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SWOT Analysis of NBC Universal Integrated Online &Offline Strategies: Analysis and Recommendations

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Abstract: The famous company Universal Pictures has achieved great success and popularity in the entertainment industry. The company has undergone several major changes since its inception. In recent years, its parent company, NBC Universal, has begun to develop offline theme parks, linking their film production to theme parks and a widely spread brand image, with some success. The purpose of this thesis is to analyze how NBC Universal is applying online and offline strategies to enhance its movie production's impact globally and identify its weaknesses and threats as well. The thesis uses SWOT analysis to identify its business model and provide possible suggestions. A questionnaire regarding how much people know about Universal Studios has been distributed to find possible trends. By studying the strengths and weaknesses of the company's management, there are some possible strategies that NBC Universal can further apply in the future.

Keywords: Integration of strategies, Fan engagement, Derivative products and theme parks, Challenges and opportunities.

1. Introduction

Universal Pictures is a prominent film production and distribution company with remarkable success and popularity in the entertainment industry. The company's journey from its humble beginnings to its current position as one of the leading film studios is an intriguing subject for study. During its early years, Universal Pictures faced numerous challenges and underwent significant transformations to establish itself as a respected player in the film industry. Founded in 1912 by Carl Laemmle, the studio initially operated under "Universal Film Manufacturing Company." It started by releasing low-budget films, primarily targeting local audiences. However, it was not until the 1920s that Universal Pictures began to gain recognition and build its brand. In recent years, its parent company, NBC Universal, has expanded their edge of film production, from online to offline. Since around 2000s, theme parks have been another dominant business for the company. Only a few companies in the world could connect their movie production with theme parks and widespread brand images. Simultaneously, combined with local culture, these theme parks draw close to a relationship with indigenous communities, attracting tourists worldwide.

2. SWOT Analysis

2.1. Strength

2.1.1. Enhancing Brand Engagement through Interactive Online Strategies

2.1.1.1. Leveraging Social Media Interaction for Fan Loyalty

Social media binds together communities that once were geographically isolated, making collaboration more frequent and accelerated greatly. Now that these once-remote communities are densely networked, their cultural influence has become straightforward and considerable. These new crowd cultures come in two flavors: subcultures, which incubate new ideologies and practices, and art worlds, which break new ground in entertainment [1]. The utilization of social media channels such as Twitter and Weibo to engage with fans has gained significant traction as a strategic approach among numerous companies. It can successfully build a bridge between fans and characters. Fans have the opportunity to further explore the concepts presented in film and television works. NBC Universal designed detailed content and developed websites to give their fans an almost real world. The most typical one is the Wizarding World, which is a website for Harry Potter fans. Users can fill in their own files: which house they are in, what patrous they have and which wand is for them. The concepts are all from the Harry Potter series, which means that fans can sense a real connection with the magical world in some way. The website is on Instagram, its official account has 5,090,000 followers. It still posts videos and pictures about Harry Potter regularly nowadays and get about 70,000 likes for each post on average. Fans have the opportunity to further explore the concepts presented in film and television works. Strong fan loyalty is the main reason why Harry Potter is still popular even though it has been more than ten years old. Compared to Disney's fairy-tale-based series of movie productions, the development of Harry Potter IP is a successful example of modern stories becoming worldwide favoured. As fan loyalty accumulates, a new developing IP can slowly grow its own culture in reality and on the internet, which gains long-lasting benefits from peripheral products and offline activities later.

2.1.1.2. Empowering Fan Communities: The Influence of Fan-Made Creations

Fan-made creations are becoming an important part of building up brand image. In China, there is an app called LOFTER, a platform famous for fan-created art and literature. Among the top 20 most viewed tags for film and television, Harry Potter, Transformers, and Spiderman are three works related to NBC Universal that have sustained popularity. Illustrate the importance of fan-made creation using Harry Potter as an example, it provides various new concepts. The internet's new media has empowered many users with the right to independently publish content, leading to the flourishing of fan-generated culture [2,3]. In the thesis 'A Case Study on the Branding of Harry Potter', the author Logan Roeth points out why Harry Potter can create the whirlwind of 'Pottermania', which means enthusiasm for Harry Potter worldwide. 'The growth of the Internet at this specific time is a very significant factor in the Harry Potter brand's story because the Web has played a major role in its marketing and word of mouth buzz. Early Harry Potter fans used the Internet to share and discuss their thoughts about the books and advocate the series. The rise of the Internet created an entirely new breed of fan culture online that past brands never experienced, and that exploded the viral word-of-mouth buzz for a number of entertainment brands at the title, such as Harry Potter. The extract partly explains why some certain movies or drama series have long-lasting fan loyalty.

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2.1.2. The Role of Experimental Marketing and Theme Parks Enhancing Audience Engagement

2.1.2.1. Exploring the Impact of Well-Designed Theme Park on Brand Success

There are only a few companies which could build theme parks to utilize experimental marketing. Generally, only Disney, Universal Studios and Warner Bros have stable management for theme parks.

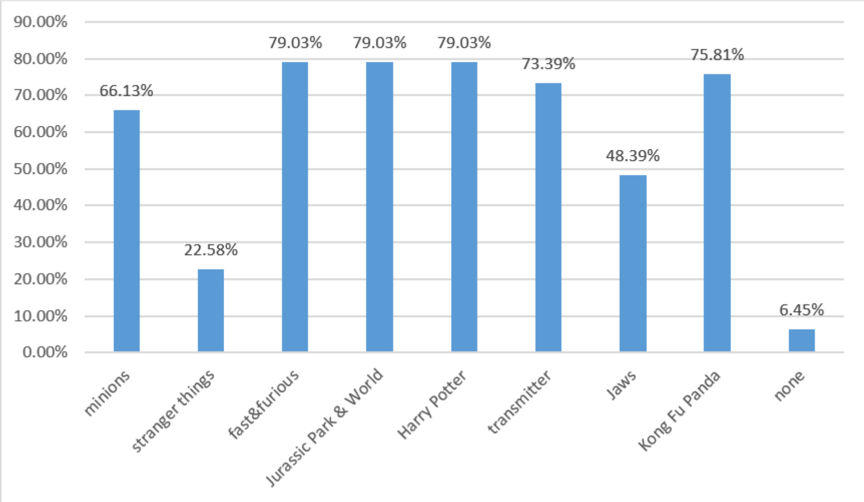

Figure 1: Bar chart of popularity levels for various studios' IPs

As shown in Figure 1, the popularity level for Jaws there is identical to the lower popularity of horror movies. From 1912 to 2023, there were 6 Universal Studios theme parks globally. These offline wonderlands cater to more than 20 billion each year. In 2021, Universal Studios Hollywood theme park attendance in California was approximately 5.51 million [4]. The amusement facilities and the original movies are complementary in some ways. For movies, the popularity of the amusement attractions within the theme park can bolster attention towards the film production itself. The horror movie Jaws is an appropriate example for explaining this idea.

Questionnaires have been distributed to collect people's familiarity with Universal Studios. There are 124 participants involved, 56 males and 68 females. 70 of them aged 31 to 50, the largest group in the research. Among the 124 participants, 60 knew Jaws, which means it is the seventh most popular production within the eighth option among participants in the research. But in Universal Studios, Jaws Ride is one of the most popular equipment as its creative use of fire and water elements and cooperation between performers and jaw model gain favorable word-of-mouth on social media. On Little Red Book, a life-sharing platform, Jaws Ride is one of the most liked posts when searching for Universal Studios. Statistics show that it is highly possible that customers are attracted by Jaws' facilities in the theme park first and then have the chance to know the movie itself.

2.2. Weaknesses: Declining Reputation and IP Shortcomings

2.2.1. Impact of Film Portfolio

Currently, NBC Universal has experienced a severe lack of exciting and captivating films that they used to have. However, other big companies like Fox Studios and Walt Disney Studios won't give them much time off. One of the threats facing Universal Pictures is the declining reputation of the Jurassic series of films, which can hurt the overall brand image and profitability of Universal Pictures. During this time of depression, alternatives emerged endlessly, such as 20th Century Film

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Corporation, with its explosive success of the movie "Avatar"[5]. On the website, Box Office Mojo by IMDb pro, Avatar, released in 2009, gains the highest lifetime gross up to September 6, 2023. Its sequel ‘Avatar: The Way of Water’ became the second-highest-grossing film ever. What's worse is that the most popular movie studios will collaborate and neglect the smaller or less-known ones. "Star Wars: The Rise of Skywalker," a science fiction film produced by Lucas Film and Walt Disney Pictures, had an incredibly powerful release and is expected to be a box office smash and gain great popularity. Similarly, "Avengers: Endgame," produced by Marvel Studios and Walt Disney Studios, showed that it was not just a sequel but also an innovation. Big companies joining forces seek to gain popularity, sign big stars and have high expectations from investors for such films. Unfortunately, this success does not belong to Universal Pictures. Without novel works, stunning special effects, or compelling stories, NBC Universal will struggle to thrive amidst the success of others. The decline was as noisy and harsh as the original cheers.

2.2.2. The Upcoming Ending of Famous Series

Additionally, the lack of new big IPs to take over the finished works, such as the finished Jurassic Park and "How to Train Your Dragon series", can also pose a threat to the company's future success and growth. Still, also the Derivatives and other popular attractions are crumbling. The decline in reputation and the absence of fresh, popular IPs can make it challenging for Universal Pictures to attract and retain audiences. This situation could result in decreased box office revenues and decreased interest from potential investors or partners. Furthermore, it may lead to a loss of market share to competitors who possess more successful and innovative franchises. Especially during the epidemic, the containment measures and the COVID-19 restrictions have caused a greater impact on the theme park business regarding the revenues and the Adjusted EBITDA. The parks of Orlando and Japan opened in the summer of 2020, while Hollywood Park has remained closed. Unavoidable COVID-19 restrictions did influence the theme park arrangement to a large extent regarding the revenues and the Adjusted EBITDA. Some of the theme parks had to remain closed for a long time. The parks of Orlando and Japan did not open until the summer of 2020. Meanwhile, the Hollywood park was still shut down [6]. UPI reports that Hollywood Park did not open until April 30, 2021. COMCAST has revealed, in the 2020 Annual Report to expect their theme park business Operations to continue being adversely affected by containment measures in the short and middle term. They have also added that they cannot know when the parks will reopen nor dare a forecast on future attendance, as the situation is currently uncertain. Moreover, some projects on the strategic roadmap concerning theme parks, such as “Epic Universe” in Orlando, have been put on hold. As anticipated before, the deterioration of the economic conditions caused by COVID-19 resulted in a serious reduction in advertisement expenditure of NBCU customers. This trend is expected to continue in the medium term.

2.3. Threats: Old and thriving Competitors

2.3.1. Comparative Profitability

The theme parks are less profitable than its largest competitor----Disney. NBC Universal’s The Universal Studios' profit is significantly lower than its biggest competitor-- Disney. For the most profitable sector, related products like toys and costumes, Disney has already completed its own fairy tale world, which can sustainably gain profits from youngsters. The derivatives Universal Studios are selling are significantly less profitable than Disney's. Universal’s theme parks posted revenue of $7.5 billion in 2022, an increase of 49.3 per cent compared to the prior year due to improved operating conditions. In Q4 2022, NBC Universal‘s theme parks segment delivered its highest adjusted EBITDA on record for a fourth quarter, increasing by 16 per cent to $782 million [7]. Disney reported

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operating income of $2.2 billion from its theme park resorts and cruise line in the most recent quarter. In comparison, NBCU Universal owner Comcast reported $782 million in adjusted earnings for its Universal Parks & Resorts segment during the same period [8].

2.3.2. Hollywood Blockbusters Still Have Severe Competition

According to Fandango, a US ticketing platform, the top 10 most anticipated blockbusters all come from different series, such as ‘Guardians of the Galaxy’ and ‘Spider-man’, which means that the audience still has a strong preference for tentpole movies [9]. Under the circumstances, Universal Pictures must follow and exceed its competitors like Disney and Warner Bros.

2.4. Opportunities: Diversification and Peripheral Product Development

2.4.1. Diverse IP Portfolio

Universal Pictures has acquired a wide range of IPs, enabling the company to cater to different audience preferences effectively. Universal Pictures can capture the attention of a broader audience base by having a portfolio that encompasses various genres. For instance, horror enthusiasts can enjoy films like "The Conjuring" series, while fans of suspense can indulge in movies like "Split" and "Gone Girl." Additionally, Universal Pictures offers a plethora of comedy films, such as "Pitch Perfect" and "Neighbors," catering to those seeking lighter entertainment. This diversification aligns the company's offerings with audiences' individual tastes and preferences, ultimately leading to a competitive advantage.

2.4.2. Peripheral Product Ventures

The vast collection of IPs under the Universal Pictures umbrella also provides opportunities to develop peripheral products. One prime example of this is the establishment of the Beijing Universal Cinema. This venture combines the popularity of Universal Pictures' IPs with attractions, merchandise, and immersive experiences, creating a unique entertainment destination comparable to Disneyland. Universal Pictures leverages its IPs to expand its revenue streams beyond the traditional film market by creating peripheral products. This diversification creates a significant comparative advantage for Universal Pictures over companies like Disney, as it extends the brand value and engages with consumers in a broader spectrum. Universal Studios must introduce external IP, which excellent content companies provide, and Universal Studios is responsible for the design and construction of late amusement facilities. One of the most well-known for the super IP "Transformers" and "Harry Potter". This leads to the two parks' IP building routes being completely different [10]. Sam Gennawey, author of the book The Disneyland Story, once commented that the Disney statue builds a forest, while the Universal Studios statue builds a tall tree.

3. Recommendations

According to all the strengths, weaknesses, opportunities and threats that have been analyzed, there are a few recommendations that may help improve the firm's management.

3.1. Embrace Streaming Platforms

The rise of streaming platforms presents a significant expansion opportunity for Universal Pictures. As more people opt for home entertainment over traditional cinema, Universal Pictures can leverage its vast collection of IPs to create exclusive content for streaming platforms. Companies like Netflix, Amazon Prime, and Disney+ have set the precedent for successful streaming platforms. Universal

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Pictures can either partner with these existing platforms or create its own, increasing its market reach and potential revenues.

3.2. Leverage Existing IPs

Moreover, the company's IPs can be used to create sequels or spin-offs, expanding the universe of popular films and creating a loyal fan base. This strategy has been proven successful by franchises like Marvel and Star Wars, leading to increased ticket sales, merchandise sales, and theme park visits. The company can apply a cultural branding strategy to its brand management, considering social and cultural aspects of brand identity and marketing. A successful and enduring brand goes beyond deeper cultural and emotional connections with consumers. A better understanding of social values, symbols and meanings would contribute a lot to a brand. For example, providing background information and stories allows fans to discover its meaning and connections further. Mythmaking can enrich a story's worldview, giving a vague background concept. Fans are going to be attracted by adding explanations to the stories. Cross-cultural factors need consideration as well. To increase the popularity of IPs worldwide, differences between various cultures must be paid attention to. In some cultures, there are particular clothing and gestures which need to be avoided. The company should avoid controversial and offensive images and words to expand the market further.

3.3. Diversify With Peripheral Products

The company can create more unique cultures for each IP by designing special peripheral products. It can catch the opportunities from its theme parks and shops. For the peripheral products, designers may stress the importance of unique slogans and concepts that are popular in the movie. Using consumer psychology to craft messages that trigger emotional connections is a possible way. This is similar to the cultural branding strategy mentioned above. From online to offline, the company can possibly create a detailed and fascinating real 'culture' originating from film and television works. If possible, the peripheral products can even be partially practical. For example, the company can publish a handbook for how to train a raptor. In the movie Jurassic World, Owen, the Velociraptor trainer, has techniques for calming raptors down. The handbook can start with an introduction to dinosaurs and develop it, which makes the peripheral product both educating and interesting.

3.4. Differentiate with Competitors: Create a Clearer Brand Position

NBCU combines original movies and bought IPs to build Universal Studios. As a result, the movies themselves do not have a strong connection. In contrast, Disney has a whole world of Disney characters which are created and owned by Disney [10]. One report on the Yummy Mummy Chicken website, which compares Universal Studios and Disneyland, comments that 'Universal Studios and Disneyland are two separate theme parks. Universal Studios is not part of Disney. They offer distinct experiences with Universal Studios focusing on movie magic and thrilling rides, while Disneyland embodies classic Disney charm with beloved characters and enchanting ambience.' From comments like that, it is clear that the difference between the two theme parks is significant. Instead of building a magical world, a differentiated strategy may be suitable for the company. A better brand positioning involves establishing a clear and distinctive place for the brand in the minds of consumers. It can create a unique and favorable perception of brand compared to its competitors. In face of film portfolio, the company must come up with more creative ideas. They can start from creating independent films whose story happens in the world they already created, like Jurassic World and How to Train Your Dragon. When there are enough originate film production, the company can then think of how to build a world for its own 'Universal World'. To differentiate the world from the existing Disney World, the company can emphasize how exciting and real its movies are, which aims at teenage and adult audiences.

3.5. Expand Its Market to Other Countries: Combining Local Cultures and Amusement Facilities

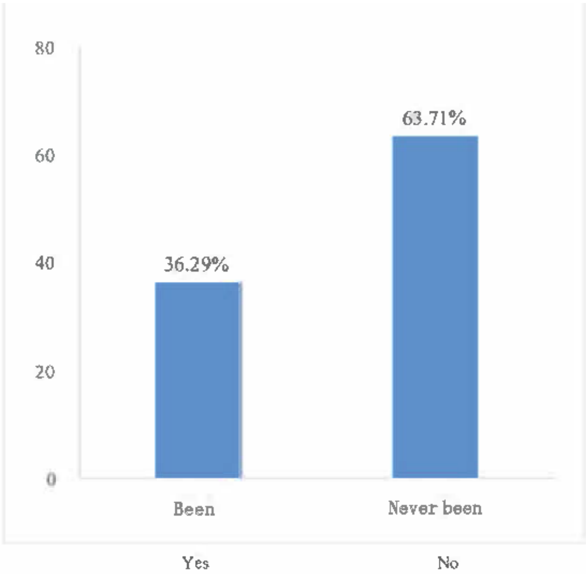

Figure 2: Barchart of how many people have been to Universal Studio

There are six Universal Studios in the world now. Universal Studios originally started in American, in Orlando and Hollywood. Expect for the one in Barcelona, Spain, the other three are all built in Asia, in Japan, China and Singapore specially. The Asian market is still growing in recent years. The next Universal Studios can also be built in an Asian country for many reasons.

As shown in Figure 2, among the 124 participants, 36.29% of them have been to Universal Studios before (49 people). It is significantly lower than the percentage of familiarity of those film series, which is around 75%.

Universal Studios sees a significant opportunity in the Asian market. The company's existing investments in Asia will boost potential growth in the future.

Asian is one of the possible options. To diversify with other competitors, Universal Studios needs to explore its own 'blue ocean' besides the common settings that a normal theme park would have. Blue ocean strategy is to create uncontested market space, which involves innovation [11,12]. Theme parks could have many domestic and foreign visitors. Possibly, the company can apply local culture to its facilities and settings. In this way, domestic visitors can find details they are familiar with and foreign visitors can be impressed by foreign cultures. This requires a higher standard of innovative and imaginative design. Construction of the theme parks cannot be completed without collaboration with local experts, for example, historians and cultural experts who can have an authentic insight into representations of local culture.

4. Conclusion

In conclusion, NBCU has successfully set up a complete world for its audience from online to offline. Fans of its movies can generally have immersive and interesting experiences. Potential customers can also find things about those movies attractive. However, the company has not been creative enough

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in recent years in producing new movies, which means that in the long run, it will probably face the lack of new popular movie series.

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