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### The Art of Marketing Luxury

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The Art of Marketing Luxury

by

Aiho Tan

A thesis submitted in conformity  
with the requirements for the  
Master's Degree in Art Business  
Sotheby's Institute of Art

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# The Art of Marketing Luxury

By: Aiho Tan

## **Abstract**

Luxury businesses face the paradoxical challenge of growing a business whilst upholding an aura of exclusivity. The objective of this thesis is to examine the key marketing strategies employed by leading luxury brands ranging from fine art to real estate. This paper examines whether luxury brands need to embrace digital innovation and technology in order to remain leaders of luxury. First-hand insight from industry leaders and case studies reveal that luxury brands need to embrace digital, utilize the power of experiential marketing strategies, invest in creative talent, strategically partner and collaborate with brands and individuals, and craft an authentic narrative that resonates with their consumers. Furthermore, as luxury consumers are driven experientially, it is important that luxury brands create memorable experiences that can be shared. With Generation Z and Millennials set to take over as the main segment of luxury consumers with the strongest purchasing power, it is crucial that brands understand their buying behaviors and cater to the preferences of the digitally native generations. The future of luxury marketing is 'phygital', where the physical world and digital technology unite to deliver luxury consumers a uniquely optimized and enhanced experience.

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To my parents, for their unconditional support.

## INTRODUCTION

The global luxury business is a trillion dollar market.<sup>1</sup> Luxury can be defined as a state of great comfort or elegance, especially when involving great expense.<sup>2</sup> The term luxury often connotes opulence, rarity, and exclusivity. For some collectors, luxury is the sheer pleasure and satisfaction of securing a piece of art history or being offered a highly coveted Hermès Birkin bag. Whether you are playing the auction or handbag game, it is evident that marketing plays an integral role within the luxury business.

The purpose of this paper is to examine and analyze how leading luxury brands, ranging from fine art to real estate, employ key marketing strategies to position themselves as pioneers and leaders in the luxury and art market. In particular, this paper will examine whether luxury brands need to embrace the shift from physical to digital to remain relevant leaders in the luxury market, successfully capture the attention of consumers, and effectively manage the perception of their brands. Importantly, luxury businesses face the paradoxical challenge of growing a brand whilst upholding an aura of exclusivity. First-hand insight from industry leaders and disruptors will be provided as they envision what is next for the future of luxury marketing.

Coinciding with the rise of ecommerce and social media, luxury brands have been devising new and innovative ways to engage with their target audiences. Traditionally, luxury brands have used print catalogues and email marketing to market products and store openings to consumers. However, these traditional methods of outreach are considered the bare minimum in today's competitive, and increasingly digital, market.

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<sup>1</sup> Bain & Company, Luxury Goods Worldwide Market Study, Fall–Winter 2018, <https://www.bain.com/insights/luxury-goods-worldwide-market-study-fall-winter-2018/>.

<sup>2</sup> “Luxury,” Lexico, accessed August 5, 2020, <https://www.lexico.com/definition/luxury>.

Chapter One provides an overview of the art of collecting. Chapter Two analyzes the business and marketing strategies championed by Sotheby's, a business with distinct and innovative approaches to luxury marketing. Chapter Three explores the first-hand insights and perspectives of leading stakeholders in the luxury market such as Sara Fitzmaurice, Founder and President of FITZ & CO, and Elena Soboleva, Director of Online Sales at David Zwirner. Finally, Chapter Four focuses on the future of luxury marketing.

### *Defining Luxury*

As a starting point, luxury cannot be discussed without surveying Jean-Noël Kapferer's perspectives on luxury. Kapferer is the global academic authority on luxury who asserts that to define luxury, three key notions must be considered: conceptually luxury is debatable and subjective, luxury is an economic sector, and luxury is a specific strategy.<sup>3</sup> Revered scholars and critics have struggled to define luxury due to the multi-faceted nature and the perceptions, characteristics, and attributes associated with it. The concept of luxury is not a socially neutral one and it is society that defines what luxury is.<sup>4</sup>

### *The Luxury Business*

The global luxury business is dominated by large conglomerates such as LVMH Moët Hennessy Louis Vuitton, Kering, and Richemont, and auction houses such as Sotheby's and Christie's. The large conglomerates are purveyors of fashion and leather

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<sup>3</sup> Jean-Noël Kapferer, *The Routledge Companion to Contemporary Brand Management* (London: Routledge, 2016), 475, <https://doi.org/10.4324/9781315796789>.

<sup>4</sup> Jean-Noël Kapferer and Vincent Bastien, *The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands* (London: Kogan Page, 2012), 9.

goods while the auction houses facilitate the sale of some of the world's most sought-after fine art, jewels, watches, wines, and handbags on the secondary market.

### *Creation of Desire*

Luxury can be defined as an inessential, desirable item which is expensive or difficult to obtain.<sup>5</sup> Hannes Gurzki emphasizes that luxury is about creating the extraordinary and that the extraordinary creates desire.<sup>6</sup> The creation of the extraordinary involves the following: economically it is about price and value, culturally it is about the aura that brands radiate, socially it is about status and exclusivity, psychologically it is about how the brand makes a consumer feel special, and managerially it is about creating a culture of excellence.<sup>7</sup>

The demand for luxury arises when desire is generated through three principles: enrichment, distancing, and abstraction.<sup>8</sup> Enrichment is characterized through narrative development and the act of luxury brands taking consumers on a journey towards desire, created when something is just out of reach.<sup>9</sup> Distancing is achieved through “social distancing” where luxury brands depict an aspirational group that ordinary people strive to be a part of. Luxury brands use tactics such as temporal and spatial distancing to position their products in a different time and place and hypothetical distancing to draw consumers in and buy into their brand vision.<sup>10</sup> Lastly, abstraction is created through the endless layers of interpretation embedded in advertisements that allows the

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<sup>5</sup> “Luxury,” Lexico, accessed August 5, 2020, <https://www.lexico.com/definition/luxury>.

<sup>6</sup> “Dreaming Up A World – How Luxury Brands Create Desire,” Forbes, accessed August 7, 2020, <https://www.forbes.com/sites/esmtberlin/2019/11/20/dreaming-up-a-world--how-luxury-brands-create-desire/?sh=9aa84e71af97#3930de3771af>.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

consumer to construct their own view.<sup>11</sup> In essence, Gurzki states, “To create desire, you need to make consumers dream and invite them on a fantastic journey that only imagination can spark.”

### *Luxury Consumers*

The evolution of luxury mirrors the evolution of society. Pre-War saw the birth of luxury brands such as Chanel and Prada, the Seventies welcomed American ready-to-wear collections from Ralph Lauren and Calvin Klein, the Nineties enabled Japan and Russia to thrive as major consumers, and the 21<sup>st</sup> Century witnessed the proliferation of new designers, new consumers, and new markets.<sup>12</sup> Unsurprisingly, the expectations and preferences of the modern luxury consumer are dynamic and ever-changing.<sup>13</sup> Today’s luxury consumer ‘is younger...they make their money far sooner, and they are far more flexible in financing and fickle when it comes to choice.’<sup>14</sup> Consumers are more attentive and environmentally conscious and digital channels now serve as both a source of inspiration and a platform for sales.<sup>15</sup>

There are two distinct theories on the behavioral characteristics of luxury consumers, ‘conspicuous consumption’ and ‘inconspicuous consumption.’ Thorstein Veblen, in *The Theory of the Leisure Class*, argues luxury consumers engage in ‘conspicuous consumption’, the practice of purchasing expensive items to display wealth and enhance social prestige. On the contrary, Eckhardt, Belk, and Wilson posit the view

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<sup>11</sup> Ibid.

<sup>12</sup> Christian Blanckaert and Ashok Som, *The Road to Luxury: The Evolution, Markets, and Strategies of Luxury Brand Management* (Singapore: John Wiley & Sons Singapore Pte Ltd, 2015), 35.

<sup>13</sup> “What You Need To Know About Changing Luxury Consumer Trends For 2019,” Forbes, accessed August 7, 2020, <https://www.forbes.com/sites/njgoldston/2018/12/31/what-you-need-to-know-about-changing-luxury-consumer-trends-for-2019/?sh=3a38b56c5e9d#68d6a33e5e9d>.

<sup>14</sup> James B. Twitchell, *Living It Up: Our Love Affair with Luxury* (New York: Columbia University Press, 2002), 62.

<sup>15</sup> “A New Era and a New Look for Luxury,” Boston Consulting Group, accessed August 15, 2020, <https://www.bcg.com/publications/2020/new-era-and-new-look-for-luxury>.

that there has been a rise of inconspicuous consumption among luxury consumers.<sup>16</sup> For example, ‘conspicuous’ consumers opt for louder branding to associate themselves with a certain group of consumers such as the instantly-recognizable monogramming of Louis Vuitton while ‘inconspicuous’ consumers opt for subtle branding only recognizable to those “in the know” such as Bottega Veneta’s leather intrecciato motif.<sup>17</sup> Bottega Veneta epitomizes ‘inconspicuous’, as its products possess low visual prominence and is discreet in design.<sup>18</sup> Eckhardt, Belk, and Wilson argue that luxury consumers today have shifted towards ‘inconspicuous consumption’ as they have a “...preference for inconspicuousness and an increased desire for sophistication and subtlety to further distinguish oneself”.<sup>19</sup> In a recent consumer survey conducted by the Boston Consulting Group, more than half of the participants expressed their preference in investing in luxury items that are timeless and understated.<sup>20</sup>

However, the behavioral characteristics of luxury consumers may also differ between different geographical regions. The same Boston Consulting Group study found that “Chinese consumers prefer visible adornments and logos on luxury goods, a difference that could polarize luxury values between the East and West.”<sup>21</sup> Given Chinese consumers are now the “engine of worldwide growth in luxury spending”, it is important to understand and analyze their buying behavior in more detail.<sup>22</sup> Deloitte

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<sup>16</sup> Giana M. Eckhardt, Russell W. Belk, and Jonathan A. J. Wilson, “The Rise of Inconspicuous Consumption,” *Journal of Marketing Management* 31, no. 7-8 (December 2014): 807-826, <https://doi.org/10.1080/0267257X.2014.989890>

<sup>17</sup> Young Jee Han, Joseph C. Nunes, and Xavier Drèze, “Signaling Status with Luxury Goods: The Role of Brand Prominence,” *Journal of Marketing* 74, no. 4 (July 2010): 15-30, <http://www.jstor.org/stable/27800823>

<sup>18</sup> Giana M. Eckhardt, Russell W. Belk, and Jonathan A. J. Wilson, “The Rise of Inconspicuous Consumption,” *Journal of Marketing Management* 31, no. 7-8 (December 2014): 807-826, <https://doi.org/10.1080/0267257X.2014.989890>

<sup>19</sup> Ibid.

<sup>20</sup> “A New Era and a New Look for Luxury,” Boston Consulting Group, accessed August 15, 2020, <https://www.bcg.com/publications/2020/new-era-and-new-look-for-luxury>.

<sup>21</sup> Ibid.

<sup>22</sup> “The Chinese luxury consumer,” McKinsey & Company, accessed August 30, 2020, <https://www.mckinsey.com/featured-insights/china/the-chinese-luxury-consumer>.

reports that Chinese consumers now lead the consumption of luxury goods at home and abroad.<sup>23</sup> According to Credit Suisse's Global Wealth Report 2019, China has overtaken the United States as the country with the most people qualifying in the top ten percent of the global wealth distribution.<sup>24</sup> China's strong purchasing power can be attributed to the rise of billionaires, high net worth individuals (HNIs), and the explosion of upper-middle-class households. By 2027, an estimated 65% of all Chinese households will be classified as middle-class consumers.<sup>25</sup> The rapidly expanding middle class in China continually produces first-time buyers of luxury goods.<sup>26</sup>

In addition to purchasing luxury goods as a way to display wealth, power, and status in society, some Chinese consumers, particularly the younger generation, also value self-expression and use luxury brands as a way to express their identity and individuality.<sup>27</sup> Ogilvy's *Making Luxury Brands Matter To The New Generation of Chinese Middle-Class Consumers*, shines a spotlight over the consumer values of the post-nineties generation in China and reveals that younger Chinese consumers do not want to be perceived as just "rich" but also "interesting" or "talented."<sup>28</sup> "Luxury followers" in China, a term coined for consumers possessing a passion for luxury, are most concerned about public recognition and the social status of brands. The majority of "luxury followers" interviewed expressed the same sentiment, "I am easily influenced by

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<sup>23</sup> Deloitte, *Global Powers of Luxury Goods*, 2019, 12 [https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/Consumer\\_and\\_Industrial\\_Products/Global-Powers-of-Luxury-Goods-abril-2019.pdf](https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/Consumer_and_Industrial_Products/Global-Powers-of-Luxury-Goods-abril-2019.pdf).

<sup>24</sup> Credit Suisse, *Global Wealth Report 2019*, October 2019, <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/global-wealth-report-2019-en.pdf>.

<sup>25</sup> "What's Powering China's Market for Luxury Goods?," Bain & Company, accessed September 2, 2020, <https://www.bain.com/insights/whats-powering-chinas-market-for-luxury-goods/>.

<sup>26</sup> Ibid.

<sup>27</sup> Yan Liang, Sid Ghosh, and Hiroko Oe, "Chinese consumers' luxury value perceptions – a conceptual model," *Qualitative Market Research* 20, no. 2 (April 2017): 257. <https://doi.org/10.1108/QMR-01-2017-0010>.

<sup>28</sup> Ogilvy, *Making Luxury Brands Matter To The New Generation of Chinese Middle-Class Consumers*, 2019, 17 <https://www.ogilvy.com.cn/2019-luxury-report/full-en.pdf>.

advertisements...and often seeing famous celebrities holding a certain bag is enough for me to want it.”<sup>29</sup> Additionally, a friend’s perception of a brand weighs heavily on their purchasing decision. McKinsey & Company cite that shopping abroad has become a key part of the travel experience for Asian shoppers as they are able to take advantage of lower prices in Europe and the feeling of purchasing a brand in its country of origin comes with a sense of authenticity and excitement.<sup>30</sup>

Looking ahead, HENRYs (High-Earners-Not-Rich-Yet) represent a new consumer class expected to increase spending within the luxury market in the future. HENRYs are generally digital savvy, big spenders who are fond of online shopping, and reported incomes of over US\$100,000 and investable assets of up to US\$1 million.<sup>31</sup> The average annual household spending of a Millennial HENRY is US\$86,000, compared to a Baby Boomer HENRY of US\$60,000.<sup>32</sup>

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<sup>29</sup> Joann Ngai and Erin Cho, “The young luxury consumers in China,” *Young Consumers* 13, no.3 (2012): 263, <https://doi.org/10.1108/17473611211261656>.

<sup>30</sup> “A perspective for the luxury-goods industry during—and after—coronavirus,” McKinsey & Company, accessed September 5, 2020, <https://www.mckinsey.com/industries/retail/our-insights/a-perspective-for-the-luxury-goods-industry-during-and-after-coronavirus>.

<sup>31</sup> Deloitte, *Global Powers of Luxury Goods*, 2019, 6  
[https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/Consumer and Industrial Products/Global-Powers-of-Luxury-Goods-abril-2019.pdf](https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/Consumer%20and%20Industrial%20Products/Global-Powers-of-Luxury-Goods-abril-2019.pdf).

<sup>32</sup> Deloitte, *Global Powers of Luxury Goods*, 2019, 7  
[https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/Consumer and Industrial Products/Global-Powers-of-Luxury-Goods-abril-2019.pdf](https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/Consumer%20and%20Industrial%20Products/Global-Powers-of-Luxury-Goods-abril-2019.pdf).

## CHAPTER ONE: THE ART OF COLLECTING

The avid art collector is another type of luxury consumer. A collector is someone who buys primarily for the love of the object, and for appreciation of that object in the context of the other works they already possess in their collection.<sup>33</sup> There are many motivations behind buying and collecting art, including aesthetic value, a reflection of one's personal identity, an illustration of social standing, intellect, taste, and wealth, investment potential, and the view that art is an asset class that can be leveraged to build wealth.

Some collectors and art connoisseurs seek to add the greatest names in art history to their collection while others chase “museum quality” works that rarely appear on the market due to demand and supply. In pursuit of building a meaningful collection, some collectors focus on the work of an individual artist, some seek to trace the historic roots of an artistic movement, some dedicate their collections to a certain medium, while some, particularly in recent times, engage in the practice of cross-category collecting. Dr. David Bellingham provides a unique perspective on cross-category collecting, “contemporary cross-collecting reflects the increasing crossovers between the financial world and the art market, with the creation of a mixed art collection mirroring the hedge fund portfolio: when one sector is underperforming, others tend to excel.”<sup>34</sup> Leading collectors believe that cross-category collecting is the best way to collect.<sup>35</sup> Charles Saatchi, a high-profile collector, believes “there are no rules about investment. Sharks

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<sup>33</sup> Philip Hook, *Breakfast at Sotheby's: An A-Z of the Art World* (London: New York: Particular Books, 2013), 279.

<sup>34</sup> “On Cross Collecting, or Cross-Over Buying,” Sotheby's Institute of Art, accessed September 8, 2020, <https://www.sothebysinstitute.com/news-and-events/news/cross-collecting>.

<sup>35</sup> “A Cross-Category Collector With An Eclectic Collection,” Larry's List, accessed September 8, 2020, <http://www.larryslist.com/artmarket/the-talks/a-cross-category-collector-with-an-eclectic-collection/>.

can be good. Artist's dung can be good. Oil on canvas can be good. There's a squad of conservators out there to look after anything an artist decides is art.”<sup>36</sup>

Notable art collectors include Charles Saatchi, the co-founder of advertising agency Saatchi & Saatchi, Steve Cohen, the billionaire hedge fund manager who paid \$12 million for a decaying shark by Damien Hirst, François Pinault, founder of Kering luxury group and president of French investment company Groupe Artémis who owns Christie's, Eli and Edythe Broad, whose eponymous foundation founded The Broad museum in Los Angeles, and the Vogels, Herbert and Dorothy Vogel, a humble working-class collector couple who amassed the most inspiring and priceless art collection.

Cindy Chua-Tay is an established art collector and a trustee of the Guggenheim Foundation. She describes herself as a visual and tactile person whose first encounters with art began on family trips overseas visiting iconic cultural destinations such as The Louvre Museum in Paris, The Metropolitan Museum of Art, and The Guggenheim in New York.<sup>37</sup> In particular, she recalls collecting postcards that were “beautiful or visually interesting. Articles that inspired her. Pictures in articles that piqued her interest.” Her journey into art collecting evolved organically. The visual and emotional pleasure of being surrounded by art and living with art as well as the mental stimulation of researching the artists' backgrounds and creations is what inspires her to collect. “It can be very cerebral,” Chua-Tay states. Chua-Tay describes her taste in art as eclectic and adventurous and her art collection as personal, diverse, and all-embracing.

When asked how she identifies herself as a collector, Chua-Tay responded with the following statement, “I collect what I love and what moves me. I am a firm and

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<sup>36</sup> Don Thompson, *The \$12 Million Stuffed Shark: The Curious Economics of Contemporary Art* (New York: Palgrave Macmillan, 2008), 85.

<sup>37</sup> Cindy Chua-Tay, interview conducted by Aiho Tan, September 10, 2020. The following paragraphs about Cindy Chua-Tay also reference this source.

staunch believer in the evocative powers of art. From the onset, I have always been moved to collect bodies of work that speak to me. It either arouses my curiosity because it brings about a sense of wonderment and awe, or provokes certain emotions. I am also intrigued by an artist's practice and development. His or her approach, thinking process, evolution of their styles to name a few." She affirms that genuine passion and affiliation towards a piece of work is paramount.

Chua-Tay admires the works of many artists globally such as Ed Ruscha, who is renowned for his ability to ingeniously bring words, symbols, forms, and materials to the forefront of painting. She describes his work as pure brilliance as Ruscha is known for combining humor and wit while oscillating between substance and sign. Rashid Johnson is another artist that Chua-Tay admires as his works successfully conjure, evoke, and address racial and cultural identities. Chua-Tay adds that "whilst this is a pertinent topic now, Rashid has always been mindful of this and continues to expand on this narrative. He is simply inspiration as are his works."

Chua-Tay hopes to enjoy her collection for as long as possible and if they become important works of art in the future, she plans to share her works with art institutions so that more people can similarly experience the emotional and visual pleasure of art. As a seasoned art collector, she is a firm believer of the golden rule: Always buy what you love. Always.

## CHAPTER TWO: LEADER IN LUXURY

### *Case Study: Sotheby's*

#### *Key business acquisitions and developments*

Sotheby's was founded in 1744 by Samuel Baker, a bookseller who held his first auction selling an estate of valuable books. Since then, Sotheby's has become the largest internationally recognized firm of fine art auctioneers globally.<sup>38</sup> Sotheby's mission is to unite collectors with world-class works of art.<sup>39</sup> The auction house has a global network of 80 offices in 40 countries and conducts auctions in nine different salesrooms, including New York, London, Paris, and Hong Kong.<sup>40</sup> Sotheby's offers a full service approach with services such as private sales, valuations, fine art storage, and Sotheby's Financial Services, a full-service art financing company with the aim of making buying or selling art a seamless experience. In addition, the auction house offers museum, fiduciary client group, and corporate art services.

Innovation has always been at the forefront of Sotheby's brand identity. In 2016, Sotheby's acquired the Mei Moses Indices, a tool that compares the performance of art subcategories, identifies market trends, and measures the dynamics of the art market.<sup>41</sup> In the same year, Sotheby's acquired Art Agency, Partners (AAP), a bespoke art advisory firm for \$85 million. Art Agency, Partners was co-founded by Amy Cappellazzo who is now the Chairman of Sotheby's Fine Art division.<sup>42</sup> Prior to co-founding AAP, Cappellazzo served a thirteen year tenure at Christie's, rising to the role of Chairman of

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<sup>38</sup> "The History of Sotheby's Auction House," Sotheby's, accessed September 15, 2020, <https://www.sothebys.com/en/about/our-history>.

<sup>39</sup> "About Us," Sotheby's, accessed September 15, 2020, <https://www.sothebys.com/en/about>.

<sup>40</sup> Ibid.

<sup>41</sup> "The Sotheby's Mei Moses Indices," Sotheby's, accessed September 15, 2020, <https://www.sothebys.com/en/the-sothebys-mei-moses-indices?locale=en>.

<sup>42</sup> "Amy Cappellazzo," Sotheby's, accessed September 15, 2020, <https://www.sothebys.com/en/about/team/amy-cappellazzo>.

Post-War and Contemporary Development.<sup>43</sup> In 2018, Sotheby's acquired Thread Genius, a New York-based tech startup that utilizes image recognition software to recommend users works of art based on their personal preferences.<sup>44</sup> Sotheby's has also launched three retail businesses: Sotheby's Diamonds, Sotheby's Wine, and Sotheby's Home (previously VIYET), an online marketplace for furniture and interior design.

In 2019, Sotheby's became a private company after being acquired by Patrick Drahi, a French-Israeli media and telecommunications magnate and art collector, for \$3.7 billion.<sup>45</sup> Following the takeover, the auction house launched Sotheby's Gallery Network, an online, buy-now marketplace to purchase art from trusted gallery partners.<sup>46</sup> This initiative provides clients access to gallery inventory and many artworks coming direct from the artist's studio.<sup>47</sup> Carpenters Workshop Gallery, Castelli Gallery, Lévy Gorvy, Salon 94, and Richard Taittinger Gallery are some galleries who are partners of this initiative.<sup>48</sup>

In the Summer of 2020, in the midst of the coronavirus pandemic, Sotheby's and other blue-chip galleries opened gallery spaces in East Hampton, New York with the hope of capitalizing and catering to the high concentration of billionaire art collectors who relocated from Manhattan.<sup>49</sup> Sotheby's marketed their new East Hampton space as "a

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<sup>43</sup> "Christie's Names Amy Cappellazzo Chairman, Post-War and Contemporary Development," Christie's, accessed September 15, 2020, <https://www.christies.com/about-us/press-archive/details/?pressreleaseid=4861>.

<sup>44</sup> "Sotheby's acquires tech startup Thread Genius," The Art Newspaper, accessed September 15, 2020, <https://www.theartnewspaper.com/news/sotheby-s-acquires-tech-startup-thread-genius>.

<sup>45</sup> "Sotheby's shareholders approve \$3.7bn sale to telecoms tycoon Patrick Drahi," The Art Newspaper, accessed September 15, 2020, <https://www.theartnewspaper.com/news/sotheby-s-shareholders-approve-usd3-7bn-sale-to-telecoms-tycoon-patrick-drahi>.

<sup>46</sup> "Sotheby's Gallery Network," Sotheby's, accessed September 15, 2020, <https://www.sothebys.com/gallerynetwork>.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

<sup>49</sup> "Blue-Chip Galleries Are Fleeing Manhattan to Set Up Shop in the Tony Hamptons. Will It Be More Than a Summer Romance?," Artnet News, accessed September 15, 2020, <https://news.artnet.com/market/hamptons-art-galleries-1881849>.

new gallery that brings together exceptional works of art, design, and luxury in a curated lifestyle setting.”<sup>50</sup> In addition to the launch of their new space in the Hamptons, Sotheby’s also reconfigured their traditional auction sales by adopting a hybrid model that utilizes livestreaming technology. In a press release, Charles Stewart, the CEO of Sotheby’s, announced that \$2.5 billion in sales was actualized in the first seven months of the year and that “Sotheby’s success was driven by strong customer demand for art and luxury.”<sup>51</sup> It is clear that Sotheby’s investments are client-focused and tech-driven.

### *Brand Identity*

Sotheby’s branding is simple and effective. The trademarked phrase *Collector’s gather here* creates a sense of community among collectors. “Est. 1744” appears next to the brand name, communicating the long-standing nature of the auction house. Royal blue is Sotheby’s signature color, conveying a sense of trust and sophistication to consumers. At the core of Sotheby’s DNA is the goal to provide clients with exceptional access to the world’s finest art, wines, jewelry and watches.

Death, debt, divorce and discretion, commonly known as the 4Ds in the auction world, are the main reasons clients consign or transact at Sotheby’s. Marketing must appeal to both the buyer and the consignor. Before a consigned lot proceeds to be auctioned, the history, provenance, literature, and condition of the item is thoroughly examined by specialists and an auction estimate is assigned to the lot. During this stage, the lot is professionally photographed by the photography department for inclusion in a catalogue with other lots to be auctioned in the same week or sale. Sotheby’s scholarly

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<sup>50</sup> “Sotheby’s East Hampton,” Sotheby’s, accessed September 15, 2020, <https://www.sothebys.com/en/series/sothebys-east-hampton>.

<sup>51</sup> “INNOVATION & ADAPTATION DRIVE SOTHEBY’S YEAR-TO-DATE SALES IN 2020 TO \$2.5 BILLION,” Sotheby’s, accessed September 15, 2020, <https://www.sothebys.com/en/press/innovation-adaptation-drive-sothebys-year-to-date-sales-in-2020-to-2-5-billion?locale=en>.

catalogues, a powerful marketing tool, are rich in imagery, informative, and contain beautifully written art historical essays and anecdotes on lots to be auctioned. If applicable, lots will be labelled property from a private collection, estate, or property of a prestigious museum to generate further interest and desire.

### *The Celebrity Factor*

A successful sale strategy Sotheby's implements that is different from the usual categorical auction is the single owner sale, a sale where all the lots have the same ownership. Single owner sales usually feature works from the estate of a celebrity, royal, or a person of influence. Globally recognized owner names have the ability to attract media attention and publicity, generate bids exceeding the pre-sale high estimates, and in some cases, a white glove sale is achieved. In the past, Sotheby's has facilitated single owner sales of icons such as the Duchess of Windsor, Gianni Versace, David Bowie, and Mario Buatta.

The Sotheby's single owner estate sale of Jacqueline Kennedy Onassis, the former First Lady of the United States and wife of John F. Kennedy, in April 1996 serves as an interesting model. The historic four day sale of the Onassis' estate at Sotheby's New York brought in \$34,457,470 in sales, a figure over seven times the original estimate of \$4.6 million.<sup>52</sup> Personal effects ranging from Mrs Onassis' cigarette lighter to her BMW were up for auction.<sup>53</sup> Of those personal effects, a simulated triple strand pearl necklace worth approximately \$65 managed to fetch \$211,500 at auction as Mrs Onassis was seen wearing the necklace in a 1962 photograph with her son, John-John, who candidly tugged on the necklace as Mrs Onassis gracefully tilted her head back and

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<sup>52</sup> "Final Take for Jackie O Auction Tops \$34 Million," Los Angeles Times, accessed September 18, 2020, <https://www.latimes.com/archives/la-xpm-1996-04-27-mn-63365-story.html>.

<sup>53</sup> Robert Lacey, *Sotheby's: Bidding for Class* (Boston: Little, Brown & Co, 1998), 3.

smiled. Executive-Vice President and jewelry expert at Sotheby's, John Block, said, "People wanted to buy anything that she wore."<sup>54</sup> Marketing the rare opportunity to own a slice of history that has been graced by American royalty was Sotheby's tactic. David Redden, auctioneer and former Vice Chairman of Sotheby's, recounts that Sotheby's had to introduce a lottery system to see her exhibition at Sotheby's New York as America's public was fascinated and captivated by her.<sup>55</sup> A Sotheby's expert uncovered eleven minuscule diamonds worth no more than \$50 each in Mrs Onassis' jewel boxes. It was unclear whether she had ever touched them or even knew of their existence.<sup>56</sup> Sotheby's cleverly arranged the diamonds in the shape of a "J" on black velvet known as Lot 441 in between the sale of two Van Cleef & Arpels pieces from Mr Onassis. The "J" arrangement was gavelled down for \$17,250.<sup>57</sup> The sale of Lot 441 clearly demonstrates Sotheby's ability to convert debris into dreams and effectively perpetuates the significance of provenance and ownership.<sup>58</sup>

#### *Victoria Beckham x Old Master Paintings*

Fashion designer and celebrity Victoria Beckham is another cultural icon that Sotheby's has strategically collaborated with to market Old Master Paintings. Names such as Rembrandt, Titian, and Caravaggio instantly come to mind when one mentions Old Masters. The unexpected affiliation of Victoria Beckham with Old Master Paintings and her newly discovered interest and appreciation of Old Masters following a visit to

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<sup>54</sup> "IT WAS JACKIE'S. WHO CARES IF IT'S FAKE?," Independent, accessed September 23, 2020, <https://www.independent.co.uk/life-style/fashion/news/it-was-jackie-s-who-cares-if-it-s-fake-1307531.html>

<sup>55</sup> "Sotheby's On... The Legendary Jacqueline Kennedy Onassis Auction," Sotheby's, accessed September 23, 2020, <https://www.sothebys.com/en/videos/sothebys-on-the-legendary-jacqueline-kennedy-onassis-auction>.

<sup>56</sup> Robert Lacey, *Sotheby's: Bidding for Class* (Boston: Little, Brown & Co, 1998), 14.

<sup>57</sup> Ibid.

<sup>58</sup> Robert Lacey, *Sotheby's: Bidding for Class* (Boston: Little, Brown & Co, 1998), 15.

The Frick Collection in New York makes the collaboration extremely appealing to new audiences, collectors, and fashionistas.

In June 2018, highlights from Sotheby's Old Masters Evening Sale, which generated a total of over \$40 million GBP, were showcased in an exhibition at Beckham's flagship boutique in Mayfair, London. In a Sotheby's video campaign, Beckham stated that "Art and fashion has a real synergy and I always saw my space as a space where I could showcase other people's work."<sup>59</sup> Beckham personally selected sixteen portraits from Sotheby's July 4, 2018 evening sale in London to be displayed in her store.<sup>60</sup> Masterpieces by Leonardo da Vinci, Lucas Cranach the Elder, and Sir Peter Paul Rubens adorned the walls of Beckham's contemporary-style Dover Street boutique. Beckham added, "My store is so contemporary. I don't think you would expect to see an Old Masters Painting in a Victoria Beckham store."<sup>61</sup>

Sotheby's unique collaboration with one of the most influential women in the world successfully married old with new as the masterpieces were positioned at the intersection of fine art and fashion. As Sotheby's main business objective is to sell art, it is crucial Sotheby's masters the art of storytelling. The most crucial element of storytelling is the ability to foster an emotional connection with the target audience. Sotheby's decided that the narrative of the marketing campaign was to highlight Beckham's personal journey with art and her genuine and new found appreciation for Old Masters.<sup>62</sup> Beckham became fascinated with Old Masters after visiting The Frick Collection. While she has always been drawn to contemporary art, her visit to the Frick

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<sup>59</sup> "Victoria Beckham: Modern Muse Among the Masters," Sotheby's, accessed September 25, 2020, <https://www.sothebys.com/en/articles/victoria-beckham-modern-muse-among-the-masters>.

<sup>60</sup> Kathryn E. Bock, "Vogue Masters: Sotheby's x Victoria Beckham and the Power of Brand in Old Master Marketing" (Sotheby's Institute of Art, 2019), 35.

<sup>61</sup> "Victoria Beckham: Modern Muse Among the Masters," Sotheby's, accessed September 25, 2020, <https://www.sothebys.com/en/articles/victoria-beckham-modern-muse-among-the-masters>.

<sup>62</sup> Kathryn E. Bock, "Vogue Masters: Sotheby's x Victoria Beckham and the Power of Brand in Old Master Marketing" (Sotheby's Institute of Art, 2019), 36.

Collection was a real eye-opener for her.<sup>63</sup> The nature of this narrative is simple and one that most collectors can relate to as they are on their own mission with art, either educational and or curating a personal or public collection.

The decision by Sotheby's to illustrate Beckham as an individual looking to explore her passion for Old Masters opposed to an expert of Old Masters is an ingenious narrative that appealed to potential clients.<sup>64</sup> This narrative successfully attracted consumers with an interest in fashion or collecting who did not normally engage with or collect Old Masters like Beckham. Sotheby's has effectively positioned Beckham within the subset of Old Masters and branded her as a collector, a title which resonates with Sotheby's target audience.

Sotheby's London Old Master Paintings Specialist, Chloe Stead, stated that the focus of the exhibition was self-representation and the theme of portraiture was conceived, a concept which Beckham can easily identify with on a personal level.<sup>65</sup> The auction house adopted a very genuine approach by centering the focus of the marketing campaign on Beckham's relationship with art, specifically Old Masters. The campaign begins with captivating and bold statements by Beckham that positions her as an art collector, tastemaker, and designer. In particular, Beckham articulated that "Art is something that really inspires me. It is something that I love. It's my passion. It's what I collect. I get so much joy from the art that I have and going to galleries and looking at it so for me it is definitely a source of inspiration every season."<sup>66</sup>

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<sup>63</sup> "Victoria Beckham: Modern Muse Among the Masters," Sotheby's, accessed September 25, 2020, <https://www.sothebys.com/en/articles/victoria-beckham-modern-muse-among-the-masters>.

<sup>64</sup> Kathryn E. Bock, "Vogue Masters: Sotheby's x Victoria Beckham and the Power of Brand in Old Master Marketing" (Sotheby's Institute of Art, 2019), 36.

<sup>65</sup> "Victoria Beckham: Modern Muse Among the Masters," Sotheby's, accessed September 25, 2020, <https://www.sothebys.com/en/articles/victoria-beckham-modern-muse-among-the-masters>.

<sup>66</sup> Ibid.

Beckham wears many hats. She is a mother, wife, style icon, fashion designer, and was a Spice Girl, 'Posh Spice'. By collaborating with Beckham, an influential public figure whose life is heavily documented by tabloids and the media, Sotheby's was able to successfully generate interest and promote a sense of renewed visibility to the genre of Old Master Paintings within a modern context. Sotheby's effectively branded Beckham as a "Modern Muse Among the Masters".<sup>67</sup> As part of the marketing campaign, British photographer, Chris Floyd, who is known for celebrity portraiture, captured iconic photographs of Beckham posing in front of Old Master Paintings from Sotheby's in her boutique. The photographs of Beckham juxtaposed the Old Masters and the contemporary setting is aspirational and evokes a sense of luxury, class, and sophistication all of which are characteristics that align with Sotheby's brand. In the lead up to the auction, Beckham posted a series of photographs taken by Floyd on her personal Instagram account with millions of followers to promote the exhibition at her boutique. The images featuring Beckham and selected Old Master Paintings from Sotheby's received 79,000 to 193,000 likes per post on Instagram, which translated to a high number of impressions and brand visibility. The fact that none of the Instagram posts were sponsored indicates the authentic nature of this collaboration as paid endorsements are usually perceived as forced and opportunistic. The ability to secure press placements in prestigious outlets such as Vogue online amplifies the newsworthiness and success of the collaboration.

Sotheby's also received the equivalent of a brand endorsement from Beckham who candidly admitted that "she has a lot to learn and she is not going to pretend to be an expert. Rather she is soaking up the information on Old Masters and enjoying the

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<sup>67</sup> Ibid.

learning process and who better to learn from than the team at Sotheby's."<sup>68</sup> This endorsement essentially brands Sotheby's as reputable leaders and experts of fine art.

Sotheby's worldwide co-chairman of Old Master Paintings, Alex Bell, told the New York Times that the success of the sale can be attributed to the "V.B. effect," similar to the "Jackie effect" in 1996.<sup>69</sup> All sixteen portraits selected by Beckham sold at auction. The mutually beneficial collaboration resulted in over 7,000 people visiting Sotheby's London, a figure which equates to double the normal attendance rate of Old Master exhibitions and a 300% increase in sales for Victoria Beckham.<sup>70</sup> The first collaboration was such a success that Beckham's team reached out to Sotheby's for a second collaboration, *The Female Triumphant*, a travelling exhibition to New York.

Sotheby's describes *The Female Triumphant* as a celebration of the life and work of groundbreaking women artists which includes works by Fede Galizia, Angelika Kauffman, Elisabeth-Louise Vigée Le Brun, and Marie Victoire-Lemoine. Prior to the sale, Beckham was present in New York to host a special event for Sotheby's Young Collectors and the Young Fellows of the Frick Collection, the institution that sparked her fascination for Old Masters.<sup>71</sup> Beckham's involvement contributed to the overall Masters Week performance total of \$95.4 million.<sup>72</sup> Sotheby's reported that nearly half of all sold lots exceeded their high estimates and fifteen lots exceeded \$1 million.<sup>73</sup> Beckham's collaboration with Sotheby's continues as she hosted the after party for the

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<sup>68</sup> Ibid.

<sup>69</sup> "Celebrities Love Old Masters, but Will Collectors Fall for Them?," The New York Times, accessed September 28, 2020, <https://www.nytimes.com/2018/07/06/arts/design/art-collectors-old-masters.html>.

<sup>70</sup> Kathryn E. Bock, "Vogue Masters: Sotheby's x Victoria Beckham and the Power of Brand in Old Master Marketing" (Sotheby's Institute of Art, 2019), 36.

<sup>71</sup> "This Rare Mannerist Painting by a 17th-Century Italian Nun Just Broke a Record at Sotheby's, Selling for 14 Times Its High Estimate," Artnet News, accessed October 1, 2020, <https://news.artnet.com/market/orsola-maddalena-caccia-sothebys-1855854>.

<sup>72</sup> "Masters Week Totals \$95.4 Million," Sotheby's, accessed October 1, 2020, <https://www.sothebys.com/en/series/masters-week-2020>.

<sup>73</sup> Ibid.

Contemporary Art Evening Auction at her Dover Street boutique, where twelve works by Andy Warhol were on display.<sup>74</sup>

Sotheby's decision to collaborate with Beckham has strategically enhanced the visibility of Old Master Paintings. Before the collaborations with Beckham, Old Masters were arguably perceived as intimidating, inaccessible, and outdated compared to the allure and liveliness of contemporary art. Not only did the collaborations help command high prices at auction for Old Master Paintings, it was an effective business opportunity for Sotheby's to market to and attract younger collectors for a genre that was experiencing a decline in interest.

### *Sotheby's Sneaks Ahead*

Following in the footsteps of the Victoria Beckham collaboration, Sotheby's partnered with Highsnobiety, a media brand and production agency based in Germany that was once a humble sneaker blog, to create a streetwear line to promote Old Masters. This partnership effectively demonstrates fine art's pivot into the digital sphere.

Highsnobiety's mission is not just to talk about youth culture, but to shape it.<sup>75</sup> The brand's target audience are culture-obsessed brand enthusiasts with a high likelihood to self-identify as sneakerheads. David Fischer, Founder and CEO of Highsnobiety, affirmed that, "Through this partnership, we are able to introduce a new type of collector to Sotheby's and share the exclusive Old Master Paintings collection with people who never dreamed of owning this art."<sup>76</sup>

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<sup>74</sup> "POP! Sotheby's and Victoria Beckham Join Forces to Open Frieze Week With a Bang," Sotheby's, accessed October 1, 2020, <https://www.sothebys.com/en/slideshows/pop-sothebys-and-victoria-beckham-join-forces-to-open-frieze-week-with-a-bang>.

<sup>75</sup> "About," Highsnobiety, accessed October 4, 2020, <https://company.highsnobiety.com/about/>.

<sup>76</sup> "Old Masters, New Clothes: Highsnobiety Drops Sotheby's Streetwear Line," Sotheby's, accessed October 4, 2020, <https://www.sothebys.com/en/articles/highsnobiety-drops-old-master-paintings-streetwear-line>.

Sotheby's and Highsnobiety joined forces to create wearable luxury for the contemporary consumer in a bid to spotlight a category of fine art that is typically overlooked. The Sotheby's x Highsnobiety collection is a seven-piece capsule that showcases four key works up for auction at Sotheby's Masters Week in New York. On January 20, 2020, the capsule launched utilizing two channels of distribution, Highsnobiety's online store and Co.Lab, Highsnobiety's pop-up shop at Selfridges in London.<sup>77</sup> The price point of €65 for T-Shirts, €105 for crewneck sweatshirts, and €125 for hoodies is considered accessible for a luxury collaboration and for a niche audience accustomed to paying hundreds of dollars and even thousands of dollars for streetwear creations.<sup>78</sup> The decision to market the capsule as "limited edition" and "exclusive" is brilliant. Fischer explains that "the Highsnobiety reader appreciates art however they may not be in a position to purchase it yet and that they are used to collecting limited-edition products. That may be a sneaker, a design work or a piece of furniture today but fine art is the clear next step."<sup>79</sup>

Since its establishment in 2005, Highsnobiety has evolved from a sneaker blog to a creative agency and an online shopping platform. It remains the go-to authority for what is next in style, design, culture, and luxury for today's generation. Highsnobiety's website receives over 900,000 unique visitors per month, resulting in impressions and potentially leading to product purchases.<sup>80</sup>

The auction house together with Highsnobiety decided to recontextualize Old Master Paintings by juxtaposing them against contemporary styles of clothing. Four Old Masters from Sotheby's upcoming Masters Week auctions that possessed a timeless

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<sup>77</sup> Ibid.

<sup>78</sup> Ibid.

<sup>79</sup> "Old Master works feature in Sotheby's debut streetwear collection," Dezeen, accessed October 4, 2020, <https://www.dezeen.com/2020/01/21/sothebys-streetwear-highsnobiety-design/>.

<sup>80</sup> "Highsnobiety," Cision, accessed October 4, 2020, <https://www.cision.com/>.

graphic element were chosen for the capsule.<sup>81</sup> Italian Baroque painter Ginevra Cantofoli's *A Sea-Nymph*, a 16<sup>th</sup> Century example from the Florentine School titled *Allegory of Abundance*, a Dutch School 18<sup>th</sup> Century titled *Bacchus and Ceres, A Pair* and a Flemish School mid-16<sup>th</sup> Century titled *An Allegory of Earthly Vanity and Heavenly Salvation* were the masterpieces selected as assets to be marketed to millennials and new collectors. All four works possessed a unifying quality of beauty. The Old Masters Specialists and the Marketing team at Sotheby's selected works that effectively juxtaposed with the minimalist text and highlighted the beauty of the paintings and the aesthetic of the capsule collection.

With a strong desire to appeal to the younger generation, the Sotheby's x Highsnobiety marketing campaign featured millennials modelling the streetwear. The campaign is defined by edgy and androgynous looks. Sotheby's logo is strategically placed on the front or center of all the garments. As a call to action for 'sneakerheads' and passerby, Sotheby's included full details including the time and location of its Old Masters Day Sale Collection on January 30, 2020 to remind consumers of the event.

In an interview, David Pollack, Sotheby's Old Masters Senior Vice President and Specialist, told Highsnobiety that the Old Masters market is moving online.<sup>82</sup> Pollack addressed the diminishing popularity or supply of Old Masters saying that, "what we're seeing is actually a resurgence in appreciation for the Old Masters series. I believe there is a flight to quality in a world where there is so much content to take in. People are really appreciating these unique, one-of-a-kind artworks."<sup>83</sup> By utilizing a digital platform dedicated to streetwear to promote Old Masters, Sotheby's has creatively mastered a

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<sup>81</sup> "Old Master works feature in Sotheby's debut streetwear collection," Dezeen, accessed October 4, 2020, <https://www.dezeen.com/2020/01/21/sothebys-streetwear-highsnobiety-design/>.

<sup>82</sup> "THE NEW SOTHEBY'S X HIGHSNOBIETY CAPSULE LOOKS TOWARDS FINE ART'S DIGITAL FUTURE," Highsnobiety, accessed October 4, 2020, <https://www.highsnobiety.com/p/sothebys-highsnobiety-lookbook-interview/>

<sup>83</sup> Ibid.

way, in Pollack's words, to cultivate and connect with a new generation of Old Master lovers and possibly convert them into clients over time or in due time.

### *The Auction of the Future Has Arrived*

There exists an art to auctioning and it is even more the case for marketing an auction. For over 250 years, Sotheby's has managed to convince clients to bid at auction by holding private viewings and special events for its top clients. The primary purpose of this exercise is to tempt clients and to make them fall in love with a particular lot in the hope that they will place a bid at auction. The best case scenario for an auction house is when two bidders start a bidding war on a lot whereby the bids increase by the second and drama ensues until the lot is gavelled down by the auctioneer.

Traditionally, auctions are a social event. A place to bid and be seen. Due to the coronavirus pandemic, auction house duopoly, Sotheby's and Christie's have had to abandon their traditional in person auctions and adopt a hybrid format that utilizes livestreaming technology. As a result, the art world is experiencing the acceleration of innovation and new technology. It is important to analyze the inner-workings of hybrid online auctions as they are likely to continue post-pandemic as a complement to in person auctions or a substitute to in person auctions for those unable to attend in person.

Chairman of Sotheby's Europe and Head Auctioneer, Oliver Barker, announced that the auction of the future has arrived. Firstly, we will examine the changes from the traditional auction model and its implications for the audience and bidder. Secondly, we will examine the marketing strategies Sotheby's has implemented to accompany their virtual auctions.

The coronavirus pandemic and the resulting social distancing guidelines were the catalysts that prompted Sotheby's to transition their auctions to a virtual hybrid format.

This new breed of auction has been described by the media as futuristic, a television games show, and sports entertainment with commentary. A multi-camera global livestream enables Barker and other auctioneers to field bids in real time from every corner of the globe. Select virtual hybrid auctions are accessible via Sotheby's website and Sotheby's Facebook page. While the utilization of livestream technology has allowed Sotheby's and other auction houses to broadcast live auctions to thousands of viewers as opposed to just the audience in a single auction room, critics have argued it is difficult to replicate viewing art in person. The challenge for virtual hybrid auctions is the sustainability of this model as the novelty of watching three hour auctions online will eventually wear off due to the lack of immersive experiences, a similar problem that online viewing rooms which have been the temporary solution for physical art fairs, face.

Virtual hybrid auctioning means that physical bidding with the paddle has been replaced with online bidding or telephone bidding. Interestingly, an online bidder from China placed a \$73.1 million dollar bid for a Francis Bacon triptych.<sup>84</sup> This buying behavior demonstrates that there is demand for art even in a pandemic and that consumers are comfortable placing high bids online.

There are many marketing strategies that Sotheby's employs even before an online auction commences. Social Media Marketing is the most effective tool that Sotheby's utilizes to create a digital presence and to promote upcoming sales. Sotheby's has 1.2 million followers on Instagram, 686K followers on Facebook, 120K followers on Twitter, and 110K subscribers on YouTube.<sup>85</sup> With a strong following, Sotheby's remains the dominant leader on social media compared to other auction houses.

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<sup>84</sup> "Bacon Triptych Sells For \$84.6 Million, Boosting Art Market," Bloomberg, accessed October 6, 2020, <https://www.bloomberg.com/news/articles/2020-06-30/bacon-triptych-sells-for-84-6-million-in-a-boost-for-art-market>.

<sup>85</sup> Numbers are as of October 2020.

At the core of Sotheby's brand DNA is the auction house's reputation for unparalleled expertise and extraordinary fine art and objects. While Sotheby's Instagram posts garner thousands of likes and views on a daily basis, it is the careful and deliberate execution of creative storytelling that effectively harnesses a loyal audience and attracts the attention of collectors. Building upon what the auction house is known for, Sotheby's has demonstrated their brand DNA through their Instagram TV series which evokes knowledge, passion, and expertise of fine art and objects. In particular, the Instagram TV posted on October 3, 2020 titled *Watch Now: Sotheby's HK Autumn Sales Virtual Tour* hosted by Nathan Drahi, Director and Commercial Officer of Sotheby's Hong Kong, serves as an excellent case study of the auction house's ability to harness and utilize social media to sell art and market luxury. The Instagram TV is a 19 minute presentation featuring Drahi at the Hong Kong Convention Center delivering a walking tour of the highlights from Sotheby's Hong Kong 2020 Fall Auctions. Drahi states that the agenda of the tour is to speak with the experts and specialists about the highlighted lots available for sale. Throughout the video, Drahi continually references Sotheby's core DNA. Drahi is enthusiastic in his approach and reminds viewers that the exhibition galleries are open to the public before moving on to mention the auction dates and the new hybrid auction format Sotheby's has pioneered. The gallery tour begins with an overview of the cover lot, a Gerhard Richter being described by a Contemporary Art Specialist as "exquisite" followed by an overview of Richter's artistic practice and techniques. As the gallery tour continues, phrases such as "belonging to a prominent private collection", "museum quality work", and "only at Sotheby's" are articulated to convey the auction's house ability to offer rare and prestigious works and to further entice collectors. Important artworks are not the only focus of the gallery tour, jewelry and watches which have their own department at Sotheby's also feature in the gallery tour. At the end of the video, Drahi is seen modelling a Philippe Dufour 'Simplicity,

Number 100' platinum wristwatch. Standing next to Drahi is Sam Hines, Worldwide Head of Watches at Sotheby's, who reinforces to the audience that Drahi is wearing the "holy grail of modern horology" on his wrist and one of the most important watches of the 21<sup>st</sup> Century. This is not the first time Sotheby's has modelled inventory as part of their marketing strategy. At the first virtual auction held by Sotheby's on June 29, 2020, staff taking telephone bids were seen sporting diamonds and jewelry featured in the upcoming jewelry sales. To conclude the gallery tour, Drahi reminds the audience of the auction dates again, following the reminder a 'Register to Bid' message and link to Sotheby's website appears as a call to action. Virtual gallery tours hosted by executive staff and specialists are a timely initiative and are likely to remain as a selling tool to target consumers who are unable to make it into the auction house physically.

While the world is at a standstill due to the global pandemic, the auction houses have had many victories via their virtual hybrid auctions. Sotheby's has managed to gavel down a Francis Bacon triptych, *TRIPTYCH INSPIRED BY THE ORESTEIA OF AESCHYLUS*, 1981, oil on canvas, in three parts for US\$84.6 million. Sotheby's Jewelry department have managed to sell the first world-class diamond ever to be auctioned without reserve, a highly important 102.39-carat D Color Flawless Oval Diamond for US\$15,694,870. In Hong Kong, Sotheby's achieved the highest price for any Western artwork sold at auction in Asia, a Gerhard Richter abstract, oil on canvas, *Abstraktes Bild (649-2)*, 1987 which sold for US\$27.6 million. Sotheby's rival, Christie's have proved that nothing is off limits auctioning off 'Stan' from South Dakota, one of the most complete *Tyrannosaurus rex* skeletons unearthed for US\$31,847,500.

### CHAPTER THREE: MARKETING LUXURY

Marketing luxury presents an interesting paradox that challenges the notion of modern-day marketing principles.<sup>86</sup> The real sense of marketing luxury is about communicating and conveying passion in creating the product.<sup>87</sup> No one can truly pinpoint where the luxury product market begins or ends.<sup>88</sup> Luxury is limitless. It is about telling a story, providing a dream, and selling aspirations.<sup>89</sup> This chapter explores the unique marketing strategies employed across the luxury, art, and real estate industries.

Thomai Serdari, Professor of Marketing and Director of the Fashion & Luxury MBA at the Leonard N. Stern School of Business at New York University supports the notion that when it comes to marketing luxury, strategies that are adopted by the mass market are not applicable to the luxury sector.<sup>90</sup> Instead, the main strategy in luxury is that brands have control over market supply and that is what generates a lot of demand. Serdari, an experienced luxury marketing and branding strategist, suggests that luxury brands need to create communications that position the customer to come to them. Within this realm, there exists a challenge that luxury brands need to perfect which is balancing the paradox of luxury while maintaining visibility and generating demand. Serdari states that this is an area where executives can fall short as luxury brands have to constantly navigate and manoeuvre between two levers. The first is the idea of

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<sup>86</sup> Christian Blanckaert and Ashok Som, *The Road to Luxury: The Evolution, Markets, and Strategies of Luxury Brand Management* (Singapore: John Wiley & Sons Singapore Pte Ltd, 2015), 92.

<sup>87</sup> Christian Blanckaert and Ashok Som, *The Road to Luxury: The Evolution, Markets, and Strategies of Luxury Brand Management* (Singapore: John Wiley & Sons Singapore Pte Ltd, 2015), 93.

<sup>88</sup> Christian Blanckaert and Ashok Som, *The Road to Luxury: The Evolution, Markets, and Strategies of Luxury Brand Management* (Singapore: John Wiley & Sons Singapore Pte Ltd, 2015), 90.

<sup>89</sup> Christian Blanckaert and Ashok Som, *The Road to Luxury: The Evolution, Markets, and Strategies of Luxury Brand Management* (Singapore: John Wiley & Sons Singapore Pte Ltd, 2015), 93.

<sup>90</sup> Thomai Serdari, interview conducted by Aiho Tan, October 2, 2020. The following paragraphs also reference this source.

physical rarity and the second is virtual or perceived rarity. To achieve this, luxury brands have to manipulate the market by implying to luxury consumers that there is not enough of a particular product. By communicating a lack of supply, brands have the ability to create the perception in the consumer's eyes that this particular product is very rare when in fact it may not be the case. The idea of controlling the perceived scarcity of the product is what helps luxury companies grow. Luxury brands want luxury consumers to feel that the luxury product that they are after is not always available to them instantaneously. Serdari elaborates this point stating that, "The more you delay the gratification from the luxury consumer, the more loyal the luxury consumer becomes. Knowing how to delay the gratification is what makes certain luxury brands very successful in the industry." Serdari points out that in luxury there are no substitutes compared to offerings by mainstream brands. For example, a luxury consumer looking to buy a Hermès Birkin and Chanel Bag would not choose one over the other as both serve different purposes. The same applies to art. An art collector cannot select a Jeff Koons over a Gerhard Richter vice versa.

#### *Experiential Luxury Marketing: Adopting an Authentic Approach*

Key research findings indicate that the luxury consumer is driven experientially.<sup>91</sup> In luxury, it is not just about the product, it is about the special experience the consumer feels in purchasing or coming into possession of the product.<sup>92</sup> Experiential marketing was first introduced by Pine and Gilmore.<sup>93</sup> It is defined as a marketing strategy that invites an audience to interact with a business using participatory, hands-on, and

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<sup>91</sup> Pamela N. Danziger, *Let Them Eat Cake: Marketing Luxury to the Masses - As well as the Classes* (Chicago: Dearborn Trade Publishing, 2005), 238.

<sup>92</sup> Ibid.

<sup>93</sup> B. Joseph Pine II and James H. Gilmore, "Welcome to the Experience Economy," *Harvard Business Review* 76, no. 4 (1998): 97-105.

tangible branding material where the business can showcase its offerings and what they stand for. Pine and Gilmore describe their view of experiential marketing as ‘when a person buys a service, he purchases a set of intangible activities carried out on his behalf. But when he buys an experience, he pays to spend time enjoying a series of memorable events that a company stages to engage him in a personal way.’<sup>94</sup>

Luxury operates in the human psyche as a metaphysical construct that transcends reality.<sup>95</sup> The reason why a consumer perceives an experience as luxurious is because these experiences are cemented as memories or stories about one’s life that he or she creates.<sup>96</sup> A key concept within luxury is fantasy. Luxury fantasy is said to occur in the stage before acquiring the product.<sup>97</sup> After the material object or product is acquired, the luxury fantasy ends and it becomes the ordinary.<sup>98</sup> However, when it comes to experiential luxury the fantasy never stops because consumers are constantly chasing and anticipating another fantasy while also reflecting and being nostalgic about past fantasies and in between these fantasies consumers live the experience.<sup>99</sup> It is imperative that luxury marketers and brands must transcend the physical, material world and establish themselves as a desirable figure in the consumer’s luxury fantasy.<sup>100</sup>

It is clear that luxury consumers invest heavily in their lifestyle. Once consumers reach a certain level of luxury, over time that level becomes the ordinary and consumers are in search of a higher plane of luxury.<sup>101</sup> Sara Fitzmaurice, Founder and President of FITZ & CO, a leading public relations firm specializing in arts and culture, luxury, and

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<sup>94</sup> Ibid.

<sup>95</sup> Pamela N. Danziger, *Let Them Eat Cake: Marketing Luxury to the Masses - As well as the Classes* (Chicago: Dearborn Trade Publishing, 2005), 272.

<sup>96</sup> Ibid.

<sup>97</sup> Ibid.

<sup>98</sup> Pamela N. Danziger, *Let Them Eat Cake: Marketing Luxury to the Masses - As well as the Classes* (Chicago: Dearborn Trade Publishing, 2005), 273.

<sup>99</sup> Ibid.

<sup>100</sup> Ibid.

<sup>101</sup> Pamela N. Danziger, *Let Them Eat Cake: Marketing Luxury to the Masses - As well as the Classes* (Chicago: Dearborn Trade Publishing, 2005), 240.

technology, emphasizes that the luxury market is extremely competitive and luxury consumers are a ‘rare breed’ that demand individualized and carefully tailored marketing strategies.<sup>102</sup> Over the past twenty-five years, Fitzmaurice has developed bespoke brand strategies for over two hundred clients and represents some of the world’s most renowned luxury brands, galleries, and museums. As the luxury market is constantly saturated with creative campaigns, Fitzmaurice underlines the importance for luxury brands to differentiate themselves by communicating an authentic narrative, offering “experiential” and “money cannot buy experiences”, and strategically collaborating with brands that share similar values and ideals.

Fitzmaurice provided three examples that highlight the importance and effectiveness of marketing strategies in the luxury and art markets that are experiential, authentic, and carefully tailored. FITZ & CO was engaged by HFZ Capital Group (“HFZ”) to promote The XI, a brand- new luxury condominium project located in West Chelsea. In an ultra-competitive luxury condominium market such as New York, real estate developers such as HFZ are increasingly demanding strategies that not only differentiate their products from competitors but also position themselves as leaders and pioneers in the industry. FITZ & CO and HFZ set a new benchmark for sales galleries with ‘The Visionaries Gallery’, an innovative and experiential sales gallery that epitomizes The XI, a collaboration of “the world’s most visionary minds in architecture, design, art and hospitality.” Within the gallery, renowned stage designer and artist Es Devlin created *Egg, 2018*, a multi- sensory concave hemisphere spanning thirty-feet wide with the topography of New York City embedded inside. Fitzmaurice commented that “when brands engage artists [such as Devlin] and give them free reign to interpret and create something, it is a brave and bold move. Usually, it works in a high-impact way.”

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<sup>102</sup> Sara Fitzmaurice, interview conducted by Aiho Tan, November 10, 2020. The following paragraphs about Sara Fitzmaurice also reference this source.

Fitzmaurice added that 'The Visionaries Gallery' was "press-worthy, memorable, and authentic." As part of The XI's broader marketing strategy, FITZ & CO conceptualized a series of opening events, formed strategic partnerships and activations to attract the attention of press and prospective clients, and achieved placements in top trade outlets such as Architectural Digest and Wallpaper\*.<sup>103</sup>

FITZ & CO was also engaged by BMW Group Culture, a subdivision of BMW that supports a variety of artists and art fairs globally. Fitzmaurice emphasizes that when luxury brands utilize art or culture as marketing tools, it is imperative it aligns with their brand and DNA and "for BMW, it is about automotive innovation and aligning an artistic practice or conceptual framework with their mission so it is authentic and a natural fit." As part of the brand's ongoing commitment to innovation, BMW partnered with Studio Drift to present 'Franchise Freedom', a performative artwork at the intersection of technology and art. Premiered at Art Basel Miami Beach in 2017, 'Franchise Freedom' was a flying sculpture consisting of three hundred illuminated drones that mimicked a flock of birds moving across the sky.<sup>104</sup> According to Lonneke Gordijn, co-founder of Studio Drift, it was important the artwork was authentic and experiential because while "everything can be simulated in animation and virtual reality...we think there is an importance in creating real experiences that you can feel and see with your own eyes in the real world, not only through a screen."

BMW Group Culture is also known for successful activations such as BMW Art Car and BMW Art Journey. BMW Art Car pays homage to BMW's core heritage as an automotive company by providing renowned artists such as Alexander Calder, David Hockney, and Frank Stella with iconic BMW vehicles to utilize as a blank canvas. BMW

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<sup>103</sup> FITZ & CO., "HFZ Capital Group (2017-2019)," Case Study (2020).

<sup>104</sup> "Light art at Art Basel Miami Beach," BMW, accessed November 10, 2020, <https://www.bmw.com/en/design/art-basel-miami.html>.

Art Journey, in partnership with Art Basel Miami Beach, provides an emerging artist with a 'mobile studio' to "develop new ideas, discover new themes, and envision new creative projects."

Lastly, Rolls-Royce Art Drive was another successful marketing initiative implemented by FITZ & CO. Rolls-Royce Motor Cars North America engaged FITZ & CO to reposition and strengthen its brand within the art world and develop strategic plans to connect with and appeal to ultra-high-net-worth individuals. As part of the experiential marketing campaign, FITZ & CO curated an intimate list of attendees, including art collectors featured in ARTnews Top 200 Collectors, to participate in a bespoke experience that "money cannot buy." Attendees had the opportunity to test-drive a Rolls-Royce to an exclusive art destination, with itineraries such as a private experience at Ugo Rondinone's *Seven Magic Mountains* in the Las Vegas desert followed by an overnight stay at an MGM resort with a world-class art collection. Fitzmaurice emphasizes that the "sensory experience is irreplaceable. Nothing replaces touching, feeling, and tasting."

Fitzmaurice considers the Rolls-Royce Art Drive as one of the most successful and directly impactful client projects implemented by FITZ & CO. The experience successfully aligned the Rolls-Royce brand with world-renowned cultural institutions, museums, and arts fairs and provided prospective consumers the opportunity to experience the "quality, exquisite hand craftsmanship, and attention to the finest detail" of Rolls-Royce vehicles. Overall, the Rolls-Royce Art Drive program attracted over a hundred and twenty attendees and directly led to the sale of six vehicles.<sup>105</sup>

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<sup>105</sup> FITZ & CO., "Rolls-Royce Motor Cars North America (2014-2017)," Case Study (2018).

### *The Successful Playbook to Selling Art Online*

The art world has a lot to learn from other industries like fashion and retail. David Zwirner, a contemporary art gallery that currently represents over seventy artists and estates with six locations worldwide, is the exception to the aforementioned statement. Taking inspiration from his wife, Monica Zwirner, Co-Founder of MZ Wallace, David Zwirner was the first gallery to launch an online viewing room in 2017.

Elena Soboleva, Director of Online Sales at David Zwirner, whose role is to manage operations of “the seventh gallery space” online has seen a steady increase and shift towards digital and online engagement with art.<sup>106</sup> Soboleva said, “The global pandemic has been a huge accelerator for online sales as online became the influx point and sales channel consumers were relying on as David Zwirner’s six physical locations had to close temporarily.” The gallery, which serves an international demographic has strategically pivoted and strengthened operations online to supplement their physical spaces. In an interview, Soboleva stated that, “Prior to the pandemic, David Zwirner was hosting two online projects a month. When Covid-19 started the gallery increased to host twelve online projects a month.” The primary method of these online and digital focused projects adopted the format of viewing rooms. As New York went into lockdown, Platform: New York by David Zwirner, was born out of the altruistic belief of lending their global reach to spotlight twelve New York-based galleries who David Zwirner considers their neighbors, friends, and colleagues. The online initiative was incredibly well-received and presented available works from a single artist from the twelve participating galleries. Soboleva stated, “Subsequently, Platform has had three to four city iterations and sold over a million dollars of art for these much younger galleries and is a way to show works of artists outside our program and support the community.” As a result of these digital

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<sup>106</sup> Elena Soboleva, interview conducted by Aiho Tan, October 12, 2020. The following paragraphs about Elena Soboleva also reference this source.

projects, the gallery's online traffic has grown 600 percent during the pandemic with users from 160 countries.<sup>107</sup>

When asked about the strengths and challenges of selling art online compared to in person, Soboleva said, "With online, you are able to provide your audience with a unique storytelling context. Often with art you need to provide more context. There are often conceptual layers, history, and meaning imbued in the work and online is uniquely well-positioned to be able to tell the story of that object as well as the context around it because of all the narrative features that are represented." Soboleva adds, "Regarding selling, it is important to note that online and offline still relies predominantly on the sales team creating that relationship. I could certainly see strengths and the reason why one would have a 'buy now' functionality that is seamless but there still is, especially for more significant works, a "Click to Inquire" option where you are put through to our sales team members because art is still not at the volume game that luxury shopping is at." Soboleva mentioned that because art is a unique object when you click inquire you are put in touch with a sales director from the region who has been working with the artist and they can really tell you in-depth about the work. Soboleva says that the relationship, whether it is formed at an art fair booth or online, is very important for online sales. The disadvantage of selling art online is that art is a very physical thing. Soboleva states that, "The reality is that art should be experienced in person but not everyone has that opportunity to come into a gallery space."

Earlier this year, David Zwirner managed to sell a Jeff Koons sculpture for \$8 million dollars through the gallery's digital showroom. Soboleva revealed that timing was the most critical element of the sales strategy. "The timing was such that this piece was

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<sup>107</sup> "How a Smart Digital Strategy Is Keeping David Zwirner at the Top of His Art World Game Amid the Pandemic," Robb Report, accessed October 14, 2020, <https://robbreport.com/shelter/art-collectibles/how-gallerist-david-zwirner-effectively-pivoted-online-during-covid-1234570373/>.

just being finished. It felt so exciting and is such a significant work. Everyone is familiar with the artist and his iconic work,” Soboleva said. In particular, the *Balloon Venus Lespugue (Red)* (2013–19) sculpture by Koons was timed to launch right at Art Basel and that is a moment on the calendar that holds lots of history and connotation. Soboleva explains, “It is really that moment that people are looking to galleries to bring forward some of their best inventory and it felt that it was a very well-timed moment for that.” The unique element that a gallery has that an auction house or art marketplace does not have is the ability to work with an artist. Soboleva has an artist’s first mentality and suggests that galleries should work with artists as the role of a gallery is to always put artists first and present their work. She adds that the gallery is a structure that adapts to the art.

David Zwirner’s sale of the \$8 million Jeff Koons sculpture illustrates the importance of narrative and context. Soboleva states, “If you are in front of a Jeff Koons sculpture you are impressed because it is a significant sculpture however if you read our viewing room and understand that the artist has meticulously created all the inner folds and had hundreds of balloons tied and CT scanned then you stand in front of that *Venus* and you instantly understand and appreciate the work at such a fundamentally different level.”

In a discussion about the art world calendar, Soboleva mentioned an interesting concept she refers to as “collector psychology” which alludes to events like Frieze, Basel, and Miami which give rise to moments that collectors are used to. Given her experience, Soboleva explained how people who collect at a serious level have a calendar and some even have an allocated budget or collection management when it comes to these “moments”.

Soboleva sees the future of the art world as a hybrid one and says that the future will consist of having the works physically installed and extending facets of that

experience in some meaningful way online. At present, figuring out the optimal model will be critical to the success of understanding online sales right now. “At the end of the day, art is so personal and clients still want to speak to a sales director. Given our current circumstances, having a FaceTime conversation and seeing the work up close with all the intricate details is more powerful than seeing a still image,” Soboleva concluded.

## CHAPTER FOUR: THE FUTURE OF LUXURY MARKETING

Luxury brands should embrace digital innovation. The current climate has taught us that it is crucial for brands particularly in luxury and the fine art sectors to adapt, innovate, and embrace digital technology in order to survive and stay ahead. Serdari affirms that luxury brands need to invest in creative talent as creative talent responds to the social conditions that that we are all experiencing like the global pandemic through the creation of original content. Serdari illustrates this point by citing fashion week as an example. “Had we had the shows as per usual, it would have been traditional runway shows. Instead, we saw new and innovative formats that embraced digital technology,” she said. In fashion, Jacquemus hosted a socially distanced runway show in a wheat field in France and Chanel fused the physical experience with technology by staging a digital photo call and placed A-list guests in the front row at the fashion show on Zoom screens. In fine art, the auction houses adopted a hybrid model while art fairs and galleries hosted online viewing rooms and livestreams.

### *Processes over Products*

In a keynote address, Serdari articulated that brands that know how to innovate with processes opposed to products are more successful in the long-term.<sup>108</sup> Serdari based this theory off Hermès, a brand synonymous with innovation. Collaborations between luxury houses and artists have long existed before the Second World War and have rose to prominence in the last fifteen years.<sup>109</sup> Hermès’ collaborations with artists are process-driven and possess intellectual rigor which offer new perspectives in a market saturated with creative collaborations conceived without actual purpose.

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<sup>108</sup> “The Future of Business: Luxury,” YouTube, accessed September 30, 2020, <https://www.youtube.com/watch?v=d5v59TRK8Go>.

<sup>109</sup> Thomaï Serdari, “Experiments in Suchness: Hiroshi Sugimoto's Silk Shiki for Hermès,” *Critical Luxury Studies: Art, Design, Media* (2016): 131.

In particular, Hermès' collaboration with Japanese artist and photographer, Hiroshi Sugimoto, represents the coalescence of art, science, technology and design.<sup>110</sup> Sugimoto's oeuvre is inspired by minimalism and conceptual art. Sugimoto's work for Hermès is considered the artistic manifestation of scientific experiments carried out by Newton and Goethe on the origins of color.<sup>111</sup> Remaining true to his artistic practice, Sugimoto used a Polaroid camera to methodically capture subtle variations of color for a decade. By combining Sugimoto's vision, curiosity, and passion for art and science, the artist hand-picked twenty of his polaroids to be reproduced onto the delicate surface of an iconic Hermès silk scarf. The collaboration resulted in the creation of 'Couleurs de l'ombre', a limited edition run of twenty silk scarves produced in seven units each, which mirror the artist's preferred medium of a Polaroid charged with an abstract explosion of color. Hermès' collaboration with Sugimoto is organic as the artist's process focuses on traditional know-how which combines elements of history, tradition, practice and a contemporary expression all of which aligns with Hermès' philosophy and practices. Serdari argues that Sugimoto's collaboration with Hermès is considered a luxury as the four fields of art, science, technology, and design unite, culminating in the expression of beauty, culture, and scarcity.<sup>112</sup>

### *The Rise of Regional Markets*

Prior to the global pandemic, globalization, consolidation, and technology were considered the forces shaping the luxury business.<sup>113</sup> The pandemic has caused luxury

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<sup>110</sup> Thomaï Serdari, "Experiments in Suchness: Hiroshi Sugimoto's Silk Shiki for Hermès," *Critical Luxury Studies: Art, Design, Media* (2016): 147.

<sup>111</sup> Thomaï Serdari, "Experiments in Suchness: Hiroshi Sugimoto's Silk Shiki for Hermès," *Critical Luxury Studies: Art, Design, Media* (2016): 133.

<sup>112</sup> Thomaï Serdari, "Experiments in Suchness: Hiroshi Sugimoto's Silk Shiki for Hermès," *Critical Luxury Studies: Art, Design, Media* (2016): 147.

<sup>113</sup> "The Future of Business: Luxury," YouTube, accessed September 30, 2020, <https://www.youtube.com/watch?v=d5v59TRK8Go>.

businesses to rethink their business models as well as areas and regions to expand into. Consolidation and technology is still very much the case for all businesses. For the heavyweights such as LVMH and Kering, globalization will continue, perhaps with a little more interest in concentrated markets wherever there is really that demand for luxury.<sup>114</sup> Serdari puts forward the concept of regionalization. “In other words, brands producing regionally, marketing regionally, and making sure that the supply chain is more controlled at a regional level,” Serdari defined.<sup>115</sup> She adds that luxury brands that are present all over the world will never cease being global because this is what sets them apart from everyone else.<sup>116</sup> As the market settles down, there will be more interest and opportunities for growth in regional markets.

### *Ode to Experiential*

The demand for experiences is not restricted to luxury brands. Art businesses and collectives such as teamLab, ARTECHOUSE, and Superblue recognize the importance of delivering meaningful experiences with art that innovatively transcend the second dimension. Unlike contemporary art galleries that attract art collectors and cultural institutions as clients, these newly-formed art enterprises are aimed at the general public with the overarching goal of making art more widely accessible. Their mission is to showcase works and installations by leading artists immersively and experientially. It is clear that art and technology form the core pillars of these businesses. Mollie Dent-Brocklehurst, Co-founder of Superblue, described it as a different way of engaging people, “it’s an experience they are a participant in rather than

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<sup>114</sup> Thomai Serdari, interview conducted by Aiho Tan, October 2, 2020.

<sup>115</sup> Ibid.

<sup>116</sup> Ibid.

a viewer of,” in an interview with Artsy.<sup>117</sup> In addition, Superblue’s tagline “Created by artists. Completed by you.” is an attempt to strike a personal connection followed by an inclusive call to action.

Although these art enterprises operate as experiential art centers, they are not designed to compete with traditional art businesses. Instead, they offer a promising solution in making art more accessible to the masses while appealing to the younger generation. Museum of Ice Cream is another experiential center and commercial museum which incorporates interactive and “Instagrammable” moments. The common element that all these experiential centers share are discoverable experiences that are designed to be shared in person or virtually. The user-generated content on Instagram as a result of a visit to teamLab or ARTECHOUSE is endless and is proof that the public loves to engage with participatory art.

The emergence of these experiential centers are timely and support the notion that there is demand to experience art in person and to create shareable memories that can be later transformed into content. An example of this is Yayoi Kusama’s Infinity Mirror Rooms, which are kaleidoscopic environments that offer the chance to step into an illusion of infinite space. The continuous expansion and international presence of these experiential art centers transcend the traditional museum experience of viewing two-dimensional work and revolutionize public engagement with art by raising awareness of artists experientially in a groundbreaking way.

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<sup>117</sup> “How Pace Gallery Helped Turn Experiential Art into an Industry,” Artsy, accessed November 14, 2020, <https://www.artsy.net/article/artsy-editorial-pace-gallery-helped-turn-experiential-art-industry>.

### *Key Issues, Trends, and Strategies Shaping Luxury Today*

Through conducting research on the future of luxury marketing, it is evident that personalization, creative collaborations and strategic partnerships, and sustainability are key issues, trends, and strategies prevalent in shaping today's luxury market.

#### *Personalization*

Luxury brands are increasingly offering personalization and customization as a way to target a consumer's desire for self-expression and individuality. Notable examples range from Louis Vuitton's traditional hot stamping service to Burberry's bespoke trench coat experience to the exclusive invitation to create a Special Order Birkin with Hermès. It is clear that luxury brands at all tiers are capitalizing on this trend. A study by Bain & Co. suggests that by 2025, Generation Z and Millennials will form 45 percent of global luxury buyers. It is important for luxury brands to understand the behavior of these younger generations as they are digital natives. Digital natives grew up in the digital era using technology, engaging with digital content, and transacting online. Willersdorf asserts that Generation Z channel a unique set of behaviors and values. They are more inclined to purchase collaborations compared to previous generations and are heavily influenced by sustainable practices.<sup>118</sup> Younger consumers value and appreciate customized and personalized goods over mass produced products as they feel more involved in making their mark on a product that aligns better with their preferences, tastes, and identity. As discussed earlier, luxury brands need to embrace digital and deliver consumer experiences that surpass what is out there already. To better communicate and align with the values of the younger generation of luxury

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<sup>118</sup> "3 Ways Millennials And Gen-Z Consumers Are Radically Transforming The Luxury Market," Forbes, accessed November 15, 2020, <https://www.forbes.com/sites/pamdanziger/2019/05/29/3-ways-millennials-and-gen-z-consumers-are-radically-transforming-the-luxury-market/?sh=6f4addad479f>.

consumers, brands need to implement digital strategies to amplify and enhance the brand experience. Atelier Beauté Chanel in Soho, Manhattan is Chanel's effective solution to engaging and connecting with younger consumers. Atelier Beauté Chanel provides bespoke services and has been referred to as an experiential luxury beauty playground where consumers are encouraged to discover and experience all of Chanel's beauty, fragrance, and skincare products. Upon arrival, consumers are asked to create an online account with Chanel where they can like, save, and purchase their favorite products they discovered from their time at the Atelier. In addition, the Atelier offers one-on-one makeup tutorials with world-renowned makeup artists and personalized skincare consultations with industry-leading experts. With their target audience in mind, Chanel has created a "content creation" room with Instagram-approved lighting at the Atelier for consumers to snap a post-makeover selfie. Atelier Beauté Chanel demonstrates how a luxury brand can successfully engage with younger consumers through a combination of digital technology, e-commerce strategy, and in person experiences. Luxury brands must constantly think about their consumer and target audience and find ways to keep them engaged and remain loyal to the brand.

### *Creative Collaborations and Strategic Partnerships*

Creative collaborations and strategic partnerships are imperative to the new luxury. These collaborations and partnerships have the ability to generate significant brand awareness, exposure to new audiences, and increase revenue. Aligning with the discussion on personalization above, Willersdorf states that millennials are looking for innovation in design, as well as unique collections that reflect individual expression and values. Specifically, younger luxury consumers want brands to venture beyond their traditional designers and create new and innovative ideas and interpretations of

luxury.<sup>119</sup> Louis Vuitton is a perfect example of a brand that has fully embraced the notion of venturing beyond their traditional designers. In the past, Louis Vuitton collaborated with artists such as Takashi Murakami to create Louis Vuitton bags that featured Murakami motifs or multi-colored monogramming embraced and loved by traditional luxury consumers. Coinciding with the appointment of Virgil Abloh, artistic director of Louis Vuitton menswear and CEO of Off-White, Louis Vuitton has shifted from traditional luxury to catering to younger luxury consumers. An example of this shift is Louis Vuitton's collaboration with streetwear powerhouse Supreme. Abloh has been instrumental in creating dialogue and social impact with younger consumers through his street-oriented designs culminating in luxury that is more versatile and conscious of which the younger generation can relate to. Over the years, through Off-White, Abloh has collaborated with brands such as Nike, Moncler, and Ikea. In particular, the Ikea and Off-White collaboration was aimed at millennials moving into their first home and were "pieces that speak to the consumer's identity and soul", said Henrik Most, Creative Lead at Ikea. Abloh told Vogue that his internal tool for distinguishing luxury is to determine whether or not something is coveted. If you covet it, then its luxurious to you, he said. Although, the definition of luxury is difficult to pinpoint, the younger generation's take on luxury is more ethical, accessible, and democratic. As creative collaborations proceed with full steam, luxury brands will need to creatively reinvent and tailor their offerings to meet the needs of younger consumers just like Abloh has done.

A strategic partnership is a relationship formed between two commercial enterprises. Launched in 2015, the Hermès Apple Watch is an example of a successful strategic partnership. This partnership unites the timeless craftsmanship of Hermès with the market-leading technical capabilities of Apple. The unique characteristic about this

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<sup>119</sup> Ibid.

strategic partnership is that it has the capability to facilitate the meeting of art, fashion, technology, luxury, and design. The partnership plays to the strengths of each business. For Hermès, it is about providing exceptional quality leather and design. For Apple, it is about providing innovation, functionality, and advanced technology. The end result of this strategic partnership is the creation of wearable luxury in the form of a watch that integrates leading technology and a user-friendly interface. Historically, Hermès is not known for horology and Apple is not known for timeless luxury so the partnership is mutually beneficial and leverages the strengths and capabilities of each business. By forming this alliance, both brands are able to benefit from each other and market their creation on both business platforms, thus gaining double exposure to new and existing markets. Since Apple's debut with Hermès, other competitors in the tech industry such as Fitbit have adopted the same strategy by partnering with well-known designers to make their product more appealing.

### *Sustainability*

Kapferer and Bastien pose two important questions for consideration when it comes to luxury. Are luxury and sustainable development compatible?<sup>120</sup> Can luxury be 'green' and 'gold'?<sup>121</sup> Luxury brands are the creators of products that are not fully sustainable but simultaneously they are advanced enough with design and technology to reduce and combat the problem. An example of this would be a luxury automotive company manufacturing a vehicle with carbon dioxide emission reduction technology or an all-electric vehicle such as the Porsche Taycan. Kapferer and Bastien assert that sustainable development will only be effective if it is democratized and generalized.<sup>122</sup>

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<sup>120</sup> Jean-Noël Kapferer and Vincent Bastien, *The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands* (London: Kogan Page, 2012), 298.

<sup>121</sup> Ibid.

<sup>122</sup> Ibid.

The issues of sustainability and social responsibility remain paramount in luxury as brands continue to evolve. Ethical manufacturing practices, humane treatment of animals, and the environment remain top considerations and concerns for consumers. Luxury brands will need to prioritize and continue to develop more sustainable practices as the next-generation of consumers with the strongest purchasing power possess a more ethically and socially-conscious mindset compared to previous generations. The demand for sustainable practices will only continue to reward and fuel secondary luxury market stakeholders such as Vestiaire Collective, The RealReal, and 1<sup>st</sup> Dibs.

## **CONCLUSION**

Luxury has become a way of life. With Generation Z and Millennials set to become the main segment of luxury consumers by 2025, luxury brands must evolve and cater to the preferences of these digitally native generations to remain relevant leaders in the luxury market. Luxury brands must continue to navigate the challenge of growing their brand while maintaining an aura of exclusivity and individuality. First-hand insight from industry leaders and disruptors such as Sara Fitzmaurice and Elena Soboleva and case studies on Sotheby's and Rolls-Royce Motor Cars North America underline the importance for luxury brands to embrace the shift from physical to digital, harness the power of experiential and bespoke marketing strategies, invest in creative talent, collaborate creatively and partner strategically with brands and individuals, and craft an authentic narrative that connects with consumers. It is clear the future of luxury marketing is 'phygital', where the physical world and digital technology will unite to deliver luxury consumers a uniquely optimized and enhanced experience. In addition, as Generation Z and Millennials are more conscious of the ethical, environmental, and social impacts of their purchases and are more inclined to purchase from a brand that aligns with their individual values compared to previous generations, it is apparent that luxury brands must continue to evolve and shift towards a more sustainable and socially-conscious business model. Luxury brands and businesses that are able to adapt quickly and continue to innovate will position themselves as pioneers and successful leaders in the luxury market.

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