Research on Financial Performance under Disney's Asset-Light IP Operation Mode

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Abstract

In the stage of global new economic development deeply empowered by technology, the asset-light mode is being adopted and promoted by an increasing number of enterprises. On the basis of summarizing the existing literature, this paper discusses the related concepts of the asset-light operation mode, and takes Disney as the research object, selecting its financial data from 2020 to 2024 to explore the actual utility and implementation effects of the asset-light IP operation mode on corporate financial performance. The study finds that Disney has successfully achieved a strategic transformation from heavy assets to light assets through measures such as brand value accumulation, content innovation drive, and diversified industrial chain synergy. Significant improvements have appeared in profitability, operational capability, solvency, and growth capability, but it still faces inventory and short-term solvency pressures. In response, this paper proposes the following targeted suggestions: first, strengthen inventory management to enhance the efficiency of asset-light operations; second, optimize working capital to improve cash flow turnover efficiency; third, synergize the IP ecosystem to continuously enhance profitability.

Keywords

asset-light, operation mode, financial performance, Disney

1. Introduction

Driven by the technological revolution and industrial transformation, the digital economy is flourishing, presenting enterprises with new opportunities and challenges. The traditional heavy-asset operation mode is facing increasing cost pressures and market competition dilemmas, while the asset-light operation mode, as an emerging business model characterized by low costs and high efficiency, has gradually become an important direction for enterprise transformation. This enables enterprises to rapidly respond to market changes, adjust business directions, and expand high-profit margins through low-cost operations.

With iterative updates in technology, most enterprises have begun to develop distinctive operation strategies. As an industry leader, Disney has maintained its core competitiveness through measures such as transitioning to an asset-light mode, creating an IP ecosystem, and licensing operations. Therefore, this study selects The Walt Disney Company as the research object and conducts an in-depth analysis of its financial performance from the perspective of the asset-light IP operation mode. This not only holds significant importance for

improving the theoretical system of the asset-light operation mode but also has broad application value in enterprise strategic transformation.

2. Literature Review

Research on asset-light and related fields both domestically and internationally has formed a relatively systematic theoretical framework. The concept of asset-light originates from the resource-based theory, with Wernerfelt (1984) defining it as scarce and inimitable core resources of enterprises [1]. In recent years, scholars have conducted deeper explorations into the connotation of asset-light. For example, Wang Weiyong (2025) argues that in the context of the digital economy, data assets have become an important component of asset-light [2]. Bai Weiqi (2025) believes that the asset-light mode is a strategic choice centered on intangible assets, forming synergistic effects through the integration of key resources such as brand value and management technology [3].

Regarding the asset-light operation mode, foreign studies emphasize its coordination with corporate governance. Kang et al. (2024) argue that successful asset-light transformation depends on financing decisions based on operational efficiency, governance arrangements centered on equity structure, and profit distribution guaranteed by coordinated contracts [4]. Domestic studies, in contrast, focus more on its specific implementation paths and financial performance. Wang Guohao (2025) conducts a comprehensive analysis of corporate financial performance under the asset-light operation mode using three analytical methods: traditional financial indicators, economic value added, and the entropy weight method [5].

The research on financial performance evaluation methods has evolved from single indicators to comprehensive systems. Vuong (2025) confirmed the positive impact of the Balanced Scorecard perspective on both financial and non-financial dimensions of corporate performance that supports sustainable development, achieving an organic integration of financial and non-financial indicators [6]. Domestic studies, while drawing on these methods, have also made improvements tailored to the Chinese context. Hu Yuxin (2025) combined the Analytic Hierarchy Process (AHP) with the entropy weight method, and on this basis selected appropriate financial performance evaluation indicators to conduct longitudinal analysis of corporate financial data [7].

In summary, scholars both domestically and internationally generally believe that asset-light primarily refers to core resources owned or controlled by enterprises that lack physical form but can bring sustained competitive advantages, and that asset-light operations can promote performance improvement by optimizing resource allocation and enhancing asset utilization efficiency. Most scholars' research subjects have mainly focused on real estate, retail, and other industries, with a gap in research on Disney in the culture and entertainment industry. Therefore, this paper takes Disney as the research object to deeply analyze its financial performance under the asset-light IP operation mode, which not only provides theoretical support and practical guidance for Disney's own sustainable and healthy development, but also offers a reference paradigm that can be drawn upon by similar culture and entertainment enterprises to optimize the financial benefits of asset-light IP operations and enhance operational efficiency.

3. Case Analysis

3.1 Overview of Disney

The Walt Disney Company was established in 1923, initially focusing on animation production as its core business, and subsequently gradually expanding its operations to diversified sectors such as film and television, theme parks, and streaming media. From the late 20th century to the early 21st century, the company primarily relied on capital-intensive industries to generate revenue, with its theme parks and resorts segment incurring annual capital expenditures exceeding $2 billion on average between 2000 and 2005, resulting in persistently high operating costs and fluctuating profit margins. To reverse this situation, in 2006, Disney acquired Pixar Animation Studios, marking a significant turning point in its strategic direction. Thereafter, the company gradually shifted its development focus toward a business system centered on intellectual property (IP), continuously enriching its high-quality IP resources through successive acquisitions of Marvel Entertainment and Lucasfilm. In 2015, the company launched the Disney+ streaming service, reducing dependence on

traditional theatrical and television channels while enhancing digital service capabilities directed at end-users. Concurrently, the company continuously optimized its business structure by outsourcing non-core activities such as consumer product manufacturing, while concentrating on IP incubation, content creation, and licensing operations. Leveraging continuous IP creation and deep accumulation, combined with years of strategic transformation, Disney has evolved from an early animation studio into a global entertainment conglomerate spanning multiple domains.

3.2 Drivers of Disney's Transformation to Asset-Light IP Operation Mode

3.2.1 Reducing Corporate Operating Costs

Disney's original business relied on large-scale capital investments, particularly in its theme parks and resorts segment. This heavy-asset mode resulted in persistently high depreciation, maintenance, and operating costs, limiting the elasticity of profits. To overcome this predicament and achieve industrial upgrading, Disney proactively advanced the transformation of its business model toward an asset-light approach, reducing the company's direct expenditures and operational burdens on fixed assets, making its financial structure more flexible, and enabling the allocation of more capital to core creative activities with higher returns.

3.2.2 Adapting to Changes in Consumption Trends

Contemporary consumers place greater emphasis on experiences and personalization, with reduced dependence on physical assets. Through the asset-light mode, Disney can provide more diversified IP-derived products and services, such as digital content, virtual experiences, and cross-industry collaborations, to meet consumer demands. At the same time, in the new media era, the influence of traditional cable television and theatrical viewing channels has weakened, with streaming media and instant consumption on mobile devices becoming mainstream. By building a digital service system directly oriented toward consumers, Disney has reduced its dependence on traditional third-party distribution networks, enabling it to respond more quickly and directly to market changes and user preferences.

3.2.3 Enhancing Brand Market Value

In the context of today's global economic integration, market competition is particularly intense. Brand, as a core competitiveness of enterprises, its market value directly relates to the survival and development of the enterprise. For enterprises like Disney that are centered on IP, transforming to an asset-light operation mode is more aligned with the company's development needs. This mode allows a single IP to be repeatedly utilized and deepened across different scenarios, greatly extending its lifecycle, and through licensing collaborations, enables Disney's IP images and brand culture to spread more widely, enhancing consumers' sense of identification and loyalty to the brand. The success of partners can also feed back into the Disney brand, forming a virtuous cycle.

3.3 Analysis of Characteristics of Disney's Asset-Light IP Operation Mode

3.3.1 Accumulation of Brand Value

Disney has built a profound brand image through long-term accumulation, owning numerous well-known IP characters. For instance, LinaBell, since its debut, has rapidly captured the hearts of global fans with its adorable appearance and lively personality, becoming a viral topic on social media. These IP characters possess extremely high recognizability in the market, enabling consumers to identify them at a glance and generate strong interest. Through storytelling, interactive experiences, and other means, Disney has established deep emotional connections with consumers, transforming their affection for these IP characters into impulses to purchase related merchandise, themed events, and other offerings.

3.3.2 Driven by Content Innovation

Disney demonstrates outstanding and sustained innovation capabilities in content creation. By integrating acquired creative resources, it continually expands the boundaries of content production, forming a distinctive creation system. This ongoing innovation enables Disney to continuously launch new works with strong market competitiveness while maintaining the enduring vitality of its classic IPs.

3.3.3 Coordinated Diversification of the Industry Chain

With animated films as its core, Disney continuously outputs cultural influence while laying a solid foundation for derivative product sales. On this basis, it extends across boundaries by materializing virtual characters in Disney parks to provide immersive experiences for visitors. Park stores display derivative products covering consumption scenarios across all age groups, and consumers' strong purchasing power helps the company achieve secondary profitability. Additionally, through acquisitions such as ABC and ESPN, Disney has integrated media networks, achieving mutual reinforcement in content dissemination and brand exposure. In this way, it has constructed a full industrial chain model encompassing film and television content, media dissemination, theme parks, and derivative consumption, generating powerful synergistic effects.

4. Analysis of Disney's Financial Performance

4.1 Profitability Analysis

In terms of profitability, this paper selects Disney's financial data from 2020 to 2024 and analyzes its profitability using two indicators: net profit margin on sales and return on equity (ROE). The specific indicator data are detailed in Table 1.

Table 1: Profitability Indicators of Disney from 2020 to 2024

Indicator	2020	2021	2022	2023	2024
Net Profit Margin on Sales (%)	-3.78%	3.72%	4.24%	3.81%	6.32%
Return on Equity (ROE) (%)	-3.32%	2.32%	3.43%	2.42%	4.97%

Data Source: Eastmoney.com

As shown in the data from Table 1, Disney's profitability from 2020 to 2024 exhibited an overall fluctuating upward trend. Both the net profit margin on sales and return on equity (ROE) displayed a marked recovery and growth trajectory following negative performance in 2020. The net profit margin on sales rose from -3.78% in 2020 to 6.32% in 2024, while ROE recovered from -3.32% to 4.97%. This positive shift indicates that, after the impact of the COVID-19 pandemic, as the global economy and markets recovered, Disney's theme parks and resorts business gradually rebounded. Through operational measures such as introducing paid queue-skipping services and optimizing pricing for merchandise and dining, per capita spending increased significantly, directly driving revenue growth and profit improvement. At the same time, the company's strategic transformation yielded notable results: by the end of 2024, Disney+'s core global subscriber base had exceeded 150 million, with this substantial subscription scale not only generating considerable recurring revenue but also enhancing user stickiness through ecosystem effects, laying a foundation for long-term profitability. Additionally, the expansion of the company's intellectual property licensing business contributed stable high-margin income.

4.2 Operational Capability Analysis

In terms of operational capability, this paper selects Disney's financial data from 2020 to 2024 and evaluates its operational capability following the transformation to the asset-light IP operation mode using three indicators: accounts receivable turnover ratio, inventory turnover ratio, and total asset turnover ratio. The specific indicator data are detailed in Table 2.

Table 2: Operational Capability Indicators of Disney from 2020 to 2024

Indicator	2020	2021	2022	2023	2024
Accounts Receivable Turnover (times)	4.64	5.17	6.36	7.12	7.29
Inventory Turnover (times)	27.15	30.98	35.41	31.96	29.46
Total Asset Turnover (times)	0.33	0.33	0.41	0.43	0.45

Data Source: Eastmoney.com

Based on the data presented in Table 2, it is evident that Disney maintained good overall operating capability between 2020 and 2024. The Total Asset Turnover Ratio increased from 0.33 to 0.45, primarily attributable to the gradual recovery of the company's business post-pandemic, where the rebound in customer traffic directly drove revenue growth. Simultaneously, the asset-light Intellectual Property (IP) operation model effectively controlled the scale of fixed asset investments, thus relatively slowing down asset growth.

The Accounts Receivable Turnover Ratio steadily rose from 4.64 to 7.29, reflecting the notable effectiveness of the company's measures in customer credit management, digitalized collection, and risk assessment. This indicates a continuous improvement in cash recovery efficiency. The Inventory Turnover Ratio exhibited a trend of first rising and then declining during this period, reaching a peak in 2022 before retreating. The initial increase was mainly driven by the post-pandemic rebound in consumer demand, particularly the significant growth in sales of theme park merchandise, licensed products, and streaming devices. The subsequent decline was influenced by multiple factors. On one hand, Disney engaged in strategic stocking to support its expansion plans for its parks and resorts business. On the other hand, the risk of global supply chain disruptions prompted the company to establish higher safety stock levels to mitigate uncertainty. Furthermore, rising costs for goods and services due to inflation, coupled with a tight labor market, further increased the difficulty and complexity of inventory management.

4.3   Solvency Analysis

For the solvency analysis, this paper selects Disney's financial data from 2020 to 2024 and utilizes three representative financial indicators, the Current Ratio, the Quick Ratio, and the Asset-Liability Ratio, as the basis for measurement. Specific data for these indicators can be found in Table 3.

Table 3: Disney Solvency Indicators, 2020–2024

Indicator	2020	2021	2022	2023	2024
Current Ratio	1.32	1.08	1.00	1.05	0.73
Quick Ratio	1.26	1.04	0.94	0.99	0.67
Asset-Liability Ratio (%)	51.62%	49.79%	46.78%	45.03%	46.22%

Data Source: Eastmoney.com

Based on the data in Table 3, it can be concluded that Disney's long-term solvency was controllable between 2020 and 2024, but the company faced short-term solvency pressure. Disney's Current Ratio showed a distinct declining trend, falling from 1.32 in 2020 to 0.73 in 2024, with the Quick Ratio synchronously dropping from 1.26 to 0.67. This downward trend signifies that Disney was facing noticeable short-term debt repayment pressure. The causes can be traced to several factors: core business revenues (such as theme parks and films) significantly declined due to the pandemic, and the company was simultaneously undergoing a strategic transformation and investment expansion phase. Specifically, continuous high expenditure on content production and marketing was required to advance the Disney+ streaming platform, leading to a tightening of liquidity and exacerbating short-term debt pressure.

In 2023, the diminishing impact of the pandemic and the recovery of some businesses resulted in improved cash flow, causing a slight recovery in liquidity indicators. However, the scope for liquidity improvement remained limited. In contrast to the short-term solvency situation, Disney's Asset-Liability Ratio remained generally stable between 2020 and 2024, showing a slight downward trend, reflecting a relatively robust long-term solvency position. In 2020, the company increased its long-term debt financing to counter the impact of the pandemic, leading to a temporary rise in the Asset-Liability Ratio. As some businesses began to recover, the company's profitability and operating cash flow improved, enabling it to actively optimize its debt structure, which drove the ratio back down. Although the ratio saw a slight rebound in 2024, it remained below 50%. This suggests that while the company was under pressure regarding short-term liquidity, it moderately increased long-term liabilities to support future growth or respond to market changes, keeping the overall debt level within a manageable range.

4.4   Growth Capability Analysis

Regarding growth capability, this paper selects Disney's financial data from 2020 to 2024 and utilizes three financial indicators, the Sales Revenue Growth Rate, the Gross Profit Growth Rate, and the Net Profit Attributable to the Parent Company Growth Rate, as the basis for assessing Disney's growth capability. Specific data for these indicators can be found in Table 4.

Table 4: Disney Growth Capability Indicators, 2020–2024

Indicator	2020	2021	2022	2023	2024
Sales Revenue Growth Rate (%)	-6.06%	3.10%	22.7%	7.47%	2.77%
Gross Profit Growth Rate (%)	-21.92%	3.62%	27.07%	4.86%	9.99%

Net Profit Attributable to the Parent Company Growth Rate (%) (or *Net Income Attributable to Shareholders Growth Rate*)	-125.91%	169.66%	57.64%	-25.15%	111.21%

Data Source: Eastmoney.com

Based on the data in Table 4, the significant fluctuation in Disney's growth capability indicators between 2020 and 2024 reflects the presence of uncertainty at both the operational and strategic levels of the enterprise. The sharp decline in the Sales Revenue and Gross Profit Growth Rates in 2020, along with the substantial negative value for the Net Profit Attributable to the Parent Company Growth Rate, was followed by a rapid rebound in 2021 and 2022, and another strong growth realization in 2024. This volatility is likely due to the impact of the pandemic on Disney's core businesses and the strategic adjustment towards transforming its business model to focus on the streaming sector (Disney+). The data suggests that Disney has maintained a relatively strong growth capability even after transitioning to the asset-light model. This indicates that its powerful brand influence, abundant IP reserves, and successful strategic deployment in the streaming sector have enabled the company to effectively navigate external shocks, continuously create value, and achieve growth through asset-light models such as content subscriptions and IP licensing.

5. Conclusion and Recommendations

Overall, Disney's transformation practices have proven the strategic value of the asset-light IP operation model, but its comprehensive financial performance also reveals that its operating model carries both risks and advantages. The research finds that by transitioning to the asset-light IP operation model, Disney has achieved significant success in areas such as profitability and operating capability, effectively alleviating capital pressure, and enhancing asset flexibility and risk resilience. However, certain deficiencies also exist. Regarding solvency, while the long-term debt level is controllable, short-term debt repayment pressure has increased. Furthermore, asset utilization efficiency needs improvement; although the Total Asset Turnover Ratio performed well, the Inventory Turnover Ratio suggests there is still room for enhancing asset utilization. In terms of growth capability, performance is significantly affected by market fluctuations, leading to insufficient stability in profitability.

Based on these findings, this paper proposes the following recommendations:

1. Strengthen Inventory Management and Enhance Asset-Light Operational Efficiency

The company should strategically focus limited resources on high value-added areas such as IP value extraction, user experience innovation, and brand value enhancement through outsourcing and refined management, thereby boosting core competitiveness. It should conduct thorough market research and utilize real-time data on IP popularity to dynamically manage inventory, mitigating the uncertainty of demand forecasting. Furthermore, establishing strategic alliances with suppliers is crucial to reduce channel risks and quickly respond to fluctuations in the market environment.

2. Optimize Working Capital and Improve Cash Flow Turnover Efficiency

The enterprise should focus on improving the efficiency of capital usage, effectively reducing operational risks, and ensuring stable development through scientific budget preparation, rigorous supervision of budget execution, implementation of centralized fund management, and strengthened risk prevention and control measures. Simultaneously, the company must continuously monitor changes in the market environment and business development needs, actively draw lessons from new trends and methods in financial management, and continuously refine and optimize its capital management system to enhance overall management effectiveness.

3. Synergize the IP Ecosystem and Continuously Enhance Profitability

IP is Disney's core competence. To continuously consolidate and expand this advantage, Disney must proactively build an open and interactive IP ecosystem, achieving cross-scenario and cross-platform value conversion by breaking traditional IP boundaries. This requires Disney to not only continue innovating new IPs but also more closely integrate IP with commercial operations, IP park experiences, and IP licensing to achieve broader and more resilient diversified revenue streams.

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Conflicts of Interest

The authors declare no conflict of interest.

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