

What Affects Theme Park Performance:
A Comparative Case Study of Disney Theme Parks in East Asia

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***Abstract:** This study aims to find out what are the critical reasons that result in the significantly different performance of Hong Kong Disneyland and Tokyo Disney Resort, and what experience and lessons that the new Shanghai Disneyland can learn from. A comparative analysis is conducted from external and internal aspects between the two Disney theme parks in Asia. The results indicate that unfair financial arrangement and the small size of Hong Kong Disneyland have hefty impacts on profits while the Tokyo Disney Resort succeeds by providing a Japanized American Dream to Japanese visitors. Although there are other influential factors, the writer argues that the reason lies mostly in the financial arrangement and the small size of Hong Kong Disneyland. The two cases can provide experience and lessons to future theme parks in China, especially projects themed in international companies.*

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1. INTRODUCTION

At present, more than two thousand theme parks are standing in China, according to Chinese tourism experts' estimates, with another 64 due to launch in the following 6 years. In 2013, more than 108 million people visited theme parks in China, which was an increase of 6% from 2012. In addition, Overseas Chinese Town (OCT) Parks China, Haichang Group, and Fantawild Group (Chinese theme park enterprises) have entered global rankings due to the large attendance (Kuo, 2014). By 2020, China is expected to build another 59 theme parks, with international industry leaders such as Disney, Universal and Six Flags (Macdonald, 2014).

China is regarded as a market of theme park industry with great potential, as Robert Iger, CEO of Walt Disney Company, said in an interview about the Shanghai Disney Resort: "we believe this is a fantastic opportunity—perhaps the company's biggest in the long term. The sheer size of the population in China, and the breathtaking changes we're seeing in everything from technology developments to spendable income and growth of the middle class, made us truly believe in this opportunity." Meanwhile, a worldwide construction boom is presently underway that will bring in a lot of astonishing new rides, slides, and sights over the next 50 years, like Disney Resort in Shanghai, Universal Studios in Beijing and Moscow, and 20th Century Fox World in Malaysia (Neild, 2014).

Theme parks, as an industry requires huge investments, however, do not always come along with generous rewards. The first time that Hong Kong Disneyland's balance began to show profits was 7 years after its opening in 2005. Though in 1999, the Hong Kong Special Administrative Region (HKSAR) government expected that HKDL would get a 25% net economic return and the park would reach the balance of payments in the second year after its opening in 2005. On the contrary, Tokyo Disney Resort (TDR) is a huge success in Japan. Tokyo Disneyland (TDL) and Tokyo Disney Sea (TDS) attracted many customers every year. In the first year after it opened, over 10 million people had passed through its gates, and this figure has been increasing every single year.

Thus, we may be wondering why the performances of Disney Parks are so different, even though they are all constructed by the same company. Through a comparative analysis of Tokyo Disney Resort (TDR) and Hong Kong Disneyland (HKDL), this thesis aims to find out the answer of this question. The results will tell the critical factor(s) that constrains the profits of HKDL and the experience of these two examples can be a pilot case study of the future theme parks to be built in China by international industry leaders.

2. LITERATURE REVIEW

2.1 Theme Park as a Tourist Attraction

As is known to all, tourism, as a considerably promising industry, has vast development potential in the 21st century. Theme park is an important branch of tourism and it is widely studied in the world. As said by the “International Association of Amusement Parks and Attractions” (IAAPA), “a theme park is an amusement park that has themed attractions, be it food, costumes, entertainment, retail stores and/or rides”. The history of theme parks can be traced back to the completion of Disney World in California, USA built by Walt Disney in 1955. By the end of the 1980s, 30 theme parks with more than 1 million annual visitors in North America (Lyon, 1987) and 21 big theme parks in Europe (Brown and Church, 1987) had been completed. A successful theme park would promote local economy and create employment opportunities; otherwise it would be a waste of money and land resources. Scholars have studied theme parks from different aspects, such as the development history and process (Adams, 1991; Milman, 1993), market identification and demand (Milman, 1988; Braun and Milman, 1994), and the effect of theme parks (Braun and Milman, 1991; Milman, 1991). The investment in theme parks can be extremely high with huge risks (Bao, 1994), so the studies of this industry are essential to provide reference for the operation of theme parks and tourism planning.

2.2 Various Factors Influence Theme Park Performances

Undoubtedly, theme parks are essential instincts for the development of tourism industry as well as for the prosperity of a region and its economic development (Pikkemaat and Schuckert, 2007). Thus, scholars have studied the factors that influence the success of theme parks in many aspects.

The studies have different concentrations and most of them are from the perspective of the park per se. Like some scholars analyzed theme parks from the perspective of management. For example, Milman (2001) interviewed 122 managers of theme parks in North America to get an insight into the future of the industry from a manager's perspective. The respondents predicted that the core of the industry would remain family market. Other studies also list their factors, like uniqueness (Prideaux, 2002), branding (Middletown, 1989), capacity and queue management (Goulding, 2003), design (Wong & Cheung, 1999) and so forth.

A few studies looked at the whole region that the theme park located in to find out what external reasons that have influence on the success of theme parks. Bao (1997) systematically analyzed the influential factors of theme parks like tourist market and transportation conditions, regional economic development, image of the city, and spatial agglomeration and competition. \

2.3 Overseas markets are essential to Disney Company

So far, the most famous and successful large theme park is Disney Park, which are attracting millions of tourists all over the world.

By 2005, the company has established 5 parks on the world, including two parks in United States, 1 in Paris and 2 in Tokyo, and Hong Kong Disneyland (Schmidt et al., 2007), which resulted in the company's expansion to 129,000 employees.

Disney's strategy of global growth mainly relies on building theme parks.

2.4 Disneyland Parks in Asia

Tokyo Disney Resort (TDR) was opened in 1983. TDR alone has experienced continued success, even though most theme parks that opened following it have gone bankrupt (Toyoda, 2014). However, the other Disney Park in East Asia, Hong Kong Disneyland (HKDL) is another story. The attendance of visitors could not meet the break-even number (Leung, 2006) and the park received lots of criticism from local people, media actors and government officials. They thought "Disney" as "arrogant" as well as "highhanded" (Choi, 2011).

The question of why Disneyland in Tokyo is so popular and why HKDL is lack of success has generated a vast literature. Most of the studies about TDR were from

perspective of management with the purpose of trying to acquire its experience, such as the methods of training and encouraging workers and the techniques of hospitality (Shizawa, 2000). Some studies were from the position of cultural aspects. Toyoda (2014) conducted surveys and interviews of visitors of TDR and found that the culture of Disney has been re-contextualized in Japan for a “non-ordinary world”.

When it comes to HKDL, many studies from different aspects have analyzed this problem and augured what was the critical reason of HKDL. Matusitz (2009) applied the ethics of glocalization scheme to Disney’s alteration to fit in the local context in Hong Kong and the results showed that the adaptation increased the attendance and revenues. Su (2009) from the Chinese University of Hong Kong claimed that the expensive royalty fee charged by Disney Company, such as operational expense, was the primary cause of economic loss.

In all, the studies are mainly from the aspects internal to the park, like the culture transaction, the management or design, etc. This thesis also looks beyond the operation of the theme parks to find out what are the other factors influencing the performance of the theme park to acquire a comprehensive understanding of the business.

3. METHODOLOGY

To find out what are the critical factors that constrain the performance of HKDL, the study selects two Disney Parks in East Asia to conduct a comparative analysis based on second-hand data collected from literatures and the Internet. Then the Shanghai Disney Resort that is under construction is evaluated from the same aspects.

This thesis summarized a list of external and internal factors as exhaustive as possible from literature. Since the analysis mainly focuses on the differences between the two cases, some redundant factors were deleted from the list. Besides, from a planner's perspective, the sequence of the scale is from macro level to micro level to have a progressive and thorough understanding of the cases (Table 1).

Toyoda (2014) did a customer survey to analyze why TDR is so successful from visitors' perspective and also claimed that the improving economy and close to enormous enthusiastic customers contribute to the success. Bao (1997) systematically stated the external factors that have hefty influence to the performance of theme park including competition, infrastructure in the city, tourist market, economy, etc. In addition, the relationship between environment and the park cannot be neglected. Spencer (1995) studied the

disadvantages of Disney Paris from various aspects and the poor weather is a limiting factor. Ho and Ap (2009) pointed out that if the park causes environmental protection issues, bad impression might be caused among customers. Besides, the conflicts between local culture and foreign culture play an important role in theme park performance, like the French people regard Disney Paris as a culture invasion (Spencer, 1995) and visitors in HKDL behaved in an unexpected way that increased the difficulty of operation (Choi, 2012). Except to the above factors, I think policy of local government is also an essential external factor according to the reports and news.

After understanding the background of where the park located in, the various internal factors are limited to financial arrangements, park design and operation. Pikkemaat and Schuckert (2007) did a quantitative study of influential factors and found that design was a very important factor. Choi (2012) studied the operation condition of HKDL by interviewing workers in the park. Besides, the financial arrangement is a frequently mentioned factor that leads to the poor performance of HKDL.

Table 1 Contributing Factors From Literature

Factors Influence Theme Parks	Literatures
External Factors	
Market	
Regional Economy	Toyoda, 2014
Competition	Bao, 1997
Policy	
Tourists	Toyoda, 2014

Environment	
Environment Condition	Spencer, 1995
Impact on Environment	Ho and Ap, 2009
City Construction	Bao, 1997
Local Culture	
Attitudes	Spencer, 1995
Consumers Behaviors	Choi, 2012
Internal Factors	
Financial Arrangements	
Park Design	Pikkemaat and Schuckert, 2007
Park Size	
Design for the Culture	Matusitz, 2009
Design for the Environment	
Operation	Choi, 2012

Thus, the two cases are analyzed from the following aspects (Figure 1):

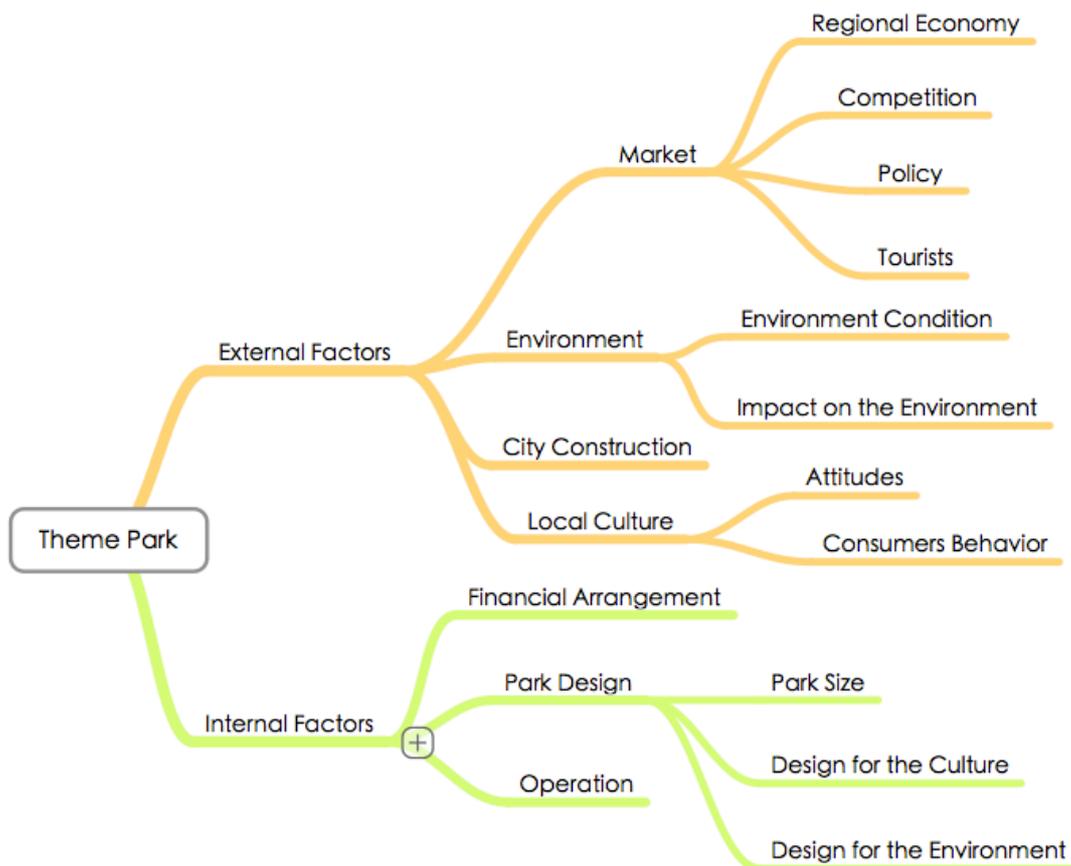


Figure 1 Contributing Factors From Literature

4. CASE DEMONSTRATION

4.1 Hong Kong Disneyland

“Hong Kong Disneyland is dedicated to the young and the young at heart - with the hope that it will be a source of joy and inspiration, and an enduring symbol of the cooperation, friendship and understanding between the people of Hong Kong and the United States of America.”

—Michael D. Eisner (CEO of Walt Disney) and Donald Tsang (Chief Executive of Hong Kong), 2005

The idea of building a new Disneyland in Hong Kong was first negotiated in 1985 between Disney Company and HKSAR government. After years of negotiation, the Walt Disney Company and HKSAR government signed an agreement for constructing another Disney Resort in December 1999 (Zhang, 2007). After about three years of construction, which was the shortest construction time compared with other Disney parks. On September 12, 2005, HKDL was opened to the public. The current one-day adult ticket is HK\$499 (\$64) and the one-day children ticket is HK\$355 (\$46) (Xinhua, 2014), which is relatively expensive compared with other Disney Theme Parks for such a small park.

Before Hong Kong Disneyland opened in 2005, planners designed the park carefully based on the philosophies of *Feng Shui*, harmonizing everything with their surrounding environment. They served Chinese food in the park, and a plot

of costumed casts was built to satisfy the need of taking photos of Chinese people. (Fan, 2006). HKSAR hoped that HKDL would improve tourism industry in Hong Kong in the following 20 years (Lee and Haque, 2006).

Then, however, things went awry. The park has been suffering lower-than-expected visitor numbers since its opening. It was in 2012 that HKDL made profits the first time (DFdaily, 2012). Besides, HKDL made very little money to cover the previous loss.

4.2 Tokyo Disney Resort

“What we are trying to do can be said to be a ‘service industry’. Most important to this business is to be in line with the public interest and to make our guests happy. We must have that attitude to make this business a success. Just having the money and the facilities is not enough. We must put heart and soul into it as well. Sincerity, not academics or eloquence, is the key to moving the hearts of people.”

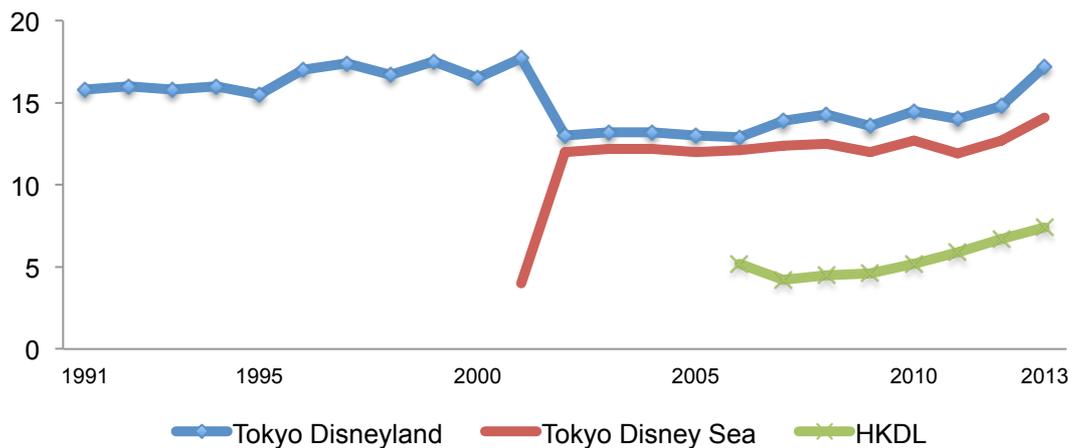
—Masatamo Takahashi, President of Oriental Land Co., 1981

Tokyo Disney Resort is placed in Urayasu, just east of Tokyo. The Oriental Land Company started to contact with the executives in Disney Company about building a theme park in Japan. In July, they filed to Disney Company

an “Oriental Land Feasibility Study Report 1974”. On December 3, 1980, the Tokyo Disneyland groundbreaking ceremony was held. The whole project cost about \$1.5 billion during the construction process, which lasted two years and four months. TDL attracted many visitors, and it achieved 10 million visits on April 2, 1984(Figure 2). Then, Tokyo Disney Sea opened its gates on September 4, 2001 (Oriental Land Co, Ltd. creation period, 2010). The current price of one-day adult ticket of TDL is ¥6,900 (\$58) while ¥4,500 (\$38) for children.

Both cases are Disney Theme Parks but they received pretty different results in terms of profits and attitudes from the society. The answer to the question what leads to such different outcomes lies in various aspects. In the next section, the thesis analyzes the difference between the two theme parks aiming to find out what are the key factors leading to the difference. The analysis is mainly from external aspect like market, environment, city construction and local culture, and also from internal aspect like finance, design and operation of the parks. The analysis presented in this thesis was synthesized from an extensive collection of published sources.

Figure 2. Annual Attendance of Three Disney Theme Parks



Source: www.ThemeParkQueues.com

5. COMPARATIVE ANALYSIS

5.1 External Factors

Though theme parks aim to create a non-ordinary world for visitors, they are not utopians isolated from the world. On the contrary, theme parks rely on the region where they located to support their development. Thus, it is important to understand what is the background and general environment of the park.

5.1.1 Market

As a business project, the profits of theme parks are in need of a good market. The condition of market includes regional economic level, competition in this business, policy of the local government and tourist market.

5.1.1.1 Regional Economy

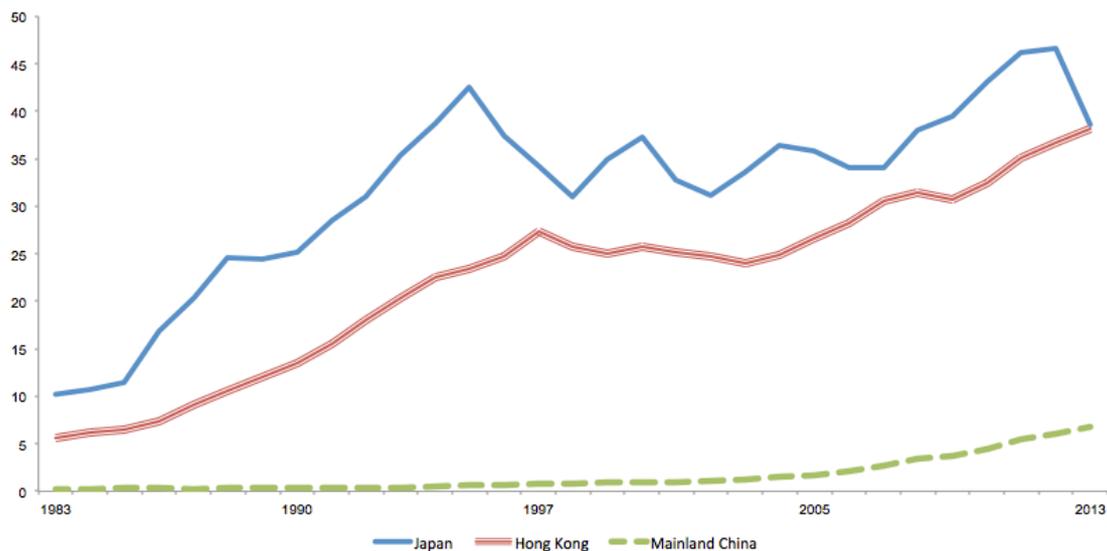
Better regional economic development is the foundation of higher incomes of people. With more money in hand, citizens can consider spend extra money on leisure like theme parks and more people will be able to afford the expenses. Thus, the healthy economy can contribute to the success of theme parks. The thesis uses GDP per capita to compare the regional economy of the two areas. The GDP per capita cannot directly equal to the revenue level and average level of residents lives, but it is the main material foundation of the income level and standard of living and an essential index to be referred to enhance them.

According to the data from World Bank, in 1983, when Tokyo Disneyland opened, the GDP per capita of Japan was \$10,214, which qualified Japan as a developed country. Besides, the number kept increasing fast in the following years after its opening (Figure 3). During the Second Plan period (FY1988 to FY 1992), annual Park attendance continued to rise, due in part to the good economy in Japan.

According to the data from World Bank, in the year 2005 that Hong Kong Disneyland opened its gate, the GDP per capita of Hong Kong was \$26,650 which was much higher than the \$10,214 of Japan in 1983 (The GDP deflator of Japan in 1983 was 0.9). However, the GDP per capita of the whole China was only \$1,731. According to a person from hotel industry, HKDL was more

willing to attract tourists from Mainland China. However, the expense of a family to visit HKDL for one day was at least RMB ¥ 5,000 (about \$800). Compared with the amount of GDP per capita, it was difficult for families of ordinary consumption level to bear. Since tourists from Mainland China are an important part of HKDL's service market, the low economic level of China was an impedance of the profit of HKDL. Even though the GDP per capita of China kept rising, there is a huge gap between these regions (Figure 3).

Figure 3. GDP Per Capita of Japan, Hong Kong and Mainland China



Source: World Bank

5.1.1.2 Competition

Theme parks are tourism projects demanding high investment and high expense on operation, which leads to a requirement of enormous visitors to meet the break-even point. Therefore, too many theme parks gathering in one

area will make it considerably difficult to meet or exceed each park's requirement (Bao, 1997).

Disneyland is an internationally well-known theme park with extraordinary strength and competitiveness, advanced technology and business philosophy, and decades of brand effects. It is like a giant monster to other local theme parks which are relatively small and outdated. According to previous international experience, many local theme parks struggled very hard but end up with closing their gates after Disneyland opened, even the most optimistic expectation was 25% decrease in profits (EEO, 2008).

On the contrary, some local theme parks were not affected by this monster. They found suitable development strategy to compete with Disney and achieve even better performance. HKDL faces fierce competitors in Hong Kong and Guangdong Province, which are the main tourist sources of HKDL. HKSAR announced the news of building HKDL in 1999, which made the other big theme parks in China feel like sitting on thorns. Some managers expressed severe pressures and concerns; some parks confidently welcomed HKDL and regarded it as an opportunity, also a big challenge though, of development.

In Hong Kong, there is a world-class theme park, Hong Kong Ocean Park (HKOP), a compound of marine and land animals, amusement rides and grand performance. HKOP opened in January 1977 and it is one of the most popular theme parks in the world. Though its facilities were outdated and lack of innovation, HKOP started from its own specialty and found a new niche for itself as a park that is “locally born and raised, connecting nature and people by interactive entertainment”. Moreover, the HKOP executed redevelopment plan and strove for supports from multi aspects. Finally, it achieved an encouraging performance. In 2006, the annual attendance reached a new high of 4 million people since 29 years ago, and it was the first local theme park that recorded attendance increase after Disneyland opened. In 2008, the attendance number was 5 million and HKOP earned a profit of HK\$ 200 million (Ren, 2009), which surpassed HKDL with only 4.5 million tourists and no net profit. Meanwhile, HKOP received positive support from people and society. On the contrary, the HKDL was being criticized by the media.

In addition, some local theme parks in Guangdong Province are also competitive. For example, Shenzhen Happy Valley, facing HKDL across a river, developed new projects in 2005 to the market and became popular instantly. Happy Valley is quite popular in Mainland China with a high brand awareness of 92.8%. During every National Day period, Happy Valley hosts International Magic Festival which already became a strong cultural brand

and this festival ascends one of the three international magic galas. In all, Shenzhen Happy Valley has great influence in Mainland China and in 2007; there was an increase of 10.2% in terms of annual attendance.

Though HKDL and these local theme parks have different themes and targeted tourists, they do share a part of HKDL's market. Based on the economic development level of China, this market was quite limited. The local theme parks developed new strategies to meet challenges brought by HKDL and many of them worked very well.

After Tokyo Disneyland (TDL), about 40 theme parks opened during the Japanese bubble economy. These theme parks were projected to represent "authentic foreign culture". However, many of these theme parks were bankrupt (Toyoda, 2014). Thus, TDR is not facing a fierce competition as HKDL.

5.1.1.3 Policy

Nowadays, governments put more weight on tourism industry in developing the service industry. Thus, governments often provide support and beneficial policies to tourism investment, even supporting infrastructure construction.

Theme parks usually occupy large spaces and their micro scale site selection

and land requirement are subject to the government. Thus, the policy of government has great influence on the cost of theme parks. (Bao, 1997)

In 1999, Hong Kong was struck by Financial Crisis. Then SARS attacked Hong Kong in 2003 and resulted in declining economy. HKSAR government was in dire need of a big project to restore confidence. To win the Disneyland, Hong Kong had to accept the rigorous clauses - Hong Kong was the main investor and responsible for the construction. Thus, the government provided many benefits to the park while the cost was really high for the government.

Besides, although tourists from Mainland China must get a visa to visit Hong Kong as individuals, the policy started to become loose in 2003. Citizens from 49 cities in Mainland China were allowed to enter Hong Kong as individuals as long as they get visa from “ Management Bureau” of local “Ministry of Public Security”. After the policy, visitors from Mainland China increased considerably. Thus, this policy was beneficial to HKDL to allow more visitors from Mainland China. The Japanese government was supportive of efforts to develop and promote the Tokyo Disneyland, which contributed to the success of the park.

5.1.1.4 Tourists

Theme parks should locate in populous big or mega cities to ensure a big enough tourist market. According to the study of Urban Land Institute in Washington, a big theme park should have a primary market (50 miles or 1 hour driving distance) with 2 million people at least. The secondary market (150 miles or 3 hours driving distance) should have a population of over 2 million. The third market might be helpful but cannot be overly relied on.

“TDR is located in the Tokyo Bay area, and is only 10 kilometers from Tokyo Station. Most of the Tokyo Metropolitan area falls within 50 kilometers of TDR, and more than 35 million people live in this area, or nearly 30% of the population of Japan. This area provides the most visitors to TDR” (Toyoda ,2014). According to a survey conducted by the government in 1983, the % of people who view leisure as essential exceeded the % of citizens who think housing as essential for the first time in the history of survey (Toyoda, 2014).

In 2005, Hong Kong had a population of about 7 million. As the primary market of HKDL, Zhujiang Delta has more than 40 million people. Besides, the economy of cities in Zhujiang Delta, though not good as Hong Kong, develops fast compared with average cities in China.

5.1.2 Environment

5.1.2.1 Environment Condition

“Demand for Disney’s products and services, particularly its theme parks and resorts, highly depends on the general environment for travel and tourism.”

The environment for travel and tourism can be significantly affected because of a number of factors out of control. (Nielson, 2014)

Usually for theme parks, the off-season is winter. Thus, the cold weather and rainy days in winter might be abhorrence for winter attendance, especially for kids and their families (Spencer, 1995). From the comparison of climate in Hong Kong and Chiba (Table 2), we can see that actually Hong Kong has a more comfortable winter than Chiba. The average low temperature in winter is higher than in Chiba and both the two cities have similar rainy days.

Nevertheless, Hong Kong has much higher temperature and more rainfall in summer, which can have adverse effect on attendance in busy season.

Besides, disasters in the region can influence the profit of the theme parks.

For instance, the TDR was severely interrupted by the tsunami and earthquake in 2011, which caused revenue loss. Due to the special location of Japan, the frequent earthquakes will affect the operation of TDR in the future.

Similarly, Hong Kong is not a quite safe city. Though no earthquake or

tsunami ever happened in Hong Kong, typhoon in each summer will prevent people from going out, let alone visit HKDL. The interruption of communication, flights and tours caused by typhoon also leads to revenue loss.

Table 2 Climates of Hong Kong and Chiba

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average														
High	HK	19	19	21	25	28	30	31	31	30	28	24	20	26
(°C)	Chiba	9	9	12	18	22	24	28	30	26	21	16	12	19
Average	HK	15	15	17	21	24	26	27	27	26	24	20	16	21
Low(°C)	Chiba	1	1	4	10	14	18	22	23	20	14	8	3	11
Rainfall	HK	25	54	82	175	305	456	377	432	328	101	38	27	2,398
(mm)	Chiba	49	67	94	110	96	141	106	121	177	158	85	47	1,251
Average														
Rainy	HK	5	9	11	12	15	19	18	17	15	7	5	4	138
Days	Chiba	5	7	9	10	9	12	9	8	11	9	7	5	98

Source: *Weather Averages and Hong Kong Observatory*

5.1.2.2 Impact on Environment

“People are now more aware of the need to preserve and conserve the environment and our cultural heritage” (Nielson, 2014). The construction and operation of big projects like theme parks can influence the ecosystem and will have impact on the surrounding environment, including reclaiming land from the sea, waste produced by people and vehicles and large amount of energy usage. In the short term, the impact on environment might not be obvious. But from a long term’s perspective, the park that is unfriendly to the environment will be revenged.

The TDR's operation must obey the Environmental Policy that considering multiple aspects including using green vehicles and encouraging public transportation. In this way, TDR reduced its impact on environment as well as operation cost. Meanwhile, it conveys a sense that TDR is friendly to environment and earned good reputation.

HKDL cost a lot on construction and operation, as well as on environment. The reclaiming of the land in Penny's Bay caused severe reduction of Chinese white dolphin and the pollution divulged from the construction result in death of fish. Besides, the cheap fireworks of HKDL are in bad quality which aggravated the air pollution of the area nearby. These materials are reported by media and cause more criticism to HKDL. Besides, some environmental protection organizations and people whose benefits are reduced by HKDL protest the park, which caused bad public opinions and worsened the reputation of HKDL.

5.1.3 City Construction

Infrastructure and facilities are the foundations and power of city development. The scale, operation and performance directly influence the economical and societal development (Nie, 2012). In addition to good tourist market, the city must have convenient public transportation to allow the visitors access theme parks. The transportation system inside the city is very important to the operation of

theme parks. Usually, large theme parks locate at the edge of big cities because their large floor areas need cheaper land and less restrictions of land use. (Bao, 1997)

As a big international “developed” city, Hong Kong is proud of its top-ranking infrastructure and reliable and cheap public transportation system, which make it a great choice of international business and tourism destinations. The advantage of Hong Kong is efficient and convenient local and regional transportation, top level communication and connection facilities and world leading sea and air freight as well as logistics and transport hub. Hong Kong has various public transportation, including flights, trains, subways, light rail, bus, taxi, trolley bus, cable car and ferry extending to every direction.

Located in such a convenient city, HKDL is well accessed by various transportation modes. HKDL has been operating a special subway line since August 2005 that takes 3.5 minutes from XinAo Station to HKDL. Visitors can take subway to XinAo Station and then transfer to HKDL line which runs every 10 minutes. In addition, within the city, tourists can take non-stop buses and taxis to the main gate of HKDL. For guests staying out of Hong Kong, they can take subway from Hong Kong International Airport to HKDL for only 10 minutes. Moreover, non-stop buses can take tourists from many ports of Shenzhen to

HKDL directly by taking about 70 minutes. Thus, visitors from primary market and secondary market have great access to HKDL.

Tokyo has a road density 10 times of Hong Kong and its infrastructure. TDR is only six miles from downtown and it is also well accessed by public transportation.

“In December 1988, JR Keiyo Line train service opened its Maihama station, located within easy walking distance of the Park’s main entrance. Previously, mass transit access to the Park was dependent on bus service from Urayasu station on the Tokyo Metro’s Tozai Line, about 20 minutes away. The opening of this new Keiyo Line station greatly enhanced the accessibility to the Park. At the time, the JR Keiyo Line was running provisionally between the Soga and Shin-Kiba stations. In March 1990, the line was extended to JR Tokyo Station.”

(OLC Group) Like HKDL, TDR can be reached by subway, non-stop bus from airports and other stations in Tokyo.

5.1.4 Local Culture

Disney is a representative of American culture and dream. To make money from the overseas markets in Asia which has significantly different culture from America, Disney cannot just transplant a Disneyland from California to Tokyo or Hong Kong. Undoubtedly, when the Mickey Mouse landing in Asia, it has to make some changes to acclimatize to the new environment. According to the three

existing overseas Disney Parks, we can find that Disney Company is aware of this culture difference and tailor its design, events and operation to the local culture, environment and customs. Now the three parks still have intact Disney theme, but they are localized in different levels.

Among visitors in TDR, the local Japanese visitors can always occupy a percentage as high as 95%. Behind this surprisingly high number, we may see that Japanese have an obsession which is even close to worship, of American Dream that represented by Disney Dream. TDR provides a shortcut for Japanese young generation, who grew up with Disney cartoons, to access American Dream. Professor Masako from Tokyo University found that Japanese visit TDR to pursuit American Dream, rather than Japanese Dream. TDR successfully presents a Japanized United States that is full of fantasy and without threats, which is just what they want. Professor Toyoda (2014) from Rikkyo University studied why so many Japanese visitors are attracted to TDR and visit the park frequently and found that “it is the experience of being immersed in the fantasy world of Disney’s stories, songs and characters that characterizes the experiences of many visitors to TDR. This also highlights how the general atmosphere and ambience of TDR’s fantasy space may play into a common experience among visitors to the park that is rooted in the cultural permeation of Disney’s popularity in Japan.”

A theme park like Disneyland, it is very important that people are extremely crazy about the cartoon characters. However, it seems that people in Hong Kong are not quite enthusiastic for Mickey.. Though young generations have chances to watch Disney cartoons, they are not the only memory of childhood. Especially in Hong Kong, compared with more middle-class, more confident, never-losing Mickey Mouse, people are more fond of Maidou Pig that born from grass-root class.

Hong Kong is an international city with high tolerance of different cultures, but some aspects that are not considered by HKDL managers caused bad impressions on HKDL. During Spring Festival in 2006, HKDL had to close the gate of the park because the number of visitors exceeded the capacity of the park. The visitors with tickets in hands had to wait outside the gate as early as 4 am but still could not get in. They became angry and disappointed after a long way travelling from Mainland China. HKDL neglected consumption culture in Mainland China.

5.2 Internal Factors

With a good external environment, the theme park does have great potential to succeed. However, the park standing in good location cannot just open its gate and then wait for visitors with generous money. The continuing investments, the

design of the parks, and the operation and management are all essential in keep the park attractive and profitable.

5.2.1 Financial Arrangements

Disney Parks are projects with huge investments and different business models. The cooperation mode, benefit share and investment are closely related to the profits of the owner or stockholders of the parks.

“Tokyo Disneyland opened on April 15, 1983 at a cost of US\$1.4 billion. Generally speaking, Oriental Land is the owner and licensee whereas Walt Disney is the designer and licensor. The final contract which was signed in 1979 gave Walt Disney 5% of the gross revenue on all merchandise within the park, 10% of the gross revenue on admissions, and 10% of any corporate sponsorship agreement, to get US\$2.5 million investment”

“The total production inducement figure of Tokyo Disneyland-related expenditure between April 1983 to March 1984 reached over 1.48 trillion yen. As Tokyo Disneyland matured, the first time that company’s balance began to show profit was in 1986, and the accumulated loss was paid within four years from 1983. The continuous investment that OLC dedicated to maintaining and improving TDR keep the park attracted to visitors” (OLC Group).

It turns out that Japan is a right place for Disney Company to expand its overseas market, but unfortunately, they utilized wrong strategy. At that time, they thought the typical American theme park like Disneyland was hard to be accepted by Japanese guest, so they provided the operation license to Oriental Land easily and only take a small percentage of revenues. As a result, Disney Company regretted that giving up the ownership of TDR was a great loss.

When it comes to HKDL, Disney Company learned the lesson from TDR. HKSAR Government agreed to earn a 57% stake in the project and invest HK\$2.9 billion ; the remaining 43% was owned by Disney company (Marr & Fowler, 2005).

Besides, HKSAR Government budgeted for HK\$ 15.2 billion for reclamation, land acquisition and clearance compensation, and other infrastructure works (Table 3).

In all, HKSAR Government invested almost 90% of total capital but only got 57% stake and the only profit source is the 50% of ticket revenue while the profits of related production sales, including HKDL hotels, Disney Channels, Disney English Education, etc., have nothing to do with the government. In addition, the high license fee charged by Disney Company is counted as operational expenses.

Therefore, after the expensive license fee paid to Disney Company, HKDL had been losing money for several years. HKSAR government, as a big stockholder, does not have operation right of HKDL, and based on current financial arrangements, the park must keep high attendance as a premise for HKSAR government to make profits, which requires a long time for the government to

recover the cost. While Disney Company has various income sources, even if the attendance number bellows expectation, they can make money on souvenirs, hotel operation and intellectual property rights.

Table 3 Investments and Ownership of HKDL

	HKSAR Government	Walt Disney
Investment	“Equity injection of HK\$3.25 billion into International Theme Parks Limited (HKITP);” “Lent HK\$5.6 billion to HKITP; A non-cash investment of HK\$4 billion in subordinated equity shares issued by HKITP, representing land premium for the Phase 1 site of HKDL; Waived the claims to HK\$798 million of divided payable by the MTR Corporation Limited; Budgeted for HK\$13.6 billion to be spent on reclamation and other infrastructure works; HK\$1.6 billion on land acquisition and clearance compensation”	“Equity injection of HK\$2.45 billion into HKITP”
Ownership	57%	43%

Source: Legislative Council Secretariat

HKDL is a joint venture between HKSAR Government and Disney Company and it is uncertain that whether this mode is beneficial to the park or not. To some level, the joint venture with local government would help to avoid political risks and culture conflicts. In addition, Disney Company can utilize the marketing network in Hong Kong and then explore markets of China. However, this mode can also cause problems. The quasi-public project is contradict to the business’s confidential rules but the citizens demand the right to know it. The criticism could induce aversion from society which would adversely influence the attendance.

In all, the cooperation mode between HKSAR and Disney Company created a situation that is unfavorable for the government to make profits while the revenue of Disney Company can be guaranteed anyway.

5.2.2 Park Design

According to the result of a survey about what the most appealing characteristics of Disneyland were, park design was ranked as the most important factor. Both the two theme parks HKDL and TDR are designed by Disney Company. The park creates an ambience of “world of dreams in reality”. To enhance attendance of theme parks, introducing new attraction and expanding entertainment program are essential strategy.

5.2.2.1 Park Size

TDR has a total land area of 494 acres including 115 acres for Tokyo Disneyland and 176 acres for Tokyo DisneySea and three hotels. While HKDL owns 311 acres land and only 55 acres (will expand to 68 acres) for the park (Disneyology, 2010). The most common criticism of HKDL is its considerably small size. A smaller park means less rides and attractions for the visitors as well as a small capacity to welcome visitors. Thus, the size limits the number of attendance. In addition, people can finish visiting the small park in one day so they do not need to

stay in the expensive hotel for a night. Moreover, limited rides for visitors would create long queues which may further cause dissatisfaction.

5.2.2.2 Design for the Culture

Oriental Land demonstrated their main idea of TDR as creating a Japanese park. In the aspects of vegetation choice and rides and entertainment design, Japanese style is fully presented. Besides, large picnic area is saved inside TDR which is a habit of Japanese when they admiring cherry blossoms and TDR incorporated this idea. At first, TDR barely served Japanese food, but nowadays four restaurants in different styles and a Cafe are serving both American and Japanese food to the customers. In the Disney Ambassador Hotel, there is even a traditional Japanese wedding auditorium. At the gate of TDR, Casts bow and smile to visitors which is a great combination of traditional Japanese etiquette and happy theory of Disney. The anthropologist Aviad E. Raz said that to some extent, the success of TDR is because it is localized in Japanese style, which help Japanese to feel comfortable of Disney Characters and American style.

HKDL also altered decorations and sets to cater to Chinese culture. As a traditional Chinese philosophy of arrangement, Feng shui, plays an important role in design. In terms of building the new entrance, a Chinese master was

consulted and the front gate was shifted 12 degrees to keep as much prosperity as possible.(Holson, 2005).

5.2.2.3 Design for the Environment

In addition to culture difference, the climate in Asia is quite different from United States, which also leads to corresponding change in the park design.

In the two Disney Parks in America, Swiss Family trees are widely planted which are called Disneyland Tree. This kind of tree can be as tall as 70 feet, so the raindrop running down the leaves creates a great and special view in the Tropical Rainforest Cruise program. In TDR, however, the Disneyland Tree can be rarely seen and not that tall. The horticulturist explained that this was because Japanese like trees to be shaped as zigzag. Besides, Japan has a lot of rain which is a big enemy of outdoor recreation industry. Thus, TDR installed roofs and corridors to connect buildings rather than plant many Disneyland Trees.

Hong Kong has more rainfall than Tokyo and very high temperature in summer. In rainy days, most outdoor facilities are closed so choices for visitors are limited to indoor programs only. In addition, HKDL doesn't have adequate shaded areas, therefore many visitors stayed in stores with AC for more than half an hour. However, this situation does not help selling souvenirs. Children like touching the commodities in the store and taking pictures with them without buying any. When

people want to buy a souvenir, seeing it held in the sweaty hands of kids, they usually ask for a new one. However, since all the products have been placed on the shelves, they usually decide to give it up. Therefore, this situation actually seriously prevents the stores from earning money from people who really want to buy the souvenirs.

5.2.3 Operation

After theme parks open their gates to the public, the daily management and operation are essential to its success. The daily management including sanitation, effective operation of equipment, high quality of shows and visitors oriented services can make sure the park running smoothly. Besides, public relationship and advertisement are important strategies to enhance the parks' commercial value. "Safety, courtesy, show and efficiency, ordered in decreasing importance" are the principles of Disney's operation (Disney Website).

TDR is totally operated by Oriental Land and it is famous for the high quality of service, good hospitality and the high level of training of the workers. Mr.

Takahashi (President of Oriental Land) was far sighted and clarified in 1981 that what they were trying to do could be said as a "service industry" which was not even an established category at the time.

In April 1979, Oriental Land began sending trainees to Disneyland in California from January 1980 to prepare for operating Tokyo Disneyland. The first group of trainees included 9 management staff who would become the key operation persons. They spent about one year learning about Park operations overall and various important details for each department's management. In all, around 150 staffs were sent to Disneyland for training. (OLC Website).

Compared with TDR that located in Japan that a country is famous for its service and etiquette, operation of HKDL faces big challenges from various actors including workers, customers and journalists.

Staffs in HKDL have a high turnover rate, partly because of some workers' realization that the promotion opportunities within HKDL are not as ample as estimated. Besides, HKDL suffered an inadequate labor force. The long shifts of workers, and their small break rooms triggered physical difficulties for some HKDL workers. For HKDL workers, taking two-day sick leave every month would be the most common method of avoiding physical hardship and emotional distress. For instance, in Fantasyland, almost half of the workers would do this. As a result, the workers who did not take the sick leave would have to suffer less breaks and suffer an even worse environment of work. HKDL Labor Union criticized that Disney Company did not provide equal treatment and salary to HKDL workers compared with workers in the States, even though they were doing same work,

which turned them into “second-class citizens”. American staff has much better benefits like 1-hour lunch break, two days off a week and double salary during holidays. While HKDL workers have 45-minute break, 2 days off a month and no extra salary in holidays. In addition, many companies in Hong Kong have double holiday salary policy like Hong Kong Ocean Park. The unfair benefits caused strong dissatisfaction among HKDL workers

HKDL crowds have to obey the service guidelines to produce and sell happiness to visitors. However, the assumption that “customers know the proper scripts and the grateful behavior expected of them” did not reflected in the service guidelines. Yet if customers performed off script behaviors, the service guidelines can hardly be met. In HKDL, some improper customers behaviors are unexpected like queue jumping, urinate in improper places and foul language. These improper behaviors might be responded with some workers’ glum faces. , The “local actors” have complicated the operation of HKDL.(Choi, 2012)

6 RESEARCH FINDINGS

Taking a broad look at what a condition HKDL is placed in, we can find that Hong Kong is not as superb as Tokyo to accommodate a large international theme park as HKDL (Table 3). Both the two international mega cities have great infrastructure to support the development. The targeted tourists of HKDL are local

Hong Kong residents and people from Mainland China. Compared with Japanese, people from mainland China are less affluent to spend a lot of money in HKDL, which cannot contribute much on hotel occupancy rate, souvenirs sale and food consumption. Besides, even though enormous residents live within its primary and secondary tourist market, HKDL faces fierce competitors in Hong Kong and Guangdong Province like HKOP and Shenzhen Happy Valley who share a portion of the customers.

Table 3 Summary of the Two Disney Parks in East Asia

Factors Influence Theme Parks	TDR	HKDL
External Factors		
Market		
Regional Economy	Good Economy	Good Economy. But the targeted market Mainland China is not ideal
Competition	Almost no competitors	Fierce competitors from Hong Kong and Guangdong Province
Policy	Positive	Positive
Tourists	Close to the populous market	Close to the populous market
Environment		
Environment Condition	Mild Climate; earthquakes happen	Hot and humid in summer; safe
Impact on Environment	No severe impact	Complained by fishermen and environment organizations
City Construction	Great	Great
Local Culture		
Attitudes	Enthusiastic	Accept and indifferent
Consumers Behaviors	As expected	Beyond expectation
Internal Factors		
Financial Arrangements	The contract is beneficial to Land Oriental Co.	Local government invested about 90% but can only get revenue from tickets

Park Design		
Park Size	Core: 291 acres	Core: 55 acres; Constrains capacity to hold customers
Design for the Culture	Adapt for local culture	Adapt for local culture
Design for the Environment	Adapt for local environment	The hot weather is not well dealt with
Operation	Great	Local actors have complicated the operation

When it comes to the natural environment condition, it is hard to tell either Tokyo or Hong Kong is better since each of them has their own potential disasters that may interrupt the operation of the parks. However, during the construction and operation of HKDL, some bad news about the pollution and damage caused by HKDL can mar the reputation of it.

Hong Kong is a city with high inclusiveness of different cultures, and Chinese people do not hate the American culture, but that is not enough to bring big profits to Disneyland. Japanese, especially young Japanese women, are crazy for Disneyland and they are essential factor of TDR's success.

Focusing on the park itself, differences can also be detected from finance, design and operation aspects. The financial arrangement of HKDL makes it very difficult for HKSAR Government to earn profits while Disney Company's benefits are guaranteed. HKSAR invested about 90% of totality but only get 57% stake and the only revenue is from tickets. While TDR is 100% owned by Oriental Land and only a small portion of profits can be taken by Disney Company. Besides, the small

size of the park is regarded as an important reason that constrained the profits of HKDL. Though both TDR and HKDL localized their design to acclimate to local customs, HKDL has to face a tough weather in summer. Moreover, workers and visitors' behavior in HKDL is not as expected by the operator who gain the experience from other Disney theme parks. The local actors' behavior just makes the operation more difficult while TDR is famous for its high quality service and good hospitality.

From the analysis above, many factors are impacting the performance of HKDL. It aims to attract local Hong Kong residents and people from Mainland China to the park and it does own populous tourist market as well as the support from government policy, but on one hand, the local residents are more supportive to its competitor, HKOP, and they are not enthusiastic about Mickey Mouse. On the other hand, Chinese from mainland are not rich customers who can donate much to HKDL. Thus, more spend-little-inside-park visitors are expected to meet the break-even number to cover the huge cost. However, the small capacity of the park restricts the number of visitors, which also restricts the profit of HKSAR government, since tickets sale is pretty much the only source of their revenue. For visitors got in the park may not get experience as good as other Disney theme parks. They can be upset by the unpleasant weather, the crowded park, the queue jumper and irresponsible staff. But, HKDL neither has corresponding design or facilities to face the hot and humid climate, nor experienced managers

who are familiar with the local customers' behaviors. The unsatisfactory would then cause damaging media coverage.

Again, HKDL might not be as fantastic as TDR; the park is not completely hopeless. The expansion plan is on its way and the park will develop new land about half the current size. In addition, as China is developing fast, more and more families have extra money to enjoy some leisure in theme parks. Disney Company has agreed to charge the license fee, which was counted as operational expenses, only after the park gains operational revenue. HKDL is being localized gradually in many aspects; Meanwhile, customers and workers are being Disneyfied gradually. The actors and HKDL are adapting to each other and some improvements have been seen like the HKDL finally started to make profits in 2012 due to installation of new attractions and increasing attendance.

From the comparative analysis above, we can use the system of external factors and internal factors to evaluate other theme park projects. Thus, we can know how to avoid mistakes and improve the weakness. Since theme parks have utmost importance to leisure and tourism industry, the future projects should learn from the past. Though the future is disputable, the new Disney theme park under construction in Shanghai is going to open its gate anyway. So the thesis also evaluates the new Shanghai Disney Resort in the same aspects to see the advantages and disadvantages beforehand.

7 SHANGHAI DISNEY RESORT

“We have a special opportunity to build a resort that reflects everything we have learned from our various parks around the world.”

-Robert Iger, CEO of Walt Disney Company, 2011

In the fiscal year of 2011, Chinese central government approved the new Shanghai Disney Resort (SDR), which is planned to open in 2016. Like many international enterprises, Disney has confidence in the future growth of the consumers in China, and meanwhile it is relying on Shanghai's specific ambitious goal of becoming a world-class city.

In November 2011, the contract of Shanghai Disney Resort (SDR) was officially signed, which makes the SDR the first in Mainland China and the sixth Disney theme park in the world and the park will be located in the Pudong district.

The park was anticipated to open in the spring of 2016. The project contains a Magic Kingdom-style theme park, two hotels and a shopping area. The Storybook Castle, the largest and tallest of all Disney theme parks, will be the start point for a 10 minutes boat ride around Fantasyland. The SDR is also projected to develop a themed land of Pirates of the Caribbean, a mine train ride of Seven Dwarfs and a motorcycle-style coaster of Tron Light cycle Power Run. (Macdonald, 2014)

The whole project occupies 7 km² and the construction area of the first phase is about 3.9 km² with an investment of about \$3.9 billion. The core area of recreational facilities is about 1.13 hectares. The annual capacity of visitors can be up to 10 million. The SDR will have a much larger area than HKDL. The main part of the park, central lake as well as the bridge, food and leisure district, hotels, offices, transportation infrastructure, supporting rails and stations will be completed in the first phase. The second and third phases will be conducted during the 13th Five-Year Plan period, including outlets, sports parks, camp parks, creative blocks, etc.

The current prices of admission ticket in HKDL are about \$64 for a one-day ticket and \$87 for a two-day ticket. Among the other big theme parks in Shanghai, the prices are \$33 for Happy Valley, \$25 for Hangzhou Park, and \$45 for the City of Song. The price of SDR is expected to be higher than the City of Song and close to HKDL.

Having HKDL as a previous example that is not that successful, people may doubt whether the decision of building another Disneyland in China is proper. Based on the factors that influence the profits of HKDL, we can also evaluate SDR from some of these aspects.

7.1 External Factors

In 2013, the GDP per capita of China has increased to \$6,807. Multiple Chinese cities present fast economic development. Till 2013, 55 cities exceed \$10,000 of GDP per capita. According to the updated standard of developed countries, 16 cities have reached the standard of GDP per capita of \$15,000. Shanghai and other cities in Yangtze delta, including Wuxi, Suzhou, Nanjing, Hangzhou, Ningbo and Zhenjiang, has close to or surpass this standard. The good economy is related to higher income of residents, which is positive for the consumption market of SDR.

Shanghai is the most populous city in the most populous country in the world. There are over 330 million consumers living within 3 hours car or train ride of Shanghai. Disney Company has always been confident of the large market potential for SDR in China. They have undertaken extensive market research, which shows that consumers living in this area are increasingly looking for quality family entertainment where they can share special moments with family and friends.

Some theme parks have been existing in Shanghai for a long time and popular among the tourists. The Shanghai Happy Valley was built in 2009 with an area of 222 acres. 2.9 million guests visited this park last year. Another one Jinjiang Park

is the first theme park built in Shanghai in 1998 with a size of 28 acres and the annual attendance is about 1 million. The managers of local parks said they are not quite worried about the new SDR since they view it as an opportunity to make a bigger cake for them all. The synergy between SDR and other local theme parks can attract more tourists to the delta and each of them has distinguished theme. "It's an industry that is exploding because of the entertainment demands of a growing middle class." said Dina Benadon, chief executive of Super 78, a creator of theme parks from Los Angeles that has worked for many Chinese developers (Barboza and Barnes).

The climate of Shanghai is similar to Hong Kong in summer which is humid and hot while in winter, Shanghai has lower temperature which may influence the attendance. Besides, the air quality in winter is worse. The haze day can also prevent visitors from enjoying outdoor recreation and standing in line. Although Shanghai is also affected by typhoon, it is much lighter influence than in Hong Kong. Except that, no severe disaster happens in Shanghai.

According to an online survey of citizens' attitude about SDR, people are positive about this westernized entertainment. 63% of surveyees are supportive to build a Disney theme park in Shanghai and 45% said they would visit it after it opens. 72% people would like to see Chinese style incorporated in the park design. Disney's new project in Shanghai has been controversial. Residents who lived in the

project site have complained about the relocation because of the poor treatment they received. In China, relocation is a huge problem due to the soaring prices of land and housing and the insufficient compensation given to residents. This will create some tensions between citizens and the park (Barboza and Barnes).

In terms of improper customers' behaviors, Shanghai may deal with it better than Hong Kong since the city gained the experience from 2010 World Expo and Shanghai knows the customs of Mainland Chinese guests better.

7.2 Internal Factors

SDR is owned by SH Government and Disney Company, which may cause worries because the previous cooperation mode between HKSAR Government and Disney Company seems very unfair. However, the Shanghai Government and Disney Company created an innovative financial corporation to ensure the benefits of the government. The government and Disney Company have established three joint ventures: *SH International Theme Park Company Ltd*, *SH International Theme Park Support Facilities Company Ltd*, and *SH International Theme Park and Resort Management Company Ltd*. Among the three companies, China owns 30% and Disney Company holds 70% of the stakes in the Management company, and in the other two companies, China got 57% while Disney owns 43% of the stakes. According to Disney Company, the two investors

will invest in SDR based on the stake ratio. In this way, SH Government will participate in the investment, construction and operation of the future park and facilities, which is different from the parks in Paris and HK that after the completion of the projects, Disney Company almost control all the economic revenue. This innovative cooperated operation mode will be good to both sides to share benefits and bear risks. SH government holding 30% of stakes in management indicates that government can get a portion of all kinds of the operational revenues of the park. Besides, government has the right to decide on executive officers, associate general managers and other senior managers, which is a brand-new management mode in oversea theme parks of Disney. Under this “SH Style”, the two partners have more similar profits and supplemental strengths (Sunx, 2011).

Undoubtedly, the design of SDR must be localized to meet the customs of Chinese people. “Authentically Disney but distinctly Chinese” is what Robert Iger said about the new park “There will certainly be familiar Disney elements, but it will also be quite different from the moment that you walk through the gates,” he said. SDR will have a luxuriant garden equipped with water and plants which are more like a Chinese garden, where the costumed characters will welcome all the visitors instead of a Main Street (Barboza and Barnes). Besides, SDR has a unique Twelve Chinese Zodiac Signs Garden where visitors can take pictures. The 12 signs are all from Disney cartoon characters, which is a combination of Chinese

and American culture. Moreover, SDR has a Disney Subway Special Line that is decorated in Disney Style. The government invited citizens to vote for their favorite design of Disney Station as an advertisement and also a gesture for the public.

Based on the evaluation above, it seems that SDR has a promising prospect. Enormous experience and lessons from previous examples can be studied to improve the park itself. HKDL is a good case to study and obviously SDR has learned the lessons about financial arrangements and create unique cooperation mode with Disney Company. Besides, the small size is a big constraining factor of HKDL's profit. Thus, SDR should also keep this factor in mind. During the construction period, the investors should control the cost in a reasonable level. Higher cost will require a greater break-even number of annual attendances to make the park profitable. In addition, the managers should use ticket price properly as an adjustment of attendance.

Since the park has not opened yet, it is hard to predict its performance without seeing the actual operation status. Generally, SDR is constructed in a good location and in a good timing.

8 CONCLUSIONS

Overseas Disneyland is a kind of international joint venture that provides entertainment themed in Disney cartoons. The success of overseas Disney theme

parks required the park to obey the basic rules of theme park business, and as an importation of foreign cultural product, it also needs to be localized in some aspects to acclimate to the local culture.

TDR is astonishingly successful due to many reasons. It presents a Japanized American culture where Japanese people can access their American Dream and temporarily forget about the real world. Other supportive reasons include great location and timing, the high quality service, the high level of training of the workers, and the continuous investment that Oriental Land dedicated to maintaining and improving TDR. Many uphill struggles are involved in the 50 years of OLC's history and their "frontier spirit" in challenging themselves to being creative remained consistent through all the time. This continues to be the driving motivation in today and also into future. After studying the various aspects of TDR, the facts indicate a promising prospect.

HKDL was the hope of Hong Kong after the financial crisis and SARS, the government relied on HKDL to reinvigorate the economy and tourism industry in Hong Kong. However, the park was not powerful as they thought. HKDL was losing money for years and received many negative comments. Among the factors that influence the performance of HKDL, I think the critical factors that constrain the profits are unfair finance arrangement and its small capacity to hold large amount of customers. The limited tickets sale is the only source for HKSAR

government's revenue. In addition, before the park opened, the government invested vast money in the park which enhanced the cost significantly. Thus, to cover the previous cost and on-going operation cost, the expected annual attendance number has to be raised up, which makes it considerably difficult to meet for HKDL with such a small size. Besides, some other disadvantages like chaotic operation, improper customer behavior and environment conditions also influence the profits of HKDL. In recent years, HKDL went better than before since the park learned lesson from the past and visitors from Mainland China increase enormously. In terms of location, however, the incoming SDR looks like a better choice for customers from Mainland China, which is also the target market of HKDL. Thus, based on the initial big losses, HKDL does not have an optimistic future.

The results of the analysis can offer some instructions to SDR to avoid existing mistakes. Among the contentions, the new Disneyland in Shanghai will open its gate to the public next year. It seems that SDR is located in a good city and it meets a good time. Even though nobody can assert the future of SDR, the Disney Company is confident with the rising Chinese market.

The analysis has its limitations. The influencing factors are selected from literatures and then combined with my own judgment, which could lead to incomplete factors system or redundancy. Besides, the data are mainly secondary

that are collected from Internet and literatures rather than first-hand information due to the business confidentiality and limitation of contacts. In addition, only two cases, HKDL and TDR in Asia, are available to be compared, so the generalization from the two unique examples cannot be perfect.

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