The Ongoing Battle of Cultures Between Pixar and Disney Animation Studio: how Business Culture Affected the Success of Both Studios

Christina Gudaitis
Augsburg College

Follow this and additional works at: https://idun.augsburg.edu/honors_review

Part of the Organizational Behavior and Theory Commons

Recommended Citation
Gudaitis, Christina (2015) "The Ongoing Battle of Cultures Between Pixar and Disney Animation Studio: how Business Culture Affected the Success of Both Studios," Augsburg Honors Review: Vol. 8 , Article 13. Available at: https://idun.augsburg.edu/honors_review/vol8/iss1/13

This Article is brought to you for free and open access by the Undergraduate at Idun. It has been accepted for inclusion in Augsburg Honors Review by an authorized editor of Idun. For more information, please contact bloomber@augsburg.edu.
THE ONGOING BATTLE OF CULTURES BETWEEN
PIXAR AND DISNEY ANIMATION STUDIO:
HOW BUSINESS CULTURE AFFECTED THE SUCCESS
OF BOTH STUDIOS

CHRISTINA GUDAITIS

This report analyzes the reception of both Disney Animation studio’s and Pixar studio’s last ten animated films, those released from 2003-2013, through a study of their Rotten Tomatoes scores as phases of varied success (a film with a score above 50%) and failure (a film with a score below 50%). Through examining this data, I determine the reasoning behind Disney Animation studio’s recent series of blockbuster hits (a film with a score between 80% and 100%) and Pixar’s recent duds (films receiving scores between 39% and 78%). This report provides a more accurate analysis of the studios’ performance as it is devoid of the bias present in the analysis done by reporters and the studio’s highest ranking employees. This analysis may enable Pixar to realize there is a problem with their business culture and with their recent film strategy. Additionally, Disney Animation studio may then also be capable of preventing any future unsuccessful films by avoiding the past business culture problems of both studios. In this analysis, I utilize a line graph comparing the Rotten Tomatoes scores of the studios’ last ten films and the trends present during 2003-2013. I also analyze the business cultures of each studio during this time period. Each studio’s culture largely influenced the amount of success of each of their films during this time period which established the different phases. Furthermore, Bob Iger’s, Disney’s CEO, decision to merge the studios in 2006 led to both studios being run by only two men, John Lasseter and Ed Catmull. This led to Pixar’s decline from 2011-2013 as the studio was neglected by the pair since they were spending a great portion of their time at Disney Animation studio in order to revive the studio.
Introduction

Many of the individuals currently leafing through this report have watched at least one Disney Animation or Pixar film during their life. Most can agree that Disney Animation’s films left a magical spot on their childhoods, although most shove the films released during the early 2000s into a closet to be forgotten about. Whereas most view Pixar as a fledgling film company that produced many gorgeous tear-jerker films up until 2011 with Cars 2. Since the 2010 release of Toy Story 3, the studio has yet to release a true blockbuster hit. On the other hand, Disney Animation studio has been improving with the releases of the knockouts Wreck-It Ralph in 2012 and Frozen in 2013. Ultimately, the studio has not released a failure since the 2007 release of Meet the Robinsons. Yet, Lasseter, the chief creative officer, Catmull, the president of both studios, various reporters and movie reviewers can all agree on what exactly happened to Pixar between 2011-2013 and if it was a positive or a negative change.

A more accurate analysis of the performance of both studios may enable Pixar to realize that there is a problem with their business culture and with their recent film strategy. Additionally, Disney Animation studio may also be capable of preventing any future declines by avoiding the studios’ past business culture problems. This report utilizes data from rottentomatoes.com to analyze the reception of both Disney Animation studio’s and Pixar’s last ten films (2003-2013) as phases of varied success and failure to discern the reasoning behind Disney Animation studio’s recent blockbuster hits and Pixar’s recent duds.

My purpose here is to argue that the film history of Disney Animation studio and Pixar studio should be split into different phases of various success and failure. I will contend this by first further illustrating the conversation that I am attempting to enter, that of the journalists and film reviewers and of Catmull and Lasseter. Afterward, I will describe the 2006 merger of Disney Animation and Pixar studios and the immediate effects that this fusion had on the two studios. Next, I will briefly define how rottentomatoes.com calculates their Rotten Tomatoes scores for the films that they review. Then, I will present the graph that I compiled comparing the rotten tomatoes scores of Pixar and Disney Animation’s last ten films (from 2003-2013). Afterward, I will identify the three phases present in this data and analyze how the business cultures of the two studios influenced the formation of these phases. Finally, I will briefly question the reliability of Catmull’s book Creativity Inc. regarding the possible bias of the author.

Literature Review

Lasseter and Catmull both believe that all is well within Pixar studio. In The WRAP Covering Hollywood Steve Pond’s, an awards editor for the magazine, interview with Lasseter, Lasseter is under the impression that Pixar studio is still experiencing success and that their last five films were the top five films of the year (2014). In Catmull’s Creativity Inc. book, he claims that Notes Day, a day in which Pixar
was shut down in order for the employees to identify business culture problems and brainstorm solutions, largely fixed Pixar’s business culture, but that there was still a lot of hard work ahead of them (2014, 282-283, 294). Yet, Notes Day was the last chapter of his book and it was the only solution that he offered for Pixar’s recent decline, even though Notes Day was in March of 2013.

Whereas journalists and movie reviewers alike greatly disagree with the pair as they believe that the studio has died creatively and is only churning out sequels to increase their profits. Business Insider, a business and technology news website, editorial intern Michael Izzo focused on the profits and failures of the films in his “The 13 Most Profitable Pixar Films of All Time” article. In the article, he links these failures to the premiere dates of the films coinciding with the premiere dates of other more popular films and claims that new Pixar films are now only a “license for the studio to essentially print money” (2012). The Hollywood Reporter journalists Borys Kit and Gregg Kilday, in their “Pixar vs. Disney Animation: John Lasseter’s Tricky Tug-of-War” article, remark that critics claimed that the studio relied on sequels and lost its’ creativity. The pair also claim that the studio and Walt Disney Animation Studio have switched roles success-wise (2013). The WRAP Covering Hollywood, an entertainment and media news website, journalist Lucas Shaw offers a slightly different view of Pixar Studio’s recent performance in his “Buying Pixar Didn’t Kill Disney – It Saved It” article. While he also mentions the role reversal of the two studios, he brings up the possibility that Pixar studio is not necessarily failing, but that other non-Disney film animation studios are just catching up (2013). Freelance writer and professional blogger Jon Negroni also agrees that the studio is failing creatively in his “Ranking the Pixar Movies by Box Office Success” blog post. In the blog post, he attributes Pixar’s successes to their films that appealed to wider audiences with simple stories and aspects from a range of genres. He identified the studio as maintaining the status quo lately and that their “creative fortunes” need to be revived (2014). It is worth noting that these journalists represent the publications that they write for and that these comments are fairly typical for members of the press since they must draw in readers with bold claims.

Yet, this study will be the first to utilize rotten tomatoes data to gauge the success of both studios. Whereas, the above journalists and bloggers solely focused on box office numbers when ranking Pixar’s films. Additionally, this study also correlates those scores to the business cultures of either studio when that film was released. While Lasseter and Catmull can both look back on their studios’ past film history and cultures, it is challenging for them to do this without viewing that history with some amount of bias. Their high rankings in the studios automatically make that viewing difficult since they experienced the entirety of that history on Pixar’s end and thus some bias may be present in their own analysis of that history. Therefore, this study delivers that history in a new way through phases while factoring in the business cultures in an analysis that is devoid of that bias.
As an important side note, I acknowledge that I mainly focus on the conversation circulating around Pixar in this literature review. However, this is because there is such a large amount of discussion about Pixar’s recent performance since the studio has released so many sequels and duds lately. Ultimately, I plan on analyzing both studios’ performance in this report as a comparison of their varied success and failure.

**How Rotten Tomatoes Calculates Their Scores for Films**

Rotten Tomatoes places their scores for films on their Tomatometer. According to Flixster’s, the parent of rottentomatoes.com, help page, the meter “measures the percentage of approved Tomatometer critics who recommend a certain movie -- or the number of good reviews divided by the total number of reviews” (Chari and Greenstein, *What is the Tomatometer?*, 2014). Additionally, since Rotten Tomato scores reflect the number of positive reviews for a film, I argue that these scores can be used as an accurate measure of the success (a film receiving a score above 50%) of a film as can combined scores measure the success of a studio during a number of years. These Critics are chosen by the Rotten Tomatoes staff and are from print, broadcast, and online outlets. Critics must follow a set of criteria for their specific outlet to become an Approved Tomatometer Critic (Atchitty, *Critics Submission*, 2014). Rotten Tomatoes also uses the same list of critics to evaluate each film to avoid any bias (Chari and Greenstein, *Who are the Approved Tomatometer Critics?*, 2014). Additionally, the scores represent the “percentage of professional critic reviews that are positive for a given film or television show”. Films earn a “fresh” rating when their score is at least 60%. Likewise, films receive a “rotten” rating when their score is 59% or less. Films are considered “certifiably fresh” when their score is at least 75% and when they have been reviewed by at least 40 Tomatometer Critics, including 5 Top Critics (Atchitty, *ABOUT ROTTEN TOMATOES*, 2014).

**Data**

![Rotten Tomatoes Scores](image)

Source: Data adapted from Atchitty, Rotten Tomatoes.
The Moving Average 2 Period trend lines help show trends more clearly by evening out fluctuations in data. The trend lines average each pair of data points and utilizes those averages as points in the trend line (Add a Trend or Moving Average Line to a Chart, 2013). This type of trend line was chosen because it best highlighted the trends in the data by evening out the large amount of fluctuations in the data.

The Up/Down Bars represent the difference between the scores for each year. White bars denote Pixar’s Rotten Tomatoes score being higher than Disney’s for that year. Black bars denote Disney’s score being higher than Pixar’s for that year.

**2003-2006: Disney Animation Studio’s Mediocre Phase and Pixar’s Peak Phase**

During this time period, Disney Animation studio was stuck in a rut of producing mediocre (films receiving scores between 36% and 54%) film (Brother Bear in 2003 – 38%) after mediocre film (Home on the Range in 2004 – 54%) after mediocre film (Chicken Little in 2005 – 36%) due to their tendency to focus on producing what had been proven to sell well in the past (Catmull, Creativity, Inc., 2014, 134-135). As a result of the poor (scores between 36% and 54%) quality of these films, the increase (16%) and decrease (18%) difference between the three films was so marginal that any effect that the fluctuations may have caused is almost certainly cancelled out.

Pixar, on the other hand, gained its bearings as a film company and was at peak (producing films receiving scores between 74% and 99%) performance. As a result, the studio produced success (Finding Nemo in 2003 – 99%) after success (The Incredibles in 2004 – 97%) during this phase. This success is largely because the studio upheld story to be key above everything else when producing a film (66) and because they gave directors a large amount of freedom when producing films (91-92). During these years, Pixar’s creative juices as a studio were still freely flowing which accounts for the production of one of their most successful films (Finding Nemo).

Yet, Pixar experienced a drop in Rotten Tomatoes scores due to the reception of Cars (74%) in 2006. Nevertheless, it is important to note that, despite this drop, the studio was still producing “fresh” films while Disney Animation studio was producing “rotten” films, even though Disney Animation studio actually benefitted from an increase in scores during this time period. The reasoning behind these two phenomena is the vastly different business cultures within the two studios.

Catmull asserts that one of Pixar’s core principles was “Story Is King”, meaning “[they] would let nothing – not the technology, not the merchandising possibilities – get in the way of [their] story” (66). He also stresses that his em-
ployees “only wanted to make films of the highest quality and... pushed [themselves] to the limit in order to prove [their] commitment to that ideal” (82). Pixar also created their own unique review method for directors called Braintrusts. In these Braintrusts, a variety of “smart, passionate” people meet every few months or so in order to give honest feedback on films throughout their production process (86). Pixar’s filmmakers are also completely free to decide if they wish to act on any of the feedback that they receive (90) and are largely free to pursue any film ideas that they “conceive” of (92). The studio’s success during this phase can also be credited to their use of computer animation which was quite remarkable during this time period. Price remarks that Toy Story “was perhaps the first computer-animated film that enabled viewers to forget [that] they were watching computer animation” (The Pixar Touch: The Making of a Company, 2009, 92). This was a statement that many reviewers agreed with (151-152) and the studio continued to accomplish this feat with Finding Nemo and The Incredibles automatically placing the studio on top. Ultimately, Pixar’s success during this time period can be attributed to how much the studio valued telling an entertaining quality story and the amount of freedom that their filmmakers were given.

Yet, Disney Animation studio had the opposite business culture problem as their employees were afraid to produce risky imaginative films which led them to rely on already tried and true themes in their films as described by Catmull in his Creativity, Inc. book. Catmull further details this problem with his concept of “feeding the beast”: “As the infrastructure of the studio grew to service, market, and promote each successful film, the need for more product in the pipeline only expanded... its unintended effect is always the same: It lessens quality across the board” (Creativity, Inc., 2014, 130). He goes on to describe how new, creative films are then replaced with films that “mimic proven money-makers” in order to continue to “feed the beast” (134-135). The members of the studio’s fear of stepping on toes barred them from giving their actual opinions during film review sessions which only added to their fear of taking any risks (260). This tendency is what held the studio back from crafting smash hits, like Pixar accomplished during this phase, and instead led them to create the safe and forgettable films that they did. They lost sight of how truly valuable story is to a film studio, which Pixar is evidence of, which led them to produce these duds.

The 2006 Walt Disney Animation/Pixar Animation Studio Merger

According to Catmull, Iger decided to procure Pixar Animation Studio in order to “revive” Disney Animation studio as this was during Disney Animation’s rough patch of films that many would like to forget (Creativity, Inc., 2014, 247). As a result of this merger, Catmull, the chief technical officer of Pixar at the time, was named the president of both Pixar and Disney Animation studios and Lasseter, one of Pixar’s executive producers at the time, the chief creative officer of both studios. Steve Jobs, the founder of Pixar studio, and Iger made this decision in order to avoid any competition between the two studios that would threaten to “eventually drag both studios down” (245). David Price, author of The
Pixar touch: The Making of a Company and writer for The Wall Street Journal, Forbes, Investor’s Business Daily, The Washington Post, Inc., and Business 2.0, adds, from a phone interview with Catmull, that it was also decided that the business cultures of each studio would remain “unique” by barring each studio from completing “production work for the other”. In this way, it would be ensured that the studios would not “be integrated together” (Managing Creativity: Lessons from Pixar and Disney Animation, 2014) and that they would remain “completely separate entities” (Catmull, Creativity Inc., 2014, 261). Yet, later on Pixar would make some suggestions to help improve Disney, but these improvements would consist of little involvement on Pixar’s side. Additionally, the merger greatly influenced the establishment of the next two phases.

2006-2010: Disney Animation Studio’s Recovery Phase and Pixar’s Renewed Peak Phase

During this phase, Disney Animation studio was regaining its earlier magic after the merger. The merger helped the studio reverse their earlier safety net problem with their films and led them to tackle bigger more imaginative films. This enabled Disney Animation studio to progress from the marginally successful Meet the Robinsons in 2007 (66%) to the chartbuster Tangled in 2010 (89%).

Pixar played a huge part in helping to make that progress possible for Disney Animation studio. In the first few years after the merger, Pixar worked closely with Disney Animation studio to help restore their confidence in themselves by helping the studio implement Pixar’s own tried and true principles and methods into their culture (Catmull, How Pixar Fosters Collective Creativity, 2011, 11). For example, Pixar helped remedy Disney Animation studio’s problem of holding back feedback on films in development by helping to develop their Story Trusts, Disney Animation studio’s version of the Braintrust (Catmull, Creativity Inc., 2014, 258). This process began when a group of Pixar directors,
writers, and editors silently observed a Story Trust meeting for Meet the Robinsons. According to the producer of the film, “it was the most constructive notes session she had ever seen at Disney [Animation studio]” (258-259). From that moment onward, Disney Animation studio’s employees began to lose their desire to protect directors’ feelings as trust within the studio also began to grow. Pixar also helped restore the true genuine nature of Disney Animation studio’s films by convincing the studio to begin conducting research while developing the plotlines of their films. This began during the development process of The Princess and the Frog when the creative leadership team of the film visited New Orleans. This new addition to the story development process “inspired the production of the film” in ways the directors “would have never expected” (268-269).

Interestingly enough, despite Disney Animation studio’s growing success during this phase, the idea of shutting the studio down was actually bounced around Pixar after the merger. Pixar (namely Jobs among others at the studio) feared that Catmull and Lasseter would be stretched too thin to successfully run both studios if Disney Animation studio remained open and that they should instead focus on continuing Pixar’s unwarranted success. Yet, Catmull and Lasseter both dismissed this idea as they were both intent on reviving Disney Animation studio (265). Pixar’s employees complaints that they were seeing less and less of the pair after the merger as they spent more time at Disney Animation studio only served to foreshadow the oncoming decline of Pixar during the third phase (266).

Pixar was also becoming more successful during this phase. The studio was continuing to exercise their creative juices by following the principles that they followed during the first phase. Additionally, Pixar also moved away from the narrower market (Price, The Pixar Touch: The Making of a Company, 2009, 256) and dull stereotypical script (256-257) of Cars to the wider market and richer script of Ratatouille. As a result, the studio experienced a rather sizable increase in scores between 2006 (Cars) and 2007 (Ratatouille-96%). Furthermore, Pixar also experienced an increase between 2008 (WALL-E-96%) and 2010 (Up-98%, Toy Story 3-99%).
2010-2013: Disney Animation Studio’s Magic Regained Phase and Pixar’s Decline Phase

During this phase, Disney Animation studio greatly recovered from its 2003-2006 mediocrity phase and arguably regained its trademark Disney Animation magic as evidence by the blockbuster hits Wreck-It Ralph in 2012 (86%) and Frozen in 2013 (89%). It is worth noting that the studio’s various fluctuations during this phase are very marginal (a 6% increase from 2009-2011, a 4% decrease from 2011-2012, and a 3% increase from 2012-2013), but this is because their films during this phase were all largely successful. This success was largely because the studio fully integrated Pixar’s methods and principles into their own business culture and made them their own which led them to finally “unleash their creative potential” (Catmull, Creativity Inc., 2014, 274). Not only had their Story Trust “become as good as Pixar’s Braintrust...with its own personality” (274), but Disney’s directors and writers also could not “imagine developing an idea for a film without doing research” (269).

Whereas Pixar’s business culture began to imitate Disney Animation studio’s business culture during the first phase and this greatly affected the scores of their films during this phase. Although, the studio experienced a sizable increase (39%) between 2011 (Cars 2) and 2012 (Brave), a decline is evident as their scores during this phase (70s and 30s) were 30%-60% lower than the scores of their past more successful films. These duds can be largely traced back to the fact that the studio’s employees were under a “great deal of pressure” to continue to produce perfect films which led them to desist creating risky creative films (279-280). This is most likely the reason why two out of Pixar’s three films during this phase were sequels (Cars 2 and Monsters University). Additionally, it can be argued that this reliance on sequels began in 2010 with Toy Story 3, although it
was one of the studio’s most successful films with a score of 99%.

Furthermore, Pixar’s decline (scores of 39%, 78%, and 78%) during this phase can also be attributed to the fact that Lasseter had way too much on his plate during this phase (288). As the chief creative officer of both Disney Animation and Pixar studios, he heads Walt Disney Imagineering which is the unit that is responsible for designing Walt Disney Company’s worldwide theme parks and properties (Price, The Pixar Touch: The Making of a Company, 2009, 253). Additionally, he also co-runs both studios alongside Catmull (Catmull, Creativity Inc., 2014, 245). In particular, this involves giving “extensive notes”, reviewing “story reels”, and participating in the first reading of films with directors and actors at Disney Animation studio (Kit and Kilday). As a result of this array of responsibilities, Lasseter was failing to balance time between both studios and this imbalance was showing at Pixar studio. Catmull remarks that several of his employees commented that meetings with Lasseter ended up wasted because people over-prepared to meet with him. They also complained that meetings with him were wasted because he carried emotions from one meeting to the next (Creativity Inc., 2014, 287-288). Lasseter as well as the pressure on Pixar’s employees both led to the establishment of this phase as consisting of failures.

The Box Office Argument: An Alternate View on the Issue

One method that is often used to gauge the success of films is by comparing the box office numbers of films from a studio. This method is often used by journalists in order to gauge how a film is performing during its release in movie theaters. Here, the success of a film is connected to how well it sells in theaters. Yet, this method fails to measure the number of movie goers who actually enjoyed the film. While a large number of movie goers may purchase tickets for and view a film, they may not all actually enjoy the film that they just paid for. However, my method of utilizing Rotten Tomatoes scores ensures that the positive (or negative) reception of a film is measured, rather than just the ticket sales. Additionally, my method also adheres to the definition of a successful film (one that receives a score above 50%) that is being utilized in this paper.

Catmull’s Creativity Inc.

Before concluding this report, I would like to briefly question Catmull’s Creativity Inc. book. While it is an essential primary source, being written by the president of both studios, it is important to note that bias is present since he began at Pixar studio. Thus, he is most likely extremely proud of his original studio and apt to automatically view the studio in a better light than what was actually occurring within the studio. As a result, he may have downplayed his detailing of the studio’s decline during the last phase.

Conclusion

In order to best discover why Disney Animation studio’s films were such
hits during the last three years (2010-2013) while Pixar’s were simply re-writes of their previous series, the past performance of both studios’ films must be taken into account. These phases were largely influenced by the business cultures of each studio during each time period. Yet, the sheer irony of the third phase for Pixar is that Iger actually meant to prevent this tug of war with the merger by placing both studios under the same leadership. However, Pixar did indeed get dragged down and downright ignored due to this leadership decision. Additionally, the two studios were largely competing against each other due to this decision. During the last phase, not only were each of Disney Animation studio’s films completely original, but they were also definitely more popular than Pixar’s. Whereas Pixar was just building off of past stories as three out of their four films during this phase were sequels. Ultimately, Iger himself largely caused the establishment of the last phase as consisting of failures on Pixar’s part with his leadership choice. As a final note, it is interesting to note that both studios’ declines lasted three years. It would be worthwhile for someone to continue my research by analyzing the studios’ performance in the forthcoming years to see if Pixar begins recovering like Disney Animation studio did or if their decline extends beyond three years.

References

Add a trend or moving average line to a chart. in Microsoft Office [database online]. 2013 [cited 3/15 2015]. Available from https://support.office.com/en-us/article/Add-a-trend-or-moving-average-line-to-a-chart-3c4323b1-e377-43b9-b54b-fael160d97965?CorrelationId=1dd1ec97-b1f8-4a67-9131-fadb0f99e37&ui=en-US&rs=en-US&ad=US.


Chari, Saran, and Greenstein, Joe. Flixster help center. in Flixster, Inc [data-


Negroni, Jon. 2014. Ranking the Pixar Movies by Box Office Sales.


