Assessment of the State of the Entertainment Services Market Under Covid-19 Restrictive Measures

Bokhodir Isroilov[1,*], Bozor Tukhliev[2], Bobursholh Ibragimov[3], Mokhigul Kutbitdinova[4] and Almaz Sandy[5]

[1]*Department of Financial Analysis and Auditing, Tashkent State University of Economics, Tashkent, Republic of Uzbekistan*

[2]*Department of Taxes and Insurance, Tashkent State University of Economics, Tashkent, Republic of Uzbekistan*

[3]*Department of Taxes and Taxation, Tashkent Institute of Finance, Tashkent, Republic of Uzbekistan*

[4]*Department of Management and Marketing, Tashkent State University of Economics, Tashkent, Republic of Uzbekistan*

[5]*School of Business Administration, Al Akhawayn University, Ifrane, Kingdom of Morocco*

Abstract: The relevance of this study lies in the fact that the growth of the entertainment services market as an industry worldwide suggests that it will continue to develop, despite the restrictive measures introduced due to the COVID-19 pandemic. The market that provides entertainment services is considered as a complex of interrelated socio-economic, legal, and organisational relations between the consumer and producers of entertainment-related services in purchase and sale. The demand and supply are crucial and topical features of this market since they enable communication between the seller and the consumer of entertainment-related services. The need for such services is directly dependent on a number of factors, such as the availability of free time, the level of solvency of residents of the country, seasonality, consumer preferences, etc. The purpose of the study is to conduct a summary analysis of the state of the entertainment services market in the conditions of the imposed anti-covid measures and to propose recommendations that can improve the performance of the main activities of the entertainment services market. The following methods were used in the study: analysis, synthesis, comparison, and economic and statistical analysis. The results obtained allow assessing the state of the entertainment services market during the period of restrictive anti-covid measures and identifying those areas of activity of the entertainment services market that are currently the most promising in terms of subsequent development.

Keywords: Entertainment Industry; Pandemic; Creative Industry; Cinema; Concert and Music Industry.
JEL Codes: A11; B40

1. INTRODUCTION

The field of leisure and entertainment is currently one of the most important fields of human and social life, the need for which is inherent in every person. The level of development of entertainment services, and the size and modernity of representatives in this area are indicators of the economic development of the whole state, not only in the social sphere. In Russia, the field of leisure and entertainment expands quite actively and is at the stage of continuous improvement of its products and services, playing a crucial role in the country's economy (Argenti, 2020; The impact of COVID-19…, 2020). The COVID-19 pandemic shocked the world, especially in the entertainment industry. According to World Tourism Organization, in 2020, a sharp decline in global entertainment revenues against the backdrop of a global recession was recorded – 5.6% or 120 billion USD (United States dollar) compared to those recorded in 2019. The indicators with the data recorded in 2008, when another global economic crisis occurred, showed that the costs of the population associated with the purchase of entertainment goods and services decreased by only 3%; therefore, it can be concluded that the impact of the pandemic caused much more damage to the entertainment industry, 1.5 times stronger than the crisis of 2008 (Chandler and Cuneo, 2021; Comunian, and England, 2020; Wolek et al., 2021).

The global entertainment industry has accumulated billions of dollars, which is why it is rightfully considered one of the most important parts of the economy of many countries, including: concert halls, casinos, cinemas, parks, amusement rides, nightclubs, Internet cafes, water parks and go-karts, cultural companies (libraries, museums, exhibitions) (Gnezdova et al., 2022). During the pandemic, many entrepreneurs began to implement a new business model, which can be roughly interpreted as follows: "If you used to go to the park to spend your leisure time, now the park comes to you" (Harper, 2020; Kubiczek and Derej, 2021). Notably, in

*Address correspondence to this author at the Department of Financial Analysis and Auditing, Tashkent State University of Economics, 100066, 49 Islam Karimov Str., Tashkent, Republic of Uzbekistan;
E-mail: bokhodirisroilov@yahoo.com

the new conditions, the segment of live events had to adapt to the "digitising" world in a short period. Concert and cinema halls, exhibition centres, and stadiums were closed for most of 2020, the events were held on digital platforms, which allowed fans to get closer to their idols (Miethlich et al., 2021).

The global entertainment market is rightfully focused on the use of high technologies and is considered to be dynamically developing (Asanov et al., 2017; Landoni et al., 2020; Vinichenko et al., 2020). The indicators of the entertainment services market during the period of restrictive anti-covid measures showed that film festivals were cancelled, cinemas were closed, and premieres were postponed, which was also reflected in related industries and sub-sectors (Li, 2020). In October 2020, the Ministry of Economic Development of Russia issued a set of orders on the conclusion of agreements and payment of 259 million RUB (Russian ruble) subsidies to cinematography organisations for the adaptation of audiovisual products to the requirements of foreign markets (Zotova et al., 2022). Despite all the restrictive measures imposed by the authorities of a particular country, the entertainment services market has moved from offline to online platforms and now, for 2 years, there has been an increase in interest in online events, conditioned by which there is a growth in the audience and the number of views, which means that the income of companies will also grow (Li, 2020; Lavrov et al., 2019).

The purpose of the study is to conduct a summary analysis of the state of the entertainment services market in the conditions of the imposed restrictive measures and to propose recommendations that can improve the performance of the main activities of the entertainment services market.

Objectives of the study: to consider the general characteristics of the state of development of the entertainment services market under the imposed restrictive measures; to analyse the state of the entertainment services market in the main areas of the entertainment industry; to offer recommendations focused on improving the performance of the main activities of the entertainment services market.

2. MATERIALS AND METHODS

In the course of the study, the following methods were used: analysis, synthesis, comparison, and economic and statistical analysis. The material base of this study is data from the PricewaterhouseCoopers (PwC) (PricewaterhouseCoopers, 2022) and studies by Russian, European, and American researchers. The study was conducted in three stages. The first stage included a general description of the entertainment services market during the period of restrictive anti-covid measures. In particular, the main problems faced by many areas of activity related to the entertainment industry were highlighted, and the features of the potential of the Russian entertainment services market were examined. The study provides a general description of the development of the theatrical environment of the metropolis during the pandemic and the transition to the online space. Since many areas have moved from offline to an online format and social networks, the first stage provides a description of the development of TikTok and Instagram, the most popular social networks.

In the second stage, an analysis was conducted on the state of the entertainment services market in the following areas: pay television, film distribution, and online cinemas; OTT (over-the-top) market; video games and esports; concert and music industry; virtual reality (VR) market. Concerning the pay-TV (television) market, the study identified the main participants and players of this type of television and presented a description of the state of this type of television for 2020-2021 and a forecast for 2025. As for the film distribution, the study identified the main participants in this area of the entertainment market and presented a description of the state of the film distribution market and the film industry for 2020-2021 along with a forecast for 2024-2025. In addition, the main vectors of further development in the post-pandemic period were identified, and the measures of support provided by the state were highlighted. Separately, the characteristics of the state of online cinema were considered and the main players in this market were presented. Regarding video games and esports, the study presented the characteristics of these types of activities in the entertainment services market for 2020-2021 and the forecast for 2024-2025, the main participants of this type of market were presented. Concerning the concert and music industry, the state of these areas of activity for 2020-2021 and the forecast for 2024-2025 were provided, and the areas of further development were determined. As for virtual reality, the state of this area of activity in the entertainment services market for 2020-2021 and the forecast for 2024-2025 were presented.

The third stage of this study included the development of recommendations that can be implemented to improve work in post-crisis times since today's digitalisation of all spheres of activity and the entertainment market are directly related. The proposed recommendations can be used by representatives in the field of entertainment and other fields of activity.

3. RESULTS AND DISCUSSION

The industry of entertainment-related services is of great importance for the economic situation of the country because its development contributes to the improvement of the level of various spheres, for example, industrial, cultural, and social, which strengthens the image of the state at the international level. The key characteristic feature of the entertainment services industry is the fact that it is unifying, i.e., to organise events, it is necessary to use the resources of most sectors of the economy, which, in turn, requires a lot of work by all companies taking part in the preparation and holding of the event, so there are thousands of jobs and orders (Miethlich and Šlahor, 2018; Zotova et al., 2022). It follows from the above that today the main difficulties in the development of the entertainment services market in Russia are (Zotova et al., 2022; Glushkova and Vasina, 2021):

- an ambiguity in licensing and certification of services of the entertainment industry, in legislative regulation of the activities of institutions engaged in the entertainment sector;
- the lack of generally accepted standards in the Russian market of services that relate to the entertainment industry. In this regard, the sphere is not developing at a preferred rate, because there is an insufficient number of competent specialists, no edu-

cational programmes, difficulties with pricing and a certain demand for available services;

- some companies that provide entertainment industry services are leaving the market since they do not change the old tools on the market, while other companies continue making changes to the marketing strategy to update it and stay on the market
- the COVID-19 pandemic gave a huge impetus to the development of the entertainment services market, yet there are no guarantees that the current market needs will remain at the same level for a long time, so close attention should be paid to tracking the trends in the entertainment services industry (Rozhnov, 2020; Kim et al., 2022).

Even though there are problems related to the development of the entertainment services market during the pandemic, this market undoubtedly has serious potential, because: there is an increase in the share of new participants in the market of entertainment services and their association; there is an increasing interest of foreign market participants in entering the entertainment services market in Russia; there is also the creation of educational programmes focused on training activities on doing business in the field of entertainment services; there is the possibility of expanding the range of services provided in this field (Blahuta et al., 2019; Magidovich, 2020; Shapoval et al., 2016). The pandemic had a dramatic impact on the development of the entire creative industry, which includes both the cultural and entertainment spheres. The events that are taking place in Russia and throughout the world over the past two years have made various amendments to the habitual leisure of consumers of a cultural and entertainment product. Thus, the offer of organisations engaged in theatrical activities has undergone various kinds of changes and has been supplemented, among other things, with relevant forms (Melekhova, 2020). The theatres were forced to go beyond the professional activities in theatrical art, shifting the focus of their activities toward libraries, museums, galleries, and online spaces (Poli, 2021).

Since the restrictions were introduced, all theatres in Russia have lost the opportunity not only to show performances but also to directly involve the audience in them. Such restrictions have set a new task for directors and producers, that is, to find a way to put the activities of theatres into the "home leisure" of the country's population. This circumstance was a kind of the impetus for the emergence of the newest format, namely, online theatre, for home viewing only (Uvarova, 2020). In just a few weeks from the moment the quarantine was announced, a fundamentally new area appeared in the activities of theatres, which is the digital format theatre. Notably, this format does not imply the broadcasting of performances on the Internet, since it refers to projects that were specially prepared for the online format. The experience gained from working in the online space showed that online theatre is successful with the viewer only if the latter gets the opportunity to replace the role of a passive observer with the role of an active participant in the action. The modern viewer most often wants to be involved in actions to influence the events taking place, for example, by means of using virtual reality tools. This solution allows for achieving the here-and-now experience, which is usually inherent only in offline theatres (Rudenko, 2020; Chernikov, 2020).

It is worth noting that some of the theatres chose the Instagram platform for online work, while others broadcast on YouTube, Zoom, etc. Therefore, despite the negative consequences of the pandemic, it also brought a number of positive aspects for many areas, including theatre, since theatrical performances have not only moved to the online stage and conquered Zoom stages, but the leading institutions have also reached a fundamentally different level from a qualitative standpoint using modern technologies in their work and adapting both the actor and the viewer to new formats. Considering the indicators for 2021 in relation to the entertainment services market, it is impossible to ignore the impact that COVID-19 infection continues to exert. All areas of activity that relate to the entertainment services market have been affected by the pandemic (Blahuta et al., 2020). Over the past two years, a large number of participants in the ecosystem of high technologies, telecommunications, and entertainment have expressed similar opinions: "pandemic caused changes over the past two years that would have taken about 5-7 years at another time". The COVID-19 outbreak has been a catalyst (albeit an unfavourable one) for some changes in the sector (Lavrov et al., 2020; Rudenko, 2020).

Notably, rapid changes do not always bring benefits, but it seems that many trends reinforced by the pandemic can actually make this world a better place. The Russian entertainment services market is rightfully considered one of the most dynamically developing in Europe. The Russian entertainment market seems to be one of the most attractive for investment, both from Russian and foreign investors: firstly, the market volume has positive growth dynamics from year to year, and secondly, the market is quite sensitive to the introduction of the latest progressive technologies and testing of advanced business models (Miethlich, 2022; Trusova et al., 2021). One of the most important trends of the last year is the inclusion of media and entertainment assets in large ecosystems, and the emergence of new players in the OTT and VR markets (Comunian and England, 2020). For a long period, the expression "content is king" has been in use, which means that whoever has access to exclusive content will benefit. Today, this expression is quite relevant (Melekhova, 2020). According to a study conducted by PwC (PricewaterhouseCoopers, 2022) on the development of the market for services related to the entertainment industry during the pandemic, the following results were obtained. At the end of 2020, TikTok became the leader in the Russian AppStore among applications with the highest average ratings. In 2021, TikTok has reached 1.2 billion users. TikTok has become one of the platforms where most companies present their commercials to attract a new audience and promote advertising using all modern channels and technologies (Global Entertainment & Media Outlook, 2022).

According to the analytical data provided by PwC (PricewaterhouseCoopers, 2022) in its annual review, the growth rate of the entertainment services market calculated on average per year in Russia was 6.5% by the end of 2021. The study showed that an increasing number of participants in the entertainment services market are forced to resort to digital sources of revenue to provide an opportunity to retain the audience and the previous level of income, and to find new advantages over competitors. As part of this study, the data on the state of the entertainment services market in Russia under restrictive measures were provided. It is advisable to consider the TikTok platform as the first service in the entertainment market, because during the period of lockdown, TikTok became quite popular, as people began to organise various collective events en masse. Today TikTok's audience is about 1 billion users worldwide. TikTok has the advantage of providing a fairly wide range of targeting tools and formats that can solve problems throughout the sales funnel to work with all kinds of target audiences. The uniqueness of TikTok lies in the fact that together with the creative community, a new language of communication has emerged that is unlike anything else. For example, trends, challenges, etc. have already gone beyond the platform and could have a substantial impact on the culture of the population of both Russia and the whole world. This platform gives people the opportunity to share their creativity, express themselves, and get in a good mood. TikTok community is characterised by the fact that it unites creators of diverse content. In this regard, any TikTok user can find the preferred content on the platform (entertainment videos, recipes, make-up tutorials, reviews of exhibitions, performances, and educational programmes) (Global Entertainment & Media Outlook, 2022). Notably, in the next few years, entertaining content will become even more diverse and will still be in demand among the audience.

During the pandemic, a global increase in interest in Stories and videos is observed, as today more than 500 million people use Stories on Facebook, Messenger, Instagram, and WhatsApp. Besides the fact that these are popular formats among users, Stories and videos have proven to be extremely effective advertising formats (Global Entertainment & Media Outlook, 2022). If there is one thing that can be said about the future– it is that any kind of changes are inevitable, and the content that will be interesting tomorrow will have distinctive features from the content that is interesting today. The task of companies is to ascertain that the platforms used remain the most convenient for exploring new content and communicating, no matter what changes occur. The other types of content are pay-TV, film distribution, and online cinemas. Content is one of their main advantages in the market over competitors, however, as investments in its production grow, online cinemas face the need to reduce the share of other costs and search for a balanced business model, and therefore video platforms of large ecosystems are in a more advantageous position (Suchanek et al., 2021). One of the main drivers of the growth in the next few years in developed markets will be the promotion through agreements with partners having other video platforms and with conventional players in the form of an audience of online video services, which is becoming more premium. For example, the share of users with a paid subscription, according to TMT-Consulting, increased to 15% in 2020 compared to 10% in 2019 (Global Entertainment & Media Outlook, 2022; Vlassis, 2021).

Television content today attracts the attention of viewers of all ages, but a younger audience still prefers to watch it in a digital environment (Yu et al., 2022). According to the results of 2020, the coverage of the television market on a paid basis in Russia grew and amounted to 101 billion RUB, which is higher than the values recorded in 2019 (99.5 billion RUB). Notably, the key reason for this was the relatively low cost of the services provided. In addition, it can be noted that paid TV operators were quite active in offering periods of free use and various kinds of discounts, which in the complex allowed avoiding the outflow of a great proportion of subscribers. The subscriber base according to TMT-Consulting for 2020 showed an increase from 45.3 to 46.2 million people, and the degree of penetration of services reached the threshold of 82%. According to many experts, by 2025, the pay-TV market will continue its growth by 2.3% per year, and its volume may reach 113 billion RUB. One of the key drivers in the development of the entertainment services market, primarily conditioned by the ongoing outflow of cable TV subscribers, is the IPTV (Internet Protocol Television) segment, which has higher check indicators, calculated on average per subscriber (ARPU) (Global Entertainment & Media Outlook, 2022; Vlassis, 2021).

During the active phase of the COVID-19 pandemic, pay-TV operators along with other entertainment industry companies joined the fight for the increased amount of free time of the audience, using various promotions and free offers. Among the operators that provide pay-TV services, MTS demonstrates the highest increase in the subscriber base, since the advantage is provided through the development of IPTV services and transactions to acquire other operators. According to experts, the volume of the paid television market in Russia can reach 113 billion RUB by 2025. Considering the state of film distribution, it can be noted that after record box office in 2019, the Russian film distribution market for the first time faced the fact that activities were suspended for a great part of 2020, and restrictions were imposed on the occupancy of the auditorium, film premieres were postponed (Global Entertainment & Media Outlook, 2022).

In 2020, the box office receipts of film distribution in Russia were collectively recorded at the level of 22.8 billion RUB, and 88.7 million tickets were sold in cinemas in Russia, which indicates that there was a decrease in the indicator compared to the previous period by 59% and 60%, respectively. The postponement of a number of foreign premieres to the following year helped to increase the share of income of Russian films by the end of 2020 to 47% compared to 22%, recorded in 2019 (Li, 2020). The COVID-19 pandemic has led to the postponement of several major Hollywood blockbusters to 2021 (in some cases, to 2022). Upon summarising the results for the three quarters of 2021, it was concluded that the box office receipts of the film distribution in Russia were collectively fixed at the level of 30.5 billion RUB, while the market volume in September 2021 exceeded the value that was recorded in 2019. The share of Russian cinema revenue had a negative trend and showed a decrease of up to 30%. Given the forecast of various experts, the volume of box office receipts in Russia can recover to the pre-crisis level by the end of 2025, demonstrating growth rates calculated on average for the year at the level of 18% and reaching a value of 52.1 billion RUB (Global Entertainment & Media Outlook, 2022).

The projected annual growth rate of the film distribution market in the territory of the Russian Federation should be

0.6% by 2024, which will allow reaching a record figure of 57 billion RUB of film collections by the end of the forecast period in 2024. Notably, during the pandemic, state support measures were provided to the affected industries, one of the main measures of state support for the Russian film market continues to be the allocation of subsidies: for example, In November 2020, the Government of the Russian Federation decided that cinemas, companies that are engaged in the activities related to film production, and those who perform activities related to film distribution would be provided with 4.2 billion RUB as financial assistance during the entire period of the COVID-19 pandemic (Borisova et al., 2021; Trusova et al., 2020). In September 2021, the Ministry of Culture of the Russian Federation initiated an increase in the maximum allowable amount of funding for film production from the state from 70% to 100%, which should become a kind of impetus to help expand support for debut films by graduates of specialised state universities at the federal level and unique films that are associated with the author's animation, documentary non-fiction genre, etc. In addition, in 2021, the Ministry of Culture, reacting to the ongoing transformations in the film content market, was forced to renew expert councils engaged in the selection of applications for subsidies for feature, documentary, and animation films, involving representatives of cinemas who perform activities in an online format for the first time (Global Entertainment & Media Outlook, 2022).

Moreover, one of the important areas of support is the development of cooperation at the international level and the potential of film produced by Russian companies in terms of exports. Thus, in 2021, the Russian Export Centre ensured an increase in the share of subsidies for the implementation of work related to the translation of Russian film projects and series into foreign languages by one and a half times, which amounted to 450 million RUB. Over the past two years, against the backdrop of the COVID-19 pandemic and related restrictions, the audience of online cinemas in Russia has increased markedly. There is an evident trend in the Russian market aimed at strengthening the format of partnerships and collaborations of local companies for the production of diverse content. One of the leading players among online cinemas in Russia continues to be ivi, the share of which, according to the results obtained by TMT-Consulting for the first half of 2021, amounted to 29%, demonstrating a decrease compared to 37%, recorded in 2019. The development of the content offer seems to be one of the key priorities for ivi and any other online cinema. The second place in this kind of market is occupied by Kinopoisk, with an increase in its market share to 16%, which was facilitated by the production of successful original content and promotion through the Yandex.Plus bundle subscription. The share of another player in the online cinema market, namely, Okko, decreased in 2020 to 15% compared to 22% recorded in 2019 (Global Entertainment & Media Outlook, 2022).

Notably, Russian services generally have features distinctive from the standard model of foreign services. Most of the Russian services display part of the content for free viewing using the AVOD (advertising-based video on demand) model, there is also a gradation of subscriptions by type of content, which allows producing an increased amount of exclusive content, the premieres of which will be broadcast directly in online cinemas, and not on TV. Further, the state of such an area of the entertainment services market as OTT is considered. The OTT services market in Russia seems to be one of the most promising and rapidly growing among the entertainment segments. The subscription video on demand (SVOD) model is becoming more widespread both worldwide and in Russia. The volume of the OTT video market in Russia according to the results of 2020 increased by 60%, reaching a value of 23 billion RUB. Notably, 2020 considerably increased the audience of online video services, which is becoming more premium. The subscription model will be one of the leading drivers of development in the future for several years: according to the forecast made by PwC (PricewaterhouseCoopers, 2022) experts, its revenue should almost triple by the end of 2025, and its market share will be 91% (83% in 2020). It is expected that the volume of the entire OTT video market in Russia during the forecast period will grow by an average of 22.8% per year and reach a value of 64.5 billion RUB (Global Entertainment & Media Outlook, 2022).

A distinctive feature of OTT in Russia is that local players are more busy fighting their competitors for a place in the consumer's budget, while global (in particular, American) ones are fighting pay-TV competitors. For example, the price of a subscription to pay TV in Russia, calculated on average, is about 150 RUB, and an OTT subscription is 350-450 RUB, while in the USA a subscription to pay TV is about 80 USD compared to 10-15 USD for OTT (Global Entertainment & Media Outlook, 2022). The study chose video games and esports as the next area for investigation. According to various sources, both Russian and foreign, in Russia there are from 30 million to 50 million active users of computer and mobile games, and the Russian language is one of the three most popular languages on the Steam playground with a share of 11%, only trailing English and Chinese (Global Entertainment & Media Outlook; Hall, 2020; Saxena and Verma, 2022). Notably, the Russian video games and esports market ranks 11th in the world and fifth in Europe in terms of volume. According to official data from PwC (PricewaterhouseCoopers, 2022), in the first half of 2020, the COVID-19 pandemic had a positive impact on revenue growth in the Russian video game industry. According to the AliExpress marketplace, in April, there was an increase in sales of digital copies of games by 2.3 times, compared to the same indicator of the previous period. Growth was also noted in the segment of in-game purchases. According to YooMoney, in April, the turnover of payments for content in games was 23% higher than in March, and purchases of the games themselves were 22% higher (Global Entertainment & Media Outlook; Hall, 2020; Saxena and Verma, 2022).

The gaming industry seems to be one of the dynamically developing markets, which offers interesting opportunities for companies from other spheres that provide entertainment services. Playrix, as one of the leading developers of mobile games in Russia, continues to perform work related to strengthening its position in the international market. For example, in 2020, the company ranked third in the world in terms of revenue among mobile game publishers, and according to the results of the first half of 2021, it was able to rise and take second place. VKontakte (VK), represented by the gaming division MY.GAMES, is one of the most active market participants, which has been investing more than 6 billion RUB in game developers since 2017, and in the period from January to October 2021, completed more than 15 transactions. It can also be noted that in May 2021, the company became the key owner of the PLAYKEY cloud gaming service, and in August, together with Google, it launched an accelerator for mobile game developers with a fund of 30 million USD (Global Entertainment & Media Outlook; Hall, 2020; Saxena and Verma, 2022).

The development of the gaming market attracts attention and new participants. Thus, for example, back in December 2020, Sber presented its own cloud-based gaming service – SberPlay, and in April 2021, it launched the newest area, namely, SberGames, within the framework of which the development of a production centre, a publishing house, an internal development studio, and various kinds of gaming services are conducted. In October 2021, Sber made a deal that involved the buyout of the games.ru domain. Notably, in 2021, the Svyaznoy company created a sub-brand, namely, Game Changer, for the sale of gaming devices, software, and subscriptions to gaming services, and former top managers of MY. GAMES were able to open its own fund to invest in gaming startups with a total volume of 50 million USD. Considering the gaming market, in particular, esports, it can be noted that 2020 strengthened the connection between esports and the conventional sports industry. Thus, during the period of unforeseen absence of sports matches and tournaments, most of the federations and leagues were forced to hold their own competitions within the framework of esports in various disciplines, and in 2021, the first Olympic Games organised by the International Olympic Committee were held in the virtual space, the programme of which included baseball, motorsport, cycling, sailing and rowing simulators (Global Entertainment & Media Outlook; Hall, 2020; Saxena and Verma, 2022).

The audience of esports in Russia, according to a study conducted by Nielsen Sports in 2020, tended to grow (28%), reaching the mark of 15.4 million people, 20% of which are aged 13 to 17 years, and only 35% of the audience is younger than 24 years. According to the results of 2020, the coverage of the esports market in Russia was fixed at the level of 1.9 billion RUB, which means an increase of 5% compared to the data recorded a year earlier. Within the limits of the COVID-19 restrictions, there was an impressive reduction in ticket revenue, while other revenue-related areas had positive growth dynamics. For example, in the period up to the end of 2025, it is predicted that the market will be able to grow by an average of 16% per year, and its volume can reach 4.1 billion RUB. (Global Entertainment & Media Outlook; Hall, 2020; King et al., 2020).

Esports tournaments seem to be one of the key elements of the gaming industry. The prize funds of such events can amount to tens of millions of US dollars. Athletes compete in such esports disciplines as: first-person shooters, real-time strategies, auto and flight simulators, and other types of games within the framework of the tournaments held. According to the analytical company Nielsen Sports, the esports audience in Russia in 2020 increased by 28% relative to the previous period and reached 15.4 million people. PwC (PricewaterhouseCoopers, 2022) experts estimate the volume of the Russian esports market at 28.6 million USD with a growth rate calculated on average per year of 14.9% in the period up to the end of 2024. Notably, despite the pandemic, the composition of the entities of the global esports market has not undergone any substantial changes. Therewith, it is possible to assume the redistribution of the structure of their income and expenses. Notably, along with the development of the gaming industry, more progressive devices for gamers will appear, for example, gaming smartphones, Smart TVs, and game browsers (Global Entertainment & Media Outlook, 2022; King et al., 2020).

The next area of the entertainment industry under study is the concert and music industry. Concert activity is one of the most important components in the life of a musical performer and is essential for the creative growth of both the artist and other participants. The concert is considered the result and meaning of the activity of a musical performer, their recognition by the audience. Over the past two years, the activities of artists, regardless of the territory, have undergone radical changes. More than 90% of all activities of musical performers were cancelled. Everything that was scheduled for a few months in advance was postponed indefinitely and some events were completely cancelled. Due to the pandemic, it is not yet known exactly when will the artists be able to return to the previous format and pace of work to gather a whole hall of spectators, not to mention the stadiums that some of the performers used to gather (Jingbo, 2021; Davies, 2020).

Until the lockdown regime was announced, a separate part of the artists continued their activities, was engaged in solving current issues, recorded unfinished songs, continued to prepare for concerts, etc. After the lockdown regime was announced, almost all artists were simply forced to freeze their creative activities for an indefinite period, which caused the collapse of their income, as it is directly dependent on concerts, tours, corporate parties, etc. (Miethlich et al., 2022). In the current conditions, artists, producers, and managers began to explore the possibilities of the Internet, and therefore, many began to use online tools. For a large number of Russian pop artists, this was the beginning of exploring streaming technologies and conducting private virtual concerts. Broadcasts of concerts were often performed on YouTube and VKontakte platforms. The Russian music industry has always been in the top 20 of the world music markets, yet the end of 2020 was marked by a decrease of 60%, to 17.9 billion RUB, the consequence of this was the fact that Russia left the list of world industry leaders. One of the key reasons for this was the high share of the concert market, the total volume of the industry, which over the past few years has been about 80%, suffered from the COVID-19 pandemic. With the recovery growth of the concert market and the intensive development of music content streaming in Russia, the industry will grow by an average of 31% per year until the end of 2025, and its volume will reach 69 billion RUB (Global Entertainment & Media Outlook, 2022; Jingbo, 2021; Davies, 2020).

The direct leaders of streaming in the music market in Russia are considered to be Yandex. Music and VK Music, the business models of which are based on the development of combined format subscriptions. In October 2021, the number of Yandex. Plus subscribers are estimated at 10 million people, while the proportion of users of the music service cannot be disclosed (Li, 2020). Spotify, the world leader in streaming on the music market, was also launched in Russia. The service conducts large-scale advertising campaigns, actively cooperates with artists, including the Radar Russia programme and holding of the Parallel Residences, and uses joint offers with representatives of conventional types of business to promote them. Another major event in 2020 was the acquisition by Sber of the streaming service Zvuk, which was relaunched in September under the SberZvuk brand. The subscription to the service was included in the SberPrime combo subscription, and the number of service users doubled after the deal was made. SberZvuk has the opportunity to enter into a serious fight with competitors in the market since a new owner has appeared. One of the recent trends that arouse genuine interest, largely related to restrictive anti-covid measures, has been the growing interest of music services and labels in children's audio content (Global Entertainment & Media Outlook, 2022).

The segment of performers' rights to public broadcasting of music, without considering a decrease in the share of the total revenue of the music recording market, will be the second-largest source of market revenue in the forecast period. The segment coverage in 2020 reached 1 billion RUB, and by the end of 2025, it will reach 1.4 billion RUB, with growth rates that are calculated on average per year, at the level of 6%. According to the results of 2020, the concert market in Russia is marked by a tendency to decrease by 87%, to 4.4 billion RUB. Considering the high dependence on the epidemiological situation in the country and the world, its recovery to pre-crisis values is expected only by the end of 2025, with an average growth of 51% per year to 33.9 billion RUB. In addition to the reduction in revenue under conditions of uncertainty, one of the serious challenges for the organisers, associated with the holding of concert and festival events, is the high level of debt burden. Thus, according to the Association of Concert, Theatre, and Ticket Organisations, as of August 2021, viewers in Russia held more than 5 million tickets for events that could not take place due to the COVID-19 pandemic, and the total cost amounted to more than 8 billion RUB (Global Entertainment & Media Outlook, 2022; Jingbo, 2021). The worldwide trend for online concerts has also become widespread in Russia.

Virtual reality is another trend in the entertainment services market. According to the results of 2020, the volume of the virtual reality market in Russia amounted to 1.4 billion RUB, demonstrating an increase of 24.7% compared to the data recorded a year earlier. In view of the predicted estimates of experts, the market will grow at a similar pace, on average by 22.1% per year, and its volume will reach 3.8 billion RUB by the end of 2025. The beginning of 2021 was marked by an increase in demand for virtual reality devices, while the spending, which is calculated on average, according to Ozon, tended to grow from 12 to 70 thousand RUB. Experts trace the connection of this situation with the most active use of VR devices for business tasks. For example, among corporate users, it is necessary to highlight the company Gazprom Neft, which today uses virtual reality technology in its work to conduct training among its employees. Over the past two years, the company has launched a number of VR courses to develop such skills as: technical, managerial, and communication. The studies conducted within the company show the effectiveness of this kind of training. Thus, more than 80% of participants in the VR course "Conducting meetings" noted this course as very useful (Global Entertainment & Media Outlook, 2022).

Notably, the use of virtual reality today is also observed in the field of culture. For example, the project "Moscow Through The Eyes Of An Engineer" together with the Arvizio company organised the excursions involving VR glasses, while the State Historical Museum created a copy of its halls in digital format, which can be visited from anywhere in the world through the use of virtual reality devices (Global Entertainment & Media Outlook, 2022). Notably, retail seems to be a sphere of high interest for the development of technologies. Thus, for example, in September 2020, The Rusnano Sistema Foundation and the Internet Initiatives Development Fund invested the amount of 110 million RUB in Texel, which develops virtual fitting rooms. Moreover, Bosco plans to release a special application with VR elements through which users will be able to visit GUM (main universal store) stores and make purchases. In this regard, it is assumed that brands are expected to rent virtual space for their own stores and advertise on the platform. According to experts, by 2025, 52 million autonomous VR devices are predicted, and 30.3% will be the growth rate calculated on average for the year of the global VR market during the period of 2021-2025 (Li, 2020). The following recommendations can be offered to company managers to restore the previous indicators in the entertainment services market, focused on the restoration of indicators for the services offered:

- cost reduction;
- more efficient revenue management;
- revision of the current business model in favour of business optimisation and development of a new business model;
- maintaining contact with clients by providing them with assistance in organising children's leisure at home;
- offering cash to attract investment in the company and create new areas of the business model;
- retaining a team of strong professionals and attracting new creative specialists;
- full immersion in the online area, along with which the creation of new products should be performed;
- in an unstable and unpredictable epidemiological situation created by the COVID-19 pandemic, it is necessary to implement more activities both online and offline when drawing up a business development programme;
- in the conditions of growing demand for the online format of a large number of activities, it is necessary to improve the quality of content;
- ensuring the company's presence on social networks.

The study drew the following conclusions upon summarising the results obtained. The entertainment services market is currently in a new phase of its development. As part of the evolution, standard business models are being rethought and various boundaries are being erased, including between conventional segments such as video games and sports, broadcasts, cable and Internet television, social networks and the media. The impact of the pandemic has led to the fact that many companies in various fields, including the entertainment industry, began to revise standard business models to find new and successful ones. Verticals are being created among the largest content producers, associations with different platforms are emerging to finally be able to get access to the end consumer, and the Internet and telecom giants are expanding their activities by entering the content market and organising local integrated ecosystems. Various kinds of transformations of entertainment companies aim to achieve high financial indicators as quickly as possible and ensure full coverage of the audience. Market participants can use various strategies for this, for example, such as: the ability to focus on working with content, where more attention is paid to the qualitative characteristics of the product; to provide a quantitative increase in the customer base; to introduce additional mechanisms and monetisation tools, for example, through the merger of assets or strategic partnerships, and resulting synergies. According to many experts, esports and virtual reality will remain breakthrough segments in terms of growth rates in 2022.

4. CONCLUSIONS

For almost all industries, including numerous segments of the entertainment industry, 2020 was a quite difficult year that changed all the usual rules of activity, while the consumer demand for all kinds of regularly expanding range of entertainment services grew. While revenue in 2020 reflects the full force of the economic downturn and the accelerated pace of digitalisation associated with the COVID-19 pandemic, the long-term future of the entertainment market seems quite optimistic. As the entertainment market returns to its usual state, there will still be winners and losers in the post-pandemic world. Notably, the Russian entertainment services market in the next five years will continue to demonstrate relatively high growth rates calculated on average per year at the level of 5.2%. One of the fastest-growing segments of the entertainment market until the end of 2024 will be OTT video, gaming, and virtual reality. It is necessary to combine the following tactics to recover from the current situation caused by restrictive anti-covid measures: the ability to simplify operational models, the possibility of switching to planning the annual budget from scratch, and the opportunity to invest in digital business transformation and work with big data, etc.

Today, in the field of entertainment, there is a transition from extensive development (in breadth) to intensive development (in depth). The various kinds of changes that the entertainment services market has undergone from a strategic standpoint arose as a necessity because the main areas of this type of market were identified for the following few years. The elements of the adaptation of the entertainment services market to the new conditions caused by the COVID-19 pandemic include: the ability to reorient to the domestic market, promote services for personal groups, actively master online tools for the subsequent holding and organisation of various events, optimise the organisational structure, provide an opportunity to increase the share of attention to the promotion of territories and event venues, provide the possibility of creating pent-up demand and stimulating pre-orders. Based on the existing data, it seems possible to predict: the transformation of processes and approaches to organising and holding events, which is closely related to the expansion of contactless service tools used in the work; the transition of the majority of entertainment market participants to online format; the complication of the structure of online offers; an increase in the requirements on the part of participants and visitors to the quality of organisation and holding of various events. The development of the entertainment services market can ensure the individualisation of involvement in various events, create a space where entertainment events are held in a convenient manner, using gamification tools to involve participants, promptly analyse and fulfil incoming requests, and ensure security, etc.

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