Connecting Art and the Public through Digital Marketing and Brand Collaboration – CO-ART, a New Art Marketing Agency

Qing Su

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Connecting Art and the Public through Digital Marketing and Brand Collaboration – CO-ART, a New Art Marketing Agency

By

Qing Su

A thesis/ project submitted in conformity with the requirements for the Master’s Degree in Contemporary Art Sotheby’s Institute of Art

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Chapter 1 Executive Summary

Traditional art marketing often focuses on physical exhibitions, in-person networking, and the endorsement of the art world “gatekeepers.” The making of a “star” artist relies not only on the quality of the art itself, but also on how galleries (the art marketers) orchestrate the complex power dynamics in the art industry – critics, curators, institutions, and collectors. This long-lasting mechanism leads to the elitization of the art world and disconnection with the mass public as it targets only a niche number of audiences that might make an influence on an artist’s career, price, and portfolio. CO-ART is an agency that endeavors to augment the accessibility of the art – we connect art to a much larger audience beyond the art world through the power of digital marketing and cross-industry partnership. Our two key services are digital marketing consultancy and brand collaboration development, which we believe can fuel the scale of art’s outreach remarkably.

For digital marketing, we provide consulting services to artists and art bodies that aims to expand its footprint in the digital space. Digital technologies and social networks have decentralized and democratized the touchpoints in the art industry, allowing every art actor to cultivate their audience and buyers therein. The pandemic has pushed (or forced) most art market players to embrace digital transformation, bringing a burgeoning number of Online Viewing Rooms, Zoom talks, live streams, online auctions, even AR/VR and NFTs for some adventurers, however, most art bodies, especially artists are still lack of the experience or expertise to migrate to digital platforms, and many find it challenging to stand out from the crowd given the overwhelming volume of information offered
Having an online presence does not necessarily lead to online engagement and online sales. To cultivate a future collector base amongst the uprising millennials, who are the most active purchaser and highest spender online\(^2\), artists need to develop their unique digital strategies and grow their online following. With deep understanding of the digital ecosystem and storytelling, CO-ART help audit your digital presence to establish your unique brand; examine your digital channels to optimize your outreach, your online sales; and provides actionable solutions to navigate your digital strategies.

Our second key service is to bridge Art and Brands. We believe art and brand can join forces to influence an incredible amount of audience with inspiring stories and creativities. CO-ART is not only widely connected amongst corporate brands and their advertising agencies, but also experienced in managing brand-artist collaboration projects. We serve to identify the right partnership, integrate mutual resources, streamline communication clutters, and solve execution hurdles during the entire project.

We will focus our marketing efforts on digital with content strategies that are tailored for two target audiences: art bodies (mainly artists and galleries) and corporate brands. For artists and galleries, we will provide tutorials and case studies to strengthen their capabilities to market themselves online; whilst for corporate brands, we will feature artists’ stories and case studies of art-and-brand collaborations. In the first year of establishment, CO-ART aims to partner with 100 talented artists who have unique visual

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language and innovative techniques, as well as 5 to 10 corporate brands. The business will be continuously expanded via a combined effort of digital marketing and one-on-one business development.

CO-ART’s operation team will consist of a two-partner management team: myself as corporate brand relationship partner who is also in charge of digital marketing contents and commercial project management, and an artist relationship partner who will also be the chief editor, supported by a graphic and web designer and an editorial intern.
Chapter 2 Market Analysis

2.1 The Traditional Art Business Model and Its Challenge

Since its emergence, the art market has been relying on an artist-to-collector mechanism, supported by galleries, auction houses, and other forms of intermediaries. During the seventeenth century, the rise of the middle-class of Flanders, Holland, and some parts of Italy formed the early group of art collectors. Four centuries later, the art market still revolves around collectors. According to The Art Market Report 2021 by Art Basel and UBS, finding new buyers has been the top challenge amongst art galleries and dealers’ concerns for many years, and will most likely remain so as the COVID-19 pandemic caused a 22% fallout of the global sales of art and antiques in 2020. The same report also shined a light on the root causes behind this challenge – on a global average, businesses in the dealer sector sold to 55 individual buyers in 2020, down from 64 in 2019; 72% of dealers only had 50 clients or less. Not to mention the even smaller collector base an individual artist can build without the representation of galleries. Such a small client base contributes to the long-lasting traditions of collector relationship management: privileged, intimate, and exclusive, which might seem distanced, obscure, and unwelcoming to the outsiders. The traditional art business model has performed so successfully that the overwhelming global trend of digitization lagged to infiltrate the art industry until the pandemic forced the change in 2020. When most live events got shut down, it inevitably expedited the evolution to digital. An industry that had been heavily reliant on physical

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3 Art Markets, Darius A. Spieth, Professor of Art History, College of Art and Design, Louisiana State University, https://www.oxfordartonline.com/page/art-markets
space and in-person relationships scrambled to look for alternatives via the virtual internet hence emerged new methods of collector outreach, new forms of collector relationship, or even new business models that rely on the *audience* instead of *collectors*.

### 2.2 New Art Business Models

#### 2.2.1 The Digitization of the Art World – Production, Spectatorship, Marketing and Sales

Digital innovation, first and foremost, infiltrates the process of art production. It is not only used as a new medium or tool, but also a new way of imagining and realizing a work of art. The materiality of art is replaced with a "matrix of sensation," as per Donald Kuspit, “…a new digital heightening of sense experience, correlates with the new way of conceptualizing consciousness as the codification of experience in the form of electric bits of information.”

Groups of artists, including some of the masters of traditional media, have furthered their exploration into bits and algorithms to configure their works rather than material substance: David Hockney applied his exceptional draughtsmanship on iPad drawings; Olafur Eliasson collaborated with Acute Art and transformed his nature element motifs into Augmented Reality (AR); Damien Hirst is converting his 10,000 oil paintings into corresponding Non-Fungible Tokens (NFT) in partnership with NFT platform Palm. Meanwhile, some other artists reverse digital technologies into the physical world. An exemplar is teamLab, an artist collective who is renowned for its immersive digital installation, merges technology, art, and physical space into a transcendent experience.

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Digital screens have also become an essential channel for art spectatorship: a physical work of art, regardless of its medium, is converted into pixels on the screen; the skills of storytelling, art history knowledge, and connoisseurship of an art salesperson are substituted by a collective of digital contents (texts, pictures, and videos). The ways of seeing art, therefore, become a digitized, pixelized, and flattened one, providing an indirect viewing experience compensated by imagines of the materiality, a fragmented glimpse instead of complete indulgence, a self-guided tour with neither the intimidation nor the benefits of in-person networking, and a distant, calculative decision making. Such transformation in spectatorship leads to the million-dollar question for every art business player: how can we reinstate the conviction and urgency of the traditional art-selling tactics over the screen?

Galleries, art fairs, and auction houses conducted numerous experiments on their online tactics, most notably, the widespread application of Online Viewing Rooms (OVRs). Since its firstly phrased by David Zwirner Gallery in 2017, OVRs have become a new norm for galleries to showcase their artists’ works in substitute of physical gallery space during the shutdown. Although an OVR is essentially an elementary web 1.0 technology, it offers both galleries and buyers an easy entry into virtual showing, storytelling, and sales in some cases. During the 2020 global pandemic, 90% of the surveyed High-Net-Worth (HNW) collectors have visited a gallery or art fair’s OVR, with less than half using them to complete a purchase. Social media also became another essential tool for art marketing: it ranked as the second most helpful online strategy for dealers in 2020 and
2021 according to *The Art Market Report 2021* by Art Basel and UBS. Social media allows artists and art bodies to attract potential buyers beyond their geographical outreach and personal connections. Most importantly, its wide accessibility diminishes the intimidating gap between art and the mass, offering artists a way to build their audiences without relying on any intermediaries. One successful artist-initiated social media project during the pandemic was Artist Support Pledge, a campaign established by British painter Matthew Burrows, in which artists could use the hashtag #ArtistSupportPledge to sell work directly from Instagram. Each work for sale was valued at £200/$200 or less, and if the artist made £1,000 or the equivalent in sales, they committed to purchase another participating artist’s work. This campaign was reported to have generated an estimated £60 million in sales globally and thus became an exemplar of emerging artists using social media to directly connect to new buyers without galleries’ help in the middle.

The collective efforts of digital marketing resulted in exponential growth in art’s online sales. The aggregate online sales doubled in 2020 and reached 12.4 billion U.S. dollars, with its share of total sales increased from 9% to 25%. Amongst which, dealers’ online sales expanded threefold from 13% in 2019 to 39% in 2020, while the auction sector sold 22% of the lots via online-only sales, doubled the share in 2019. Aside from the traditional art e-commerce approach, auction houses also set foot in a brand-new digital

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realm – NFT art. On Mar. 11th, 2021, Christie’s took the first bite and hosted the first NFT art auction in the traditional art world, selling *Everydays: The First 5000 Days* by digital artist Beeple at more than 69 million U.S. dollars – a record with which crowned Beeple as the third most valuable living artists, right after David Hockney and Jeff Koons. Various forms of online sales not only braced dealers and auction houses for the impact of the pandemic but also became a recruitment channel for new buyers. In the dealers’ sector, an average of 32% of the online buyers were new buyers who had not been in contact with before.10 This ratio might be even higher for NFT art: “We signed up more clients that were new to us than ever before for a single lot,” says Alex Rotter, chairman of postwar and contemporary art at Christie’s in New York. “That tells you this is an entirely new category of buyers.”11 Evidently, digital marketing and online sales made a tremendous contribution to *finding new buyers*, the evergreen top challenge for art market players, and will continue to be the key strategies for the art trade.

New challenges await art market players as they had managed to “crash-land” into the digital world: how can one differentiates oneself from the crowd, and what are the success metrics for better conversion?

2.2.2 China Art Market and Its Digitization

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Greater China was one of the few regions that ran a business as usual for most of the pandemic year thanks to the early and strict control and tracking of COVID-19 cases. Greater China art market experienced a much lower level of decline (by 12%) in 2020 comparing to other regions (a 22% decline globally) and became the second-largest art market in the world, surpassing the UK.\textsuperscript{12} Galleries, despite conducted fewer live events, achieved higher sell-through rates out of their exhibitions. Moreover, 64\% of the galleries in Mainland China reported that the pandemic made no negative impact on their businesses, and 45\% of them even reported to have grown their sales in 2020.\textsuperscript{13}

\begin{center}
\textbf{Diagram 2.3.1-1 Mainland China Gallery Sell-through Rate in 2020}
\end{center}


In November 2020, Shanghai hosted two major art fairs, Art021 and West Bund Art and Design, while most live art events being postponed or canceled everywhere else. It was reported that the two art fairs attracted a considerable number of visitors and achieved remarkable sales results. The thriving physical events benefited the overall art sales in China market; on the other hand, however, it might also lead to a less digitized art economy. In Fine Art Sector, Greater China had the smallest share of online-only sales by volume (3%) versus 24% for the US and 43% for the UK. Additionally, Mainland China’s High-Net-Worth (HNW) collectors had a much lower share of online purchases than other regions – only 40% of HNW collectors in Mainland China purchased via online auctions, while the corresponding global average shares were 49%.\textsuperscript{14} Such market status opens business opportunities to those agencies that can fill the gap between the hyper-digitized users and the less-digitized art business.

2.2.3 Brand-Artist Collaboration and Market Opportunity:

It is hard to pinpoint the starting point of artists’ collaborations with brands. The early collaboration went back to 1937 when fashion couturier, Elsa Schiaparelli worked with Salvador Dalí to create the “Organza Dinner Dress with Painted Lobster.” Since then, numerous collaboration projects have emerged, such as Andy Warhol and Yves Saint Laurent in the 1960s, Vivienne Westwood’s Keith Haring-inspired collection in 1993, the Louis Vuitton x Takashi Murakami accessory collection in 2003, and then another big commercial blow-up with the KAWS x Uniqlo UT collaboration. This crossover project did not only elevate the creativity and desirability of the products, but also the market demands of the artists. For instance, after the big commercial success of KAWS x Uniqlo capsule collection in 2016 (with nearly one million units sold in a month), KAWS’ auction turnover and records also skyrocketed since 2017, and reached the record price at $14.8 million with The KAWS Album in 2019.17

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Another exemplar of artist-brand collaboration was the introduction of Theaster Gates into the China market, which demonstrated a seamless orchestration among museums,
galleries, and corporate brands. This integrated marketing “campaign” started with Theaster Gates’ solo exhibition at Prada Rong Zhai on 11 March 2021, in support of Fondazione Prada. It was then followed by a museum exhibition of Theaster Gates at TANK Shanghai on 19 March 2021, which rendered the museum space into a roller-skating rink. Two months later, Gagosian and White Cube gallery brought the artist’s works to Art Basel Hong Kong, converting the publicity hype into commercial values. Each of the three stakeholders played a cohesive role in building the artist’s name in Greater China – Prada, the commercial brand, reached the high net-worth consumers and ignited media exposures; TANK Shanghai, the art museum, raised the awareness among the public audience and provided institutional endorsement; Gagosian and White Cube, the galleries, closed the loop by art trades. These successful cases validate the potentials of artist-brand collaboration – that it can be mutually beneficial to expanding new audience and buyers for both the artist and the brand.

2.2.4 Competitor Analysis

CO-ART’s competitor analysis will focus on companies that might challenge our revenue driver – art-and-brand collaboration business. In this segment, our key competitors in China operate mainly in the commercial art field. They work with commercial artists such as illustrators, graffiti artists, cartoonists, photographers, animators, film directors et cetera.

- Neocha:

Neocha is a Shanghai-based creative community and agency for commercial artists. The vision of Neocha is to deliver ambitious ideas and inspired storytelling for the most forward-
thinking brands in the world. The agency was established in 2007 and has worked with top corporate brands such as Adidas, Nike, Puma, Absolute Vodka et cetera. One unique strength of Neocha is that it owns a virtual magazine in which features stories and interviews of the artists that the agency collaborates with. It also has an online shop for artists’ books and albums, prints, as well as other collectibles – all of which are under $300. Since Neocha and CO-ART work with two very different artist groups, there will only be occasional business overlap. The model of building a company-owned media platform to hero artists and attract brand clients is of great reference to CO-ART.

- **EyeCandies:**
  EyeCandies is a newly established creative agency that provides art consultancy and art marketing services. The agency has partnered with Tmall and some China local brands on artist collaboration. The number of partnering artists is still small, between twenty to thirty. And most of the artists are illustrators and pop artists. One competitor edge of EyeCandies is that it owns a physical gallery space to host artists’ exhibitions, which strengthens its relationship with the artists, as well as expending the businesses to artwork sale.

- **Tezign:**
  Tezign is a tech-empowered creative platform that leverages big data and Artificial Intelligence (AI) technology to analyze marketing needs, source matching creators out of more than 40,000 creators around the world, and review the effectiveness of each creative asset. Tezign stands out with its huge creator network, quick production turn-around, and data-driven service model. The company has worked with major e-Commerce giants such as Alibaba, as well as major brands in Fast Moving Consumer Goods (FMCG) industry, all of which are fast-paced and result-oriented companies. CO-ART differentiates itself from
Tezign by providing a more premium and aspiring collaboration that not only drives business results but also brand elevation.

- Major Advertising and Public Relations (PR) Agencies in China:

Corporate brands mostly rely on their partnered advertising and PR agencies on marketing campaign executions. Artist collaboration, as a common marketing tactic, is often proposed and conducted by the supporting agencies, who therefore have access to most of the marketing budgets. Some of the agencies are capable to develop artist-and-brand collaboration through personal connections, however, they are not specialized in the Fine Art industry hence only have a limited pool of contemporary artists they can connect with. CO-ART’s opportunity is to own the network of contemporary artists and develop an exclusive partnership with them. Unlike advertising and PR agencies, CO-ART seeks to create a long-term, committed relationship with the artists, rather than a one-off commercial stunt.
Chapter 3 Business Plan Description

3.1 Business Vision and Unique Proposition:

CO-ART is the interlink between art and the general public, expanding art’s impact through the most democratized tool (digital) and the most resourceful partners (brands). CO-ART is the navigator for artists, galleries and institutions that are in seek of a stronger online presence, an effective digital outreach, and a smoother audience-to-buyer journey. CO-ART is the go-to agency for brands to collaborate with the art community and engage their consumers with cultural impact.

In the current market, the connection between artists and brands are fragmented, scattering across different agencies, amongst which mostly establish their businesses in the commercial art genre. CO-ART will offer a one-stop, integrated solution for corporates that want to connect their brands with arts and culture, especially with the Fine Art genre. Diagram 3.1-1 demonstrates the artist matrix of CO-ART, in which fine art artists will consist of a relatively bigger proportion comparing to commercial artists. Diagram 3.1-2 shows the market proposition of CO-ART versus current competitors.
Diagram 3.1-1: CO-ART Artist Matrix

Diagram 3.1-2: CO-ART Market Proposition

3.2 Business Model:
CO-ART has two revenue drivers for starters: consulting and service fees generated from digital marketing-related services and commission fees generated from brand-and-art collaboration projects.

3.2.1 Digital Marketing Service Model:

Digital marketing consulting services will be divided into two segments: Do-It-Yourself (DIY) and Do-It-for-You (DIFY). DIY is a pool of digital marketing know-hows aggregating entry-level toolkits, manuals, and tips at an affordable price point. Do-It-for-You (DIFY) segment provides one-on-one, tailored services to more digitally ambitious clients, which includes social media management, website design and development, digital marketing, and online sales auditing. This thesis will exemplify one of the digital marketing auditing services: website auditing.

Case Demo I: Website Auditing for Galleries

According to Diagram 3.2-1, all four galleries’ websites are mostly visited through Desktop, Gagosian, and Hauser & Wirth gallery have slightly higher mobile visit rate. Diagram 3.2-2 shows that Hauser & Wirth gained the highest Visits/Unique Visitors, Visit Duration, Page/Visit, and the lowest Bounce Rate, indicating that the website provided a good user experience that attracted visitors to stay and explore the gallery’s contents, even repeatedly came back to check on the updates. Based on the monthly visits and bounce rates numbers, we can infer the effective traffic (=Total Visit x (1-Bounce Rate)) of each gallery’s website:

- Gagosian: 120,185
Amongst the four blue-chip galleries, Hauser & Wirth gained the highest effective traffic during the reported period thanks to its better website user experience. Gagosian, despite attracted the most visitors to its website, 67.04% of them left without any interactions with the site. \(^{18}\) This should ring the alarms on two potential issues: the user experience of the website and the quality of the traffic. David Zwirner ranked second on both total traffic and website engagement data, however, there is still room for improvement on the

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user experience of its website to lower the bounce rate. Pace gallery might need a closer look into its digital strategies as it underperformed in almost all performance indexes. The effective traffic of Pace gallery’s website during the reported period was less than half of its best-performed peer, Hauser & Wirth gallery. It is suggested that Pace gallery have an in-depth review and optimization plan on the traffic drivers, website design, as well as featured artworks and content strategies.

3.2.2 Brand-Artist Collaboration Service Model:

Brand-artist collaboration service will connect artists with cultural and commercial projects that offer a stage to bolster up awareness, engage a vaster audience, and influence public life. With more than ten-year experience in branding and wide connection amongst advertising and marketing sectors in China, CO-ART is exceptionally resourceful in bridging the talented, up-and-coming artists with the most premium brands in the China market. We add value to various branding projects, including product collaboration, campaign visual development, retail and event installation, fashion photography, interior art project, Key Opinion Leader (KOL) seeding, and so on.

This thesis will exemplify one exemplar pitch-deck for collaboration project development to corporate clients.

Case Demo II: Brand-artist Collaboration Pitch-deck

(Please note that parts of the information in below-mentioned case are presumptions for demonstration purpose only.)
Artist Name: Yang Fudong

Artist Background: Yang Fudong was born in 1971 in Beijing. Since the late 1990s Yang Fudong has developed a significant body of work mainly in film, installation, and photography. He is considered one of China's most important contemporary artists.

Representing Galleries: Marian Goodman (International), ShanghART (China)

Collaboration Threshold: $80,000

Fee Structure: Yang Fudong Studio (40%), Gallery (25%), CO-ART (35%)

Potential Brand Categories: luxury retail brands, high-end motor brands, high-end liquor brands, other premium categories/brands

Collaboration Workflow:

Diagram 3.2.2-1: Brand-artist Collaboration Workflow

Commercial Portfolio:

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YANG FUDONG

Born in 1971 in Beijing, Yang Fudong is considered one of China’s most important contemporary artists.

Since the late 1990s, Yang Fudong has developed a significant body of work mainly in film, installation, and photography.

Diagram 3.2.2-2: Artist Introduction

Yang Fudong was born in 1971 in Beijing. He currently lives and works in Shanghai. Since the late 1990s, Yang Fudong has developed a significant body of work mainly in film, installation, and photography. He is considered one of China’s most important contemporary artists. Yang’s visual language has always been enveloped in a dream-like mystery. His characters, often silent and disembodied, usually move according to choreographed gestures and transport the viewer into an aesthetically perfect environment. His work deliberately suspends and confuses time.

Yang Fudong studied painting at the Academy of Fine Art in Hangzhou. His work has been exhibited widely internationally, including solo presentations in major institutions such as Fosun Foundation, Shanghai (2019); the Long Museum West Bund, Shanghai (2018); Savannah College of Art and Design, Georgia (2018); Espace Louis Vuitton, Tokyo Japan (2017); Daegu Art Museum, Daegu, Korea (2016); Yuz Museum, Shanghai (2015); Auckland Art Gallery, New Zealand (2015); ACMI, Melbourne, Australia (2014); Parasol Unit, London (2013); National Museum of Contemporary Art, Athens (2010); Asia Society, New York (2009); Kunsthalle Wien, Vienna (2005); Castello di Rivoli, Turin (2005); and Renaissance Society, Chicago (2004). In 2013, Kunsthalle Zurich and Berkeley Art Museum & Pacific Film Archive co-organized his retrospective exhibition.

The artist has also participated in prestigious international art events including: Sharjah Biennal, UAE (2013); Venice Biennale, Italy (2003 and 2007); The Asia Pacific Triennial of Contemporary Art, Australia (2006); and Documenta Xi, Germany (2002).

Credit to Marian Goodman Gallery: https://www.mariangoodman.com/artists/73-yang-fudong/
Diagram 3.2.2-3: Artist Biography

YANG FUDONG X PRADA
“FIRST SPRING” 2010

Diagram 3.2.2-4: Past Collaboration

UPCOMING EXHIBITION

19 MARCH - 11 OCTOBER
TANK (SHANGHAI)

22 MAY - 11 JULY
UCCA EDGE (SHANGHAI)

SEPTEMBER
UCCA (BEIJING)

OCTOBER
SU ZHOU MUSEUM (SUZHOU)
In the second year of our establishment, we will also expand our businesses to artwork sales leveraging our artist and gallery network. Different from a typical gallery’s model, CO-ART will focus on developing exclusive artists’ drops (prints, toys, and other collectibles) with an affordable price point (below $800), riding on top of the momentum of our artist-and-brand collaboration projects.

Brand collaboration and art collectible drops will be the top two revenue streams for CO-ART, whilst digital marketing consulting for artists and galleries mainly serve to develop and maintain our network in the art world.
Chapter 4 Marketing Plan

4.1 Brand Strategy

CO-ART is dedicated to bringing art to everyone and bringing businesses to artists.

4.2 Target Audience

Primary client: 1) Galleries and art entities that are based in China, with annual turnover between $$, and mainly operate in the contemporary art market. 2) China contemporary artists who have a unique visual language, innovative techniques, and sedulous practices.

Secondary client: Corporate brands and advertising agencies with marketing offices in China, mainly focusing on industries of fashion retails, real estate, liquors, motors, and tech companies.

4.3 Marketing Communication Plan

The overall marketing strategies are Lasor-focused on digital platforms. The marketing matrix of CO-ART will consist of WeChat, Weibo, and Red, Instagram, and the official website.

To attract talented artists, we will create a CO-ART online magazine that narrates artists’ stories. We will directly scout artists through research, studio visits, and interviews, and work with galleries to market their represented artists. Our partnered artists will be featured via our virtual magazine as well as be recommended to potential brand clients.
To gain gallery clients, CO-ART will establish an online ‘Idea Hub’ for art marketing know-how on our owned website and social media, providing digital platform toolkits, digital marketing tips, industry case studies, and so on. CO-ART’s ‘Idea Hub’ will be a subscription-only section, which consists of both free and paid content. Thus, we will have a strong hook to gather leads of high-potential clients and follow up with more tailored services.

As for corporate brands, our main content to attract will be our list of artists and art-and-brand collaboration cases. We will also conduct face-to-face business development leveraging the existing connections of the founder. Additionally, CO-ART will host VIP engagement programs to sustain our client relationship, for instance, to organize studio visits and gallery hopping, as well as a guided tour at museum exhibitions or art fairs.
Chapter 5 Operation and Development Plan

5.1 Staff

Diagram 5.1-1 shows the organizational structure of CO-ART, including roles, responsibilities, and salaries. The company is led by me and another senior partner, with one graphic & web designer and one project & editorial intern as the execution team. I will work with an intern to develop a pool of digital marketing content for artists and galleries, as well as provide consulting services. The senior partner will oversee editorial content for our partnering artists and galleries, mostly in the form of interviews. Both founder and senior oversee artist outreach and business development. The graphic and web designer will work with all other teammates on social and web design, as well as take on simple photography and videography projects for gallery clients. CO-ART will offer paid internship opportunities to a senior college or grad students from art schools in Shanghai. Intern will gain art industry experience by working with different artists and galleries, as well as business experience by working with corporate brands.

Diagram 5.1-1: Organization Chart
5.2 Development Plan

CO-ART will establish the company’s brand, starting with offering digital marketing content to artists and art bodies to attract potential partners. As we build our connections within the art industry, we will approach corporate brands via the founder’s business connection and take on small-scale collaboration projects in the first year. In the second year of establishment, CO-ART will maintain marketing services whilst expand corporate brand clients, as well as kick-off art sale business. The art sale business will begin with collectibles and limited prints, riding on the momentum of artist-and-brand collaboration projects. In the third year, we plan to double the revenues generated from corporate projects and art sales to over $550K in total and extend our artists’ network overseas. In 2025, as CO-ART accumulates over 20 collaboration cases and a higher level of awareness in the industry, we plan to raise the budget threshold for corporate projects from $15K to $31K. We will also continuously drive the art sale business and double the revenues versus the previous year. In 2026, we target to reach $1 million through corporate projects and art sales combined, thus assert a solid position in the industry.
Diagram 5.1-2: Five-year Development Plan

- **Y1 2022**
  - Establish artist network (100 artists)
  - Digital marketing focused

- **Y2 2023**
  - Maintain digital marketing consulting services
  - Expand corporate brand clients
  - Kick off art sale business

- **Y3 2024**
  - Double revenues from corporate brand projects & art sale
  - Expand partnership with international artists

- **Y4 2025**
  - Elevate brand project levels
  - Continue to double revenues from art sale

- **Y5 2026**
  - Corporate brand projects & art sale revenue reached $1M
Chapter 6 Financial Projections

Table 6.1-1 depicts the financial projects based on costs and revenues for the first five years of establishment. The biggest fixed cost is staff salaries. As the business grows, we plan to increase the headcounts of another full-time employee in the third year, adding another account service personnel to support the growing corporate business. The biggest variable cost is artist fees from collaboration projects and artwork sales: CO-ART will take 50% commission for corporate project revenues and 30% commission for artwork sales revenues. The art-brand projects will be segmented into five levels: $15,504 (L1), $31,08 (L2), $46,512 (L3), $62,016 (L4), and $77,519 (L5) based on common marketing practices in China. In the first year, 69% of the revenues will be generated from digital marketing consulting services as a way-in to build connections with artists and galleries. Starting from the second year, we will gradually increase revenues from corporate projects and artwork sales. These two revenue streams will take up around 75% of CO-ART’s total revenue in 2026. As CO-ART builds its reputation in the industry, our focus will lean towards higher-budgeted projects starting from the third year. In the fourth year, we will raise the project threshold to L2 and above projects. Coming to 2026, over 83% of the revenues from art-brand collaboration businesses will be from L3 level or above projects.
Table 6.1-1: Five-year Financial Projection

Graph 6.1-2 depicts the cost structure of CO-ART 2022-2026.
Graph 6.1-2: Cost Structure Five-year Projection 2022-2026

Graph 6.1-3 depicts the revenue structure of CO-ART 2022-2026.
Graph 6.1-4 depicts the yearly trend of net profit growth of CO-ART 2022-2026.

![Net Profit Growth Chart](Image)

Graph 6.1-4: Yearly Net Profit Growth 2022-2026

Graph 6.1-5 indicates the revenue share generated from different segments of art-brand collaboration projects during 2022-2026.

Graph 6.1-5: Revenue Share by Project Segment (Art-Brand Collaboration) 2022-2026

<table>
<thead>
<tr>
<th>Project Segment</th>
<th>Project Threshold</th>
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</thead>
<tbody>
<tr>
<td>L1</td>
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<tr>
<td>L2</td>
<td>$ 31,008</td>
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<tr>
<td>L3</td>
<td>$ 46,512</td>
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<tr>
<td>L5</td>
<td>$ 77,519</td>
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</tbody>
</table>
**Bibliography**


Art Markets, Darius A. Spieth, Professor of Art History, College of Art and Design, Louisiana State University, https://www.oxfordartonline.com/page/art-markets


