

**FAYVISHENKO Diana,**  
Doctor of Sciences (Economics), Associate Professor,  
the Head of the Department of Journalism  
and Advertising  
State University of Trade and Economics,  
19, Kioto St., Kyiv, 02156, Ukraine

ORCID: 0000-0001-7880-9801  
d.fayvishenko@knute.edu.ua

**ФАЙВІШЕНКО Діана,**  
д. е. н., доцент,  
завідувач кафедри журналістики та реклами  
Державного торговельно-економічного  
університету  
вул. Кіото, 19, м. Київ, 02156, Україна

ORCID: 0000-0001-7880-9801  
d.fayvishenko@knute.edu.ua

## UKRAINE'S FILM DISTRIBUTION IN CRISIS CONDITIONS: MARKETING STRATEGIES

## КІНОПРОКАТ УКРАЇНИ У КРИЗОВИХ УМОВАХ: МАРКЕТИНГОВІ СТРАТЕГІЇ

**Introduction.** Today, in the context of the global crisis situation and the martial law of our country, the issue of considering the functioning of any field, especially the network of cinemas, is becoming quite relevant.

**Problem.** The pandemic has had a significant impact on the film market around the world, especially given that the share of content comes from abroad and film releases over the past year and a half depend largely on the decisions of global film studios.

**The aim** of the article is to study the structural changes in the market of film distribution in dynamics and systematize the factors influencing the work of film distributors in late 2021, early 2022, and propose measures to eliminate economic losses, to develop recommendations for further work of film companies based on SWOT analysis.

**Methods.** General scientific methods such as synthesis, comparison and generalization are used.

**Results.** Structural changes in the market of distribution companies in Ukraine have been studied, the performance of the box office for the year before the pandemic and during breaks in film distribution has been analyzed. Factors influencing the work of film distributors are considered and measures are taken to eliminate the consequences of economic losses. Recommendations for further work of film companies based on SWOT analysis have been developed.

**Conclusions.** Changes in the planned repertoire plan, low competitiveness compared to foreign products, postponement of premieres,

**Вступ.** В умовах кризи та воєнного стану для нашої країни актуальними є питання функціонування будь-якої сфери, у тому числі кінопрокату.

**Проблема.** Пандемія суттєво вплинула на ринок кінопрокату у всьому світі, оскільки значна частка контенту надходить з-за кордону і релізи фільмів упродовж останніх півтора роки залежать здебільшого від рішення світових кіностудій.

**Мета статті** – дослідити структурні зміни ринку кінопрокату у динаміці та систематизувати фактори впливу на роботу кінодистриб'юторів у кінці 2021 – початку 2022 рр. та запропонувати заходи для усунення наслідків економічних збитків, розробити рекомендації щодо подальшої роботи кінокомпаній на основі SWOT-аналізу.

**Методи.** Застосовано такі загальнонаукові методи, як синтез, порівняння та узагальнення.

**Результати дослідження.** Розглянуто структурні зміни ринку кінопрокату в Україні в умовах пандемії та воєнного стану, проаналізовано показники бокс-офісів за рік до кризових умов та під час перерв у кінопрокаті. Досліджено фактори впливу на роботу кінодистриб'юторів та запропоновано заходи для усунення наслідків економічних збитків. Розроблено рекомендації щодо подальшої роботи кінокомпаній в кризових умовах на основі SWOT-аналізу.

**Висновки.** Серед систематизованих факторів впливу на кон'юнктуру ринку та роботу кінодистриб'юторів межах нової реальності важливими є зміни у запланованому

*simultaneous rental in cinemas and streaming platforms, which increases piracy and illegal activities in the cinema network, reducing the possibility of selling tickets, the lack of any premieres are among important systematized factors that influence market conditions and the work of the film distributor in new reality.*

*New possibilities and prospects of film distribution development in view of crisis conditions are highlighted.*

*Keywords:* film companies, movie distributors, cinema industry, marketing strategies, pandemic, post-quarantine period, crisis conditions, martial law.

*репертуарному плані, низька конкурентоспроможність порівняно з закордонним продуктом, перенесення прем'єр, одночасний прокат у кінотеатрах та на стрімінгових платформах, посилення піратської та незаконної діяльності серед мереж кінотеатрів, зменшення можливості продажу квитків, відсутність будь-яких прем'єр.*

*Виокремлено нові можливості та перспективи розвитку кінопрокату з урахуванням кризових умов.*

*Ключові слова:* кінокомпанії, кінодистриб'ютори, кінопрокат, маркетингові стратегії, пандемія, післякарантинний період, кризові умови, воєнний стан.

JEL Classification: D47, L1, L82 M31

**Introduction.** Today, in the context of the global crisis situation and the martial law of our country, the issue of considering the functioning of any field, especially the network of cinemas, is becoming quite relevant. The pandemic has had a significant impact on the market for film companies around the world, especially given that the share of content comes from abroad and film releases over the past year and a half depend largely on the decisions of global film studios. Martial law became an additional difficult condition for film distribution in Ukraine.

**Problem.** The study of the behavior of players in the film market in Ukraine, changes in it and prospects for rehabilitation of the current situation is relevant and needs research to develop recommendations for further market development and overcoming the crisis.

**Analysis of recent research and publications.** Research on the marketing of film distribution is covered in the works of such domestic scientists as A. Mazaraki S. Melnichenko A. Okhrimenko [1], S. Nechitaylo, N. Yudin [2], B. Sheremet [3]. The impact of the pandemic on the economy in trade is analyzed in the work of O. Dyachenko and O. Goncharenko [4], in tourism – G. Mykhailichenko and G. Mezentseva [5]. The work of the insurance market in quarantine was considered by O. Bodnar [6]. The experience of various sectors of the economy in the new conditions provides an opportunity for scientific discourse for a comprehensive approach to the problem of enterprises in the new conditions of today.

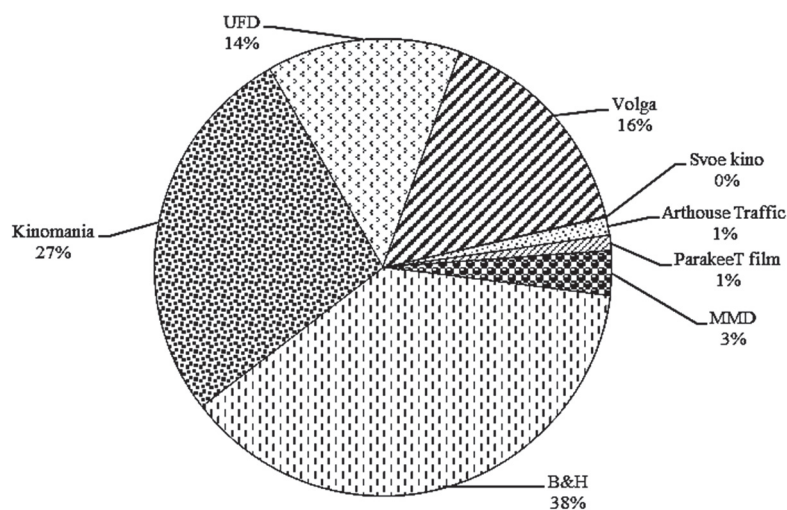
**The aim** of the article is to study the structural changes in the market of film distribution in the dynamics of late 2021, early 2022, to analyze the indexes of the box office for the year before the crisis and during breaks in film distribution, to systematize factors affecting the work of film distributors and propose measures to eliminate consequences of economic losses, to develop recommendations for further work of film companies based on SWOT-analysis.

**Methods.** The research in the article is based on the analytical method of working with data from the box office reports of films of key players in the Ukrainian film market, statistical data, forecast data and SWOT analysis. General scientific methods such as synthesis, comparison and generalization are used.

**Results.** Today, the market of film distribution and film distributors of Ukraine, together with the crisis period of the pandemic of the XXI century, is significantly influenced by factors of global problems and the imposition of martial law in the country. Due to the crisis, the distribution company MMD, which had 10 % of the market the day before, ceased operations [3]. Instead, "Svoekino" and "Festival Cinema" actively increased their market share in 2021. As of October 2021, there were the following main film distributors in Ukraine: Kinomania, B&H, UFD, Volga, Arthouse Traffic, MMD, Perekit film, Cascade, Svoekino, Festival Cinema. A study of the terminology offered a definition: a film distributor who acts as an intermediary between film studios, based on making a profit by distributing film copies to royalty-based cinemas.

The distributor's goal is to release the product with the optimal number of copies for the planned number of viewers. The purpose of marketing – based on data from situational analysis, to determine the required number of copies and cinemas [7].

Film distributors in Ukraine cooperate with film studios around the world. Film studios, in turn, are divided into majors and independent film studios. Among the film distributors of Ukraine [8–12], there is the following division by companies: Kinomania– represents Warner Bros and Disney, UFD – 20th Century Fox, Volga, MMD, "Svoekino", Festival Cinema. Arthouse Traffic – independent studios, B&H Film Distribution –represents Paramount, Universal, Sony, clearly presented in the form of a diagram in *Figure 1*.



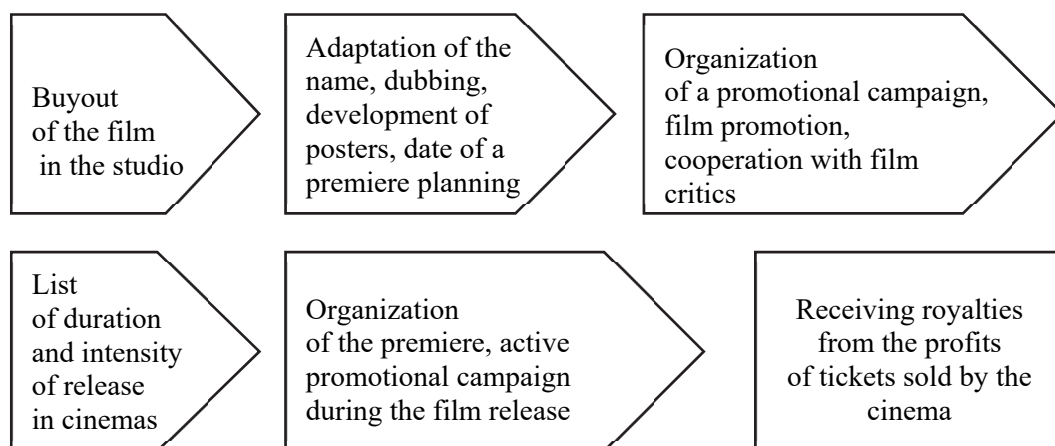
**Figure 1. Market share by box office as of 2021**

*Source:* developed by the author based on [8–12].

Regarding marketing functions, film distributors are responsible for:

- planning the start date, rental period, approval of pre-premiere screenings;
- dubbing of films, localization of titles and advertising materials (at least posters);
- concluding contracts for the rental of films with cinemas, including the number of screenings per day, the duration of the rental;
- organization of an advertising campaign;
- promotion through cooperation with cinemas: drawing of branded prizes provided by the studio, organization of gala premieres, meetings with actors, interaction with critics.

The activities of film distributors are schematically shown in *Figure 2*.



**Figure 2. Film distributor scheme**

*Source:* developed by the author [8–10].

The dynamics of the main performance indicators is expected to be negative, as in 2019 cinemas were operating normally and the factors influencing market fluctuations were the same from year to year. In 2020, the following changes took place:

- for a certain period of time (for 4 months) cinemas did not work at all;
- after the quarantine was eased, the network of cinemas resumed its work, but with observance of some quarantine restrictions by the Ministry of Health of Ukraine. Thus, the following security rules have been developed for all cinemas: mask mode, temperature screening of staff and guests at the entrance, social distance in the queues, occupancy of the halls is not more than 50 %;
- during the autumn exacerbation of the virus in 2020, weekend quarantine was introduced for a month;
- most of the premieres from major studios have been postponed to next year. With the exception of such films as "Tenet", which became the leader in attendance in the first two months after the hard phase of quarantine, "Mulan", "After we collided";

• most of the premier major studios were immediately distributed on the streaming platforms of these studios, such as Disney +, which became an additional financial flow for the Western market for filmmakers, but in Ukraine had a negative impact on cinema fees, because such films are illegal. However, they appeared in free access on the Internet.

Thus, the number of releases changed by 57 films, the total box office decreased by 3 times, the number of tickets sold – by 17 million, in more detail all the indicators in terms of major distributors are presented in Table 1 [8; 9].

Table 1

**Box office of distributors in Ukraine for 2019–2020 as of the end of 2021**

Distributor	Number of releases		Total box office, USD mln		Number of tickets sold, USD mln	
	2019	2020	2019	2020	2019	2020
B&H	47	44	65.02	14.1	16.37	3.79
Kinomania	49	44	18.46	10.2	4.8	2.66
Volga Ukraine	33	29	4.64	6.02	1.59	1.57
UFD	51	44	14.15	5.15	3.63	1.43
MMD	35	5	3.63	1.15	1.07	0.34
Arthouse traffic	31	21	0.87	0.47	0.23	0.13
Total	246	187	106.77	37.09	27.69	9.92

Source: systematized by the author for [8; 9].

During the crisis, especially in wartime, film distributors apparently changed their promotion policies. Advertising budgets for television, radio and outdoor advertising have decreased. Instead, digital marketing tools are being used to a greater extent, and cooperation with cinemas is being strengthened: more than in the pre-crisis period, promotional materials are being created – photos from filming sites, trailers of various formats and durations are being prepared so that cinemas can spread their information through social media in Stories and IGTV, by creating animated posters, cooperation in targeted advertising, increased control over the display of trailers before screenings, placement of trailers in the lobby of the cinema on plasma screens, advertising stands and posters, audio advertising in the lobby. During the martial law period from February 24 to March 12, 2022, cinemas and distributors were completely suspended. At the same time, the Ukrainian film community from the first days expressed its active position and called on the world’s leading film companies to stop working and cancel all premieres in the aggressor country.

Such film giants as Disney, Warner Brothers, Sony Pictures showed solidarity and support for Ukraine and left the Russian market [10]. Today, cinemas in Lviv have resumed their work in crisis conditions, followed by cinemas in such cities as Khmelnytskyi, Lutsk, Cherkasy, Dnipro, and Poltava. Film distributors provide the opportunity to re-rent films that premiered before the martial law. Yes, Hollywood blockbusters such as "Batman", "Morbius" are expected to premiere and the sequel to the "Fantastic Beasts: The Secret of Dumbledore" franchise, which will help the industry to begin economic recovery. Also, with the active support of distributors, Ukrainian cinemas hold charitable film screenings and attract foreign partners for screenings of Ukrainian films in Poland for temporarily

displaced Ukrainians [11]. In order to determine further prospects for the development of the market of film distributors, the forecast state of the internal and external environment was studied by the method of SWOT-analysis. At the first stage, the factors of macro- and micro-environment are identified, which are most important for the activities of all companies and tend to change, thus creating new opportunities or threats (so-called driving forces of the industry) (*Table 2*).

*Table 2*

**Analysis of opportunities and threats by SWOT-analysis**

Factor	Importance, points, $B_i$	Favorable change (opportunity)		Adverse change (threat)	
		Probability, $P_{i^3}$	$P_{i^3} \cdot B_i$	Probability, $P_{i^3}$	$P_{i^3} \cdot B_i$
Change the release date from the studio	10	0.4	<b>4.0</b>	0.6	6.0
Quality content	10	0.8	8.0	0.2	<b>2.0</b>
Collaboration with online platforms on royalty terms	4	0.9	<b>3.6</b>	0.1	0.4
Movies in 4DX, Screen X and IMAX	5	0.7	3.5	0.3	<b>1.5</b>
Piracy	7	0.4	<b>2.8</b>	0.6	4.2
Competition between films in one rental week	4	0.3	1.2	0.7	<b>2.8</b>
Strengthening crisis conditions	9	0.1	0.9	0.9	<b>8.1</b>
Total			<b>24.0</b>		<b>25.0</b>

*Source:* compiled by the author.

We amend the *Table 3* factors that determine the competitive position of cinemas in the market (so-called key success factors).

*Table 3*

**Factors determining the competitive position of cinemas in the market**

Factor	Weight, $P_i$	Usual, $A_{ji}$	$P_i \cdot A_{ji}$	Absolute, $\Delta_{ji}$	$P_i \cdot \Delta_{ji}$
The best contractual terms with the cinema	0.4	8	3.2	2	0.8
Simultaneous worldwide distribution of films in cinemas and streaming platforms	0.3	5	1.5	-1	-0.3
Collaborate with film studios that have large budgets to fund advertising campaigns	0.3	9	2.7	1	0.3
Competitive power	-	-	7.4	-	+0.8

*Source:* compiled by the author.

Based on *Table 1–3* form the first matrix of SWOT-analysis, the indicators are presented in *Table 4*.

*Table 4*

**The first matrix of SWOT analysis**

<b>Opportunities (O)</b> - Quality content. - Movies in 4DX, Screen X and IMAX. - Cooperation with online platforms on royalty terms	<b>Threats (T)</b> - Piracy. - Competition for one rental week. - Changing the release date of the film studio. - Strengthening crisis conditions
<b>Strengths (S)</b> - Contractual terms with a large number of sessions with cinemas. - Cooperation with film studios that have large budgets to finance advertising campaigns	<b>Weaknesses (W)</b> - Simultaneous worldwide distribution of films in cinemas and streaming platforms

*Source:* compiled by the author.

We combine the opportunities and threats, strengths and weaknesses of the enterprise in the final matrix of SWOT-analysis (*Table 5*). The film distributor market has more threats than opportunities (column T) and more strengths than weaknesses (line S). At the intersection of the row and column is the field ST, i.e. the priority strategy ST (strengths-threats, or "maxi-mini") should be based on strengthening the existing strengths to protect the company from threats.

Table 5

**The final matrix of SWOT-analysis**

	<p><b>Opportunities (O)</b></p> <ul style="list-style-type: none"> <li>- Quality content.</li> <li>- Movies in 4DX, Screen X and IMAX.</li> <li>- Cooperation with online platforms on royalty terms</li> </ul>	<p><b>Threats (T)</b></p> <ul style="list-style-type: none"> <li>- Piracy.</li> <li>- Competition for one rental week.</li> <li>- Changing the release date of the film studio.</li> <li>- Strengthening crisis conditions</li> </ul>
<p><b>Strengths (S)</b></p> <ul style="list-style-type: none"> <li>- Contractual terms with a large number of sessions with cinemas.</li> <li>- Cooperation with film studios that have large budgets to finance advertising campaigns</li> </ul>	<p>SO field ("Maxi-maxi")</p> <ul style="list-style-type: none"> <li>- Focus on quality content produced by film studios with a large marketing budget, as well as in exclusive cinema technologies.</li> <li>- Concluding contracts with film distributors on favorable terms and granting royalties on the basis of royalties in online cinemas</li> </ul>	<p>ST field ("Maxi-mini")</p> <ul style="list-style-type: none"> <li>- Strengthen control over piracy.</li> <li>- Maintaining competitive positions in one rental week due to the large number of sessions under contractual obligations with cinemas.</li> <li>- Use a future release date change to continue an active advertising campaign</li> </ul>
<p><b>Weaknesses (W)</b></p> <ul style="list-style-type: none"> <li>- Simultaneous worldwide distribution of films in cinemas and streaming platforms</li> </ul>	<p>WO field ("Mini-maxi")</p> <ul style="list-style-type: none"> <li>- Joining the world's streaming rental through cooperation with Ukrainian online cinemas</li> </ul>	<p>WT field ("Mini-mini")</p> <ul style="list-style-type: none"> <li>- Stopping the market.</li> <li>- Distribution of content on the Internet</li> </ul>

Source: compiled by the author.

Therefore, based on the results of the SWOT analysis, the following recommendations for the work of film companies in times of crisis can be offered:

- strengthening control over pirated content;
- maintaining competition for one rental week due to the large number of sessions under contractual obligations with cinemas;
- use a future release date change to continue an active advertising campaign.

The Ukrainian film market has changed with the beginning of the pandemic and the imposition of martial law in the country, where among the systematized factors influencing market conditions and the work of film distributors within the new reality are important aspects of the planned repertoire, low competitiveness with foreign product, postponement of premieres, simultaneous rental in cinemas and streaming platforms, increasing piracy and illegal activities among the network of cinemas, reducing the possibility of selling tickets due to crises that regulate the work of cinemas, the absence of any premieres.

**Conclusions.** Thus, it is necessary to highlight new opportunities and prospects for the development of film distribution. So, *first* of all, distributors should focus on potentially high-quality content produced by film studios

with a large marketing budget, increase the success rate of collaboration with other film studios, constantly monitor and refine the repertoire, focus on certain genres and famous actors. *Secondly*, consider choosing repertoire of films made in exclusive cinema technologies, as spectacular and more technological films shot on IMAX-enabled cameras are usually in greater demand among viewers. *Thirdly*, film distributors should consider entering into contracts on favorable terms and granting royalties on the basis of royalties in online cinemas, which will attract those potential viewers who are not ready to visit cinemas under the new conditions. *Fourthly*, the schedule of sessions in each cinema depends on the willingness of the cinema to cooperate, take into account the hours of attendance, adapted to the consumer, and therefore a loyal approach and control of professional bookkeepers who manage cinematographers to create more favorable contract terms remains relevant. *Lastly*, the search for opportunities to obtain support for the implementation of certain stages of production (creation) of the film product from international partners, associations and government support.

Prospects for further research are to study the behavior of film market players in Ukraine, changes in it and prospects for rehabilitation of the current situation, development of recommendations for further market development and overcoming the crisis.

**Conflict of interest.** The author certifies that she has no financial or non-financial interest in the subject matter or materials discussed in this manuscript; the author has no association with state bodies, any organizations or commercial entities having a financial interest in or financial conflict with the subject matter or research presented in the manuscript. The author is working for the institution that publishes this journal, which may cause potential conflict or suspicion of bias and therefore the final decision to publish this article (including the reviewers and editors) is made by the members of the Editorial Board who are not the employees of this institution.

### REFERENCES

1. Svitlana, Melnychenko, Anatolii, Mazaraki, Nadiia, Vedmid, Alla, Okhrimenko & Aliona, Shtanova (2021). Communication policy of cinema industry enterprises in the context of COVID-19 (on the example of cinemachains). *Innovative Marketing*, 17(2), 112-124. <https://www.businessperspectives.org/index.php/journals/innovative-marketing/issue-382/communication-policy-of-cinema-industry-enterprises-in-the-context-of-covid-19-on-the-example-of-cinema-chains> [in English].
2. Nechytajlo, S. D. & Judina, N. V. (2016). Etapy kinomarketyngu [Stages of film marketing]. *Aktual'ni problemy ekonomiky ta upravlinnja – Current Issues of Economics and Management*, 10. [https://ela.kpi.ua/bitstream/123456789/22469/1/3\\_1\\_Nechitaylo.pdf](https://ela.kpi.ua/bitstream/123456789/22469/1/3_1_Nechitaylo.pdf) [in Ukrainian].
3. Sheremeta, B. (2019). Analiz kinoprokatnogo rynku Ukrai'ny ta naprjamky jogo rozvytku [Analysis of the film distribution market of Ukraine and directions of its development]. Lviv Polytechnic National University Institutional Repository, (pp. 57-63). [http://ena.lp.edu.ua/bitstream/ntb/46597/2/2019n3\\_Sheremeta\\_B-Analysis\\_of\\_Ukrainian\\_movie\\_57-63.pdf](http://ena.lp.edu.ua/bitstream/ntb/46597/2/2019n3_Sheremeta_B-Analysis_of_Ukrainian_movie_57-63.pdf) [in Ukrainian].
4. Djachenko, O. & Goncharenko, O. (2020). *Zovnishnja torgivlja: ekonomika, finansy, pravo – Foreign trade: economics, finance, law*, 6, 94-106. [http://zt.knute.edu.ua/files/2020/06\(113\)/9.pdf](http://zt.knute.edu.ua/files/2020/06(113)/9.pdf) [in Ukrainian].



5. Svitlana, Melnychenko, Hanna, Mykhailychenko, & Mezentseva, Hanna (2020). Tourism sphere: way out from quarantine. *Zovnishnja torgivlja: ekonomika, finansy, pravo – Foreign trade: economics, finance, law*, 6. [http://zt.knute.edu.ua/files/2020/06\(113\)/4.pdf](http://zt.knute.edu.ua/files/2020/06(113)/4.pdf) [in English].
6. Funkcionuvannja strahovogo rynku Ukrai'ny v umovah pandemii' COVID-19 [Functioning of the insurance market of Ukraine in the conditions of the COVID-19 pandemic] (2020). *Efektivna ekonomika – Efektivna ekonomika*, 10. <http://dspace.mnau.edu.ua/jspui/bitstream/123456789/8400/1/%d0%a1%d1%82%d0%b0%d1%82%d1%82%d1%8f%20%e2%84%967.pdf> [in Ukrainian].
7. Azarjan, O., & Krachkovs'ka, N. (2011). Formuvannja marketyngovoi' strategii' prosvannja audiovizual'nyh tvoriv v animacijnij industrii' [Formation of marketing strategy for the promotion of audiovisual works in the animation industry]. *Marketingova osvita v Ukrai'ni – Marketing Education in Ukraine*. <https://ir.kneu.edu.ua/bitstream/handle/2010/1226/Azaryan.pdf?sequence=1> [in Ukrainian].
8. Boks-ofis Ukrai'ny–2020. Shestyrichnyj minimum kasovyh zboriv [Boxing office of Ukraine-2020. Six-year minimum cash fees] (2020). <https://mbr.com.ua/uk/news/analytics/4361-boks-ofis-ukrainy-2020-sestiletnij-minimum-kassovy-x-sborov> [in Ukrainian].
9. Boks-ofis Ukrai'ny–2019: pidsumky roku ta novyj rekord kasovyh zboriv [Boxing office of Ukraine-2019: results of the year and a new record of cash fees]. <https://mbr.com.ua/uk/news/analytics/1409-boks-ofis-ukrayini-u-2019-roci-novii-rekord-kasovih-zboriv> [in Ukrainian].
10. Disney, Sony Pictures i Warner Bros zupynjajut' prokat svoi'h fil'miv u RF cherez agresiju proty Ukrai'ny [Disney, Sony Pictures and Warner Bros. stop the rental of their films in Russia due to the aggression against Ukraine]. <https://suspilne.media/212419-disney-zupinae-kinoprokat-svoih-filmiv-u-rosii-cerez-agresiu-proti-ukraini> [in English].
11. Kazky ukrai'ns'koju movoju v Geliosi (kinoHelios) [Fairy tales in Ukrainian in Helios (kinoHelios)]. <https://www.emkielce.pl/ukraina-serwis-specjalny/kino-helios> [in Ukrainian].
12. Monopolija na kino: kinoprokatnyky ta derzhavni organy obgovoryly rozvytok kinoprokatnogo rynku [Monopoly on cinema: film distributors and government agencies discussed the development of the film distribution market]. <http://www.ukrkino.com.ua/kinotext/articles/?id=9715> [in Ukrainian].

*Received the editorial office 16.01.2022.*

*Accepted for printing 03.04.2022.*

*Publication online 24.06.2022.*