

Walt Disney Spent \$7.2bn on Advertising in 2022, \$24.5bn in last 5 years

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In the ever-evolving entertainment industry landscape, the Walt Disney Company (NYSE: DIS) has long been a powerhouse, characterized by a complex web of strategies and investments that fuel the company's success. One aspect that has recently garnered attention is the company's advertising expense, which has witnessed a notable increase over recent years.

In particular, according to data acquired by Finbold, Walt Disney's advertising expenses showed a remarkable steady increase between 2018 to 2022, with the company spending \$24.5 billion globally.

The peak in advertising expenses occurred in 2022, reaching \$7.2 billion, representing a staggering growth of approximately 157% compared to the initial value of \$2.8 billion in 2018. Notably, the highest yearly growth rates occurred between 2018 and 2019, with a substantial increase of 53%.

Interestingly, this upward trend in advertising expenses aligns with Walt Disney's revenue growth. As of Q2 2023, the company's revenue amounted to \$21.8 billion. The highest quarterly revenue was recorded in Q1 2023, reaching \$23.51 billion. It is worth mentioning that over the past nine years, one of the lowest quarterly revenue figures was observed in Q3 2020, amounting to \$11.78 billion at the height of the pandemic.

Understanding Disney's growing advertising budget

With a brand portfolio that includes Disney Studios, Pixar, Marvel, Lucasfilm, ESPN, and ABC, Walt Disney has an extensive reach across various entertainment sectors. This diverse portfolio has partly compelled the company to pump more funds toward its advertising budget. Indeed, with growing competition in the entertainment scene, advertising plays a crucial role in helping Disney maintain its competitive edge.

Disney's advertising prowess goes beyond mere spending; it's strategic initiatives and innovative approaches have also played a significant role in its success. Recognizing the shift in consumer behavior towards digital platforms, Disney has actively invested in digital advertising and content creation, adapting to the evolving media landscape.

One of Disney's notable ventures into the digital realm is its streaming service, Disney+. Launched in 2019, Disney+ quickly became a global sensation, and its success can be largely attributed to the extensive advertising campaigns that accompanied its launch.

Additionally, Disney's advertising serves multiple purposes, including reaching a global audience, maintaining brand awareness, and promoting new products and services. It ensures broad reach, reinforces the brand's presence, and generates excitement and sales for new offerings that translate to a surge in revenue.

Macroeconomic impact

Amidst Disney's continuous revenue growth in recent years, the company has faced challenges stemming from prevailing macroeconomic factors, including rising inflation and interest rates.

These factors have impacted Disney's operations, leading to decisions such as mass layoffs and the implementation of a restructuring plan. Furthermore, like many media and entertainment companies, Disney has also felt the effects of intensified competition, resulting in a slowdown in subscriber growth.

Moreover, besides macroeconomic pressures, Disney has encountered fierce competition within the media and entertainment industry. The landscape has become increasingly crowded, leading to a deceleration in the company's subscriber growth. This heightened competition has compelled Disney to strategize and innovate to maintain its market position and regain momentum.

At the same time, Disney faces potential revenue implications as it battles to retain governing powers over Disney World's land. Florida's law restricting classroom instruction on sexual orientation and gender identity triggered opposition from Disney employees. In this case, the Florida legislature aims to hold Disney responsible for the debt under a new entity, "Central Florida Tourism Oversight District."

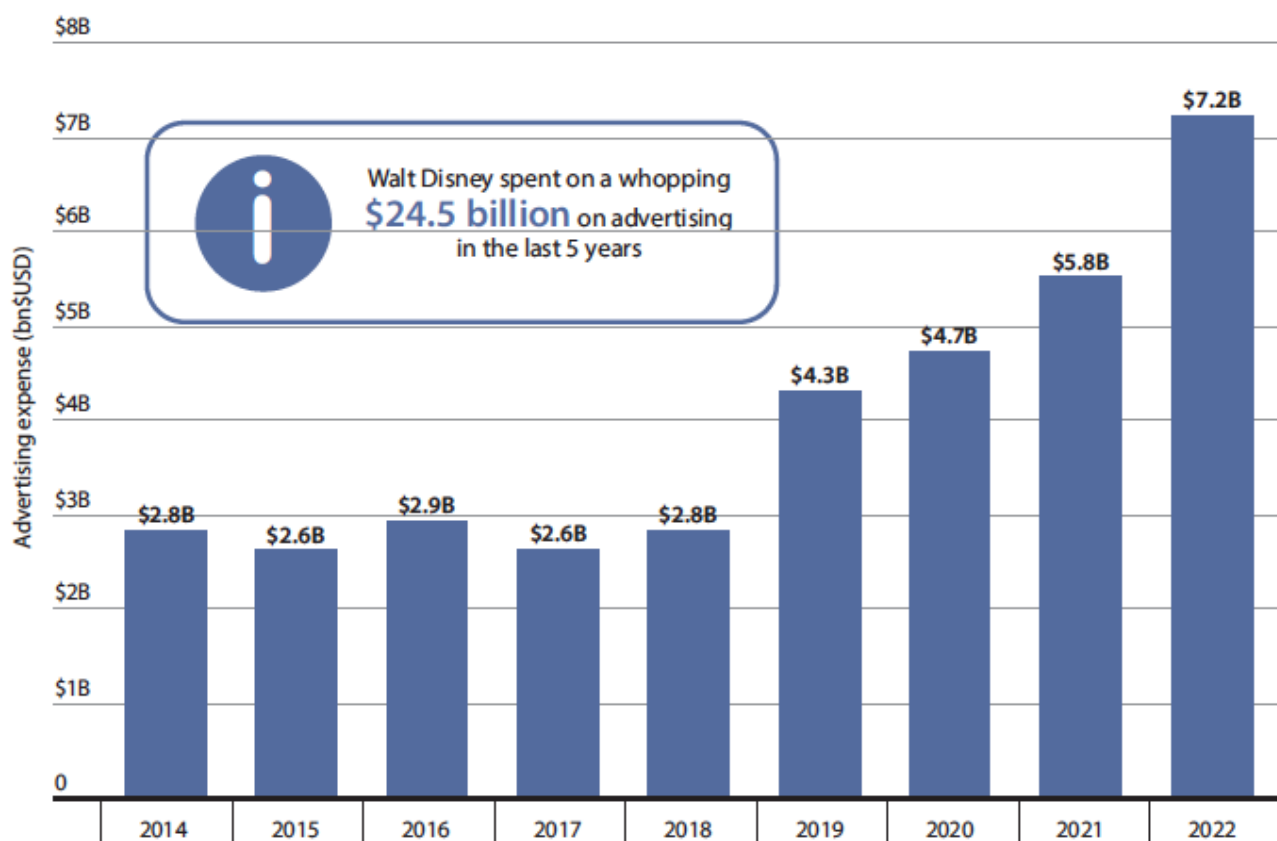
Looking ahead, it is evident that Disney's advertising dominance will likely continue to evolve. As technology advances and consumer behaviors change, the company will undoubtedly embrace emerging platforms and digital trends, further solidifying its position as an advertising and entertainment powerhouse. However, the macroeconomic factors could affect the firm advertising budget and, consequently, the revenue.

Advertising Expense of the Walt Disney Company (2014-2022)

Information: Worldwide; in the Fiscal Years 2014 to 2022; October 2013 to October 2022; in billion U.S. dollars.

Sources: Finbold, Statista, Walt Disney

● Advertising expense in billion U.S. dollars



Walt Disney Company's Revenue Worldwide

Information: worldwide; 2014-2023; by fiscal quarter; values in billion USD

● Revenue in billion U.S.dollars

