal: Politics and Culture

The People's Republic of China's (PRC) political environment, culture, and policies have made and will make it challenging for Disney to achieve its goal of brand loyalty in the Chinese theme park market. The "mainland Chinese's contact with foreign, especially American, culture is restricted by the PRC because of media control..." (Fung 200). This environment differs from "Hong Kong's government system," which has placed and still places "very few restrictions" on its citizens (Fung 200). This poses a challenge to Disney in two ways. First, Disney seeks to instill brand loyalty in "children." Disney hopes that as these children age, they will continue to consume Disney products and services, because they will experience pleasant feelings of nostalgia when the brand is brought to their attention (Fung 199). In order to sustain and grow its "fan-base" for the long term, Disney hopes that these target consumers will pass brand loyalty onto their descendants (Fung 199). Since the Chinese government has restricted forms of entertainment, particularly those offered by Disney, many people from mainland China have little familiarity with Disney's stories and characters; thus, it has been difficult for them to pass a love of the Disney brand to their children. State-owned firms, such as "Shijinshan Entertainment Park," have even "pirated" Disney's characters and stories "without Disney's permission," (Fung 200) so consumers might not be convinced that they will have a unique experience if they visit Shanghai Disney Resort over the state-owned theme park. Secondly, "Shanghai Shendi Group,"

which is a state-owned theme park company, will have “57%” ownership in Shanghai Disney Resort, while Disney will only have “43%” ownership. In other words, the state-owned theme park company will have the majority of the control over the new park’s offerings, such as attractions and merchandise, as well as any future changes and expansions that are made to the park (Shanghai Disney Resort 1). Noting that the Chinese government restricts its citizens’ exposure to Western culture and media, it will be difficult for Disney to give its guests “an authentic Disney experience” (Maniken 1) at Shanghai Disney Resort.

In addition, there are significant differences between Western and Chinese cultural preferences. Disney will have to cater its offerings at Shanghai Disney Resort to these cultural differences, rather than copy every single feature at its theme parks in Western countries. For example, in Hong Kong Disneyland, gift shops do not sell “Peter Pan hats,” unlike Disney theme parks in Western countries, even though “character hats are an iconic symbol” of the Disney theme park brand and experience (Tang 1). As a punishment in ancient Chinese culture, those who committed adultery were required to wear green hats (Tang 1). At the same time, however, in order to provide guests with an authentic, unique Disney theme park experience that cannot be copied by other brands, Disney must not omit elements of its brand identity, just to appeal to all Chinese cultural preferences. Otherwise, by completely focusing on appealing to Chinese cultural preferences, Disney’s unique brand identity would be compromised.

Facing the challenges of maintaining its brand image while appealing to cultural differences and working with a restrictive Chinese state-owned enterprise, will Disney be able to authentically represent its brand identity and successfully instill brand loyalty among mainland Chinese consumers through its new Shanghai Disney Resort?

Research Methods

In order to determine whether or not the offerings and experiences had at Shanghai Disney Resort truly reflect the authentic Disney brand, as well as the degree to which the Chinese market is brand loyal to Disney theme parks, it was necessary to visit the new park in Shanghai. The field research that was conducted at the park was organized into three categories: making observations about the presence, or lack thereof, of the Disney brand identity at Shanghai Disney Resort, interviewing visitors from mainland China, and interviewing “cast members,” or park employees (Brannen 609). Both qualitative data, such as the content of guest responses to interview questions regarding their motivations to visit the theme park, as well as quantitative data, which includes the total percentages of guests interviewed whose responses reflected their loyalty, or lack thereof, to the Disney theme parks brand, was used to measure brand loyalty.

Presence of Disney Brand

First, in order to determine whether or not the “Disney” brand was present in the theme park, guests’ observations, obtained through both news articles that have reported on published guest surveys and on-site interviews, were compared to the elements of Disney’s brand identity listed in various academic (i.e., Brannen, Fung and Lee) previously mentioned in this report, in addition to the Walt Disney Company’s definition of its brand, which will be discussed later. This step in the research process is crucial to this study, because if the Disney brand identity is not present in the park, then it would be impossible to determine whether or not Chinese consumers are loyal to the authentic “Disney” brand and thus choose to visit Disney theme parks over competitors’ to experience this unique brand.

Brand Loyalty

Secondly, guests from mainland China were interviewed. Guests were asked whether or not they would purposely choose to visit a Disney theme park over competing brands' theme parks in the future, and most guests were asked about their attitudes towards the Disney brand. Responses to these same questions included in various media publications were also considered. Guests were divided into three different age groups, which consisted of "Adults," "Young Adults/ Teenagers," and "Children," in order to consider responses from a wide range of age demographics and to obtain a holistic view of the large market that is being studied. If guests expressed that they would consciously choose to visit a Disney park over a competing brands', they would be considered brand loyal. Those who said that they would not necessarily choose to visit a Disney park over other brands' parks nor visit a Disney theme park in the future were not considered to be brand loyal.

Observations and Results

Is the "Disney Theme Park Brand" Present?

According to Shanghai Disney Resort's official website, a "Disney" theme park experience differs from other brands' theme park experiences, because Disney's theme parks' attractions "... showcase the best of Disney storytelling," make Disney's "fairy tales spring to life," allow "dreams to come true," and "draw families closer together" with a unique "kind of entertainment" (Shanghai Disney Resort 2, Shanghai Disney Resort 3). Guests who visit a Disney theme park will be "immersed in detailed atmospheres" that "vibrantly" retell Disney stories (Shanghai Disney Resort 3).

After the park's grand opening in June of 2016, guests who visited Shanghai Disney Resort were asked to provide feedback regarding their experiences at the park. Based on some of

the observations of guests who visited the park from mainland China, which reveal that guests' experiences at the park match those that Disney identifies in the aforementioned definition of an authentic "Disney" theme park experience, the Disney brand is present in the park. For example, "Jane Chen, from Jiangsu Province," articulated that "Disneyland revolutionizes the way things are usually done in amusement parks" by "providing an innovative and complete story line and create great visual and sound effects in almost every theme land," and that "[one] feels as if he were really adventuring inside the story" (Qianwen). Another young adult articulated that she 'was delighted to see so many Disney characters coming to life,' in "The Adventures of Winnie the Pooh ride," where she was "totally immersed in the story" (Qianwen). This same guest stated that "if [she] just wanted 'thrills,' she could find exciting rides in other parks, but she can only find a Winnie the Pooh attraction in the Disney Resort" (Qianwen). Finally, a tourist from Beijing described her visit to Shanghai Disney Resort as an escape from her "stressful world at work" and "a fairy tale" that one simply cannot experience at any other theme park (Harashima). Based on these reactions, Disney seemed to have successfully avoided diluting its brand in an attempt to appeal to Chinese consumers' tastes and preferences, which differ markedly from those among Western consumers.

Since the content of guests' responses match the elements of Disney's definition of its brand identity, it can be concluded that Disney's authentic brand identity is present in the theme park.

Are Chinese consumers in the Chinese theme park market brand loyal to Disney?

As previously mentioned, measuring brand loyalty requires quantitative and qualitative data. In order to determine whether or not a guest is “brand loyal” versus “not brand loyal,” the content of guests’ responses to questions were assessed.

The following responses exhibit brand loyalty:

- Guest feedback from news articles:
 - “‘It’s not that we don’t have other travel plans,’ Han said, ‘but other plans need to give way to Disney plans’” (Martin and Makinen).
 - “‘The Li family, who live not too far from the resort, in Pudong, are having a great time. ‘This is great, fantastic! We will come every week, even just to go shopping in Disney Town,’ says Mr. Li, a businessman. His teenage daughter and wife nod enthusiastically” (AFP).
- Why do you work at Shanghai Disney Resort?
 - “I remember watching *The Lion King* when I was younger, and it was my favorite movie. I eventually traveled to California to visit Disneyland with my family and worked at Walt Disney World in Florida, because I wanted to be a part of the [Walt Disney Company].”
- Would you choose to visit a Disney theme park over another brand’s park?
 - “I’ve already been to [Shanghai] Disneyland seven times and will continue to return!”

The following responses do not exhibit brand loyalty:

- Guest feedback from news articles:

- “Vivian Wen, a finance worker in Shanghai, said she and three friends planned to take their children to Shanghai Disneyland at the end of this month once their school exams were over... ‘We think getting together with good friends is a happy time, no matter where we are or how we spend the time’” (Yan).
- Why do you work at Shanghai Disney Resort?
 - “I want to work for a luxury hotel brand in the future, and working at a Disney resort will increase my qualifications to do so.”
- Would you choose to visit a Disney theme park over another brand’s park?
 - “No. I like to visit other theme parks to ride the roller coasters.”

Based on these responses, the total number of responses exhibiting “brand loyal” versus “not brand loyal” were determined for each of the aforementioned age group divisions: “Adults,” “Teens and Young Adults,” and “Children.” 55.13% of adults interviewed exhibited brand loyalty, while 44.87% did not. 62.5% of teens and young adults exhibited brand loyalty, while 37.5% did not. 88.14% of children exhibited brand loyalty exhibited brand loyalty, while 11.86% did not. The percentage breakdown of Chinese guests who expressed brand loyalty versus those who did not is displayed in the following charts:

The responses from guests obtained from on-site interviews, news articles that provide the results of independent surveys regarding guests' experiences at Shanghai Disney Resort, and other relevant statistics indicate that Chinese consumers, in general, have an affinity for the Disney brand and, more specifically, the "Disney" theme park experience. Over half of the guests interviewed in each age group category indicated that they are loyal to the Disney brand versus other entertainment brands that own theme parks.

Post-Visit Information

Since Shanghai Disney Resort's opening in 2016, Disney has expanded its footprint and promotional efforts throughout China to make Chinese consumers aware about its intellectual property, theme parks, and brand identity, or authentic theme park experience. For example, Disney has "launched English training schools" in China, which are institutions in which children ages "two to twelve" learn the English language with "Disney characters" integrated into course material (Bloomberg News). One student indicated that she had visited Shanghai Disney Resort after attending one of these institutions, and that she now desires to become a performer in the theme park (Bloomberg News). Adults who are parents of these children are also learning about the Disney brand as they help their children with homework. Due to the censorship of Western media during their generation's childhood years, Chinese adults had never been able to develop an affinity to the Disney brand, but they are now being educated on what this authentic brand actually consists of. This development might explain why more "children" and "teens and young adults" expressed brand loyalty than "Adults."

Conclusion:

Since Disney has only relatively recently been able to establish a majority of its business segments in mainland China without many government restrictions, and since Shanghai Disney Resort has only been in operation for just under two years, however, it is likely too early to determine with certainty whether or not Chinese consumers are brand loyal to Disney theme parks. It would be necessary to return to the park to conduct more on-site interviews, to see if any of these statistics have changed and whether or not guests who had indicated that they would consciously choose to visit a Disney theme park versus another brand's actually do.

Based on the fact that over half of the responses to survey questions posed to Chinese guests and Disney cast members at Shanghai Disney Resort exhibited signs of brand loyalty, however, Disney's brand loyalty-related goal in China is showing signs of great promise. Since the 2017 Fiscal Year end, Disney has reported that "over 13 million" guests have visited the park, and the park "broke even" within its first year of operation (China Travel News).

Also, since the number of positive "brand loyal" responses were highest among the youngest interviewees, it is highly likely that this trend will enable Disney to combat the aforementioned threat to its marketing strategy, which relies on nostalgia from childhood experiences at Disney theme parks to encourage adults to return to these parks in the future and pass an affinity to the Disney brand onto their children. Since 63% of "Teens and Young Adults" and 88% of "Children" surveyed expressed signs of brand loyalty, coupled with the fact that they are being exposed to the Disney brand in education institutions among other media, there is a greater chance for members of these age groups to develop an affinity for the Disney brand in their early lives and pass that affinity onto their future children.

Based on the data generated from this study, while it is too early to determine with certainty whether or not Chinese consumers are loyal to the Disney theme park brand, it can be concluded that Disney is building brand awareness among Chinese consumers. As Shanghai Disney Resort continues to operate in the future, further on-site visits to conduct guest and cast member feedback interviews, as well as data concerning the total number of guests who make repeat visits to the park, must be conducted and collected in order to determine, with relative certainty, whether or not Chinese consumers are loyal to the authentic Disney theme park brand.

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