Impact of Strong Global Brands of Cultural Institutions on the Effective Development of Regions in the Context of the Covid-19 Pandemic

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Abstract.

Research background: In the context of the coronavirus pandemic, when cultural objects were unable to function normally for a long time, their income has significantly decreased, and state support is not enough to implement strategic projects. This is due to a sharp decline in the incomes of the population of these countries and a prolonged shutdown of large-scale production, even the stagnation of entire sectors of the economy.

Purpose of the article: The article is devoted to the problem of the formation of strong brands of cultural institutions, in particular, art museums and galleries and their impact on the competitiveness of the region.

Methods: We use statistical, and regression methods for analysis, which are used to assess the mutual influence of traffic flows to museums and other cultural objects on the total income in the art market.

Findings & Value added: The analysis showed that work on the image, strengthening the brands of cultural institutions, increasing the level of recognition in the world and close ties with recognized art-dominants in the future will allow cultural institutions to attract significant financial flows and improve their competitive position in the world market. As the scientific increment can be considered, the results of analysis the relationship between the strong brands of art museums and other cultural objects and the tourist attractiveness of their locations, as well as the mutual influence of cultural object brands on the territory's brand. It is proposed to modify the methodology for evaluating the brand value in an art Museum or gallery.

Keywords: *art market; state regulation of the art market; Strong Global Brand; global competitiveness of the region*

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1 Introduction

In a pandemic, when all the economic resources of the countries focused on decision support needs of the health care industry, the implementation of measures to rescue the economic system and the support of citizens and businesses who find themselves in difficult conditions forced outage many sectors of the economy in different countries were on the verge of decline, being unable to conduct its activities in terms of closures, and existing prohibitions and restrictions [1]. The cultural sphere was also banned and could not function properly for a long time, and even after the opening of some cultural institutions, their regime and working conditions are significantly different from the usual ones. Thus, cultural institutions and the art sector as a whole have suffered huge losses during the pandemic and continue to experience difficulties. These institutions not only lost their income for a long time, and in some countries they did not actually open after quarantine, but also have to bear the constant costs of maintaining collections and ensuring proper storage conditions. Thus, most cultural institutions were forced to actually send their employees on unpaid leave or significantly reduce their salaries, but even these measures could not fully cover all the losses they suffered. States have made significant efforts to assist cultural institutions and have allocated funds to cover their ongoing costs of maintaining the collection and working conditions of the institution, but this has not always been fully possible during the peak of the pandemic.

There was also a stagnation of the art market, since the implementation of active operations in the art sphere is not a vital task; most of the typical players were absorbed in other problems. In fact, the entire art sphere in the world has fallen into a state of stagnation. Although the activity in the art market did not stop completely, but the main activity was carried out only through electronic auctions on special electronic platforms, while the classical activity of auction houses and galleries was actually stopped for a long time. In fact, for a long time, only life-critical flights between countries were carried out, people who found themselves in other countries during the pandemic and needed to be evacuated were transported, and cargo transportation was carried out in order to supply the population of countries with necessary foreign products. As a result, there were serious obstacles to the transportation of art objects after their acquisition by foreign buyers, even those purchased on an electronic trading platform. This, in turn, also slowed down the work of the art market.

At the same time, it is impossible to say that the pandemic for the art and cultural spheres was an absolute evil, since the world has repeatedly increased interest in them. The inability to visit museums and galleries, to personally see performances and various productions, and simply the inability to move around the world and get new impressions from personal visits to cities and countries with an abundance of free time has led to an increase in demand for remote visits to cultural events and art objects. As a result, some cultural institutions that were able to implement a large program of on-line displays of their collections or events, not only did not lose their consumers, but also repeatedly expanded their consumer base and formed a positive global image. Indeed, on-line broadcasts and on-line events have no borders, and when it is impossible to move around the world, people are eager to see and learn what is currently unavailable to them, or at least just nostalgic. The possibilities of performing art operations have also expanded due to the full-scale use of electronic platforms and electronic auctions. There is a whole range of new electronic services and applications that allow people to make virtual excursions, visit inaccessible art objects, and take on-line walks in their favorite countries and cities. All this has contributed to the growth of the reputation, positive image of the art sphere and the strengthening of brands of places that are able to showcase their art objects and cultural centers in the network properly [2, 3]. Consequently, in order to develop the global art market as a whole

and increase its impact on the attractiveness of cities that have a rich cultural heritage or are able to develop modern art spaces that attract global consumers, on-line support of the art and cultural sphere during the pandemic has had a positive impact.

Looking at the trends that existed in the art market before the pandemic, and analyzing statistical indicators of sales dynamics in the art market of a number of countries that had a strong art market, specific bursts of activity were identified simultaneously in many markets. Thus, there were sharp jumps in the dynamics of growth in the turnover of the art market, demonstrated in 2016-2017 in the art markets of the United States, Great Britain and China (see Fig. 1).

Fig. 1. Comparative dynamics of the art market turnover in the countries in 2008-2017 [4].

As can be seen from the indicators, the US in 2016-2017, the UK in 2016 and China in 2017 saw a sharp jump in the turnover of the art market. This jump can only partly be explained by effective government policy in the art market. Most likely, it is associated with the unstable economic and political situation in these countries, where negative financial expectations of market actors force them to look for ways to protect their capital and maintain the growth rate of income. This gives rise to a classic example that has been described many times: players who are not typical of the art market begin to enter the game and invest in works of art, trying not only to save capital, but also to ensure the rate of income that they have lost in other markets [5, 6].

This trend is typical only for countries with an active state policy in the art market, implemented at this stage. In this regard, it can be argued that these markets are "overheated" and they are experiencing the growth of so-called "financial bubbles", when one of the market segments begins to artificially pump up financial resources and sales volumes will continue to grow due to an atypical environment for the market. Such financial spikes are typical for different markets, but here they are caused by high information asymmetry and the aspirations of the three main players to global monopolization of the art market.

"Financial bubbles" differ in that they cannot be long-term, since the players' resources are not enough to maintain the existing sales growth rate for a long time. Thus, when the current "financial bubble" is punctured in the art markets of the United States, Great Britain and China, there will be a significant drop in the turnover of the art markets of these countries. In the future, we can talk about two trends that can be realized after the pandemic: either the art markets of these countries will continue to grow, but at a much lower rate compared to the indicators of the period preceding the "financial bubble", or the picture of the country's

monopolization of art markets will change significantly. Thus, there may be a chance for a new strong participant in the global art market oligopoly to join the game. So, in these conditions, the country that can maintain the pace of penetration into wide foreign markets and ensure the development of its brand in the global art market, and can become one of the leaders of this market in the future. Thus, when implementing a competent state policy in the art market, Russia has a chance to even lead in this position [7,8].

And today Russia has these chances. As the experience of the pandemic has shown, really sharp peaks in activity in the art markets of the countries considered above were the result of the development of "financial bubbles", which, when a crisis situation caused by the pandemic occurred, "broke through" and lowered the indicators of art markets to the level of 40-60% of the previous peak volume of operations. At present, it is almost impossible to make any accurate quantitative estimates of activity in the art market, as systematic data on the markets is not currently available. You can only judge the activity of art markets indirectly by tracking transactions on electronic trading platforms. The picture differs by country and by periods of growth in activity in the art market, as the periods of peak introduction of bans and restrictive measures differ by country, as well as the severity of the pandemic. It is impossible not to note the General decline in the income level of residents of economically developed countries, which leads to a drop in their interest in investing in the art sphere, as an area of capital investment and ensuring their safety. Moreover, the drop in income is typical for almost all countries where activity in the art sector was recorded, and the drop in income affected not only the most socially unprotected citizens, but also to some extent and previously quite well-off, who more often acted as buyers in the art market. The drop in revenue also had a negative impact on professional players in the art market, which led to a sharp reduction in their activity.

At the same time, it is necessary to pay attention to the fact that in Russia the course of the pandemic as a result of timely preventive measures was not as disastrous as in many European countries and in the United States. China, in spite of the severe course of the pandemic, came out of the crisis earlier, and thanks to effective measures to counter the pandemic, it was able to preserve its cultural sphere and support the art sector. In the information economy, the Informatization of this sphere can not only prevent the focus on economic growth, but also actively stimulate it [9-11]. Thus, currently conducted global mostly on-line projects have a chance to gain global leadership and reshape the world art market in their favor. To this end, it is now necessary to take care of the formation and strengthening of brands of Russian art objects, the most important cultural institutions, and develop their own electronic trading platforms, where in the future to concentrate global operations in the art sphere. It is necessary to actively develop cultural brands, direct policy to strengthen the brands of territories, which increases the country's competitiveness [12,13].

The development of brands of cultural institutions and art objects requires a well-thought-out policy and targeted impact on the most significant characteristics of brands. Consequently, it is necessary to adapt the brand assessment systems of cultural institutions to the new unstable conditions and identify promising directions for implementing economic policies in the art sphere in conjunction with strengthening the cultural brands of cities and countries implementing this policy.

2 Methodology

Let's look at the main approaches to evaluating brands of cultural institutions and art objects, and identify new trends that should be taken into account in them. We suggest the following methodology for evaluating the value or capital of a Museum or gallery brand. As part of this methodology, we will evaluate the value of the Museum's brand using the BKG methodology, based on the dynamics indicators:

- additional funds raised by the Museum with the help of a developed brand;
- revenue indicators from events and exhibitions held by the Museum;
- indicators of the Museum's income from transactions in the art market;
- indicators of the dynamics of the total number of users and the number of active users.

The resulting integral characteristic of the brand value should be supplemented with an emotional component of the brand value, which can be evaluated using the Keller method. The weight contribution of the characteristics obtained using each method can be calculated using paired comparisons using the MAI method. Final estimates of the value or capital of the Museum's brand and its viability can be obtained using the Keller method, and will allow for its positioning. Positioning can be performed on the Y&R matrix plane [14]. In this way, you can compare the brand rating of a Museum or gallery with the ratings of a specific group of successful or lagging Museum brands. Positioning in a specific group of museums will allow you to form a long-term strategy for the development of the Museum as a whole and its exhibition activities.

The method of evaluating the brand of a Museum or gallery can be built on the basis of matrix algorithms that allow for a joint analysis of the qualitative and quantitative characteristics of the Museum and take into account the contribution of exhibitions and events held by the Museum to its brand [15-17]. It is important to assess the value of the Museum's brand for all its potential consumer audiences and stakeholders, as well as to assess the Museum's expenditures on brand strengthening and implementation of exhibitions and events, including those aimed at brand development. The main indicators that characterize the value or capital of the Museum's brand are the following parameters:

- Total budget of the Museum;
- The amount of funding raised, including for cultural events, events, and exhibitions held under the auspices of the Museum;
- Rating of the Museum in the cultural environment of the territory, country and world culture;
- Total amount of funding for art market transactions conducted under the auspices of the Museum;
- Number of Museum visitors per year;
- Level of innovation support for activities;
- The amount of funds raised through exhibitions and events organized by the Museum;
- Number of visitors to exhibitions and events held by the Museum;
- The number of active Museum visitors who participate in its programs and events, visit the Museum at least several times a year, and actively promote the Museum in the cultural and tourist environment;
- The ability to provide a constant volume of visitors at a higher price than competitors for entrance tickets to the Museum and its exhibitions and events;
- The amount of tax deductions from the amount of art market transactions conducted under the auspices of the Museum;
- Costs of the information infrastructure of the Museum's brand;
- The number of active users of the Museum's cultural information environment, which includes all its information art spaces.

It should be noted that not all indicators have objective statistics. Some important characteristics are not analyzed in principle. These indicators need to be taken into account in dynamics in order to compare them for different periods and in relation to other evaluation characteristics. Aggregate indicators should be calculated as weighted integral

values. Parameters can be enlarged or collapsed using a matrix procedure – the hierarchy analysis method (MAI).

Currently, the proposed assessment system should also include an indicator of the ability of the management system of a Museum or other cultural object to monitor the work of the Museum during the period of forced shutdown and ensure that the structure of the Museum remains in working order. This indicator will take into account the Museum's ability to maintain its resource potential at a level sufficient to ensure high global competitiveness and maintain the brand of the Museum's location. During this period, the indicators of the development of the Museum's information space, its ability to actively support all the processes of the institution's activities, conduct on-line events and on-line displays of collections, as well as conduct on-line operations in the art market, also gain a key influence. The last factor that has the most significant impact during this period is related to the Museum's innovative activity, primarily in the field of implementing digital innovations and developing the Museum's information space. Especially at the peak of interest in the field of culture, it is these innovations that ensure contact with potential consumers of the Museum around the world.

3 Results

These characteristics will complement the assessment of the Museum's brand viability and value, which will allow us to build a model for positioning the Museum's brand in accordance with the modified methods of BKG, K. Keller and Y&R (see Fig. 2).

Fig. 2. Power Matrix of the Museum brand using the modified Y&R method

It should be noted that the study of Russian museums started by the authors after the pandemic has already led to certain results. First, the demand for Museum services (after the opening of museums) is quite high, especially among leading museums. Second, prices have increased significantly (to which the market has barely responded). Third, museums are actively promoted through informal marketing communications. As a result, the role of other people's experience, the hearing-forming process, and the advice of OLT marketers in combination is growing [18,19].

This study allowed us to empirically justify the operation of some matrix axes. On the "brand consistency" axis, the border of the matrix regions is set to 1.5. This is due to the fact that the normal level of this indicator, corresponding to the rating of 1, means the instability of the Museum's position and its failure as a leader. In order for such a Museum to get into the field of leaders, it must advance in the level of fame. Our research clearly demonstrates this fact and allows us to successfully separate leading Museums and highly

promising niche brands. Note that a strong brand of leading museums definitely has a positive impact on the territory's brand, but highly promising niche brands strengthen the territory's brand, but only together with the leading brands (they do not create the brand themselves).

On the Museum's brand value axis, brand prospects are defined as below and above the norm. Note that the brand value of many museums declined after the pandemic. Another interesting effect is observed if the brand develops through expansion [20]. For example, the brand of the Peterhof museum reserve is quite high, while the brand of its components (Alexandria Park) can significantly devalue due to the peculiarities of the Museum-reserve's development after the pandemic.

The developed assessment tool can be used by cultural institutions, auction houses, or art galleries themselves to assess their competitive position in the domestic and global art market, or used by government agencies (including the Ministry of Culture of the Russian Federation) that implement economic policy in the art market. Note that the model is not static and, if the necessary information is available, it can be implemented as dynamic, which makes it easier to evaluate the results. Government agencies that regulate the art market can use this tool to rank art dealers and cultural institutions that are also specific players in the art market, and identify areas of government regulation, including measures of public investment and state support.

In particular, we can identify a number of measures that will have a positive impact on the activation and strengthening of the art market Institute and will contribute to creating an environment for the effective functioning of the art market Institute. These measures include the following:

1. Centralization and integration of individual regional subjects of the art market on a single electronic platform;
2. Creation of favorable conditions of taxation;
3. Creating a clear administrative and legal framework;
4. Reform of the system of state cultural institutions in order to increase their economic efficiency;
5. Formation of a system of state support for private museums, galleries and auction houses;
6. Organization of awards, grants and subsidies for artists;
7. Developing a strong cultural brand in Russia;
8. Application of ranked measures of state support for museums and galleries in the country, taking into account their competitive positions and the level of development of their brand;
9. Establishment of special educational programs for training professional personnel.

The proposed measures will allow Russian cultural institutions not only to effectively cope with the current problems of the pandemic period, but also to get out of this crisis with the possibility of reaching a leading position in the world.

4 Discussion

The use of the tool described above will reduce the level of uncertainty in the cultural sphere and will help reduce the risks of public policy in identifying its financial priorities. However, this technique has certain application problems.

First, we need well-thought-out state support. The fact is that the method of ranking the brand value of art dealers and cultural institutions by itself is not able to form and develop this brand. Therefore, in order to create and develop brands of Russian artists, art schools, art dealers and cultural institutions, it is necessary to supplement the marketing measures of

the art market participants themselves with comprehensive measures of state support for the art market Institute [21,22].

Secondly, the methodology does not assess possible risks in any way and does not identify them. Competent risk assessment allows you to significantly adjust the result [23]. High risks may require demarketing places to create a new brand as a result [24,25].

Third, for a long time there have been problems with the movement of tourists and international operations due to the closure of state borders. Moreover, "negative connotations" have formed in some places, which will lead to a decrease in the characteristics of the Museum's brand, its viability and value. Therefore, it seems necessary to have a state program aimed at promoting territories and places and restoring their reputation [26,27].

5 Conclusion

After the first wave of the COVID-19 pandemic, the cultural sphere and the art market found themselves in difficult conditions. However, thanks to the help of the state and the use of modern digital technologies, this area is not "ordered to live for a long time", but on the contrary – it shows a growing trend. Moreover, major Russian cultural institutions have a chance to focus around themselves the areas of attraction of the world art market and create the potential for Russia to enter the world's leading positions in this area. Under these conditions, the authors' research on the influence of cultural brands on the territory's brand and the analysis of new factors affecting the Museum's brand assessment are particularly relevant.

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