

Disney's Vision for the Future

An exclusive look at how Jimmy Pitaro is driving new growth in multiple ways for Disney Consumer Products and Interactive Media.

by TONY LISANTI

The evolution of Disney Consumer Products and Interactive Media, driven by new content, innovative products, experiential events and digital integration over the past several years, has produced record results for the world's largest licensor at retail, and it has also expanded its diverse and multi-generational fan base worldwide.

DCPI's new initiatives and ongoing efforts are focused on a cross-section of key business disciplines that are designed to improve and enhance product innovation, audience development, partnerships, retail, digital and social media and international expansion.

It's no longer just about another basic deal, which is still important, but it's more about taking the IP to new and innovative product categories. It's not just about another version of a video game, but rather about maximizing a digital presence for all the company's franchises in ways that didn't exist a few years ago. It's not simply about stacking products on an end-cap and hoping for sell-through, but it's now about creating more of a consumer experience at retail and online. And it's no longer just about a particular tentpole film event, regardless of the box office success, but it's also about creating content and touchpoints with fans every day.

"The focus is on developing, cultivating and advancing the franchises across our core brands," says Jimmy Pitaro, chairman, Disney Consumer



JIMMY PITARO
chairman, Disney Consumer Products
and Interactive Media

Products and Interactive Media, who took over the group about 15 months ago when he was promoted from his position as president of Disney Interactive. “Our strategy is to bring the magic of Disney into the daily lives of families and fans around the world.

“Daily touchpoints are so important to the team, and it’s how DCPI differentiates itself,” adds Pitaro. “We extend the stories that are developed by our divisions and keep them relevant every day.”

Since Bob Iger, chairman and chief executive officer, The Walt Disney Company, combined the Disney Consumer Products division and the Disney Interactive division in 2015 to form DCPI, it has been clearly evident that the company’s latest strategies are producing significant results.

Over the past two years, DCPI has added \$11.3 billion in retail sales of licensed merchandise worldwide. The world’s No. 1 global licensor, according to *License Global’s* annual Top 150 Global Licensors study, reported an increase of \$4.1 billion in 2016, pushing it to a record \$56.6 billion in retail sales. This follows an increase of \$7.2 billion in retail sales in 2015, and, in fact, over the last five years, Disney has added a remarkable \$19.1 billion in retail sales of licensed merchandise worldwide, far exceeding the current combined total of its closest

rivals in entertainment licensing. Over the last five years, DCPI has tripled its operating income, and it now has 11 franchises that generate more than \$1 billion in retail sales worldwide under the leadership of Josh Silverman, executive vice president, global licensing, Disney Consumer Products and Interactive Media.

Another measure of growth and the company’s popularity that helps to drive DCPI’s licensing efforts come from the several key box office statistics that include:

- In 2016, The Walt Disney Company’s films grossed a record \$7.605 billion at the global box office, marking the first time any studio crossed the \$7 billion mark in a single year.
- In 2016, five Walt Disney Company films grossed more than \$700 million each—*Captain America: Civil War*, *Finding Dory*, *Zootopia*, *The Jungle Book* and *Rogue One: A Star Wars Story*.
- Most recently, *Beauty and the Beast* grossed more than \$1.1 billion globally and is the biggest live-action musical of all time.

The company’s film slate in 2017 and over the next two years is poised for strong repeat performances and certainly will set the foundation for the continued expansion of DCPI’s licensing and retail initiatives. This year’s upcoming



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films include *Guardians of the Galaxy 2*, *Pirates*

of the Caribbean: Dead Men Tell No Tales, *Cars 3*, *Thor: Ragnarok*, *Coco* and *Star Wars: The Last Jedi*. In 2018, the list includes *Black Panther*, *A Wrinkle in Time*, *Magic Camp*, *Avengers: Infinity War*, an untitled Han Solo *Star Wars* anthology film, *The Incredibles 2*, *Ant-Man & The Wasp*, an untitled Disney Fairy Tale live-action film, *Mulan*, *Ralph Breaks the Internet: Wreck-It Ralph 2* and *Mary Poppins Returns*. And in 2019, the list includes *Captain Marvel*, *Star Wars: Episode IX*, *Toy Story 4*, *The Lion King* and *Frozen 2*, among many others.

Pitaro says there are three primary driving factors for DCPI—audience development, innovation and direct-to-consumer—and each one is being addressed across all franchises.

“We believe that there are demographic groups for each of our franchises that we have yet to fully reach with a product offering that speaks directly to them,” explains Pitaro. “Depending on the franchise, that could be age, gender, income level or geography. For example, with Marvel and *Star Wars*, we see an opportunity to create products that speak to women and girls, and we can do much more.

“We are focused on category expansion, more deeply entering the apparel, accessories, home, consumables and stationery spaces, and we’ve also looked at traditional play and toys, which have always been a critical part of *Star Wars* fandom,” he adds.

One new example is “*Star Wars Forces of Destiny*,” a new series of 16 animated shorts created by Lucasfilm Animation, that will feature pivotal moments in the adventures of heroines from the *Star Wars* universe including Rey, Jyn Erso, Sabine Wren, Princess Leia and Ahsoka Tano. The stories will be supported by books, apparel and toys, including a new product line of “adventure” figures created by Hasbro that will launch in August.

“The innovative 11-inch figures bridge the gap between

traditional action figures and dolls. They will have a different look and feel from

previous action figures and will allow kids to bring these heroes to life through play like never before,” says Pitaro.

DCPI is also working to age-up historically younger-skewing franchises, says Pitaro, with products appealing to adults and young adults, particularly in the fashion space. One of the most recent examples is Minnie Mouse and DCPI’s collaborations with top designers including Lanvin, Giles Deacon, Olympia Le Tan and alice + olivia by Stacey Bendet.

“We want to turn Minnie into an aspirational fashion icon,” says Pitaro. “Minnie’s charm and fun-loving personality resonate across age ranges, as do her signature polka dots and bows. Disney was just voted the most intimate brand by Millennials, and we’re seeing this play out in our fast-growing adult fashion business around the world.”

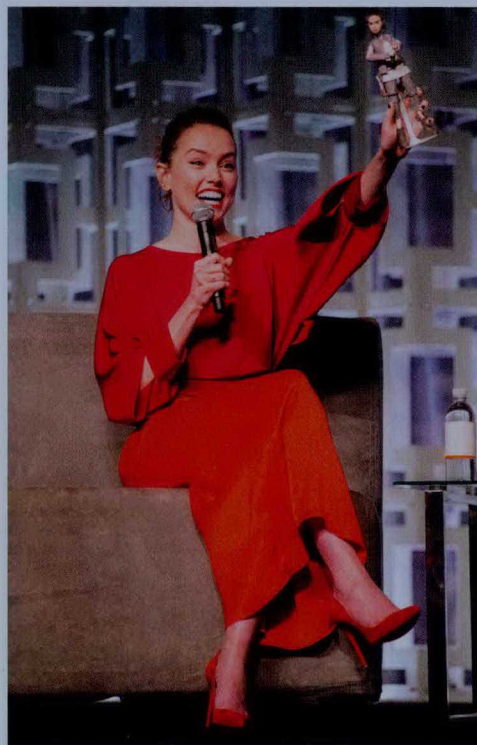
DCPI is also developing new initiatives with Her Universe and its founder Ashley Eckstein, who Pitaro says has played a key role in expanding audiences for *Star Wars* and Marvel with product lines specifically catering to women and girls. In addition, Pitaro says Eckstein will

be designing for other Disney properties including Disney Princess, and also creating a new co-branded kids’ athleisure line for both boys and girls.

The recent success of *Beauty and the Beast* is yet another example of how DCPI has taken the appeal of the movie and created new opportunities to partner with brands and retailers, from high-end fashion labels Christopher Kane and Judith Leiber to accessible brands such as MinkPink and Gap.

While innovation may sound like an obvious strategy, Pitaro believes that it truly is “at the heart of everything we do at DCPI. We are partnering with some of the world’s most cutting edge companies to introduce more technology to our products in ways that are authentic to our stories.”

The BB-8 by Sphero, a robotic



Star Wars toy, is one of the best examples that highlights how a new company attended Disney's Accelerator Program and ended up developing one of DCPI's most innovative and sought after new products.

DCPI is now partnering with Sphero for the upcoming *Cars 3*, creating a high-performance, app-enabled Lightning McQueen that will connect with a broad audience.

Regarding Pitaro's third key strategy, direct-to-consumer, DCPI is investing in both brick-and-mortar retail and e-commerce.

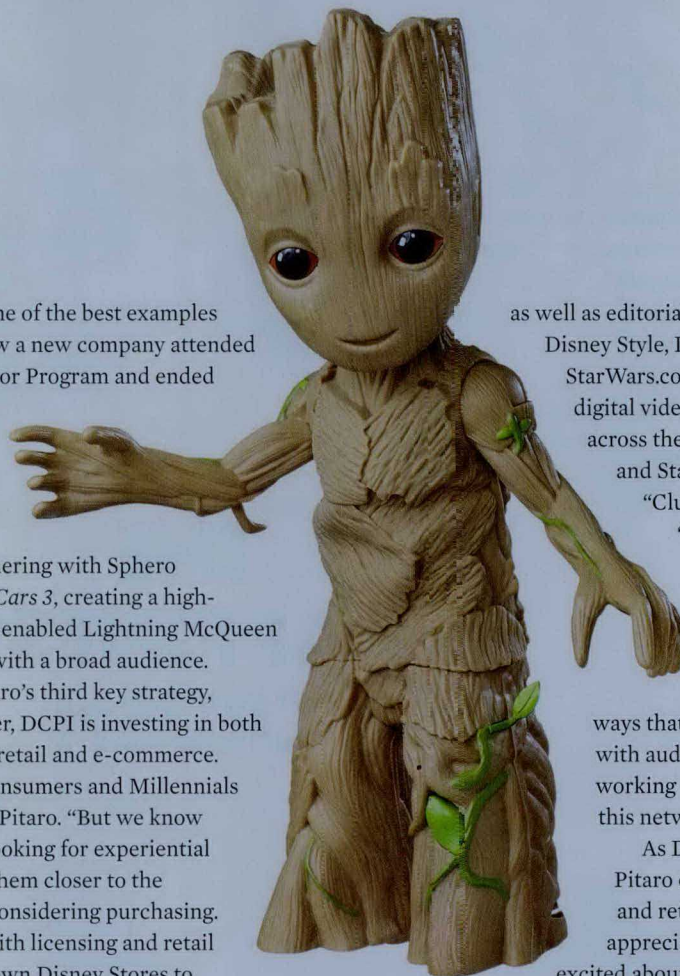
"Yes, Gen-Z consumers and Millennials shop online," says Pitaro. "But we know that they're also looking for experiential retail that brings them closer to the products they're considering purchasing. We are working with licensing and retail partners and our own Disney Stores to bring our products directly to consumers in new ways."

Pitaro says DCPI is also leveraging the full power of its digital business to help drive sales of licensed products.

This month, the company unveiled the Disney Digital Network, which delivers stories through digital platforms and influencers to Millennial and Gen Z audiences.

"With an audience of more than 1 billion highly engaged followers, the Disney Digital Network is one of the most impactful publishers in digital media," says Pitaro. "This network extends our stories to the platforms that Gen Z and Millennial audiences are on every day, with diverse editorial voices that integrate top creators and influencers."

The new network will combine more than 300 social media channels, social media influencers and include Disney's in-house branded content service, Disney Co/Op,



as well as editorial brands such as Oh My Disney, Disney Style, Disney Family, Babble, Polaris, StarWars.com and the "Star Wars" app. New digital video programs that will be available across the new network include "Science and Star Wars," "Oh My Disney Show," "Club Mickey Mouse," "Disney IRL," "COIN," "Disney Design Challenge" and "Disney Magical Starts."

"We are using this network to extend our company's stories and showcase our products and partners in ways that are authentic and that resonate with audiences," says Pitaro. "We are working with licensing partners to put this network to work for them."

As DCPI heads to Licensing Expo, Pitaro explains: "I want our licensees and retailers to know how much we appreciate their partnership, and to be excited about what's next. We're going to show what's ahead for our iconic brands, and we will be giving a sneak peek at new shows coming to Disney Channel as well as a look at the film slate in 2018 and beyond."

"We have one of the strongest content pipelines in our company's history, and our partners are going to get a look at everything from Disney•Pixar Animation's *Incredibles 2* to Lucasfilm's *Han Solo*, and of course *Star Wars: The Last Jedi*. They'll also see the latest from Marvel including *Thor: Ragnarok*, *Black Panther* and *Avengers: Infinity War*, as well as from our live-action studio, which will introduce a number of movies including *Mary Poppins Returns*."

As Pitaro looks ahead to the future through 2020, and reminisces on when he first became chairman of DCPI, he says: "I challenged the team to think about our legacy. The first goal we set was to have more people in more places inspired by our products and stories. That means bringing new consumers into our franchises and expanding our audience across age, gender, geography, and more. We also want to rethink our retail presence. The industry is going through a tremendous transformation, and we are working with our licensing and retail partners, as well as our vertical Disney Store team, to be at the forefront of an experiential approach to retail that excites Gen Z and Millennial shoppers. Finally, we want to develop content that brings the best of Disney storytelling to the digital space and helps fans discover more ways to connect with our franchises through product."

It appears that the world of Disney is well-positioned for continued growth worldwide and is in good hands in Jimmy's world. ©



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