Successful Businesses during a Pandemic. How to Thrive

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Received: January 15, 2022
Accepted: February 25, 2022
Published: May 5, 2022

Keywords: Successful businesses; Multinational corporations; E-Commerce; COVID-19 crisis; Increased revenues

Abstract: The world suffered a huge loss since the first quarter of 2020 when the COVID-19 crisis started. Most of the businesses’ activity collapsed and the economy fell dramatically down. Other businesses have been struggling over the past months due to the coronavirus pandemic – temporarily closing in the face of lockdowns, or keeping their doors open while drastically scaling back operations. However, even in this unpleasant environment, in which reined the uncertainty and many entrepreneurs had to shut down their companies, multiple businesses managed not only to survive but to flourish during the last couple of years, despite the circumstances. This paper’s objective is to analyze this tendency of some of the world’s biggest multinational corporations headquartered in different continents, namely North America, Europe and Asia. There are several sectors well represented in the process, such as e-commerce, courier, stock exchange, gambling and subscription streaming services (e.g. Amazon, AliExpress, DHL, Netflix). Such multinational corporations succeeded to be adaptable and resilient in order to stay afloat in these ever-changing times and, in this way, to increase their revenues during the pandemic, but also to expand their reach or even grow their market, getting to new customers right in the middle of the chaos generated by the COVID-19 pandemic. The study is based on the financial results of the successful businesses – top companies in their field.

1. INTRODUCTION

COVID-19 pandemic has come unexpectedly in the first quarter of 2020 and brought many challenges not only to the health system but also to the economic one. Most of the businesses’ activity collapsed and the economy fell dramatically down. Other businesses have been struggling over the past months due to the coronavirus pandemic – temporarily closing in the face of lockdowns, or keeping their doors open while drastically scaling back operations. However, even in this unpleasant environment, in which reined the uncertainty and many entrepreneurs had to shut down their companies, multiple businesses managed not only to survive, but to flourish during the last couple of years, despite the circumstances. The power of the internet changed the rules of the “game”, making it indispensable.

People started to massively place orders online for whatever they needed, from essential goods, such as food and clothes, to electronics and other products used for hobbies or all kinds of activities. Furthermore, considering that they worked from home and were limited to go outside, because of boredom those orders were happening more often than usual, being also more consistent.

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2. BUSINESSES THAT IMPROVED THEIR RESULTS DURING THE COVID-19 PANDEMIC

2.1. E-Commerce

E-commerce represents the abbreviation of electronic commerce and refers to the process of selling/buying products or services via the internet (online shopping). This exchange may happen between businesses, businesses and final consumers or even between individual persons when it is used on a special platform. However, the main idea of e-commerce is that it uses technology to accomplish at least one step of the entire process.

a. Amazon

Amazon is a multinational technology company based in the USA, which is extremely appreciated globally in the e-commerce field. It is very popular for fast products delivery and competitive prices. According to Kantar (2021), in 2021, “Amazon maintained its position as the world’s most valuable brand, growing 64% to US$684bn (or the equivalent GDP of Poland).”

When the pandemic stroke, people had no other choice but to buy everything they needed online. So, they oriented to trustworthy companies and Amazon was their first choice, considering it become a strong player in the market since 1994 when Jeff Bezos founded it in his garage.

Only in the first nine months of 2020, Amazon obtained no less than a 70% increase in earnings compared to the same period of the previous year. This value represents 5.5 billion US dollars. As for the profits, a New York Times study explained that Amazon registered an increase of almost 200% (6.3 billion US dollars). Also, the giant company used more than 25 billion US dollars to expand its reach, building warehouses, improving the research tech and making the business as cost-efficient as possible. (Takefman, 2021)

“Progressive Policy Institute finds that over the last 12 months, Amazon invested more in the U.S. than any other American company. In 2020 alone, Amazon invested $34 billion in American infrastructure and created more than 400,000 jobs.” (Amazon, 2021)

Amazon is the best example of adaptation during a crisis while keeping the main focus on customer satisfaction. The company chose to explore all the opportunities offered by the internet and realized that this difficult period will eventually pass and, in order to remain at the top, Amazon must continue to be competitive.
b. AliExpress (Alibaba)

AliExpress is a part of the Alibaba wholesale marketplace group, being an online retail service. It is a Chinese company that was launched in 2010 and in the beginning facilitated transactions only between small local businesses and people all around the world. Nowadays, it accepts on the platform sellers from different parts of the globe.

The company offers very cheap products from multiple sellers, this is why people decided to buy its products in a large amount after the COVID-19 pandemic has installed. At the end of June 2021, the quarter results of Alibaba Group announced a total number of 1.18 billion annual active customers. (Alibaba Group Announces June Quarter 2021 Results, 2021)

Alibaba Group obtained an increase of 22% in the turnover in the second half of 2020 compared to the same period in 2019. In addition, “just for Singles’ Day (the Chinese equivalent of Black Friday) in November 2020, Alibaba Group’s sales exploded. Indeed, the turnover generated by this event amounted to 30.8 billion in 2018. This was already 37% more than in 2017. Then, to $38.4 billion in 2019. In 2020, Alibaba far surpasses its previous records with $74.1 billion, nearly doubling its previous turnover.” (Leroy, 2021)

Despite the obstacles that appeared in China, where the virus hit at first, AliExpress managed to overcome them and get huge profits. They are putting their extra profit and capital to work supporting the merchants and investing in strategic aspects in order to better serve the consumers and expand into new regions. (Alibaba Group Announces June Quarter 2021 Results, 2021)

2.2. Courier

A courier is a company that transports all sorts of packages and even important documents from one place to another. Depending on the firm and distance, it can be national or international transportation. In today’s world, couriers are strongly linked to e-commerce, delivering orders to customers.

a. DHL

DHL is an American company, which is a division of the German firm Deutsche Post, specialized in logistics, particularly courier services, helping businesses and individuals to deliver packages in more than 220 countries across the world. It was founded in 1969 by a group of friends (Adrian Dalsey, Larry Hillblom and Robert Lynn) from which derives the name: DHL. (DHL, 2021)

During the lockdowns from 2020 and even after that, many traditional bricks-and-mortar brands adapted their business strategy and started offering their products online. This situation influenced the couriers’ companies, DHL included, causing a huge amount of new orders.

Given the impact of Covid-19, the Deutsche Post DHL Group grew in the second quarter of 2020. The Group’s sales climbed by 3.1% to more than 18 billion US dollars in the first quarter of that year, due to its comprehensive portfolio of logistical services and global exposure. As Frank Appel, the CEO of Deutsche Post DHL Group stated, “Especially now, our focus on our profitable core logistics businesses and the digital transformation of the company as part of
Strategy 2025 pays off. We have never been in better shape and I am confident that our company will emerge stronger from the crisis.” (DHL, 2020)

Most divisions of the company, such as Global Forwarding, Freight, Express and eCommerce Solutions, became more profitable since the pandemic started. This is the reason why the Deutsche Post DHL Group invested over 548 million US dollars among all divisions in the second quarter of 2020. (DHL, 2020) The courier services are faster and more accessible.

2.3. Gambling

Gambling (sometimes referred to as betting) is the act of putting money or something else of a certain value ("the stakes") on an event with an unknown result in the hopes of gaining more money. Gambling, therefore, involves three components: consideration (a stake), risk (a chance), and reward. (Wikipedia, 2021) The gambling industry includes different activities or games, e.g. poker, roulette wheel, or betting on the score of some sport’s teams – even a horse race.

a. Caesars Entertainment

Caesars Entertainment is the merger between Eldorado Resorts, which was founded in 1973 with the development of the Eldorado Hotel in Reno, and its acquisition – Caesars Entertainment Corporation (from 1990) that finished on July 20, 2020. It is an American casino and hotel company, being one of the largest gambling businesses in the world. (Wikipedia, 2021)

If people could not go to physical casinos, they adapted and adopted the online trend of their favorite games. Having even more time at their disposal compared to the life before the COVID-19 pandemic, they invested more money in the activities provided by companies like Caesars Entertainment.

Looking at numbers, according to Porter (2021), “Caesars Entertainment Inc has reported operating results for the second quarter of 2021, declaring net revenues of $2.5bn – a massive increase on the figures achieved in Q2 2020.” Also, the company reported 2.7 billion US dollars in revenue for the third quarter of 2021, up by 93% than the same period of the previous year. (Lynch, 2021)

The company succeeded to increase its revenues and financial results online during the lockdowns, even though its business operations are usually based on the real experience of a casino. However, after the restrictions were lowered, people got back “on-site” and the multinational corporation extended to new cities.

2.4. Subscription Streaming Services

A streaming service is an online service that allows users to watch movies and TV shows on TV, smartphone, or desktop without having to download them or anything else from the internet.

a. Netflix

Netflix is an American company launched in 1997, that offers a subscription-based streaming service and also a production for watching TV series, documentaries and movies online, without any commercials. The videos can also be downloaded to a computer, tablet, or another device.
The company was at the top of the businesses which massively increased their sales because of the pandemic. People felt trapped at home in lockdown and escaped from reality while they lost some time by watching the productions provided by the leading premium streaming service. 

In the first half of 2020, Netflix registered an increase of 25 million in paid subscribers, the value that decreased later, when the nations eased their restrictions and people got vaccinated. (Richter, 2021) “After posting a positive cash flow of $1.9 billion last year, Netflix expects to break even this year.” (Liedtke, 2021)

It afforded to invest more capital in productions, offering better quality TV series and movies (the competitors are getting stronger and stronger by the day), while succeeding to stay profitable. Before the pandemic, the company used to borrow money for making most of its programs. (Liedtke, 2021)

3. FUTURE RESEARCH DIRECTIONS

The trends in these companies’ revenues tended to descend, but some of them, such as the couriers and online marketplaces, seem to be getting more and more attention. It may happen because of the convenience they offer in this digital world we live in.

However, it would be interesting to analyze and compare the evolution of the results in a few years, as the pandemic goes to an end and we learn how to survive in these conditions and, of course, in a decade, when the new normal will be fully installed. Then, we will be able to affirm which of the businesses presented in this paper were really successful in the long term.

4. CONCLUSION

In conclusion, there are sectors in the global economy that benefited from the rise of the pandemic. The interesting fact is that not only the companies dealing with primary needs or health are included here, but also the ones providing entertainment activities. Digitization influenced these changes and helped businesses to get to their customers.

E-commerce flourished during this uncertain period, as did transportation, which is attached to it. Given that many people learned how simple and fast is to make online shopping, the turnover of Amazon and AliExpress is expected to continue to grow in the following years.

Nevertheless, the online gambling and subscription streaming services may have already reached their maximum point in 2020, because the consumers prefer the real experience, places in which they meet other people and socialize, something that was really missed during the lockdown.
REFERENCES


