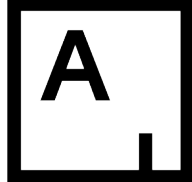


Artsy Gallery Insights 2021 Report



Letter from Dustyn

In 2020, our lives profoundly changed. Many art businesses and institutions struggled to stay afloat, and this year's Gallery Insights Report—the fourth in our annual series—reflects that strain. It also shows, however, the great resilience of our industry. The gallery sector embraced innovation and implemented online strategies that will change the way art is bought and sold for decades to come.

While this report typically explores the dichotomy between the online and offline art market, this year the art industry moved online with urgency. Galleries refined their digital strategies, invested in digital marketing, and tried new tactics to maintain bonds with existing clients and forge new connections online. With such a major shift in the industry, it made sense this year to add data points on responses to the pandemic from across the globe.

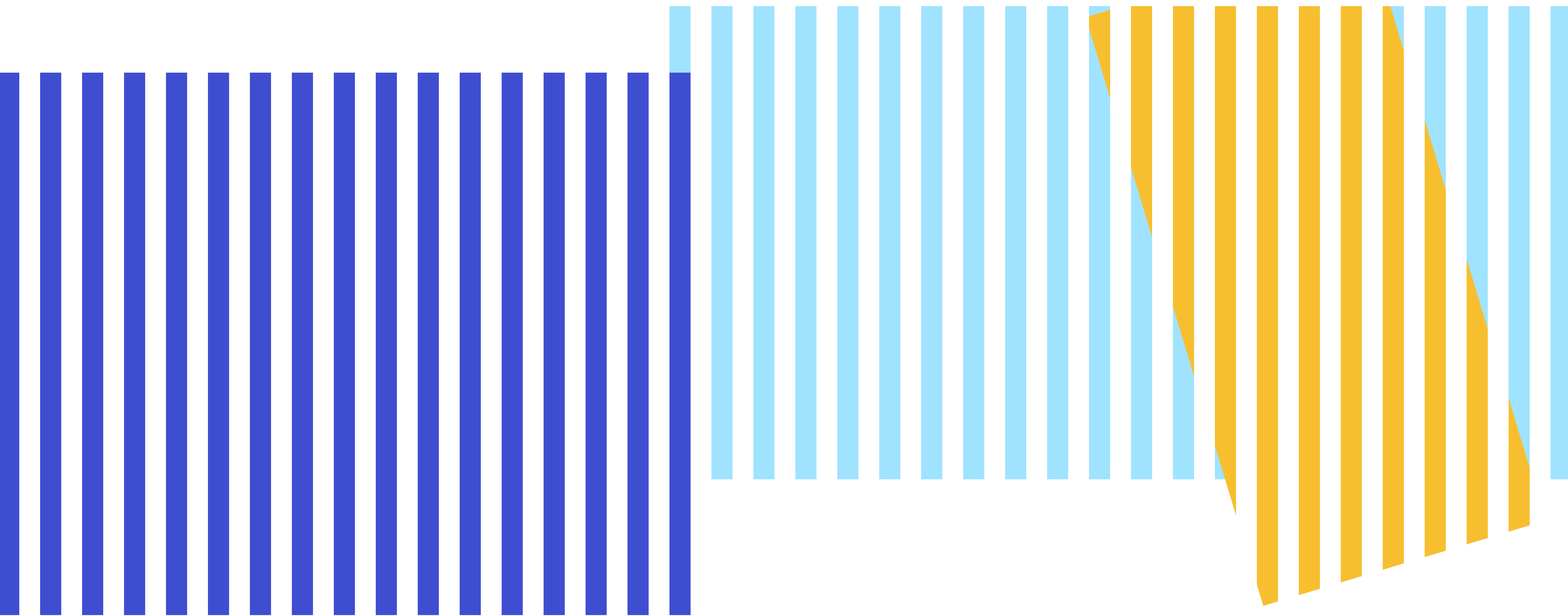
We also added another data set in response to global events. Following anti-racism movements across the United States and the world at large, we took the long-overdue step of collecting data on diversity and inequities in our field.

Our Gallery Insights Report would not have been possible without the 1,700+ art world professionals from 97 countries who took the time to share their 2020 experiences with us. We thank you for your time and hope this report will serve you well in 2021.

Wishing you success this year,
Dustyn Kim
Chief Revenue Officer, Artsy

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Executive Summary

About This Report

This year marks the fourth iteration of Artsy's annual Gallery Insights Report. A record number of survey responses makes this report the largest in the gallery industry. Artsy received feedback from 1,758 art businesses in 97 countries to help us determine year-over-year trends and examine how the events of 2020 affected galleries around the world. Artsy researchers focused their attention this year on the COVID-19 pandemic, including its impact on sales and marketing practices in the gallery sector. And, for the first time, this report explores diversity in the industry, taking a hard look at the experiences of gallery owners and directors who identify as Black, Indigenous, or people of color (BIPOC).

Key Findings

1 Downsizing impacted the percentage of mid-size galleries in the industry

The percentage of large galleries (those with seven or more full-time employees) remained unchanged from 2019, but mid-size galleries (with two to six full-time employees) dropped by 6%. At the same time, the number of small galleries (with a single full-time employee) doubled from last year. This increase in the number of small galleries is likely the result of lay-offs and downsizing among mid-size galleries, as they made changes to reflect shifts in foot traffic and sales.

2 Social media replaced fairs as a major sales channel

Though it was predictable that the industry saw a reduction in fair sales this year, the increase in sales made through social media was unexpected. The average gallery's marketing budget for social media increased by 92% from 2019, and social media ranked third in the top sales channels—the rank formerly held by fairs. Participants reported that their most used sales tactics on social media in 2020 were organic posts, stories, and direct messages.

3 Galleries have embraced new sales methods

Since collectors couldn't always visit galleries in person in 2020, techniques like video conferencing and online auctions offered successful alternatives for galleries to boost sales and connect with buyers. Several galleries reported video conferencing, like private walk-throughs with collectors via FaceTime or other apps, as the most successful tactic, with 16% of respondents reporting great success. Online auctions were close behind in terms of new sales techniques—14% of survey respondents reported that online auctions were a largely successful new tactic.

4 COVID-19 has had a greater negative impact on BIPOC galleries

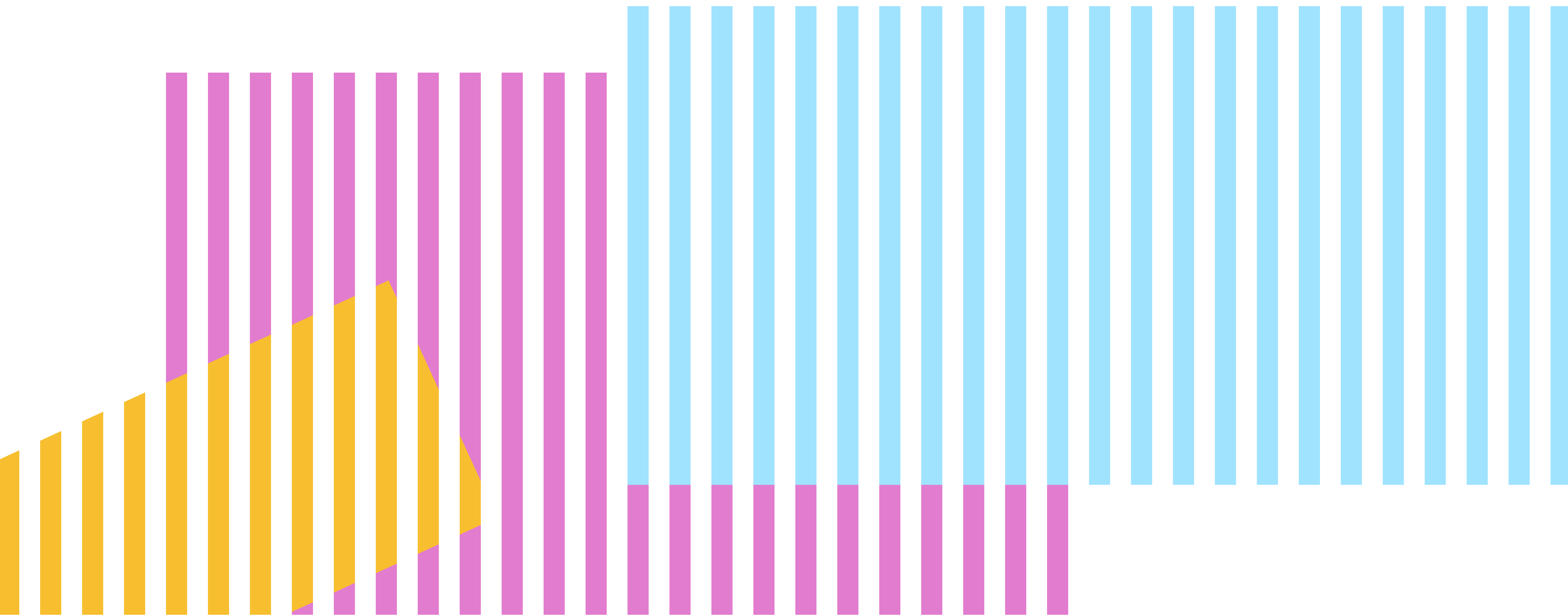
BIPOC-owned or -directed galleries reported an above-average rate of physical closures in response to the pandemic, with 11% of businesses closing their spaces in the last 12 months. This number is concerning, particularly when compared to the overall closure rate of 8%. It's clear from these numbers that business closure is just one of many ways that the pandemic has negatively impacted BIPOC communities more than others.

5 Galleries have expanded their online audience

As galleries move online, they widen their scope. In response to our survey, 73% of galleries reported that at least half of the collectors they connected with online in 2020 were new to their business—suggesting that one benefit of investing in digital spheres is the ability to connect with a broader range of clients and collectors. Offering art online also plays a role in the demographics of collectors—the share of buyers between 18 and 35 doubled in 2020; younger buyers prefer to buy online.

6 More galleries than ever before have adopted the online-only model

Prompted by canceled events, travel bans, and reduced foot traffic in cities across the globe, many galleries shifted to online-only business models in 2020. In fact, 35% of respondents reported operating without a physical location—more than double the numbers reported in 2018 and 2019. Financial concerns may also provide incentive for an online-only model, as the world feels the economic strain of COVID-19. With an end to the pandemic in sight, 2021 will reveal whether these galleries return to brick and mortar or remain online permanently.



Year-over-Year Trends

Online Presence

Online confidence among gallery owners has grown. In 2019, 48% of galleries were confident in their online strategies. In 2020, that number jumped to 54%.

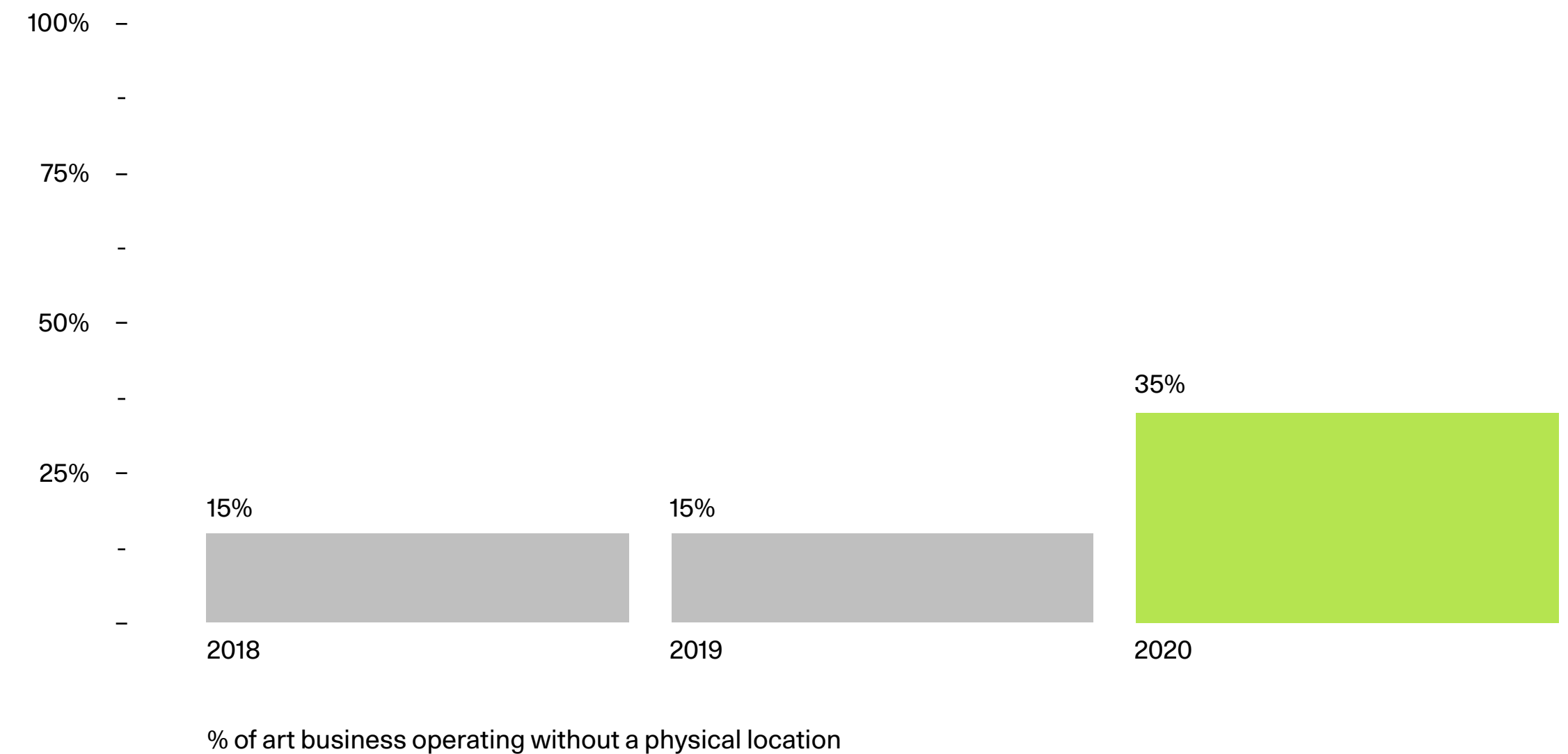
Over the last few years, Artsy's reports have shown that most galleries maintain an online presence, like a website or a social media profile, to sell their art. Surprisingly, despite the pandemic limiting in-person sales, the percentage of galleries selling art online held steady in 2020, at around 87%. Despite this figure, however, online-only galleries grew significantly in 2020 in response to COVID-19. Galleries that reported operating without a physical location jumped from a steady rate of 15% in 2018 and 2019 to 35% in 2020, more than doubling from the previous two years.

Most galleries today also use an online art marketplace like Artsy; 75% of survey respondents reported partnering with an online marketplace in 2020. This number dropped 10 percentage points from last year, with 86% of galleries reporting online marketplace usage in 2019; this is perhaps due to a larger, more diverse sample group in 2020. Contributing factors may be the adoption of internal sales on social media or gallery websites, or a lack of budget for online art marketplaces this year. For galleries that did not partner with an online art marketplace in 2020, their top sales channels included

outreach to existing clients, social media, and walk-ins to their physical space.

In 2020, reliance on the internet was higher than ever. Even galleries that did not partner with an online art marketplace still reported digital channels as their top source of sales in 2020. Galleries are becoming more confident in their online strategies than ever before—last year's report found that 48% of galleries were confident in their online strategies in 2019, while in 2020, that number increased to 54%.

Online-only art business



People and Demographics

Younger collectors are making a market impact. In 2018 and 2019, just over 2% of galleries reported that the average age of their buyers was between 18 and 34. That number doubled to 4% in 2020.

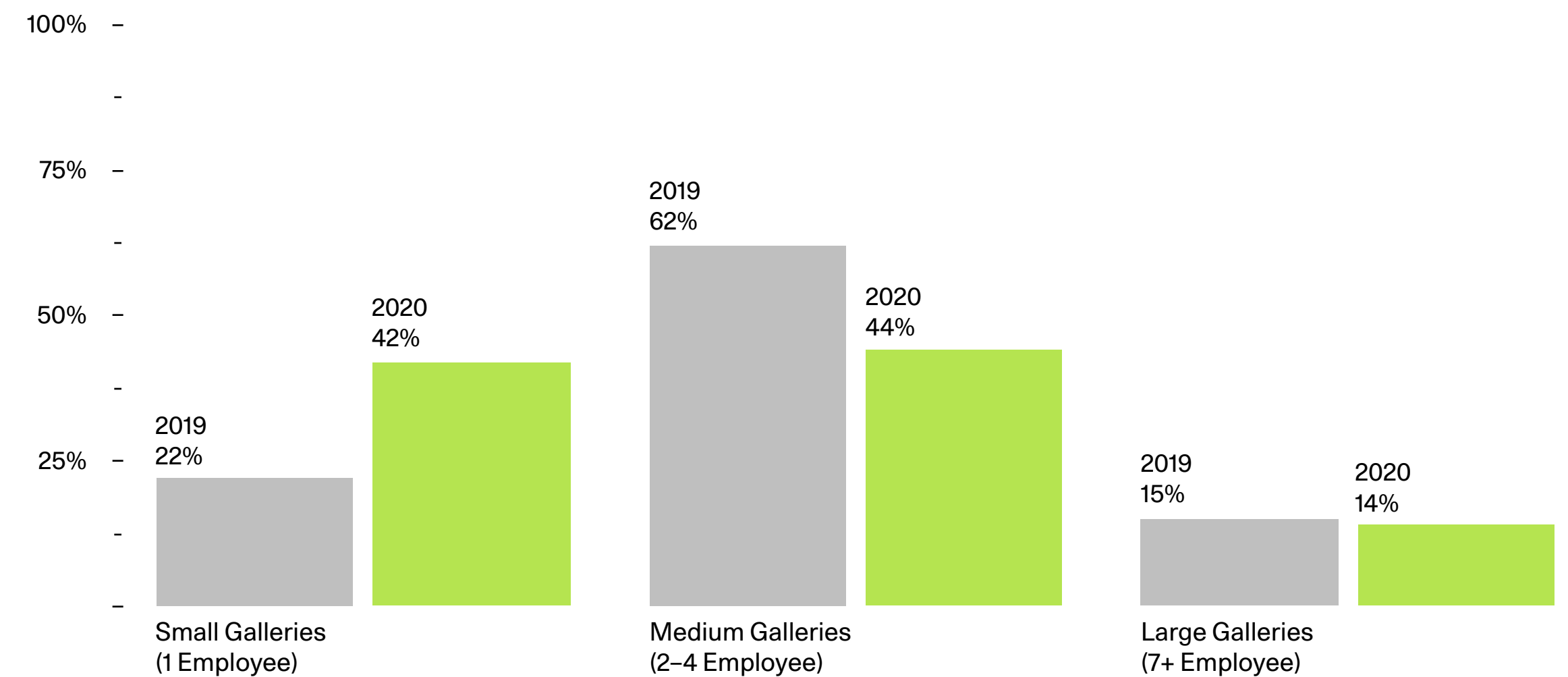
The gallery landscape changed drastically in 2020. The percentage of small galleries doubled from 2019, while mid-size galleries decreased by 8% and large galleries stayed the same. This shift for mid-size galleries was due in large part to downsizing and restructuring as a result of the COVID-19 pandemic.

As the art market has moved online, we are seeing younger collectors purchasing art, suggesting that the market could continue to expand to new digital audiences. In 2018 and

2019, just over 2% of galleries reported that the average age of their buyers was between 18 and 34. That figure doubled to 4% in 2020. Similarly, the percentage of galleries reporting an average buyer age of over 55 dropped from 26% to 22% in 2020, indicating a trend towards younger buyers as online marketplaces grow. Previous art market reports indicate that this increase in younger buyers correlates with the move to digital, as collectors between 18 and 34 report a strong preference for buying online. This

underscores the importance of digital selling for galleries, even after the pandemic.

Gallery size



Sales Strategies

Displaying artwork prices online is important. According to Artsy research, works with visible pricing are more than 3x more likely to sell than those without.

The ranking of top sales channels shuffled considerably this year, with online sales, social media, and gallery websites taking the place of art fairs and walk-ins. Despite these strategic shifts, outreach to existing clients remains a top sales strategy, accounting for 28% of total annual gallery sales.

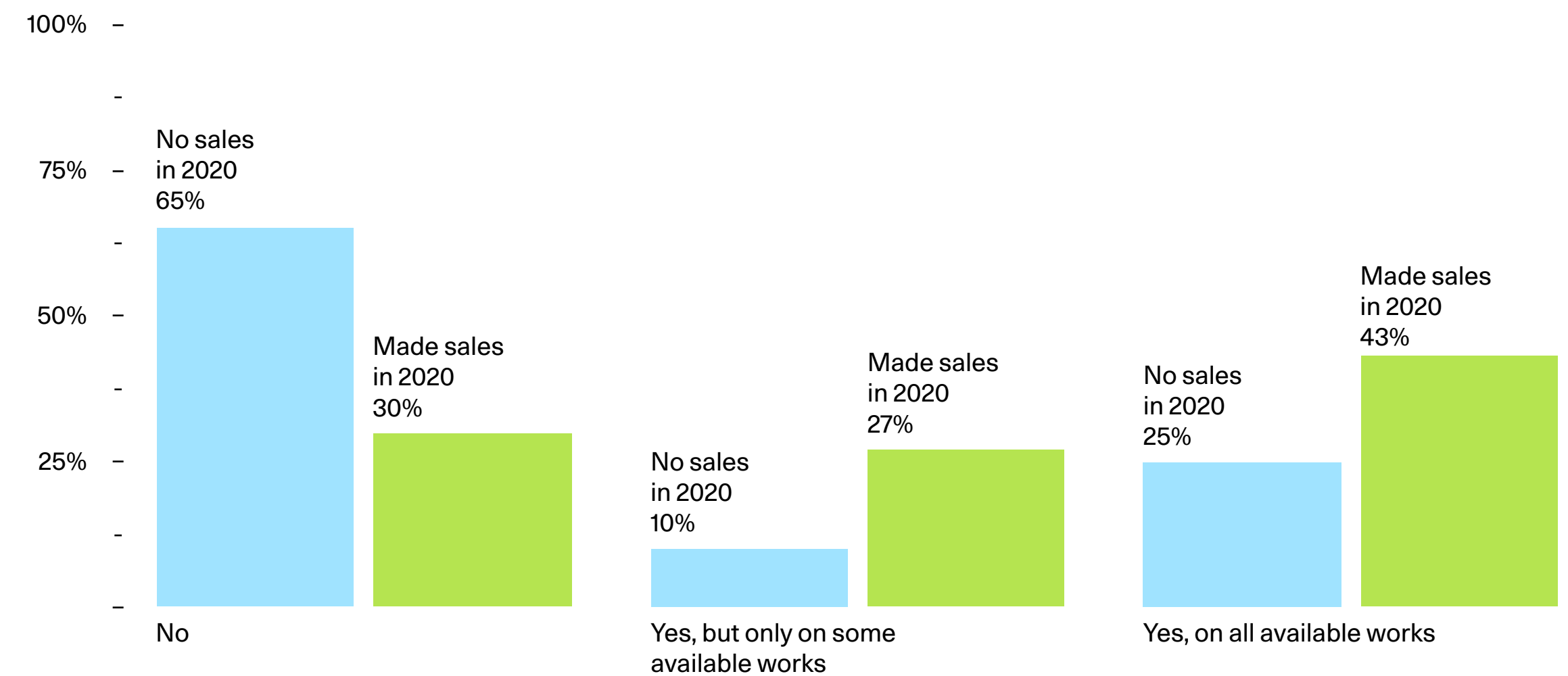
Sadly, a higher percentage of galleries reported that they did not make any sales in 2020, from only 2% in 2019 to 8% in 2020. Some reasons for this include resistance to digital sales and the decision not to display prices online. Galleries that did not report

any sales in 2020 also had a much lower rate of partnering with online marketplaces (only 53% compared to the average of 75%), while 68% of galleries without sales in 2020 didn't offer art for sale online at all. This finding underscores the importance of adapting to suit the needs of your collectors — especially during a pandemic.

As noted above, displaying prices of artworks online plays an important role in sales. Galleries that reported no sales in 2020 were extremely reluctant to share prices — 65% reported that they did not display

prices on any works. Among all galleries, only 33% do not display any prices. Though galleries mostly maintained their stance on whether to show pricing information, many that chose to display prices in 2019 have doubled down on this technique. The number of works with visible prices on Artsy rose from 63% in 2019 to 69% in 2020. Displaying prices is a proven strategy — on Artsy, works with visible pricing are more than three times more likely to sell than those with hidden prices.

Price display practices



	2019	2020
1	Outreach to existing clients	Outreach to existing clients
2	Walk-ins to your physical space	My gallery's website
3	Art fairs	Social media
4	My gallery's website	Walk-ins to your physical space
5	An online art marketplace (e.g., Artsy, 1stdibs)	An online art marketplace (e.g., Artsy, 1stdibs)
6	Social media	Art fairs
7	Art advisors	Art advisors

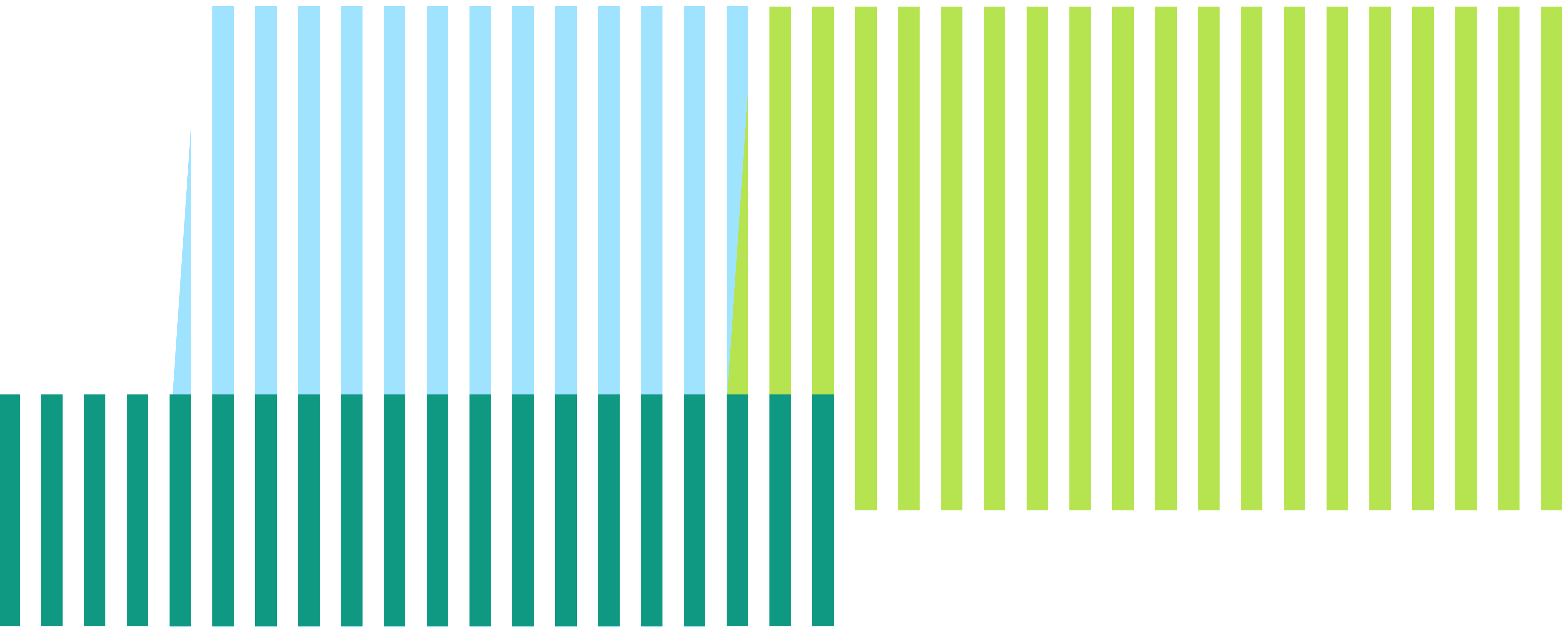
Budgets

The average gallery's marketing budget decreased by 10% in 2020, and spending was reallocated. The shift towards digital channels led to an increase in digital marketing budgets and a decrease in spending on fairs and other in-person events. Unsurprisingly, the largest increases in spending went towards online marketing, including social media, email marketing, and investment in online art marketplaces. Interestingly, although the average marketing budgets for these channels increased by 92%, digital marketing initiatives

are significantly cheaper than traditional ones, resulting in a 10% decrease in spending overall.

Despite a 31% decrease in the average budget for fairs, they remain the most expensive line item among surveyed galleries. Fairs fell behind digital sales in channel rankings, meaning their overall effectiveness is significantly lower than digital marketing strategies.

Marketing Tactic	Average Budgets (% change from 2019)
Fairs	\$29,800 (-31%)
Printed materials	\$7,000 (-3%)
Events (excl. fairs)	\$6,900 (-18%)
Online art marketplace	\$6,700 (+49%)
Paid advertising	\$6,100 (+22%)
Your website	\$4,500 (+32%)
Email marketing	\$3,700 (+95%)



2020 Findings

Online Sales Cultivated Connection

Social media played a pivotal role in gallery sales, emerging as the third-most successful channel in 2020.

In 2020, galleries stayed connected to customers through online sales, which allowed them to nurture relationships with existing clients and meet new collectors across the globe while travel came to a halt. Social media in particular played a pivotal role in gallery sales, emerging as the third-most successful sales channel in 2020.

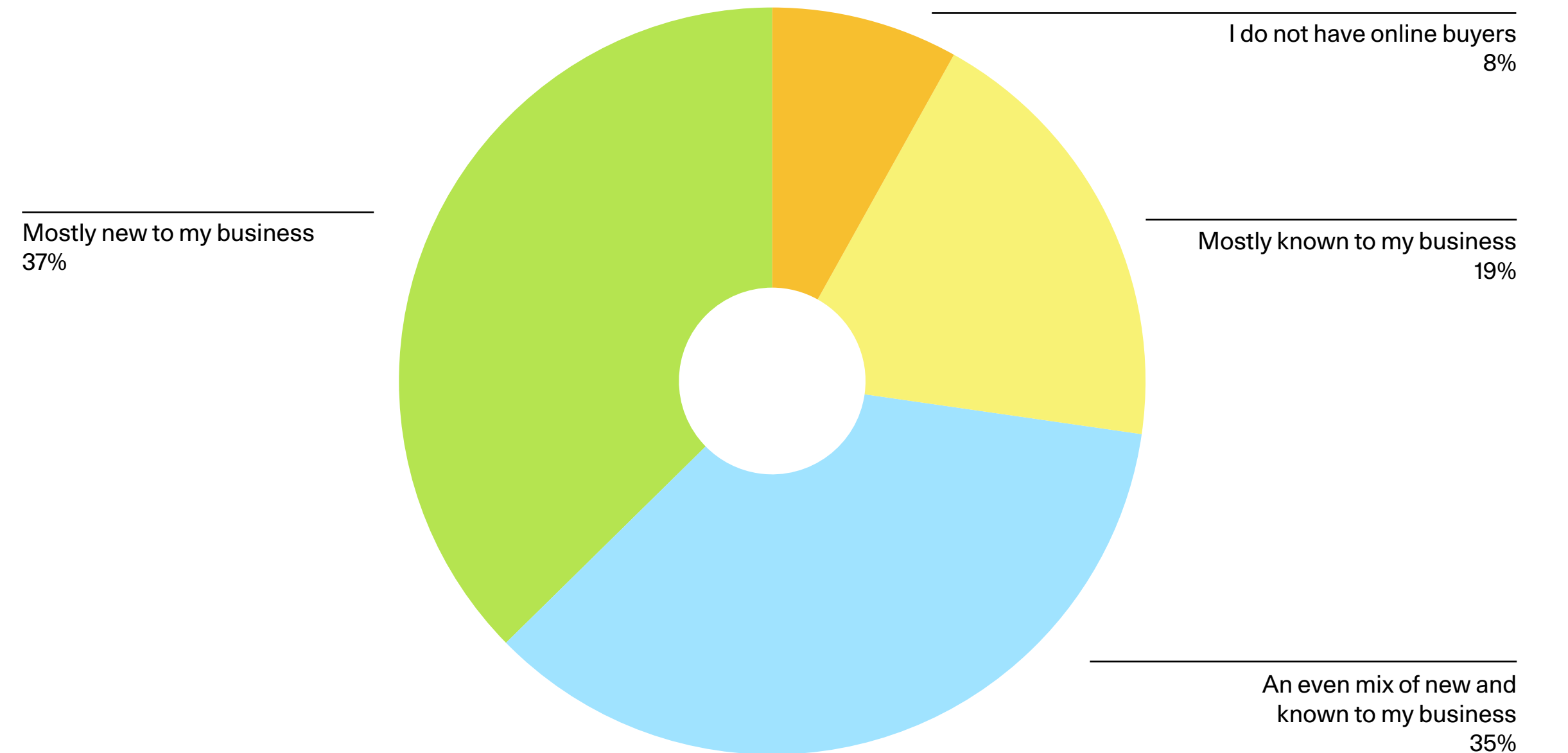
Using social media stories, direct messaging, and organic posts, galleries were able to overcome many of the challenges posed by travel bans, stay-at-home orders, and significant decreases in foot traffic,

despite some spaces reopening in parts of the world. The success of these tactics offered new opportunities for galleries to reevaluate their long-term marketing strategies, even after the pandemic is over.

Selling art online is a proven strategy for gallery success: In 2020, 73% of galleries reported that at least half the collectors they connected with online were new to their business. Artsy’s previously published Online Art Collector Report found that young collectors new to the art world have a strong preference for buying online.

Given the correlation between online art sales and attracting younger buyers, it’s clear that the online art marketplace is not only a successful strategy to boost sales and stay connected this year – it’s also a trend that will continue into the future.

Online buyers in 2020



Safety Measures and Gallery Closures

Unfortunately, the global pandemic and ensuing economic crisis made it difficult for many galleries to survive. In the survey, 8% of galleries reported permanent location closures as a result of COVID-19.

In 2020, galleries in hundreds of countries were forced to close their doors for weeks or months to protect the safety of their collectors and their communities. Of the surveyed galleries, 41% reported that they temporarily closed their space(s) as a safety measure this year, with 8% reporting permanent location closures as a result of COVID-19.

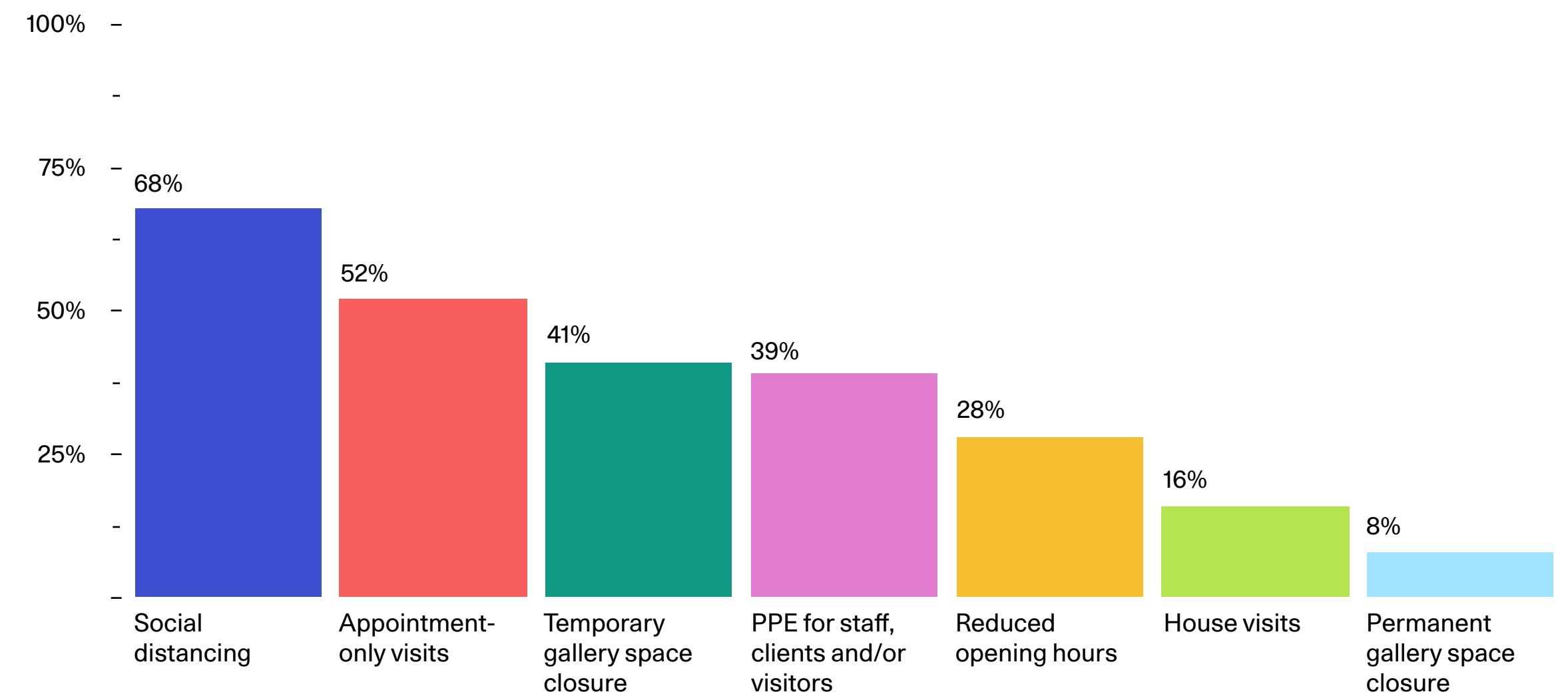
Beyond temporary closures, galleries also adopted other common safety measures, including social distancing requirements and appointment-only visits.

Galleries in Asia and Oceania had the shortest temporary closures, with 34% of those surveyed reporting that they reopened after six weeks or less. In many places, however, galleries are still closed. As of November 2020, about 30% of respondents reported that they were closed, with plans to reopen in the future.

Latin America experienced the highest rate of permanent gallery closures, with 11% of respondents shutting down a space permanently in 2020. Other galleries felt the financial

impact of COVID-19 in different ways, from downsizing and laying off employees to closing physical locations and moving to online-only business models.

Portion of galleries that adopted health safety measures in 2020



Innovative Tactics in 2020

The most popular experimental tactic was the adoption of online viewing rooms, with 34% of galleries reporting that they took part in a viewing room in 2020.

The previous year brought unprecedented change not only to the art industry, but to consumer practices in general. In response, galleries adopted innovative tactics to stay connected with collectors and attract new business.

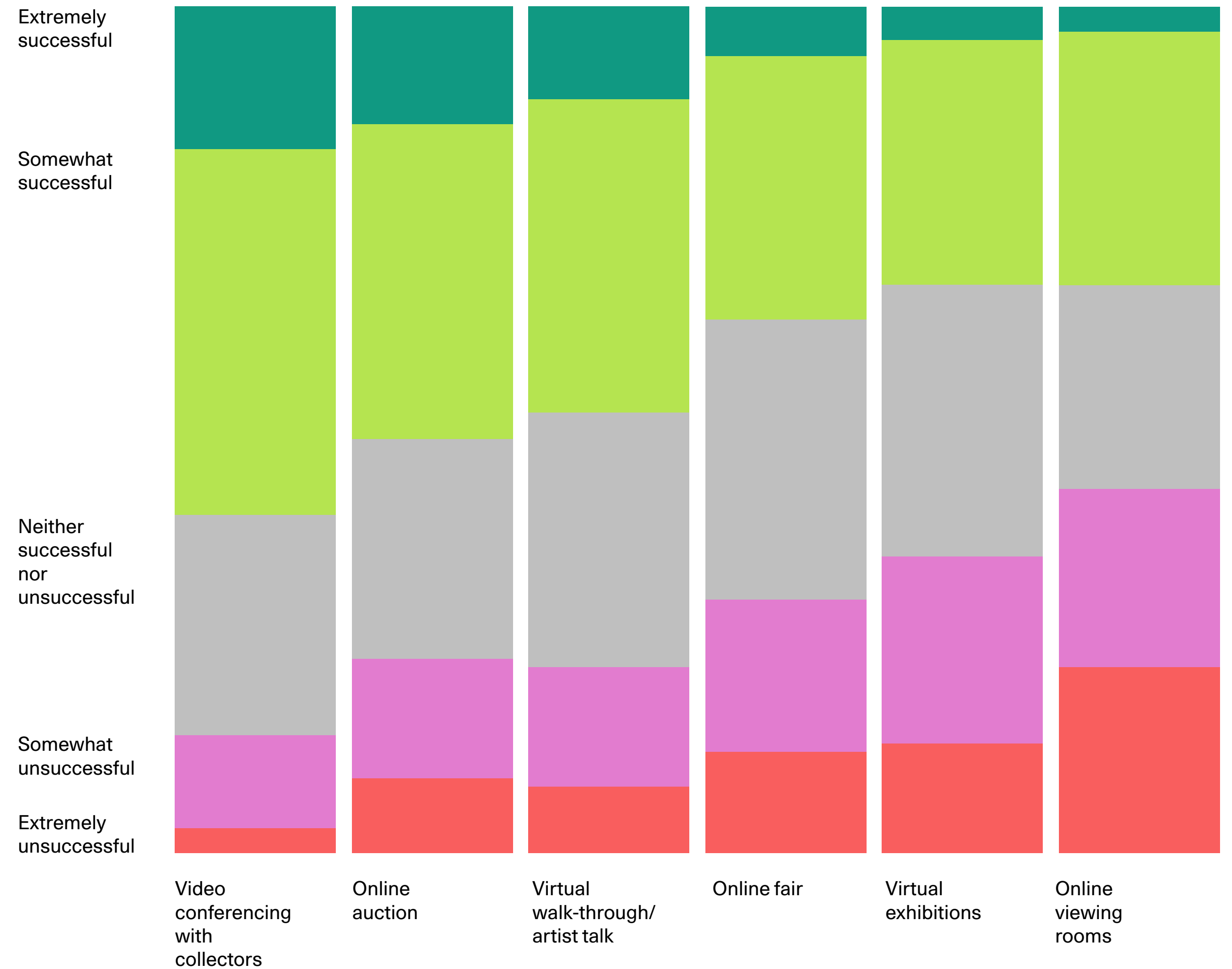
The adoption of online viewing rooms grew last year, with 34% of galleries reporting that they took part in a viewing room in 2020. Virtual exhibitions were also a popular choice—31% of galleries participated in a virtual exhibition last year, and 30% hosted a virtual artist talk or

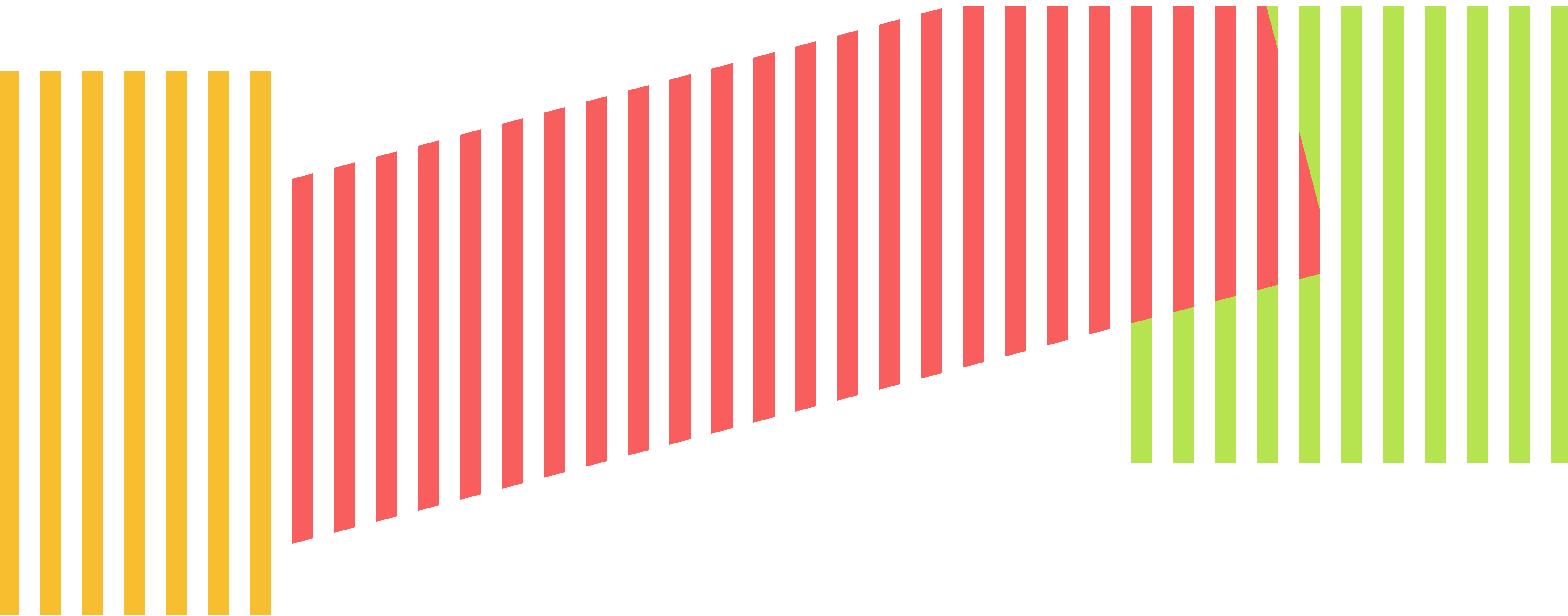
gallery walk-through to engage their clientele.

The top virtual sales tactic by far was video conferencing with collectors. More specifically, many galleries reported hosting private walk-throughs with clients via FaceTime or similar apps. Out of the galleries who used this technique, 16% called it “extremely successful,” having led to new sales. Online auctions also drove sales, with 14% of galleries reporting that this tactic was “extremely successful” as well. Hosted by galleries or through a partnership like Artsy Curated Auctions, online

auctions allow galleries to sell their artworks more easily, quickly, and without any physical contact.

Success of experimental tactics





Diversity in the Gallery Sector

Diversity in the Gallery Sector

The data in this section is based on information voluntarily offered by survey respondents; 31% (550) of survey participants responded to diversity-related questions.

This year, Artsy surveyed galleries about diversity in the gallery sector for the first time. This data proves invaluable in the continued effort to support underrepresented communities in the arts, while also illuminating areas of inequity within the industry.

Supporting BIPOC-Owned/ Directed Galleries

Among survey respondents, 13% of galleries noted that at least one of their owners or directors identifies as Black, Indigenous, or a person of color (BIPOC). BIPOC-owned or -directed galleries reported an average of four full-time employees, and were on average three years younger than non-BIPOC-owned or -directed galleries, with an average business age of 10 years.

Perhaps most notably, however, was the above-average rate of closures for BIPOC-owned or -directed galleries in 2020. In a particularly challenging year for the gallery sector, BIPOC-

owned galleries experienced an 11% closure rate—three percentage points higher than the 8% average closure rate reported across the industry. This data illuminates the disparity between BIPOC- and non-BIPOC-owned galleries, and is further proof of the many ways the pandemic has impacted BIPOC communities more than others.

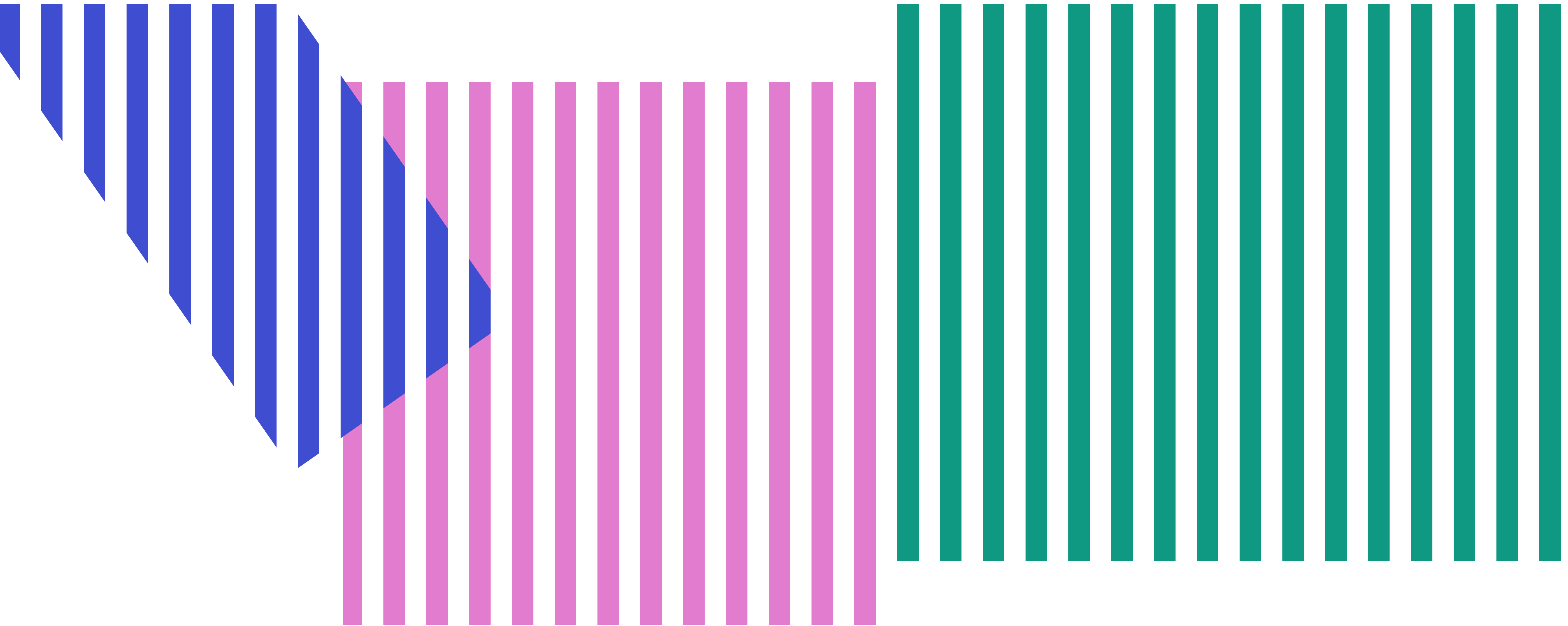
In a particularly challenging year for the gallery sector, BIPOC-owned galleries experienced an 11% closure rate—higher than the 8% average closure rate reported across the industry.

LGBTQ+ and Women-Owned Galleries Continued to Grow

Artsy surveys showed that 75% of respondents who chose to share diversity data had gallery owners or directors who identified as female. Women-owned or -directed galleries had an average business age of 12 years and four full-time employees, which are comparable to industry averages. The same can be said for galleries whose owners or directors identify as LGBTQ+. These galleries also employ four full-time staff members on average and have an average business age of 13 years.

These data points demonstrate the growing stability of women-owned and LGBTQ+-owned galleries, which is pushing the art industry in the right direction. Though there is still work to be done in the gallery industry around representation and advocacy, particularly for BIPOC gallerists and artists, these findings reflect ongoing efforts to support underrepresented communities in the arts.

The survey reveals growing stability among women-owned and LGBTQ+-owned galleries, which are similar in number of employees and average business age to the overall industry.



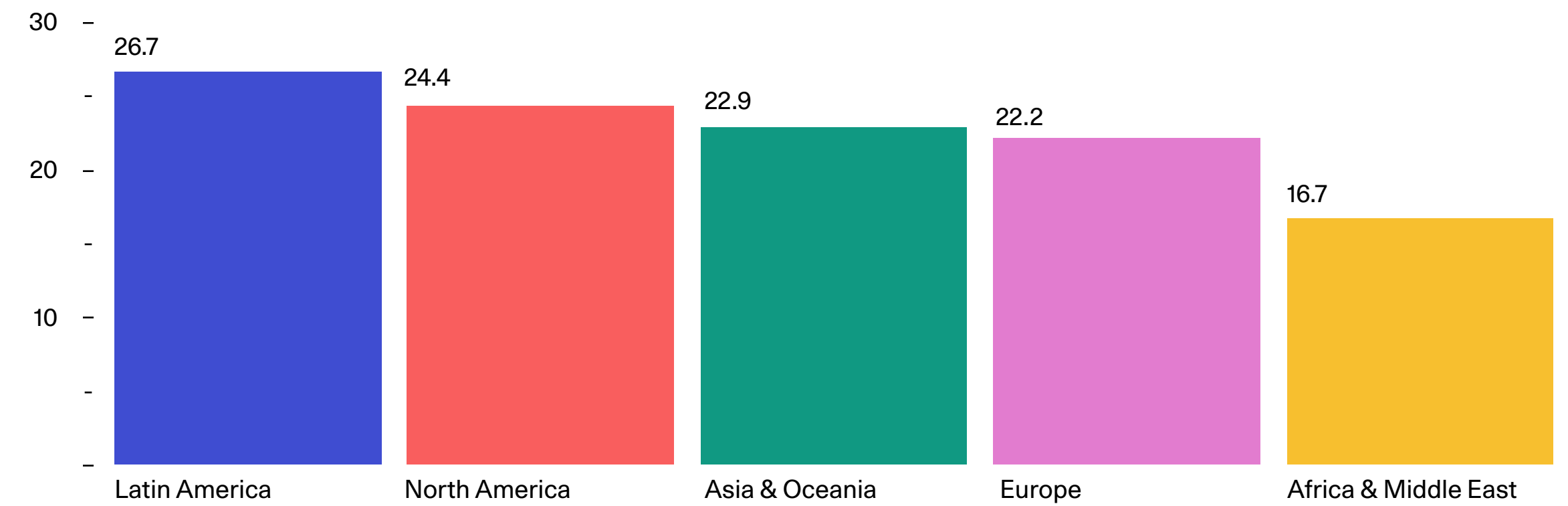
Regional Analysis

Survey respondents came from 97 countries in five regions. Gallery trends varied by region, illuminating how areas of the world have been impacted differently.

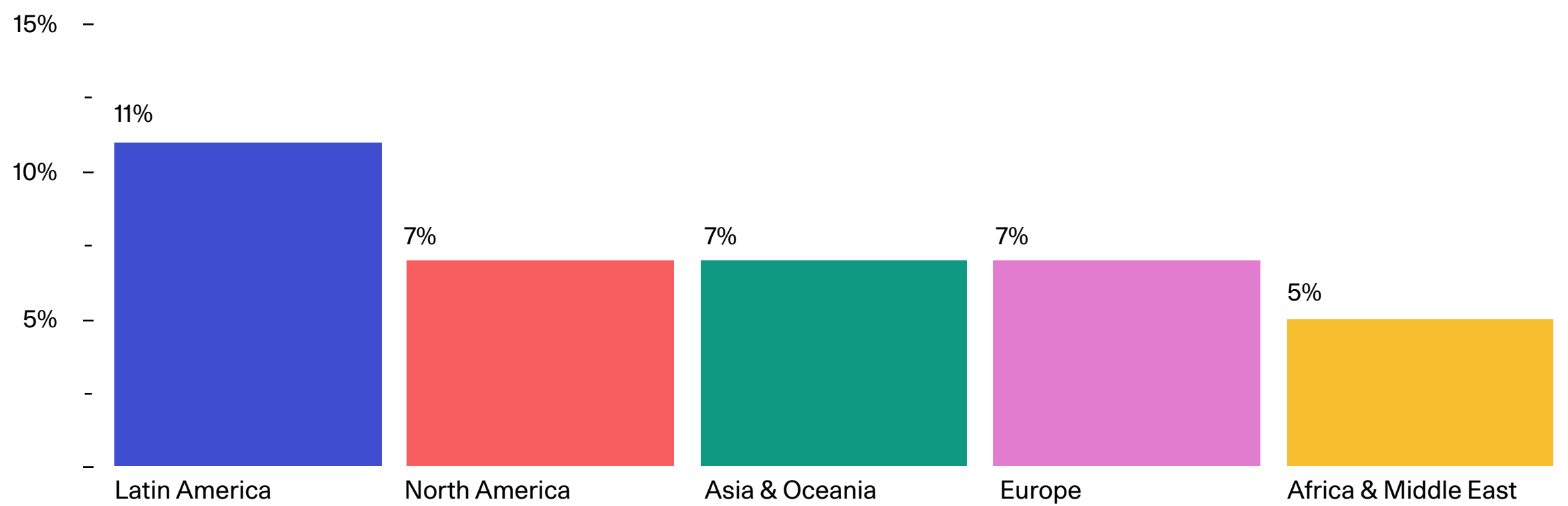
Along with standard data around top sales channels, business size, and trends in online sales, we also collected data on how galleries responded to the pandemic, including safety protocols and both temporary and permanent closure rates by region.

Latin America saw both the longest temporary closure rates (26.7 weeks) and the highest permanent closure rates (11%). Africa and the Middle East experienced the shortest period of temporary closures, with only 16.7 weeks on average.

Average temporary closure in weeks



Permanent gallery space closure rate by region



Africa & Middle East

Galleries in Africa and the Middle East closed for an average of 7–12 weeks in 2020. Of the galleries surveyed, 33% reported that they closed temporarily due to COVID-19, and just 5% reported that they permanently closed a physical space this year.

To fight the spread of COVID-19, galleries in Africa and the Middle East adopted social distancing policies, supplied personal protective equipment to staff and clients, and implemented appointment-only visits.

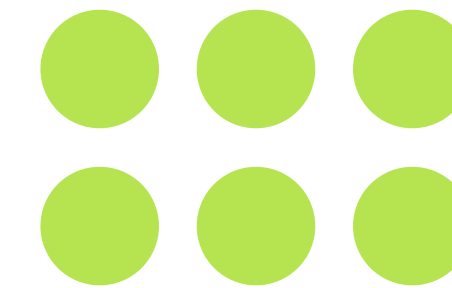
Top 3 Sales Channels

1. Outreach to existing clients
2. Social media sales
3. Online art markets



27%

Percentage of Galleries
Operating With an
Online-Only Business Model



6

Average Number of
Full-Time Employees

Asia & Oceania

Galleries in Asia and Oceania saw one of the shortest temporary closure periods in 2020, with 34% of galleries reporting that they reopened after six weeks or less. Only 7% of galleries reported permanent closures this year. This data is reflected in these galleries' top sales channels; walk-ins were still a major source of sales.

In response to the pandemic, galleries in this region implemented social distancing policies and appointment-only visits.

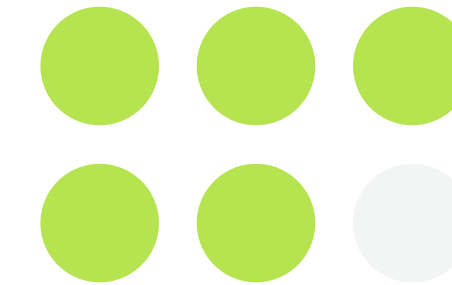
Top 3 Sales Channels

1. Outreach to existing clients
2. Walk-ins
3. Gallery's website



26%

Percentage of Galleries
Operating With an
Online-Only Business Model



5

Average Number of
Full-Time Employees

Europe

Europe had mixed reports on temporary closures in 2020, with 30% of galleries reporting reopening after only one to six weeks, and another 30% that had yet to reopen at the time of the survey in November 2020. Europe saw a similar rate of permanent closures as North America and Asia and Oceania, at 7%.

Common pandemic response techniques in this region included social distancing, appointment-only visits, and temporary gallery closures.

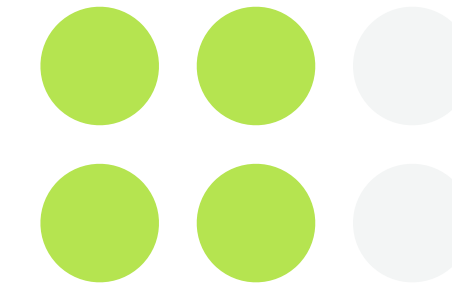
Top 3 Sales Channels

1. Outreach to existing clients
2. Walk-ins
3. Social media



38%

Percentage of Galleries
Operating With an
Online-Only Business Model



4

Average Number of
Full-Time Employees

Latin America

The pandemic impacted Latin America the most of any region, with 30% of galleries reporting that they were still closed as of November 2020. This region also saw the highest percentage of permanent space closures, at 11%.

Galleries in this region used appointment-only visits more than any other region, with 62% of galleries reporting that they connected with collectors last year using this technique.

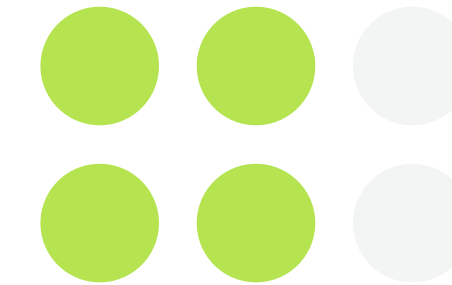
Top 3 Sales Channels

1. Outreach to existing clients
2. Social media
3. Online art markets



31%

Percentage of Galleries
Operating With an
Online-Only Business Model



4

Average Number of
Full-Time Employees

North America

North America continues to struggle with COVID-19-related closures, with 32% of galleries reporting that they were still closed as of November 2020. Despite this extended period of closure, only 7% of North American galleries reported permanent space closures in 2020, one of the lowest rates among regions.

In response to the pandemic, North American utilized social distancing protocols, appointment-only visits, and personal protective equipment for staff and clients.

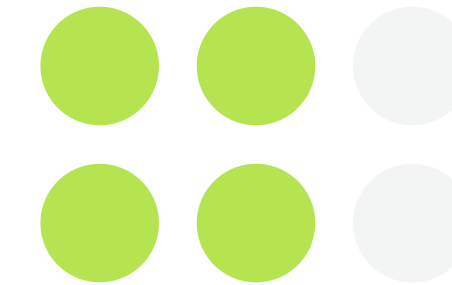
Top 3 Sales Channels

1. Outreach to existing clients
2. Gallery's website
3. Walk-ins



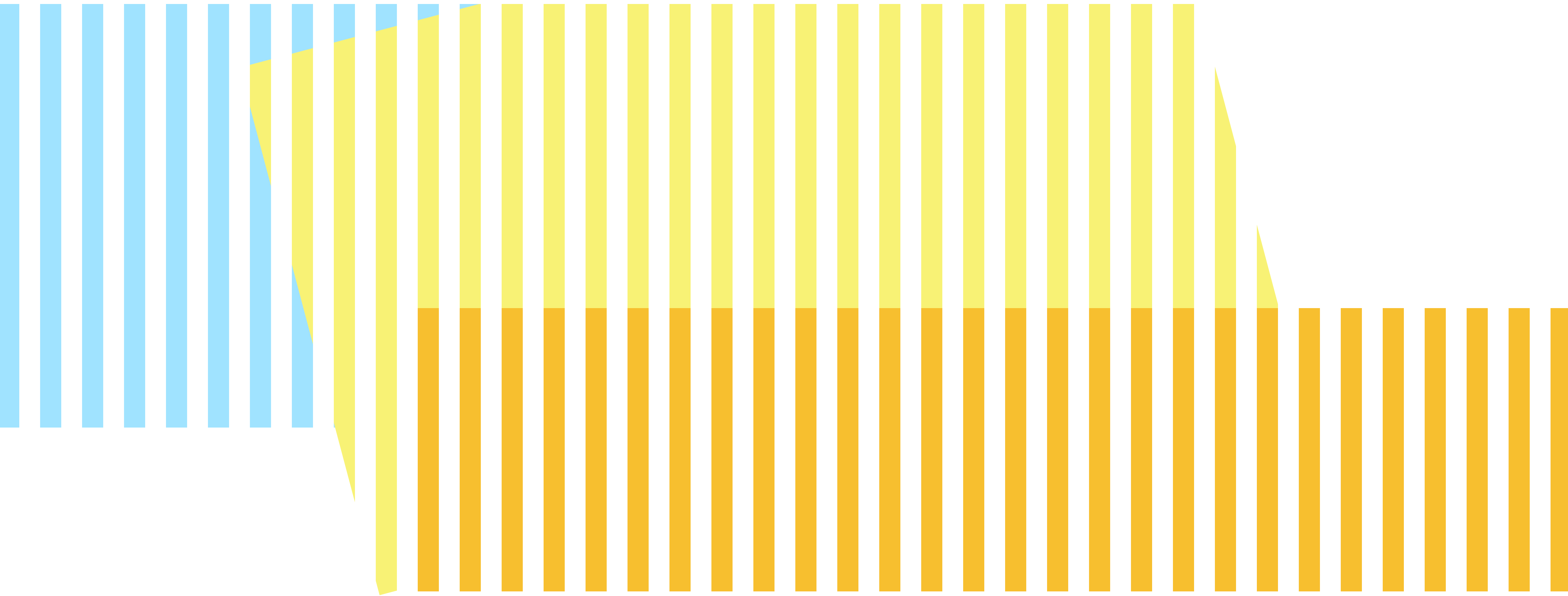
33%

Percentage of Galleries
Operating With an
Online-Only Business Model



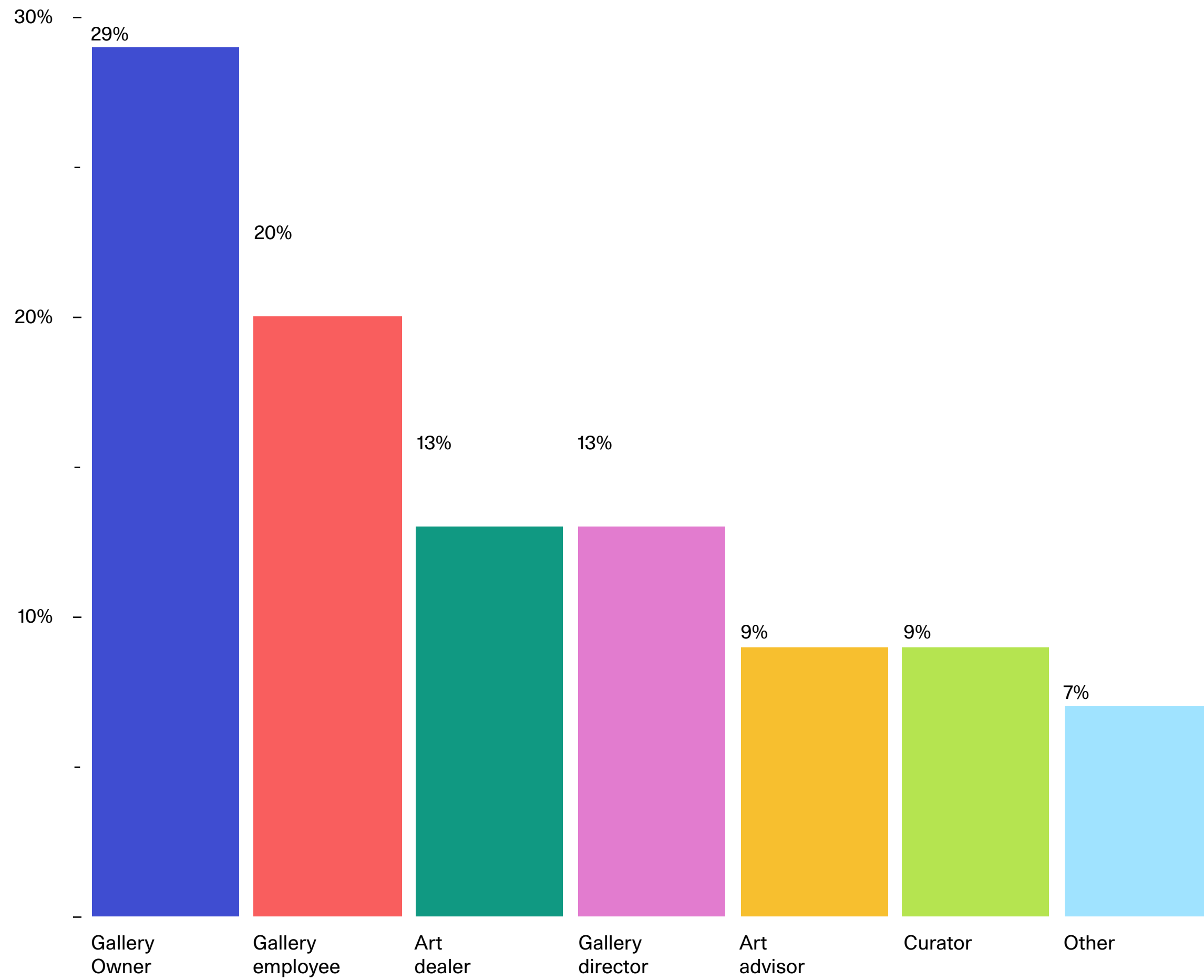
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Average Number of
Full-Time Employees

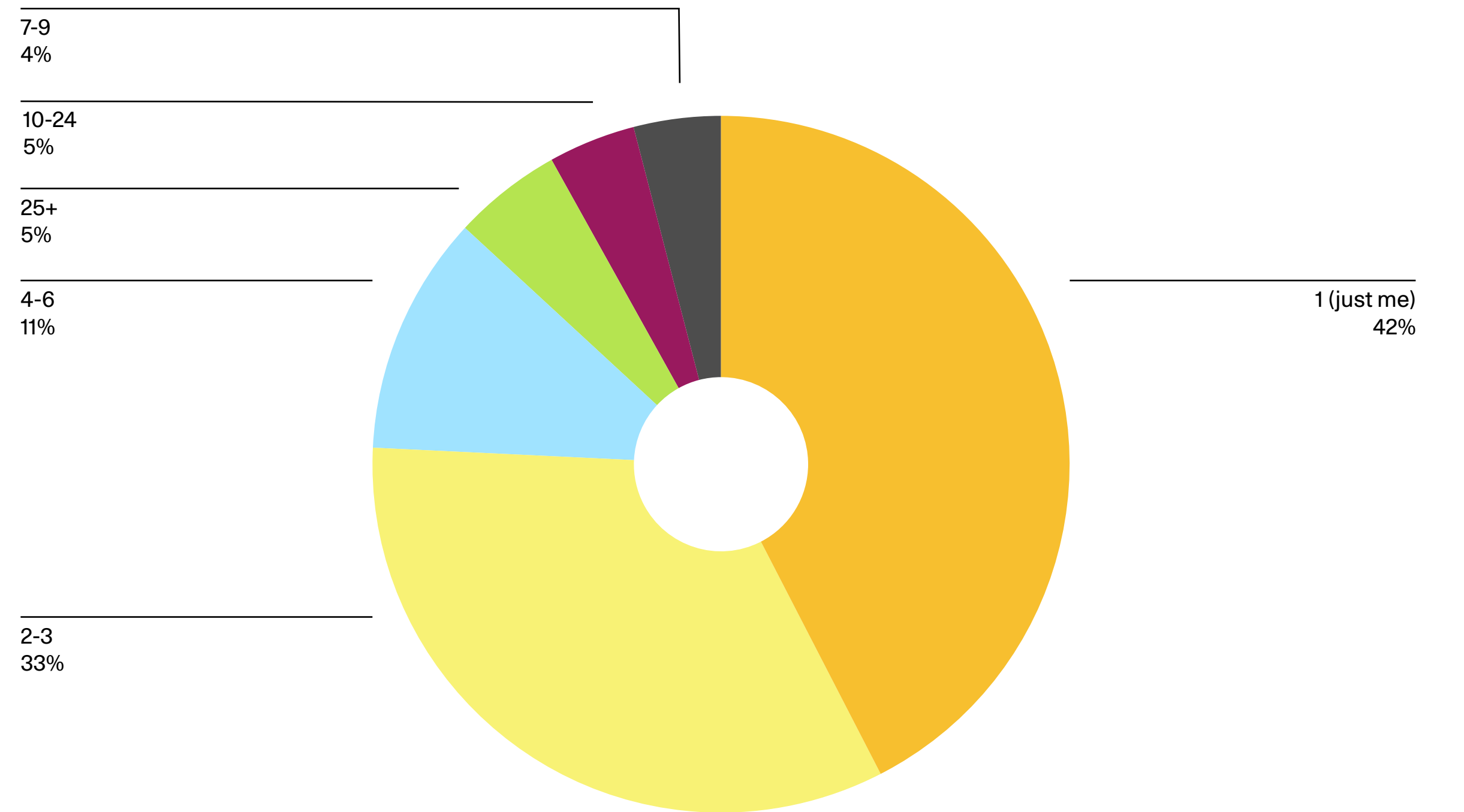


Survey Demographics

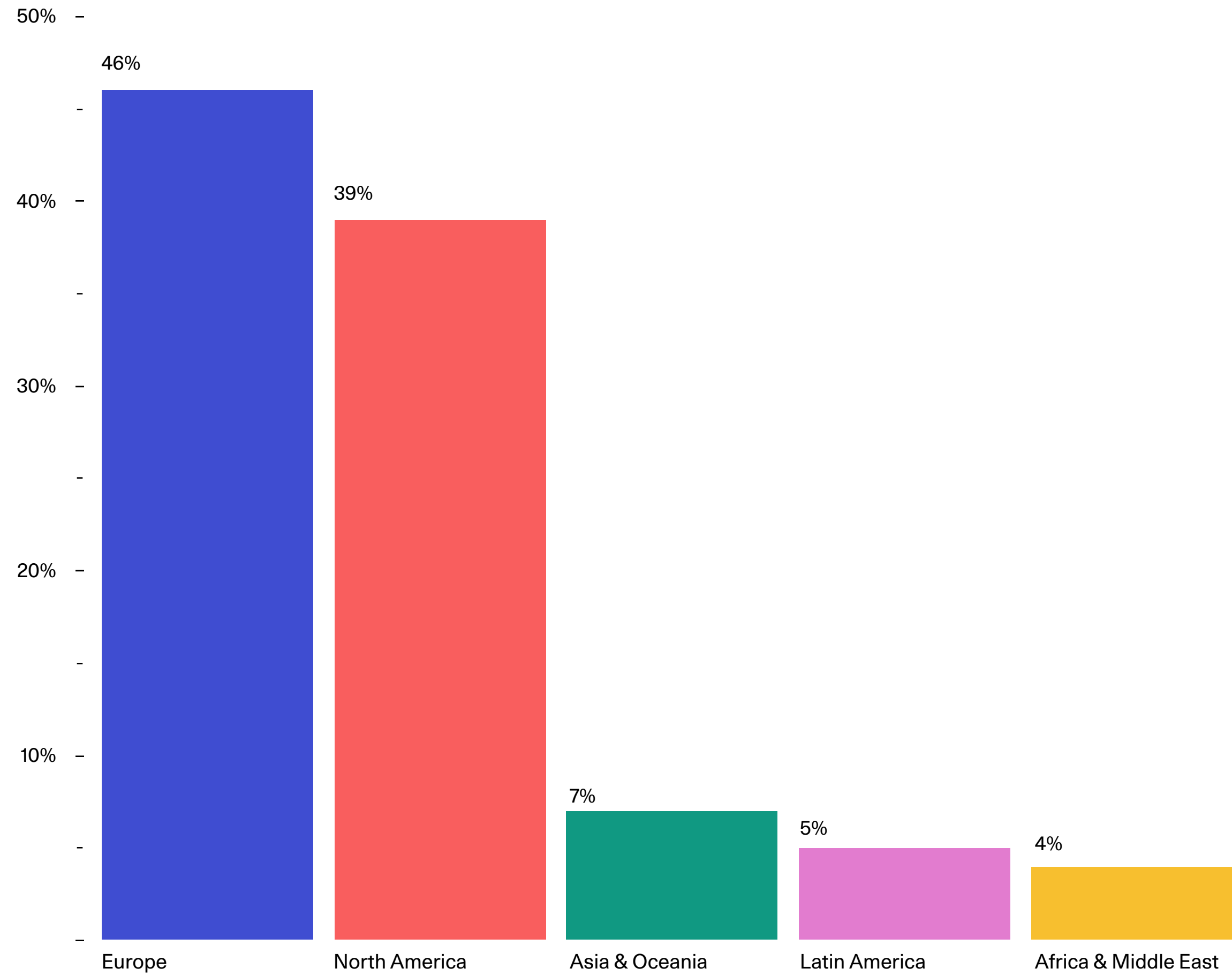
Job titles



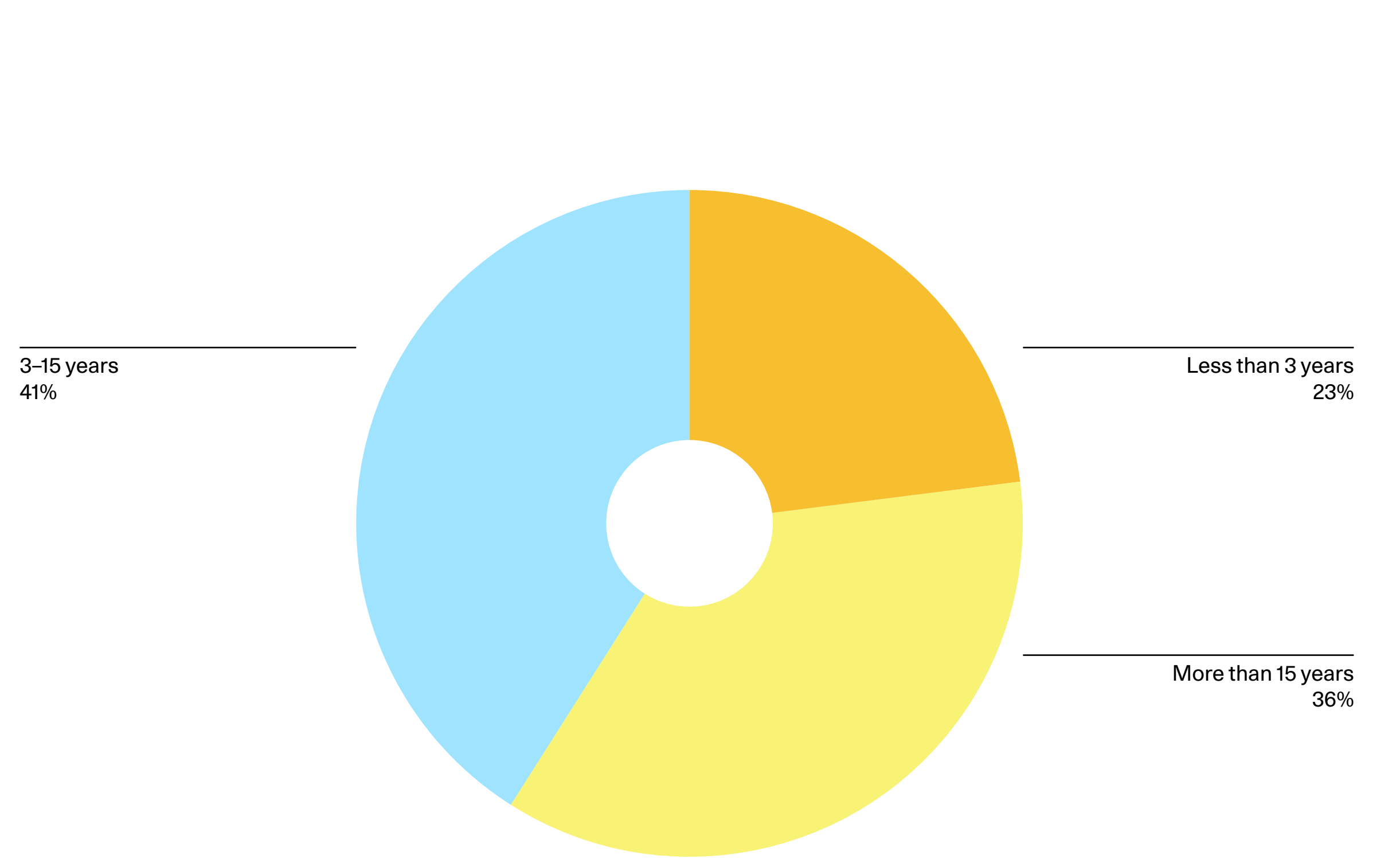
Size



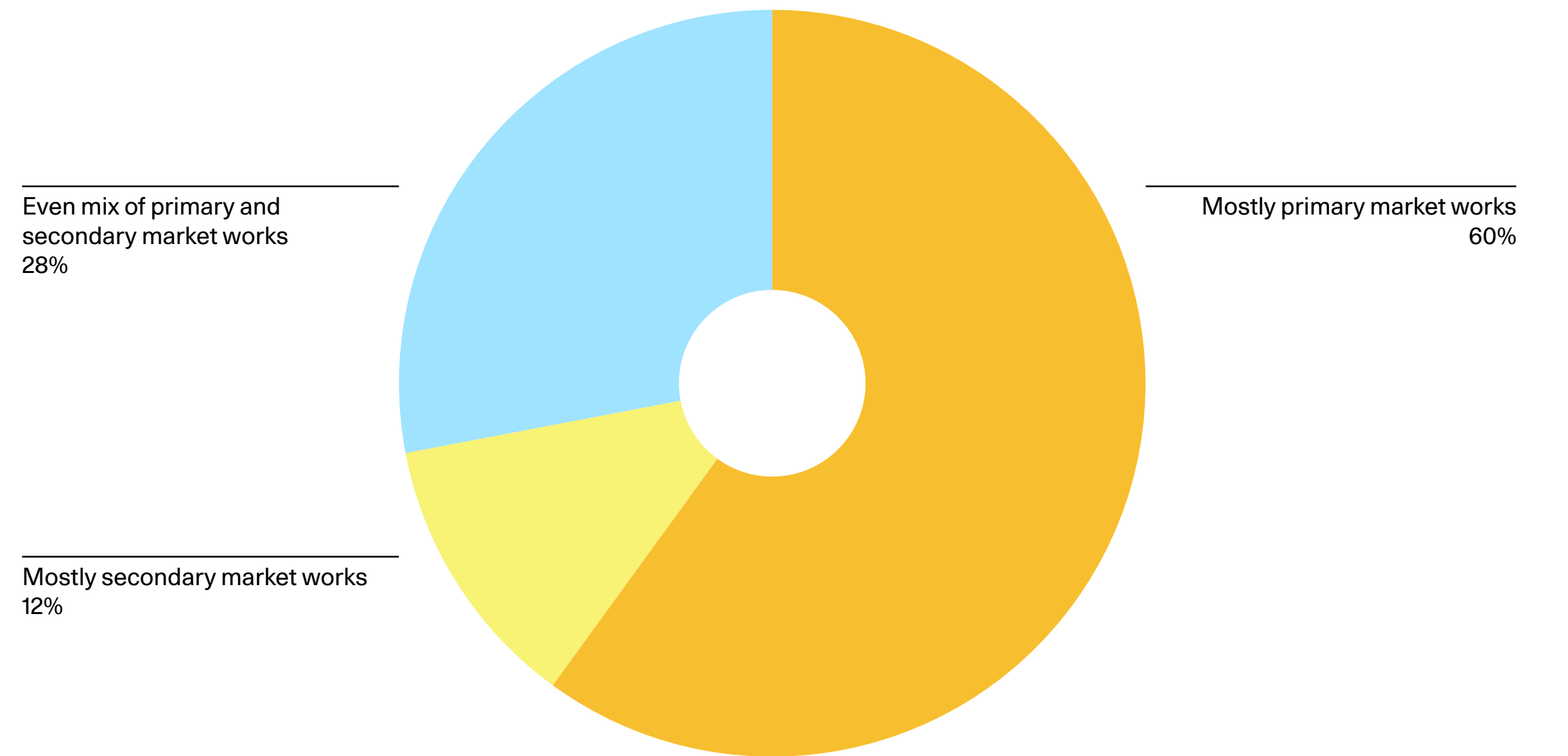
Physical location



Business maturity



Inventory



Methodologies

Conducted in October 2020, this survey generated responses from gallery professionals (including but not limited to Artsy gallery partners). After control measures to ensure accuracy and quality of the survey response data, 1,753 respondents were included in the final sample. This research was compared to previous years' report data, which was collected from 1,008 respondents in October 2019 and 700 respondents in October 2018.

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

Artsy is the global platform for collecting and discovering art. Artsy partners with international galleries, auction houses, art fairs, and museums to create the world's largest art marketplace. With 3,000+ partners across 90+ countries Artsy empowers a global audience to learn about, discover, and collect art. Launched in 2012, Artsy is headquartered in New York City with offices in London, Berlin, Hong Kong, and Los Angeles.

To learn more about becoming an Artsy gallery partner today, visit www.partners.artsy.net/2020-insights.

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