

# A Discussion on the Management Model of Shanghai Disney Resort: Strengths and Weaknesses

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## Abstract

Shanghai Disney Resort is the sixth Disney resort in the world and the first one within the Chinese mainland. As a crucial component of the globally renowned tourism development series, Shanghai Disney Resort adheres to the principle of “an authentic Disney experience infused with Chinese characteristics”, actively showcasing Chinese cultural elements to domestic and international visitors. Since its completion, the resort has become a new landmark in Shanghai, attracting tourists from around the world, thereby contributing to the high-quality development of Shanghai's and China's cultural and tourism industry. Through a comprehensive analysis of typical cases of tourism development in China's new era, this paper examines the core features, implementation methods, and pathways of the project's management model. By integrating recent research findings, it summarizes the strengths and weaknesses inherent in the resort's management model as observed in practice.

## Keywords

Shanghai Disneyland, management model, strengths and weaknesses, leisure tourism, cultural and tourism industry

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## 1. Introduction

Since its opening in 2016, Shanghai Disney Resort, as one of the largest Sino-foreign cooperative projects in China's modern service industry to date (Jackson, 2006), has provided a valuable innovative model for the internationalization of China's cultural and tourism industry through its unique management approach. It has become a landmark case in the development of China's leisure tourism in the new era and is hailed by the industry as “a model for the localization of international entertainment IPs in China”.

In short, during the construction of the management model, the management team of Shanghai Disney Resort conducted comprehensive considerations around the global experience of the “Disney” brand and the unique needs of China's localization. This ultimately fostered an operational system that combines multicultural synergy with sustainable multi-sector development, exerting profound influence on the ecological environment and developmental path of the local cultural and tourism industry.

Given the limitations of this analysis, this paper intends to analyze the core characteristics and implementation methods of the project management model, and explore the strengths and weaknesses of the management model of Shanghai Disney Resort in combination with relevant research findings. On this basis, it briefly discusses the implications of international entertainment IP localization in China for the development of leisure industries in the new era.

## **2. Management Models**

### **2.1 Localization Strategy: Multicultural Integration**

In its initial promotion, Shanghai Disney Resort repeatedly released creative details of the resort to the public, including numerous leisure and entertainment projects that ingeniously incorporated Chinese elements, which left a profound impression on Chinese tourists after opening. This reflects the management's commitment to integrating international brand standards with traditional Chinese cultural elements in the leisure and entertainment sector, aiming to capture the increasingly vast and dynamic Chinese market. Research indicates that “through the foundational construction of localization strategies and deep integration of cultural elements, (Shanghai Disney Resort) has strategically built a localized image” (Li, 2023).

Specifically, the management team is well aware of and values the unique psychological impact of Chinese elements on visitors. The park features Disney's classic fantasy castle, the “Gardens of the Twelve Friends” which incorporates the Chinese zodiac elements, as well as Chinese style architecture familiar to the world. Additionally, the management has infused traditional Chinese festivals such as Spring Festival and Mid-Autumn Festival with Disney-themed elements, organizing spectacular events like New Year lion dances and Mid-Autumn-themed light shows to provide high-quality services that satisfy Chinese tourists' consumption desires.

Through deep multicultural integration, the localization strategy of management approaches has not only strengthened domestic tourists' cultural identity but also transcended the singular “cultural transplantation” model in international theme parks. This has fostered a mutually beneficial operational model that has been fully implemented. During the 2025 Spring Festival, the resort launched interactive activities blending traditional customs like “Lion Dance for Good Fortune” and Disney characters, attracting over one million visitors from home and abroad. These initiatives achieved dual enhancements in cultural significance and commercial success.

### **2.2 Equity Distribution: Sino-foreign Cooperation and Risk Sharing**

Under the influence of domestic and international environmental factors, Shanghai Disney Resort adopted a joint venture model that was rare in China at the time—— Established by the Chinese party (Shanghai Shendi Group) and the American party (The Walt Disney Company), three joint ventures were formed to handle the main construction, supporting facilities development, and operational management of the resort and its core—— Disney theme park. Among them, the Chinese party holds a 57% stake in the first two companies and a 30% stake in the management company, and participates in major decision-making through its representation on the board of directors (Kang, 2023).

This joint venture model allows China to take the lead in initial investment and construction, while acknowledging the U.S. side's dominant role in actual operations, thereby achieving an effective separation of capital control and operational management rights. In practice, the U.S. side (Disney headquarters) is responsible for strategic planning, brand management, and core business operations, while China participates in partial decision-making and coordinates localization efforts. The management team consists of Disney executives and Chinese mainland professionals, but its financial and operational control is primarily maintained by the U.S. side.

Industry insiders generally believe that this type of equity structure not only ensures China's leadership in investment direction but also enables Disney to leverage its unique core advantages in brand operations and creative design. Compared with Tokyo Disney Resort's “licensing model” and Paris Disneyland's “wholly-owned model”, Shanghai Disney Resort has achieved risk-sharing through multi-stakeholder alignment, which to some extent avoids the risk of massive losses caused by cultural differences or market fluctuations for a single investor. At the same time, it respects and actively adapts to certain mandatory regulatory requirements under China's market economy framework.

### **2.3 Brand Extension: Industrial Chain Integration and Coordinated Development**

As a world-leading theme park enterprise, Disney Park has developed a variety of derivative projects with high market popularity based on the series of IP created around the park since its establishment (Jiang, 2024).

However, the economic benefits these projects generate for theme parks—both directly and indirectly—have shown significant fluctuations due to varying management models across regions. In recent years, some resorts have even faced persistent financial losses. The newly established Shanghai Disney Resort has set an exemplary model by integrating diverse business sectors including hotels, dining, retail, and entertainment. This innovative approach reduces the traditional theme park's heavy reliance on ticket revenue, ultimately establishing a diversified profit system that integrates “park operations + derivative consumption + brand licensing” (Lu, 2024).

Currently, within the park's premises, revenue from secondary sources such as food, beverages, and merchandise accounts for over 60% of total revenue. Beyond the theme park area, the resort management collaborates with well-known local enterprises through IP licensing to develop co-branded merchandise. For instance, the “Mickey Ice Cream” co-branded with Bright Dairy has achieved annual sales exceeding 100 million yuan. Additionally, the management leases peripheral commercial facilities (such as “Disneytown”) to trusted third-party operators, creating an ecosystem that combines “core IP traffic diversion + value-added peripheral consumption”. The deep integration with the local transportation network (Metro Line 11 — Disney Special Line) has further enhanced regional accessibility.

In summary, this management model has not only boosted the resort's overall profitability but also spurred the cluster development of emerging industries like cultural innovation and exhibition tourism in Shanghai and its surrounding areas. Preliminary statistics indicate that for every 1 yuan from ticket sales, approximately 8 yuan is generated in peripheral consumption, contributing over 0.5% to the regional GDP (Du et al., 2024). Of course, Shanghai Disneyland's success is no accident—it stems from half a century of accumulated cultural heritage through its iconic brand IPs and a highly mature “theme park economy” model. For Shanghai Disneyland, success largely hinges on the effective integration of its various advantageous resources within a coordinated development framework.

## 2.4 Innovative Operation: Refined Operation and Experience Economy Orientation

Shanghai Disney Resort continues to implement the core concept of the brand — “high quality, efficient and meticulous service”, which is reflected in the construction and operation process of the international famous IP.

To address the common issue of visitors locking their car keys inside vehicles, the resort management has established dedicated “patrol officers” to provide free key-opening services, resolving approximately 20,000 such incidents daily. In designing visitor flow patterns, the management draws on Walt Disney's own practices—he reportedly personally adjusted tree placements along the park route to ensure optimal viewing angles for children. The resort also employs advanced big data analytics to meticulously analyze visitor behavior, dynamically adjusting leisure facility layouts and entertainment schedules in real time. Following the opening of the “Zootopia” themed park in 2023, management optimized the queue management system based on targeted visitor feedback, reducing average wait times by 30%.

During the process of adapting and adjusting management models, Shanghai Disney Resort pioneered a dual-track strategy combining emotional marketing with digital promotion. Through three integrated approaches—film IP collaborations (such as the Frozen-themed area), social media interactions (TikTok, WeChat Mini Programs), and cross-border partnerships (collaborations with local brands) — the resort fully leverages the characteristics of the “experience economy” and positive feedback to continuously strengthen brand influence (Chen, 2022). On this basis, management teams formulate corresponding ticket pricing and operational strategies for different groups emerging in various seasons and periods based on visitor experience data. Through refined scheduling, they ensure authentic leisure experiences for visitors and efficient operation of attraction facilities.

## 3. Strengths and Weaknesses

As evidenced by the above analysis, Shanghai Disney Resort stands as a flagship project in China's cultural-tourism integration efforts. It has established mature operational frameworks across three key dimensions: theme-based entertainment development, innovative immersive services, and cross-cultural value dissemination. However, it is noteworthy that while the core operations have achieved stable management, its

distinctive governance model continues to spark public debates about the effectiveness and strengths and weaknesses of international theme park management. This situation necessitates systematic analysis through multiple perspectives including cultural consumption patterns, corporate governance mechanisms, and operational efficiency metrics.

### **3.1 Advantages and Innovative Value**

#### **3.1.1 Strengthen Risk Control and Anti-risk Ability**

As previously discussed, Shanghai Disney Resort has skillfully balanced potential risks through its Sino-foreign joint venture model that has adapted to China's domestic environment, and demonstrated significant resilience during the COVID-19 pandemic. In 2022, while Disney parks worldwide reported total losses exceeding \$2.8 billion, Shanghai Disney Resort rose to prominence as the first Disney theme park globally to achieve profitability in the post-pandemic era. This success was fueled by its scientifically grounded localized marketing strategies and supportive policies from local authorities.

#### **3.1.2 Innovative Cultural Integration and Precise Market Positioning**

Shanghai Disney Resort creatively integrates traditional Chinese cultural elements (such as the twelve zodiac signs and Mid-Autumn Festival lantern festivals) with Disney's traditional IP, enhancing the cultural affinity that the park economy brings to visitors from its home country. Research findings indicate that over 75% of international tourists explicitly stated their primary purpose for visiting Shanghai was to tour Shanghai Disneyland (Pang, 2017). Additionally, the management has meticulously designed various special activities and service measures tailored for Chinese family travelers, effectively boosting the revisit rate, brand loyalty, and spending propensity among Chinese tourists.

#### **3.1.3 Give Play to the Synergistic Effect of Industrial Chain and Drive Regional Economic Transformation**

Shanghai Disney Resort has demonstrated its effectiveness in driving high-end transformation across surrounding industries including hotels, transportation, and retail. By integrating theme park offerings with derivative consumption services, the resort has cultivated a service ecosystem that catalyzes leapfrog economic growth (Li, 2017). As of 2022, the resort has catalyzed cumulative investments exceeding 50 billion yuan, created 47,000 new jobs, and achieved a 35% year-on-year increase in foot traffic at surrounding commercial establishments.

#### **3.1.4 Export Management Models and Enhance the Value of Industry Benchmarks**

As a globally recognized cultural and tourism landmark, Shanghai Disney Resort is strengthening Shanghai's position as an "international consumer hub" while collaborating with local IP projects like LEGO Parks to create development frameworks and operational models for emerging industries. The management has also established a high-standard crisis response mechanism. During the pandemic, building upon existing infrastructure including dynamic pricing systems, standardized service protocols, and smart park management, the resort launched online experiences such as virtual tours and remote queue systems, effectively maintaining brand engagement and customer loyalty (Ge, 2024).

In summary, the advantages of Shanghai Disney Resort's management model have driven the park industry to achieve dual breakthroughs and abundant harvest in economic and social benefits, providing a replicable success model for the settlement of global IPs in mainland China and the optimization and upgrading of China's cultural and tourism industry.

### **3.2 Potential Challenges and Limitations**

#### **3.2.1 Unbalanced Income Distribution and Loss of State-owned Assets**

During preliminary negotiations, the U.S. side secured over 50% of the profits from the Shanghai Disney Resort project through equity dividends, exclusive operating fees, and equipment procurement rights, while Chinese partners only received approximately 30% of operational income. This uneven distribution of profits has sparked significant debate within the industry regarding potential devaluation of state-owned assets. Such

disparities not only hinder China's efforts to maximize returns in joint ventures but also raise public concerns about safeguarding legitimate interests for Chinese stakeholders in future similar cooperative projects.

### **3.2.2 Cultural Sovereignty Dispute and “Cultural Colonization” Risk**

The phenomenon of Shanghai Disneyland's excessive reliance on Western IPs during its operations has sparked widespread public concern about the marginalization of local culture. Some scholars have criticized this approach as essentially a modern version of “cultural colonization”, explicitly pointing out that it may lead to the unique characteristics and diversity of China's indigenous culture being widely impacted by foreign dominant cultural products. In the long run, overdependence on foreign brands indeed hinders domestic operational teams from promoting firm and reliable national cultural confidence to the outside world, thereby severely restricting the innovative development path of the national cultural industry in immeasurable dimensions.

### **3.2.3 Path Dependence — Centralization of Operational Risks**

Due to the inherent operational characteristics of theme parks, Shanghai Disney Resort, like other similar attractions, remains heavily reliant on direct revenue from visitor numbers and associated value-added services. This reliance makes the resort highly vulnerable to disruptions and revenue losses during unexpected crises such as typhoons-induced closures or travel restrictions due to the pandemic. Such concentrated operational risks pose persistent challenges for management in risk mitigation and emergency response systems.

### **3.2.4 Deepening Crisis of Sustainability**

During its operations, Shanghai Disney Resort faces significant challenges including substantial maintenance costs and intellectual property licensing fees. The annual replacement of one-third of facilities keeps maintenance expenses persistently high, once accounting for 35% of total revenue – far exceeding industry averages. Moreover, over-reliance on Disney's IP has constrained the resort's innovative efforts in service content development and cultural diversity initiatives. These sustainability crises not only exacerbate financial burdens for management but also undermine the long-term competitiveness of the theme park and its affiliated business units.

### **3.2.5 Blurred Boundaries of Management Rights and Responsibilities**

As previously discussed, the joint venture model significantly increases the likelihood of strategic disagreements between Chinese and American stakeholders within resort management. For instance, critical issues like fare adjustments, queue optimization, and expansion priorities have repeatedly led to negotiations deadlocked due to conflicting interests. This ambiguity in management accountability not only severely undermines decision-making efficiency but also introduces unnecessary risks and uncertainties in collaborative processes.

### **3.2.6 Social Benefits and Controversies Coexist**

Despite operational challenges and controversies, Shanghai Disney Resort continues to actively fulfill its social responsibilities and enhance brand reputation through public welfare initiatives (Guo, 2023). However, the region's sustained high visitor numbers are increasingly causing environmental pressures. The massive waste generated by the resort and the anticipated rise in surrounding housing prices have adversely impacted local residents' daily lives, gradually intensifying tourism conflicts and tensions between tourists and local residents (often referred to as “host-guest” tensions in tourism studies).

In summary, while the “multi-pronged approach” has delivered economic and social benefits, Shanghai Disney Resort also faces numerous challenges and controversies due to limitations in management models. Moving forward, the resort's management needs to conduct in-depth deliberations and take proactive measures regarding revenue distribution, cultural sovereignty, and sustainable development. Within the constraints of its current growth phase, it should progressively explore a healthier and more sustainable management path.

## **4. Conclusion**

As a prime example of the interplay between globalization and localization, Shanghai Disney Resort pioneered an operational model combining “capital collaboration with cultural integration”. Through its Sino-

American joint venture structure that enables shared risk management and refined operations, the resort has not only generated annual economic benefits from tens of millions of annual visitor visits for local cultural and tourism enterprises, but also successfully created cross-cultural leisure experience spaces.

However, this unique management model has also exposed deep-seated contradictions such as imbalanced profit distribution mechanisms and constraints on cultural autonomy, revealing the model's dual-edged nature for the sustainable development of China's cultural and tourism industry. In light of this, future cultural-tourism integration projects in China should actively build a so-called “dual circulation” ecosystem: internally enhancing cultural “decoding” capabilities by transforming traditional cultural resources through external partnerships, while securing bargaining power and initiative in critical areas like technical standards and IP licensing.

In 1955, when Walt Disney founded the world's first Disneyland, he declared: “We dedicate Disneyland to ideals, dreams, and all the arduous efforts that created America, and we aspire to be a source of joy and dreams for the world” (China Tourism Academy, 2024). This later summarized as the concept of “creating memories” reveals to the world that the cultural and tourism industry is essentially a carrier of emotional economy. Therefore, international projects in China's cultural and tourism industry should achieve substantial breakthroughs and innovations in three key dimensions: management authority allocation, cultural translation capabilities, and risk resistance systems, ultimately facilitating a shift from “cultural borrowing” to “cultural creation”. As demonstrated by the evolution of Shanghai Disney Resort, when local teams deeply participate in management and creative decision-making, the cultural recognition of related leisure projects has significantly improved, which may indicate the critical path for upgrading management models in the cultural and tourism industry.

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