

The Disney logo is located in the top left corner of the page. It is written in its signature cursive font, with the 'D' being significantly larger and more ornate than the other letters. The background of the entire page is a dark blue gradient, decorated with numerous golden stars and dots of varying sizes, some of which are slightly blurred to create a sense of depth and movement, resembling a starry night sky or a magical dust.

DISNEY: RE-IMAGINEERING "THE MOST MAGICAL PLACE ON EARTH"

By,
Namisha Mehta
Rohit Raju
Sahithi Venkatesan
Varun Bagrodia

As OpenAI's democratizing AI video tool "Sora" threatens the Tech Entertainment Seascape, giants must strategically balance exploiting their current model to reinvent the future of storytelling

OpenAI's new Sora video generator leverages recent advances in generative AI to synthesize video content from text prompts easily. This poses an existential threat to established creative companies like Disney by democratizing video creation. Disney has dominated entertainment for decades by tightly controlling its iconic characters and stories. Sora jeopardizes Disney's competitive advantage by putting the tools of imagination and creativity into anyone's hands. Just as user-generated content disrupted traditional media, AI-generated video could deeply undermine Disney's business model centered on exclusively owning the magic of animated worlds and experiences.

Disney must simultaneously exploit its current business model while also exploring how to embrace generative AI to reinvent *"magical"* experiences. This balancing act between short-term profits and long-term innovation is difficult for well-established companies. Disney risks facing the *"innovator's dilemma"*.

What strategy should Disney adopt to avoid the innovator's dilemma as user-generated video democratization looms? How can Disney reshape the future of entertainment over the next decade while honoring its legacy and magic?

STEEPing into the Future: Technological and Political factors shape the future of the Tech Entertainment Industry

Societal:

- ***The backlash against job loss in creative professions due to AI-driven video services:*** The rise of AI tools that can generate creative content like videos, music, and scripts raises concerns about potential job displacement for artists, directors, screenwriters, and other creative professionals. This could lead to increased unemployment.
- ***Shifts in consumer preferences from physical to virtual/augmented experiences:*** Consumers are increasingly drawn to interactive and immersive entertainment experiences like virtual reality (VR) and augmented reality (AR) due to advancements in technology
- ***Hyper-realistic Experiences:*** As AI-generated entertainment experiences become more immersive and indistinguishable from reality, there are concerns about the blurring of lines between the artificial and the real, potentially impacting mental well-being and social interactions

Technological:

- ***The pace of advancement in generative AI capabilities and quality:*** Rapid advancements in generative AI are creating powerful tools for creating realistic animations, music, and even entire virtual worlds. This revolutionizes content creation.
- ***Advancement/Gaining popularity of Immersive technology:*** The growing popularity of virtual reality (VR) and augmented reality (AR) technologies has the potential to revolutionize entertainment experiences. These technologies create immersive environments, blurring the line between reality and virtual worlds, and offering unique storytelling opportunities.
- ***Rise of computing technology in hardware space:*** Advancements in hardware, including powerful graphics cards, high-speed processors, and low-latency internet connections, are enabling more complex, visually stunning, and interactive entertainment experiences.

- **Adoption of emerging tech by companies and consumers:** The rate of adoption of emerging technologies by companies and consumers plays a crucial role in shaping the future of the tech entertainment landscape. This includes technologies like blockchain for secure content delivery, AI-powered personalization, and the potential integration of the metaverse. These technologies can provide new avenues for monetization, distribution, and user engagement.

Environmental:

- **Energy and computational power capabilities for complex generative models at scale:** Training and running complex AI models used for content creation, simulation, and other applications in tech entertainment requires significant computational power, leading to high energy consumption. This raises concerns about the industry's environmental footprint.
- **Push towards carbon-neutral cloud infrastructure:** Cloud-based services are crucial for streaming video content, hosting games, and storing data, but these services also contribute to the global carbon footprint.
- **Sustainability, digital waste:** The ever-growing demand for new devices and the rapid evolution of technology lead to a significant amount of electronic waste (e-waste) and the environmental challenges associated with its disposal.

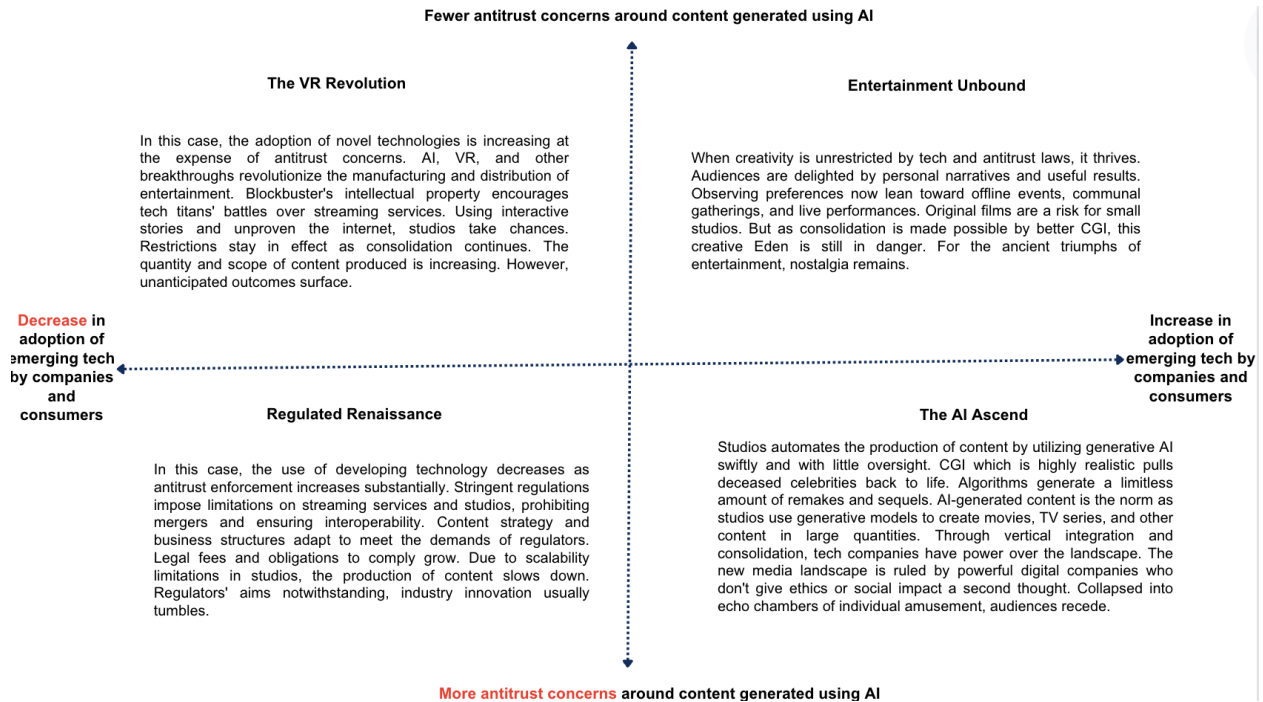
Economic:

- **Disruption of the current entertainment industry and job and revenue displacement:** The introduction of AI-powered technologies and new business models in the tech entertainment industry can disrupt established players and lead to job displacement in various sectors like video editing, animation, and distribution. Additionally, traditional revenue streams might be affected.
- **Pay disparity in the entertainment industry:** A significant rise in the use of technology across the entertainment industry can lead to potential exploitation, creating economic inequality within the industry and pay disparity.
- **Affordability:** Access to and affordability of technology and entertainment content can be a barrier for individuals with lower incomes. This can lead to a digital divide, further marginalizing certain segments of the population and hindering their full participation in the tech entertainment experience.

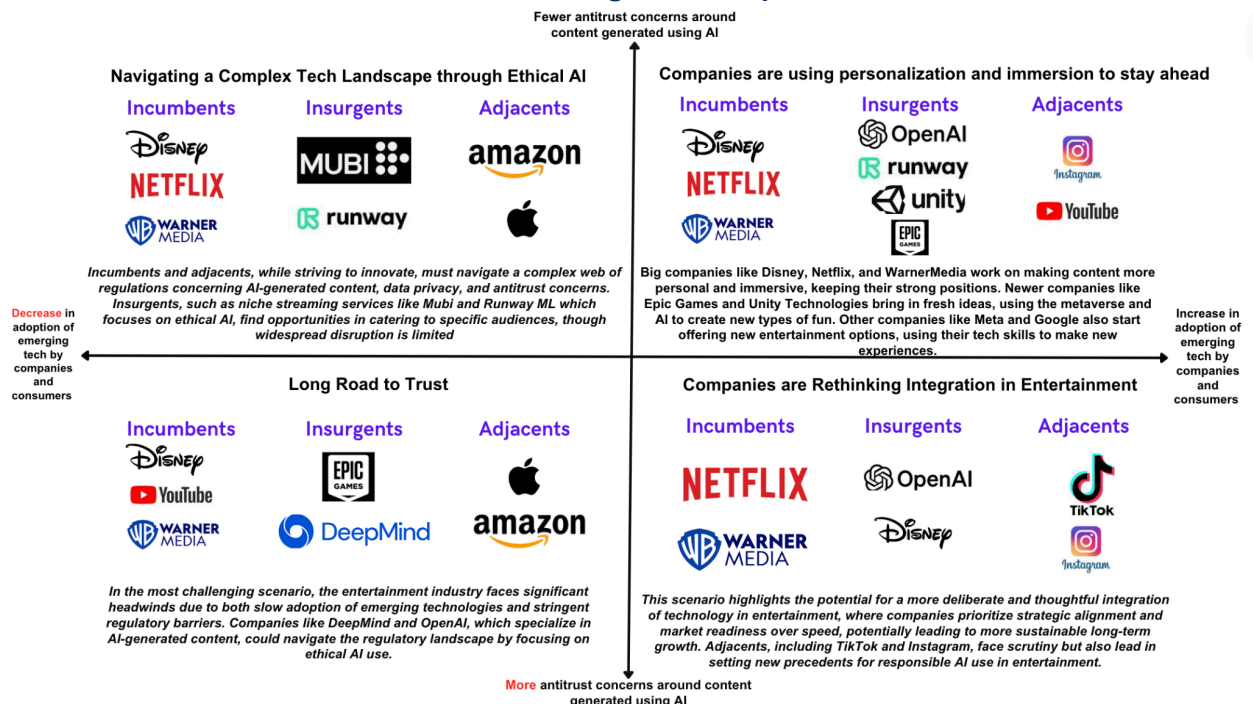
Political:

- **Potential antitrust concerns around content generated using AI - deepfakes and biases:** The use of AI to create deep fakes and potentially biased content raises concerns about misinformation, manipulation, and potential abuses. This might attract regulatory scrutiny and potential antitrust lawsuits if industries misuse AI to gain unfair market advantages.
- **Regulatory restrictions on AI development or applications:** Governments and regulatory bodies are increasingly considering and implementing regulations on AI development and applications, aiming to address concerns about data privacy, security, and potential misuse. These regulations can create uncertainties and affect the way AI is utilized in the tech entertainment industry.
- **IP rights and licensing:** The development and use of AI-generated content raise complex questions about intellectual property rights and ownership, especially when leveraging existing copyrighted material. This can lead to legal disputes and uncertainties for creators and platforms relying on AI-powered content creation.

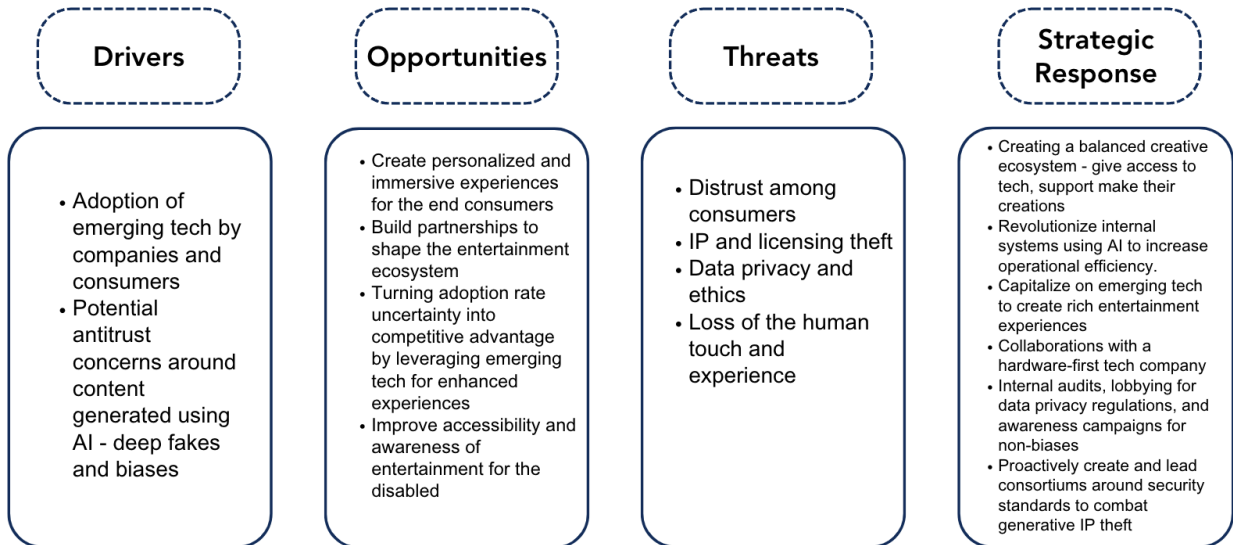
Adoption of Emerging Tech by companies, consumers, and Potential anti-trust concerns around the content generated using AI determine the future of the Tech Entertainment Industry



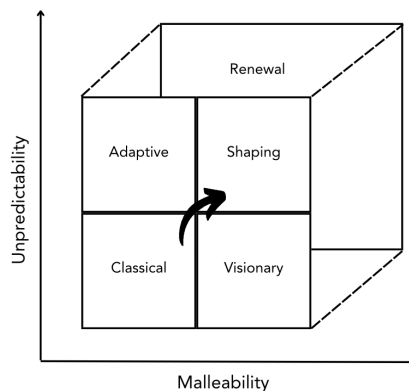
Navigating the competitive seascape of tech entertainment has always been challenging, but AI throws up new storms: it fuels creativity while potentially concentrating power in the hands of big tech companies



Tech Entertainment industry should pursue ethical AI adoption through industry collaboration, internal transformation, responsible innovation of customer experiences, and proactive governance



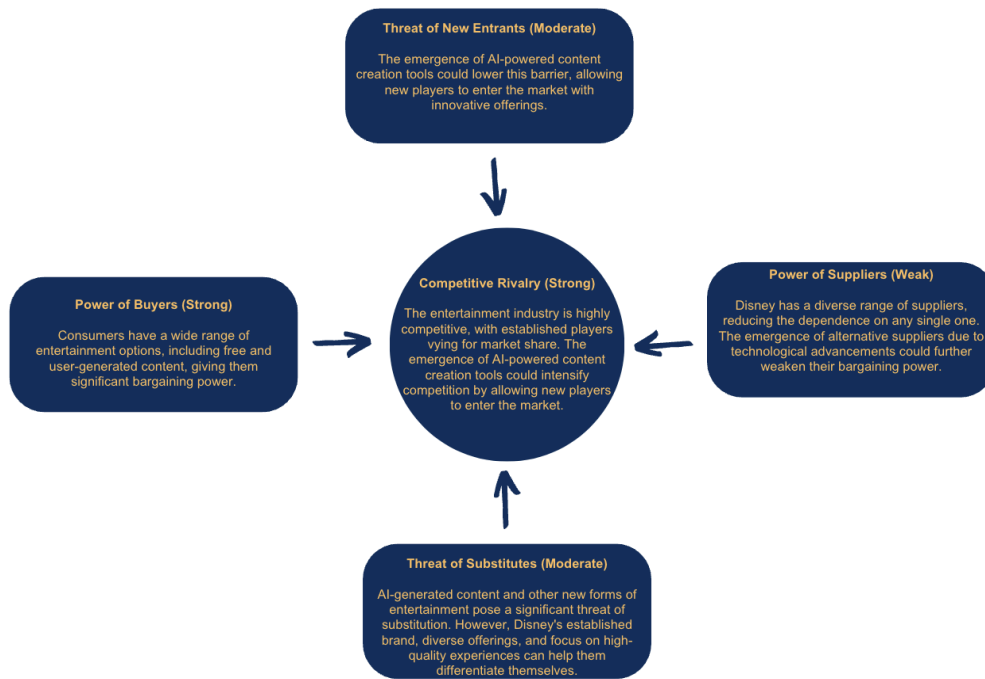
Evolving from a Classical to a Shaping strategy will help Disney reimagine Magical Experiences



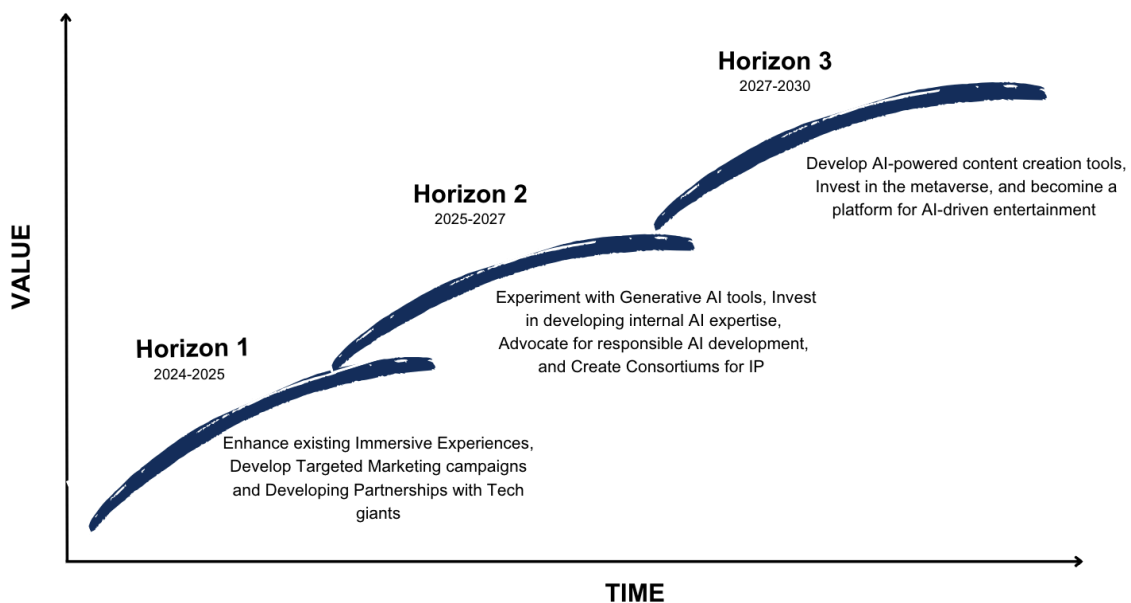
Generative AI represents a major sea change that renders old rules and competitive advantage sources obsolete. This unpredictability signals that Disney's **classical strategy** focused on differentiation and superior capabilities around creative IP and immersive experiences may no longer suffice.

Disney should shift from its long-standing classical approach towards a **shaping strategy** where it works closely with other entertainment, tech, and AI players to construct the rules and direction for synthetic media and immersive experiences. This will allow Disney to wield its legacy influence while sharing risk in navigating generative entertainment's uncertainties.

Disney faces a challenging Competitive landscape with strong bargaining power from buyers, the threat of new entrants and substitutes, and intense competition



Enhancing immersive experiences, Developing partnerships with Tech giants, Investing in developing AI Expertise internally, Advocating for responsible AI development, and Investing in the Metaverse pave the way for Disney to Reimagineer Magical Experiences



Disney should exploit the Tech Entertainment industry by maintaining Core Business by Enhancing existing Immersive Experiences, Developing Targeted Marketing campaigns and Developing Partnerships with Tech giants

How?	Why?
<p>Disney should focus on high-quality, original content that resonates with audiences and cannot be easily replicated by AI due to the complexity and emotional depth</p>	<p>By focusing on complex and emotionally-driven content, Disney can create a differentiation that AI currently struggles to overcome. This strategy helps Disney capitalize on its existing strengths in storytelling, animation, and character creation while AI technology is still nascent</p>
<p>Disney should refine and enhance existing immersive experiences by updating theme park attractions by seamlessly integrating emerging technologies like VR, AR, and AI and ensure these experiences offer unique storytelling elements and interactivity that AI-generated content alone may not provide</p>	<p>High-quality, original content and refined immersive experiences are less likely to be easily imitated by AI, allowing Disney to maintain a competitive edge</p>
<p>Disney should develop targeted marketing campaigns based on AI-driven insights by leveraging data analytics and AI to gain deeper audience understanding</p>	<p>By leveraging AI in marketing, Disney can gain a competitive advantage over other entertainment companies still relying on traditional, less targeted methods. This allows them to reach the right audiences more effectively and efficiently</p>
<p>Disney should develop partnerships with tech giants by collaborating with companies like Microsoft, Meta, or Apple to explore the potential of their hardware and software in creating immersive entertainment experiences</p>	<p>By collaborating with tech giants, Disney gains access to their cutting-edge hardware and software capabilities, accelerating their exploration of immersive entertainment experiences. This includes advancements in VR, AR, AI, and other emerging technologies that are crucial for the future of entertainment</p>

Disney should explore New Business Models and Technologies by Experimenting with Generative AI tools, investing in developing internal AI expertise, advocating for responsible AI development, and Creating Consortiums for IP

How?	Why?
<p>Disney can explore generative AI by using platforms like Sora to test ideas like creating scripts, animation, and personalized experiences. Gathering user feedback through various methods will help them understand the potential of this</p>	<p>To explore its potential to create content, personalize experiences, and streamline operations. This hands-on approach will reveal both its strengths and weaknesses, allowing Disney to weigh the benefits and risks before making informed decisions about integrating AI</p>

technology. This allows Disney to integrate AI and improve creativity, efficiency, and customer experience across all its businesses.	into their various business strategies.
Disney can build internal research teams, partner with universities for expertise, and even acquire relevant AI startups to gain control over AI and customize it for their needs.	This approach allows them to develop and own AI technologies, giving them a competitive edge and ensuring alignment with their vision and values.
Disney can leverage its influence to advocate for responsible development and deployment of AI in the entertainment industry by joining industry discussions, advocate for ethical regulations, and collaborate with other leaders.	To allow them to shape responsible AI practices, protect their IP, and benefit from shared knowledge within the industry.

Disney should Transform the future of entertainment by developing AI-powered content creation tools, Investing in the metaverse, and becoming a platform for AI-driven entertainment

How?	Why?
Disney should develop AI-powered content creation tools by building proprietary tools that allowing creators to leverage AI for story development, character design, and animation. These tools should be designed ethically, with proper attribution and respect for intellectual property rights	To create a new revenue stream and attract a wider range of creative talent
Disney should invest in the metaverse by developing immersive virtual experiences that extend Disney's storytelling beyond traditional formats by creating interactive theme park experiences, virtual games, and shows within the metaverse	To stay ahead of the curve by embracing AI and the metaverse, Disney would position itself as a leader in the future of entertainment
Disney should become a platform for AI-driven entertainment by leveraging its brand recognition and expertise to create a platform for showcasing AI-generated content and fostering a community of both creators and consumers in the space	By actively participating in the development and use of AI, Disney can effectively navigate the changing technological landscape. This will position Disney as a leader in the intersection of entertainment and AI

EXECUTIVE SUMMARY

- As OpenAI's democratizing AI video tool "Sora" threatens the Tech Entertainment Seascape, giants must strategically balance exploiting their current model to reinvent the future of storytelling
- STEEPing into the Future: Technological and Political factors shape the future of the Tech Entertainment Industry
- Adoption of Emerging Tech by companies, consumers, and Potential anti-trust concerns around content generated using AI determine the future of the Tech Entertainment Industry
- Navigating the competitive seascape of tech entertainment has always been challenging, but AI throws up new storms: it fuels creativity while potentially concentrating power in the hands of big tech companies
- Tech Entertainment industry should pursue ethical AI adoption through industry collaboration, internal transformation, responsible innovation of customer experiences, and proactive governance
- Evolving from Classical to Shaping strategy will help Disney reimagine Magical Experiences
- Disney faces a challenging Competitive landscape with strong bargaining power from buyers, the threat of new entrants and substitutes, and intense competition
- Enhancing immersive experiences, Developing partnerships with Tech giants, Investing in developing AI Expertise internally, Advocating for responsible AI development and Investing in the Metaverse pave the way for Disney to Reimagineer Magical Experiences
- Disney should exploit the Tech Entertainment industry by maintaining Core Business by Enhancing existing Immersive Experiences, Developing Targeted Marketing campaigns and Developing Partnerships with Tech giants
- Disney should explore New Business Models and Technologies by Experimenting with Generative AI tools, investing in developing internal AI expertise, advocating for responsible AI development, and Creating Consortiums for IP
- Disney should Transform the future of entertainment by developing AI-powered content creation tools, Investing in the metaverse and becoming a platform for AI-driven entertainment

REFERENCES

<https://www.investopedia.com/how-disney-makes-money-4799164>

<https://www.neowin.net/news/disney-launches-ai-powered-tool-for-targeted-advertising-on-disney-and-hulu/>

<https://insidethemagic.net/2023/10/disney-slammed-for-alleged-ai-use-in-recent-film-fans-horrified-and-outraged-jnw1/>

<https://techxplore.com/news/2023-06-disney-ai-marvel-tv-series.html>

<https://www.techiexpert.com/what-influence-does-emerging-tech-have-on-the-world-of-entertainment/>

<https://www.indiewire.com/news/business/openai-sora-analysis-filmmaking-apocalypse-great-dead-tech-company-1234955252/>

<https://fortune.com/2024/02/22/openai-sora-terrifies-the-public/>