CREATIVE INDUSTRIES IN SOFIA

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1. Introduction

The activities based on a creative process or the so-called creative industries occupy an increasing share of the developed economies. These are activities, where the main ‘input’ material is the knowledge and abilities of the workers, and the product is most often intangible.

The present study aims to examine the current state and the trends in the creative sector in Sofia and to outline the opportunities for its future development. The analysis shows that creative activities play an increasingly important role in the economy of Sofia, mainly due to the rapid development of programming, advertising, radio and television activities and production and distribution of films and television programs. According to the latest data, creative industries are responsible for about 6% of Sofia's economy in terms of output. Some of these activities are subject to outsourced services, which explains the notable share of exports in their total output.

As a result, an increasing number of persons are employed in areas that can be attributed to the creative industries, totalling nearly 33,000 people. Salaries in those industries grow significantly faster than the average for the city. In recent years, there has also been a significant increase in investment in these sectors.

2. Creative Activities as a Subject of Research

In recent years, creative activities enter more frequently the focus of economic analysis and are already recognized as a distinct area of research. The United Nations Conference on Trade and Development, UNCTAD, has published regular reports on global developments and trends in the sector for years. The latest edition of 2016 indicates that creative activities play an increasingly important role in the international trade of goods and services, especially in the developing world. According to UNCTAD's estimate, the total volume of the global market for the output of creative activities for 2012 was USD 547 billion. The developing countries are the main global exporters of creative products and services; exports grew three times in the 10 years up to 2012. The main exporters among the developing countries are China, Hong Kong, India, Turkey and South Korea, while Europe is the leading region among the developed countries, with the five largest exporters being Germany, France, Switzerland, the Netherlands and Belgium.

The UNCTAD report also notes that the period since the beginning of the millennium has been particularly successful for the creative sector, and that its market size has almost doubled within ten years. This growth largely results from the rapid development of the creative industries in the developing countries.

In terms of sector segmentation, almost half of the output of the creative activities is in the field of design, followed by publishing (15% of world exports) and audio-visual (12%).

In addition to general observations, the report also includes profiles of a number of countries, with Bulgaria among them. According to UNCTAD, the export of the creative sector in Bulgaria in 2012 was worth USD 358 million, but only a year earlier it reached more than USD 700 million. The export of the country is concentrated almost entirely in design and more specifically in interior and fashion design. The report notes that Bulgaria's film industry shows one of the fastest growth rates

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2 Despite its publication in 2016, UNCTAD's publication covers the period between 2003 and 2012.
among European countries. Expectedly, the main trading partners in the sector are from the EU - Italy is the top one with exports of BGN 53 million in 2012, followed by Germany and France.

Similar results can be found in a research publication by Galina Zaharieva from *D.A. Tsenov Academy of Economics* (2016), which focuses on the role of creative activities in the Bulgarian economy as a whole, again through the prism of foreign trade. Zaharieva notes that the sector is in the focus of a number of strategies and programs at both European and national level – a fact which should influence its positive development. Among the trends she outlines is the rise in video games publishing, which in 2015 accounted for 23% of the total exports of the sector.

Tomova and Andreeva from the *Observatory of Economy of Culture Foundation* (2011) focus on the development of the creative activities in Sofia. According to their analysis, at the end of the last decade the creative industries accounted for up to 7.5% of the total value added in Sofia, but at the same time the city concentrated almost 80% of the added value of the sector in the country. At the time of this study, software and video games, as well as cultural heritage, marked the greatest growth. In addition, 54,000 people were employed in creative activities in Sofia at that period. According to Tomova and Andreeva’s analysis, the leading group of companies were the micro-companies.

3. Scope and Definition of the Creative Industries Sector

The necessary starting point for the exploration of creative activities is the clear definition and differentiation of the sector. The definition used by UNCTAD is quite appropriate to begin with:

"Creative industries are both knowledge-intensive, and labour-intensive, especially those with a high concentration of creative inputs, as occurs, for example, in theatre or film production." 5

Particularly typical for the creative activities is the absence of processing of materials into products, unlike in most production processes. The main ‘input’ materials are the knowledge, abilities and creativity of the authors, used to create a new product. 6 This definition is quite useful to distinguish the creative activities from a statistical point of view. Based on this, the specific industries are derived from the current Classification of Economic Activities, presented in Table 1 below. This selection does not stand out to be exhaustive. Some of the creative activities might have been excluded; however, the selected activities represent the best approximation, provided by the present classification system.

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5 See [https://dlib.uni-svihtov.bg/handle/10610/2981](https://dlib.uni-svihtov.bg/handle/10610/2981)
6 See [https://www.president.bg/docs/1352301215.pdf](https://www.president.bg/docs/1352301215.pdf)
5 See the report cited in note 1.
Table 1. Economic activities in the scope of creative activities in NACE-2008

<table>
<thead>
<tr>
<th>NACE Code-2008</th>
<th>Name of the position</th>
</tr>
</thead>
<tbody>
<tr>
<td>58.11</td>
<td>Book publishing</td>
</tr>
<tr>
<td>58.21</td>
<td>Publishing of computer games</td>
</tr>
<tr>
<td>59.1</td>
<td>Motion picture, video and television programme activities</td>
</tr>
<tr>
<td>59.2</td>
<td>Sound recording and music publishing activities</td>
</tr>
<tr>
<td>60</td>
<td>Programming and broadcasting activities – e.g. radio and television broadcasting</td>
</tr>
<tr>
<td>62.01</td>
<td>Computer programming</td>
</tr>
<tr>
<td>71.11</td>
<td>Architectural activities</td>
</tr>
<tr>
<td>73.1</td>
<td>Advertising activities</td>
</tr>
<tr>
<td>74.1</td>
<td>Specialized design activities</td>
</tr>
<tr>
<td>74.2</td>
<td>Photographic activities</td>
</tr>
<tr>
<td>90</td>
<td>Creative, arts and entertainment activities</td>
</tr>
</tbody>
</table>

Source: NACE-2008

As seen from the table, there isn’t an explicit category, integrating all of the above, other than ‘creative activities’. Taken separately, the different activities vary to a great extent and cannot be unified by a more precise term than this one.

4. The Role of Creative Activities in Sofia’s Economy

The National Statistical Institute does not provide assessment of GDP by economic activity at district level. Therefore, the current study analyses the output of the specific activities as an indicator of their size and share in the economy of Sofia.

In 2016, creative activities combined accounted for 5.9% of the economy of the Capital, or BGN 3.3 billion out of the total BGN 55.5 billion production output for Sofia. In recent years, creative activities are gaining importance in the economy of the city with their share growing by 0.7 percentage points since 2012 or by BGN 0.8 billion in real terms.

However, the distribution within the sector is far from even. In 2016, advertising and computer programming activities individually contributed to one-third of the sector total output, or roughly more than one billion levs per each category. On the other hand, least output volumes were observed in the publishing of computer games (BGN 5.9 million), photographic activities (BGN 11.9 million) and the music sector (BGN 21.9 million). Graph 1 below shows the relative share of activities within the creative sector, based on production output.

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7At the time of writing this survey, the NSI does not even distribute preliminary business statistics for 2017 to the low level required for its goals. For this reason, the latest data is 2016.

8In the case of the two smallest groups, the reason most likely lies in the statistical grouping, since the publishing of computer games is not included in programming, and in particular the production of computer games.
The specific economic activities within the creative sector do not develop evenly.

In 2016, the fastest growing sector of computer programming accounted for the largest share of the aggregated output.

Programming, the sector which in 2016 occupies the largest share of the aggregated production, and where output grew by 88.5% compared to 2012, is rapidly growing. Similarly, the output in design increased by 99.8%. However, some of the activities shrunk for the same period. In particular, output of architectural activities decreased by 31.6% to BGN 118 million, and publishing of computer games - by 11.2%.
Graph 2 summarizes the trends in the development of separate activities.

Graph 2. Dynamics of Selected Segments of the Creative Sector in Sofia Municipality, 2012-2016. Output in terms of BGN Million

The graph clearly demonstrates the rapid development of the IT sector in Sofia. While the other segments of the creative industry, with the exception of design, have moderate growth, programming is growing at a fast rate. Judging by the dynamics of most of the sectors considered, it seems unlikely that the future growth of the creative sector as a whole will come from one of them, and probably its main engines over the next few years will continue to be programming and design. Film production also demonstrates potential for development, despite the sector being still relatively small compared to the other creative activities.

Creative activities are more important for the economy of Sofia than for the country as a whole, and, by 2016, their share in output is more than two times smaller for Bulgaria as a whole (2.5%) versa Sofia (5.9%). This is quite understandable, given the high concentration of creative activities in Sofia - 86.4% of the whole sector is concentrated in the city. However, there are significant dissimilarities between the different activities. Some of the activities are concentrated almost entirely in Sofia - 93.5% of the radio and television activity and 96.3% of the production of films and TV shows. Others are far more scattered across the country - Photography (50%) and Architecture (68.5%), for example.

Graph 3 presents Sofia’s share in all creative activities in 2016.

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The creative sector in Sofia comprises of a total of 7 500 companies or just over 6% of all enterprises in the Capital. The number of creative enterprises in Sofia grew at a slightly faster pace than the average for the country and in 2016 increased by one-fifth compared to 2012. Almost one-third of these companies are in the field of advertising - more than 2 000 companies operate in the sector, followed by 1 300 companies in computer programming and architecture. The smallest number of companies are involved in computer games - only 16 (see note 8 above), and another 97 are in the field of radio and television; the only ones whose number is decreasing over the period, subject of this study. By contrast, the fastest growing number is that of computer game publishing companies (up by 129% in 2016 compared to 2012) and programming (54%).

Source: NSI, IME calculations
Graph 4. Distribution of the Total Number of Companies in the Creative Activities by Their Segment, 2016

Source: NSI, IME calculations

Box 1: Sofia Gaming Sector

At present, the fastest growing segment of the entertainment industry is publishing of video games – within two decades, video games managed to turn from a niche into universal entertainment and even to create a serious competition environment through electronic sports. The creation of computer games is an indispensable part of the development of Sofia’s IT sector since the mid-1990s. The Capital is both hosting local Bulgarian studios and offering outsourcing opportunities to leading major international players.

The first company to prove that the games produced in Bulgaria can be successful worldwide is Haemimont Games, right at the beginning of the new millennium. Founded in 1997, Haemimont Games captures market share with its real-time strategies, Tzar and Celtic Kings, and the latter succeeds in selling more than one million copies since its release in 2003. On the Western markets, Haemimont is popular mainly with Tropico - a management simulator inspired by Fidel Castro’s Cuba and placing the player in the role of a dictator on a tropical island. Today, the team of over 50 programmers and designers focuses on the Victor Vran role-playing game and the Surviving Mars space colonization simulator.

Another important player on the gaming market since the early years of market development is the Black Sea Studios, created in 2001. The company was founded by a part of the team working on Tzar. Black Sea’s most popular title is the Knights of Honor real-time strategy, focusing on the military, diplomatic, and economic development of medieval nations. In 2007, the studio was acquired by the German Crytek, but in this period of its development did not publish significant titles. In 2017, Black Sea was acquired by the British developer Creative Assembly, owned by Sega, known for the emblematic series of historic turn-based strategies Total War, and was renamed Creative Assembly.
Sofia. The Bulgarian team of Creative Assembly, which totals about 60 people, works on the extensions of *Total War: Rome II*.

The Bulgarian branch of the French developer *Ubisoft* is also among the largest companies in the outsourcing segment of Sofia’s gaming industry. The company has been on the Bulgarian market since 2006 and the Sofia-based studio has been actively involved in the development of the popular action series *Assassin’s Creed*, as well as the games inspired by Tom Clancy’s novels. *Ubisoft Sofia* is also one of the largest companies in the IT sector with over 180 employees.

Probably the most popular Bulgarian computer game is *Imperia Online*, first published by a developer of the same name in 2005. The main focus of this massive multiplayer online game is on economic development and warfare. It has been translated into more than 30 languages and has over 35 million registered users. A proof of *Imperia Online’s* success is their recent acquisition by Stillfront Group in October 2018 worth EUR 10 million. For the first half of 2018 alone, the game has generated over EUR 4 million in revenue and has won many online gaming awards.

On the mobile front in Sofia is the outsourcing studio of *Gameloft*, owned by the *Vivendi* media conglomerate. Developers, as well as designers and game testers for mobile devices work in the Bulgarian branch of the company. *Gameloft* is best known for its *Asphalt Automotive Series* simulators.

5. Employment in the Creative Activities in Sofia

By 2016, creative companies in Sofia employed 32 700 people. Cumulatively, they account for 4.7% of the total employment in the city. It is important to note that approximately one-third of them is in the field of *programming* – 13 500 people, and another 7 100 work in *advertising*.

*Graph 5. Distribution of the Employees in the Creative Activities in Sofia, 2016.*

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*Source: NSI, IME calculations*
Three-fourths of all employed in the creative sector in Bulgaria (44 300 people) are concentrated in Sofia. The distribution across the different activities, however, is uneven - while 93% of those employed in motion picture, video and television programme activities are in Sofia, only 35% of those employed in photography and 53% of those in design work in the city. However, Sofia’s share in the majority of the creative activities is between 65% and 80%\textsuperscript{10}.

In 2016, 11 400 of the employed in the Creative sector in Sofia were employed by micro-enterprises (up to nine employees). In this respect, the creative industries are no different than most other economic activities. By contrast, large companies (250+ people) from the Creative sector employed 3 700 people. However, this distribution is not valid for all creative activities. For example, most employees in the production of films and TV shows can be found in large companies, while for programming and broadcasting – in average-sized firms (with 50 to 249 employees). In other words, the particularities of the specific industries within the Creative sector dictate the size of the teams.

The number of people employed in creative activities increased by one-third between 2012 and 2016. In terms of output, the growth rate is uneven across the different creative activities - the biggest increase - 153% - was in programming, followed by 142% in design. The only activity that marked a decline was radio and television, where employment in 2016 was only 83% of that in 2012. Another interesting case is advertising, where there was practically no change – in 2012, the sector employed 7 190 people, and in 2016 – 7 192.

Box 2: The success of V-ray

**Chaos Group** is the company behind one of the most popular 3D rendering softwares that has become an industry standard in the film and gaming industry, product design and architecture.

The company was created in 1997 in Sofia and published the first version of its core product in 2002. V-ray is the preferred 3D rendering plugin, thanks to its high quality results, combined with the relatively high speed of task execution. The V-ray differentiates itself with the photorealistic nature of lighting, materials, textures and colours, and a part of its popularity is also due to the possibility of using the plugin in a wide range of applications - 3ds Max, Maya, Blender, Nuke.

The widespread popularity of V-ray comes with the widespread use of computer graphics in cinema, as the software is known to be one of the most easily applicable to major projects such as feature films. For this reason, it has been used in many popular movies – from *Avatar* and *X-men* to the popular HBO series *Game of Thrones*.

In this connection comes the most visible success of Chaos Group – the Oscar Award for Technological Achievements in Cinema, received in 2017 for its overall contribution to the development of the application of computer-generated 3D images on the big screen.

Today, Chaos Group has offices in Bulgaria, the United States and East Asia, employing approximately 140 people, and Owler’s corporate information site estimates its annual revenue to come close to USD 9.5 million.

\textsuperscript{10} The large scale of the classification of economic activities, used to determine the creative activities, does not allow distribution of employees by gender and educational level, although these data would provide much clearer view of the structure of the employed in the sector.
6. Wages and Labour Productivity in the Creative Activities in Sofia

The average weighted gross monthly salary in the creative activities in Sofia in 2016 was BGN 2,401 or well above the average salary in Sofia of BGN 1,292 for the same year. This is mainly due to the inclusion of programming as a creative activity. If we exclude programming from the calculations, the average salary in the sector remains BGN 1,406 a month, which is again above the average but much closer to the mean salary for the city. Graph 6 shows the average wages in all sub-sectors of creative activities in Sofia.

Graph 6. Average Gross Monthly Salary in the Creative Sector in Sofia in BGN, 2016

Source: NSI, IME calculations

The other factor driving down average pay levels in creative activities is the unrealistically low level of the reported wages in photography, creative activities and design. Reasons could be grey practices or different types of bargaining (e.g. for part-time work or under copyright contracts).

Wages in the creative activities in Sofia have grown significantly in recent years - between 2012 and 2016 they have increased by as much as 42%. This is a consequence of the significant rise in wages and the number of people employed in programming, which, as we have seen above, has a strong impact on the average salary in the sector. Considering that the period under review is of a significant economic upswing, there is an increase in wages in all individual activities, but, again, at an uneven pace. The wage growth was slower in book publishing (7%) and film and TV production (12%), and much faster in programming (38%), design (39%) and photography (38%). The salaries in programming and design are keeping pace with the rapid development and wage growth in the ICT sector in Sofia, while wage growth in creative activities like photography with an average salary of

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Since "creative activities" are not a concept in the statistics, the NSI does not provide payment data in it. The figure used here is the average value of the individual activities weighted, weighted relative to the persons employed in the respective year.
only BGN 561 is registering an increase due to administrative decisions such as the steady increase of the minimum wage and the minimum insurance thresholds in the last years.

The most common explanation for the pay gap between the different economic activities, geographical regions and scale of enterprises is the variations in labour productivity - in other words, where the individual workers produce more, the employers allow for higher wages\textsuperscript{12}. The method of measuring labour productivity chosen here is Eurostat's\textsuperscript{13} preferred \textit{gross value added} (GVA) per employee as it circumvents most assumptions of other approaches.

Unsurprisingly, given the nature of the sector, the highest productivity among the creative activities in Sofia was registered in \textit{computer programming} – a GVA of BGN 48 000 on average per year per employee. \textit{Radio and television activity} comes a close second with BGN 45 000 per employee, followed by \textit{production of films and TV programs} with BGN 28 000 per employee. All other activities are far behind, with productivity per employee ranging from BGN 10 000 to BGN 20 000. \textit{Photography} is again an outlier with GVA of only BGN 3 900 per employee. Productivity dynamics are also far from universal; productivity in some creative activities even declined. Examples are \textit{book publishing} (down by 12\% in 2016 compared to 2012) and \textit{architecture} (down by 8\%).

However, there was a significant growth in most creative activities. \textit{Radio and television activity} recorded a productivity growth of 156\% and \textit{sound recording} – of 119\%, while growth rates in the other sectors varied between 20\% and 50\%.

\textit{Graph 7. Wages and Labour Productivity in Sofia, 2012-2016}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{graph7.png}
\caption{Wages and Labour Productivity in Sofia, 2012-2016}
\end{figure}

\textit{Source: NSI, IME calculations}

\textsuperscript{12}An overview of the link between labour productivity and wages for Bulgaria https://ime.bg/bg/articles/ima-lib-vryzka-mejdu-proizvoditelnostta-na-truda-i-zaplashtaneto/
\textsuperscript{13}See https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Labour_productivity
There is a very close link between wages and labour productivity in the creative sector in Sofia; this link is closer compared to that in the country or in Sofia in general.

Box 3: Made in Sofia Films

One of the success stories of privatisation in Bulgaria is that of the former State Film Studios in Boyana, now known as Nu Boyana Film Studios.

Its history dates back to 1962, when the entity was established as a state-owned film production company, and at that time produced both popular television films such as ‘On Every Kilometer’ and ‘The War of the Hedgehogs’, as well as feature films such as ‘Khan Asparuh’ and ‘Time of Violence’. The peak of Boyana’s activities in the socialist era dates back to the 1980s, when an average of 20-25 full-length films were released annually, along with dozens of TV and short titles, with nearly 2 000 people employed.

In the 1990s, the business model of the studios was mainly the provision of services and co-productions instead of own productions and, during that period, the company was involved in the creation of ‘Underground’, ‘Little Buddha’ and ‘Vercingétorix’.

In 2005, the state-owned studio was privatized and Nu Boyana Film Studio was established by the new owners – the Hollywood studios Nu Image and Millenium Films. The deal was worth EUR 5 million.

Since then, studios near Sofia have become the scene of filming a number of AAA films, the most popular of which is the action series ‘The Expendables’, the sequel to the fantasy-historical film ‘300’, and ‘Thick as Thieves’, as well as several TV series. Nowadays, there are 450 employees working in several companies around Nu Boyana and their annual revenues are about BGN 50 million as per data from 2015.

7. Investment Activity in the Creative Industries

Foreign direct investment (FDI) in the Creative sector in Sofia amounted to a total of EUR 206 million14 cumulatively at the end of 2016. Most of it – EUR 70.4 million, is in programming, but radio and television activity comes close with EUR 64.8 million. The other creative activities attract significantly less foreign investment, with EUR 28.3 million in film and TV production, and EUR 23.9 million in advertising. As for other activities, they all have FDI of less than EUR 10 million each; FDI’s are virtually absent in the fields of photography and sound recording.

Foreign investments in creative activities in Bulgaria are almost entirely concentrated in Sofia – the share of the city in the total FDI in the sector was 92.4% in 2016, practically without a change compared to 2012 when it was 92.9%. The level of investment concentration in Sofia differs in individual activities, but remains very high in almost all, except for design, where only 43.3% of FDI were in Sofia, and photography, where Sofia’s share was 63%.

Between 2012 and 2016, FDI accumulated in creative activities in Sofia rose by 28.5%, with much of this growth attributed to the sharp rise of investment in programming (60%), and radio and television (61%). The biggest increase was seen in design – a rise of 198% in 2016 compared to 2012, but the nominal foreign investment in the sector at the end of the period was only EUR 1.9 million.

The cost of acquisition of tangible fixed assets in the Creative sector, which in 2016 amounted to BGN 122 million, experienced similar dynamics. Here again, the biggest growth, compared to 2012, was in design (160%), followed by programming (114%). The relatively large share of film and TV

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14Because of the small number of enterprises, the NSI does not provide FDI data for computer games programming.
Production is also noteworthy – it ranked second after programming with over BGN 30 million of acquisition costs of tangible fixed assets in 2016.

Graph 8 describes the full distribution of expenditure on fixed assets in Sofia.

**Graph 8. Expenditure on FTA in the Creative Sector in Sofia in 2016, in Thousands of BGN**

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure (in thousands of BGN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer programming</td>
<td>21,068</td>
</tr>
<tr>
<td>Motion picture, video and television programme activities</td>
<td>11,161</td>
</tr>
<tr>
<td>Advertising activities</td>
<td>6,997</td>
</tr>
<tr>
<td>Programming and broadcasting activities – e.g. radio and television activities</td>
<td>2,955</td>
</tr>
<tr>
<td>Architectural activities</td>
<td>11,697</td>
</tr>
<tr>
<td>Design</td>
<td>9,950</td>
</tr>
<tr>
<td>Creative, arts and entertainment activities</td>
<td>42,720</td>
</tr>
<tr>
<td>Book publishing</td>
<td>30,458</td>
</tr>
<tr>
<td>Photographic activities</td>
<td>2,050</td>
</tr>
<tr>
<td>Sound recording and music publishing</td>
<td>1,090</td>
</tr>
<tr>
<td>Computer games publishing</td>
<td>3,037</td>
</tr>
</tbody>
</table>

Source: NSI, IME calculations

8. Exports in the Creative Sector

Some of the creative activities in the city are highly export-oriented. This particularly applies to programming, where most of the output is allocated for export. In 2016, the BGN equivalent of the export earnings of the creative sector reached BGN 1.15 billion - approximately half of the output in the sector, compared to BGN 425 million only five years prior. However, almost the entire volume of exports, as well as nearly the total growth, can be attributed to programming. At the end of the reviewed period, the volume of exports from this activity was BGN 808 million, almost twice as much as the previous year and nearly three times more than the export volume in 2012.

The rest of the export of the creative activities in Sofia is concentrated in advertising (BGN 207 million) and in motion picture, video and television programme activities (BGN 103 million). At the same time, in 2016, the export volume of none of the remaining creative exceeded BGN 10 million. Therefore, it is not very meaningful to consider them in details. Recording, for example, experienced an increase in exports of 1574% and photography – of 1115%. However, this was entirely due to the low starting point at the beginning of the period – BGN 407 000 and BGN 128 000, respectively. The fastest growth among the three most export-oriented categories was seen in advertising - 273% in 2016, compared to 2012, followed by programming - 163% for the same period. This can be
explained by the fact, that both activities are subject to the so-called outsourcing or managed services, which have been growing vigorously in Sofia and several other regional centres in recent years. In the same period, the overall growth in the export of the creative sector was 171%.

Graph 9 below describes the dynamics of individual segments within creative activities.

Graph 9. Export Dynamics of Selected Creative Activities 2012-2016, Millions BGN

9. Conclusions

The examination of the data on creative activities in Sofia over the past few years highlights a number of major trends and developments summarized below:

- By the end of 2016, there were a total of 7 500 enterprises operating in the industries, identified as creative, with 2 000 of them in the field of advertising and another 1 400 in the field of computer programming. 61% of all companies, operating in the Creative Industries sector in the country, are concentrated in Sofia;
- In 2016, the output of the companies in the creative sector was BGN 3.3 billion, led by programming with BGN 1.2 billion and followed by advertising with BGN 1.1 billion. The creative output of Bulgaria was and still is concentrated in Sofia, with 86.4% of the total BGN equivalent of the output in the sector being produced in the city;
- In terms of relative output share, the creative industries account for 5.9% of Sofia’s economy and 2.5% of the country’s total;
- The number of people, employed in the creative industries in Sofia, is 33 000 or 4.7% of all jobs in the city. In Bulgaria as a whole, there are 44 000 people working in the sector;
- The importance of the creative industries for the economy of Sofia has increased in recent years, with the share of the sector growing from 5.2% up to 5.9% between 2012 and 2016;
- Over the same period, between 2012 and 2016, the employment in the sector increased by 33%;

Source: NSI, IME calculations

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15NSI does not provide data on computer games programming and Programming and broadcasting activities – e.g. radio and television activities. The Graph includes only activities with substantial exports.
In 2016, Investment in Tangible Fixed Assets in the creative industries amounted to BGN 122 million compared to BGN 93 million in 2012;

Over the same period, Foreign Direct Investment in the creative industries increased from EUR 172 million to EUR 209 million by the end of 2016, accounting for approximately 1.5% of all FDI in Sofia;

As of 2016, wages vary considerably between the different industries of the creative sector – from over BGN 3 700 gross monthly salary in programming to BGN 560 in photography. Between 2012 and 2016, wages across all creative branches experienced a growth of between 20% and 30%.

Sofia’s Creative sector is oriented towards foreign markets, with exports in 2016 totalling BGN 1.15 billion. Almost all exports are concentrated in the fields of programming, production of films and broadcasts and advertising.
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