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## THE MAIN FEATURES OF INNOVATION IMPLEMENTATION IN THE CREATIVE INDUSTRIES MARKET

### ОСОБЛИВОСТІ ВПРОВАДЖЕННЯ ІННОВАЦІЙ НА РИНКУ КРЕАТИВНИХ ІНДУСТРІЙ

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The article is devoted to actual issues of the peculiarities of the implementation of innovations in the market of creative industries. The concept of the market of creative industries, as well as innovations, is considered. The importance of innovations for the development of the economy, as well as the sources of their financing, are considered. A comparative analysis of the implementation of innovations in the market of creative industries and in other industries was carried out. The features of innovation implementation at «The Walt Disney Company» were analyzed.

**Keywords:** innovation, creative industries, global market, transnational corporations, creative industries market.

Стаття присвячена актуальним питанням особливостей впровадження інновацій на ринку креативних індустрій. Розглянуто поняття ринку креативних індустрій, а також інновацій. Розглянуто значення інновацій для розвитку економіки, а також джерела їх фінансування. Проведено порівняльний аналіз впровадження інновацій на ринку креативних індустрій та в інших галузях. Проаналізовано особливості впровадження інновації у компанії «The Walt Disney Company». Креативні індустрії вже багато років є прибутковим сектором економіки у багатьох європейських країнах. Останнім часом вони стають все більше інтегрованими в міський розвиток, процеси демократизації, розвиток територіальних громад, та сприяють формуванню інноваційних ринків. На початку і середині двадцятого століття творчі індустрії не часто вважалися актуальною областю економічного аналізу та академічних досліджень інновацій. Це змінилося у кінці століття. Особливо за останні два десятиліття кількість академічної літератури та політичних звітів, які обговорюють передбачуваний зв'язок між творчими індустріями і інноваціями, значно зросла. Інновації в творчих галузях в першу чергу складаються з технологічних інновацій, нових комбінацій існуючих елементів або периферійних стилів, в той час як «звичайні» інновації виникають в основному з цілеспрямованих дій, заснованих на наукових і інженерних знаннях. Різниця між творчими галузями і інноваціями в інших секторах полягає у наступному: перші часто являють собою не великий технологічний вибух, а більш органічний і системний процес, на який впливають складні структури регулювання і ринку. Фінансування інноваційних проектів здійснюється за рахунок внутрішніх та зовнішніх джерел. Для кожної стадії інноваційного продукту може бути характерне окреме джерело фінансування, на практиці чіткого поділу немає, як правило, фінансування здійснюється зі змішаних джерел. Початковим стадіям запровадження інновацій притаманне використання власних коштів ТНК, державних грантів, венчурного капіталу. Стадія росту потребує більш широкого залучення із зовнішніх джерел, таких як банківські позики, використання фінансових інструментів фондового ринку.

**Ключові слова:** інновації, креативні індустрії, світовий ринок, транснаціональні корпорації, ринок креативних індустрій.

**Formulation of the problem.** Creative industries have been a profitable sector of the economy in many European countries for many years. Recently, they have become increasingly integrated into urban development, democratization processes, development of

territorial communities, and contribute to the formation of innovative markets. Structural and technological changes in the modern world economy, the strengthening of the processes of globalization and international competition formed the prerequisites for recognizing

creativity as an important non-technological factor influencing on innovations [1].

The conceptualization of innovation has strong historical base that provide important insights into the current challenges in using the term. Initially, innovations were invented by researchers involved in technology development and economics. The early interpretation of this concept was strongly influenced by the work of Joseph Schumpeter, who considered the entrepreneur to be the main player in innovative production. The often cited definition of innovation by Schumpeter covers the scope that innovation still has today: the introduction of a new product, the introduction of a new production method, the opening of new markets, the conquest of a new source or supply of raw materials or semi-finished products, the introduction of a new form of process organization [2].

This definition for economic analysis is now an increasingly difficult aspect, since profit, especially in creative industries, is not always the main indicator of success. On the other hand, innovation in Schumpeter's terms is indeed appropriate for today's creative industries: innovation has become a term closely associated with individual entrepreneurship. Since individual entrepreneurship in the form of small and medium-sized enterprises or freelancers is widespread in creative industries, these industries undoubtedly correspond to this aspect of the Schumpeterian approach to innovation [2].

**Analysis of recent research and publications.** Issues of analysis of the implementation of innovations in the field of creative industries were dealt with O. V. Warsawa [5], T. V. Danko [7], N. V. Didyk [5], P. R. Pelyuhnya [7], K. M. Sinyakova [1], O. V. Smaglo [9], Yu. V. Ushkarenko [1], A. V. Chmut [1].

**Separation of previously unresolved parts of the overall problem.** Most of the existing publications related to the topic of creative industries and innovations are devoted to existing innovations in the specified area and their impact on the economy. However, in our opinion, the specifics of innovations and their implementation in the field of creative industries require a more detailed study.

**Formulation of the goals of the article.** The purpose of this article is to analyze the nature of innovations in the field of creative industries, as well as the specifics of their implementation.

**Presentation of the main research material.** In the early and mid-twentieth century, creative industries were not often considered a relevant

area of economic analysis and academic research on innovation. This changed at the end of the century. Especially in the last two decades, the amount of academic literature and policy reports that discuss the supposed relationship between creative industries and innovation has grown significantly. In recent years, along with the growing importance of the cultural economy, creativity has begun to play an increasingly important role in the programs of economic growth and employment growth. Especially in the knowledge economy, industries that produce intangible goods and ideas are considered an important basis for innovation and, as a result, economic progress [2].

However, despite the peak of interest in creative industries and innovation, academic research has rarely examined the specific features of innovation in creative industries. Moreover, the development of a comprehensive (i.e., interdisciplinary, but holistic) conceptualization of innovations in creative industries for the policy field is hindered by the fact that throughout Europe the cultural and creative industries have become a key sector of the economy, the innovative potential of which was considered to be offshoots or spread to the wider economy [2].

Enthusiasm about the innovative potential of the creative industries has been largely based on claims rather than real evidence of the link between creativity, culture and innovation. Such a regulatory approach inevitably prevented the development of a neutral definition of innovation in creative industries in many political documents [2].

Many existing reports about research on innovation in creative industries adopt an approach to innovation using an atomized and linear one-way description of the innovation process where creativity is usually considered as an external contribution to non-creative industries or declining regions and cities. The same applies to other definitions of innovation, for example, innovation involves the successful introduction of a new product, service or process, which for most types of activity entails their commercial success or which can be summarized in the implementation of a new product or process idea [2].

Both studies argue that innovation differs from the simple generation of an idea or invention, and consider successful implementation as a key aspect of innovation. However, in creative industries, commercial success is not always the most important goal of production. Creative industries are considered to be innovative in

nature, and creative practices are constantly producing new products and services. However, such innovations take a different form because they often represent minor and subtle aesthetic changes in the appearance or design of the product or in the process of its production [2]. Innovation in creative industries primarily consists of technological innovation, new combinations of existing elements or peripheral styles, while «conventional» innovation arises mainly from purposeful actions based on scientific and engineering knowledge. The difference between creative industries and innovations in other sectors is as follows: the former often do not represent a big technological explosion, but a more organic and systemic process that is influenced by complex regulatory and market structures (Figure 1) [2].

Thus, current research offers a wide range of innovation concepts for creative industries. However, a consistent conceptualization of innovations in the field of creative industries is necessary [2].

Companies operating in creative industries as factors of production use intellectual capital, creative potential and talent to generate new original ideas, as a result of which an innovative product is created (goods or services are endowed with economic value), or qualitatively new decisions are made in order to meet the needs of society [15]. Any innovations always require investment because their successful implementation requires financial support.

The support of creative industries in the EU countries is carried out within the framework of those values that are reflected primarily in the UNESCO Conventions and Resolutions, in particular, the Declaration on Cultural Diversity [3] and the Convention on the Protection and Promotion of the Diversity of Cultural Expressions [4].

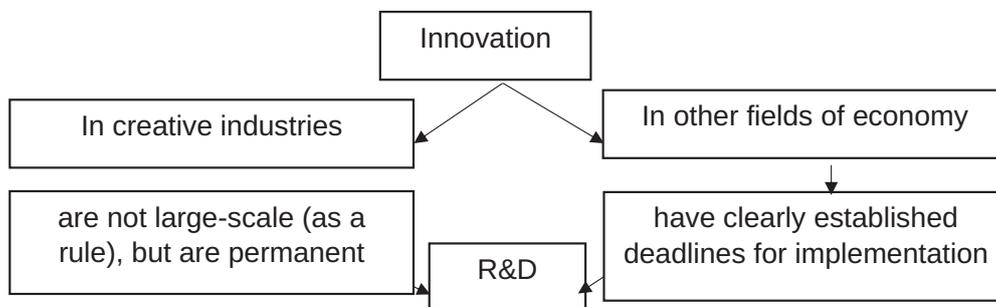
European practice allows us to testify that the competitiveness of the economy in the coming years is impossible without the creation, transfer and use of knowledge through research, education, professional training and innovation [5].

In the strategies of TNCs, innovation is the basis of competitiveness and determines the direction of development of the company, individual industries and the national economy in general. In order to gain leadership in certain industries, TNCs aim to expand programs aimed at developing and introducing an innovative product [6]. Financing of innovative projects is carried out at the expense of internal and external sources (Figure 2) [6].

Each stage of an innovative product may be characterized by a separate source of funding, in practice there is no clear division, as a rule, funding is provided from mixed sources. The initial stages of introducing innovations are characterized by the use of TNC's own funds, state grants, and venture capital. The growth stage requires wider involvement from external sources, such as bank loans, use of financial instruments of the stock market [6].

Investment plays a key role in the economic development of both enterprises and the country as a whole. In particular, economic growth in the so-called creative industries is also impossible without attracting direct investment. As V. Gent notes, in the modern conditions of high-tech development and the spread of innovations, enterprises must move to a new level of economic development, in other words, the economy must transform into a new creative one, where human intelligence plays a dominant role, working in synthesis with physical labor [7].

Therefore, support for the introduction of innovations in general has a positive effect on the world's economic system. As for the



**Figure 1. Peculiarities of innovations in creative industries and other economic sectors**

*Source: Compiled by author based on [2]*

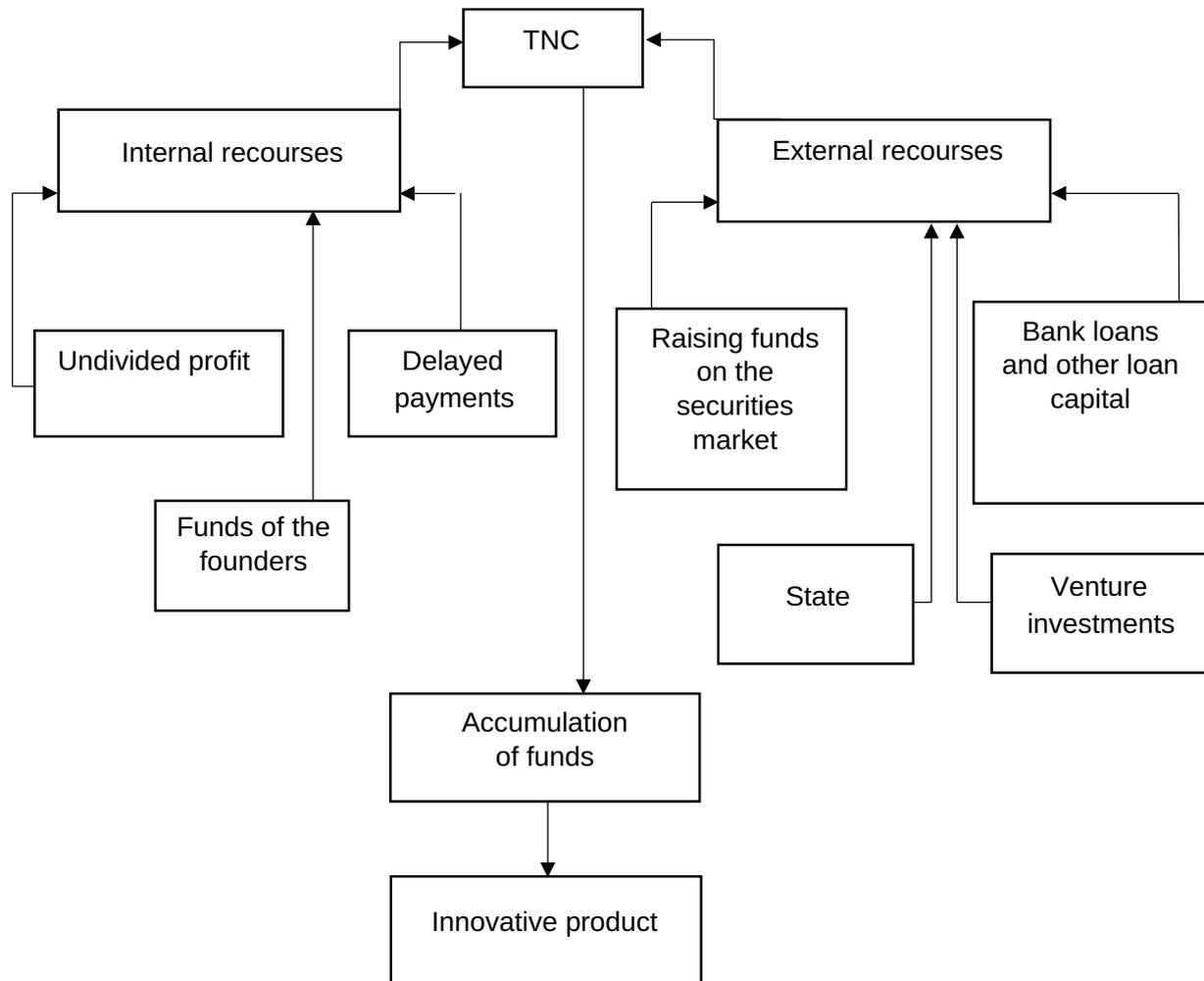


Figure 2. Sources of funding for TNC innovations

Source: [6]

creative industry, the constant implementation of innovations in the specified industry is a necessary prerequisite for the functioning of the company in such an industry. Any innovations require financial resources, therefore attracting direct investment is mandatory to maintain a sufficient level or strengthen the company's competitive position on the market.

For example, «The Walt Disney Company» uses other principles during the implementation of innovations. One of them probably comes from the company's field of activity and is that you need to apply a creative way of thinking in everything. They create collages, draw, use their imagination to imagine how everything will look in the future, what the result should be. Also, on the way to the goal, it is important to get along with it, grow together – to think a lot and talk about it on any appropriate occasion, to draw on paper. In this way, we form thinking as if the goal has already been achieved. Environmental

testing can be used in advance to prevent future roughness [8].

Although free capital allows «The Walt Disney Company» to buy innovative companies (as happened with the animation studio Pixar, with the empire of George Lucas, the Marvel company), recently the corporation has been spending more and more time on its own development. Moreover, he approaches this matter with maximum, academic seriousness – by organizing a network of scientific and technical laboratories «Disney Research». The beginning of this network was laid in 2008 by the cooperation of «The Walt Disney Company» with scientists and engineers of Carnegie Mellon University and the Swiss University of Technology in the city of Zurich [9].

At the moment, «Disney Research» officially unites six laboratories around the world, which are located next to scientific centers or divisions of the Disney Corporation. In particular, the

research points of the network are deployed near the same Carnegie Mellon University and the Swiss Higher Technical School, next to the world-famous Massachusetts Institute of Technology, in the heart of Disney animation – the Pixar studio, and, of course, in California, the native land of American cinema [9].

As a corporation whose roots lie in the field of film and television, «The Walt Disney Company» actively develops visual technologies. Much of the development, of course, is focused on the creation of over-budget blockbusters and epoch-making cartoons, however, something is being done here for ordinary life as well [9].

For example, the «Disney Research Pittsburgh» laboratory came up with an algorithm useful for amateur cinematographers, which helps to assemble a completely pleasant movie from scattered clips [9].

Another invention of «Disney Research» – a project authored by Seung-Chen Kim, Ali Irar and Ivan Pupyrev from the Pittsburgh laboratory allows any screen not only to display visual images, but also to make them tactile when touching its surface [9].

The basis for tactile sensations are relief maps attached to all objects on the screen. The map is a two-dimensional gradient whose data causes

the screen substrate to generate weak currents. These currents are perceived by the fingertips as vibration. By merging, vibration effects create a feeling of realistic terrain [9].

**Conclusions.** Innovative activity and investment in research and development play an extremely important role in the process of increasing the level of competitiveness of the company, or maintaining it at a sufficient level, which is confirmed by statistical data on the activities of the leading TNCs in Europe and the world. Innovative activity is especially important in the conditions of transformational processes in the world economy. Its main feature is that creative industries, as an independent industry, involves constant innovation in its activity, since this industry is always closely connected with the creation of something new and with the involvement of creative work and the intellectual component of a person in this process. Constant introduction of innovations in the specified industry is a necessary prerequisite for the functioning of the company in such a field. Any innovations require financial resources, therefore attracting direct investment is mandatory to maintain a sufficient level or strengthen the company's competitive position on the market.

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