

Artsy Gallery Insights: 2020 Report

Insights from 1,000+ galleries around the world informing how digital trends and online behavior will shape the art market in 2020.

Letter from Dustyn

I'm excited to report that for the first time in three years, we are seeing galleries becoming more confident in the online art market.

When we started surveying galleries in 2017, many reported feeling uncertain about the future of the online art market. The online art world was here to stay, but galleries wondered what an art market that was both online and offline would look like. How would evolving technology and increased access to information impact a gallery's business, brand, and program?

Three years have passed since then, and much has changed in the art world. We've seen online sales break artist records, monumental shifts in the consignment business, and new currencies used to buy and sell art. This year, 1,000 art businesses across the world—large, small,

old, and new—reported investing more resources in their online presence, and building strategies around that presence which they feel align with their changing business needs.

As we progress into the next phase of the online art market and witness new levels of access, connection, and transaction, I hope you will take the time to explore the third installment of our annual report, *Artsy Gallery Insights: 2020*. I am confident that the insights from this report will help your business as it continues to grow.

Wishing you success in 2020,



Dustyn Kim
Chief Revenue Officer

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The slide features a dark blue background with three large, overlapping, light blue organic shapes. The text 'Executive Summary' is centered in a white, serif font.

Executive Summary

About This Report

For the third installment of our in-depth industry research report, we received more survey responses than ever before. Using feedback from 1,000 art businesses across 75+ countries, Artsy researchers explored year-over-year trends, discussed the realities of the art market today, and created recommendations for how galleries can prepare for the year ahead. This report investigates the distinct realities, challenges, and opportunities for art businesses of different sizes, maturities, markets, and regions. In order to explore these differences and similarities, Artsy created audience cohorts across these four areas:

Business size

Small art businesses are run by a single full-time employee; medium-sized art businesses employ 2–6 full-time employees; and large art businesses employ 7 or more full-time employees.

Market

Primary market art businesses have an inventory of mostly primary market works, and secondary market art businesses have an inventory of mostly secondary market works.

About This Report *(cont'd)*

Business maturity

New businesses have been in operation for 3 years or less; young businesses have been in operation for 3–14 years; and mature businesses have been in operation for 15 years or more.

Region

This report looks at art businesses in the following five geographical areas — Africa & the Middle East; Asia & Oceania; Europe; Latin America; and North America.

Key Findings

1 Art businesses are investing in online platforms and gaining confidence in their online strategies. In 2018, only 11% of art businesses believed they had a well-defined strategy for managing their online presence. In 2019, that number jumped to 48%. Why? This confidence may be due in part to the introduction of staff members devoted to managing online presence; some galleries reported new titles such as Head of E-Commerce and Artsy Manager. Notably, partnering with an online art platform also appeared to bolster confidence. In fact, 15% more art businesses are partnering with online art platforms in 2019 than in 2018.

2 Online sales are proving to be more cost-effective than offline sales. The average commission — defined as a business's earnings from a sale — for art businesses selling works online was reported to be 50%. Art businesses that relied solely on offline sales tactics reported an average commission of 43%.

**These commissions are for primary market works only.*

3 Art businesses remain divided on visible pricing, despite collectors demonstrating a clear preference for it. Between businesses that display prices for artworks and those that don't, both sides similarly cited increasing sales as one of the most important factors when considering whether or not to display a work's price. Although art businesses are still divided when it comes to displaying prices, buyers have made their preference for visible pricing clear. While businesses may choose to not display prices in order to drive sales, many collectors consider this lack of pricing information to be a "roadblock" when trying to buy art, as previously reported in Artsy's 2019 Online Art Collector Report. The earlier report also found that even collectors with the highest average budgets and the most experience in the market are the most likely to mention the lack of available pricing as a pain point.

Key Findings *(cont'd)*

4 **Galleries are continuing to invest in art fairs.** The majority of surveyed galleries reported that their largest budget item is art fairs. In 2019 alone, galleries spent an average of \$43,000 on fairs. However, the marketing channel that brings in the most sales for galleries is email marketing. Fairs continue to be a high-cost investment for many galleries, but they often don't drive more sales for them — which may mean these galleries primarily see fairs as a way to meet new collectors.

5 **Different markets have different drivers of sales.** Art fairs drive the most sales in Africa, the Middle East, and Europe. In Latin America, galleries cited events (not including fair booths) as their largest source of sales, while galleries in Asia, Oceania, and North America cited email marketing. As the art market becomes increasingly global, it's no surprise that collectors in different markets engage with galleries in different ways. Understanding these behaviors will be key for galleries connecting with collectors native to their region and beyond.



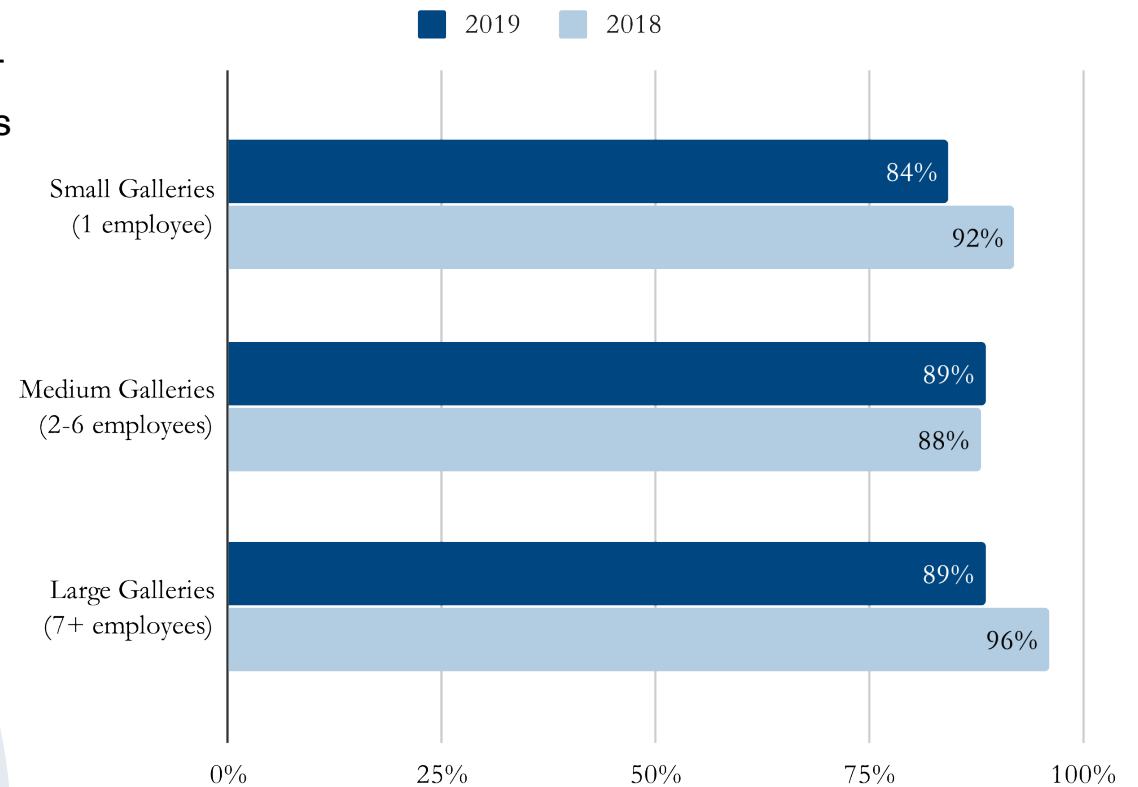
Year-over-Year Trends

Year-over-Year Trends

The percentage of small and large galleries offering art for sale online dipped from 2018 (by 8% and 7%, respectively), while medium-sized galleries mostly stayed consistent year over year (down 1%). Despite this slight decrease in galleries offering art online, those who choose to offer art online are increasingly confident and invested in reaching collectors through online channels.

Notably, half of the businesses that did not offer art for sale online in 2019 still partnered with at least one online art platform this year. The increase in galleries that reported using an online art platform in 2019 demonstrates how the art market has embraced a shift to the internet. While these galleries did not necessarily sell art online this year, they did find it necessary to have an online platform partner as part of their marketing strategy.

Galleries that Offered Art for Sale Online

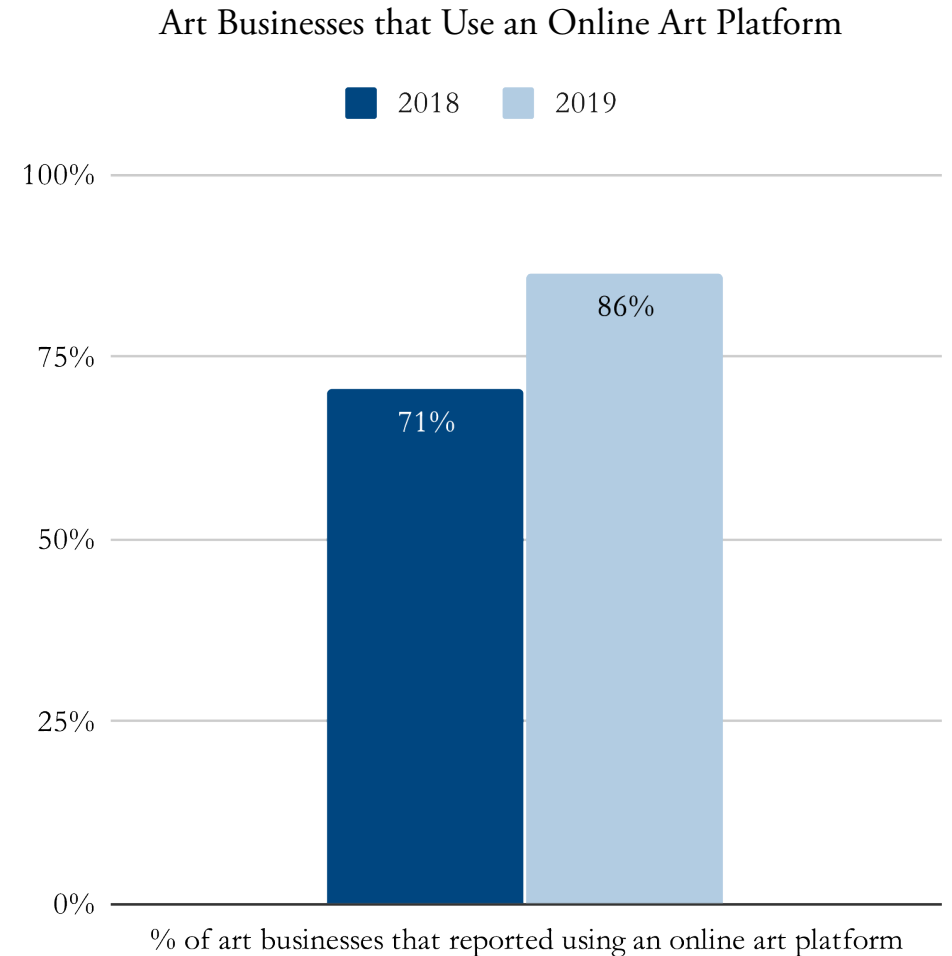


Reported confidence in online strategy proved to be the most significant difference in our year-over-year comparisons. In 2018, only 11% of businesses believed they had a well-defined strategy for managing their online presence. That number jumped to 48% in 2019.

Year-over-Year Trends *(cont'd)*

The percentage of online-only art businesses (15%) and art businesses with permanent physical locations (85%) remained unchanged year over year. This data suggests that the online storefront complements a physical space instead of eclipsing it—and more galleries are finding it necessary to have an online presence.

And while galleries continued to report existing clients as their greatest source of sales in 2019, one gallery owner noted in the survey that “reaching out beyond our local market is critically important.” An online presence plays a critical role in ensuring access to buyers who have the potential to become repeat clients. From sharing exhibitions with a worldwide audience to attracting new clients, an online presence helps art businesses build long-term stability and success.



2020 Findings

Storefronts: Online and Offline

Online platforms, mobile apps, and e-commerce capabilities have ushered in the age of the online storefront for art businesses and art buyers.

While the online storefront helps galleries reach new collectors, it requires time and can be costly to run.

According to our survey, 78% of new businesses (less than 3 years in operation) offered art for sale online in 2019, versus 85% of young businesses (3–14 years in operation) and 84% of mature businesses (15+ years in operation).

A key difference between businesses that offer works for sale online and those that don't is commission structure.

The average commission for art businesses offering works for sale online was reported to be 50%, while art businesses that do not offer works for sale online reported an average commission of 43%.¹

Some art businesses (15% of those surveyed) have decided to forgo a permanent physical location and make their online storefront their primary “space.” Secondary market businesses are twice as likely to be online-only galleries when compared with primary market businesses.

Partnering with an online platform correlates strongly with confidence in online strategy. While art businesses grew more confident overall in their online strategies this year, there is a significant difference between businesses with online art platform partnerships and those without:

According to the survey, 51% of art businesses on online platforms believe they have a well-defined strategy for managing their online presence. For businesses without an online art platform partnership, this figure dropped to just 31%.

¹These commissions are for primary market works only. Commission is defined as the revenue a gallery takes in after other costs, such as artist commissions, art advisor fees, buyer discounts, and so on, have been subtracted.

Storefronts: Online and Offline *(cont'd)*

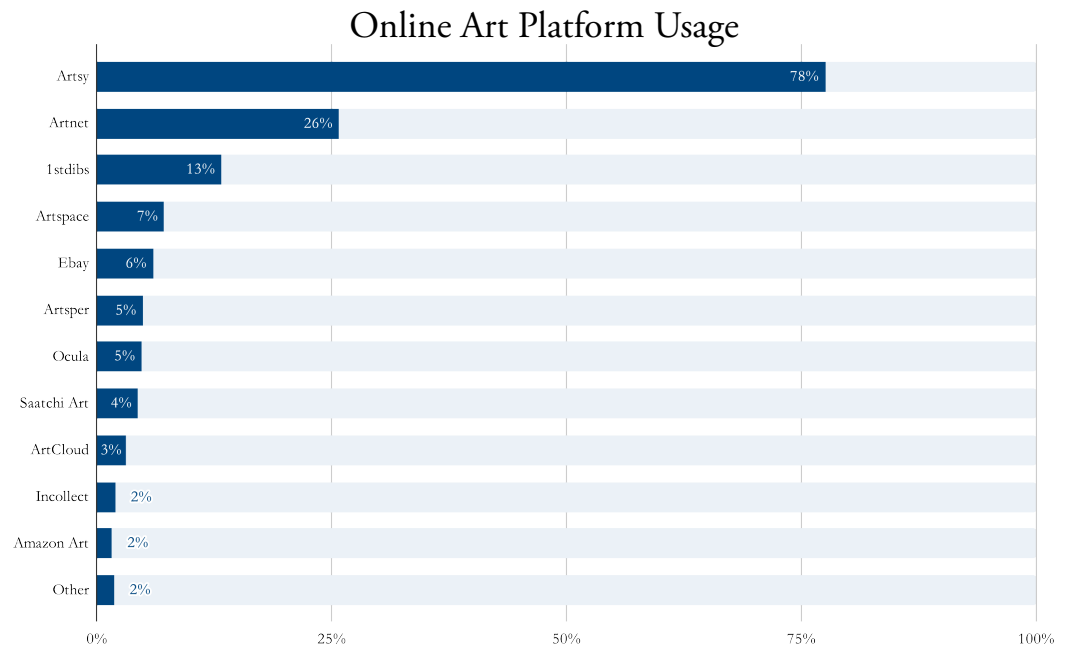
Among the surveyed businesses that partner with online art platforms, Artsy was reported to be the most-used platform, followed by Artnet and 1stDibs. Furthermore, 72% of mature businesses (15+ years in operation), 68% of young businesses (3–14 years in operation), and 59% of new businesses (less than 3 years in operation) were already on Artsy at the time they were surveyed for this report.

With online sales bringing in significant revenue, art businesses have begun prioritizing the management of their online presence. The recent overall increase in confidence online may also stem from the fact that galleries are now hiring staff members to manage their virtual presence: Some survey respondents reported new titles at their gallery such as Head of E-Commerce and Artsy Manager.

[Read our Collector Spotlight](#) to learn more about who collects art online, and find out who's collecting on Artsy.*

**See featured gallery resources on page 40 of this report.*

With advanced strategies and new roles dedicated to managing online storefronts, what exactly are art businesses looking to get out of their partnerships with online art platforms? Survey respondents cited access to high-net-worth collectors as the most important offering from online art platforms. This was followed closely by promotional opportunities for artists and exhibitions, and then by help entering international markets.



**Please see the Methodologies section of this report for more information about the audience that was surveyed.*

Marketing

Insights into Digital Channels

The majority of galleries surveyed for this report cited social media as their most-used marketing tactic in 2019. Since social media is highly visual, it's no surprise that the art world has adopted it as its primary marketing channel.

Consumer data proves the value of social media, as well: In Artsy's 2019 Online Art Collector Report, social networks were listed among the highest ranking art discovery channels for collectors. Furthermore, it was found that 66% of art buyers use Instagram and other social networks to keep up with the art world.

Online art platforms and events (e.g., exhibition openings and gallery talks) were tied for the second-most-used marketing tactics used by art businesses.

Events were found to be significantly less popular among businesses selling mostly secondary market works, with less than half of these businesses reporting that they used events as a marketing tactic in 2019.

*See featured gallery resources on page 40 of this report.

The most lucrative marketing tactic for driving art sales in 2019 was email marketing. This aligns strongly with the most commonly reported source of sales: existing clients. Having a dedicated gallery newsletter to send out regular updates, press releases, and exhibition announcements is one of the best ways to keep clients up to date and engaged with a gallery's program.

However, for new businesses — many of which may still be trying to build their client and email lists — the marketing tactic that drove the most sales in 2019 was not email marketing, but events (not including fair booths).

Several galleries cited the usage of multiple channels to drive different results, so it's worth considering the importance of building a multi-channel marketing strategy for your gallery as different avenues emerge to maximize opportunities for connecting with collectors.

Optimize your email strategy with [The Gallery's Guide to Email Marketing](#), and learn how to build a comprehensive digital strategy with our [30-Minute Digital Strategy Worksheet](#).*

Marketing *(cont'd)*

Marketing Budgets

While galleries mostly used digital marketing channels in 2019, offline channels, such as fairs and events, took the largest chunk of marketing dollars, indicating the cost-effectiveness of online channels. The highest spending for art businesses proved to be on fairs, with 40% of fair-participating businesses spending over \$50,000 on them, compared to \$5,000 on paid advertising and \$1,900 on email marketing.

Get more out of your fair investment with Artsy's [Complete Fair Strategy for Galleries worksheet](#).*

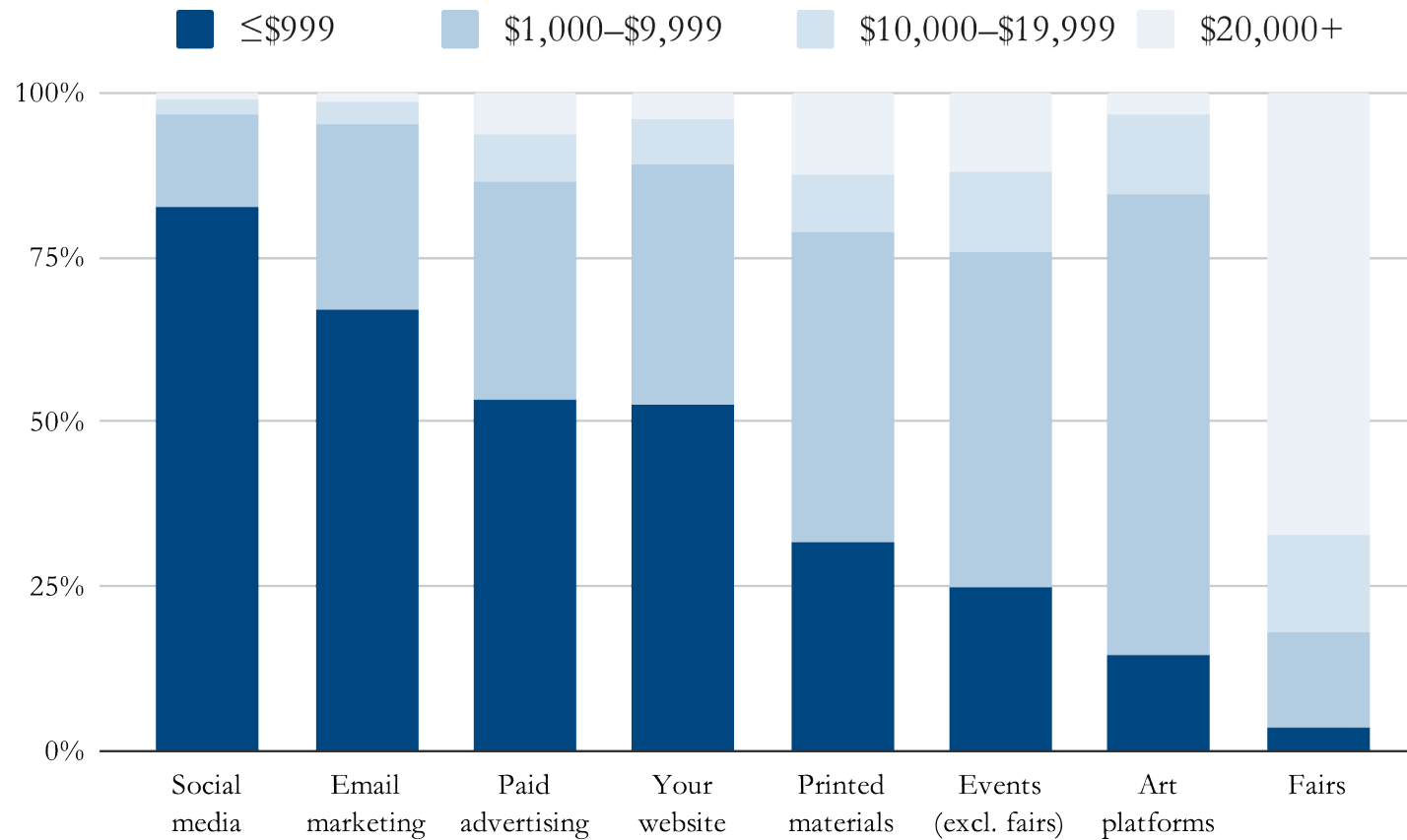
Average Budget by Channel

Art fairs	\$43,000
Events (not including fair activity)	\$8,400
Printed materials (e.g., exhibition postcards, catalogues)	\$7,200
Paid advertising (e.g., Facebook ads, magazine ads)	\$5,000
Online art platform (e.g., Artsy, 1stdibs)	\$4,500
Your business website (excluding online art platforms)	\$3,400
Email marketing	\$1,900
Social media (unpaid or organic)	\$1,300

*See featured gallery resources on page 40 of this report.

Marketing *(cont'd)*

Annual Marketing Budgets by Marketing Channel in 2019



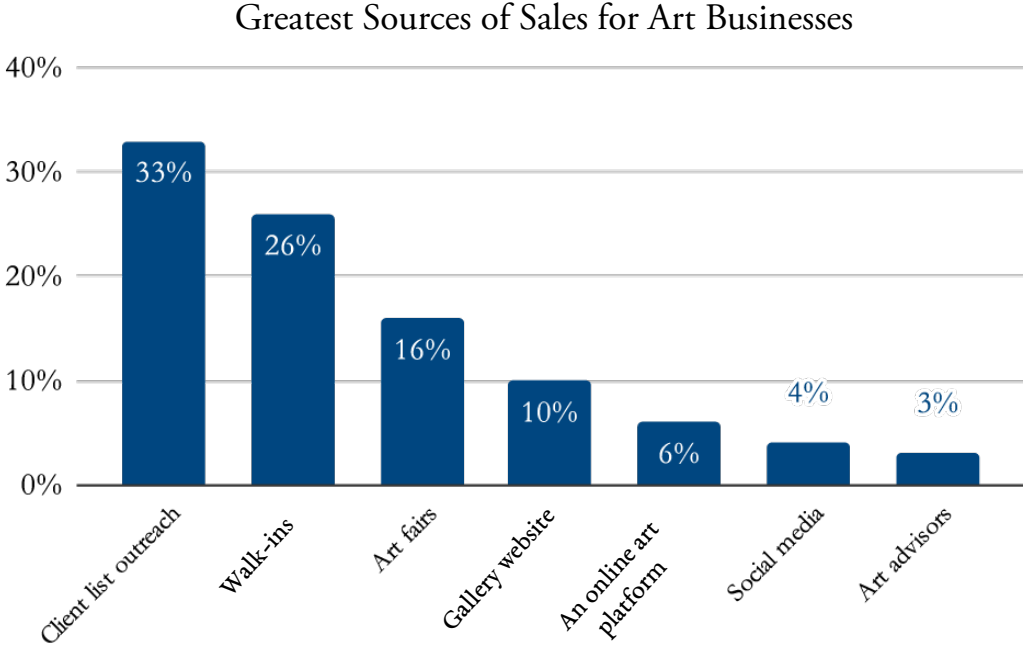
Plan your budget with [The Gallery's Guide to Finance.*](#)

*See featured gallery resources on page 40 of this report.

Sales

Where Collectors Are Buying Art from Galleries

Client list outreach was the greatest source of sales for galleries in 2019. When considering business maturity, the outlying group was new businesses, who mostly cited walk-ins to their physical space as the greatest source of sales; this group also reported events as their most successful marketing tactic. Not surprisingly, sales and marketing channels that do not rely on pre-existing relationships were cited by new businesses as being the most successful.



Sales *(cont'd)*

Fairs—the most expensive marketing channel—were cited as the third-greatest source of sales in 2019 for all survey respondents. Even among mature businesses, only 15% cited fairs as their greatest source of artwork sales this year, while more than twice as many said that client list outreach was their greatest source of artwork sales. This finding, however, is not consistent across all regions—nor does it mean that fairs are no longer an effective marketing channel for gallerists, as they remain pivotal moments in the art world at large. Art businesses in Africa and the Middle East reported fairs as their greatest source of sales in 2019 over client outreach lists, and European businesses noted that art fair participation was their most successful marketing tactic in terms of generating sales this year.

While online sources of sales, represented here by the options “My gallery’s website” and “An online art platform,” were collectively cited as the greatest source of sales by 16% of galleries, recent collector research indicates that this number has the potential to be much higher.

Nearly two-thirds of all collectors surveyed in Artsy’s 2019 Online Art Collector Report said they had purchased art online in the past. Collectors are online and looking for ease of purchase, whether it’s through a website or an online art platform. And online transactions don’t only lower the barriers to entry for new buyers: In the report, established collectors most frequently cited speed and the lowered friction of transacting online as reasons for making their art purchases via the web.

Buyers

Buyer Location

Despite potential difficulties around shipment, language, and taxes, our data shows that art businesses do not show a significant preference for buyer location. A vast majority have no preference for buyer location, with only 22% of respondents stating a preference for buyers based in their own country, while 5% said they have a preference for buyers outside of their country.

In Artsy's 2019 Online Art Collector Report, buyers newer to the market frequently mentioned an interest in discovering artists from specific regions — particularly those far from where they live. Ensuring online access can help collectors support regional hubs and discover artists they might not have encountered otherwise.

“About one-third of our sales are the result of our online presence, and these are almost all international.”

— Associate director of a young, medium-sized art business based in North America

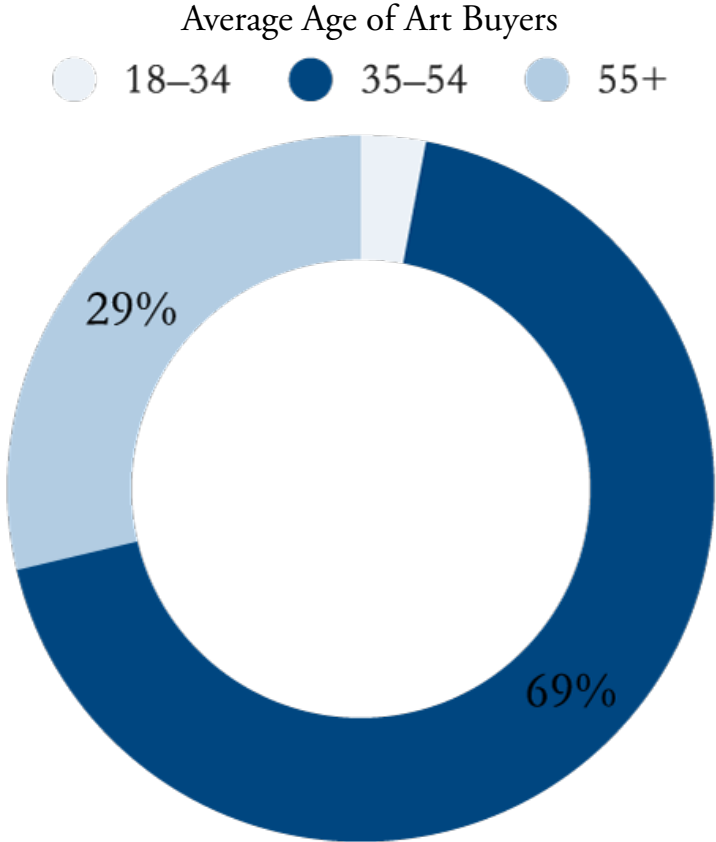
Buyers *(cont'd)*

Buyer Age

The average age of buyers reported by art businesses has stayed static year over year, and art businesses are looking for ways to connect with the untapped next generation of collectors.

One way art businesses have been working to engage the new generation of art buyers is with social media—the most-used marketing tactic of 2019. Despite these efforts, art businesses still reported having a generally older clientele, with the average collector being 47 years old.

This discrepancy may be explained by the fact that despite social media being a useful tool for discovery, it falls behind other channels when it comes to driving sales, likely due to the lack of e-commerce tools available. Only 26% of online collectors surveyed in Artsy’s 2019 Online Art Collector Report said they ever purchased art on a social media platform.



Buyers *(cont'd)*

A North American art consultant who participated in the survey for this report noted that “the collector population is aging” and asked, “How do we attract the millennials?” One answer is by leaning into online sales channels. Artsy’s 2019 Online Art Collector Report found that buyers with the least experience often said they find the offline art world intimidating, and have gravitated online as a result.

Listing art online is only part of the solution, as collectors who transact on the web expect an ease of purchase. This includes price information, free shipping, instant payment processing, and access to all available inventory. By providing these features, galleries can help to lift the current barrier when it comes to growing the online art market—making it a more viable sales source while also ushering in the next generation of collectors.

“We have realized the need to start building a new base of collectors. Most of our clients are aging seasoned collectors or art buyers, and there is a real need to connect with new generations of art buyers, without compromising our art vision/beliefs.”

— Gallery manager at a mature, medium-sized art business based in Latin America

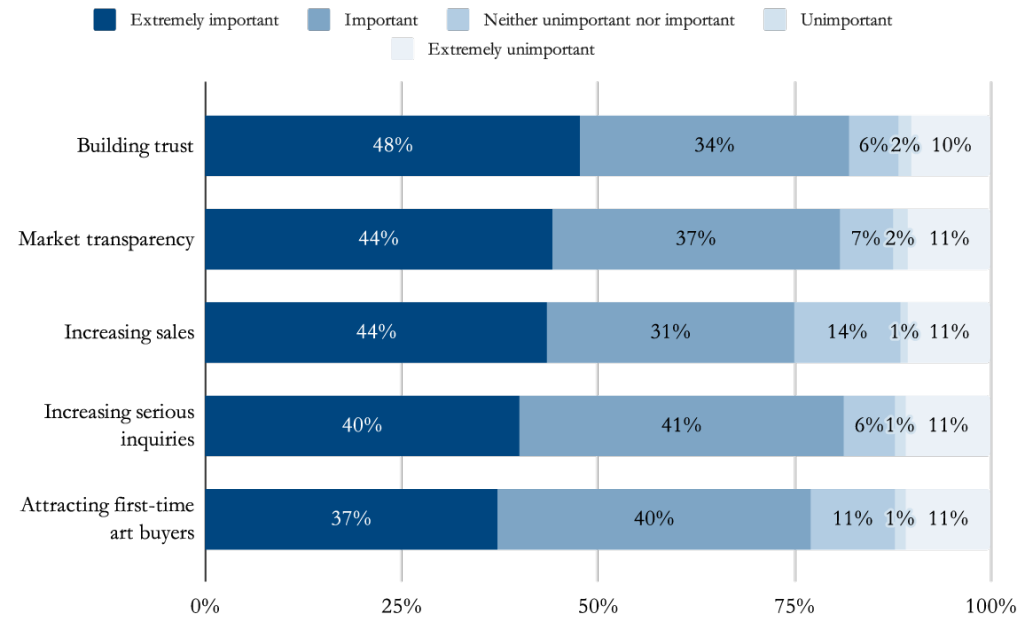
Pricing Artwork in 2019

Displaying Prices

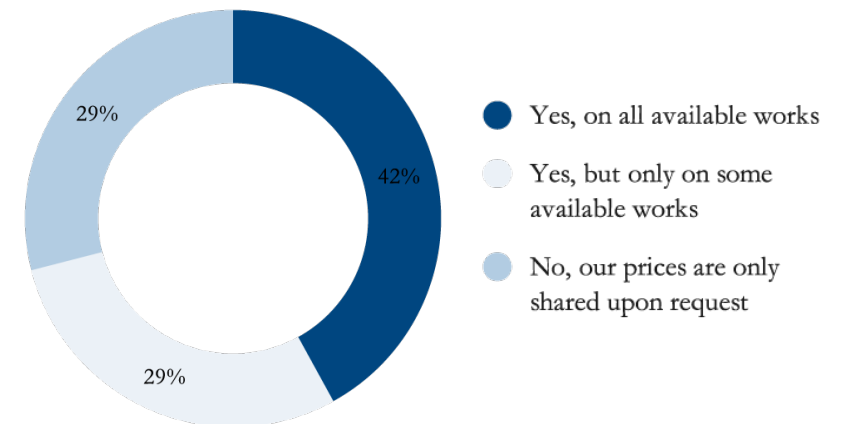
Art businesses recognize that collectors expect easy access to prices, and as a result, many are taking action to change the industry's traditional model of discretionary pricing online.

Of the surveyed businesses, 78% reported displaying prices on at least some of their works. This group cited building trust, market transparency, and increasing sales as their biggest motivators for choosing to display prices.

Motivators for Displaying Prices



Price Display Practices



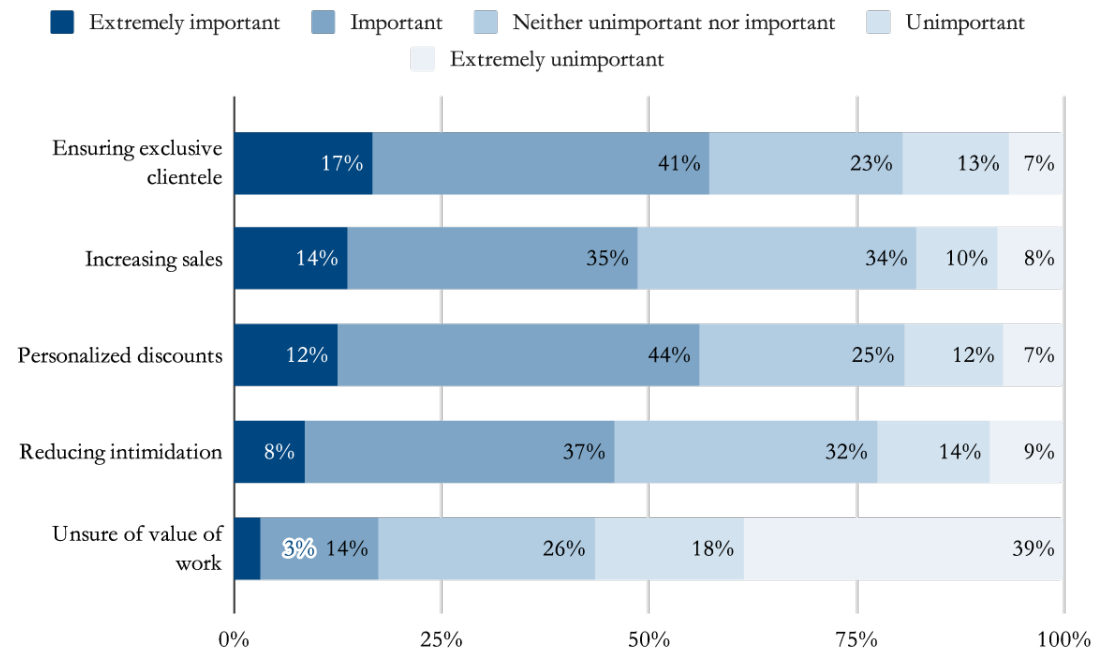
Pricing Artwork in 2019 *(cont'd)*

Meanwhile, the 29% of surveyed art businesses that don't display prices reported that ensuring exclusive clientele, increasing sales, and providing personalized discounts are their primary motivators to keep artwork prices hidden.

Although these groups have different approaches to the displaying of prices, their responses demonstrate that their motivations are often aligned. For instance, both sides reported “increasing sales” as a major factor in whether or not they choose to display prices of artworks.

And while some art businesses reported that they keep prices hidden with the aim to drive sales, it actually may have the opposite effect. Lack of access to prices was the most frequently cited roadblock to buying art among the collectors surveyed for Artsy's 2019 Online Art Collector Report. Even collectors with the highest average budgets and the most experience in the market were the most likely to mention the lack of available pricing as a pain point. Ultimately, available pricing is a key motivation to get collectors of all levels to transact online.

Motivators for Not Displaying Prices

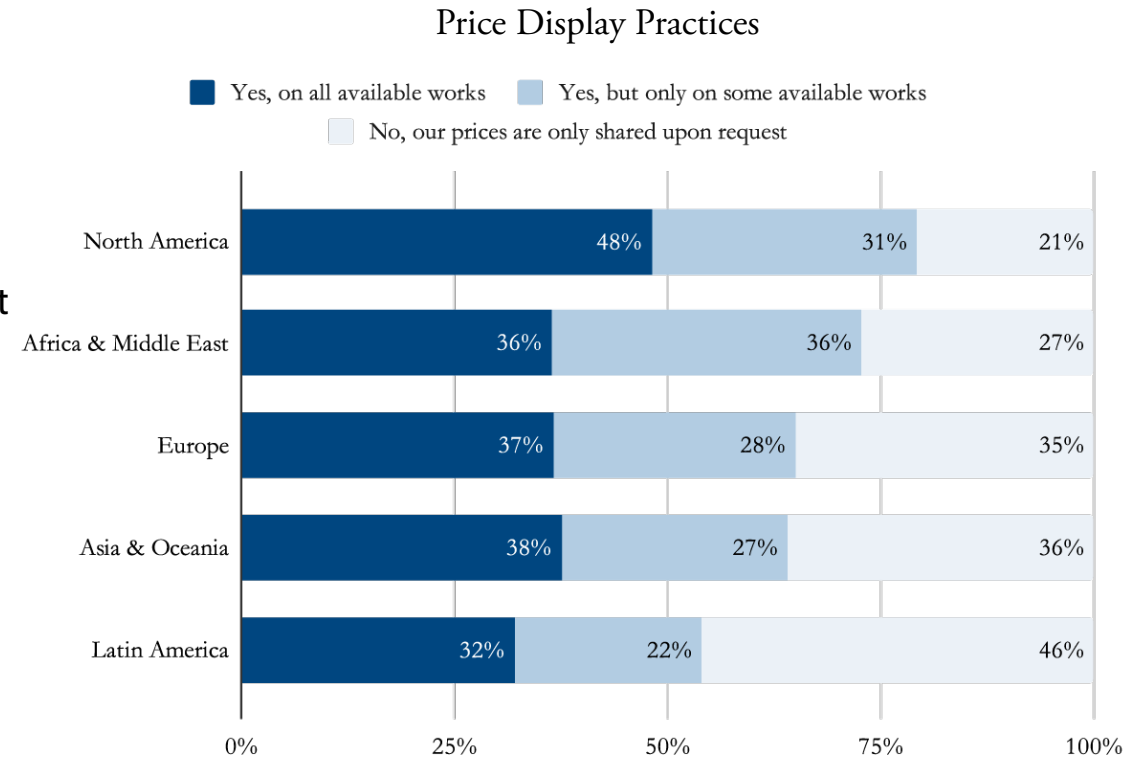


Pricing Artwork in 2019 *(cont'd)*

Regional Pricing

Across regions, approaches to price visibility vary significantly. North America has the largest percentage of art businesses that choose to display prices, with 79% reporting that they make prices visible for at least some available works. Latin American art businesses are the least likely to display prices, with 46% of the surveyed galleries reporting that all prices are only available upon request.

As we have mentioned, the biggest roadblock for collectors when trying to buy art is the lack of access to prices, according to Artsy's 2019 Online Art Collector Report. And in the survey conducted for that same report, "buyers newer to the market frequently mentioned an interest in discovering artists from specific regions and in diving into niches within the wider field of emerging artists." Therefore, galleries in all regions should consider adopting a pricing strategy that moves towards more transparency.





Regional Analysis

Regional Analysis

As the internet continues to aid in the globalization and expansion of the art market, it has become increasingly relevant for galleries and collectors to understand the nuances of various markets around the world.

Our survey respondents came from over 75 countries, helping to shed light on the similarities and differences that exist across the global art market today.



Africa & Middle East

Fairs are currently the largest driver of sales for galleries in Africa and the Middle East, but that may soon change. As one Africa-based curator noted, “The online space is much more lucrative for galleries based in or representing the work of contemporary African artists because we give collectors globally an opportunity to engage with and to acquire works they would otherwise not have been able to access or locate, due to geographic and other considerations.”

Average age of buyers

44

Largest source of artwork sales in 2019

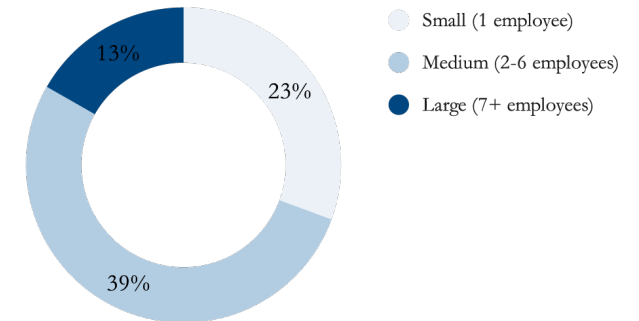
Art fairs

Most successful marketing tactic in terms of driving sales

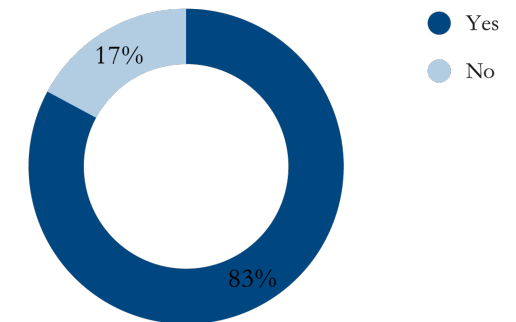
Art fairs



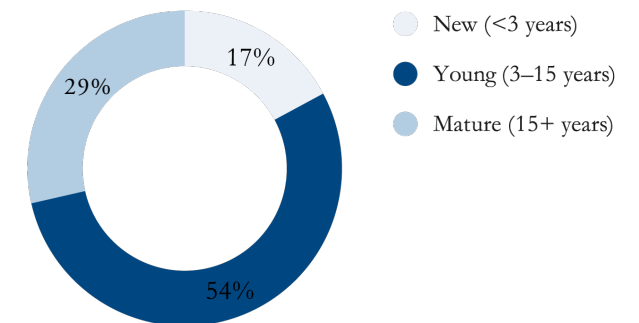
Business Size



Brick-and-Mortar Store



Business Maturity



Asia & Oceania



Businesses in Asia and Oceania also seem to be the most confident in their online strategy. Within this group, 55% of respondents agreed with this statement: “I believe my business has a well-defined strategy for managing its online presence.”

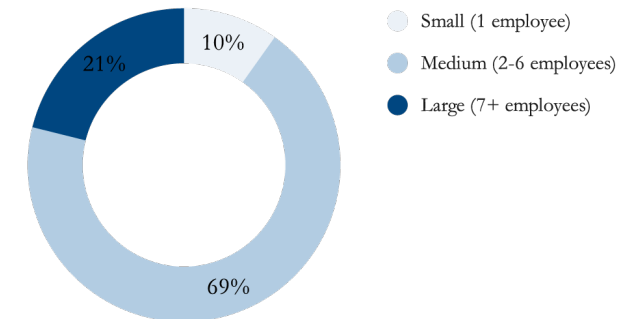
Asia- and Oceania-based businesses tended to be more mature than the overall sample as a whole. Of the respondents from this region, 42% reported having mature businesses (15+ years in business). Only 9% said their business is less than three years old.

Average age of buyers
40

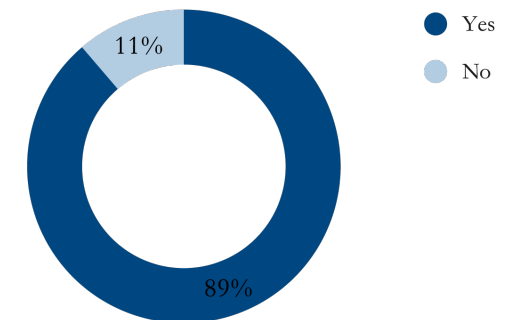
Largest source of artwork sales in 2019
Client list outreach

Most successful marketing tactic in terms of driving sales
Email marketing

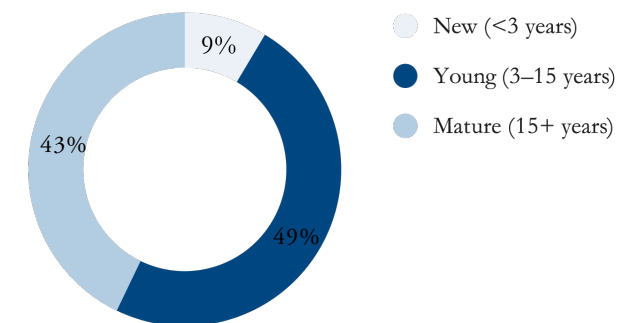
Business Size



Brick-and-Mortar Store



Business Maturity



Europe



Europe had the second-largest portion of new businesses among the overall sample, with 22% reporting that they've been in operation for less than three years. This aligns strongly with global trends: According to U.S. News's 2019 Open for Business Report, four of the top five most business-friendly countries in the world are European.

Average age of buyers

45

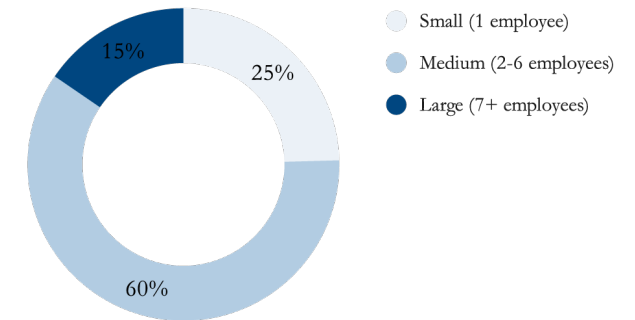
Largest source of artwork sales in 2019

Client list outreach

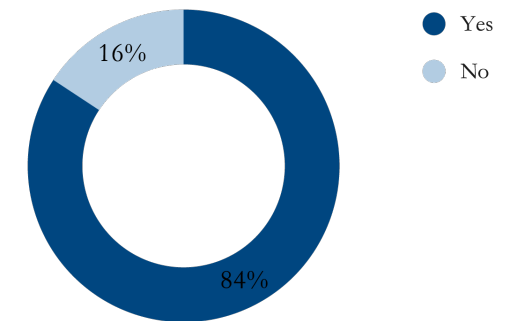
Most successful marketing tactic in terms of driving sales

Art fairs

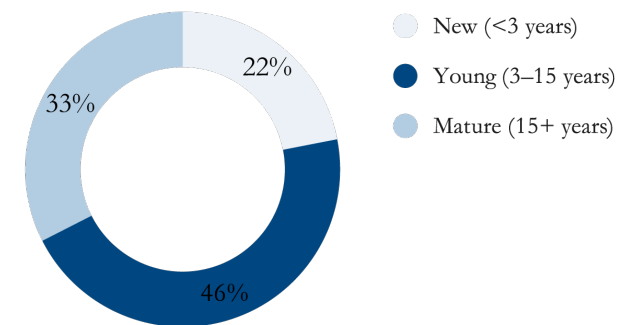
Business Size



Brick-and-Mortar Store



Business Maturity



Latin America

Latin America had the largest portion of new businesses among the overall sample, with 23% of galleries reporting that they've been in business for less than three years. This region also had the greatest percentage of large businesses (24%).

Average age of buyers

47

Largest source of artwork sales in 2019

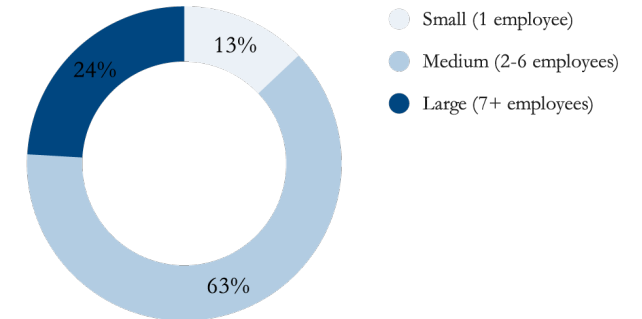
Client list outreach

Most successful marketing tactic in terms of driving sales

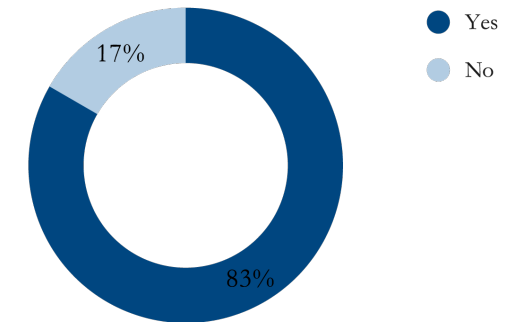
Events (not including fair booths)



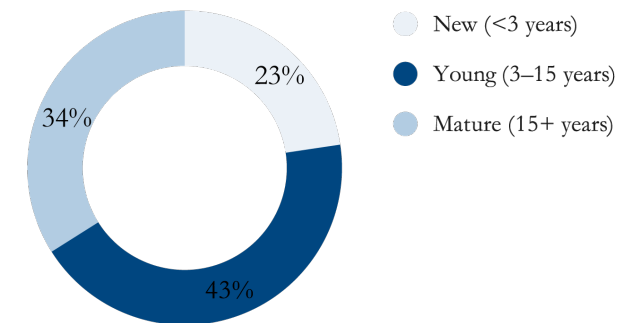
Business Size



Brick-and-Mortar Store



Business Maturity



North America



North American art businesses are some of the most confident when it comes to their strategy for an online presence, seeing as 53% agreed with this statement: “I believe my business has a well-defined strategy for managing its online presence.” Additionally, 92% of North American galleries are on an online art platform.

Average age of buyers

45

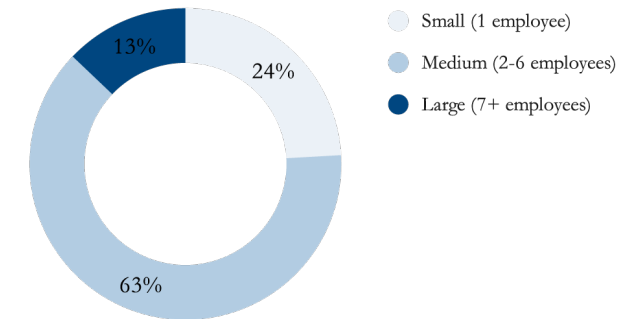
Largest source of artwork sales in 2019

Client list outreach

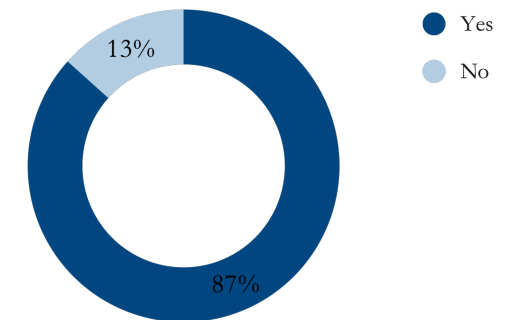
Most successful marketing tactic in terms of driving sales

Email marketing

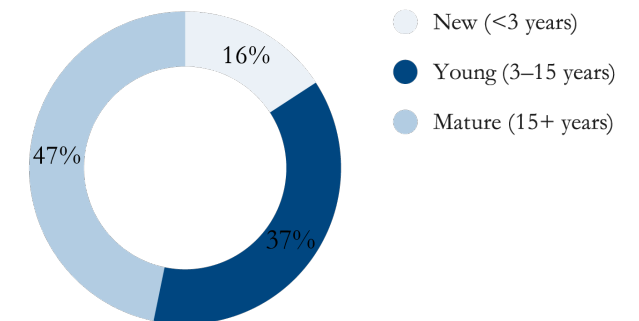
Business Size



Brick-and-Mortar Store



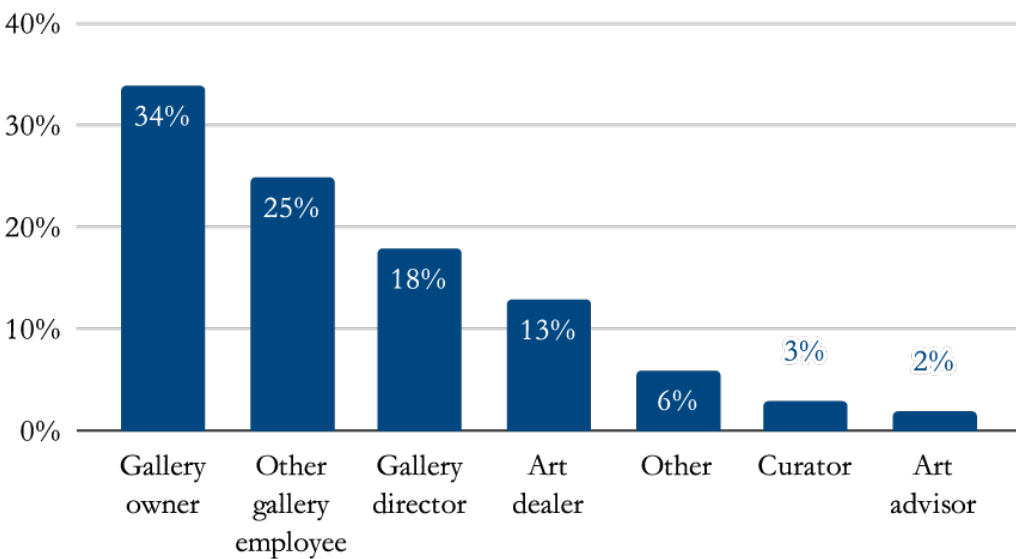
Business Maturity



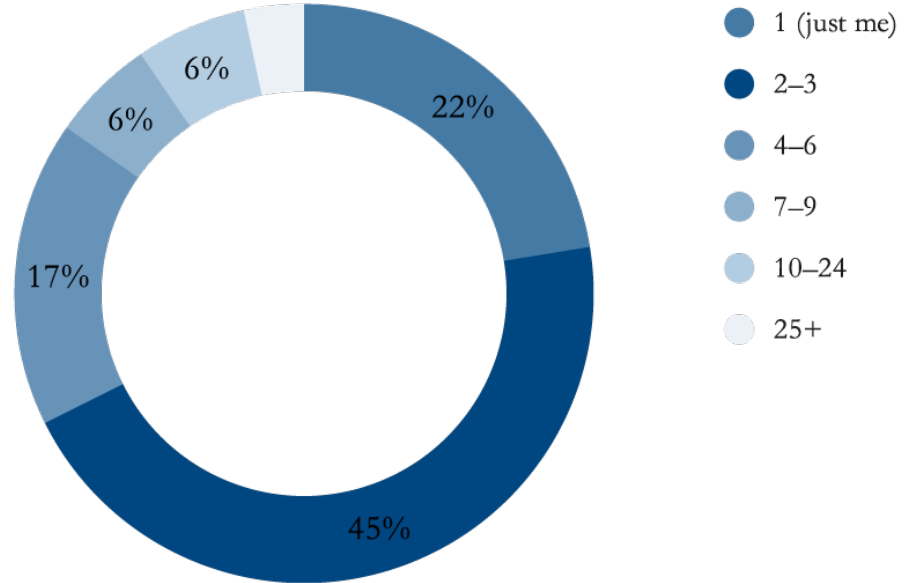
Survey Demographics

Survey Demographics

Q1 Which of the following best describes your current job title? Select one.

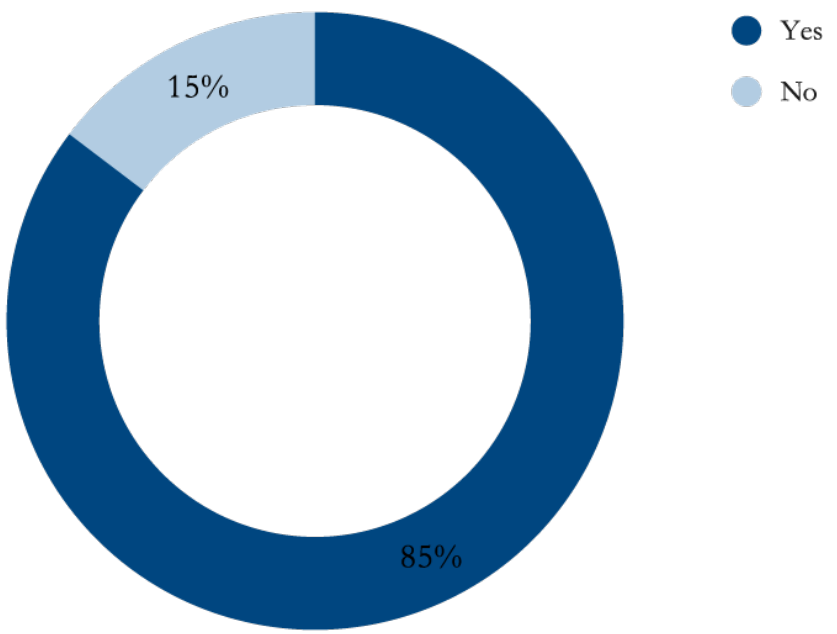


Q2 How many full-time employees work at your business? Select one.

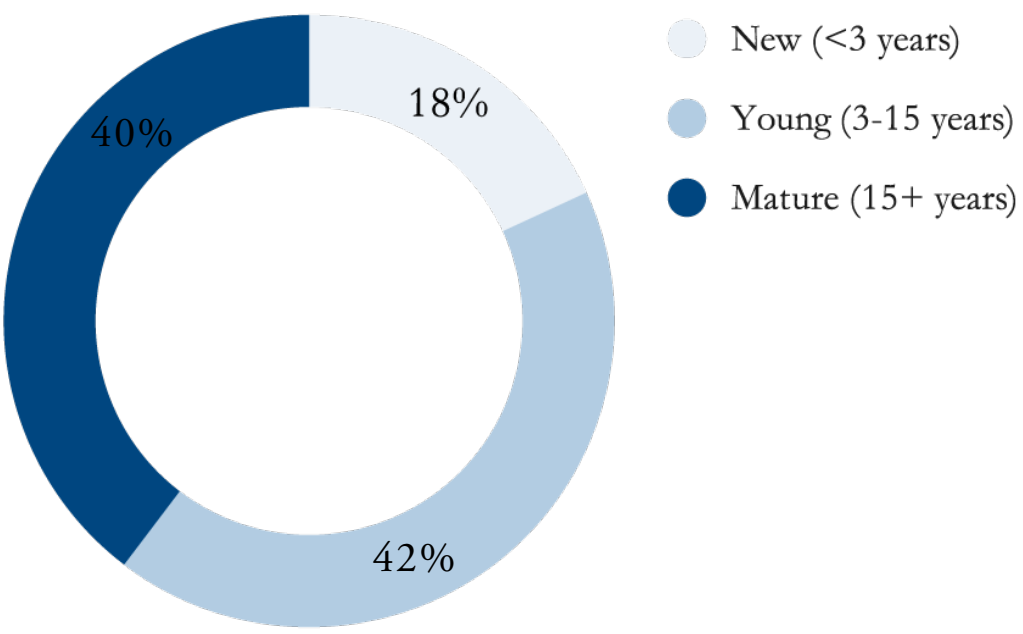


Survey Demographics *(cont'd)*

Q3 Does your business have a permanent, physical location (i.e., a brick-and-mortar storefront)? Select one.

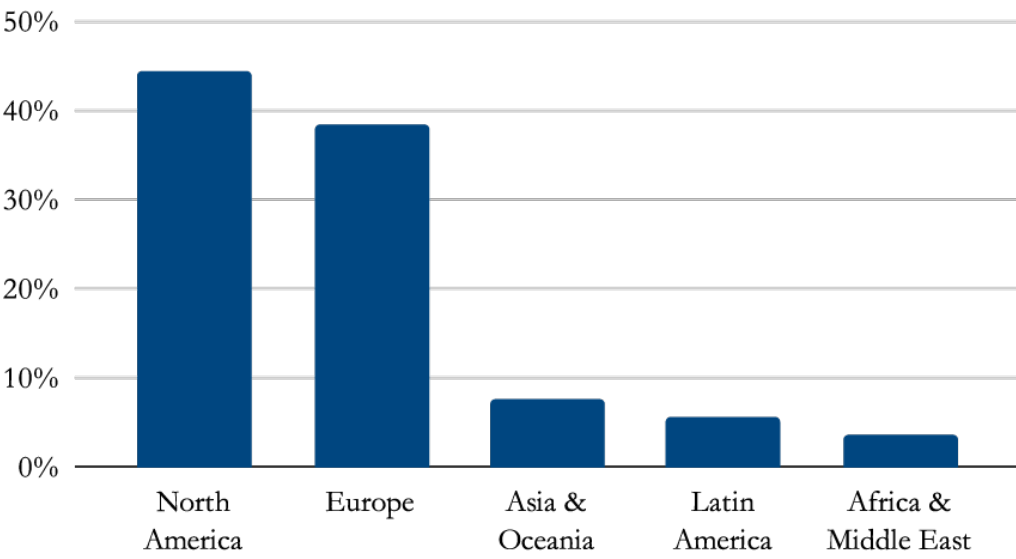


Q4 How long has your business been in operation? Select one.

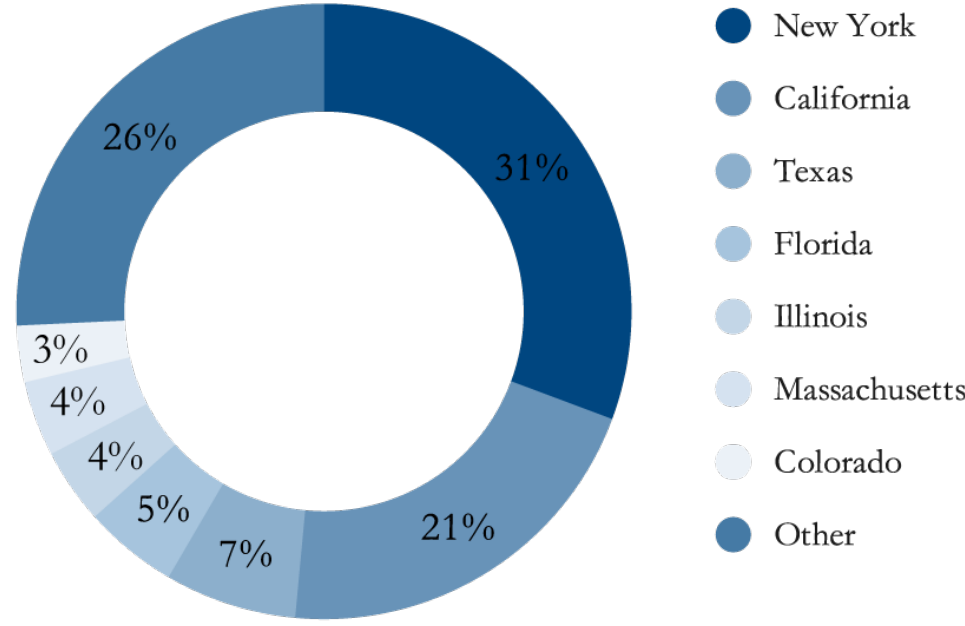


Survey Demographics *(cont'd)*

Q5 Which region does your business primarily operate out of? Select one.



Q6 Which state does your business primarily operate out of? Select one. *Only for U.S. galleries.*



Methodologies

Methodologies

Conducted in October 2019, this survey generated responses from gallery professionals (including but not limited to Artsy partners). After control measures to ensure accuracy and quality of the survey response data, 1,000 respondents were included in the final sample. This research was compared to last year's report data, which was collected from 700 respondents in October 2018.

This report has not been created for any specific gallery and should be taken as general advice. Results are not guaranteed.



Featured Gallery Resources

Featured Gallery Resources

Open the camera app on your mobile phone to scan the QR code and access Arty's complimentary gallery resources referenced throughout the report.



Collector Spotlight



The Gallery's Guide to Email Marketing



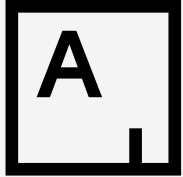
Worksheet: Your Digital Strategy in 30 Minutes



Worksheet: The Complete Fair Strategy for Galleries



The Gallery's Guide to Finance



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