



RESULTS OF THE COVID-19 IMPACT ON
THE CREATIVE AND CULTURAL INDUSTRIES
IN UKRAINE



Міністерство
культури та інформаційної політики
України



[PPV Knowledge Networks](#) supported by [The Ministry of Culture and Information Policy of Ukraine](#) (earlier — The Ministry of Culture, Youth and Sports of Ukraine) on the basis of methodology by [European Creative Business Network](#)

Lviv

2020

KEY FINDINGS

1. 72% of respondents consider CCI to be more vulnerable and sensitive to the effects of COVID-19 than other spheres.
2. All creative and cultural submarkets show about the same percentage drop in sales - an average of 50% in the first two weeks of quarantine.
3. 38% of creative entrepreneurs lost most of their income during quarantine (about 75% or more).
4. Only 8% of respondents reported quarantine had no impact on their income.
5. 27% of respondents cannot run their business online. They need special incentive programs.
6. 54% of respondents said that changes in work organization and business processes would be relevant to them even after quarantine.
7. Respondents indicated that they most needed a special economic stimulus package for the demand for their products and services (57%) and tax benefits (48%). The least demanded are the partial coverage of wage costs for employees (29%), direct grants (34%) and business digitization grants (25%).

RECOMMENDATIONS FOR THE GOVERNMENT, PARLIAMENT AND OTHER AUTHORITIES:

1. Develop special state-level complex programs to reduce the tax burden on entrepreneurs in the creative and cultural industries.
2. Develop an economic stimulus package to stimulate the demand for services and products of the cultural and creative industries.
3. Develop crisis support programs for creative enterprises that cannot do their business online (for example, direct financial support).
4. Develop recommendations for tenants and landlords of commercial real estate to reduce rent pressure during the quarantine period (to determine the typical procedure for the allocation of losses, deferral of payments, etc.).

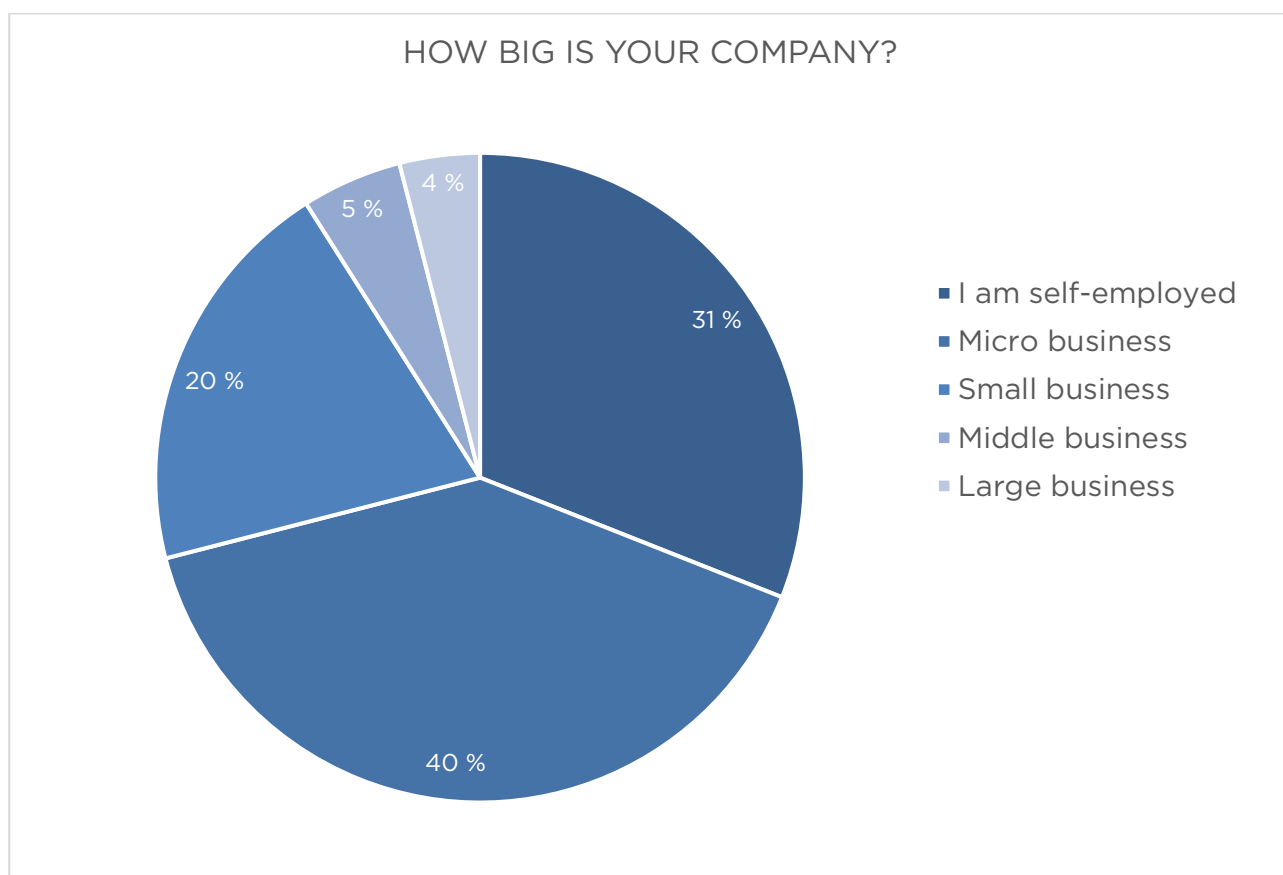
INFORMATION ABOUT THE RESPONDENTS

Survey period — 12:30 PM March 23, 2020 - 12:30 PM March 30, 2020

The total number of respondents — 225

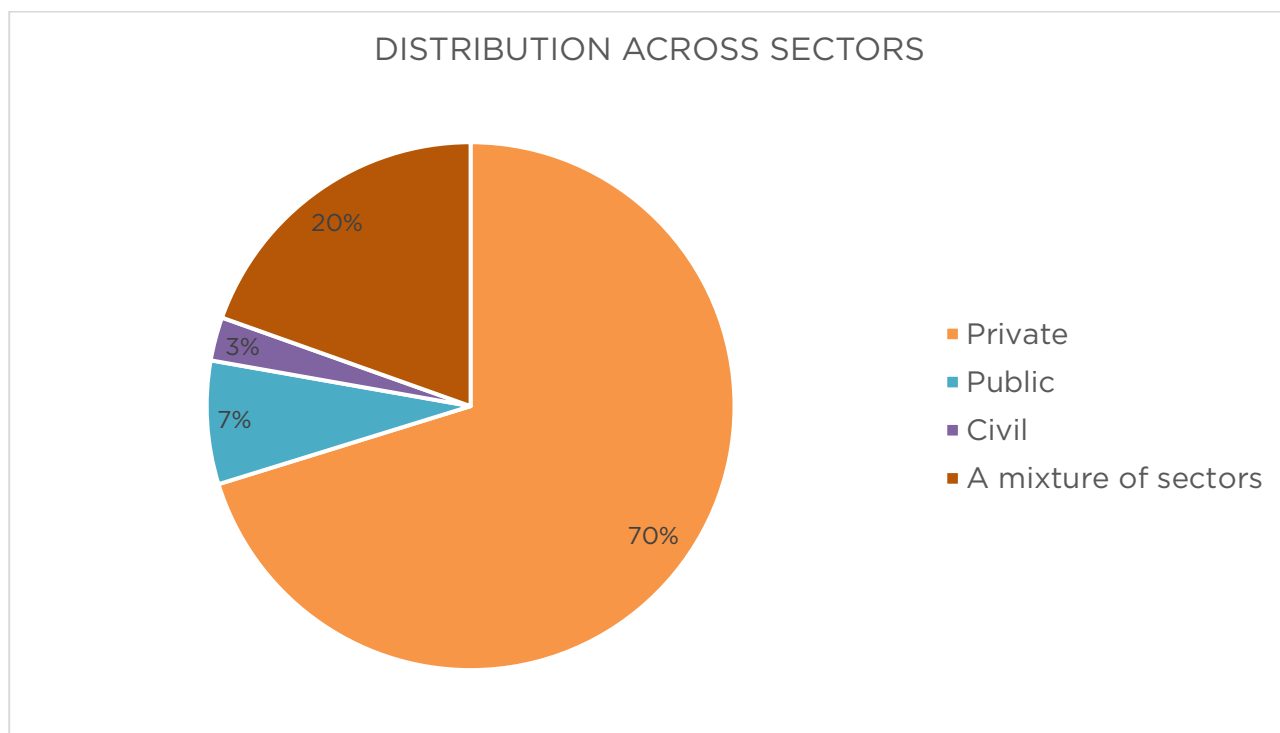
How big is your company?

	Number of responses	Percentage
I am a self-employed person without employees	70	31%
I have 1-10 employees	90	40%
I have 11-50 employees	46	20%
I have 50-250 employees	10	5%
I have 250 employees	9	4%



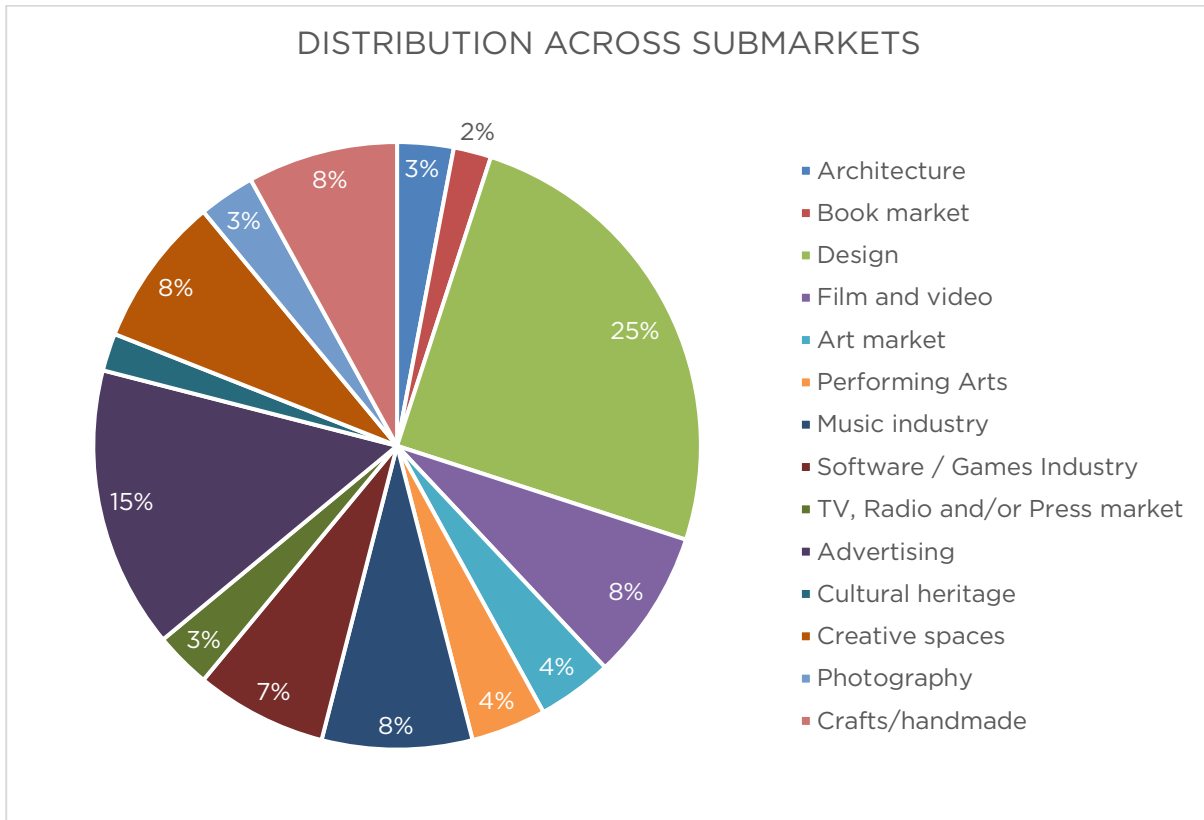
DISTRIBUTION ACROSS SECTORS

	Number of responses	Percentage
Private	158	70%
Public	17	7%
Civil	6	3%
A mixture of sectors	44	20%



DISTRIBUTION ACROSS SUBMARKETS

	Number of responses	Percentage
Architecture	6	3%
Book market	5	2%
Design	56	25%
Film and video	19	8%
Art market	10	4%
Performing Arts	9	4%
Music industry	18	8%
Software / Games Industry	16	7%
TV, Radio and/or Press market	8	3%
Advertising	33	15%
Cultural heritage	5	2%
Creative spaces	17	8%
Photography	6	3%
Crafts/handmade	17	8%

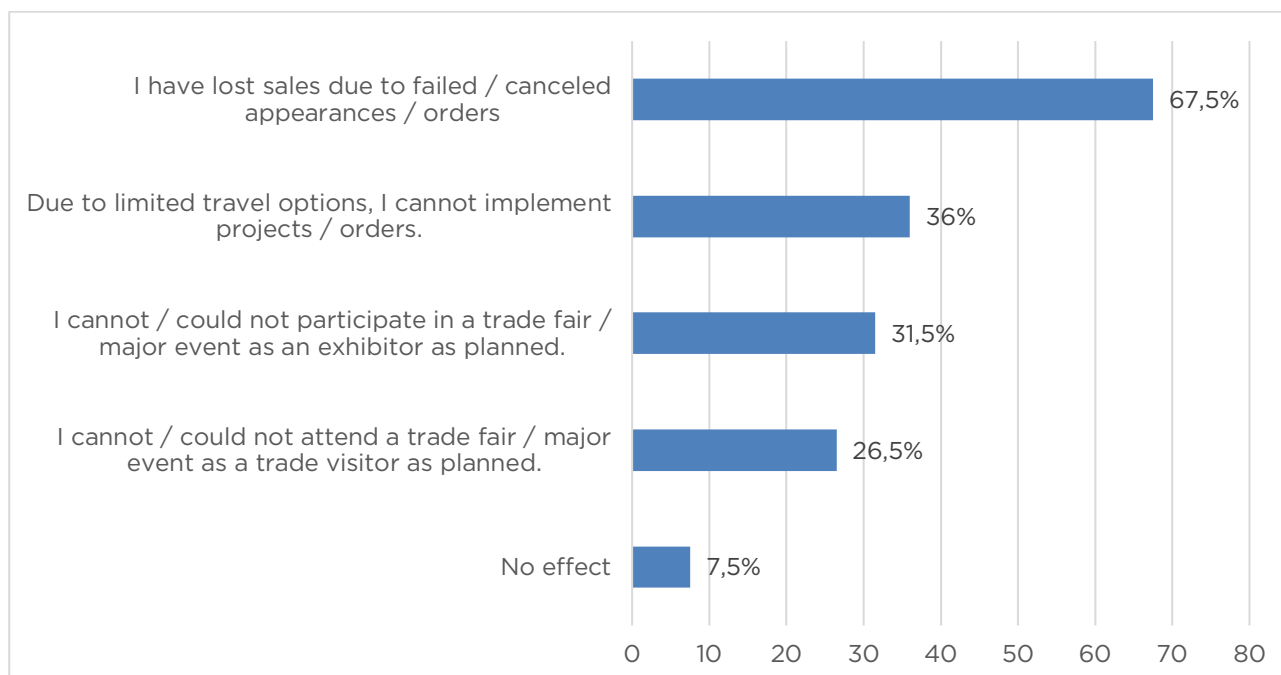


EFFECTS OF COVID-19 ("CORONAVIRUS") ON THE BUSINESSES

How does the spread of COVID-19 ("Coronavirus") affect your work in the cultural and creative industries? *(Respondents could choose several options)*

67.5% of respondents reported a decrease in sales. About a third of respondents were unable to showcase their products and services at a major event. Only 7.5% of respondents reported that quarantine has no effect on their businesses.

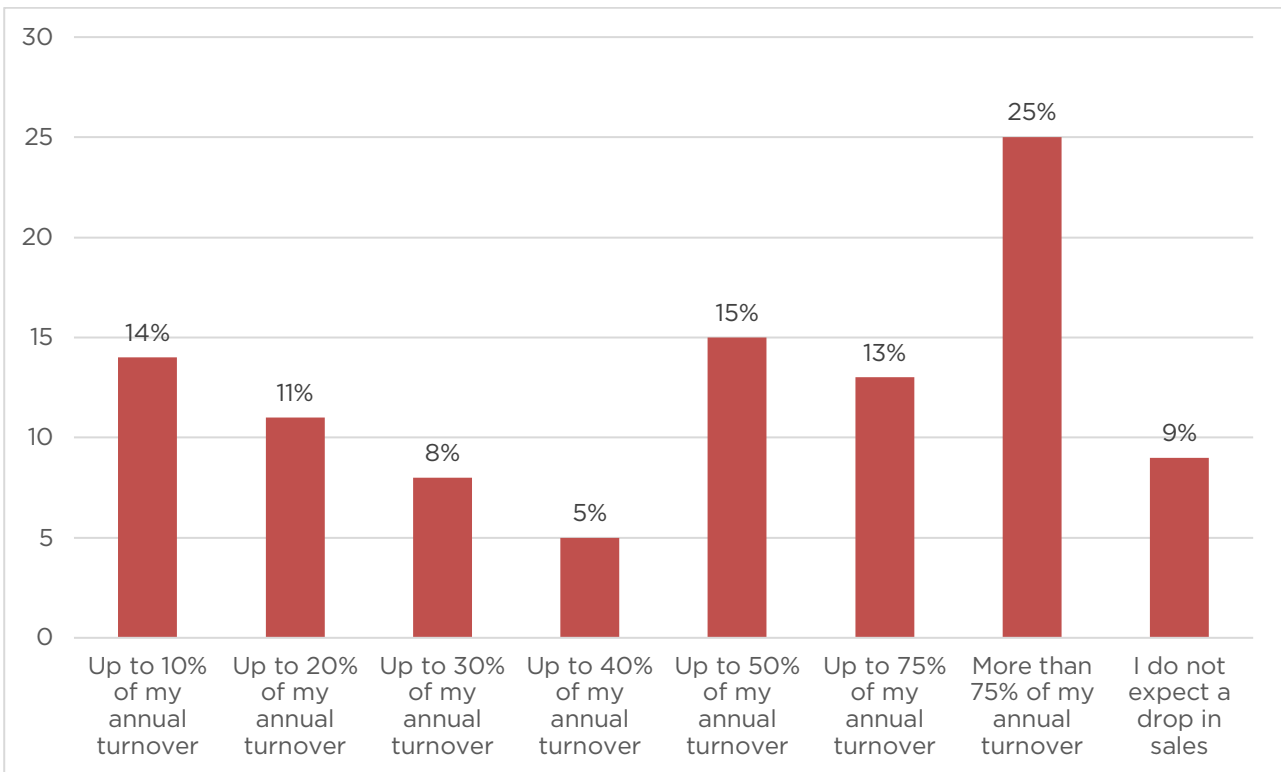
	Number of responses	Percentage
I have lost sales due to failed / canceled appearances / orders	152	67,5%
Due to limited travel options, I cannot implement projects / orders.	81	36%
I cannot / could not participate in a trade fair / major event as an exhibitor as planned.	71	31,5%
I cannot / could not attend a trade fair / major event as a trade visitor as planned.	60	26,5%
No effect	17	7,5%



To what extent are you experiencing NOW sales losses as a direct result of the spread of the COVID-19 virus in the current year? (Next 3 Month)?

38% of respondents have already lost most of their annual turnover, another 15% - about a half.

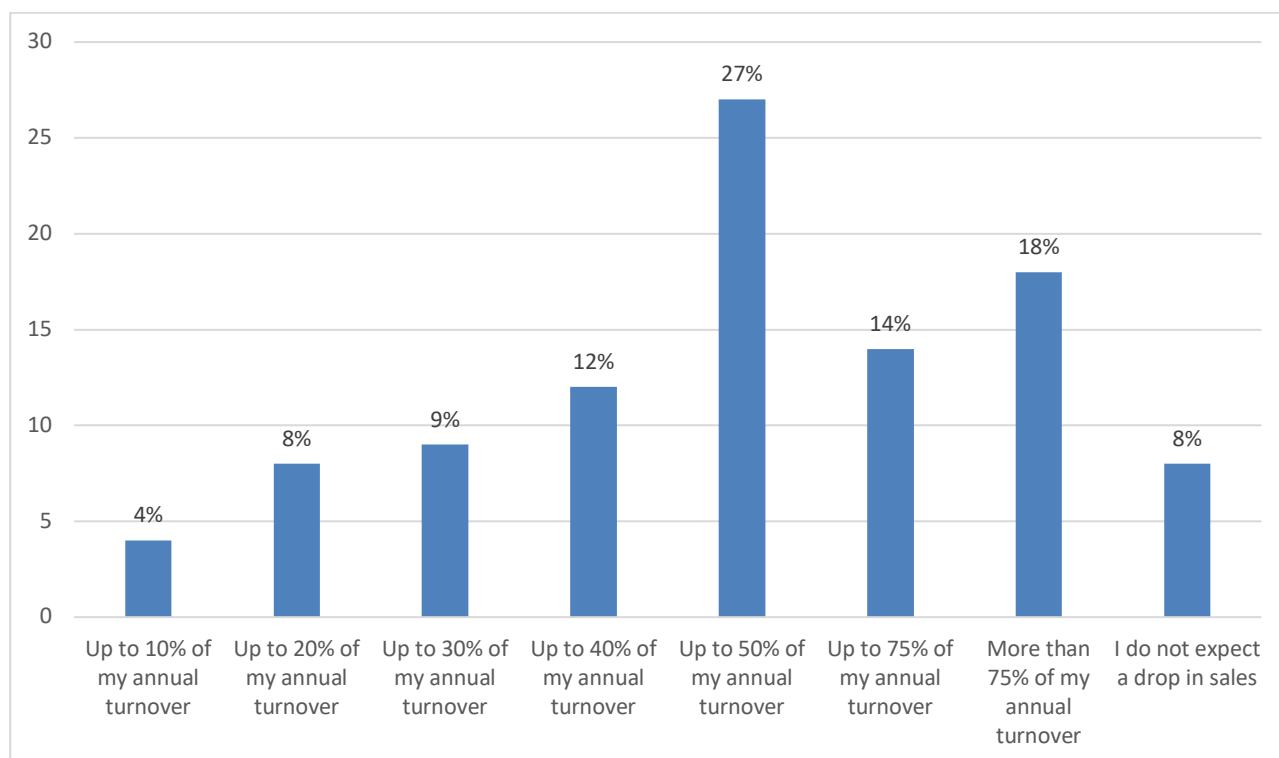
	Number of responses	Percentage
Up to 10% of my annual turnover	31	14%
Up to 20% of my annual turnover	25	11%
Up to 30% of my annual turnover	17	8%
Up to 40% of my annual turnover	12	5%
Up to 50% of my annual turnover	34	15%
Up to 75% of my annual turnover	29	13%
More than 75% of my annual turnover	57	25%
I do not expect a drop in sales	20	9%



To what extent do you expect sales to be lost as a direct result of the spread of the COVID-19 virus at the END OF THIS YEAR? (June until December 2020)

32% of respondents expect to lose most of their annual sales because of coronavirus. Another 27% expect to lose almost half, only 20% expect a slight decline (up to 20% of sales) or face no losses at all.

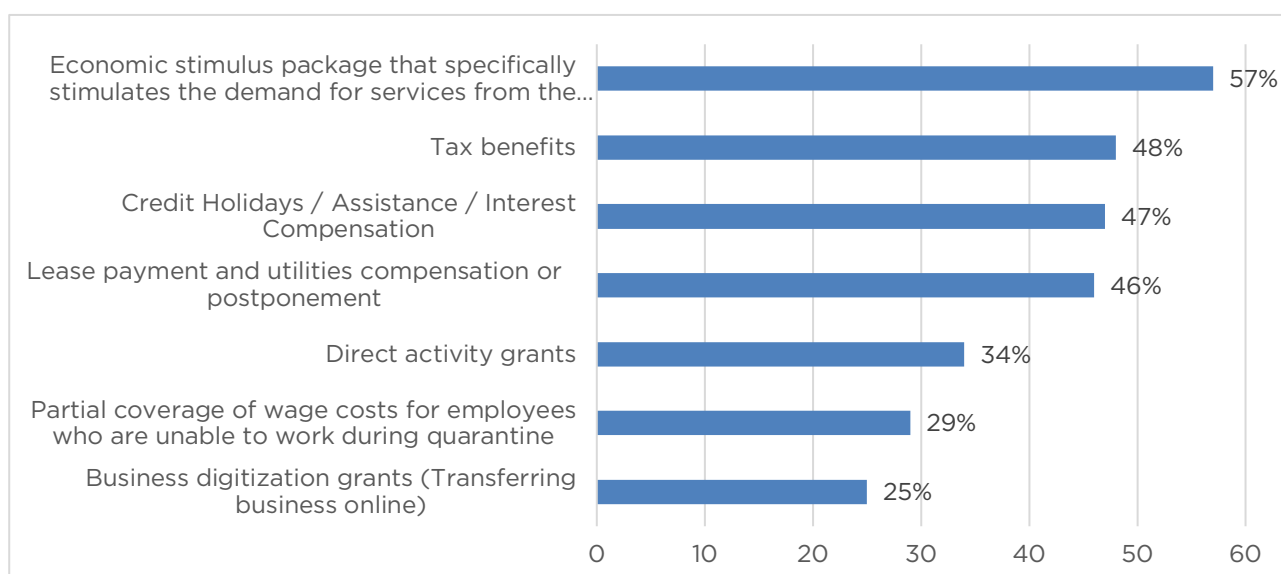
	Number of responses	Percentage
Up to 10% of my annual turnover	8	4%
Up to 20% of my annual turnover	17	8%
Up to 30% of my annual turnover	20	9%
Up to 40% of my annual turnover	27	12%
Up to 50% of my annual turnover	61	27%
Up to 75% of my annual turnover	32	14%
More than 75% of my annual turnover	41	18%
I do not expect a drop in sales	19	8%



In your view, which measures are suitable to counter the effects of the COVID-19 virus on your business? (Respondents could choose several options)

The key need of creative entrepreneurs is to stimulate demand (57%): entrepreneurs want to make money on their own, but they need the market and the demand. There is a request for tax benefits and lease payment and utilities compensation or postponement. Creative entrepreneurs consider grants for digital transformation, partial reimbursement of the wage of employees, and grants for their activity to be the least effective tools.

	Number of responses	Percentage
Credit Holidays / Assistance / Interest Compensation	106	47%
Tax benefits	109	48%
Lease payment and utilities compensation or postponement	104	46%
Partial coverage of wage costs for employees who are unable to work during quarantine	66	29%
Direct activity grants	76	34%
Business digitization grants (Transferring business online)	57	25%
Economic stimulus package that specifically stimulates the demand for services from the cultural and creative industries	129	57%





PPV Knowledge Networks is an economic development agency. We develop businesses and cross-sectoral cooperation.

Our practices:

- Creative economy;
- Green economy;
- SME development;
- Local economic development;
- Business consulting;
- Grant management.

We provide services of project management, consulting, and analytics for businesses and organizations.

PPV Knowledge Networks is the Business Information Support Center in Lviv, established as a part of the EU4Business EU initiative supported by the EBRD.

The Agency is the associated member of the European Creative Business Network.

We work in Lviv since 2008.

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