

Risk Analysis of Financing Structure in Theme Park Industry and Optimization Using Blockchain Finance

-- Based on Shanghai Disney Company

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Abstract: In recent years, with the passing of the epidemic period, the theme park industry has rapidly developed and heated up. On the basis of favorable development conditions, the financing model of theme parks will become a key consideration factor for ensuring their sustainable development, that is, how to ensure sufficient capital injection. This research mainly studies the risk analysis of the existing financing structure of the theme park industry, as well as how to further optimize the structure and whether new technology blockchain technology can be applied to it. Through this study, business managers will further understand the shortcomings and risks of the current theme park financing model, how to optimize it in the future, and how to combine new technologies such as blockchain in supply chains to gain competitiveness in complex market environments. This research uses a combination of case analysis and data analysis to select Shanghai Disneyland as the target object. The capital data in its annual report is analyzed, as well as companies that use new technologies in their financing structure as case studies. This research analyzes the shortcomings and risks of the existing financing structure of Disneyland, proposes new financing models that will benefit the future development of Disney Company, and combines blockchain technology to propose new plans.

Keywords: Theme park industry, Financial structure, Risk analysis, Blockchain finance, Disney.

1. Introduction

The financial structure refers to the mix of debt and equity that a company uses to finance its operations [1]. The financing structure is crucial for business operations as it reflects the company's capital reserves. Blockchain is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network[2]. At present, in the research on the financing structure of the theme park industry, the vast majority of articles focus on its basic financing structure, fully analyzing existing financing schemes. The reason why the theme park industry is chosen as the research target is because of its development potential and it occupies a giant position in the tourism industry category. However, financing structure often has various

problems. By analyzing the representative theme park enterprises such as Disney Company, this research can provide ideas for enriching how theme park companies can achieve breakthroughs in financing. This research mainly analyzes the financing situation of theme park enterprises, explains the risks of the existing financing structure, and discusses how to avoid risks, how to adopt new financing models to adapt to changes, and whether blockchain technology can be applied to new financing models. This research conducts a review in the form of data analysis and case analysis. It explores the development of financing models in the theme park industry in the future, proposes corresponding countermeasures for current problems, which are beneficial for the future development of the theme park industry and provides some ideas for the application and development of blockchain technology.

2. Risk Analysis of the Financing Structure of Shanghai Disney Company

With the end of the epidemic and the recovery and development of the global economy, the tourism and cultural industries have grown rapidly, and the theme park industry is becoming an integral part of the tourism ecosystem, the market size of theme park was valued at USD 74.2 billion in 2023 and which is estimated to register a compound annual growth rate (CAGR) of over 5.5% between 2024 and 2032 [3]. For Walt Disney's 2023 revenue analysis, it was found that, Shanghai is a key driver of strong growth in the Walt Disney theme park sector in the third quarter. Kevin Lansberry, interim CFO (chief financial officer), said, "International Park continues its strong growth trend, with all of our international sites experiencing year-on-year revenue growth, but most importantly, Shanghai Disney, which has reached a historic high in terms of revenue, revenue, and profit margins [4]". Therefore, analyzing the financing situation and risk assessment of Shanghai Disney has important reference significance for the future operation and development of the company.

2.1. Introduction to Shanghai Disney Company's Financing Model

Shanghai Disneyland was approved for construction in 2009, and it was decided to be jointly invested and constructed by Chinese and American companies. The shareholding ratios of China and the United States were 57% and 43% respectively. In the initial construction phase, the investment in the theme park was 24.5 billion yuan, and the investment in hotels and retail catering and entertainment was 4.5 billion yuan.

Disney mainly adopts the public and private sectors as partners for project construction, and adjusts financial leverage in combination with bank loans.

2.2. Analysis of the Disney Company

In the early stages of park development, a large amount of capital injection is required. At this stage, Disney Park chose to continue to increase investment in the project until 2014, and the investment scale reached 33.9 billion yuan in 2015.

The main investors of Shanghai Disneyland are Lujiazui Group, Shanghai Wenguang, Jinjiang International, and Bailian Group, with investment proportions of 45%, 25%, 20%, and 10% respectively [5]. For the analysis of equity structure proportion, as shown in Table 1, the equity and debt structure of Shanghai Disney Company, equity investment accounts for 70% of the entire Shanghai Disneyland project. Debt financing accounts for 30%, which is a relatively stable leverage ratio and is very beneficial for the initial operation of the park. Suitable for long-term and stable development plans of Shanghai Disneyland.

Table 1: Financial structure of Shanghai Disneyland in initial stage [6]

Financing Structure of Shanghai Disneyland (Initial Stage)		
Funding source	Amount (Billion Yuan)	Percentage
Share capital	227.1	67%
Shanghai Shendi Group	129.45	38.20%
Walt Disney Company	97.65	28.80%
Liabilities	111.9	33%
Syndicate loan	111.9	33%
Total	339	100%

For the initial financial policy of Shanghai Disneyland, it can be summarized as high equity and low leverage, which greatly reduces corporate interest expenses. In the early stage of the theme park industry, which requires a large amount of capital investment and often results in losses, this structure of Disneyland can save a lot of working capital, reduce the development burden, and ensure an advantageous position in the fiercely competitive theme park market.

2.3. Risk Analysis of Financing Strategies

2.3.1. Credit Defects in Syndicated Loans

A specific analysis is conducted on the syndicated loan project of Shanghai Disneyland. The Shanghai Disneyland project mainly adopts loan financing, mainly represented by China Development Bank, Pudong Development Bank, and Bank of Communications, as well as more than ten small and medium-sized commercial banks such as Agricultural Bank of China, Bank of China, Industrial and Commercial Bank of China, and China Construction Bank, which jointly provide loans.

In terms of loan interest rates and repayment terms, the bank has granted Shanghai Disneyland Company a grace period of 4-5 years, allowing for the initial development of Disneyland and an overall repayment time span of more than 20 years. In terms of interest rates, the Shanghai Municipal Government and the bank consortium have lowered the benchmark interest rate by 10% as a preferential policy [7].

However, in terms of credit, the initial number of theme park projects is relatively small, making it difficult for banks to conduct risk assessments on these projects. It is difficult to refer to the future profitability and risk assessment of the park. For Shanghai Disneyland, which has certain social and policy characteristics, it is not entirely profit oriented, so there are deficiencies in the credit granting for future credit.

2.3.2. Single Types of Credit Products

Disney's credit products have a single variety and are not sufficient to adapt to the new market environment. From market reports and annual reports released by Shanghai Disneyland's official website, it can be seen that in terms of credit financing, only simple bank direct capital injection is available. This model is relatively stable and adaptable in the early stages of Disney's theme park operation. However, with the expansion of enterprise scale and increasingly fierce market competition, simple bank direct financing has its shortcomings.

According to the 2023 China Theme Park Industry Report, as of 2022, there are over 1000 theme parks in China, with approximately 200 large-scale theme parks [8]. The total number of visitors is still on the rise, and the corresponding financing models are also more diverse, such as supply chain

financing, accounts receivable mortgage financing, equity income mortgage financing, financing lease credit, blockchain financing, and other new models to help parks gain competitiveness.

2.3.3. Financing Risks: Greatly Affected by External Factors

The funds of Shanghai Disney Company are mainly composed of the Chinese government, Disney Company, and bonds. More than 60% of the funds are composed of bonds, which are easily affected by various external factors such as exchange rates, bank interest rates, stock market value, etc, and are not stable for future long-term development plans. Therefore, this portion of funds has imposed certain restrictions on the long-term development of Disney Company, and exchange rate fluctuations have also caused significant losses to the development of Shanghai Disney over the years.

3. Improvement of Financing Structure and Blockchain Finance Technology

3.1. Introduction to Blockchain Technology and Its Application Fields

Disney needs to attract more channel funds and enrich its financing structure in its future financing development plan, and blockchain technology will play a significant role in the bond sector. The blockchain supply chain finance solution is based on electronic credit vouchers, relying on the accounts payable or other accounts of core enterprises. It uses blockchain technology to penetrate the entire trade process, increase enterprise credibility, and enable enterprises to obtain more financing opportunities, making the entire financing process more efficient [9].

By combining blockchain technology and supply chain finance, enterprise transaction information is registered in a digital manner on a blockchain based platform. Through key data information identification and risk control, the authenticity and reliability of loan enterprises are ensured, and the problem of credit defects for large enterprises is perfectly solved [10].

3.2. Application Models of Blockchain Technology

The empowerment mechanism of blockchain for enterprise financing is mainly reflected in three aspects: firstly, in terms of data elements, blockchain can ensure the interconnection and transparency of on-chain information, and enhance the willingness of all parties to share information, thereby effectively improving the quality of financing information and reducing information asymmetry among financing parties; Secondly, in terms of business processes, the innovative trust mechanism based on blockchain technology has achieved automation, synchronization and traceability of transaction processes among financing parties, as well as simplification and weakening of intermediaries; Thirdly, in terms of transaction structure, the self-organizing nature of blockchain makes the connections between participating entities and their resources more autonomous and flexible, and the network evolves towards a loosely coupled structure, thereby enhancing the synergy of the financing ecosystem.

Now blockchain financing mode has some mature systems, such as big technology credit represented by online merchant bank and WeBank, which is closely connected with "Internet plus" by virtue of the wave of enterprise digital transformation. Taking online merchant bank's provision of "online merchant loan" business to Taobao merchants as an example, merchants' sales activities have left massive digital transaction traces such as sales volume and buyer's parity after being transferred from offline to online, which provides important credit data support for banks to carry out online loans. Compared with the traditional credit reporting system, it can be more objective and timely, and can more comprehensively reflect the qualification of merchants [11].

3.3. New Financing Model for Shanghai Disneyland

Based on Disney's current financing situation, in terms of credit, Disney can use blockchain finance platforms for information registration and storage, ensuring privacy and conducting syndicate authorization, so that banks can complete data collection, verification, and credit evaluation work to reduce the risk of concealing fraud.

The specific plan is divided into three parts. Firstly, Shanghai Disney will establish a multi-level credit risk compensation and diversification system for theme park projects through the blockchain platform. In terms of insurance, it will strongly support guarantee intermediaries to provide guarantee services for theme park enterprise financing, and actively use mechanisms such as joint insurance, reinsurance, and guarantee combination to diversify the operational risks of theme park projects.

In the second stage, theme credit guarantee funds and special insurance should be established to expand various channels to meet the funding needs of the park's growth. In addition, an enterprise loan risk compensation fund should be established to cope with possible bad debt risks.

3.4. Expected Effects and Risk Analysis of the Plan and Its Research Limitations

By implementing this new financing strategy, the financing situation of Shanghai Disney Company will be further improved, no longer limited to direct capital injection by banks. The quality of credit reporting will also be further improved, and financing risks will be reduced. Through online blockchain platforms, more financing channels will also be introduced to introduce social capital, making the equity structure more stable [6].

The limitation of this model lies in the operation of network platforms. Blockchain belongs to the field of digital finance. In the complex market environment and complex data volume, the enterprise base at the upper end of the supply chain is large, while the information between small and medium-sized enterprises and banks at the end is highly asymmetric. It is particularly important to achieve information symmetry and meet demand. Therefore, improving the governance of blockchain data processing is fundamental, ensuring network security and data limitations, and protecting information security at the source is crucial for the credit data used for financing, in order to maximize the benefits of the blockchain platform.

4. Conclusion

From the current financing structure of Shanghai Disneyland, the biggest problem lies in the lack of a suitable credit system, and the financing model is relatively single, with only direct capital injection from banks. The types of credit products are limited, which is not enough to meet the development of the market. Moreover, due to a large proportion of foreign investment injected by Shanghai Disneyland, it is easily affected by external factors such as exchange rate fluctuations and lacks long-term capital injection. Therefore, in the face of complex market environments, the number of new enterprises entering the theme park industry is increasing year by year. Therefore, through the blockchain digital finance platform, sufficient information is used as credit proof to further obtain the credit rating of the consortium, attract social capital investment, optimize debt structure, and obtain a more stable capital structure. The implementation process of this paper on specific blockchain platforms is not yet clear, and the specific financing volume and bank loan structure have not been predicted in detail. There are still many detailed issues that need to be further discussed within the overall framework, such as how to use blockchain to expand financing channels, how to carry out information maintenance and operation, and the specific allocation of funds. These issues can be deeply considered in future research.

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