Competitiveness of Transnational Companies of Creative Industries Market in Pre-Quarantine and Quarantine Periods

Anna Flehantova
PhD., Associate Professor,
Associate Professor of International Economics
and International Economics Relations Department
Higher Educational Establishment of Ukoopspilka
«Poltava University of Economics and Trade», Ukraine *(Corresponding author)*
E-mail: anna.flehantova@gmail.com
ORCID: https://orcid.org/0000-0001-9158-8847

DOI: https://doi.org/10.32782/2707-8019/2023-1-1

Abstract. *The article provides an analysis of several transnational corporations in the creative industry market, with a focus on «The Walt Disney Company». The company's various branches are united under one brand, making it unique in the world, but it still has strong competitors in different sectors, such as Sony Corporation, Fox Corporation, Comcast Corporation, and Netflix. The financial performance of these companies in 2018 and 2019 was generally better than in 2020 due to the impact of COVID-19, which particularly affected the profitability of «The Walt Disney Company». The company's revenue comes mainly from entertainment parks, which were significantly limited in 2020 due to COVID-19. In contrast, in 2019 and 2018, The Walt Disney Company's revenue was $14,438 million and $14,845 million, respectively. Sony Corporation's revenue increased gradually from $734,860 million in 2018 to $894,235 million in 2019. Comcast Corporation's revenue also increased from $19,009 million in 2018 to $21,125 million in 2019. Meanwhile, the revenue of Fox Corporation and Netflix in 2019 decreased slightly compared to 2018.*

Keywords: *competitiveness, creative industries, analysis, transnational corporation, global market.*

JEL Classification: *F29*

1 Introduction

The competitiveness of international companies is one of the most important factors that determine their success on the world market. In the pre-quarantine period, companies competed for resources, technology and sales markets, but with the advent of the covid pandemic, business faced new challenges. One of the biggest challenges for companies is the rapid transition to online business. Those companies that had previously developed digital technologies were able to quickly adapt to new conditions and increase their competitiveness. However, companies that lacked sufficient digital readiness may suffer from this transition.

Another challenge is changing market demand. Companies that could quickly switch production to goods needed to fight the pandemic (medical equipment, protective equipment, etc.) gained a competitive advantage. In addition, the covid pandemic has forced companies to rethink their logistics and supply chains. This can lead to increased production costs and delivery delays, which can affect companies' competitiveness.

Overall, the success of international companies during the Covid-19 period depends on their ability to quickly adapt to new conditions and effectively manage the challenges arising from the pandemic. Given the current pandemic, the competitiveness of companies in the creative industries market depends on their ability to adapt to new trends and market demand. One of the key challenges was the decrease in demand for some products and services due to economic constraints and changing consumer priorities. Companies that can quickly change their strategy and production according to new conditions have a better chance of success.

Another important factor is the use of digital technologies and online sales channels. Thanks to the development of technology, companies can promote their products and services more effectively and attract more customers through Internet marketing and social networks. Also, companies in the market of creative industries should pay attention to the creation of high-quality and interesting content that can attract the attention of consumers. It is also important to understand the

© Anna Flehantova, 2023

needs and priorities of your customers and meet their requirements.

In general, companies in the creative industries market must be flexible and open to new ideas and opportunities to increase their competitiveness in the unpredictable conditions of the covid pandemic.

2 Analysis of the economic activity of companies in the creative industries field

For analysis, we selected several of the most famous and influential transnational corporations in the market of creative industries. In a certain sense, such a conglomerate as «The Walt Disney Company» has no analogues in the world. Its numerous branches are united, in fact, only by a brand. But, of course, it has strong competitors in certain industries. That is why the company «The Walt Disney Company» was chosen by us as the main one in the analysis, and other companies will be considered in the article from the point of view of competitors for «The Walt Disney Company».

The obvious competition of «The Walt Disney Company» is such large associations as Sony Corporation, Fox Corporation, Comcast Corporation and Netflix.

Sony Corporation manufactures and markets entertainment equipment and instruments, electronics, devices, software for various markets, game consoles, and computers, among other products. Headquartered in Tokyo, Japan, Sony was founded in 1946. In 2017, it had a market capitalization of more than $40,2 billion and sales of about $70 billion. The number of employees is approximately 14000 (Disney Competitors).

To stay afloat in the competitive world of entertainment, Sony Corporation Inc. operates in segments such as mobile communications, audio and home entertainment, financial services, image processing and music. The company occupies the 73rd and 193rd positions in the world in terms of brand and asset value. Due to its own brand value and brand following, Sony is considered to be one of the strongest competitors of «The Walt Disney Company» (Disney Competitors).

Fox Corporation was founded in 1986 in the United States, the company in 2017 made more than 15,5 billion US dollars in sales. Its headquarters is located in California, USA. With a market capitalization of $10,7 billion, Fox is one of the top 100 global brands and is certainly one of the strongest competitors of The Walt Disney Company (Disney Competitors).

Fox Corporation is part of the 21st Century Fox Group and has cable connections to more than 90 million homes in the US alone. It has been the most dominant news channel for the last 15 years and is ahead of other channels such as ESPN and NBC. In 2007, his brand was extended to business news, and in 2013 to Fox Sport (Disney Competitors).

Founded in 1963 in the broadcast and cable television industry, Comcast is headquartered in Pennsylvania, USA, and was named one of the 2015 Best Employers in the United States.

As of 2017, Comcast had a market capitalization of $193,5 billion, over 160,000 employees, and sales of over $80,5 billion (Disney Competitors).

As a communications company, Comcast also provides telephone service and Internet to both businesses and homes. Its operational efficiency is ensured by segment divisions. That is, Cable connection for high-speed Internet; video and voice services for businesses and residents, cable networks for cable television networks and related digital multimedia content, television for Telemundo and NBC, entertainment for content production, marketing and distribution with a theme parks segment is provided by Comcast (Disney Competitors).

Netflix is an American entertainment company, a provider of movies and series based on streaming media. It was founded on August 29, 1997. It is headquartered in Los Gatos, California (Seven Technologies).

Since 2013, Netflix has been producing its own films and series, including animated ones, as well as TV programs. In 2016, the company produced 126 original series and movies – more than any other network or cable channel. Their efforts to produce new content, secure rights to additional content and diversify across 190 countries required additional capital, including through loans (Seven Technologies).

The total debt in 2016 amounted to 16,8 billion dollars, as of September 2017 it was already 21,9 billion dollars. At the same time, 6,5 billion dollars is long-term debt, and the other part is long-term liabilities. In October 2018, Netflix announced an additional $2 billion in financing for new content. As of January 2021, the company has 203,7 million subscribers worldwide, while the company spent $11,8 billion on content creation in 2020 (Seven Technologies).

To analyze the economic condition of companies in the creative industries market, data were taken from the annual reports of these companies (Tables 1–3).

In 2020 (Table 1), all companies were affected by restrictions related to COVID-19. This especially affected the profitability (unprofitability) indicator of «The Walt Disney Company», which amounted

to -1941 million USD and this became the lowest indicator in 2020 compared to competitors. The profitability figure of Sony Corporation was the highest among the mentioned companies and was 845459 million USD in 2020.

Fox Corporation, Comcast Corporation and Netflix were average in terms of profitability in 2020; this figure for the listed companies was 1831 million US dollars, 17493 million US dollars and 4585 million US dollars, respectively. Such a low result of the financial activity of «The Walt Disney Company» is primarily due to the fact that recently the company received the largest part of its income precisely from the activities of amusement parks, the activities of which were significantly limited during 2020 due to the spread of COVID-19.

2019 and 2018 (Table 2, Table 3) were more successful in terms of profitability for all the studied companies, this is especially noticeable for «The Walt Disney Company», which received a profit of 14438 million USD in 2019 and

Table 1 Economic indicators of the activity of transnational companies of creative industries market, 2020

Indicator	Walt Disney Company	Sony Corporation	Fox Corporation	Comcast Corporation	Netflix
Operating Profit (2020)	-1941	845459	1831	17493	4585,29
Operating Profit (2019)	14438	894235	2160	21125	2604,25
Cost of Sales (2020)	43880	5425759	7807	33121	14175,32
Total Common Shareholder's Equity (2020)	83583	4125306	10094	90323	11065,24
Total Liabilities and Share (2020)	201549	23039343	21750	273869	39280,36
Total Liabilities (2020)	117966	18914037	11656	183546	28215,12
Total Current Assets (2020)	35251	5735145	7486	26741	9761,58
Total Current Liabilities (2020)	26628	6240443	1906	28796	7805,78
Net Revenue (2020)	-2864	582191	999	10534	2761,39
Selling, General and Administrative Expenses (2020)	12369	1502625	1741	39850	3304,85

Source: compiled by author based on (Investing. Walt Disney Company. Balance Sheet; Investing. Walt Disney Company. Income Statement; Investing. Fox Corporation. Balance sheet; Investing. Fox Corporation. Income Statement; Investing. Sony Corporation. Balance Sheet; Investing. Sony Corporation. Income statement; Investing. Comcast Corporation. Balance Sheet; Investing. Comcast corporation. Income statement; Investing. Netflix. Balance sheet; Investing. Netflix. Income Statement)

Table 2 Economic indicators of the activity of transnational companies of creative industries market, 2019

Indicator	Walt Disney Company	Sony Corporation	Fox Corporation	Comcast Corporation	Netflix
Operating Profit (2019)	14438	894235	2160	21125	2604,25
Operating Profit (2018)	14845	734860	2237	19009	1605,23
Cost of Sales (2019)	42061	5771904	7327	34440	12440,21
Total Common Shareholder's Equity (2019)	88877	3746377	9947	30292	7582,16
Total Liabilities and Share (2019)	193984	20981586	19509	263414	33975,71
Total Liabilities (2019)	105107	17235209	9562	180688	26393,56
Total Current Assets (2019)	28124	5246612	6478	25392	6178,5
Total Current Liabilities (2019)	105107	6079815	1712	30292	6855,7
Net Revenue (2019)	11054	916271	1595	13057	1866,92
Selling, General and Administrative Expenses (2019)	11549	1576825	1419	40244	3566,83

Source: compiled by author based on (Investing. Walt Disney Company. Balance Sheet; Investing. Walt Disney Company. Income Statement; Investing. Fox Corporation. Balance sheet; Investing. Fox Corporation. Income Statement; Investing. Sony Corporation. Balance Sheet; Investing. Sony Corporation. Income statement; Investing. Comcast Corporation. Balance Sheet; Investing. Comcast corporation. Income statement; Investing. Netflix. Balance sheet; Investing. Netflix. Income Statement)

Table 3 Economic indicators of the activity of transnational companies of creative industries market, 2018

Indicator	Walt Disney Company	Sony Corporation	Fox Corporation	Comcast Corporation	Netflix
Operating Profit (2019)	14845	734860	2237	19009	1605,23
Operating Profit) (2018)	13853	288702	2266	18018	838,68
Cost of Sales (2019)	32726	5771904	6505	29692	9967,54
Total Common Shareholder's Equity (2019)	48773	2967366	9594	71613	5238,77
Total Liabilities and Share (2019)	98598	19065538	13121	251684	25974,4
Total Liabilities (2020)	49825	16098172	3527	180071	20735,63
Total Current Assets (2019)	16825	5176096	5580	21848	9694,14
Total Current Liabilities (2019)	17860	5620541	1759	27603	6487,32
Net Revenue (2019)	12598	490794	2187	11731	1211,24
Selling, General and Administrative Expenses (2019)	8860	1583197	1209	35005	2999,76

Source: compiled by author based on (Investing. Walt Disney Company. Balance Sheet; Investing. Walt Disney Company. Income Statement; Investing. Fox Corporation. Balance sheet; Investing. Fox Corporation. Income Statement; Investing. Sony Corporation. Balance Sheet; Investing. Sony Corporation. Income statement; Investing. Comcast Corporation. Balance Sheet; Investing. Comcast corporation. Income statement; Investing. Netflix. Balance sheet; Investing. Netflix. Income Statement)

2018 and USD 14845 million, respectively. Sony Corporation's earnings gradually increased from USD 734860 million in 2018 to USD 894235 million in 2019.

Comcast Corporation's revenue also increased from $19009 million in 2018 to $21125 million in 2019. The profits of Fox Corporation and Netflix in 2019 compared to 2018 decreased slightly, from $2237 million to $2160 million for Fox Corporation and from $1605 million to $2604 million for Netflix.

3 Analysis of the competitiveness of companies in the creative industries market

The analysis of competitiveness is a key stage in the development of the strategy of companies in the market of creative industries. It allows you to identify the company's strengths and weaknesses compared to its competitors and find ways to improve its efficiency and achieve a competitive advantage.

Competitiveness coefficients were calculated on the basis of the initial data of the reports of the investigated companies (Table 4). The calculated coefficients make it possible to assess the company's position on the international market of creative industries.

So, the most successful year for «Walt Disney Company» was 2018, when the competitiveness ratio was 14,59. In the following two years, the value of this indicator gradually decreased and reached 9,37 and 5,83 in 2019 and 2020, respectively. The competitiveness index of such competitors as Sony Corporation and Comcast Corporation had a similar trend and was 14,42, 11,12 and 9,13 for Sony Corporation in 2018, 2019 and

Table 4 Coefficient of competitiveness of the company in the market of creative industries, 2018–2020

Company	Years		
	2018	2019	2020
Walt Disney Company	14,59	9,37	5,83
Sony Corporation	14,42	11,12	9,13
Fox Corporation	2,93	10,15	16,56
Comcast Corporation	20,14	18,97	17,07
Netflix	13,2	14,04	16,78

Source: compiled by author based on (Investing. Walt Disney Company. Balance Sheet; Investing. Walt Disney Company. Income Statement; Investing. Fox Corporation. Balance sheet; Investing. Fox Corporation. Income Statement; Investing. Sony Corporation. Balance Sheet; Investing. Sony Corporation. Income statement; Investing. Comcast Corporation. Balance Sheet; Investing. Comcast corporation. Income statement; Investing. Netflix. Balance sheet; Investing. Netflix. Income Statement)

2020, respectively, for Comcast Corporation – 20,14, 18,97 and 17,07. For companies such as Fox Corporation and Netflix, the opposite trend was observed – the competitiveness index increased and was 2,93, 10,15 and 16,56 for Fox Corporation in 2018, 2019 and 2020, respectively, and for Netflix 13,2, 14,04 and 16,78, respectively (Figure 1).

During the entire period under study (2018–2020), the highest competitiveness index was observed in Comcast Corporation 20,14, 18,97 and 17,07 in 2018, 2019 and 2020, respectively, and the lowest

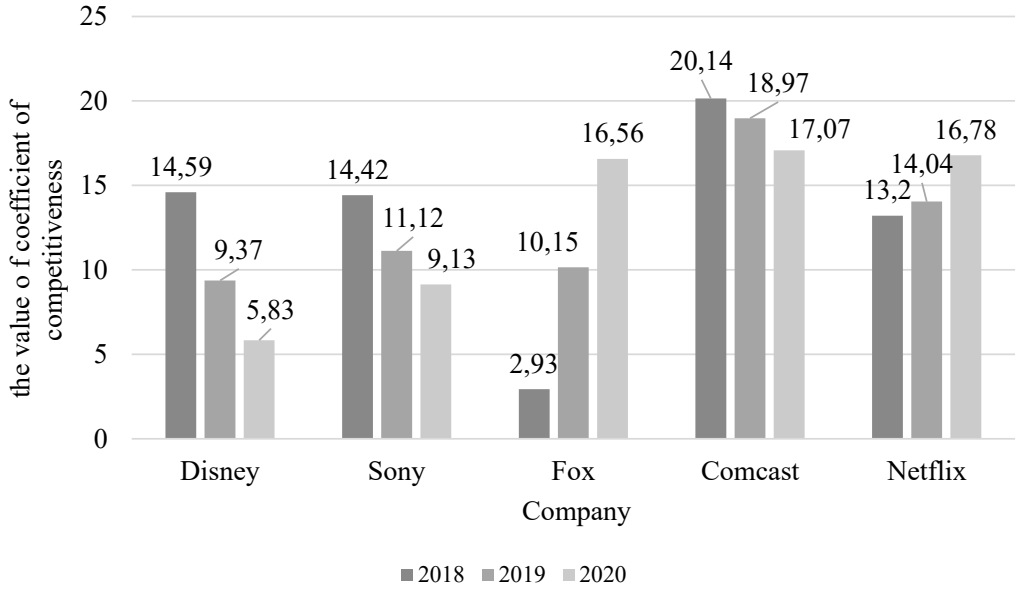


Figure 1 The coefficient of competitiveness of companies in the creative industries market, 2018–2020

Source: compiled by author based on (Investing. Walt Disney Company. Balance Sheet; Investing. Walt Disney Company. Income Statement; Investing. Fox Corporation. Balance sheet; Investing. Fox Corporation. Income Statement; Investing. Sony Corporation. Balance Sheet; Investing. Sony Corporation. Income statement; Investing. Comcast Corporation. Balance Sheet; Investing. Comcast corporation. Income statement; Investing. Netflix. Balance sheet; Investing. Netflix. Income Statement)

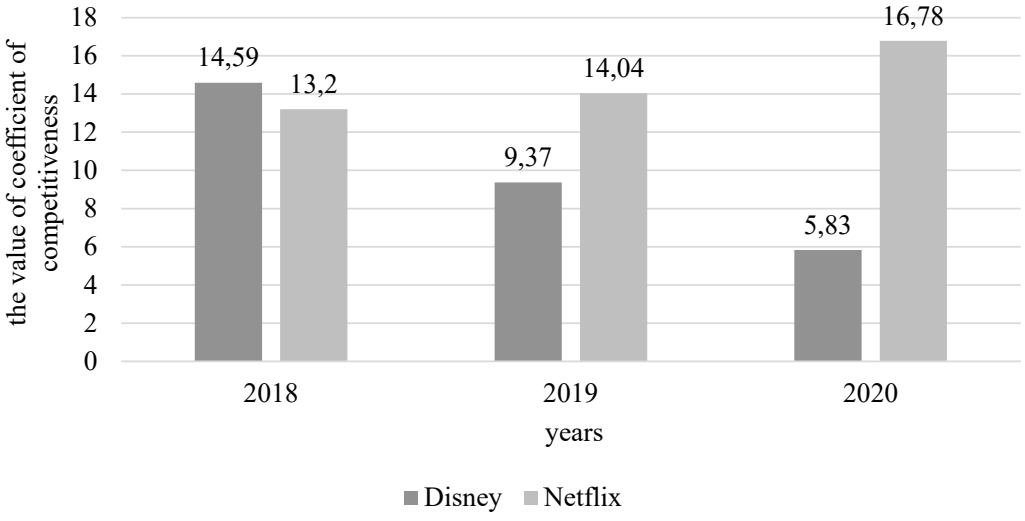


Figure 2 The coefficient of competitiveness of «The Walt Disney Company» and Netflix, 2018–2020

Source: compiled by author based on (Investing. Walt Disney Company. Balance Sheet; Investing. Walt Disney Company. Income Statement; Investing. Netflix. Balance sheet; Investing. Netflix. Income Statement)

in 2018 belonged to Fox Corporation (2,93), and in 2019 and 2020 – «The Walt Disney Company», which was 9,37 and 5,83, respectively.

Such trends, as well as the non-leading position of «The Walt Disney Company» are primarily due to the fact that in recent years «The Walt Disney Company» received a large share of its income from the activities of amusement parks (unlike competitors who received income mainly from of their activities on the Internet), whose activities were limited due to measures related to the spread of COVID-19.

Despite the fact that the indicator «The Walt Disney Company» does not indicate a strong position of this company in the market, the company still remains a leader in its field, because it diversifies its activities and has very diverse types of them. That is, the competitors we analyzed are actually competitors for «The Walt Disney Company» only individually in certain types of its activities, but they cannot represent a real threat to the company's activities.

In our opinion, among the competitors of «The Walt Disney Company», it is appropriate to single out such a company as Netflix (Figure 2), which in the coming years could potentially become the main competitor for «The Walt Disney Company». This is possible due to the fact that «The Walt Disney Company» is expanding its activities through the introduction of the «Disney+» site, which is similar in its functions to the company's Netflix site.

Therefore, during 2018–2020, the positions of «The Walt Disney Company» were lower compared to the Netflix company, which occurred mainly under the influence of global changes in the market of creative industries associated with the spread of COVID-19 (restrictions on the activities of amusement parks «Disneyland»). At the same time, the improvement in the position of Netflix is related to the same factor that in this case had a positive effect on the company, whose activities are mainly aimed at providing services through the Internet.

There is a possibility that in the coming years, the most important competitor for The Walt Disney Company will be Netflix, which will take place under the influence of transformations of The Walt Disney Company's activities due to the impact on it of the consequences of restrictions related to COVID-19.

4 Conclusions

For research, we have chosen several of the most famous and influential transnational corporations working in the creative industries. «The Walt Disney Company» is unique with multidisciplinary divisions that are united under one brand, but has strong competitors in different industries. In our research, we focused on «The Walt Disney Company» and consider other companies from a competitive perspective. In particular, such large conglomerates as Sony Corporation, Fox Corporation, Comcast Corporation and Netflix are obvious competitors of «The Walt Disney Company».

In 2020, all companies were affected by the restrictions related to COVID-19, which is reflected in their financial performance. The Walt Disney Company had the lowest profitability among its competitors in 2020, amounting to -$1,941 million, which was due to restrictions on the activities of the company's theme parks, which were caused by the spread of COVID-19. In 2019 and 2018, all companies studied had higher returns, especially «The Walt Disney Company», which earned $14,438 million in 2019 and $14,845 million in 2018. Sony Corporation's revenue gradually increased from USD 734860 million in 2018 to USD 894235 million in 2019. Comcast Corporation's revenue also increased from USD 19009 million in 2018 to USD 21125 million in 2019. The profits of Fox Corporation and Netflix in 2019 compared to 2018 decreased slightly.

References

Disney Competitors. Available at: https://www.marketing91.com/disney-competitors (accessed February 20, 2023).

Seven Technologies We Can't Wait for Disney to Bring to its Parks 2020. Available at: https://allears.net/2020/07/21/seven-technologies-we-cant-wait-for-disney-to-bring-to-its-parks/ (accessed February 20, 2023).

Investing. Walt Disney Company. Balance Sheet. Available at: https://www.investing.com/equities/disney-balance-sheet.

Investing. Walt Disney Company. Income Statement. Available at: https://www.investing.com/equities/disney-income-statement.

Investing. Fox Corporation. Balance sheet. Available at: https://www.investing.com/equities/fox-corp-b-balance-sheet.

Investing. Fox Corporation. Income Statement. Available at: https://www.investing.com/equities/fox-corp-b-income-statement.

Investing. Sony Corporation. Balance Sheet. Available at: https://www.investing.com/equities/sony-corp.-balance-sheet.

Investing. Sony Corporation. Income statement. Available at: https://www.investing.com/equities/sony-corp.-income-statement.

Investing. Comcast Corporation. Balance Sheet. Available at: https://www.investing.com/equities/comcast-corp-new-balance-sheet.

Investing. Comcast corporation. Income statement. Available at: https://www.investing.com/equities/comcast-corp-new-income-statement.

Investing. Netflix. Balance sheet. Available at: https://www.investing.com/equities/netflix,-inc.-balance-sheet.

Investing. Netflix. Income Statement. Available at: https://www.investing.com/equities/netflix,-inc.-income-statement.

Дата надходження статті: 25.02.2023
Дата прийняття статті до публікації:17.04.2023
Дата публікації статті: 28.04.2023