

Market Strategy Evolution and Business Model Transformation of Marvel Studios: An Analysis Based on Porter's Five Forces Model

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Keywords: Marvel Studios, Superhero Films, Streaming Media, Media Transformation, IP Development.

Abstract: As a crucial component of the global film industry, superhero films have profoundly influenced contemporary popular culture. Post-9/11 American society's collective desire for security and heroic archetypes catalyzed unprecedented growth in superhero-themed media. However, while achieving periodic success, the Marvel Cinematic Universe faces both internal and external industry challenges and pressure to transform its business model. This paper employs Porter's Five Forces Model as an analytical framework and utilizes authoritative institutional data to analyze Marvel Studios' market strategies over the two decades following Spider-Man's 2002 release. The research demonstrates that Marvel maintains its competitive advantage through several key factors: the development of diverse characters and effective audience expectation management. In response to streaming platform competition, Marvel's integration with Disney has strengthened its market position through synergistic offline experiences and expanded distribution channels. The studio has controlled production costs by experimenting with new film genres and casting new actors. In the post-pandemic market, Marvel has adapted to new consumption scenarios by combining traditional theatrical releases with streaming platforms. Furthermore, Marvel needs to increase investment in emerging technologies such as Virtual Reality (VR) and Augmented Reality (AR) to address potential future challenges.

1 INTRODUCTION

On May 3, 2002, a New York high school student named Peter Parker appeared on 7,500 screens across North America, breaking records with an opening-day box office of \$43.62 million and reaching \$100 million in its first weekend. The film eventually became the highest-grossing release of the year. Behind this success, Spider-Man reflected post-9/11 American society's desire for security and individual heroism. It told the story of an ordinary teenager gaining extraordinary abilities and learning to manage power while balancing social responsibility with personal emotions and relationships. This film portrays the transformation of an ordinary individual into a superhero from the millennial generation's perspective. In 2016, Marvel integrated Spider-Man into their superhero universe, establishing a mentor-paternal relationship with the franchise star Iron Man, becoming a crucial link connecting different superhero films.

Although Marvel's first comic book adaptation, *Blade* (1998), achieved significant box office success, audiences found deeper resonance with Peter Parker's struggles. His internal conflict between identity,

responsibility, and personal growth made the character more relatable, attracting non-traditional comic book fans. This humanized narrative not only broadened the audience but also paved the way for the release of subsequent films.

Today, Marvel films continue to serve as valuable case in both commercial and cultural fields. This paper focuses on the market strategies employed by Marvel over the 20 years following Spider-Man's release. It examines how Marvel managed its core intellectual property (IP) to maintain continuous growth in value, fostered fan engagement and community interaction to enhance participation and loyalty, and collaborated with media giants such as Sony and Disney to expand product boundaries and achieve cross-cultural reach. Additionally, it will explore Marvel's strategic adaptation in the post-pandemic era, combining traditional cinema with streaming platforms to respond effectively to audience feedback.

The insights and recommendations presented in this study aim to assist brand owners in formulating comprehensive market strategies and making informed business decisions at critical points within the entertainment industry.

2 BRIEF HISTORY OF MARVEL COMICS AND MARVEL STUDIOS

Every successful Marvel character reflects the prevailing themes of its time. Captain America, introduced during World War II, symbolized resistance against tyranny and the pursuit of peace abroad, while embodying patriotic values and self-sacrifice at home. In the 1960s, Stan Lee's Fantastic Four introduced the concept of a shared superhero universe, reflecting Cold War-era ideals of scientific exploration and teamwork. However, during the 1990s, the rapid expansion of Marvel's comic book catalog led to market saturation, causing company financial difficulties. Marvel sold the film rights to many of its key characters to Hollywood studios.

The 2000s marked a resurgence of these IPs through the success of comic-based films such as Blade, X-Men, and Spider-Man, bringing Marvel characters back into public spotlight. The release of Iron Man in 2008, which depicted the use of technological innovation to combat terrorism, mirrored contemporary societal concerns, particularly Silicon Valley's technological boom and the global fight against terrorism in the Middle East (Yang and Peng, 2022). In 2019, Avengers: Endgame served as a culmination of Marvel's narrative arc, integrating 20 years of storytelling into a unified cultural and commercial milestone that elevated the Marvel brand to unprecedented heights.

In response to the disruptions caused by the COVID-19 pandemic, Marvel implemented strategic shifts, exploring hybrid distribution models that combined theatrical releases with streaming platforms. This transition not only maintained audience engagement but also expanded the accessibility of Marvel content, paving the way for Phase Four's development across multiple media platforms.

3 THE ANALYSIS OF THE MARVEL BRAND USING PORTER'S FIVE FORCES MODEL

3.1 Porter's Five Forces Model: An External Analysis Tool for Competitive Advantage

An enterprise's competitive advantage arises not only from internal resources and capabilities but is also

profoundly influenced by the external industry structure. In the 1970s, following the development of SWOT analysis, Professor Michael Porter introduced the Five Forces Model in 1979, grounded in the "Structure-Conduct-Performance" (SCP) paradigm of industrial economics. This analytical tool assists firms in understanding the impact of five primary competitive forces on their profitability, thereby enabling systematic analysis of the external competitive environment to identify strategic opportunities that can enhance their competitiveness.

3.2 Industry Rivalry

As the production company behind Marvel films, Marvel Studios has, since the release of Iron Man in 2008, produced a total of 31 films, creating the Marvel Cinematic Universe (MCU). In 2009, Marvel Studios was acquired by Disney for \$4.2 billion. Leveraging Disney's expansive distribution network, Marvel rapidly dominated the superhero film niche market. Today, Marvel has almost become synonymous with superhero movies.

Marvel's primary competitor within the superhero domain is DC Comics. Founded in 1934, DC Comics initially captured the American public's imagination with the character "Superman," establishing the archetype of a superhero. Marvel, meanwhile, capitalized on the sociopolitical climate of World War II by introducing "Captain America," gaining widespread recognition. In 1969, DC Comics was acquired by Warner Bros., which took responsibility for adapting and distributing its intellectual properties. However, it was not until 2013, following the completion of the first phase of the MCU, that Warner Bros. released Man of Steel, the inaugural film in the DC Extended Universe (DCEU), which grossed \$670 million worldwide (Qi, 2024). By this point, Marvel had already laid the groundwork for the Avengers storyline through seven films featuring characters like Iron Man and Captain America. Although DC and Marvel each have unique characteristics and audiences in comic creation, DC's adaptations into films gained fame and achieved success later than Marvel's.

To compete effectively, Warner Bros. adopted a differentiated competitive strategy for DC. From a character development perspective, DC focused on crafting powerful, godlike characters and exploring philosophical themes such as sacrifice and justice through human conflict, thereby appealing to an adult audience. However, the grand narrative may, to some extent, make the characters feel distant to audiences, making it challenging for them to empathize with the

characters. Conversely, Marvel emphasized themes of resilience, teamwork, and everyday challenges faced by families and adolescents, resonating with a broader demographic. As a market pioneer, Marvel established a lighthearted and humorous style for superhero films. Although unique, the dark and serious tone of DC films does not appeal to audiences who seek purely entertainment from movies, thereby limiting the audience base for DC films (Qi, 2024).

In terms of cinematic style, Warner Bros grants directors' greater creative freedom, with Zack Snyder's serious style and James Gunn's entertainment style successively shaping the development of the DC Extended Universe (DCEU). This has led to significant stylistic differences across films, affecting the coherence of the series. Under Kevin Feige's centralized management, Marvel maintained a cohesive visual aesthetic to ensure consistent character portrayals within its cinematic universe. This coherence in visual and narrative elements allows for smoother character and plot development, strengthens brand recognition and loyalty, and sets clear expectations for future installments, helping attract a stable audience and boosting box office performance.

DC often relies on director interviews and behind-the-scenes documentaries to attract fans by offering insights into the creative process, reinforcing the importance of directors within the franchise and fostering fan loyalty. In contrast, Marvel uses post-credit scenes to spark discussions about upcoming storylines, generating secondary promotion on social media. This approach not only builds interest in future films but also effectively manages audience expectations and encourages broader engagement.

The differences in box office performance between Marvel and DC can be attributed to their varying approaches in four key areas: market entry timing, film style and tone, director creative control, and audience expectation management. As of October 31, 2024, the Marvel Cinematic Universe has achieved a total box office gross of \$30.8 billion, while the DCEU has earned \$6 billion (see Fig. 1). By leveraging its first-mover advantage, straightforward and coherent storytelling, and extensive marketing reach, Marvel has attracted more substantial audience base.



Figure 1. DCEU and MCU Monthly Box Office Earnings by Release Date (Photo/Picture credit: Original). Note: Box office data sourced from Box Office Mojo.

3.3 Threat of New Entrants

Streaming services offer a convenient viewing option, allowing audiences to watch the latest films at home at any time, leading to a diversion of cinema audiences and a decline in box office revenue, which is particularly impactful for blockbuster studios like Marvel that rely heavily on box office earnings. The growth of streaming has also driven a reduction in theatrical release windows and shifted consumer behavior, as viewers have become accustomed to accessing new films quickly through a subscription-based content library, without needing to monitor theater schedules or seating availability. Additionally, streaming platforms leverage big data analytics to accurately gauge audience preferences, enabling them to respond to market demand more swiftly than traditional production companies.

In the wake of the pandemic, tech giants from Silicon Valley have increasingly ventured into the media landscape by promoting and developing their streaming platforms. Amazon's Prime Video, for example, launched *The Boys* in 2019, a series that quickly became the platform's most-watched show thanks to its anti-hero narrative and darkly satirical tone. Season two in 2020 saw an 89% increase in viewership, while seasons three (2022) and four (2024) achieved 17% and 21% growth respectively, substantially boosting the platform's paid subscription base.

Netflix took a different approach, collaborating with Marvel to release street-level superhero series such as *Daredevil* and *Jessica Jones*. *Daredevil*'s third season recorded approximately 30 million hours of view time in its debut week, while *Jessica Jones*'s first season amassed 20 million hours.

Unlike traditional film studios, streaming platforms are free from cinema screening costs and schedule constraints, offering users a wider variety of content choices. Digital distribution eliminates the

need for physical media transportation and reduces promotional expenses. Platforms also have access to user data, including Viewing Behavior Data and Content Performance Data which helps in directing content development and enables targeted advertising, particularly on social media, reducing marketing expenses eventually (Ulker-Demirel et al., 2018). Additionally, the subscription model provides a stable cash flow, freeing content creators from the need to rely on single blockbuster successes. A diversified content library helps mitigate risks associated with underperforming titles. In 2021, Marvel released the film *Black Widow* simultaneously in theaters and on the Disney+ streaming platform as an exploration of a new distribution model and a response to new entrants in the industry.

3.4 Supplier Bargaining Power

In Marvel's production budget, director and actor salaries constitute a substantial portion. The production cost for *Avengers: Endgame* was approximately \$356 million, with salaries for actors and crew members totaling \$175 million, representing 49% of the overall cost. Robert Downey Jr., who played Iron Man, earned around \$75 million in pay and profit-sharing for *Endgame*, a stark contrast to his initial \$500,000 salary for the first Iron Man film in 2008 (Ulker-Demirel et al., 2018). The film required over 3,000 Visual Effects (VFX) shots, necessitating the involvement of 12 VFX companies and thousands of artists. According to a report by Mordor Intelligence, the global VFX market size is projected to reach \$179.78 billion by 2024 and \$311.46 billion by 2029 (data from Mordor Intelligence), with an annual growth rate of 9.43%. For Marvel, this indicates a significant increase in production costs.

Fortunately, Marvel still holds numerous high-value character rights and has reached a mutually beneficial agreement with Sony, the rights holder for *Spider-Man*, allowing both parties to capitalize on the character's exposure and brand value.

3.5 Bargaining Power of Buyers

The rise of streaming platforms has shifted the landscape, with theaters no longer serving as the exclusive venue for blockbuster releases. However, for Marvel films, theaters offer more than just an immersive viewing experience; they provide social and interactive elements as well. According to the 2023 Theatrical and Home Entertainment Market

Environment Report released by the Motion Picture Association (MPA), total theatrical admissions in the United States and Canada reached 850 million in 2023, representing a 30% increase from the 650 million admissions recorded in 2022. However, this figure remains below the 1.3 billion admissions seen in 2019. In 2023, the average number of films watched per person was four, an increase from 3.2 in 2022, but still lower than the 4.6 average in 2019. This data suggests that, while the pandemic has altered the viewing habits of some audience members, the rate of recovery is accelerating. Nevertheless, theaters continue to rely on blockbuster films to support rising labor and rental costs, a pressure that has led owners to increase ticket prices, thereby impacting the willingness of price-sensitive audiences to step into theaters. From 2019 to 2023, the average ticket price for Marvel movies in the United States has steadily increased (Tu, 2016). Notably, in 2023, the average ticket price for *Ant-Man and the Wasp: Quantumania* reached \$13.89, marking a 15.4% increase compared to the 2019 price of \$12.04. In the short term, rising ticket prices may lead to a decline in the number of moviegoers, while in the long term, this trend could suggest a shift in viewing habits, encouraging audiences to subscribe to streaming platforms.

Audience feedback through reviews, social media, and word-of-mouth has become increasingly influential on a film's revenue. According to the 2021 Chinese Film Audience Survey published by China Film News, 61.4% of moviegoers primarily obtain film information through short video platforms such as Douyin and Kuaishou. Additionally, 51.4% use ticketing platforms like Maoyan and Taopiaopiao for film-related information, while 48.7% rely on social media platforms such as Weibo and WeChat. Audiences are increasingly placing value on a film's reputation, pre-selecting content by their interests. Audience feedback circulates widely on the internet, impacting both the box office performance of films and the long-term value of intellectual property (Su and Su, 2020). Film distributors must consider how to understand user preferences in order to develop targeted marketing strategies.

Influencers, whether serving as information sources or engaging in secondary creative content, are effective in attracting their respective audiences to movies. Prior to the release of *Avengers: Endgame*, Marvel collaborated with numerous prominent influencers, inviting them to attend premieres and behind-the-scenes events. These influencers shared their experiences on social media, boosting audience anticipation. However, when influencers provide

negative reviews, the negative discussions on social media can diminish audience expectations, potentially leading to a decrease in box office revenue (Zhang, 2023).

3.6 Threat of Substitutes

Within the industry, DC Extended Universe (DCEU) poses the most significant threat to Marvel, with iconic characters such as Batman and Superman possessing immense IP value. DCEU films like "Aquaman" and "Joker" have achieved remarkable global box office success, grossing \$1.148 billion and \$1.074 billion respectively. Additionally, independent superhero movies like the "Hellboy" trilogy from Dark Horse Comics have earned \$303 million in total, potentially diverting Marvel's audience.

Outside the industry, science fiction films such as "Star Wars" and "Avatar," as well as fantasy films like "The Lord of the Rings" and "Harry Potter," serve as substitutes for Marvel movies, boasting vast and unique worldviews and stunning visual effects (Richter, 2016). Furthermore, action-oriented film series like "Mission: Impossible" and "Fast and Furious" along with high-budget historical dramas and disaster movies, also compete for audience attention.

Looking to the future, Virtual Reality (VR) and Augmented Reality (AR) technologies present challenges to the traditional film industry in terms of content creation and presentation. By wearing specialized devices, users can immerse themselves in virtual environments and actively interact with the content, offering an unparalleled sense of presence that traditional cinema screens cannot match (Junius, 2015). Other studies also emphasize the importance of VR technique in marketing and film industry (Wijayanto and Putra, 2021 & Talafubieke et al., 2021). This poses a particular challenge for Marvel movies, which are known for creating visual spectacles on screen. As hardware costs decrease and 5G technology advances, new content based on VR and AR will continuously emerge. According to a report by market research company Grand View Research, the global VR device market size reached \$7.9 billion in 2021, and the global VR and AR device market is expected to reach \$127.4 billion by 2028, potentially becoming the next major content platform after PCs and smartphones.

4 RECOMMENDATIONS FOR STRENGTHENING MARVEL'S COMPETITIVE POSITION USING PORTER'S FIVE FORCES

4.1 Industry Rivalry

Following the conclusion of Avengers: Endgame, Marvel has continued to introduce films such as Shang-Chi and the Legend of the Ten Rings and Eternals, portraying the growth of a new generation heroes and laying the groundwork for subsequent explorations of the multiverse concept. Concurrently, Marvel has launched series like Wanda Vision, Loki, and The Falcon and the Winter Soldier on Disney+, allowing for a deeper exploration of existing characters. In support of the multiverse-focused storyline in Phase 5, Marvel has committed to releasing numerous films and series annually, integrating the storylines of both new and legacy characters, and anchoring them within larger crossover events, thereby aiming to replicate the success of the Avengers franchise.

On the one hand, Marvel needs to delve deeply into the internal conflicts and growth of its characters, crafting more complex personalities to foster audience empathy. Emphasis could be placed on minority, female, and LGBTQ+ characters to broaden the appeal and attract diverse audience. On the other hand, Marvel should expedite the release of films that serve as pivotal "node" events, like The Avengers, to unify its characters and deliver impactful "ensemble moments" that heighten audience anticipation for future multiverse developments.

4.2 Threat of New Entrants

Disney's collaboration with Marvel primarily manifests in resource integration and platform support. Disney's substantial financial power ensures the high-quality production of Marvel content and enables the creation of themed experiences like the Avengers Campus in California, which enhances fan engagement and expands the offline retail channels for merchandise. Through annual events such as D23 and theme park interactions, Disney strengthens fan engagement and boosts anticipation for Marvel's films and series. The synergy between online and offline experiences amplifies the brand's reach and recognition. In contrast, platforms like Amazon and

Netflix primarily rely on online marketing, lacking the immersive experience and emotional connection provided by offline settings.

4.3 Supplier Bargaining Power

Introducing capable new actors not only appeals to audiences across age groups and cultural backgrounds, as seen with the Asian creative team behind Shang-Chi and the Legend of the Ten Rings, and the character Kamala Khan in Ms. Marvel, which resonates with young viewers from Muslim backgrounds. It also aids in controlling production costs, as these actors are likely to appear in multiple upcoming movie series.

4.4 Bargaining Power of Buyers

Furthermore, Marvel recognizes the value of influencer marketing in its promotional campaigns. By collaborating with influencers whose followers align with the film's target audience, Marvel can precisely reach viewers of specific ages, interests, and regions. Influencers' previews or analyses of movie trailers can foster curiosity, and personal endorsements are more likely to elicit positive attitudes toward the film watching. Such marketing is generally cost-effective and benefits from the high engagement and trust that influencers' followers have.

4.5 Threat of Substitutes

In terms of media formats, VR and AR possess the potential to partially replace the visual and auditory experiences offered by Marvel's film and streaming content, due to their immersive nature, interactive features, and robust storytelling capabilities. Although there are currently no comparable competitors in the market, Marvel Studios could explore the development of interactive content for VR and AR devices, establishing an early presence in these sectors.

5 CONCLUSION

This study examined Marvel Studios' market strategies over two decades through Porter's Five Forces analysis framework. The research demonstrates Marvel's successful evolution from a comic book company to a global entertainment powerhouse, achieved through strategic intellectual

property management, innovative distribution models, and adaptive market positioning.

The findings illuminate several critical factors affecting Marvel's market position. First, Marvel's competitive advantage over DC originates from its early market entry and narrative consistency, which fostered robust brand recognition and audience loyalty. Second, the emergence of streaming platforms presents substantial challenges to Marvel's conventional theatrical distribution paradigm. Third, escalating production costs are driven by premium actor compensation and increasing dependence on sophisticated visual effects technology. Fourth, the post-pandemic theatrical sector maintains considerable bargaining power, while the influencers wield substantial impact on film reception. Additionally, technological advancements in VR and AR potentially offer immersive experiences that could surpass traditional theatrical superhero film presentations.

Based on these findings, several strategic recommendations emerge for entertainment industry stakeholders. Companies should prioritize diverse character development to broaden audience appeal, implement strategic release timing to maximize market impact, and explore emerging technologies like VR and AR to stay ahead of technological disruption.

This research contributes to the broader understanding of entertainment industry dynamics and provides valuable insights for media companies navigating similar challenges in intellectual property management and market adaptation. Future research could explore the long-term implications of streaming platforms on traditional theatrical distribution models and the potential impact of emerging technologies on content creation and consumption patterns.

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