

Group 3: Mo Lamikanra, Olivia Kim, Matt Hall, Holly Cao

August 10, 2018

Intro to Marketing: Professor Yoon

Pixar & Dreamworks

We chose to compare the animation studios Pixar and DreamWorks, focusing on their movies and toys. Both animation studios target a similar market with the two producing movies for children. However, the STP inferred from their current positionings show that Dreamworks' founding goal and both studios' available resources give way to two diverging segmenting scenarios.

Introduction of Pixar and Dreamworks:

Pixar studios was founded by George Lucas and Ed Catmull in 1979, with the goal of exploring new technology for graphics and computer animation. In 1989, Pixar started developing short films and commercials. They then joined up with Disney to create their first feature film: "Toy Story", which went on to be the first entirely computer-animated feature film moving away from traditional, hand-drawn, stop-motion animation. Pixar then went on to become an official Disney subsidiary in 2006.

As for DreamWorks, it was created to be a division of DreamWorks SKG in 1994. However, in 2004, it became an independent company headed by Jeffrey Katzenberg. By 2016, it had been acquired by NBC Universal, and remains with them today. Unlike Pixar, Dreamworks' first feature, "The Prince of Egypt", employed traditional animation techniques. Then in 2009, their film "Monsters vs. Aliens" was created using 3D animation technology, which the company is now known for.

Strengths and Weaknesses of Pixar and Dreamworks

In terms of strengths and weaknesses, Pixar and Dreamworks have their distinct points which are partly influenced by their parent companies. Pixar's strengths include having access to Disney's resources and brand image, a well-protected intellectual properties, advanced technological assets, as well as the ability to appeal to multiple demographics with their films. As for weaknesses, while Pixar enjoys the benefits made available by Disney, they also lack the full creative freedom due to Disney's strict hold on the ideas they produce. Pixar also suffers from outdated characters in their movies.

With DreamWorks, their strengths are that they have a good working environment for employees, have various franchises, and are known for their strides in 3D animation. The weaknesses that Dreamworks carries, like Pixar, contain some that are connected to its parent company Universal. The main one being that although Universal gives them access to many funds, Universal does not have the same mass brand awareness as Disney. This is likely due to the fact that the Disney company was built off the development of cartoons, whereas Universal began with and is better known for its live action films. Dreamworks also struggles with overusing its intellectual properties through its numerous released sequels that give the effect of a rapid firing, contrary to Pixar's slower and more natural movie releases. Dreamworks' last main weakness is that it has trouble targeting the ideal customer, and this has led to diminishing profits in its more recent films.

Customer of Pixar and Dreamworks

Customers of both Pixar and DreamWorks are generally looking to find entertainment in the form of animated movies. Pixar and Dreamworks both fulfill that need, however, the two studios differ in the customers they draw in. For Pixar, they are skilled in appealing to various ages with their movies, so their customers range from children to adults, students to working

singles, and whole families. Whereas with Dreamworks, their desire to reach the niche market within younger demographics has led them to first have mainly pre-teen/teen customers, and more recently, younger children.

Competition of Pixar and Dreamworks

Competition for both studios are generally similar, as they are both well known animation studios with numerous shared licensed goods. For their movies, their direct competitors include other animation studios such as Sony, Warner Bros., Illumination, as well as each other. On a categorical level, their competition consists of other movie providing platforms such as live action studios and TV networks. Their most generic form of competition is made up of other visual, entertainment products including video games and special events like concerts.

Commented [1]: Anything else?

STP of Dreamworks

Segmentation

When looking at Dreamworks' past and current 4Ps, the segmentation Initially DreamWorks was focused on Psychographic segmentation looking at the different personalities of those who watch animated movies. They also used Demographic segmentation splitting up customers according age. They seemed to discard geographical going after audience across the globe.

Targeting:

With target as stated previously DreamWorks' founder want to cater a niche market within the younger demographics that they felt Disney's happy go lucky films did not appeal to. However, with the underperformance of some of their most recent movies such as Penguins of Madagascar; Turbo and Mr. Peabody and Sherman, they have been forced to reevaluate their target

demographic. They are aware of this with Benjamin Mogul of Stifel Nicolaus than in a meeting with DreamWorks executives they explained:

“kids stopped watching animated films as much as they used to, and now only very small children watch animated films. This sudden shift in movie going audiences from young to very young obviously hurt DreamWorks, which specializes in high-brow fare for discerning Filmgoers.”[2]

We are able to see this change in their target demographic in the way they promote their movies and even the content of their movies. Benhamin Mogil also said “DreamWorks is pivoting its approach to feature films, and will dumb down its output to reach a younger crowd. They’ll intellectually unstimulate viewers.[3]” This can be seen in their latest movies Trolls and Boss Baby which have been a lot more successful, with Box office figures at \$153 million for Trolls domestically and \$175 million for Boss baby which did really well in foreign markets. This compared to the \$83 million for penguins of Madagascar and the \$83million for Turbo.

Positioning:

Product:

Place: So, when I come to getting to these target audience, DreamWorks recently acquired Awesomenesstv, a YouTube channel that makes content on fashion and celebrities that caters towards Pre-teen and teenagers by using influencers such as The Merrell Twins and Jordyn Jones. Since they are looking to change up there demographics, they are creating more and more content and promotions that will appeal to this demographic such as Games/Apps that are colorful and simple for the children.

Price:

Promotion:

STP of Pixar

Segmentation:

Pixar's market seems to be segmented by Demographics. Split up by age (Infants, Children, teens, Adults). Even though their movies are international they also seem to segment their promotions geographically (North America; Europe; Asia and Africa). DreamWorks also seems to segment the market by age. In our research, we also found out that they are looking for a certain Psychographic to enjoy their movies too. With the founder saying they want to appeal to "more intelligent and sophisticated[1]" audience than Disney. They were looking for the people that they felt Disney did not cater to. However, we felt that this type of segmentation may end up too broad or too hard to figure out.

Targeting:

However, when compared to Pixar's box office figures of \$209 million for Coco and \$356 million for Inside Out.

Positioning:

Product:

Place:

Price:

Promotion:

The main product of both companies are the movies and the brand they create behind each one. Pixar puts out a least one movie a year whereas DreamWorks puts out 2 movies a year, one original and one sequel. The pricing of the individual tickets is up to the theatres and distributors. Although we found a difference in the cost of buying these movies on Itunes. Dreamworks movies ranged from \$14.99 - \$29.99 and Pixar movies ranged from \$14.99 to \$24.99. We thought the price difference could be Dreamworks trying to make up for their losses in the Box office.

Conclusion:

So where DreamWorks focuses on the niche market through using shot in a dark targeting to try and navigate the changing demographic of moviegoers. Pixar does shotgun targeting, mass marketing their movies are making them appeal to a larger audience. This large target audience has evidently been a success with their large box office number as well as the response from critics and audience. Peter Debruge from Variety gave the review:

“A stunningly original concept that will not only delight and entertain the company's massive worldwide audience, but also promises to forever change the way people think about the way people think[4].

Expressing how the movie would be relatable to anyone no matter their demographic or geographical location. This could also be due to the spacing out of their movies, with 15 years between the Incredibles movies allowing the audience to grow up with these characters and gave them for their original audience the time to gain a disposable income.

Pixar

Both companies distribute movies worldwide, however DreamWorks seem to have varied success in an international market with some of their movies even doing better international than in the domestic box office. With their movie *Kung Fu Panda 3*, even co-produced by a Chinese animation company It was one of the first films tailored made for the Chinese market. The made changes such as having Jackie Chan voice Po in China and Jack Black voicing Po in English. To also help them get their content to their target audience, they have partnered with streaming services Hulu and Netflix to create original content using their intellectual properties. Such as *Dragons: Race to the edge* and *Troll Hunters: Tales of Arcadia*. It is unclear how popular these shows are and which demographic that watch it. In total, they have made 14 series for the platform, However I was able to discover that this was a way for Netflix to produce “more kids and family content in-house”[5] and Hulu likely looking to do the same thing.

Pixar is also able to get into this global market, likely off the brand value of their parent company Disney which became a household name worldwide. Similar to the tweaks they made to *Kung Fu Panda 3* for a Chinese market, Pixar made *Coco* for a Hispanic market. Creating a perfect dub of the film in Spanish and released in Mexico a month earlier than the US release. Pixar also has its content on Netflix. We felt this was a great partnership because both value

themselves for producing content for everyone and have both gain success for doing just that.

Like stated earlier, Pixar has a more consistent global reach than DreamWorks.

We can see how both companies core audience are family and children through the promotion for movies. Both use toys as a source of promotion and secondary income after the movies. With Disney bringing in a total of \$4.83 billion from toy sales. They both do partnerships with companies and industries that cater directly to children such as McDonald's and Cruise liners. Another way they promote their intellectual properties is through their parent companies theme parks. However, when it comes to getting to a wider market, Pixar also works with other companies that focus on more than just children; such as the US swimming team and Vans.

So overall we felt that Pixar should carry producing content that focuses on simple themes that everyone can relate to and doing positioning in different places that also appeal to that wider demographic. Where as in order to DreamWorks movies to gain more success they need to shift for shot in the dark marketing to sniper targeting and making sure their positioning reaches their core audience. This is because the movies and products only appeal to a particular niche market. Getting to this audience and making them aware of their movies will help them increase their box office numbers.

[1] https://books.google.com/books?hl=en&lr=&id=jD9_0jxVmQUC&oi=fnd&pg=PR1&dq=dreamworks+disney&ots=IM6STOTjDT&sig=yKVk_Q4virLyIG2kibcebJzwkGg#v=onepage&q=dreamworks%20&f=false

[2] <https://www.cartoonbrew.com/ideas-commentary/dreamworks-execs-have-an-incredible-reason-for-why-their-films-are-unpopular-114283.html>

[3] <https://www.cartoonbrew.com/ideas-commentary/dreamworks-execs-have-an-incredible-reason-for-why-their-films-are-unpopular-114283.html>

[4] <https://variety.com/2015/film/festivals/inside-out-review-disney-pixar-cannes-1201499227/>

[5] <https://www.thewrap.com/dreamworks-animation-sets-new-streaming-deal-hulu/>

Pixar Collabs:

- Forever 21 & Disney-Pixar Collaborations: collaborates for a “limited edition Disney Pixar capsule collection”, which includes various pieces inspired by several Disney-Pixar animated films such as “Finding Dory”, “Toy Story”, and “Monsters Inc.”.

(<https://www.google.com/amp/s/fashionunited.com/news/fashion/forever-21-and-disney-pixar-pair-for-animated-collab/2016072912216/amp>)

- The Coco Collaborations:

* Includes collaborations with Airbnb (+ Southwest Airlines), Ancestry.com, Chatbooks, Guitar Center, the Herdez Brand, and Subway.

(<https://www.google.com/amp/s/www.mouseinfo.com/new/2017/11/interesting-brand-collaborations-for-upcoming-pixar-flick-coco-airbnb-ancestry/amp/>)

- Cars 3 Promotion Collaboration with NASCAR:

(<https://thedisneyblog.com/2017/02/24/pixar-brings-cars-3-promotion-nascar-fans/>)