

International Marketing

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Italy presents a mixed landscape when it comes to political risks and legal issues for businesses. On the one hand, the country offers a large, diversified economy with substantial opportunities in various sectors. There have been efforts to reduce the corporate tax burden and simplify the bureaucratic processes that have historically complicated business operations. On the other hand, Italy still grapples with tons of issues such as a complicated regulatory environment, significant bureaucracy, and regional disparities in doing business. Additionally, while there have been improvements, issues with corruption and tax evasion persist, and these contribute to a level of uncertainty and risk for businesses. The labor market is known for its inflexibility and the business culture emphasizes hierarchical decision-making, which can be challenging for foreign investors to navigate. The banking sector, although recovering, still shows signs of strain which affects credit availability. All these factors combined give Italy a moderate risk profile, indicating that while there are certainly risks involved, there are also opportunities for businesses that can successfully navigate the Italian market.

This team has chosen for its hypothetical client, Disney, where the goal is to determine the feasibility of building a Disney theme park in Rome, Italy. This site was chosen because of its central location not only in Italy but also because of its central location in Europe. It has a population of 2.8 million, which provides a huge customer base within the city itself. It has a park-friendly Mediterranean climate year round. Its local transportation infrastructure is more than adequate, and its large network of buses, trains, and trams plus underground services is more than sufficient. It could be said that all roads lead to Rome because it is connected by Europe's central extensive train network. Its major airport is known as a hub for international flights but there are also secondary airports which provide low cost fares for the budget; conscious travelers. Hotels and restaurants abound; and since Italy is a member of the European Union, citizens of the European Union can travel from the surrounding countries using their national identity card with no need for a passport. This membership in the European Union also removes any worry about currency exchange since all members including Italy use the euro.

Tourists already flock to Rome to visit such famous landmarks as the Colosseum, St. Peter's Basilica, and the Vatican. Why not take advantage of this traffic and allow them to visit and to experience one of America's famous landmarks, a Disney theme park. A Disney theme park is not just an entertainment venue but can be an experience of a lifetime for all ages.

Disclaimer: Disneyland Paris: Disney has no plans to build a Disney theme park in Italy because to do so would draw tourists away from its Paris location. If demand increases Disney would be more likely to expand the Paris location.

On the surface, Italy may seem like the perfect location for us to branch a Disney park into with its picturesque landscape and rich culture; however, several economic and political risks must be considered first. For our client's sake, we must examine each of these risks carefully before moving forward with any serious decision-making. The single most significant economic risk currently present in Italy is the uncertain financial landscape. Businesses around Italy are struggling to survive, and this started during the 2020 global pandemic. During the pandemic, many businesses suffered extreme losses from governmental restrictions and various other factors. Many of those businesses that were struggling then are still having issues today. In fact, Italian GDP fell by almost 9% during 2020. Even today, the economy is struggling to come back due to the government's lack of adequate help. The government has been criticized by many for its mishandling of the economy during and after the pandemic. Due to the struggling businesses and the government's lack of help, there are a lot of uncertainties in the economy that we must consider. Italy also has its fair share of political risks hiding in the country. Both major political parties present in Italy are facing significant problems. The Five Star Movement, a party that focuses on right-wing ideology, is currently under scrutiny by supporters for not standing on the anti-establishment principles that it was founded on. Meanwhile, the democratic party in control is being criticized for failing to help the economy both during the pandemic and now, and many key political figures are resigning. Italy presents a lot of good reasons for us to expand a Disney theme park into the country, but we should also examine these economic and political risks first.

The U.S. is a constitution-based Federal republic while Italy is a Parliamentary republic. Both countries have a republic-based government and their relationship has sometimes been better. While in WW2 Italy declared war on the U.S. Our relationship was mended in 1944. Since then the U.S. and Italy have had friendly relations. Over the years Italy has become one of the U.S.'s strongest partnerships, as Italy is one of the leaders in peacekeeping around the world. But they also have helped the U.S. in many different fights. Both countries have worked together on many economic issues as well. There is also an income tax agreement between the two countries to prevent double taxation.

The Walt Disney Company has a substantial market share in many different industries. Their Disneyland theme parks have enabled them to capture about 53.9% of all revenue in the amusement parks industry. In Italy, this industry is experiencing rapid growth- in 2023, it is estimated that various amusement parks in the country racked up a combined 23.7 million visitors. These statistics are part of a continuing trend which supports the notion that establishing a Disneyland in Italy would be a profitable venture for the Walt Disney Company.

According to GlobalEdge, a resourceful tool compiling international business information, Italy's political system is a republic. A republic is a representational democracy wherein citizens elect leaders to represent them. Countries with democratic political systems are

attractive places to conduct business because there is less risk associated with corrupt government practices. Similarly, democratic countries frequently have laws protecting products and property, including intellectual property. Italy has a market economy- one that is controlled by supply and demand rather than the state- and high levels of income and development. These factors will enable Disneyland to grow and prosper; the target market has money to spend and the means to spend it on leisure activities.

One of the largest industries in Italy is the tourism industry, and Disneyland is a popular attraction for tourists. Italy has the eighth largest economy in the world at a value of \$2.7 trillion. Building a Disneyland in this nation will be mutually beneficial for both Walt Disney and Italy- it will boost tourism and the economy as a whole, and bring profits from an entirely new market to the company. This deal between an American company and the country of Italy will be facilitated by the good relationship between the U.S. and Italy. The United States is one of Italy's top three trade partners and the two nations share similar values like human rights, democracy, the rule of law, and prosperity. Though there is some risk associated with doing business in Italy, this risk is lower compared to other countries of a similar market size. These shared cultural values, combined with a free market economy, a democratic legal system, and protection of property rights, contribute to Italy as an ideal location for the next Disneyland theme park.

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