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Competitive Responses by Art Galleries at Rocky Mountain Resort Destinations: Sufficient to Maintain Sustainability?

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Strategic management theory predicts that managers systematically scan their firms' internal and external environments to identify possible factors that might impinge on their strategic plans and performance. Like many organizations, art galleries have been challenged over the past two decades by digital pressures such as social media and ecommerce. Lately, outfalls from the COVID-19 pandemic have added further to the woes of art galleries. This study examines how art galleries, as small businesses, respond to these significant contextual shifts. It is predicted that art galleries will implement innovative competitive strategies as a means to address the pandemic, ecommerce and digital market pressures. Ingenuity is a companion component of strategy and reflects the extent of creativity associated with innovation. These relationships were analyzed in a sample of art galleries located in resort destinations of the Rocky Mountains including Aspen, Bozeman, Jackson Hole, Park City and Sun Valley. Results from this study underscore the value for gallery owners and managers in instituting innovation as well as the value of ingenuity in creating distinctive competitive strategy. Different resort communities surfaced as leaders in cultivating innovation and ingenuity. Implications for practice and future research are considered.

A fundamental underpinning of strategic management theory posits a dynamic relationship between businesses and their external environments (Ansoff, 1964, 1980). As macro contextual forces change, enterprises adapt accordingly to maintain competitiveness, relevance and sustainability (Bierwerth et al., 2015). In practice, firms that neglect powerful forces evolving in an industry have diminished ability to attract customers with cogent value propositions, to address competitive responses by astute counterparts, and to implement sound business models that balance sensitive cost, price, quality and value economics (Johnson et al., 2008).

Strategic management theory offers compelling logic as well as a broad range of empirical research findings confirming these predicted relationships across many economic sectors (Allouche & Larocje, 2005; Endrikat et al., 2014; Khan & Khalique, 2014). In essence, managers systematically scan their firms' internal and external environments to identify possible factors that might impinge on their vision, mission objectives and strategies (Thompson et al., 2022). Sound management is predicated on the firm efficaciously adapting to the forces at large (Cao et al., 2012). This usually means adjusting strategy (in whole or in part) to rebalance the firm/environment relationship. In some cases, the contextual pressures are so egregious that strategy change must move by an order of magnitude while enterprises in the sector consider revising their fundamental visions and/or missions (White et al., 2022).

Despite what theory prescribes, practice is seldom perfect (Jarzabkowski & Whittington, 2008). Businesses can easily fall prey as they focus on immediate operational and external issues rather than the bigger picture. Consumed with addressing daily trials mounted by vigorous competitors, managers may not have time to think about, or the resources to respond to, festering strategy challenges besetting their firms (Polonsky et al., 1995). In other cases, inability or failure to adapt occurs by dint of complacency. In some cases, external pressures may be too subtle, or managers are fooled by an illusion that they have little consequence for a firm and thus may be inadvertently ignored (Hambrick, 1982). In other cases, strategy revisions may impinge at a less than opportune time; leaders simply have too many operating challenges to focus on altering strategy. The imperative for corrective strategy revision may also evaporate when it appears that pressures are easing-up, comfort of the status quo returns, and financial returns seem to be back on track. Impressions that initially appeared to be misguided or erroneous are suddenly reconsidered when profitability tilts precariously downward.

Competitive intensity in the art sector is a case in point (Prinz et al., 2015). As in many industries, art has a long-running interest in the evolution of ecommerce and digital competition (Bu, 2017; Smith et al., 2006). For art galleries, this struggle is partially indicative of opposing thought processes: one the one hand art is all about drawing from the right side of the brain and artistic prerogative, while from another perspective, art is a decidedly commercial enterprise commanding the attention of a broad range of stakeholders – artists, galleries, patrons – to survive. Thus, when gallery owners or managers begin to analytically focus on strategy as a means to survive and thrive, art's fundamental persona may tug them back towards an art-for-the-sake-of-art mentality and potentially diminished emphasis on a profit-focused mentality.

Strategic management theory suggests that art should be no different from other economic sectors; significant macro-level pressures demand corrective actions. For over two decades, digital technology and ecommerce have provided sufficient pressure for art galleries (as well as many other enterprises) to rethink their business models and competitive strategies. Habelsberger and Bhansing (2021) argue that over these years, art galleries essentially maintained traditional strategies of marketing art in-person with limited interest in digital modalities. However, this attitude changed dramatically with the rise of COVID-19. The pandemic essentially ended customers' visits to galleries causing many galleries to deeply rethink their business models and strategies. The pressures from digital and social media technologies coupled with pandemic constraints offer a promising research setting. Given this challenging environment have art galleries actively modified strategy and are these changes sufficiently innovative and imaginative essential to maintaining sustainability?

Conceptual Framework and Research Questions

Art inhabits an industry space that is based on a delicate balance between artistic value and monetary value (Throsby, 1994). According to Resch (2011) Alpha galleries operate at the exclusive stratosphere of the art market with gifted professional management, the wealthiest clients, and art by the old masters as well as contemporary internationally acclaimed artists. Beta galleries operate slightly below Alpha galleries with a more-or-less national reputation associated with leading artists and less emphasis on art as a tangible monetary investment. These galleries occasionally acquire and market art/artists who normally are on the fringe of acceptability by Alpha galleries or who are contemporaries with a proven market demand.

Gamma galleries, third in status within Resch's typology, are the primary focus of this exploratory study. Resch (2011) describes Gamma galleries as entities that strive for professionalism both in the art that is sold and the manner in which it is presented/marketed. Gamma galleries have less well-defined patron bases than the Alpha and Beta galleries. Gamma galleries usually market art that has a nominal value less than high five-figures. They seldom represent art that is museum quality or of incontrovertible international status. Some Gamma galleries might approximate Beta galleries on occasion due to a special relationship with a patron who is acquiring or disposing investment-level art. Normally Gamma galleries represent relatively new, but skilled, artists as well as regionally and nationally prominent artists with established names.

Resch's last category, Delta galleries, encompasses art enterprises with minimal cultural and economic significance. These Delta galleries do not have a consistent artist entourage, patrons or artistic orientation. They are locally based and the art merchandized by Delta galleries is typically at a craft-level.

Art galleries comprehensively qualify as small businesses according to Artsy (2019) that surveyed 700 galleries worldwide in 2018 and concluded that 24% of galleries have one full-time equivalent employee; 65% have 2-6 full-time equivalent employees, and 11% have 7 or more full-time employees. It is difficult to accurately assess whether these global data also portray art galleries in the United States. National databases such as the U.S. Bureau of Labor Statistics NAICS 712 (Bureau of Labor Statistics, 2023) include museums, other large public institutions, and historic entities as part of the arts, entertainment and recreation sector. Nonetheless, the sample art galleries in this study all show evidence of appropriately being classified as small businesses given the scale of their physical infrastructure, number of artists represented, age and community connections.

Three research questions formed the basis of this study. First, following strategic management theory outlined above, it is hypothesized that art galleries will implement adaptive strategies as a means to address ecommerce, pandemic and digital market pressures (Anning-Dorson, 2017). These external forces threaten gallery sustainability and should motivate them to vigorously revise strategy. Second, it is hypothesized that changes in art gallery strategies will reflect efforts to enhance both innovation and ingenuity (Bilton & Cummings, 2010; Cokpekin & Knudsen, 2012; Higgins, 1996). In this regard, innovation represents the introduction of new strategic ideas often based around technology. Ingenuity represents the level of creativity, inventiveness or imagination associated with strategy innovation.

Following the work of Richard Florida (2003) on community variations in technology, talent and creativity, the third hypothesis of this study explores whether each community is associated with different levels of gallery strategy innovation and ingenuity. It is hypothesized that communities will vary as to the innovation and ingenuity of local art galleries' competitive strategies. As Florida has shown, cities vary in support provided to local enterprises due to differing resources (e.g., budgets) and capabilities (e.g., economic development staff skill sets and experience). It is hypothesized that some communities in this study will be associated with more innovative and imaginative competitive art gallery strategies. If this hypothesis holds true, then subsequent research can focus on defining the causal factors. For example, it is possible that art galleries may enhance their web-based and digital strategies by interacting with other galleries and businesses through formal professional trade associations and chambers of commerce, collaborative efforts or partnerships (e.g., co-sponsored show), or informal interactions.

Methodology

Sample and Data Collection

This study explored 73 art galleries located at resort destinations in the Rocky Mountains: Aspen, Colorado (n=20); Bozeman, Montana (n=14); Jackson (Hole), Wyoming (n=21); Park City, Utah (n=12); and Sun Valley, Idaho (n=6). All galleries operating in these towns were included in the sample. Almost every gallery fits the Gamma classification, although one or two sometimes straddle the Beta/Gamma classifications due to owner/manager connections with a prominent artist or professional connections with patrons, museums or auction houses at a national level. Results from this analysis are most generalizable to Gamma-level galleries in non-metropolitan locations.

Data were collected in late September and early October 2022 and analysis began in late October through early December 2022. The World Health Organization (May 5, 2023) and the United States (May 11, 2023) declared the COVID-19 pandemic as officially over. By late 2022 many of the masking and other cautionary measures had dwindled in importance. Strategy adaptations by art galleries by late 2022 should reflect sensitivity to both expiring pandemic forces as well as continuing technological impact associated with ecommerce.

Variables and Measures

Art gallery websites were scrutinized to determine each gallery's implementation of current competitive strategies summarized in Table 1: web content enhancements, virtual enhancements, program enhancements and product/service diversification. These strategies form the basis of a gallery's attempt to instill innovation and ingenuity in its competitive responses to increasingly intense external pressures.

Following prior research methodology in the tourism and hospitality fields (Crawford et al., 2013; Kline et al., 2005), innovation was measured on a 1= yes, no = 0 basis for each of the strategies. For example, if a gallery was using virtual enhancements (virtual visit clips and videos, Instagram stories, supportive video clips, YouTube clips, or blogs/podcasts) the gallery was scored as "1;" that is, it is displaying an effort to innovate its competitive response. Subsequently, each gallery's innovative response was assessed for the level of ingenuity. A five-point scale was used where 1= very low and 5= very high.

An "innovation index" and an "ingenuity index" were calculated representing the average scores of the four current competitive strategies: web content enhancements, virtual enhancements, program enhancements, and product/service enhancements.

In addition to innovation and ingenuity variables associated with current competitive strategies, a number of traditional competitive strategies and structural variables were included in this study. Before social media and ecommerce became prevalent in the art sector, art galleries utilized exhibits, events, focused differentiation on a specific identity (i.e., genre) and networking collaboration to promote their gallery, artists and art work. All of these variables were assessed on a 5-point scale (1 = very low use; 5 = very high use). Number of primary artists and number of years in business are possible variables that influence the use of contemporary competitive strategies and thus served as proxy measures of size. These factual data were collected directly from each gallery's website.

Data Collection

An artist advisory board was used to collect feedback regarding the research design and methodology. The board was particularly useful in refining variable measures and in assessing reliability of variable ratings/scoring as well as interpreting practice-related implications. Data were gathered directly off each gallery's website following well-established protocols found in the relatively vast literature on website assessment especially those in the recreation, hospitality and tourism fields (Ip et al., 2011; Park & Ulrike, 2007).

Statistical Approach

Descriptive statistics were used to calculate average scores across responses by the galleries in this study. Given that five resort communities comprised the study sample population with a total sample size of 73 galleries, comparisons among the communities necessitated using nonparametric statistics. Wilcoxon's signed rank test was used to examine comparisons; that is, for two different samples the null hypothesis is tested to ascertain if both populations have the same continuous distribution.

Results

Table 2 presents the basic measures and descriptive statistics for the variables in this study. Of the innovation strategies, 96% of the galleries are using product and service diversification as a basis for competing flowed closely by virtual enhancements (85%), program enhancements (84%) and web content (78%). This sample of art galleries shows healthy evidence of attempting to innovate in their competitive responses. Moreover, the galleries are also developing imaginative or clever ideas in their strategies, especially product/service diversification (mean = 3.27, S.D. = 1.46) and virtual enhancements (mean = 3.26, S.D. = 1.79).

Of the more traditional competitive strategies, a focused gallery identity (mean = 3.47, S.D. = 1.23) and exhibit use (mean = 3.38, S.D. = 1.23) stand out over event use (mean = 2.82, S.D. = 1.22) as primary traditional competitive strategies. The strategy used less by galleries in this sample is networking collaboration (mean = 2.36, S.D. = 1.17). Finally, the average number of artists represented by galleries is 38 (S.D. = 35.5) whereas the average age of the galleries is 22.5 years (S.D. = 13.1).

Table 3 displays the results for the innovation and ingenuity indices segmented by resort destination. The average innovation index for the sample ranged from 0.79 to 0.98. Galleries in Park City, Utah recorded the highest average innovation index, 98%, suggesting that they are very actively pursuing innovation across the competitive strategies. Gal-

Table 1. Illustrative Strategies Used to Implement Innovation and Ingenuity

Web content enhancements that educate & inform

- Teaching tutorials (e.g., Explanation about what constitutes the artform of Raku)
- Robust descriptions or explanations about artists or artwork (e.g., web text and/or digital methods such as video clips)
- Stories about art in the homes of collectors
- Art presented by price category (e.g., Art pieces sold for: under $500, $500-$1000, $1,000- $1500...etc.)
- Frequently asked questions/answers
- Non-fungible tokens

Virtual enhancements that engage

- Virtual gallery visits (e.g., 360-degree view tour of a gallery's physical space and premises)
- Instagram stories
- Video clips
- YouTube clips
- Blogs and podcasts

Gallery program enhancements

- Workshops
- Guest artists at gallery and/or on web site
- Private/registered/exclusive displays not open to the public

Diversification that expands enterprise products and services

- Links to affiliated non-art enterprise efforts
- Diverse art
    - Paintings
    - Prints/lithographs
    - Jewelry
    - Pottery
    - Rugs
    - Baskets
    - Photography
    - Gift cards
    - Sculpture
    - NFT
- Consignments

leries in Jackson Hole, Wyoming recorded the highest average ingenuity index of 3.14. According to the scaling where 1 is very low and 5 is very high, a mean score of 3 indicates a medium level of ingenuity occurring in the competitive strategies; that is, an effort that is neither high nor low. Galleries located in resort destinations other than Jackson Hole appear to be at a lower average threshold as far as instilling ingenuity in their competitive strategies.

On the basis of the highest average innovation index, the Park City (innovation index mean score = 0.98) art gallery community exemplifies the best practice for strategy innovation. Similarly, the Jackson Hole (ingenuity index mean score =3.14) art gallery community represents the best practice of using ingenuity in competitive strategies. In order to test the third hypothesis, (i.e., each community is associated with significant differences in gallery strategy innovation and ingenuity) the best practice exemplars were then used as the basis for comparison with other resort galleries on all research variables.

Table 4 examines innovation best practices among the 73 Rocky Mountain resort galleries where Park City forms the exemplar comparison group. The mean innovation index for Park City galleries (0.98) is statistically ($p<.01$) higher than the innovation index (0.83) for other resort galleries. This finding suggests that Park City galleries as a whole are more actively innovating their competitive strategies. In particular, the average program enhancement strategies by Park City galleries (innovation score of 1.00) is statistically higher ($p<0.05$) than the average program enhancement strategies (innovation score 0.80) by other re-

Table 2. Variable Measures and Descriptive Statistics

		Descriptive Statistics	
Variables	Measures	Mean	S.D.
Innovation Index*	Average of Strategies #1 to #4	0.86	0.20
1. Web content	1 = yes; 0 = no	0.78	0.42
2. Virtual enhancements	1 = yes; 0 = no	0.85	0.36
3. Program enhancements	1 = yes; 0 = no	0.84	0.37
4. Product and service diversification	1 = yes; 0 = no	0.96	0.20
Ingenuity Index**	Average of Strategies #1 to #4	2.74	1.12
1. Web content	1 = very low; 5 = very high	2.34	1.64
2. Virtual enhancements	1 = very low; 5 = very high	3.26	1.79
3. Program enhancements	1 = very low; 5 = very high	2.08	1.55
4. Product and service diversification	1 = very low; 5 = very high	3.27	1.46
Exhibit use	1 = very low; 5 = very high	3.38	1.23
Event uses	1 = very low; 5 = very high	2.82	1.22
Focused gallery identity	1 = very low; 5 = very high	3.47	1.23
Networking collaboration	1 = very low; 5 = very high	2.36	1.17
Number of primary artists	# of primary artists associated with the gallery	38.45	35.50

*The Innovation Index is calculated as the average of each gallery's efforts to introduce innovation through four competitive strategies:
(Web content + Virtual enhancements + Program enhancements + Product/service diversification)/4 = Innovation Index
**The Ingenuity Index is calculated as the average of each gallery's efforts to introduce ingenuity through four competitive strategies:
(Web content + Virtual enhancements + Program enhancements + Product/service diversification)/4 = Ingenuity Index

Table 3. Variability in Innovation and Ingenuity Indices by Resort Destination

		Innovation Index		Ingenuity Index	
Destination	n	Mean	S.D.	Mean	S.D.
Aspen, Colorado	20	0.84	0.20	2.76	1.14
Bozeman, Montana	14	0.79	0.22	2.18	1.04
Jackson Hole, Wyoming	21	0.87	0.17	**3.14****	1.13
Park City, Utah	12	**0.98***	0.07	2.69	0.68
Sun Valley, Idaho	6	0.79	0.29	2.67	1.69
Total	73				

*Resort destination with the average best practice for innovative strategies
**Resort destination with the average best practice for ingenious strategies

sort galleries. Park City galleries are also innovating with virtual enhancements (innovation score of 1.00) at a higher statistical level than other resort galleries (innovation score of 0.82) though slightly less ($p<0.06$) than the usual accepted statistical significance threshold ($p<.05$).

Turning to the other gallery variables, results in Table 4 suggest that Park City galleries on average rely less on traditional exhibits (2.50 versus 3.56) and more on events (3.43 versus 2.58) compared to the average other Rocky Mountain resort galleries. The mean innovation index score for Park City galleries regarding exhibits is 2.50 which suggests a relatively low use of exhibits, especially when compared to the average exhibit use score of 3.56 for other resort galleries. The results imply that Park City galleries do not view exhibits as fruitful an innovation strategy compared to using events. Park City galleries report a much higher use of events (3.43) than the other resort galleries (2.58) as an innovation strategy. The precise reason for this juxtaposition of Park City galleries on exhibit and event use versus other destination resorts cannot be directly ascertained from the data. Perhaps Park City's relatively close location to a major metropolitan area (i.e., Salt Lake City is 33 miles away via road) is the explanatory factor that allows it to draw more attendees to events than the other galleries. Table 4 also suggests that Park City galleries are less likely to emphasize a specific gallery identity (2.83 versus 3.59), in effect relying less on a focused differentiation strategy as part of their innovation strategy.

Table 4. Other Galleries Compared to Park City as the Exemplar of Innovation Best Practices

	Other Resort Destinations		Park City			
Variables	Mean	S.D.	Mean	S.D.	w-stat*	p-value one-tail
Innovation Index for Competitive Strategies	0.83	0.20	0.98	0.07	515	0.01
Innovation in Competitive Strategies						
1. Web content	0.92	1.75	0.92	0.29	426	0.11
2. Virtual enhancements	0.82	0.39	1.00	0.00	432	0.06
3. Program enhancements	0.80	0.40	1.00	0.00	438	0.05
4. Product/service diversification	0.95	0.22	1.00	0.00	384	0.22
Exhibit use	3.56	1.19	2.50	1.09	192	0.01
Event uses	2.58	1.16	3.43	1.17	761	0.01
Focused gallery identity	3.59	1.19	2.83	1.27	241	0.06
Networking collaboration	2.43	1.20	2.00	0.95	293	0.26
Number of primary artists	40.64	37.24	27.33	22.87	293	0.28
Years in business	23.23	12.70	19.00	14.67	277	0.19

*Wilcoxon nonparametric statistic

Finally, no statistically significant differences were observed for networking collaboration, number of primary artists, or years in business when comparing resort destination galleries to Park City galleries. There is no statistically significant difference for the contemporary competitive innovation strategies by either Park City galleries or other resort destination galleries.

Table 5 presents results for ingenuity best practices where Jackson Hole galleries form the exemplar comparison group. The mean ingenuity index for Jackson Hole galleries (3.14) is statistically ($p<.05$) higher than the ingenuity index (2.50) for other resort galleries. This finding suggests that Jackson Hole galleries as a whole are more effective in building ingenious competitive strategies.

In particular, the average product/service diversification strategies by Jackson Hole galleries (ingenuity index score of 3.71) signifies that on average Jackson Hole galleries are implementing more ingenious product/service diversification strategies at a statistically higher rate than other resort galleries (ingenuity index score of 3.10). Jackson Hole galleries are also introducing ingenuity through virtual enhancements (3.62) at a higher level (slightly less than normally accepted statistical significance levels $p<.06$) compared to other resort galleries (3.12).

With respect to the other variables in this study, results in Table 5 suggest that Jackson Hole galleries on average rely more on traditional exhibits (3.91) and more on events (3.43) compared to the average other Rocky Mountain resort galleries (3.17 and 2.58 respectively). The mean ingenuity index score for Jackson Hole galleries regarding exhibits is 3.91 suggesting a relatively high use of exhibits, especially when compared to the average exhibit use score of 3.17 for other resort galleries. The results imply that Jackson Hole galleries view exhibits as a more fruitful traditional strategy for competing while events surface as a somewhat less desired competitive strategy. These findings are the inverse of exhibit and event results for other resort galleries. The precise reason for this juxtaposition of Jackson Hole galleries on exhibit and event use versus other destination resorts cannot be directly ascertained. Table 5 also suggests that Jackson Hole galleries are more likely to emphasize a specific gallery identity, in effect relying more on a focused differentiation strategy as part of their innovation strategy. Finally, Jackson Hole galleries tend to use more collaborative networking when considering ingenuity as a defining competitive factor.

Findings and Hypotheses

Relative to this study's hypotheses, the findings in Table 2 appear to support the first hypothesis that art galleries are implementing adaptive strategies as a means to address ecommerce, pandemic and digital market pressures. Specifically, the galleries are actively implementing both traditional strategies (e.g., events and exhibits) as well as more contemporary web-based digital strategies. The second hypothesis, changes in art gallery strategies will reflect efforts to enhance both innovation and ingenuity, is also supported since the art galleries appear to be actively developing imaginative strategies around product/service diversification as well as virtual web enhancements. Admittedly, fewer ingenious strategy results are observed for web content and program enhancements, but overall, the galleries appear to be altering strategy in creative ways to address the economic, pandemic and ecommerce pressures.

With respect to the third hypothesis that each community shows evidence of different associated levels of strategy innovation and ingenuity, the results in Table 3 provide evidence that Park City is associated with more extensive strategy innovation by art galleries compared to other com-

Table 5. Other Galleries Compared to Jackson Hole as the Exemplar of Ingenuity Best Practices

	Resort Destinations		Jackson Hole			
Variables	Mean	S.D.	Mean	S.D.	w-stat*	p-value one-tail
Innovation Index for Competitive Strategies	2.58	1.09	3.14	1.13	704	0.03
Innovation in Competitive Strategies						
1. Web content	2.21	1.53	2.67	1.88	635	0.14
2. Virtual enhancements	3.12	1.73	3.62	1.91	668	0.06
3. Program enhancements	1.89	1.48	2.57	1.66	675	0.06
4. Product/service diversification	3.10	1.40	3.71	1.52	696	0.03
Exhibit use	3.17	1.22	3.91	0.14	729	0.01
Event uses	2.58	1.16	3.43	1.17	760	0.01
Focused gallery identity	3.23	1.28	4.05	0.87	744	0.01
Networking collaboration	2.06	1.09	3.10	1.04	819	0.01
Number of primary artists	34.04	29.98	49.38	45.47	628	0.01
Years in business	21.17	12.82	25.91	13.36	662	0.08

*Wilcoxon nonparametric statistic

munities. The results in Table 4 suggest that Jackson Hole is associated with more extensive strategy ingenuity by art galleries compared to art galleries in other communities. While the third hypothesis is supported, the results do not explain what the communities are doing that promote either more innovation or more enlightened ingenuity. Future research should focus on understanding what is unique in the Park City and Jackson Hole communities that benefit their art galleries.

Discussion and Implications

Like so many economic sectors, the business of art has grown considerably in complexity over the last twenty years. Once a cottage industry, the U.S. Bureau of Economic Analysis estimates that art contributes 4.2% of the United States gross domestic product (Bureau of Economic Analysis, 2022). Accompanying this complexity is the rapid evolution of the art industry's competitive environment where firms selling art are challenged to keep pace with sophisticated national and global trends. Such is the context for art galleries located in resort destinations. And, as the competitive space moves quickly toward ecommerce approaches, galleries must adjust accordingly or possibly go out of business.

This study sought to take the pulse of strategic management activities by art galleries occupying highly desirable locations; a context that should provide fertile ground for experimentation and creative thinking. The results from this study are most applicable to art galleries in favorable resort locations. However, given the expanding boundaries of competition fostered by technology, there is also reason to believe that local art galleries nationwide are facing the same sort of imperative to think more imaginatively about competition and corresponding strategic moves necessary to ensure business viability. What are the implications of this study for art gallery leaders?

Management Implications

First and foremost, the galleries in this study provide some evidence of broadly trying to introduce innovation in their current competitive strategies. The majority of firms appear to be instilling innovation in key strategies such as product and service diversification as well as web content, but additionally program enhancements as well as unique web-based virtual communications. It is difficult to develop highly creative strategies unless there is an organization climate that supports thinking beyond the status quo. In this regard, it is very clear that resort destination galleries are mindful of the need to raise their game through both traditional and contemporary strategies.

In addition to product and service diversification, this study's galleries are instilling innovation by modernizing web/internet capabilities, as well as in program and virtual enhancements. Innovation effectively becomes a metaphor for introducing new competitive thinking and implementation of fresh, novel ideas. The implications for gallery managers are robust: infuse innovation in competitive strategies and raise the bar as far as ingenious thinking about competitive strategy formulation and implementation.

The findings in Table 5 point to a transformative community of innovation and ingenuity. Art galleries in Jackson Hole show a decidedly higher level of imagination when it comes to ecommerce and experimentation or revisions in program enhancements and product/service diversification. Why Jackson Hole as an enabling art community is distinctive compared to Aspen, Bozeman, Park City, or Sun Valley could be explained by a very active professional association, or a possible tendency for Jackson Hole to lure more creative thinkers to its inspired business environment. The results of this study are insufficient to confirm either of these hypothetical explanations. Jackson Hole seems to be a setting in which imaginative ideas might be shared rather than concealed. Again, this impression is not confirmed in the data but the consistent high ratings for ingenious strategy seem to argue persuasively in that regard.

Results from this study appear to underscore the value for gallery owners and managers in understanding that instilling innovation does not necessarily equate with achieving innovation. In today's art market, factors are always in flux which means that galleries should remain open to adopting new ideas, and also openness to staying with the status quo when it works best. Galleries' more traditional competitive strategies – hosting events and focusing on a gallery niche – were rated relatively high for innovation potential. These findings may suggest that art galleries in resort destinations would be wise to balance the new and the old as they transform their competitive strategy.

Implications for Research

Seen through the lens of this study, art gallery responses to environmental changes and competitive pressures have substantial promise as a setting for future research. It is clear that art plays an important role in the U.S. economy and although not quite an economic juggernaut in the U.S. economy, it is estimated that 5,000 galleries sell art (Dun & Bradstreet, 2023) with economic activity estimated at $10.1 billion. The art industry contributes a modest, but inarguably significant, percentage of the overall United States GDP. Thus, applied research that can assist these enterprises in adapting to macro contextual changes has value not only for maintaining and enriching an important economic sector but also as a setting for learning about small businesses within an industry that is responding to digital and ecommerce pressures Bromiley & Rau, 2014).

Brick and mortar galleries are beginning to morph into virtual enterprises. It is not unusual to find that a gallery located in a high-priced resort setting with an equally high-priced physical facility is selling its real estate and continuing in a virtual format. There is a substantial number of research questions related to this transition. What are the optimal factors that enable such a strategy shift to be successful? How effectively can newly virtual galleries retain their customer base and through which tactics? How do virtual galleries gather new loyal customers to replace those that drift away due to loss of a deeply personal face-to-face connection? What factors contribute most to reaching sustainability by virtual galleries.

Financial strategies deserve extensive research to understand what promising business models small art galleries should focus on for longevity (Lawton & Vassolo, 2022). And, how do these business models compare with the price, cost, profit and patron value delivered in a virtual enterprise? Is the sustainability of bricks and mortar galleries eroding? Are there economies of scale that bricks and mortar galleries can attain through strategic associations and alliances thereby providing a longer-run future? How do virtual galleries deliver value to their patrons and how do these galleries create a convincing value proposition for artists who have discovered that the virtual galleries are pushing down business aspects such as on-line content and display, framing, photo-imaging, packaging and transporting to artists. Are artists giving up their creative time to become business administrators while virtual galleries buffer themselves from these onerous, and expensive, overhead costs/function?

An equally compelling line of research should focus on how art galleries can introduce innovation into their operations while simultaneously competing against the deep pockets of large virtual art dealers who have the resources and capabilities to innovate quickly as new practices and tactics surface within the industry (Vitkauskaite, 2016). Small bricks and mortar galleries already face high overhead but they enjoy the ability to focus attention on patrons visiting their shops in-person. What are the best strategies for balancing an on-line presence and in-person modality?

While gallery managers/owners are busy attending to the multitude of challenges emanating from a bi-furcated business model (in-person versus on-line enterprise), how will the ingenuity of their efforts fare in view of the distractions? From what sources will gallery managers draw inspiration for developing cutting-edge practices? To what extent can professional associations play a leading role in cultivating ingenuity among the galleries they represent? Is it realistic to think that small art galleries can develop ingenious strategies and tactics given all that they have on their agendas? What is the length of time that it takes for small galleries to place highly creative ideas into reality?

Prospects for Sustainability and Survival

Confronted by a rapidly evolving industry setting, art galleries face daunting predictions about their future. As the U.S. populace expands in the number of digital natives, the ability to maintain operations in traditional brick and mortar galleries is ever-susceptible to sub-optimization and failure. What is the rationale for maintaining a multi-million dollar-plus gallery in downtown Jackson, Wyoming when younger patrons who actually purchase art are comfortable with never stepping foot inside a gallery? How long does it take for a gallery that has gone virtual to begin experiencing attrition in its traditional customer base, and correspondingly, how does this newly virtual gallery identify and build a deep connection with younger demographic patrons?

There are clearly more questions than answers for art galleries to consider as they open their doors – or websites – each day and begin that daily adventure of selling art. Meanwhile their relationships with the very creators of art are in flux and potentially facing transformation. Artists are discovering that more commercially oriented relationships have grown due to technology. Artists may soon discover that they are increasingly functioning as galleries and thus seek to minimize the commissions they once so freely shared with galleries; enterprises with whom they once enjoyed enriching professional achievements and deeply personal relationships.

In sum, art galleries are facing a fight for survival. Answers to their future are cloudy and therefore the need for additional studies about innovation and ingenuity are especially apropos. Larger samples from a broad range of settings beyond resort destinations will help artists, galleries,

professional associations and patrons to better understand some of the intricacies associated with creating a sustainable industry that fulfills the often-competing objectives each experience in this evolving industry.

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