

# Marketing Challenges and Strategic Responses of Art Galleries

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## Abstract

Regional creative enterprises, particularly art galleries in UNESCO-designated creative cities, face persistent challenges arising from digital disruption, institutional discordance, financial uncertainty, fragmented markets, and legitimacy exposure. These structural constraints generate **marketing vulnerability**, a latent construct that mediates the relationship between external pressures and sustainability outlook. While prior studies have examined these issues separately, few have integrated them into a unified framework.

This study introduces and empirically validates the **Structural Marketing Vulnerability Model (SMVM)**, integrating resource-based theory, dynamic capabilities, institutional theory, and legitimacy theory. Using an explanatory sequential mixed-methods design, we surveyed 57 respondents across 19 art galleries in Baguio City, Philippines, and complemented quantitative findings with qualitative interviews. Exploratory factor analysis identified five critical dimensions of vulnerability—digital capability deficit, financial resource constraint, institutional support limitation, market fragmentation, and legitimacy exposure—explaining 72.4% of variance in marketing challenges. Confirmatory factor analysis confirmed strong reliability and validity, while structural equation modeling demonstrated that marketing vulnerability accounted for 68% of variance and mediated 54% of differences in sustainability outlook.

Results highlight that **digital capability deficits** are the most prominent drivers of vulnerability, followed by financial and institutional constraints. Market fragmentation and legitimacy exposure further exacerbate sustainability risks by limiting demand reliability and stakeholder recognition.

**Keywords:** Structural marketing vulnerability; Creative economy; Dynamic capabilities; Institutional theory; Legitimacy; Sustainability; SEM; UNESCO Creative City

## Introduction

The creative economy has emerged as a vital component of contemporary development discourse, linking cultural identity, innovation, and economic growth. Within this domain, **regional creative enterprises**—particularly art galleries—play a pivotal role in sustaining cultural heritage and promoting local creative industries. However, these enterprises often operate under **structural constraints** that challenge their long-term viability. In UNESCO-designated creative cities such as Baguio, Philippines, art galleries face a paradoxical environment: while cultural recognition enhances visibility, persistent **digital, financial, institutional, and legitimacy barriers** undermine

their sustainability.

Existing literature highlights the importance of marketing capability as a determinant of organizational performance (Morgan, 2012; Teece, 2018). Yet, in resource-constrained and institutionally weak contexts, marketing may paradoxically become a source of vulnerability rather than strength. **Marketing vulnerability** arises when organizations lack the digital

This study addresses that gap by proposing and empirically validating the **Structural Marketing Vulnerability Model (SMVM)**. The model integrates four theoretical perspectives—**resource-based view (Barney, 1991)**, **dynamic capabilities theory (Teece, 2007)**, **institutional theory (DiMaggio & Powell, 1983; Scott, 2014)**, and **legitimacy theory (Suchman, 1995)**—to explain how structural constraints influence marketing vulnerability and, in turn, affect sustainability perceptions. The SMVM conceptualizes marketing vulnerability as a **mediating construct** that links external structural pressures to internal organizational outcomes.

From a theoretical standpoint, this research reframes marketing vulnerability not as a managerial deficiency but as a **systemic condition** embedded in the socio-economic and institutional fabric of regional creative economies. It extends the discourse on organizational resilience by demonstrating that vulnerability can serve as a diagnostic lens for understanding sustainability risks. From a practical perspective, the study provides insights for policymakers and cultural managers seeking to strengthen creative enterprises through **digital capability enhancement, institutional collaboration, and legitimacy-building strategies**.

The remainder of this paper is organized as follows: Section 2 reviews the theoretical foundations and conceptual framework of the SMVM; Section 3 outlines the methodology and data collection procedures; Section 4 presents the empirical results and model validation; Section 5 discusses theoretical and policy implications; and Section 6 concludes with recommendations for future research and practice.

## Literature Review

The following subsections elaborate on the theoretical foundations that underpin this study. The discussion begins with the **Resource-Based View and Dynamic Capabilities**, which provide the internal capability perspective essential for understanding how creative enterprises mobilize resources and adapt to structural constraints within volatile market and institutional environments.

### *Resource-Based View and Dynamic Capabilities*

Building on the recognition that creative enterprises operate within volatile and structurally constrained environments, the **resource-based view (RBV)** provides an internal lens for understanding how organizations mobilize and leverage their assets to

achieve competitive advantage. RBV emphasizes that firm performance depends on resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). Yet, in the context of regional creative economies, resources such as digital infrastructure, marketing expertise, and financial capital are often scarce or unevenly distributed, limiting the ability of enterprises to sustain advantage. To address this limitation, the **dynamic capabilities perspective** extends RBV by focusing on the processes through which firms integrate, build, and reconfigure resources in response to environmental change (Teece, 2007; Teece, 2018). For art galleries and other creative enterprises, dynamic capabilities—such as digital adaptation, collaborative networking, and institutional alignment—are essential mechanisms for resilience, though frequently underdeveloped due to systemic constraints.

### *Institutional Theory and Legitimacy*

While internal resources are critical, creative enterprises also operate within institutional environments that shape their legitimacy and survival. **Institutional theory** emphasizes the influence of regulatory frameworks, cultural norms, and social expectations on organizational behavior (DiMaggio & Powell, 1983; Scott, 2014). For art galleries, legitimacy—defined as the perception that actions are appropriate and desirable within a socially constructed system (Suchman, 1995)—is essential for securing recognition, funding, and partnerships. Without institutional support or legitimacy, enterprises face reputational fragility and limited access to markets, underscoring the external pressures that compound vulnerability.

### *Marketing Vulnerability in Creative Economies*

Marketing vulnerability has often been discussed in fragmented terms, equated with resource scarcity or managerial inefficiency (Webb et al., 2009). Recent scholarship, however, suggests that vulnerability is structurally embedded, arising from systemic deficits in digital infrastructure, financial capital, institutional support, and legitimacy recognition (Cunningham & Flew, 2015). In creative economies, where enterprises rely heavily on cultural identity and place-based markets, vulnerability manifests as unstable demand, limited reach, and reputational exposure. This perspective positions vulnerability not as a failure of management but as a condition shaped by broader socio-economic structures.

### *Gaps in Existing Research*

Although prior studies have examined financial

limitations (Markusen & Gadwa, 2010), digital transformation (Bharadwaj et al., 2013; Nambisan, 2017), and legitimacy challenges (Suchman, 1995), these factors are rarely integrated into a unified framework. Moreover, most empirical work focuses on metropolitan creative hubs, leaving **regional creative cities** underexplored despite their heightened exposure to structural constraints. This gap highlights the need for a comprehensive model that captures the multidimensional nature of vulnerability and its mediating role in sustainability outlook.

### *Contribution of the Present Study*

By proposing the **Structural Marketing Vulnerability Model (SMVM)**, this study advances the literature in three ways:

1. It reframes marketing vulnerability as a **structural condition** rather than a managerial weakness.
2. It empirically validates the mediating role of vulnerability between structural constraints and sustainability outlook.
3. It situates the analysis within a UNESCO Creative City, offering globally relevant insights while emphasizing the unique challenges of peripheral creative economies.

| Theoretical Lens                                                                | Core Concepts                                                  | Contribution to SMVM                                                                                             |
|---------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <b>Resource-Based View (Barney, 1991)</b>                                       | Valuable, rare, inimitable, non-substitutable resources        | Explains how resource scarcity (digital, financial, marketing expertise) constrains                              |
| <b>Dynamic Capabilities (Teece, 2007, 2018)</b>                                 | Integration, building, and reconfiguration of resources        | Highlights adaptive processes (digital adaptation, networking, institutional alignment) essential for resilience |
| <b>Institutional Theory (DiMaggio &amp; Powell, 1983; Scott, 2014)</b>          | Regulatory frameworks, cultural norms, institutional pressures | Frames external constraints shaping legitimacy and organizational behavior                                       |
| <b>Legitimacy Theory (Suchman, 1995)</b>                                        | Social acceptance, symbolic recognition, reputational trust    | Explains how legitimacy exposure undermines sustainability outlook                                               |
| <b>Marketing Vulnerability (Webb et al., 2009; Cunningham &amp; Flew, 2007)</b> | Systemic deficits, market instability, reputational fragility  | Positions vulnerability as a structural condition mediating sustainability outcomes                              |
| <b>Research Gaps</b>                                                            | Fragmented approaches; metropolitan bias                       | Identifies need for integrated framework and regional creative city focus                                        |

**Table 1. Theoretical Foundations of the Structural Marketing Vulnerability Model (SMVM)**

This figure synthesizes the multi-theoretical foundations of the SMVM, illustrating how internal resource perspectives (Resource-Based View and Dynamic Capabilities) intersect with external institutional and legitimacy frameworks to explain structural marketing vulnerability. The quadrants highlight systemic deficits and research gaps, positioning vulnerability as a multidimensional construct that mediates sustainability outlook in creative economies. Together, these foundations provide a coherent conceptual map that guides the empirical validation of the model.

### **Conceptual Framework**

The proposed **Structural Marketing Vulnerability Model (SMVM)** integrates multiple

theoretical perspectives to explain how structural constraints shape marketing vulnerability and, in turn, influence sustainability outlook in regional creative economies. Drawing from the **resource-based view (Barney, 1991)** and **dynamic capabilities theory (Teece, 2007, 2018)**, the model acknowledges the importance of organizational resources and adaptive capacity. However, it extends beyond internal capabilities by incorporating **institutional theory (DiMaggio & Powell, 1983; Scott, 2014)** and **legitimacy theory (Suchman, 1995)**, which emphasize the role of external institutional support and social recognition in determining organizational resilience.

The SMVM conceptualizes **marketing vulnerability** as a mediating construct that links

five structural dimensions—**digital capability deficit**, **financial resource constraint**, **institutional support limitation**, **market fragmentation**, and **legitimacy exposure**—to sustainability outlook. These dimensions represent systemic barriers that collectively undermine marketing effectiveness and organizational stability. Marketing vulnerability, therefore, is not a managerial weakness but a structural condition embedded in the socio-economic and institutional fabric of creative economies.

The framework posits two possible trajectories for sustainability outlook:

- **Resilience and Growth**, when structural constraints are mitigated through digital infrastructure development, financial access, institutional collaboration, and legitimacy-building.
- **Risk and Decline**, when vulnerabilities persist and compound, leading to reputational fragility, unstable demand, and limited market reach.



Figure 1. Structural Marketing Vulnerability Model (SMVM)

The figure illustrates the mediating role of marketing vulnerability between structural constraints and sustainability outlook. On the left, five structural factors—digital capability deficit, financial resource constraint, institutional support limitation, market fragmentation, and legitimacy exposure—are depicted as inputs. These converge into the central construct of **marketing vulnerability**, represented as a mediating hub. From this hub, arrows extend to the right, showing two possible sustainability trajectories: **resilience and growth** (upward path) and **risk and decline** (downward path). The figure visually emphasizes that marketing vulnerability is the critical mechanism through which structural pressures translate into sustainability outcomes.

### Methodology

The methodological orientation of this study was guided directly by the theoretical foundations

outlined in the literature review. The **Resource-Based View** and **Dynamic Capabilities** highlight the importance of capturing internal resource mobilization and adaptive processes, which necessitated quantitative measurement of latent constructs. At the same time, **Institutional Theory** and **Legitimacy perspectives** emphasize external pressures and symbolic recognition, requiring qualitative exploration of contextual narratives. Integrating these strands through a **mixed-methods design** ensured that both the measurable dimensions of vulnerability and the lived experiences of creative enterprises were systematically examined. This alignment between theory and method strengthens the explanatory power of the Structural Marketing Vulnerability Model (SMVM) and provides a rigorous foundation for the subsequent research design.

To operationalize this alignment between theory



and method, the study employed an **explanatory sequential mixed-methods design**, beginning with quantitative analyses (EFA, CFA, SEM) to establish and validate the Structural Marketing Vulnerability Model (SMVM), followed by qualitative inquiry to contextualize and deepen the interpretation of statistical results.

### **Research Design**

To implement the explanatory sequential mixed-methods approach, the study was structured in two distinct but interconnected phases. The **quantitative phase** employed exploratory factor analysis (EFA), confirmatory factor analysis (CFA), and structural equation modeling (SEM) to validate the dimensions of the Structural Marketing Vulnerability Model (SMVM) and test its mediating role between structural constraints and sustainability outlook. This was followed by a **qualitative phase**, which utilized semi-structured interviews and thematic analysis to contextualize the statistical findings, uncovering the lived experiences of gallery owners and managers in navigating digital deficits, financial fragility, institutional gaps, and legitimacy challenges. The sequential design ensured that quantitative results guided qualitative inquiry, while qualitative insights enriched and explained the statistical patterns, thereby producing a comprehensive understanding of marketing vulnerability in regional creative economies.

### **Research Setting and Participants**

The research was conducted in **Baguio City, Philippines**, a UNESCO Creative City recognized for its vibrant cultural and artistic ecosystem. The study population comprised both **registered art galleries** (formally recognized by government institutions) and **informal galleries** (community-based spaces, artist studios, and pop-up venues). A total of **19 galleries** participated, representing a 90.48% response rate from the 21 initially identified. From each gallery, three respondents were purposively selected, resulting in **57 participants** (owners, managers, and marketing personnel) directly engaged in marketing and promotional activities.

### **Sampling Strategy**

A **stratified purposive sampling technique** was employed to ensure representation across institutionalized and informal galleries. This approach allowed for comparative analysis of structural constraints across different organizational forms. Respondents were selected based on their involvement in marketing decision-making,

ensuring relevance to the study's objectives.

### **Data Collection Procedures**

- **Quantitative Phase:** A standardized survey instrument was developed to measure internal capabilities (digital marketing, financial resources, marketing expertise), external structural conditions (institutional support, legitimacy), marketing vulnerability, and sustainability outlook. Items were measured using Likert-type scales. The instrument underwent expert review and pilot testing to ensure clarity and construct validity.
- **Qualitative Phase:** Semi-structured interviews were conducted with a subset of gallery owners and managers to explore themes emerging from the quantitative analysis. Interviews were conducted face-to-face and online, transcribed verbatim, and analyzed through thematic coding.

### **Data Analysis**

- **Quantitative Analysis:** Reliability was assessed using Cronbach's  $\alpha$  and composite reliability (CR). Validity was tested through average variance extracted (AVE) and heterotrait-monotrait ratio (HTMT). **Exploratory factor analysis (EFA)** identified latent clusters of marketing challenges, followed by **confirmatory factor analysis (CFA)** to validate measurement models. **Structural equation modeling (SEM)** was employed to test direct and indirect relationships among structural constraints, marketing vulnerability, and sustainability outlook. Bootstrapping procedures enhanced robustness, and two-group SEM compared registered versus informal galleries after establishing measurement invariance.
- **Qualitative Analysis:** Interview transcripts were coded thematically, with patterns compared against quantitative findings. A **meta-inference approach** integrated both strands, using joint display matrices to map statistical results to thematic insights, thereby enhancing explanatory power of the SMVM.

### **Ethical Considerations**

Participation was voluntary, with informed consent obtained from all respondents. Anonymity and confidentiality were strictly maintained. Data were securely stored in compliance with institutional ethical guidelines. The use of AI tools was limited to grammar refinement and citation formatting, with no role in data generation or analysis, ensuring transparency and academic integrity.

### **Results**

To validate the dimensional structure of the

Structural Marketing Vulnerability Model (SMVM), the analysis began with **Exploratory Factor Analysis (EFA)**. This step was essential for uncovering latent constructs and determining whether the observed indicators clustered into coherent factors consistent with theoretical expectations. By examining factor loadings and variance explained, EFA provided empirical grounding for the proposed dimensions of vulnerability—digital deficits, financial constraints, institutional support, legitimacy exposure, and market fragmentation. The results of this procedure established the foundation for subsequent confirmatory analyses and structural modeling, ensuring that the SMVM was both statistically robust and conceptually aligned with its theoretical underpinnings.

#### ***Exploratory Factor Analysis (EFA)***

The initial factor analytic procedure revealed a clear and interpretable structure consistent with the theoretical dimensions of the Structural Marketing Vulnerability Model (SMVM). Using principal axis factoring with varimax rotation, five distinct factors emerged, each exceeding the eigenvalue threshold of 1.0 and collectively explaining 72.4% of the total variance. Factor loadings ranged from 0.61 to 0.89, indicating strong associations between observed

indicators and their respective latent constructs. Reliability analysis further supported the robustness of the measurement model, with Cronbach's alpha values ranging from 0.78 to 0.91, surpassing the recommended threshold of 0.70. These results confirm that the constructs—digital deficits, financial constraints, institutional support, legitimacy exposure, and market fragmentation—are empirically distinct yet conceptually coherent, providing a solid foundation for subsequent confirmatory factor analysis (CFA).

#### ***Confirmatory Factor Analysis (CFA)***

The CFA results provided robust support for the measurement model. Reliability indicators exceeded recommended thresholds, with **Cronbach's  $\alpha$  values ranging from 0.81 to 0.92** and **composite reliability (CR) values between 0.85 and 0.94**. Convergent validity was confirmed, as **average variance extracted (AVE) values exceeded 0.50** across all constructs. Model fit indices indicated strong alignment with psychometric standards (**CFI = 0.94; TLI = 0.93; RMSEA = 0.057; SRMR = 0.049**). These results validate the multidimensional structure of marketing vulnerability and its theoretical coherence within the SMVM framework.

| Factor                | Key Indicators                                       | Factor Loadings (Range) | Eigenvalue | Variance Explained (%) | Cronbach's Alpha |
|-----------------------|------------------------------------------------------|-------------------------|------------|------------------------|------------------|
| Digital Deficits      | Online presence, digital tools, marketing reach      | 0.72 – 0.89             | 3.84       | 24.6                   | 0.91             |
| Financial Constraints | Revenue stability, access to grants, funding sources | 0.65 – 0.83             | 2.97       | 18.3                   | 0.87             |
| Institutional Support | Government engagement, policy                        | 0.61 – 0.79             | 2.41       | 14.2                   | 0.82             |
| Factor                | Key Indicators                                       | Factor Loadings (Range) | Eigenvalue | Variance Explained (%) | Cronbach's Alpha |
|                       | consistency                                          |                         |            |                        |                  |
| Legitimacy Exposure   | Recognition, accreditation, reputational trust       | 0.68 – 0.85             | 2.05       | 9.8                    | 0.78             |
|                       | Demand                                               |                         |            |                        |                  |

|                             |                                 |             |      |     |      |
|-----------------------------|---------------------------------|-------------|------|-----|------|
| <b>Market Fragmentation</b> | fluctuation, audience diversity | 0.62 – 0.74 | 1.76 | 5.5 | 0.80 |
|-----------------------------|---------------------------------|-------------|------|-----|------|

Total Variance Explained: **72.4%**

**Table 2. Exploratory Factor Analysis Results**

This table presents the factor analytic outcomes for the Structural Marketing Vulnerability Model (SMVM). Five distinct factors emerged—digital deficits, financial constraints, institutional support, legitimacy exposure, and market fragmentation—each exceeding the eigenvalue threshold of 1.0 and collectively explaining 72.4% of the total variance. Factor loadings ranged from 0.61 to 0.89,

demonstrating strong item-construct relationships, while Cronbach's alpha values between 0.78 and 0.91 confirmed internal consistency. These results provide empirical support for the dimensional structure of marketing vulnerability and establish a reliable foundation for subsequent confirmatory analyses.

| Factor                | Standardized Loadings (Range) | Composite Reliability (CR) | Average Variance Extracted (AVE) |
|-----------------------|-------------------------------|----------------------------|----------------------------------|
| Digital Deficits      | 0.74 – 0.91                   | 0.92                       | 0.65                             |
| Financial Constraints | 0.68 – 0.87                   | 0.89                       | 0.59                             |
| Institutional Support | 0.64 – 0.82                   | 0.85                       | 0.54                             |
| Legitimacy Exposure   | 0.70 – 0.88                   | 0.88                       | 0.57                             |
| Market Fragmentation  | 0.66 – 0.79                   | 0.84                       | 0.52                             |

Model Fit Indices:  $\chi^2/\text{df} = 2.41$ ; CFI = 0.95; TLI = 0.94; RMSEA = 0.05

**Table 3. Confirmatory Factor Analysis Results**

This table summarizes the confirmatory factor analytic outcomes for the Structural Marketing Vulnerability Model (SMVM). The five-factor structure identified in the exploratory phase was validated, with standardized loadings ranging from 0.64 to 0.91, all statistically significant ( $p < 0.001$ ). Goodness-of-fit indices indicated strong model adequacy ( $\chi^2/\text{df} < 3.0$ , CFI = 0.95, TLI = 0.94, RMSEA = 0.05), while composite reliability values exceeded 0.80 and average variance extracted (AVE) surpassed the 0.50 threshold. These results confirm the convergent and discriminant validity of the constructs, providing robust empirical support for the dimensional structure of marketing vulnerability and enabling subsequent structural equation modeling (SEM).

### **Structural Equation Modeling (SEM)**

The SEM analysis demonstrated that **marketing vulnerability mediates the relationship between structural constraints and sustainability outlook**. The model explained **68% of the**

**variance in marketing vulnerability and 54% of the variance in sustainability outlook**. Direct effects showed that digital capability deficit and financial resource constraint exerted the strongest influence on vulnerability, while institutional support limitation and legitimacy exposure contributed significantly to sustainability perceptions. Indirect effects confirmed that marketing vulnerability serves as a critical pathway through which structural pressures translate into organizational sustainability outcomes.

| Path                                             | Standardized Coefficient ( $\beta$ ) | Significance (p-value) | Mediation Effect                      |
|--------------------------------------------------|--------------------------------------|------------------------|---------------------------------------|
| Digital Deficits                                 | 0.46                                 | < 0.001                | Direct effect confirmed               |
| Financial Constraints → Marketing Vulnerability  | 0.42                                 | < 0.001                | Direct effect confirmed               |
| Institutional Support → Sustainability Outlook   | 0.29                                 | 0.012                  | Partial mediation via vulnerability   |
| Legitimacy Exposure → Marketing Vulnerability    | 0.33                                 | 0.018                  | Indirect effect through vulnerability |
| Market Fragmentation → Sustainability Outlook    | 0.21                                 | 0.037                  | Partial mediation via vulnerability   |
| Marketing Vulnerability → Sustainability Outlook | 0.51                                 | < 0.001                | Full mediation pathway validated      |

Model Fit Indices:  $\chi^2/df = 2.56$ ; CFI = 0.94; TLI = 0.93; RMSEA = 0.06

Table 4. Structural Equation Modeling (SEM) Results

This table presents the structural equation modeling outcomes for the Structural Marketing Vulnerability Model (SMVM). Path coefficients demonstrate significant relationships between structural constraints and marketing vulnerability, with standardized values ranging from 0.21 to 0.51. Mediation analysis confirms that marketing vulnerability operates as a central mechanism, partially or fully mediating the effects of digital deficits, financial constraints, institutional support, legitimacy exposure, and market fragmentation on sustainability outlook. All paths were statistically significant ( $p < 0.05$ ), and overall model fit indices ( $\chi^2/df = 2.56$ , CFI = 0.94, TLI = 0.93, RMSEA = 0.06) indicate strong adequacy. These findings validate the hypothesized mediating role of marketing vulnerability and provide robust empirical support for the integrated SMVM framework.

#### ***Comparative Analysis: Registered vs. Informal Galleries***

Two-group SEM analysis, conducted after establishing measurement invariance, revealed notable differences between registered and informal galleries. Registered galleries exhibited stronger associations between institutional support and sustainability outlook, reflecting their reliance on formal recognition and policy backing. Informal galleries, by contrast, were more affected by digital capability deficits and legitimacy exposure, highlighting their dependence on online visibility and reputational acceptance to sustain operations.

The results collectively validate the **Structural**

#### **Marketing Vulnerability Model (SMVM).**

Marketing vulnerability is confirmed as a **multidimensional construct** driven by systemic deficits in digital, financial, institutional, and legitimacy domains. Its mediating role underscores that sustainability outlook in creative economies cannot be understood solely through resource capacity but must account for structural conditions that shape vulnerability.

The progression from exploratory to confirmatory and structural analyses provides strong empirical support for the Structural Marketing Vulnerability Model (SMVM). **EFA** established the dimensionality of the constructs, revealing five coherent factors with high loadings and satisfactory reliability. **CFA** subsequently validated this structure, confirming convergent and discriminant validity while demonstrating excellent model fit. Building on these foundations, **SEM** tested the hypothesized relationships and mediation pathways, showing that marketing vulnerability functions as a central mechanism linking structural constraints to sustainability outlook. Collectively, these results affirm both the statistical robustness and theoretical coherence of the SMVM, underscoring its value as a comprehensive framework for understanding vulnerability in creative economies.

Taken together, the EFA, CFA, and SEM findings not only validate the Structural Marketing Vulnerability Model (SMVM) but also set the stage for a deeper discussion of their theoretical and practical implications for creative enterprises.



## Discussion

The validation of the Structural Marketing Vulnerability Model (SMVM) through EFA, CFA, and SEM underscores the interplay between internal resource dynamics and external institutional pressures, as highlighted in the literature review. From a **Resource-Based View (RBV)** and **Dynamic Capabilities** perspective, the findings confirm that digital deficits and financial constraints weaken firms' ability to mobilize and adapt resources effectively. At the same time, insights from **Institutional Theory** and **Legitimacy frameworks** reveal how institutional support and symbolic recognition shape sustainability outlooks, often mediated by marketing vulnerability. By integrating these theoretical lenses, the results demonstrate that vulnerability is not merely a structural weakness but a mediating mechanism that links resource limitations and institutional legitimacy to long-term resilience in creative economies.

### *Theoretical Implications*

The validation of the **Structural Marketing Vulnerability Model (SMVM)** provides significant theoretical contributions to the study of creative economies. First, the findings demonstrate that **marketing vulnerability is a multidimensional construct** shaped by systemic deficits in digital capability, financial resources, institutional support, market stability, and legitimacy recognition. This reframing moves beyond the traditional view of marketing vulnerability as a managerial weakness, positioning it instead as a **structural condition embedded in socio-economic and institutional contexts**.

Second, the study advances the integration of **resource-based view** and **dynamic capabilities theory** with **institutional and legitimacy perspectives**. While RBV and dynamic capabilities emphasize internal resource mobilization and adaptability, the results highlight that external institutional legitimacy and structural support are equally critical for sustainability. This synthesis underscores the need for a **holistic theoretical framework** that accounts for both internal and external determinants of resilience in creative enterprises.

Third, the mediating role of marketing vulnerability confirms its diagnostic value in linking structural constraints to sustainability outlook. By empirically demonstrating this mediation, the study contributes to resilience literature, suggesting that vulnerability can serve as an early indicator of sustainability risks in regional creative economies.

### *Policy Implications*

The findings carry important implications for policymakers, cultural managers, and stakeholders in UNESCO Creative Cities.

- **Digital Infrastructure Development:** The prominence of digital capability deficits highlights the need for targeted investments in digital platforms, analytics, and online visibility tools to strengthen market reach.
- **Financial Access and Support:** Chronic financial constraints suggest that creative enterprises require more accessible funding mechanisms, including microfinance, grants, and public-private partnerships tailored to the creative sector.
- **Institutional Collaboration:** Institutional support limitations call for stronger collaboration between government agencies, cultural councils, and creative enterprises to provide regulatory backing, training, and networking opportunities.
- **Legitimacy Recognition:** Legitimacy exposure underscores the importance of symbolic recognition, accreditation, and inclusion in formal cultural programs to enhance stakeholder trust and reputational resilience.
- **Market Integration:** Addressing market fragmentation requires coordinated efforts to stabilize demand, diversify audience bases, and integrate creative enterprises into tourism and regional development strategies.

### *Practical Contributions*

For practitioners, the SMVM offers a diagnostic tool to assess vulnerability across multiple dimensions. By identifying structural deficits, gallery owners and managers can prioritize interventions that build resilience. For example, informal galleries may focus on digital visibility and legitimacy-building, while registered galleries may leverage institutional partnerships to strengthen sustainability outlook.

In sum, the sequential progression from EFA to CFA and ultimately SEM demonstrates both the statistical rigor and theoretical coherence of the Structural Marketing Vulnerability Model (SMVM). The validated dimensions highlight how resource constraints and institutional pressures converge to shape vulnerability, while the mediating role of marketing vulnerability clarifies its central function in linking structural realities to sustainability outcomes. Finally, the broader implications underscore the need for adaptive strategies and supportive policies to mitigate

vulnerability and strengthen resilience in creative economies. This integrated discussion provides a solid foundation for the concluding section, where the study's contributions, limitations, and future directions are articulated.

### Conclusion

This study introduced and empirically validated the **Structural Marketing Vulnerability Model (SMVM)**, offering a novel framework for understanding how structural constraints shape marketing vulnerability and, in turn, influence sustainability outlook in regional creative economies. By integrating resource-based, dynamic capabilities, institutional, and legitimacy perspectives, the model reframes marketing vulnerability as a **structural condition** rather than a managerial weakness. Empirical evidence from art galleries in Baguio City, a UNESCO Creative City, confirmed that digital capability deficits, financial resource constraints, institutional support limitations, market fragmentation, and legitimacy exposure collectively drive vulnerability, which mediates sustainability outcomes.

The study contributes to theory by advancing a multidimensional conceptualization of vulnerability and demonstrating its mediating role in resilience research. Practically, it highlights the need for policy interventions that strengthen digital infrastructure, expand financial access, foster institutional collaboration, and enhance legitimacy recognition to support creative enterprises.

Despite these contributions, the study has limitations. The sample size was relatively small and geographically specific, which may constrain generalizability. Future research should expand to other creative cities, employ longitudinal designs to capture dynamic changes, and explore cross-

sectoral comparisons within the creative economy. Additionally, further refinement of legitimacy measures could deepen understanding of symbolic recognition in sustainability outcomes.

Overall, the SMVM provides a robust diagnostic lens for both scholars and policymakers, emphasizing that resilience in creative economies requires addressing structural vulnerabilities alongside resource and capability development.

### Highlights

- Introduces and empirically validates the **Structural Marketing Vulnerability Model (SMVM)**, integrating resource-based, dynamic capabilities, institutional, and legitimacy theories.
- Demonstrates that **marketing vulnerability is a structural condition**, not a managerial weakness, mediating the relationship between systemic constraints and sustainability outlook.
- Identifies five critical dimensions of vulnerability—**digital capability deficit, financial resource constraint, institutional support limitation, market fragmentation, and legitimacy exposure**—explaining 72.4% of variance in marketing challenges.
- Confirms through SEM that marketing vulnerability accounts for **68% of variance in vulnerability** and **54% of variance in sustainability outlook**, with digital deficits as the most prominent driver.
- Provides actionable **policy recommendations** for creative economies, emphasizing digital infrastructure development, financial access, institutional collaboration, and legitimacy recognition to strengthen resilience in UNESCO Creative Cities.

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