

**THE ANALYSIS OF THE ART MARKET FROM REPUBLIC OF MOLDOVA  
WITH INNOVATIVE MARKETING ELEMENTS  
(based on the author's interview)**

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*The actuality of this research consists in the less developed of art market in the Republic of Moldova and lack of researches in this domain. The goal of the article is to analyze the art market of the Republic of Moldova with innovative marketing elements.*

*The method of this article is based on interviews conducted with painters, owners of art galleries, art salons were highlighted barriers that hinder the development of the art market in Moldova. The main results are identified ways to overcome and directions for the development of effective marketing that will enhance the country's competitiveness as a whole.*

**Key words:** art market, art business, barriers, Republic of Moldova, deep-structured interviews, art market participants.

*Relevanța acestui studiu constă în subdezvoltarea pieței de artă din Republica Moldova și lipsa generală a cercetării în acest domeniu. Scopul acestui articol este de a analiza piața de artă a Moldovei și elementele inovatoare de marketing.*

*Lucrarea se bazează pe metoda de interviuri cu artiști, cu proprietarii de galerii de artă, saloane de artă, pe baza cărora au fost identificate bariere care împiedică dezvoltarea pieței de artă din Republica Moldova. Principalele rezultate: identificarea modalităților esențiale de depășire a unor obstacole și direcțiile primordiale de dezvoltare a marketingului eficient, care va spori competitivitatea țării în ansamblu.*

**Cuvinte cheie:** piața de artă, afaceri în artă, bariere, Republica Moldova, interviuri profund-structurate, participanții pieței de artă.

*Актуальность данного исследования заключается в неразвитости рынка произведений искусства в Республике Молдова и отсутствие в целом исследований в этой области. Цель статьи заключается в анализе рынка произведений искусства Республики Молдова и инновационных маркетинговых элементов.*

*Метод статья базируется на интервью с художниками, владельцами художественных галерей, арт-салонов, на основании которого были выделены барьеры препятствующие развитию арт-рынка в Молдове. Основные результаты: определяются основные пути преодоления барьеров и главные направления для развития эффективного маркетинга, что будет способствовать повышению конкурентоспособности страны в целом.*

**Ключевые слова:** рынок искусства, арт-бизнес, барьеры, Республика Молдова, глубоко структурированные интервью, участники рынка произведений искусства.

**JEL Classification: L83; N3; N30; O16; O52; Z11; Z10**

**Introduction.** The development Moldovan art-market is hampered by multiple barriers, with which it faces at different stages of its formation and development. For identification of the obstacles standing in the way of Moldova's art market were conducted marketing researches based on interviews with various its members: of the Exhibition Center of the Union of Artists of Moldova "Constantin Brancus", members of the Union of Artists, of the National Art Museum of Moldova, collectors employees of "L" Gallery, "ARTIUM" Gallery, Sgallery Gallery, AD ART GALLERY, "Alexander" Art Gallery, Art salon "MolDeco".

The respondents were also artists who are interested in the implementation of the research and

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developments of the PhD candidate. Between February and June 2014 were conducted 25 interviews, in January 2015 each interview lasted in average up to two hours. The selection of the expert samples was carried out in continuous manner.

As an auxiliary data collection method that was used for the research is - observation – that was conducted in the galleries of the capital [2]. These observations are recorded in the table on such attributes: location, date of foundation of the gallery, form of work organization – exhibition, format of salon, openness and accessibility of the gallery to the public, price openness.

In this study, as a main method of data collection was used the expert interview. Its goal was - the identification of main issues, which hamper the development of Moldova's art market and implementation of innovational marketing in art-business of the country, the determination of ways and directions of development the effective marketing.

**Guide for conduction interviews.** Within the framework of the research was developed *Guide for conduction interviews* with more than 20 in-depth questions. The questions identified in the guide, were divided into two blocks: first – regarding the art market, second – application of marketing for effective promotion of the artists' pictures.

**The first set** of questions was aimed at elucidation of the concept of the art market[1], namely, whether it exists in reality; what the development trends and the current state; the sources from which respondents are informed about the development of the art business and the art market.

Answers about the concept of the art market among the respondents were very different. "Art Market – this is the place where the sale of paintings it is taking place"; "it is – a market where interact artists and clients on the sale and purchase of paintings"; "This is – a part of the common market", "market where deals are made between the artist and the client", "A place where paintings are sold, auctions are conducted, experts art dealers work".

The views concerning the state of the contemporary art market and factors with impact on its trends were contradictory. Thus one group of respondents claimed that in the country operates the art market, but it is poorly developed, are created only some of the elements of its infrastructure: galleries, art salons. Are held periodically exhibitions of artists, the state provides some cultural programs to support the work of artists. The country has a small number of major collectors.

Other group of respondents claimed that "contemporary art-market is not developed at all. First all main branches of the economy should be developed, and only after based on that should be done some work for development of art and sale of paintings".

On the question of obtaining information on the development of the global art market, most respondents replied that they "find out all the news from the Internet - portals". Most popular are the following websites: [www.Artprice.com](http://www.Artprice.com); [www.Artinvestment.ru](http://www.Artinvestment.ru); [www.ArtFacts.Net](http://www.ArtFacts.Net), [www.picture-russia.ru](http://www.picture-russia.ru); [www.moldovArt.com](http://www.moldovArt.com); [www.arta.md](http://www.arta.md).

To the question "Can it be said that the situation with sales artworks today is "dead" and is it true that on the art market there are no new customers?", "The majority of respondents answered: "We cannot say that the situation is "dead" because the paintings are sold on daily basis. But, the question is, at what prices. Many residents buy for their houses paintings at affordable prices of street exhibitions or Chinese photocopies in beautiful frames for the interior of their homes".

On the question of how to adapt international experience to the conditions of our country for the development of the art market, respondents gave the following answers: "we need a good legal framework, which clearly establish the rights of the art market players, their social security; government support to the artists by purchasing paintings from artists in the fund of the country; pensions, their social insurance, provision of studios, conducting of annual auctions; release of free directories by galleries, the presence of experts and of appraisers of art works".

When asked why the purchase of paintings by the respondents were given different answers. In our view, interest represent following:

- works of art are purchased for profitable investment;
- paintings serve for decoration purposes (office, home);
- paintings are bought for collections;
- as a gift to loved ones: family, colleagues, superiors;
- for money laundering, as a fashion artist painting in the future could cost tens of thousands of euro;
- purchase contemporary art is fashionable and prestigious;

- having nothing to do else;
- do not know why they are buying paintings.

On the question: "What do you think is required for development of the art market in our country?" respondents answered that "it is first necessary to develop a law that made it possible for artists to create and to receive for their paintings a good reward, and to other market participants – experts, art dealers, restorers – have a job. "This is all necessary assistance and protection required from the government at legislative level.

Asked about the prospects of development art market from Republic of Moldova, many respondents answered that "do not see any prospects for its development in the next 5-7 years, until the country enters the EU. Market in the country can be developed, but only with the support of the state, individuals, foreign donors. For the development of the art market capital needs an audience that would be interested in developing and maintaining their local artistic heritage. It is necessary to actively use the Internet new sites on art, art spaces and other innovations".

**The second set of questions in the Guide** was devoted to implementation of marketing activities by participants of the art market: where should be the marketing conducted at, whether is needed its implementation and so on [3].

The respondents' answers were almost the same: "Today marketing in our activity is carried out from time to time and only when funds are available". Some respondents could not answer this question.

About the reasonability of implementation of the marketing on the R. Moldova market of artworks was received different answers: "Now art is estimated expensive: paintings can cost millions of dollars". Therefore, this sector should be actively developed in the country and in the future should be conducted serious market research. Or "Do not even think about it".

According to respondents' answers to this question was clear enough about the low level of interest of R. Moldova artists in the implementation and use of marketing.

When answering to the question: "What techniques and marketing tools should be used for the development of the art market in the country?" the researcher faced with the fact that for some participants the concept of "marketing" and, in particular, innovation it is not familiar at all. Also are not known forms and methods of marketing tools, which is why almost everything of this is not used in the galleries. "R. Moldova collectors keep their interests in the shade and talk with the artists directly, without galleries. They do not need marketing".

Other respondents believe that "an important marketing tool is the implementation of a plan of paintings and evaluation of the art market. It is necessary to motivate employee introduction of marketing. It is necessary to create special small marketing firms that would be involved in the promotion of Moldovan paintings into foreign markets".

On the question of the difficulties encountered in the implementation of marketing when promoting artistic production, respondents had fairly short answer "there is no marketing in this area, financial difficulties, unwillingness of implementation of innovations".

On the question regarding use of innovative marketing elements for the effective functioning of the Moldovan art market, the majority of respondents were unable to give an answer, because they do not know what "innovative marketing" is. Only a few respondents said that "perhaps we are talking about online sales, online exhibitions, biennials and fairs, which were held every year in the country and gained great popularity among artists and collectors".

On the question whether and how to integrate the Moldovan market of artworks in the world market in the next 5 years, respondents said that "The most promising are: close collaboration between Moldovan participants and international art markets in the joint international exhibitions, round tables; participations in the prestigious Biennale fairs". However, they believe that the artists need to focus more on foreign art lovers.

#### ***The results of the interviews with the participants of the Moldovan art market***

Summary of interview results allowed revealing the possibility of development of R. Moldova art market and analyzing the main barriers faced by participants in the art market as a result of their activities.

To the main opportunities of country art market development were classified as follows:

- The country it is elaborated and functions legislation that regulates the development of culture. In particular, the Law on Culture Nr. 413-XIV of 27.05.99.

- Were created and still work organizations – intermediaries on the art market. They have already achieved modest, but positive results. This is primarily: the Union of artists, galleries, art salons.

There hold annual exhibitions, biennales, operates a number of R. Moldova art web sites.

➤ There are some potential artists, that consist a sufficiently impressive number. For example, the Union of Artists of R. Moldova in 2014 consisted of 436 members.

➤ In the artistic environment is slowly starts to occur comprehension of necessity for the introduction of the R. Moldova art market marketing, including of use of its elements in paintings promotion and building of business.

➤ In the past three years, some artists, mostly young, came to understanding of the need to implement the innovative marketing: new technologies and materials, use of the Internet: online exhibitions, online auctions for their business growth. Appeared possibilities of external funding for cultural projects: organization of exhibitions by participating in programs of the European Union, for example, the program "Horizon 2020".

All of these capabilities reflect the initial level of the formation of innovative marketing - support, but they are actually present in a creative environment.

By interview method were identified and analyzed **barriers**, which prevent effective work of the R. Moldova participants of the art market. The most significant are the following:

➤ *Poorly developed legal and regulatory framework.* In particular, the Law on Culture Nr 413-XIV of 27.05.99 does not regulate the key concepts of the innovation process on the art market, does not define art-business and its classification.

➤ *Lack of financial capacity is a barrier* to all sides of the art business: artists and intermediaries. Lack of financial resources is the greatest barrier for artists, who want to implement innovative marketing to promote their artworks on the European art market.

➤ *Complexity of the search of workers with the necessary qualifications.* On the art market staffing problem is especially actual and relates to different categories of staff: experts, appraisers, specialists in organizing and conducting auctions.

➤ *Lack of professionally trained staff* in this field exists in the intermediary institutions, whose employees do not have extensive knowledge in the field of art, to organize effective operation of its institutions.

➤ *The complexity of finding a sponsor or dealer* for artists, who are interested in promoting their paintings outside of Moldovan art market.

➤ *Lack of economic incentives for artists* to implement marketing. Foreign experience of European countries shows that there is a direct relationship between the presence of state support of these processes and the results achieved.

➤ *Lack of knowledge and skills of most artists to promote artworks* on the market. It is necessary to educate young artist's entrepreneurial skills and marketing to promote their products, efficient use round-tables organizations and seminars to present their art projects.

➤ *High Risk Investment in the art market* inhibits the development of R. Moldova art business. With an overall unfavorable business environment in the country, characterized by unpredictability, collectors and art-dealers prefer not to increase their own risks.

➤ *The lack of information* that could contribute to the development of the art market and the introduction of innovations in it. Thus, R. Moldova artists and other participants require information at the stage of finding a partner. They miss information on external funding sources.

The results of research show that a significant part of all problems and errors, when bringing artworks to market, is connected to marketing component or errors in the field of marketing activities.

This is mainly weak study or total absence of marketing strategy in presenting a unique artistic product and its sales channels. Therefore, galleries and art agents need to pay special attention to marketing support for the paintings on the market and to innovation marketing.

To describe the marketing situation on the art market, we carried out SWOT analysis of this sector. Drawing up a marketing program designed to attract and most complete customer satisfaction, we started with a comprehensive study of the market situation, as well as consideration of opportunities and threats that may arise in the art market.

Based on the SWOT analysis of the marketing environment of the art market were developed **recommendations** for its development and introduction in its sphere of innovative marketing, which are as follows:

- improvement of legislation and monitoring the execution of accepted norms. Providing in current law definition of art market, innovative marketing, art-business;

- development a national program aimed at innovative development of the art market, which will be designed to teach participants the necessary knowledge in this sphere. For these purposes, should be involved the European Funds for the development of culture;
- establishment of a Fund for the development of creativity for artists. Resources gained from activity of the fund are reasonably to be send in support of outstanding R. Moldova artists as well as creative development of young generation. In the formation of the Fund may participate R. Moldova authorities and foreign art lovers.

#### **Conclusion**

1. Obtained data of estimation are based on subjective opinion of the art market's participants. Estimates reflect more negative trends and problems in the art market than they actually occur in reality.
2. The estimation results can serve as a starting material to justify and improve policy in the field of art market of the country.
3. A significant part of all problems and errors, when bringing to market artworks, is connected to marketing component or errors in the field of marketing activities. This is the total absence of marketing strategy of presenting a unique artistic product and its sales channels. Therefore, galleries and art agents need to pay special attention to marketing support for the paintings on the market or to innovation marketing.
4. The results of the interview can be used in elaboration of recommendations for the development of the R. Moldova art market and to introduce the innovative marketing in this area, as well as serve as a starting material to justify and improve policy in the field of art market.

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