



Disneyland

Smoking and vaping will no longer be allowed inside Disney's U.S. theme parks starting May 1.



Rick Munarriz (TMFBreakerRick)
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It's going to be harder to get your smoke on at one of **Walt Disney's** ([NYSE:DIS](#)) domestic theme parks in a few weeks. Smoking will no longer be permitted inside Disney World and Disneyland theme parks and water parks starting May 1. The ESPN Wide World of Sports Complex in Florida and Downtown Disney in California will also be participating in the ban.

Disney turned heads in the 1990s when it limited smoking to designated areas at its parks, but now even those safe havens for guests lighting up cigarettes and vaping e-cigarettes are going away. Disney will continue to have designated smoking areas just outside of its park entrances, resort hotels, and the Disney Springs outdoor dining, shopping, and entertainment complex in Florida.



IMAGE SOURCE: DISNEY.

Up in smoke

Times are changing for Disney. Even its movie studio has a blanket ban on the depiction of smoking characters in its films, something that had some ironic implications when it had to portray Walt Disney -- an avid smoker -- sans the tobacco in 2013's *Saving Mr. Banks*. It remains to be seen what Disney will do when its Disney+ streaming service [launches later this year](#), as some of its animated classics including *101 Dalmatians* and *Pinocchio* feature smoking characters.

This isn't an inconsequential move. Most guests and potential guests will cheer the move, but it may force the smoking minority to reconsider future trips to either resort. There could also be some speed bumps with international tourists that come from countries with more lax smoking restrictions. It remains to be seen if any potential increase in visits from non-smokers will offset or more than offset the fallout of smokers making new travel plans.

Theme parks are a big part of Disney's business. Disney World and Disneyland combined to entertain 83.7 million guests in 2017. Disney World's two water parks added another 4.1 million turnstile clicks. Now that Disney is lumping consumer products in its parks and resorts segment, it's actually the media giant's biggest subsidiary, accounting for nearly 45% of the \$15.3 billion in total revenue for the House of Mouse in [its latest quarter](#).

Attendance has grown steadily over the years, but the segment's revenue has grown even faster as guests spend more with every passing year. Disney increased its ticket prices for Disneyland in January and Disney World earlier this month, something that it has done for 21





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Rick has been writing for Motley Fool since 1995 where he's a Consumer and Tech Stocks Specialist. Yes, that's a long time with more than 20,000 bylines over those 22 years. He's been an analyst for Motley Fool Rule Breakers and a portfolio lead analyst for Motley Fool Supernova since each newsletter service's inception. He earned his BBA and MBA from the University of Miami, and he splits his time living in Miami, Florida and Celebration, Florida.

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In this segment from [Motley Fool Money](#), host Chris Hill and senior analysts Jim Mueller and Jason Moser discuss exactly how the enhanced Disney will factor into the new media landscape, just how many layoffs are likely, which Fox studio is slated to close, how its new intellectual properties will pay off, and more.

A full transcript follows the video.

Disney Is Wasting No Time in Finding "Synergies" with Fox



This video was recorded on March 22, 2019.

Chris Hill: We begin with a big deal finally closing. This week, Disney finalized the \$71 billion deal buying the television and film assets held by Twenty-First Century Fox. In addition to owning *The Simpsons*, the *X-Men* franchise, and a whole lot more intellectual property, Disney also now has the controlling stake in Hulu, Jim. I should also point out that the ink was barely dry when the layoffs began.

Jim Mueller: Yeah. Disney CEO Bob Iger sent out a memo trying to set this up in a nice way. Then the layoffs began. Disney had said before the deal closed that they were looking for about \$2 billion in savings. An efficient way to do that is to do that by shutting studios and laying off people. They got several studios in the deal. They got 20th Century Fox, which made *The Martian* and *Avatar*, really big properties. They got Fox Searchlight, which made *The Shape of Water*. I think that won an award recently, is that right?

Hill: Oh, yeah! That won some awards.

Mueller: And the *Super Troopers*. They also got Fox 2000, which made *Devil Wears Prada* and *Hidden Figures*, that awesome movie. They decided they're going to keep the first two, 20th Century Fox and Searchlight, and they're closing off Fox 2000. They'll finish the production of the movies currently in production and release them and then say goodbye.

Hill: Jason, it does seem like Iger is very much sticking to the plan that we've talked about before: "Let's get a lot of intellectual property so that eventually when the Disney streaming service is available, we've got even more in the pipeline."

Jason Moser: Yeah. I think you really hit on something there, now that they have the content. We've seen the distribution of all of this content really evolve, particularly over the last decade, as over-the-top has taken over. I think fewer people are really interested in going to the movies if you're going to be able to deliver that stuff to their home. You're seeing **Netflix** really take advantage of that. I suspect Disney





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...isn't he getting very overwhelming. [laughter]

Mueller: Exactly. That's my point. How soon are consumers going to reach saturation? "Oh, I have to sign up for yet another service, I'm going to get that." The producers, the studios, might actually come out and say, "Hey, instead of trying to launch our own streaming service, we're just going to sell the content." I think Fox 2000 is going to survive just fine doing that kind of thing.

Moser: I think you're right. Really, it's the size of the audience that matters the most. We've seen a couple of situations -- Netflix, for example, has won bidding rights to content not by offering up the highest bid, but by the fact that they have the largest audience. There's a lot to be said for that.

Hill: I know we're focused on the streaming here. That seems like the most obvious needle-mover. But doesn't it also stand to reason that, with this additional intellectual property, it should also flow through to other parts of the Disney empire? I'm thinking about consumer products and more things in the parks?

Mueller: Oh, sure. Yeah. Disney is a master at monetizing IP like that, whether it's in the parks or T-shirts and pillowcases or what have you.

Moser: I suspect we'll have another report sooner or later from our very own Mac Greer on Disney Cruise, where they've incorporated some of this latest IP. Mac, I insist that you follow up with that, please.

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