

COVID-19

# Economic Impact 2020

## Atlantic Canada Craft Sector

APRIL 28, 2020

## Overview

### Loss Estimates Reporting from Atlantic Canadian Craft Producers & Retailers of Craft

Results from a recent survey conducted in March and April to estimate economic impacts of COVID-19 on craft makers and craft retailers in Atlantic Canada show an estimated \$56 million impact on the craft industry in 2020.



Estimates are made under the assumption that:

- Some level of isolation measures are very likely to remain in place for the duration of 2020, and;
- With the knowledge that immediate impacts in March-May can heavily impact producer and retailer outlooks for the remaining months of 2020, due to various factors.



**\$57,941**

**Average estimated financial losses per craft producer/maker in Atlantic Canada for March to December 2020**



**\$211,571**

**Average estimated financial losses per craft retailer in Atlantic Canada for March to December 2020**

## Overview (CONTINUED)

### Immediate Losses: March–May Isolation Period



(Individual estimates are based on data provided by survey respondents, adjusted for total number of registered craft producer profiles on craftalliance.ca. Retailer estimates are based on data provided by retail shops and craft councils with retail operations, using buyer attendance numbers for the 2020 Craft East Buyers' Expo to estimate an industry-wide total)

# Craft East Buyers' Expo & Wholesale Industry Outlook

Several survey respondents were current or previous year exhibitors at Craft East Buyers' Expo, Atlantic Canada's most significant wholesale event for handmade products. Due to the impact reported in the surveys received, as well as strong anecdotal evidence from across the region telling of widespread wholesale order cancellations due to retail closures, we find it safe to assume the impact of COVID-19 is being felt across the industry and that averages from these surveys may be applied to create an impact estimate for the industry as a whole in Atlantic Canada.

In our survey, 72% of respondents included wholesale orders in their losses, averaging \$33,738 in losses per wholesaler producer. We know that most wholesale craft producers generate revenues (losses) from multiple sources including, but not limited to; wholesale orders, cancelled orders, craft markets, online sales, commissions, and revenues from studio sales and retail shops and closures.

By applying the average loss per respondent to the number of exhibitors at the 2020 Craft East Buyers' Expo, held in February 2020, prior to the COVID-19 outbreak, **Craft Alliance estimates losses for exhibitors at Craft East Buyers' Expo to be \$5,156,749 for 2020.**

## Craft Producer/Makers



**\$57,941 – Atlantic Average**  
**Craft Producer/Maker Business Loss for 2020**



**\$37,292**  
 NEWFOUNDLAND & LABRADOR

**\$82,016**  
 PRINCE EDWARD ISLAND

**\$59,145**  
 NEW BRUNSWICK

**\$60,613**  
 NOVA SCOTIA

Survey respondents were asked to consider which income sources they

## Craft East Buyers' Expo & Wholesale Industry Outlook (CONTINUED)

would be losing due to isolation measures and a general major downturn in the economy, including product sales, exhibition fees or wages lost for retail workers and instructors, as well as what sunk costs they would be unable to recover such as rent or non-refundable event costs.

### Most Significant Loss Categories for Craft Producer/Makers are:

CATEGORY	LOSS AMOUNT	RESPONDENTS AVERAGE ESTIMATED LOSS
Wholesale Orders	\$ 33,738	72%
Craft Market Sales	\$ 23,526	81%
Other Revenue Sources*	\$ 21,065	51%
Online Sales	\$ 6,337	22%
Gallery Sales	\$ 3,954	22%
Other Wage Losses**	\$ 4,364	32%
Un-recoverable Expenses***	\$ 2,230	(pre-paid exp, event fees, rent, etc.)

\*(personal/social media/custom orders/etc.)

\*\* (instructors, technicians, gallery workers, etc.)

### 2020 Month-by-month Projections (Craft Producers/Makers)

Craft Alliance asked survey respondents to estimate their losses based on monthly projections from previous-year sales. Craft Alliance used these estimates to create projects for different scenarios for the year 2020.

PERIOD	ATLANTIC CANADA	NS	NB	PEI	NL
March–May	\$790,965	\$297,396	\$73,468	\$250,636	\$169,456
June–Aug	\$1,081,636	\$496,489	\$92,632	\$283,289	\$209,226
Sept–Dec	\$1,205,024	\$441,867	\$113,690	\$419,655	\$229,812
Plus, non-recoverable expenses	\$109,289	\$ 37,128	\$15,934	\$30,515	\$25,713

# Craft East Buyers' Expo & Wholesale Industry Outlook (CONTINUED)

## Isolation Measures Lifted in June

In a scenario where isolation measures are lifted at the end of May and all craft markets, wholesale orders, trade shows, and other sales opportunities go on as planned, **income losses for Atlantic Canadian survey respondents would be limited to \$15,552 per Producer/Maker per business.**

Adjusting the estimate to include all Craft East Buyers' Expo participants: **\$1,384,128**

Adjusting the estimate to include entire wholesale audience: **\$4,790,016**

As original projections from Canada's Government Operations Centre were that cross-country isolation measures would last until at least July in a best-case scenario, this scenario seems very unlikely.

## Isolation Measures Continue Through Summer

**The cumulative estimated losses for June through August from survey respondents total \$19,666 per Producer/Maker**

Adjusting the estimate to include all Craft East Buyers' Expo participants: **\$1,750,285**

Adjusting the estimate to include entire wholesale audience: **\$6,057,128**

Cumulative total for the period of March through August of **\$10,847,144**

## Isolation Impact Through 2020

**The final quarter of 2020 projects for \$21,909 in losses per survey respondent.**

Adjusting the estimate to include all Craft East Buyers' Expo participants: **\$1,949,946**

Adjusting the estimate to include entire wholesale audience: **\$6,747,972**

**Year Total: \$17.85 million\***

\*includes non-recoverable expenses, which are not included in forecast totals noted above.

# Craft East Buyers' Expo & Wholesale Industry Outlook (CONTINUED)

## Retailers

The success of craftspeople in Atlantic Canada hinges on the ability of retailers to maintain operations and re-open upon the easing of social isolation measures.

### 2020 Estimated Average Loss

Our respondents to the retailer loss survey reported an average of **\$211,571** in estimated losses for 2020.

 **\$211,571 – Atlantic Average**  
**Craft Retailer Business Loss for 2020**



- \$167,802**  
NEWFOUNDLAND & LABRADOR
- \$107,142**  
PRINCE EDWARD ISLAND
- \$126,931**  
NEW BRUNSWICK
- \$389,088**  
NOVA SCOTIA

Note: Provincial totals are based on survey averages submitted from that province. The Atlantic averages are based on averaging all data.

### The most significant loss categories for Craft Retailers are:

CATEGORY	LOSS AMOUNT	
Retail Shop Sales	\$ 131,506	average
Rent/Operational Expenses	\$ 18,422	average
Salaries Paid	\$ 17,116	average
Income (other sources)	\$ 12,752	average
Shop Workshops*	\$ 11,417	average
Other Expenses/Losses	\$ 20,258	

\*Note: some retailer run craft related workshops, also some retail shops are owned and operated by craft producer/makers.