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Economics in Brief

Just under 100,000 new businesses were started in the creative industries in 2018

One Pager

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Slowdown in start-up activity casts its shadow on creative industries

Start-up activity in Germany has subsided noticeably in the past 15 years. As a result, the number of creative business starters has also dropped from 178,000 in 2003 to 98,000 in 2018 (Figure 1). However, the trend was less steady than start-up activity in general and the decline slowed down somewhat up to 2018. The number of creative business starters thus bottomed until 2009 and then recovered again to the starting level in 2013. After that, numbers dropped back to the level of the previous low. Start-up activity in the creative industries is still on that level. Since the 11% low of 2009, however, its share has trended positively and, after several ups and downs, was last at 18%.

Sharp decline in creative start-ups by males up to 2008

The initially sharp decline in creative start-ups was essentially due to a collapse in male business starters. Their number dropped from 135,000 in 2003 to 43,000 in 2008 (Figure 2). The ensuing trend, on the other hand, was relatively similar for both men and women but much more volatile for men. After roughly equal start-up numbers in 2017, start-up activity has drifted apart again lately. The number of creative start-ups by males rose to 60,000 in 2018 while female start-ups dropped to 38,000.

Software / games have seen a sharp decline

Creative industries are composed of various sub-markets.[1] The sub-market of the design industry (25%) exhibited the highest number of start-ups, according to the latest figures (average for 2015–2018, Figure 3). The submarkets advertising (14%), software / games and books (11% each) followed in second and third place. Those shares were different from 2003 to 2006, when software/games had by far the highest share of start-up activity, at 28%. There is a simple explanation for the relative loss of importance. Software / games is dominated by male business starters, who make up 8 in 10 start-ups based on a long-term average. The sharp decline in start-ups by males has thus hit the sub-market disproportionately.

Creative start-ups with other focus areas

Start-ups in the creative industries are characterised by significant structural differences to start-ups in other areas (Figure 4). For example, solo entrepreneurs are even more prevalent here than they are in overall start-up activity. Self-employed professionals are also twice as common. Creative business starters are also more heavily oriented to supra-regional target markets and business customers. Their offerings are more often digital and the internet is more often the core element of their business model. One third of creative founders need only personal equipment, such as a laptop or car, to make their business a reality. Those who require financial resources often get by with funds of their own, as only a good one in ten creative business starters turn to friends, relatives or financial institutions for capital. The selection of the largest sub-markets (design, advertising, software / games, books) already indicates that there are many knowledge workers among creative business starters. The characteristics of creative business starters confirm this. They obviously include many 'digital nomads' – solopreneurs, self-employed professionals, B2B, digital entrepreneurs – who need nothing more than their personal IT equipment to render their services.

[1] The creative industries consist of the areas music, film, radio, art, books, press, design, marketing, architecture, performing arts and software/games, see Bertschek, Ohnemus, Erdsiek, Kimpeler and Rammer (2017), **Monitoringbericht der Kultur- und Kreativwirtschaft 2017** (***Monitoring report of the cultural and creative industries 2017*** — our title translation, in German only), German Federal Ministry for Economic Affairs and Energy, Berlin.

Figure 1: 18% of business founders in the creative industries – 98,000 in the year 2018

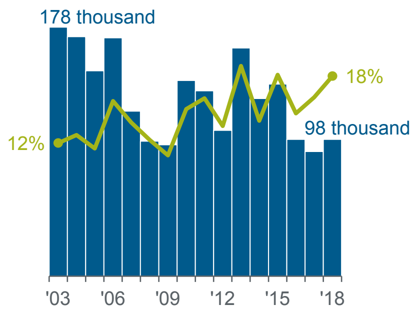

Figure 2: Significantly fewer creative start-ups by males since 2003

Founders in thousands

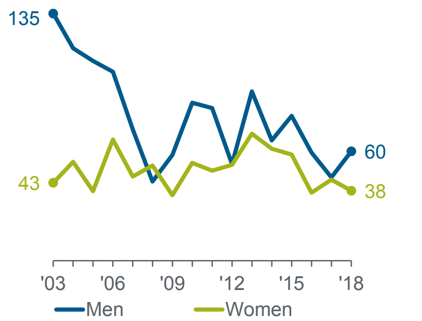

Figure 3: Fewer creative start-ups in software / games, design picks up

Shares in per cent

Periods	Sub-markets
2003–2006	28 Software / Games
	13 Design industry
2007–2010	18 Software / Games
	19 Design industry
2011–2014	12 Software / Games
	27 Design industry
2015–2018	11 Software / Games
	25 Design industry

Figure 4: Creative founders are very varied

Shares in per cent (∅ 2015–2018)

	Creative founders	Other founders
Solopreneur	78	62
Self-employed	43	21
Supra-regional	65	40
B2B	51	35
Digital	46	18
Internet	41	23
Pers. equipment only	33	27
External funds	12	24

Source of all figures: KfW Entrepreneurship Monitor.