

New York Times JAN 7, 2013.

## *At Disney Parks, a Bracelet Meant to Build Loyalty (and Sales)*

Imagine Walt Disney World with no entry turnstiles. Cash? Passé: Visitors would wear rubber bracelets encoded with credit card information, snapping up corn dogs and Mickey Mouse ears with a tap of the wrist. Smartphone alerts would signal when it is time to ride Space Mountain without standing in line.

Fantasyland? Hardly. It happens starting this spring.

Disney in the coming months plans to begin introducing a vacation management system called MyMagic+ that will drastically change the way Disney World visitors — some 30 million people a year — do just about everything.

The initiative is part of a broader effort, estimated by analysts to cost between \$800 million and \$1 billion, to make visiting Disney parks less daunting and more amenable to modern consumer behavior. Disney is betting that happier guests will spend more money.

“If we can enhance the experience, more people will spend more of their leisure time with us,” said Thomas O. Staggs, chairman of Disney Parks and Resorts.

The ambitious plan moves Disney deeper into the hotly debated terrain of personal data collection. Like most major companies, Disney wants to have as much information about its customers’ preferences as it can get, so it can appeal to them more efficiently. The company already collects data to use in future sales campaigns, but parts of MyMagic+ will allow Disney for the first time to track guest behavior in minute detail.

Did you buy a balloon? What attractions did you ride and when? Did you shake Goofy’s hand, but snub Snow White? If you fully use MyMagic+, databases will be watching, allowing Disney to refine its offerings and customize its marketing messages.

Disney is aware of potential privacy concerns, especially regarding children. The plan, which comes as the federal government is trying to strengthen online privacy protections, could be troublesome for a company that some consumers worry is already too controlling.

But Disney has decided that MyMagic+ is essential. The company must aggressively weave new technology into its parks — without damaging the sense of nostalgia on which the experience depends — or risk becoming irrelevant to future generations, Mr. Staggs said. From a business perspective, he added, MyMagic+ could be “transformational.”

Aside from benefiting Disney’s bottom line, the initiative could alter the global theme parks business. Disney is not the first vacation company to use wristbands equipped with radio frequency identification, or RFID, chips. Great Wolf Resorts, an operator of 11 water parks in North America, has been using them since 2006. But Disney’s global parks operation, which has an estimated 121.4 million admissions a year and generates \$12.9 billion in revenue, is so huge that it can greatly influence consumer behavior.

“When Disney makes a move, it moves the culture,” said Steve Brown, chief operating officer for Lo-Q, a British company that provides line management and ticketing systems for theme parks and zoos.

Disney World guests currently plod through entrance turnstiles, redeeming paper tickets, and then decide what to ride; food and merchandise are bought with cash or credit cards. (Disney hotel key cards can also be used to charge items.) People race to FastPass kiosks, which dispense

a limited number of free line-skipping tickets. But gridlock quickly sets in and most people wait. And wait.

In contrast, MyMagic+ will allow users of a new Web site and app — called My Disney Experience — to preselect three FastPasses before they leave home for rides or V.I.P. seating for parades, fireworks and character meet-and-greets. Orlando-bound guests can also preregister for RFID bracelets. These so-called MagicBands will function as room key, park ticket, FastPass and credit card.

MagicBands can also be encoded with all sorts of personal details, allowing for more personalized interaction with Disney employees. Before, the employee playing Cinderella could say hello only in a general way. Now — if parents opt in — hidden sensors will read MagicBand data, providing information needed for a personalized greeting: “Hi, Angie,” the character might say without prompting. “I understand it’s your birthday.”

The data will also be used to make waiting areas for rides (“scene ones” in Disney parlance) less of a drag. A new Magic Kingdom ride called Under the Sea, for instance, features a robotic version of Scuttle the sea gull from “The Little Mermaid” that will be able to chitchat with MagicBand wearers.

“We want to take experiences that are more passive and make them as interactive as possible — moving from, ‘Cool, look at that talking bird,’ to ‘Wow, amazing, that bird is talking directly to me,’ ” said Bruce Vaughn, chief creative executive for Walt Disney Imagineering.

Guests will not be forced to use the MagicBand system, and people who do try it will decide how much information to share. An online options menu, for instance, will offer various controls: Do you want park employees to know your name? Do you want Disney to send you special offers when you get home? What about during your stay?

“I may walk in and feel good about giving information about myself and my wife, but maybe we don’t want to give much about the children,” Mr. Staggs said. Still, once using the MagicBand, even if selecting the most restrictive settings, Disney sensors will gather general information about how the visitor uses the park.

Rumors about MyMagic+ have been circulating on Disney fan blogs for months and offer a window into the likely debate over the service.

“Although I know this type of technology is making its way into every facet of life, it still makes me feel a bit creeped out,” wrote Jayne Townsley on StitchKingdom.com.

Pam Falcioni, another StitchKingdom user, had the opposite response. “I think it sounds awesome,” she wrote, adding, “As far as ‘Big Brother’ watching over us as we wander the parks, anyone worried about ‘real’ privacy wouldn’t be wandering around a theme park full of security cameras.”

The logistical challenges involved in pulling this off are extensive. Disney has 60,000 employees here and many must be retrained to use new technology. Already, Disney has installed free Wi-Fi at Disney World, a 40-square-mile area, so smartphone users can access the My Disney Experience app more readily. And all of the new procedures must be communicated to Super Bowl-size crowds daily.

What happens if your MagicBand is lost or stolen? Park employees will be trained to deactivate them or guests can use the My Disney Experience app, a Disney spokeswoman said. As a safety precaution, Disney will also require guests to enter a PIN when using the wristbands to make

purchases of \$50 or more. “The bands themselves will contain no personal identifiable information,” Mr. Staggs said.

Mr. Staggs said Disney’s board decided to move ahead with the technology upgrades in February 2011 only after identifying multiple ways in which the initiative could expand profits. “If Disney can drive more value from existing infrastructure by layering on technology, that is extremely powerful,” said Mr. Brown of Lo-Q. “They can’t just compete by building new rides; it’s already a theme-park arms race out there.”

Disney expects MagicBands to turn into a big business in and of themselves; the company plans to introduce collectible sets of MagicBand accessories and charms.

Prodding guests to do more advance planning, combined with the tracking of guests as they roam the parks, will help Disney manage its work force more efficiently. More advance planning will also help lock visitors into Disney once they arrive in Orlando, discouraging people, for instance, from making impromptu visits to Universal’s Wizarding World of Harry Potter.

Some cosmetic changes to the parks are included in the initiative’s cost. For instance, eventually guests will no longer enter the parks through turnstiles. Instead, they will tap their MagicBand on a post. Mr. Staggs explained that research indicated that guests — particularly mothers with strollers — viewed the turnstiles as an unpleasant barrier. “Small, subtle things can make a big difference,” Mr. Staggs said.