School Travel Voyager

Disneyland PARIS

# EXTERNAL INFLUENCES

## ON DISNEYLAND® PARIS

# TOPIC 4 – External Influences on Disneyland® Paris

PEST Analysis of the external factors outside of Disneyland's control

## Teacher Guide

**Learning Objectives**

This exercise uses the PEST technique to identify and review the external factors which impact on Disneyland Paris as a business.

Also abbreviated to PEST, the PESTLE analysis stands for the Political, Economic, Social, Technological, Legislative, and Environmental influences on a business.

The results of the PESTLE analysis are used by senior managers to guide their strategic decision-making.

**Before the trip**

Before the trip students should spend time looking at the websites of Disneyland Paris and its competitors to understand the products and services on offer and the leisure and tourism operation in which it operates. They should also download the Disneyland Paris app to think explore how Disneyland Paris uses technology to manage customer experience and increase spend in the Disney resort.

While on the trip, students will be asked to find examples of the Social, Technological, Legal and Environmental factors that will impact the business of Disneyland Paris. We suggest introducing the PESTLE analysis to students before the trip and teaching the Political and Economic influences on Disneyland Paris before the convention.

**At the convention**

Executives from Disneyland Paris, and other brands, will support this topic by presenting current business and marketing case studies.

**In resort assignment – how does Disneyland Paris respond to external factors**

To bring a PESTLE analysis to life students will be asked to take photographic examples that support or update their classroom findings. The assignment will focus on the Social, Technological, Legal and Environmental influences on the business of Disneyland Paris.

We'll provide a laminated card with the PESTLE factors on it. Students should use these to help identify examples, and take photographic evidence of how Disneyland Paris has responded, or should respond, to these external influences.

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## More teaching resources

Below is the whole range of exclusive teaching resources COGO has prepared to complement the student convention.

In addition to this topic, we offer group leaders a choice of group assignments that they can set students in the Disneyland resort to extend learning throughout the trip.

Choose one or more of these in-resort assignments for your group. Each exercise can be completed in a day while students are exploring the parks and hotel facilities.

Each assignment has been designed to build students' understanding of these four topics:

| Topic | Subjects | Type of exercise | Suitable for T&T students | Suitable for Business Studies students |
|---|---|---|---|---|
| Market segments (customer groups) at Disneyland Paris | Identifying target markets<br><br>Market segmentation | Provide photographic examples to support findings | Yes | Yes |
| Disneyland Paris customer service and competitor advantage | Managing the Customer Experience | Mystery shopping and photo evidence | Yes | Not specifically for Business Studies though the assignment considers delivery of Disney's brand experience |
| The Disneyland Paris marketing mix | Marketing Mix – 4Ps<br><br>Extended Marketing Mix – 7Ps<br><br>Visitor Attractions | Provide photographic examples to support findings | Yes – but covers the extended marketing mix of 7Ps | Yes |
| The impact of external factors on Disneyland Paris – PESTLE analysis | The external environment<br><br>Situational analysis<br><br>Influences on marketing activity | Provide photographic examples to support findings | Yes – use of PESTLE to identify influences on marketing activity | Yes |

Download these resources & more at:

voyagerschooltravel.com/student-convention-resources

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# Teaching Resources for External Influences on Disneyland Paris (PESTLE analysis)

These are interesting times and now more than ever, external events such as Brexit, the energy crisis and the war in Ukraine, have an impact all businesses, including Disneyland Paris.

The management team at Disneyland Paris are experienced at creating magical experiences and delivering excellent customer service but external factors that are outside of a business' control, such as the adoption of new technology and climate change need to be considered when making strategic decisions about running the parks and designing new products and services.

## Example External Influences of Disneyland Paris

External influences can have a significant impact on businesses and the level of success they can achieve.

We have provided examples below of some of the external factors which impact on Disneyland Paris as a business.

These external influences have been grouped into Political, Economic, Social, Technological, Legislative, and Environmental (commonly known as PEST or PESTLE).

The results of the PESTLE analysis are typically used by senior managers to guide their strategic decision-making and can be used to inform a SWOT analysis.

**POLITICAL FACTORS**

Identify how Governmental policy influences Disneyland Paris and the leisure and tourism industry in which it operates. This could include factors such as:

- Brexit
- Trade restrictions and reforms
- Tax policy
- Restrictions on the movement of people (immigration policy)
- Environmental regulations
- Investment in infrastructure such as transport links
- Political stability

| **Political Factors** | **Factor explained** | Implications for the organisation – or +? |
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| French Government support for seasonal workers | French employment rules provide support for seasonal workers so that businesses, such as Disneyland Paris, can more effectively manage staff levels. The government will cover the wages of seasonal workers when they aren't required during the quieter periods. This means that Disneyland Paris can maintain experienced staff and reduce recruitment costs | Positive for DLP |
| Brexit travel restrictions for British citizens | Now the UK has left the EU, it is more difficult for British citizens to visit France. For example, British passport holders now must get their passport stamped to enter France, leading to queues and delays at ports and Eurostar. New rules mean that British citizens will have to buy an electronic visa waiver to travel to Europe which means more admin and expense for Brits travelling to Disneyland Paris. | Negative – additional expense, form filling and delays will put off some visitors from visiting Disneyland Paris. People will close to holiday in Britain instead of Paris. |
| Brexit labour rules – availability of skilled/bi-lingual workforce from UK now we've left EU | Customer-facing staff at Disneyland Paris must be able to speak French and English.<br><br>Now the UK has left the EU, it is difficult for British citizens to work in France. This means that Disneyland Paris will find it more difficult to recruit skilled/bi-lingual staff from the UK to work in the resort. | Negative – smaller available pool of skilled workforce. |
| Transport Infrastructure | The French government invested in transport links to help visitors reach the resort by train from Paris. Paris is well connected to other French cities and mainland European capitals by train and road. | Positive – Paris is well connected to other European cities, making Disneyland Paris a convenient destination for EU visitors. |
| Eurostar schedules | Eurostar is removing its direct train service from London to the Disneyland Park.<br><br>This means that visitors arriving from London by train have to change trains in France to reach the park. The additional expense, time and perceived hassle of the journey will put off visitors, in particular those with families - Disneyland's core audience. | Negative - the unreliable nature of the Eurostar schedule, and the fear that direct trains will not be available, will put off British visitors from booking trips to Disneyland Paris. Reducing a valuable source of customers and revenue. |
| Ukraine war | The war in Ukraine has impacted the availability and cost of fuel making it more expensive to run the hotels and theme park. Without increasing prices, this will impact the profitability of Disneyland Paris. | Negative – increased running costs will reduce profits. |

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| | War in Europe leads to less stability and public uncertainty. International visitors will avoid travelling to Europe during periods of polity instability and war. This will mean less visitors to one of Europe's most popular attractions, Disneyland Paris. | |
| Threat of terrorism | Terrorist attacks in Paris in 2015 deterred visitors from travelling to the city for many years.<br><br>Famous attractions, such as Disneyland Paris, could be seen as potential targets for future attacks, reducing demand for the attraction. | Negative – reduced demands will reduce income. |
| Environmental legislation | The European Climate Law sets a legally binding target of net zero greenhouse gas emissions by 2050.<br><br>This puts increased pressure on businesses such as Disneyland Paris to reduce the impact of the resort on the environment. | Negative – change or practices could increase running costs and impact short term profitability<br><br>Positive – switching to less polluting/more efficient practices could reduce running costs in the long term and could attract more visitors who share these values |

**ECONOMIC FACTORS**

Identify how the economic situation (in the UK, France and Europe) may influence Disneyland Paris and the leisure and tourism industry in which it operates. This could include factors such as:

- Exchange rates and interest rates
- Economic growth or decline
- Inflation – could affect the way a company prices their products and services
- Labour costs – lead to increase in costs to companies and prices
- Cost of living – lead to decrease in available income for holidays and reduction in demand
- Unemployment rates, consumer spending and economic confidence

| **Economic Factors** | **Factor explained** | **Implications for Disneyland Paris** |
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| Currency exchange rate fluctuations | People living outside of the EU, including Britain, will have to pay for their visit to Disneyland Paris in Euros.<br><br>Fluctuation in the exchange rates between the € and other currencies such as the £ and $ will make vary the cost of the holiday. This mean the price of food and purchases during the trip could be more expensive for foreign visitors. | Exchange rate fluctuations makes it more difficult for Disneyland Paris to forecast demand and spending in the park. |
| Exchange rate flux can make it more difficult for families to budget for their holidays | Not knowing how the exchange rate will impact the price of the holiday can reduce customer confidence making it less likely that they will book a trip far in advance | Disneyland will have to rely more on visitors from countries that use the Euro as they are less affected by exchange rates |
| Labour costs | Low unemployment levels mean that there is a smaller pool of available recruits for Disneyland Paris. Employees are asking for higher wages to help pay for prices rises (inflation). This leads to increased labour costs for employers such as Disneyland Paris. | Higher labour costs will reduce profits unless prices are increased. By prices increases can reduce demand. |
| Inflation and fuel crisis | The fuel crisis has led to higher energy bills and inflation. Products and services are more expensive which means that families have less disposable income for non-essentials such as holidays.<br><br>People will choose not to book a holiday, or will book for a shorter break, or will spend less on the holiday e.g. don't stay at Disney hotel or bring their own picnics. | Rising inflation threatens to dampen demand for Disneyland Paris resulting in increased prices or reduced profits |
| Rising Interest rates | Increasing interest rates will Impact Disneyland Paris' ability to borrow money and invest further in the business e.g. upgrading rides and experiences, building new accommodation blocks etc | Rising interest rates present a threat to Disneyland Paris as higher rates make investment more expensive |

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| Unemployment and job security | High employment makes people feel more secure and more likely to book a stay at Disneyland Paris in advance for their family.<br><br>But economic uncertainty leads to people feeling less secure in their jobs. Low job security reduces consumer confidence and likelihood to splurge on expensive holidays that they might not be able to pay for in the future | Negative – though unemployment levels are low, consumer confidence is also low which will dampen demand for holidays abroad. |

**SOCIAL FACTORS**

Identify the relevant demographic trends, social attitudes, customs and values of the people in which Disneyland Paris operates. These could include:

- Demographics e.g. birth rate, age of population, distribution of wealth and social class and religious distinctions
- Cultural influences e.g. social media and trusted sources of information
- Family types and structures e.g. size and age of households, average age of parenthood, extended families, divorce rates
- Social attitudes e.g. towards family and holidays, Disney, corporations etc
- Cultural attitudes e.g. national cultures and acceptance of Western and American cultural influences

| **Social Factors** | **Factor explained** | **Implications for Disneyland Paris** |
|---|---|---|
| Rise of celebrity endorsement and social media influencers | Celebrity endorsements are an effective way of raising awareness about Disneyland's services.<br><br>Influencers and celebrities can reach a broad large audience and generate an emotional reaction to a product or service.<br><br>Social media influencers can have a significant positive or negative impact on people's engagement and loyalty with the Disneyland Paris brand. | There is an opportunity for Disneyland Paris to engage with social influencers, giving them free park passes and other incentives, to encourage parents, children and individuals to visit the resort.<br><br>A threat is that social media influencers are free agents and can share negative sentiment about the brand with all their followers. |

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| Growing number of food intolerances and allergies | By law, any allergens must be emphasised in the list of ingredients, such as nut allergies.<br><br>In addition to allergies, there is a growing demand from customers for businesses, such as Disneyland Paris, to accommodate people's food intolerances and preferences e.g. dairy alternatives<br><br>Disney's hotels, restaurants and food stands need to monitor changing food tastes and constantly consider adapting the food choices on offer to keep customers satisfied. | People with allergies will feel safer staying at Disneyland Paris if they feel their allergies and preferences are being taken seriously by the business.<br><br>By implementing clear labelling and by providing alternatives for common allergies and intolerances Disneyland Paris has the opportunity to appeal to a wider and more diverse audience. |
| Inclusivity | There is growing consumer expectation that venues and attractions are more inclusive.<br><br>This means that Disneyland Paris will need to continually invest to make their experiences more inclusive to all, for example, providing gender free facilities and improved disabled access.<br><br>All Disneyland® Paris shops are easy to access and guests with disabilities are given priority access and easy access to certain attractions via specially-adapted entrances. | By making Disneyland Paris accessible to all, the business could increase visitor numbers, customer satisfaction and ensure repeat bookings from a broader audience who feel welcomed in resort.<br><br>A more inclusive environment could also support staff retention and morale as the business aligns its values to its staff. |
| Catering for a diversity of ethnic cultures | To satisfy customers and continue to grow, Disneyland Paris needs to meet the needs of its multiculturally diverse guests e.g. offering a range of food choices (kosher, vegetarian etc), having ethnically diverse Disney characters and making rooms available for worship. | As well as adapting its food choices and services, Disneyland Paris has the opportunity to maintain a diversity of cultures. For example, ensure their staff recruitment policies reflect the diversity of its customer or adapting marketing strategies, to reflect a broader range of guests in their campaigns. |
| Changing body size | Average height has increased by 10 centimetres in the last 150 years and 28% of adults in England are classed as obese.<br><br>This means that Disneyland Paris needs to adapt their facilities and experiences to accommodate visitors with different body shapes and sizes | Improving access will increase costs to Disneyland Paris in the short term but should improve customer satisfaction and increase demand, and profits, in the long term. |

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| Healthy eating options | Businesses are being encouraged to help people eat more healthily, such as reducing portion sizes, less high sugar/high fat/high salt options | Health eating options are popular with consumers and their availability will improve customer satisfaction, in-park spending and repeat bookings. |
| Cultural differences | As a global brand, Disney needs to deliver a consistent experience across all its resorts while adapt its service to appeal to a local European audience. When the park opened as Euro Disney, local French visitors perceived the park to be too American and were put off from visiting.<br><br>When designing attractions Disneyland Paris needs to take account for distinct cultural identifies held by French and other EU citizens e.g. the languages used in the park, the food and alcohol choices, the type of services available. | Disneyland Paris has adapted its service to suit visitors from the UK and mainland, for example, offering wine and beer at the food carts, when alcohol is only available at table service restaurants in the US-based resorts. Disney Hotel Sequoia Lodge introduced baked beans to the breakfast menu following complaints from British guests. |

## TECHNOLOGICAL FACTORS

Identify how Disneyland's visitors and competitors use technology and the impact this has on its business and operations. This could include:

- Internet usage and availability e.g. how consumers research, buy and interact with companies
- Visitors' ownership and usage of tech – mobile phones, apps etc and meeting customer expectations
- Use of social media
- Research, development and innovation within the tourism and entertainment market
- Use of data, intelligence and analytics to monitor and predict customer behaviour – online and in the parks

| **Technological Factors** | **Factor explained** | **Implications for Disneyland Paris** |
|---|---|---|
| New technologies to improve customer experience | Disney's 'Imagineers' employ emerging technologies such as virtual reality and 4D design to deliver immersive storytelling and guest experiences.<br><br>Cars Road Trip integrates GPS-triggered audio and visuals while Ratatouille – The Adventure uses wireless autonomous vehicles, moving-eye point technology and customized projections. | 4D technology, virtual reality and augmented reality technologies can be used to create more immersive rides and transform visitors' experience.<br><br>Disneyland Paris also uses digital tools to train staff using hands-on immersive learning tools. |

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| | At Disney's Hotel New York, the<br>Skyline Bar offers a virtual view from a skyscraper that create a seamless day-to-night view using more than 1.2 million frames of 4K resolution imagery on the nine, 86-inch monitors. | This technology can be used across all the Disney parks and resorts around the world, to create a consistently high service and spread the research and development costs across the locations. |
| Rise of social media | 80% of theme park visitors carry a mobile phone. This means that Disneyland Paris and guests, can directly engage with each other via social media – sharing experiences, tips and answer queries to improve their visit.<br><br>Disneyland Paris can also monitor visitor sentiment in real-time and respond in person if the situation requires it. | After Facebook, Twitter, Instagram, YouTube and Pinterest, Disneyland Paris embraced TikTok in October 2021 producing specially created content and videos designed for the channel.<br><br>Social media offers an opportunity to immersed users in the Disneyland Paris experience, giving unique behind-the-scenes views of the park and staff (called Cast Members) and guests can show followers the resort from a new perspective. |
| Use of technology to set expectations and improve service | Disneyland Paris can use technology to improve the customer experience e.g. sharing real time information about queuing times on the Disneyland app so that guests can more effectively manage their visit. Or use artificial intelligence on the website to answer common customer queries.<br><br>This reduces costs and improves visitor satisfaction. | Disneyland Paris is helping guests maximize the fun and minimize the wait with a host of digital enhancements on the Disneyland Paris App, such as a food hub, premier access services and is introducing online check-in features for its resort hotels. |
| Use of technology to increase revenue | Disneyland Paris uses technology to increase revenues by encouraging guests to spend more during their stay.<br><br>Guests put a value on their own time and many are willing to pay extra for the convenience of jumping the queue or securing a ticket for a must-see show.<br><br>From anywhere inside the parks, guests can pay for the use the Disneyland App to book an assigned time slot for select attractions (prices from 8€ per person per ride depending on the attraction and day of use). | The Disneyland Paris app is an opportunity for visitors to buy a priority pass for rides with long queues, to pre-book restaurants and pay for priority access to free show tickets and other guest experiences while they are in the park.<br><br>By making these services accessible to guests through the app, Disneyland Paris can increase the average spend of guests per visit. |
| Online reviews | Social media and websites, such as Trip Advisor, allow visitors to share their good and bad experiences with a wide audience meaning that consumers are much better informed these days.<br><br>This means that Disneyland Paris needs to deliver a consistent and high level of service or being exposed. Equally, news of | Positive online reviews can help amplify great experiences to a wider audience and increase visitor numbers without the need for costly advertising.<br><br>The threat is that negative social media sentiment can create costly reputation issues and harm the Disneyland Paris brand. |

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| | examples of Disneyland Paris delighting customers will also travel fast. | |

## LEGAL/LEGISLATION FACTORS

Identify how French and EU laws, rules and regulations may influence Disneyland Paris and the leisure and tourism industry in which it operates. This could include factors such as:

- Health and safety regulations
- Consumer rights and protection
- Employment laws
- Anti-discrimination laws
- Anti-slavery regulations and working practices
- Intellectual property laws
- Privacy and data protection

| Legal Factors | Factor explained | Implications for Disneyland Paris |
|---|---|---|
| Health and safety laws | The health of safety of theme park guests is paramount. An accident or health and safety violation could significantly harm the Disneyland Paris brand or even lead to legal action.<br><br>Disneyland Paris keeps up to date on health and safety legislation, maintain the facilities and rides and continually train and update staff to ensure that the rides, facilities, food and accommodation align to French and EU safety standards. | The threat of contravening health and safety laws could be significant to Disneyland Paris leading to reputational damage, a significant fine, legal action or, in extreme circumstances, leading to the operation being closed down. |
| Litigation | Disneyland Paris looks after the needs of around 12 million guests a year making it the most visited place in Europe. It is inevitable that a some guests will suffer accident or injury during their stay.<br><br>Amusement parks are designed to be safe and governments regulate the operation and maintenance of parks but Disneyland Paris still needs to manage the risk of facing legal action, or being sued, following a guest suffering an accident in the park. | To reduce the risk of being sued, Disneyland Paris requires guests to follow the rules set out for the park. For example, the rules state that for safety reasons, access to and participation in certain attractions require that guests should be in good health, free from high blood pressure, heart, back or neck problems, motion sickness, or any other condition likely to be aggravated by these adventures. |

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| Employee working hours | Disneyland Paris is the largest single-site employer in France with an estimated 17,000 staff (called Cast Members).<br><br>As a major employer Disneyland Paris must understand and comply with the working hours rules set out by the French government and EU, relating to minimum daily rest breaks, annual leave and maximum working time etc. | Disneyland Paris needs to align working policies to EU and French legislation and monitor working hours and conditions of its staff to ensure they meet or exceed the minimum legal standards. |

## ENVIRONMENTAL FACTORS

Identify the environmental and ecological factors that may influence Disneyland Paris and the leisure and tourism industry in which it operates. This could include factors such as:

- Environmental protection laws e.g. single use plastic
- Availability of alternative energy sources, renewable goods and resources
- Sustainable transport infrastructure
- Recycling policies
- Corporate Social Responsibility (CSR) aims and obligations
- Customer attitudes towards environmental issues
- Influences of both weather and climate change
- Sustainable development goals

| **Environmental Factors** | **Factor explained** | **Implications for Disneyland Paris** |
|---|---|---|
| Carbon neutral and consumer push to achieve net zero carbon emissions. | To reduce greenhouse gas emissions, Disneyland® Paris has increased its use of renewable energy. For example, building its own geothermal energy plant to provide hot water and heating to the resort and investing in a solar canopy plant as big as 24 football fields. | More than 10% of Disneyland's energy is geothermal meaning it can reduce its carbon emissions and the resorts' impact on the environment.<br><br>By investing in alternative energy sources, such as solar and geothermal heating, the business is reducing its reliance on unreliable or finite external sources such as oil and gas from Russia. |

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| Sustainable water management | Disneyland Paris is the most visited place in Europe which means the resort has a significant impact on Paris's water and sewage infrastructure.<br><br>In August 2013, Disneyland® Paris installed its own wastewater treatment plant for the two Theme Parks and the Disneyland® Hotel. This plant makes it possible to reuse almost all of the treated and purified water for a variety of needs such as the irrigation of green spaces or cleaning roads and pathways. More than 2 million m3 of drinking water have been saved since 2013. | Investing in wastewater treatment reduces ongoing operating costs of the business and makes the business more sustainable., for example, improving the business's resilience during the European drought in 2022. |
| Sustainable waste management | Disneyland Paris has an obligation to responsibly manage, reduce, reuse or recycle the waste from its 12 million annual visitors.<br><br>Disneyland® Paris aims to improve the process of sorting bio-waste and recyclable materials. | Plastic straws and stirrers have been replaced with 100% biodegradable paper straws<br><br>Eco-pumps have been installed in hotel rooms, to reduce the number of plastic bottles in rooms by 80%.<br><br>The number of sorting bins made available to guests in the resort has doubled.<br><br>Up to 2,000 tons of food waste is collected and treated each year. |
| Extreme weather events | Climate change is expected to worsen the frequency, intensity, and impacts of some types of extreme weather events. such as wet winters, hot summers, floods, droughts and storms.<br><br>This will impact the operation and costs of the business as well as guests' satisfaction and experience in the parks. | By investing in innovative wastewater treatment and solar plants Disneyland Paris can ensure the business is better prepared for future extreme weather events such as droughts and hot summers. |
| Ethical supply chain management | 65% of consumers say that they attempt to make a positive difference through their choice of everyday purchases. No-one wants to buy a Disney Princess costume for their child that's been manufactured in a factory using child labour. | Disney has introduced a Supply Chain Code of Conduct which is influenced by Human Rights Policy and environmental commitments.<br><br>Suppliers are expected to uphold standards to prevent, mitigate, and remedy adverse human rights impacts as well as reduce the environmental impacts of operations, products, services, and supply chains. |

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