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Gallery Communication Channels & Networking Partners

Research on the particular roles of online and offline communication channels for a gallery and its networking partners

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Abstract

Galleries are the most essential intermediaries in the art market. Having success in the art market though, hardly depends on the talent of the artist but rather on the access to decisive networks and their use. The network is predominant for a gallery's success in its function as an art intermediary that adds value to the art market, while having to keep track of the business aspects. In recent years, due to mergers, monopolisations, increasingly professionalized business practices and the search for new ways of mediating art in the age of digitisation, as well as the recent influences emerging from the COVID-19 crisis, the field of action of galleries has changed increasingly. Galleries are progressively embracing new ways of cooperation, instead of the traditional individualistic procedures. However, it is surprising how little is known about the communication channels of a gallery's network, given their apparent relevance in the art market. In the course of this empirical research the "who", "why" and "how" of a gallery's network are to be determined. Thus, the aim of this research is to examine the different offline and online communication channels of galleries, with the objective to clarify their particular role and importance for a gallery and its networking partners.

After a detailed theoretical research on the characteristics of the art market, the gallery's intermediary role, the art market network and communication channels in said network, as well as the research questions are explored by the means of qualitative empirical research, that is to say with expert interviews of galleries. It becomes apparent that the network or rather the connections with the networking partners are the be-all and end-all for a gallery's success and that it is not an "either/or" decision between the various online and offline communication channels. Rather it is a complementary combination of the channels, with offline communication channels (such as personal sales, direct contact, art fairs, exhibitions, events and word-of-mouth) primarily being used to establish new contacts and online communication channels (such as the gallery website, E-mails, newsletters, social media and online art platforms) mainly playing a role for the maintenance of existing relationships with networking partners. Considering future trends, the social distancing and isolation due to the COVID-19 crisis have reinforced the importance of offline, personal and physical contact and connections, while giving a simultaneous boost to the use of online communication channels.

Keywords

Galleries, offline and online communication channels, network, art market intermediaries

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1 Introduction

1.1 Problem definition & research aim

The art market is more attractive than ever, with millions of dollars being pumped into the market every year – but the reality is different. The art world is tough; what looks glamorous on the outside is a constant battle between commerce and art/culture – "nowhere is this more effectively illustrated than in art galleries" (Resch, 2015, p. 8), as they represent a large part of the art market and its content.

While being a big part of a city's cultural life, galleries are the ones who discover, promote, support, guide, make marketable and help develop artists. They arrange exhibitions attracting collectors and constitute important contacts to curators and journalists. They are the ones closest to the customer and translate artistic into colloquial content. In short, "gallerists are the most vital intermediaries in the art market" (Resch, 2015, p. 8).

Having success in the art market hardly depends on the talent an artist brings to the market or whether the artwork itself is met with a positive response (Dossi, 2007, p. 105). Whether and to what extent access is given to the determining networks of the industry – to important galleries, collectors, museums and similar institutions – is the more decisive factor (Rottwilm, 2018): "In the arts […,] it is all about who you know" (translated[1] from Meier, 2018) – the personal network is pivotal (Goethe Institut, 2016).

In recent years, mergers, monopolisations, increasingly professionalized business practices and the search for new ways of mediating art in the age of digitisation have changed the field of action and significance of galleries in the art market exponentially, while opening up new opportunities (Schappert, 2016). The strong proliferation of digitisation is influencing the practices of traditional art distribution, collection and valorisation (Arora & Vermeylen, 2013). The enhanced interactivity, connectivity and collaboration among individuals and groups – triggered by the rise of social media – had an immense impact and globalizing effect on art communities and networks (Hutter, 2003; Kotler, 2010; Vossen & Hagemann, 2007). "There is an increased competitive pressure" and an expansion of virtual networks (Hutter, 2003, p. 268). Next to the traditional offline communication channels – like personal sales, exhibitions, events, word-of-mouth and participation in art fairs – online channels, such as the gallery website, E-mails, newsletters, as well as social media and third-party art platforms are becoming increasingly interesting for the art market and galleries. The proportion of people

[1] Original citation: „In der Kunst geht es […] vor allem darum, wen man kennt" (Meier, 2018).

interested in art, using social media or other online channels to obtain information about it, continues to rise. Especially younger generations use digital channels to inform themselves about works of art and also to buy them (Hiscox, 2019). Some studies even show that more consumers are seeing art not in the museum but on social media (Embuscado, 2016).

Galleries or rather the primary art market in general "have already experienced some tensile tests – but Corona overshadows everything" (translated from BVDG, 2020b[2]). Due to the global outbreak of the COVID-19 virus, galleries – parallel to the closure of museums and the cancellation of art fairs – were affected by the shutdown of everything not of systemic importance and the effects of necessary precautions against the spread of the virus, such as social distancing. Therefore "creativity is now the order of the day, [with] flexible action, [and] new thinking" (translated from BVDG, 2020b[3]). Galleries are concerned about their exhibitions, about the primary art market and business in general, as well as how things will continue to develop in the coming months (BVDG, 2020a).

The general consensus is that after the COVID-19 crisis not everything will be the same as before, as the transformation process (was and) is already in full swing (Nedo, 2020). Although there is strong doubt that the art market will experience a significant shift to the digital world, there seems to be a lot happening via online communication channels at the moment. Art Basel Hong Kong, for example counted 250'000 hits on its online viewing rooms (Nedo, 2020). As the contemporary art market is based on connectivity and mobility, the sudden shutdown and standstill is influencing and may even be changing the inherent market processes and channels of communication between galleries and their networking partners, which are essential to the successful functioning of galleries (BVDG, 2020a; Nedo, 2020).

As the network is most important for a gallery to successful function as an art market intermediary and therefore add value to artists and art in general while managing a successful business, a proper understanding of the "who", "why" and "how" of a gallery's network is necessary. But in spite of the gallery's relevance in the art market and the apparent importance of their network, astoundingly little is known about how its actors, modes of operation, contexts and backgrounds actually function. Who do galleries network with and why? How do they network, or rather what channels are used to establish and maintain communication, contact and networking with the stakeholders? How frequent and important is cooperation with other

[2] Original citation: „Wir haben schon einige Zerreißproben erlebt – Corona stellt alles in den Schatten" (BVDG, 2020b).
[3] Original citation: „Jetzt ist Kreativität angesagt, flexibles Handeln, neues Denken" (BVDG, 2020b).

galleries? What role, for example, do art fairs play? What is the significance of online communication channels such as social media? What might future developments be?

In order to allow for a proper empirical research and to develop a structured investigation on the “who”, “why” and “how” of a gallery’s network, these questions are merged into a research question:

What are the particular roles of online and offline communication channels for a gallery and its networking partners?

With the sub-questions of:

Who are the networking partners in a gallery’s function of an art market intermediary and why are they relevant? (The “who?” & “why?”)

Which offline communication channels facilitate the network of a gallery and what are they used for? (The “how?”)

Which online communication channels facilitate the network of a gallery and what are they used for? (The “how?”)

What future trends might emerge from the influence of the COVID-19 crisis?

This research aims to answer these questions by means of intensive research of current literature and studies on the one hand and qualitative analysis in the form of semi-structured expert interviews on the other.

1.2 Structural approach

The present research is divided into four parts: “theoretical foundations”, “empirical approach”, “data findings” and “concluding thoughts”. For the elaboration of the theoretical foundations, which are necessary for the understanding of the topic, a literature research in the subject areas of the art market, galleries, intermediaries, network effects, inter-organisational relations and communication channels is carried out.

For a detailed understanding of a gallery’s field of action and therefore the processes within the art market, the theoretical foundations begin with the structure of the art market and its participants, as well as the value of an artwork (chapter 2.1). For a deeper understanding of the functioning of a gallery itself, its intermediary role, the gallery’s resources, and its commitments to its customers and artists are presented (chapter 2.2). The gallery’s position within the art market network is elaborated in chapter 2.3, in which the network agents, relevant network effects and inter-organisational relations among galleries are explained. Chapter 2.4 sheds a light on the various offline and online channels of communication within that network. Following the theoretical foundations, the empirical approach and reasoning behind the choice of qualitative, semi-structured expert interviews are disclosed (chapter 3). Chapter 4 then presents and evaluates the data findings in a cross-case discussion to identify practical similarities, differences, patterns and correlations. The last part of the research paper (chapter 5) showcases the findings of the research in a concluding manner, while picking up on the initial research questions. Furthermore, the contributions and limitations of the research are discussed and an outlook on the topic is given.

2 Theoretical foundations

2.1 Characteristics of the art market

This chapter attempts to clarify the complex interrelationships prevailing in the art market or rather the field of action of a gallery. It is dedicated to explaining the basic structures and actors of the art market and how these actors may influence the process of gaining legitimacy and recognition in the art market, which is regarded as central to the understanding of the further analysis.

2.1.1 Structure of the art market & its participants

The art market is a complex social system with multifaceted relationships between production, intermediaries, demand and the state (Dossi, 2007, p. 40). This socio-economic system consists of interacting elements, which are connected to each other through linkages and relations, where decisions and actions are interdependent (Landwehr, 1998, p. 35). The transactional relationships of the market participants can be both material (exchange of goods, i.e. works of art) and nominal (payment flows) and are the expression of bilateral or multilateral linkages (Bourdieu & Steinrücke, 1992).

In general, the art market participants can be divided into the main groups of producers, intermediaries and consumers; with the art intermediaries moving in a field of tension between the artists as producers of the works of art, and the art buyers and collectors as consumers (Boll, 2011, p. 6-7; cf. figure 1). They are committed to art and its producers (normative goals), but at the same time have to act according to economic and market-oriented principles and serve the consumer – resulting in a sometimes-difficult position in the field of tension between art and commerce/market (Hausmann, 2014, S. 22; Sturm, 2011, p. 59).

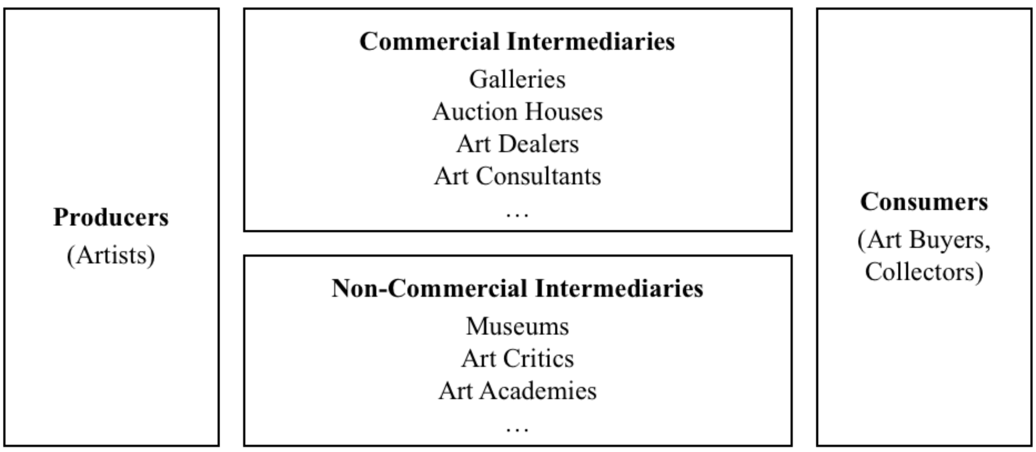

Figure 1: Illustration of the players in the art market
(own illustration based on Boll, 2011, p. 6-7)

In addition to commercial intermediaries, non-commercial ones also influence the market and thus become players in it (Boll, 2011, p. 22). Commercial intermediation is mainly carried out by galleries, auction houses and art dealers. Moreover, art consultants, online galleries, online auction houses and online platforms play an increasing role. The non-commercial side of intermediation is mainly attributed to museums, art critics, academies and the media (Boll, 2011, p. 6-7).

Furthermore, a distinction can be made between the primary and secondary market. The primary market is formed by galleries and artists – this is where works of art are placed on the market for the first time and with direct remuneration of the artist. The works of art are either sold through galleries that receive a predetermined sale's percentage, or in some cases the artist will sell his works directly (Velthuis, 2011, p. 38). Contrary, the secondary market resells works of art already on the market and mainly consists of auction houses and art dealers (Velthuis, 2011, p. 38). However, the border between these two markets is increasingly disappearing, so that the primary market is taking on a more and more heterogeneous structure with the entry of auction houses, art advisors, art dealers and collectors, and galleries pursuing secondary market activities (Schultheis, Single, Egger & Mazzurana, 2015, p. 179).

Additionally, the art market is characterised by a high degree of heterogeneity in terms of the quality or recognition of the works of art and in terms of the preferences[4] of the demand side (Schönfeld & Reinstaller, 2007). Despite this high degree of heterogeneity, the art market can be described as a *winner takes all* market, where only one to five percent of artists are attracting most of the attention and capital, while the populace has to fight for survival or seek alternative sources of income (Baia Curioni, Forti, & Leone, 2015, p. 1). Characteristic for such a *winner takes all* market are the relatively small differences in quality accompanied by enormous price differences. The small high-price segment has an unlimited growth potential, while the development opportunities in the rather large low-price segment are scarce (Dossi, 2007, p. 45). The struggle for survival is reinforced by a declining purchasing power and rising costs, with market internationalisation furthering the development even more (Dossi, 2007, p. 45).

As in other markets, supply and demand determine the art market (Schultheis et al., 2015, p. 179). In comparison to the quantity demanded though, the supply of art can be infinitely large. Therefore, the art market is characterized by an asymmetrically constructed market

[4] An individual's tastes result from the specific social environment in their upbringing (Stigler & Becker, 1977). "Given these priors, they have accumulated consumption (or art) specific human capital, which is coined as 'consumption capital'. Each art customer has a different taste and therefore different preferences" (Schönfeld & Reinstaller, 2007, p. 145).

equilibrium. While basically every individual may become an artist, the customer generally does not buy art in stock. Demand is therefore more limited than supply (Codignola, 2003).

2.1.2 The value of an artwork

Only with very few goods, quality and value can be grasped at first glance. In some cases, searching can produce information on price and quality. However, this kind of information is not always available or may be difficult to obtain. Products whose quality and price can be determined by observation alone are called *search goods*. Often though, the quality is only revealed with increasing experience; if a product's quality can only be determined by use, it is called an *experience good* (Nelson, 1970). For some goods, however, a determination of characteristics is not even possible with experience. The consumer is dependent on trusting the seller to obtain additional information and quality characteristics; such goods are referred to as *credence goods* (Darby & Karni, 1973).

"Information regarding the quality of the art supplied or the willingness to pay on the side of buyers is incomplete, difficult and often expensive to gather" (Velthuis, 2011, p. 36). Symmetric and complete information can rarely be found on the art market (Caves, 2000). This lack of transparency creates a strong information asymmetry between the supply and demand side (Akerlof, 1970), causing a demand for intermediation "to deal with the agency problems generated by the art market" (Di Caro, Di Geatano & Mazza, 2020, p. 305) due to the prevailing qualitative uncertainty.

The value of a work of art cannot be explained simply by reference to its intrinsic qualities (Weinhold, 2005, p. 49). Art in and of itself has no objectively and individually determinable value (Velthuis, 2011, p. 37). Art is thus an extreme form of *credence good* – for even after the purchase, quality cannot be ascertained, neither by searching nor by experiencing (Darby & Karni, 1973, p. 68). Rather it "relies to a large extent on the credibility of the experts involved in the collective evaluation processes that take place within art worlds" (Velthuis, 2011, p. 37). Various art market players are actively involved in producing the legitimacy and economic and artistic value of a work of art – it is a function of social consensus (Schönfeld & Reinstaller, 2007, p. 144). "The prestige of artists and institutions are intertwined. Artists derive their prestige at least in part from their affiliations to art organizations, and the prestige of organizations is based on the artists which they are able to take on" (de Nooy, 2002, p. 147). Thus, the value of a work of art is not only created by the creative achievement of the artist, but is socially constructed through prestige and social recognition. It arises from the recognition by other actors within the art field as legitimate and valuable (Bourdieu, 1999, S. 328).

"Multiplicity, variety, inclusion, but also assessment, selection and exclusion are the most evident […] features of the contemporary international art world" (Baia Curioni et al., 2015, p. 1). The art market, or rather the field of art, is strongly influenced by *powerholders*: The art market/business reflects the social system in a smaller version (Weinhold, 2005, p. 44). The power is not only legitimized by economic capital, but rather by social capital. This social capital is accumulated through resources based on belonging to a group, and integrate the owner into a network of relationships, linked with knowledge and recognition within this circle (Bourdieu & Steinrücke, 1992, p. 63). The commercial and non-commercial intermediaries are ultimately decisive for the artist's career (Rössel, Stichweh & Windolf, 2009, p. 2).

What is important for the artist is whether the attention of a gallery can be attracted, since galleries are classified as decisive gatekeepers (Boll, 2011, p. 31). As gatekeepers, they "allocate scarce resources to [the] selection of artworks" (Velthuis, 2011, p.37) and therefore reduce the information and search costs for other market participants. However, this channelling of resources to a specific, limited group of artists furthers the superstar phenomena in the *winner takes all* art market (Velthuis, 2011, p. 38). So, ultimately success and failure are mainly influenced by external circumstances such as the decisions of cultural institutions and gatekeepers, and depend only to a small extent on the skills and efforts of the artist.

2.2 A gallery's role in the art market

"Galleries are at the beginning of the selection mechanism of the art market. Art that is not accepted, promoted or discovered by them has little chance of being recognised and disseminated" (translated[5] from Hollein, 1999, p. 107).

2.2.1 Galleries as intermediaries

Galleries are decisive intermediaries between artists and buyers. As such they "help to solve different problems that may hinder the matching between demand and supply" (Di Caro et al., 2020, p. 304). Galleries can be described as small or micro enterprises, which – like other commercial enterprises – also strive for financial success (Sturm, 2011, p. 58). In addition to the administrative activities, which determine the operational business of the gallery, they discover artists, exhibit works of art and endow artists with their name and prestige. The main functions of a gallery include the establishment of contact between the transaction partners, the

[5] Original citation: "Galeristen stehen am Anfang des Selektionsmechanismus des Kunstmarktes. Kunst, die von ihnen nicht akzeptiert, gefördert oder entdeckt wird, hat kaum eine Chance auf Anerkennung und Verbreitung" (Hollein, 1999, p. 107).

communication of information, the sale of the art works through various channels (such as at trade fairs, exhibitions, in the gallery or online) and the maintenance of customer relations (Baia Curioni et al., 2015; Sturm, 2011, p. 58). Gallerists must therefore not only be skilled commercially, but also psychologically and socially (Landwehr, 1998, p. 278). They not only pursue the mission of making a profit in an economic sense, but they also have a duty to position artwork and artists in a complex, two-sided system (Sturm, 2011, p. 59).

Due to their network, galleries are usually much better informed than buyers, and can therefore reduce the buyer's uncertainty by reducing the information asymmetry with regard to the sought qualities (Landwehr, 1998, p. 273). In most cases a gallery will fulfil the information function to both, the demand and the supply side. For the artist, it can determine the customers' price willingness, while assisting the latter in regard to taste characteristics (Landwehr, 1998, p. 273). Therefore, they help to reduce the afore mentioned information gaps that the demand side may have about an art work's quality and reduce the buyer's costs of inspection and transaction, and therefore improve the art market's efficiency (Di Caro et al., 2020, p. 305).

In their role as intermediaries – mediating between artists and audiences – galleries simultaneously act as gatekeepers, and as such as co-producers, tastemakers and selectors (Foster, Borgatti & Jones, 2011, p. 248). As co-producers, they shepherd artists/works of art through the production process and therefore shape the content on the primary art market (Peterson & Anand, 2004). Galleries have great influence on their artists and can shape them in many areas and thus influence their chances of success (Dossi, 2007, p. 103). As tastemakers, they evaluate the artists' outputs and promote specific works of art to audiences (Hirsch, 1972). Already in the 18th century, art dealers reduced the quality uncertainty of the demand side. Since then their influence has continued to grow – galleries have developed from *picture sellers* (Dossi, 2007, p. 104) to *market makers*, "because of their ability to be innovative, in terms of predicting future trends" (Di Caro et al., 2020, p. 307). A gallery that was successful with an early, long-term investment in a new artist may gain a unique expert reputation in predicting future trends (Prinz, Piening & Ehrmann, 2015, p. 158). Such a gallery might also spark an information cascade creating a scenario where "success breeds success" (Di Caro et al., 2020, p. 307) enabling self-fulfilling prophecies for the gallery (Prinz et al., 2015, p. 158) and further increasing its reputation (Di Caro et al., 2020, p. 306). In its selection function, "gatekeeping occurs when an actor selectively grants outsiders access to members of his or her own group" (Gould & Fernandez, 1989, p. 92). A gallery's work is characterized by constant selection – both on the artists' as well as the customers' side (Foster et al., 2011, p. 248).

2.2.2 The resources of a gallery

In its role as an intermediary an art gallery has two basic resource types: artistic ones and those of the gallery itself (Peterson, 1997, p. 244). Its fundamental resource are the dealt products, i.e. the art works themselves and the resulting degree of established reputation (Peterson, 1997, p. 245). Reputation is vital to a gallery's functioning and can be built in various ways (Di Caro et al., 2020, p. 306). On the one hand, a gallery should show that it "is committed to continue its work of selection and support of artists and will not propose artists whose practice has not been adequately scrutinized" (Di Caro et al., 2020, p. 306). Furthermore, a gallery's reputation reinforces its role in the supply of information and contributes to establishing a gallery's prominence on the art market (Di Caro et al., 2020, p. 306).

Regarding the gallery itself, its social characteristics are significant (Peterson, 1997, p. 246). A gallery's personality, knowledge, preferences (and reputation) determine its (economic) success and the range of works offered (Landwehr, 1998, p. 275). The gallery must deal with the art works themselves, take care of administrative activities (such as financial assets), and handle its cultural and social capital (Bourdieu, 1986; Peterson, 1997). The social capital comprises the gallery's connections and networks (Bourdieu, 1986, p. 247). Contacts outside of the art world are needed to develop and build a clientele; while good networking with key players within the art scene is indispensable for the acquisition, promotion and distribution of art works (Peterson, 1997, p. 246). Accordingly, the maintenance and development of flourishing relationships with artists, customers and other stakeholders are important resources (Landwehr, 1998, p. 278).

A gallery is further in need of cultural capital – including an excellent knowledge and understanding of art (especially of the artists and styles it represents) (Peterson, 1997, p. 246). In addition, the gallery should have an expansive knowledge of the current market situation and prevailing trends in the art scene and thus also of competing galleries (Landwehr, 1998, p. 276). However, other galleries are not solely regarded as competition. Compared to other economic sectors, rivalry between galleries is not such an obvious issue. The contact and exchange with other galleries, artists, customers and museums is of considerable importance for a gallery (Prinz et al., 2015, p. 158).

So, a substantial part of a gallery's assets can be described as goodwill most of which cannot be capitalised – the customer base, know-how and other intangible assets, which are acquired and developed over years of experience (Anson, 2007, p. 7). Often gallerists have a background in the artistic milieu, as this serves as an adjuvant basis for good relationships with artists, collectors and other art intermediaries (Äyväri & Jyrämä, 2010, p. 728). The complex network structure of the gallery environment can be divided into hard and soft factors (Äyväri & Jyrämä, 2010, p. 728). Hard factors include the location and interior design of the gallery itself. Soft factors are skills that can only be acquired through experience and participation in the art market. They include the recognition of new talent, and a good comprehension, expertise, sensitivity and tact for expanding the gallery's network and dealing with customers in the right way (Äyväri & Jyrämä, 2010, p. 729). The application of these factors and skills is particularly important for the triangular relationship between artist, gallery and collector, which is described as a "mixture of risk, as far as artists are concerned, and trust, as far as clients are concerned" (translated from Blomberg, 2005, p. 155) [6].

2.2.3 Customer relationship

The described intermediation is a gallery's core business, but in addition to their mediating function, galleries can further take on advisory functions for their customers (Boll, 2011, p. 42). Art consulting is playing an increasing role for galleries and even experienced collectors rarely make purchase decisions without their trusted gallery's advice (Dossi, 2007, p. 105). Although exhibitions are accessible to the general public (Boll, 2011, p. 37), a gallery has a selection task with regard to its customers (Foster et al., 2011, p. 248). In order to place the artist and artworks in the right societal context, a gallery needs to pay attention to the purchasing intentions and personalities of its clientele. The clientele quality plays an important role in the gallery's reputation (Foster et al., 2011, p. 249). Galleries try to avoid sales to speculators and "misplacements" that could result in a loss of reputation (Coslor, 2010, p. 215). A sale to speculators might question the gallery's seriousness regarding its interest in the value system of art (Coslor, 2010, p. 215). In some cases, galleries might even negotiate a buy-back clause with customers, should they ever want to resell their purchase. The intention here is to prevent big demand and price fluctuations in the already volatile art market (Coslor, 2010, p. 217).

When using the customer equity method to calculate the value of a company, hence adding up all immaterial and material customer contributions, renowned collectors or opinion leaders in general gain additional weight as they contribute through a reputation-enhancing function (Bieger & Reinhold, 2011, p. 36). Over time, the relationship between gallerists and customers often transitions from a purely business focused one into building up trust and

[6] Original citation: "Mischung von Risiko, was die Künstler angeht, und Vertrauen, was die Kunden betrifft" (Blomberg, 2005, p. 155).

forming a friendship (Blomberg, 2005, p. 155). The extent to which a gallery succeeds in establishing a basis of trust, is also decisive for the customer loyalty (Blomberg, 2005, p. 155).

However, the gallery has steadily lost power vis-à-vis the customer over the last few years. The *information age* and its ubiquitous, instantly available knowledge increasingly deprives the gallerists of being the sole owner of information about an artist and the value of his artwork (Hutter, 2003, p. 263). Online platforms and social networks transfer an increasing amount of negotiating power to the customer – blurring the line between the traditional distinction of consumer and seller (Hutter, 2003, p. 267).

2.2.4 Artist relationship

Also with regard to its represented artists, a gallery must be selective and recognize long-term potential in artists and cooperation (Foster et al., 2011, p. 248). However, often financial incentives are outweighed by personal motives when it comes to the selection of artists in galleries (Velthuis, 2005, p. 21). Mutual trust, interpersonal sympathy and understanding, and recurrent interactions between the gallery and artist are the basis for a good collaboration. Galleries see it as their "task to support artists materially, morally and artistically" (Velthuis, 2013, p. 299). They often take over tasks the artist cannot or does not want to handle himself. In that sense, galleries serve as agent and promoter for the artists' careers – they represent them to the outside world and have an influence on the public's perception (Caves, 2000, p. 37). Not only the gallery-artist relationship is important though, but the exhibited artworks must be in line with the gallery's concept (Caves, 2000, p. 38).

2.3 Galleries in the art market network

2.3.1 Network agents

"The most important facet of an organisation's environment is its social network of external contacts" (Gulati, 1998, p. 295), with social networks having a positive influence on a gallery's activities (Yogev & Grund, 2012, p. 2). "Sociology and organizational studies emphasize the role of social ties [and networks] to explain the consensus-making process that bridges the informational asymmetries between the intentions and the practice of the artists (as cultural producers) and the understanding of final users (buyers or viewers)" (Baia Curioni et al., 2015, p. 57). Galleries are more based on trust and informal relationships than on formal contracts – making the establishment and maintenance of these contacts one of the most important tasks of a gallery (Äyväri & Jyrämä, 2010, p. 729).

Embedment in a good network is an important resource (and necessity) for a gallery in order to successfully position its artists and their artwork on the (international) art market (Dossi, 2007, p.106). Through the advantage of network effects and the accompanying economies of scope and scale, the overall benefit increases with the number of participants (Bieger & Reinhold, 2011, p. 36). However, the decision-making processes in the art market have a group-dynamic and participants cannot be considered individually. Even with the individual power of some large players, an interdependence of all market participants must be assumed (Rössel et al., 2009, p.12).

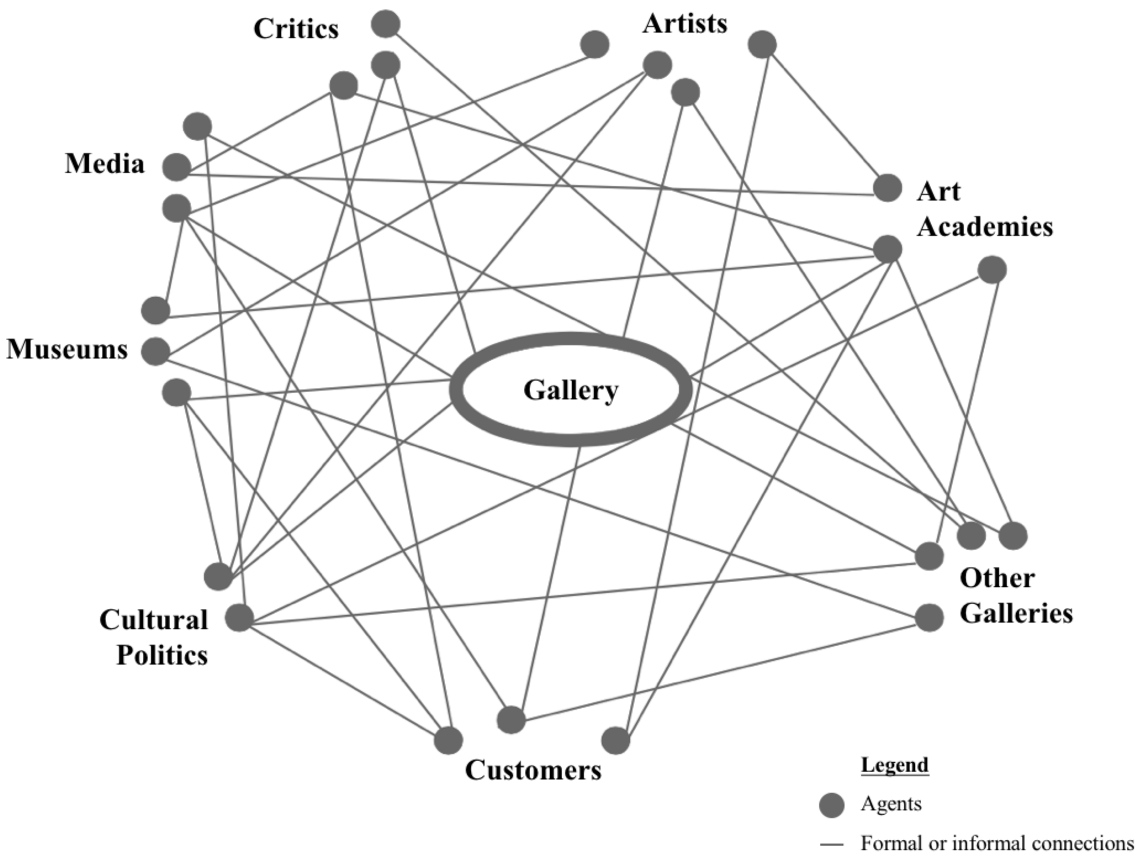

Figure 2: Illustration of the art market's agents and their connections (own illustration based on Äyväri & Jyrämä, 2010, p. 724)

The art market's network structure is characterized by a web of several large peripheral and small focal networks, in which the interactions can differ in frequency and intensity (Äyväri & Jyrämä, 2010, p. 724) (see Figure 2). The network's various agents can be divided into business (galleries and customers) and institutional (museums, critics, art academies) participants (Äyväri & Jyrämä, 2010, p. 731).

The focal network actually starts with the artist and his art work, for which he is part of the network and not merely an external person supplying a product (Äyväri & Jyrämä 2010, p. 726). Recognized artists often have a better developed network through their studies at art academies[7] or similar institutions than less renowned artists. Some scholars even go so far as to say that it is possible to predict an artist's success or demise on the basis of his alliances (Weinhold, 2005, p. 44). Belonging to a specific social network can also prove to be more valuable than holding an academic title, and the institutionalized accumulation of cultural capital also reinforces the position in the art market (Schnell, 2010, p. 48).

"The gallery also engages in legitimising its artists through relationships with institutional actors such as museums and art critics and by building artists' careers through relationships with other galleries" (Äyväri & Jyrämä, 2010, p. 724). In this context, museums can be attributed with a complementary force (Porter, 2008, p. 24), since they maintain the symbolic and monetary value of art, as works of art come into the focus of the network and gain more attention through their (international) exhibitions (Weinhold, 2005, p. 38). Furthermore, network connections between galleries (usually rooted in similar taste) and consequential interactions are defining and shaping what (good) art is (Äyväri & Jyrämä, 2010, p. 725). Meanwhile, reviews and coverage by the media can have an influence on and create attention for activities of and within the network (Äyväri & Jyrämä, 2010, p. 725).

The organisational structure of a network can further be illustrated through different clusters: internal clusters made of artists' groupings, locational clusters with a concentration on a small space (such as various urban gallery districts), national or regional concentrations (such as gallery associations), cross-border concentrations based on international cooperative relationships (international art fairs & biennials) and virtual clusters based on the specific Internet medium (for exchange of opinions and information) (Klein, 2011, p. 264 ff.; Velthuis, 2013, p. 290 ff.).

[7] Art academies also provide galleries with information on new talents (Äyväri & Jyrämä, 2010, p. 725).

2.3.2 Network effects in the two-sided art market

Due to the asymmetric information in the art market the customer and artist side are not able to negotiate an efficient outcome without the gallery as intermediary. Therefore, the Coase theorem[8] prerequisites are not fulfilled and the art market can be defined as a two-sided market (Parker & Van Alstyne, 2005, p. 1497). Such a two-sided market "is characterised by the presence of cross externalities (indirect network effects[9]), i.e. when a group of agents' utility in a certain market depends on consumption of the same service (or good) by other agents" (Di Caro et al., 2020, p. 306). For example, apart from financial aspects, artists will consider which and how many potential customers use a certain platform (gallery), when deciding on their representation – in other words it depends on the network and its size (Di Caro et al., 2020, p. 306).

Formally speaking, a network is a system composed of interconnected, complementary objects – an aggregation of users of a specific good or technology, from an information-economical point of view (Economides, 1996, p. 674). A distinction can be made between real/physical and virtual/invisible networks (Varian & Shapiro, 1999, p. 173). However, for both – physical and virtual networks – the benefits of joining are dependent on the networks size or rather on how many objects are already connected within the network, hence, network effects or network externalities[10] must be considered (Economides, 1996; Varian & Shapiro, 1999).

Network effects can be negative or positive – typically they are the latter though. In social networks, someone new joining the network gives already existing users a benefit without initially having intended to do so, as the network's contact possibilities have increased (Varian & Shapiro, 1999, p. 13). Social networks also enable simultaneous connections – communication between individuals as well as in groups – increasing the network's value even faster with exponentially increasing benefits for its participants (Varian & Shapiro, 1999, p. 184).

[8] "This theorem states that, regardless of externalities, transactions volume will be efficient as long as property rights are clearly defined and there are no information asymmetries or transaction costs" (Parker & Van Alstyne, 2005, p. 1497).

[9] Generally, a distinction can be made between direct and indirect network effects: Direct network effects exist when the individual benefit increases directly with the number of users of a product. Indirect network effects, on the other hand, exist when the increased use of a product makes the production of complementary goods more attractive and a higher number of complementary products in turn increases the benefit of the original product (Economides, 1996, p. 679).

[10] The terms are often used synonymously as well.

In the case of the primary art market, the two sides of artists and customers interact with each other via the gallery as intermediary. As a platform, the gallery offers them infrastructure and rules that facilitate interactions and business transactions (Eisenmann, Parker & Van Alstyne, 2006, p. 94). The decisions of and benefits granted to one side depend on the actions of the other side (Rysman, 2009, p. 126). The crucial part is that the effect/externality does not relate to one's own side but to the opposite one, hence the name cross externalities (Armstrong, 2006, p. 671). Indeed, a gallery with a larger customer side (more potential buyers), thus a larger network size, is more beneficial to the artist side, thus creating an indirect network effect (Di Caro et al., 2020, p. 306).

Additionally, direct network effects between participants of one side should be considered as well[11]: For example, a bigger representation of artists "of the same school [in one gallery] may create a stronger presence on the artistic scene and create value for the artists" (Di Caro et al., 2020, p. 307). Simultaneously, this could lower each individual artist's possibility of selling an artwork due to increased competition and therefore create a direct negative network effect, calling for careful consideration by the gallery (Di Caro et al., 2020, p. 307). Similarly, a bigger customer side can imply bigger competition between collectors, leading to a negative same-side effect among the participants (Eisenmann et al., 2006, p. 97). Due to such negative same-side network effects, deliberate exclusion of some participants from the network can make sense (Eisenmann et a., 2006, p. 97).

Instead of rooting the network effects in a network's size, the emergence of network effects can also come from the composition and quality of the agents. Certain types of participants can provide or reduce the benefits (Rochet & Tirole, 2003, p. 993). "The more influent [the participants] the more attractive is a gallery [to artists] (positive indirect network effects) and influent collectors will attract other buyers (positive direct network effects)"[12] (Di Caro et al., 2020, p. 307). Similarly, important and famous artists can attract more customers[13] – showing that not only the number or size but also the quality of the network matters (Di Caro et al., 2020, p. 307).

Positive direct or indirect network effects can lead to positive self-reinforcement effects and thus greatly affect the dynamics of the entire market (Varian & Shapiro, 1999, 175). Galleries with a larger network (or market share) can have an advantage over smaller

[11] Sometimes these are also called same-side network effects.
[12] Can be compared to the afore mentioned reputation loss through speculators, which would make negative network effects possible.
[13] Galleries might even accept a loss in order realise such an exhibition (of for example a blue chip artist).

competitors, and since the advantages due to the network effects mostly become larger and not smaller, “the strong get stronger and the weak get weaker” (Varian & Shapiro, 1999, p. 175), reinforcing the *winner takes all* market characteristic of the art market.

These dynamics of a *winner takes all* market can be reduced by multi-homing, “i.e. the case where platforms are not exclusive and adoption of two or more platforms by users is allowed. This is commonly the case for [customers, that tend to] shop in more than one gallery and it could be the case for artists as well” (Di Caro et al., 2020, p. 307). The single- or multi-homing of one side will affect the other side competition-wise and also needs to consider the different scenarios of both sides single-homing, one side single-homing while the other is multi-homing, and both sides multi-homing (Armstrong, 2006, p. 669; Eisenmann et al., 2006, p. 99). “For example, galleries tend to attract more influent [customers] in order to attract artists that will sign exclusive contracts. However, if multi-homing is also common for the artists, galleries can exert more competition to attract artists” (Di Caro et al., 2020, p. 307).

Due to these various dynamics, it is crucial for galleries to always consider various scenarios, in order to promote positive and reduce negative externalities (Evans & Schmalensee, 2005, p. 14). For example, if a gallery does not simultaneously attract new customers when increasing the number of displayed artists, the gallery may experience a stagnation or decline of sales due to a congestion of artworks/artists (Evans & Schmalensee, 2005, p. 17). This in turn would crowd out artists from the gallery and eventually also drive customers away (Di Caro et al., 2020, p. 308).

Furthermore, these vertical relationships with artists and customers are especially necessary for keeping up to date with new fads, trends and styles, i.e. new tendencies in the art market and the discovery of new artists due to the complementarity of the participants (Ireland, Hoskisson & Hitt, 2009, p. 173). Thus, the interdependence of the two sides requires clever gallery management and platform design, in order to promote and exploit the network effects (Parker & Van Alstyne, 2005, p. 1494).

2.3.3 Inter-organisational relations among galleries

In addition to vertical relationships with artists and customers, horizontal inter-organisational relations with other galleries are possible as well (Cropper, Huxham, Ebers & Smith Ring, 2008). Galleries are increasingly embracing new ways of working together and showing willingness for cooperation (and/or collaboration) instead of the traditional individualistic procedures (Äyväri & Jyrämä, 2010, p. 733; Lind, 2009, p. 54), “offering the possibility of shared resources, [knowledge,] equipment and experience” (Lind, 2009, p. 53).

Horizontal alliances are mainly used to pursue market strategies and to consolidate artists' positions from the galleries' programmes in order to create a high level of market penetration (Äyväri & Jyrämä, 2010, p. 733; Lind, 2009, p. 54). Inter-organisational relations "are the relatively enduring transactions, flows, and linkages that occur among or between an organisation and one or more organisations in its environment" (Oliver, 1990, p. 241) – "a co-operative relationship among organizations that relies on neither market nor hierarchical mechanisms of control" (Phillips, Lawrence & Hardy, 2000, p. 24). With the help of such relationships "firms create value by combining resources, sharing knowledge, increasing speed to market, and gaining access to foreign markets" (Barringer & Harrison, 2000, p. 367).

Most commonly inter-organisational relations (or cooperation and collaboration in general) can be differentiated in networks, partnerships and alliances (Cropper et al., 2008, p. 5). Networks are sets of nodes of organisations or persons linked by social, professional and/or exchange ties (Scott, 2017, p. 2), geared for long-term cooperation rather than short-term, one-off projects (Berghoff & Sydow, 2007, S. 16). Such ties among competitors have been found to increase firm performance and are likely to be friendship ties (Foster et al., 2011, p. 250). Partnerships are based on agreed partnership property with contributed and conjoined acquired assets belonging to the partnership (Shenkar & Reuer, 2006, p. 18). Contrary to a partnership, alliance parties remain autonomous, i.e. legally independent entities, while they share benefits, bureaucratic and strategic control in their exchange relationship, there is no joint ownership (Barringer & Harrison, 2000, p. 383; Yoshino & Rangan,1995). Whichever way an inter-organisational relation is constructed, it will always be based on trust and a conscious decision by the participants.

The decision to enter into an inter-organisational relationship can be rooted in various explanations: (1) Minimization of production and transaction costs, while reducing uncertainty through market failure, (2) exchange with the environment in order to obtain (particular) resources, (3) strategic choice in order to increase competitiveness and/or market power, (4) as "the centre of an interdependent web of stakeholders […, organizations] have a responsibility to consider the legitimate claims of their stakeholders when making decisions and carrying out business transactions" (Barringer & Harrison, 2000, p. 370) (*stakeholder theory)*, (5) organizational learning and the capability to recognize, assimilate and apply new knowledge, (6) pressure from institutional environments to conform to social norms and appear legitimate (Barringer & Harrison, 2000, p. 370; Cropper et al., 2008, p. 17 ff.; Gulati, 1998, p. 298 ff.).

As diverse as their explanation can be, inter-organisational relations can have various influences: "inequality, embedding, contagion, and contingency" (Gulati, 1998, p. 296). Social connections can explain unequally distributed resources between organisations, groups or individuals. Depending on the degree of an organisation's embeddedness, difficult transactions can be enabled. Through contagion social connections determine preferences (Hutter, 2003, p. 267) and can therefore "promote behavioural conformity by serving as conduits for both technological and social information about organisational activities" (Gulati, 1998, p. 296). Finally, through contingency, social ties can moderate crucial organisational processes. All of these influences produce informational advantages and control benefits for a gallery (Gulati, 1998, p. 296).

Potential advantages of an inter-organisational relationship can include: "gaining access to a particular resource, economies of scale, risk and cost sharing, gaining access to a foreign market, product and/or service development, learning/knowledge, speed to market, flexibility, collective lobbying, neutralizing or blocking competitors" (Barringer & Harrison, 2000, p. 385). Meanwhile, potential disadvantages may include: "loss of proprietary information, management complexities, financial and organizational risks, risk of becoming dependent on a partner, partial loss of decision autonomy, partners' 'cultures' may clash, loss of organizational flexibility, antitrust implications" (Barringer & Harrison, 2000, p. 386).

2.4 Network communication channels

Good communication – offline or online – is a crucial element for establishing lasting relationships (Kotler, Armstrong, Harris & Piercy, 2016, p. 660). Offline communication measures of a gallery can include personal sales/contact, exhibitions, events and participation in art fairs. Personal sales are the central communication tool of every gallery towards its customer side (Resch, 2015, p. 96). They are based on direct contact between the gallery and buyer with the purpose of selling a work of art or establishing a personal customer relationship (Kotler et al., 2016, p. 661). Direct contact and the development of personal relationships are crucial to a gallery's success. The heart of this is the gallery's address file, which contains artists, art lovers, visitors, former buyers, customers, collectors, critics etc. Good customer care of those contacts is decisive for the gallery's communication strategy (for example, when sending out invitations to openings) and success, especially since spontaneous purchases are rare on the art market (Klein, 1993, p. 163).

The personal, direct exchange is not only cultivated in the gallery, but as well at exhibitions, events and art fairs. New contacts with customers, galleries and other art market participants are increasingly being made at events in general (Boll, 2011, p. 141), with art fairs being the central development platforms (TEFAF, 2017, p. 43). Events such as (solo) exhibitions, further contribute to an artist becoming known, resulting in a higher valuation and thus an increase in the price of the entire works (Weinhold, 2005, p. 130).

Art fairs form a "substantial commercial platform for galleries and their artists" and are an important meeting point "for various actors in the art market, namely galleries, artists, collectors, museum representatives, curators, art critics, and art lovers" (Yogev & Grund, 2012, p. 24). International art fairs are one of the best opportunities for galleries to present themselves to and connect with customers (Crane, 2009, p. 335). The participation can be reputation-enhancing and have long lasting social effects, from which galleries can generate follow-up business as well as informal networking. Participating galleries can exchange information and cooperate despite their competitive situation (Crane, 2009, p. 336; Schultheis et al., 2015, p. 73)[14]. Thus, the participation in a trade fair, is not only advantageous for economic gains, due to an increase in the gallery's visibility and its market opportunities, but also creates symbolic gains (Schultheis et al., 2015, p. 73). Simultaneously though, this creates a certain pressure if not a coercion to participate in art fairs (Schultheis et al., 2015, p. 73).

"As a gallery, it is almost impossible to survive without a network of colleagues to interchange artists, information and work at regular intervals" such as at art fairs (Yogev & Grund, 2012, p. 25). There galleries can meet, interact and network among each other (Klamer, Mignosa & Velthuis, 2000, p. 5). A well-developed social network is often considered a prerequisite for participation. However, through participation galleries can strengthen and expand this highly important network (Yogev & Grund, 2012, p. 24)[15]. Through its participation the gallery generates attention for their artists, but is at the same time dependent on the attention it receives from visitors and opinion leaders (Klamer et al., 2000, p. 5). Galleries strive for a greater degree of attention, interest and acceptance among their target groups and individuals in the art milieu, rather than depend on the public in general (Höhne, 2009, p. 122).

[14] The global director of Art Basel goes as far as: "No digital platform can replace the actual visit to the fair. After all, most collectors want to see works in person and in real life before they decide, even if they know the artist and the gallery well. Personal contact with art should not be underestimated. Collectors also come to the fair to expand their existing contacts or to create new ones" (original citation: "Keine digitale Plattform kann den tatsächlichen Messebesuch ersetzen. Denn die meisten Sammler wollen Arbeiten persönlich und in echt sehen, bevor sie sich entscheiden, selbst wenn sie den Künstler und die Galerie gut kennen. Der persönliche Kontakt zur Kunst darf nicht unterschätzt werden. Sammler kommen auch auf die Messe, um ihre bestehenden Kontakte auszubauen oder neue zu schaffen" cit. in Allianz Deutschland AG, 2016).

[15] This could also contribute to the strong getting stronger and the weak getting weaker (cf. chapter 2.3.2 (Varian & Shapiro, 1999, p. 175)).

Even though it is not a direct form of communication by the gallery, recommendations from friends and acquaintances are of great importance for galleries as well (Hausmann, 2014, p. 412). “When two actors engage in a relationship, the tie between them serves as a signal for other market members” (Yogev & Grund, 2012, p. 26) and the credibility and trustworthiness of word-of-mouth communication is perceived much greater than information coming from the gallery itself (Hausmann, 2014, p. 412). Actually 83% of consumers worldwide trust in the recommendations of friends and family (not limited to their inner circle), with two-thirds (66%) of respondents trusting customer ratings on the Internet (Nielsen, 2015, p. 4).

Other offline communication measures can include invitation cards, letters, brochures, catalogues and publications. However, these forms of communication are quite costly, for which their profitability is critically debated (Resch, 2015, p. 95).

Galleries also have an online presence and use various online communication measures such as a gallery website, E-mails and newsletters, social media and online platforms, in order to be accessible to a broad and international audience. Professional and conscious online communication has become indispensable, as Internet information from websites, user comments and social media are a decisive factor in customers' decisions (Heinemann & Schwarzl, 2010, p. 7). Practically every gallery has its own website, inviting other network participants to contact the gallery. Furthermore, it serves as a reference for all other online communication by a gallery such as E-mail, newsletters, social media accounts and online art platforms (Wendorf & Ollendorf, 2011, pp. 64-65). “The social media thrust of Web 2.0 has, meanwhile, made it habitual for artists and art institutions of all kinds to blog, post, tweet, and re-tweet at an ever-hastier pace; being plugged in is no longer a distinguishing feature, it's a baseline expectation” (Horowitz, 2012, p. 90).

Besides the web presence, the E-mail correspondence and newsletters play a central role in the communication of a gallery. Thanks to E-mails, galleries can maintain a direct exchange with customers easily, in which the speed of response and flexibility are big advantages (Wendorf & Ollendorf, 2011, p. 65). An efficient customer management system is key for a targeted approach instead of a broad distribution (cf. address file) (Resch, 2015, p. 95) [16].

Online communication and social media are playing an increasingly important role for galleries and the art market in general. Among various sources, the TEFAF Art Market Report 2017 indicates that younger generations are using online sources to discover art and are open

[16] Such systems are, for example, provided by *Artbutler*, which is a service provider for galleries, artists and collectors, and develops software solutions for numerous challenges of everyday work such as inventory and customer management (Artbutler, 2020).

to purchasing art digitally. According to the Hiscox Online Art Trade Report 2019, the importance of social media for art lovers is growing – especially for younger generations. While in 2018 only 32% (29% in 2017) of those surveyed stated that their decision to buy works of art was influenced by social media, this percentage has now risen to 34% in 2019. For the younger buyer segment (under 35 years of age), this figure is as high as 43% (Hiscox, 2019, p. 8).

Instagram, *Facebook* and *Twitter* are cited as the most important social media channels for the art market. *Instagram*, in particular, has grown rapidly in importance, with 65% of respondents using it for art-related purposes, and as much as 80% of art buyers using it to discover new artists (Hiscox, 2019, p. 9). Furthermore, galleries are increasingly recognizing the potential of presenting themselves and their artists through social media, with 89% of galleries stating that they are actively using social media (Hiscox, 2019, p. 9). “Although growth in followers of museums, auctions, galleries and art fairs slowed in the last 12 months”, the average growth rates for their *Instagram* followers are still between 20% and 39% (Hiscox, 2019, p. 10). Nevertheless, running a social media channel can be quite resource-intensive, as the gallery must have the human and financial resources, and a high willingness to actively and constantly participate in it, as it does not make sense to only post something every three to four months (Wiencierz, Moll & Röttger, 2015, p. 130).

The progressive digitisation poses new challenges for galleries, as the interactivity of digital communication media enables recipients to assume the role of communicators (Wiencierz, et al., 2015, p. 131). With an emphasis on user-generated content, interoperability and a participatory culture, the users not only consume contents, but also provide the contents themselves as prosumers (Kotler, 1986, p. 511). Even though, positive expressions of opinion and experience can promote the image and reputation of a gallery, negative statements and complaints can cause significant damage and spread rapidly (Himmelreich & Einwiller, 2015, p. 187).

Online art platforms can connect customers and galleries (and other art market participants) online, and offer various information and sales functions[17]. They can provide galleries with visibility and enable new connections (Nedo, 2016, p. 132), and are subject to network externalities (the more platform participants, the greater its added value) (cf. chapter 2.3.2).

[17] Examples include information platforms like *Artprice*, *GalleriesNow* and *My Art Guides*, which serve as manuals for contemporary art, and information/sales platforms such as *Artnet*, *Artsy* and *Artspace* with details about galleries, their events and sales opportunities for artworks. Most such platforms require a paid subscription by the gallery (Nedo, 2016, p. 132 ff.).

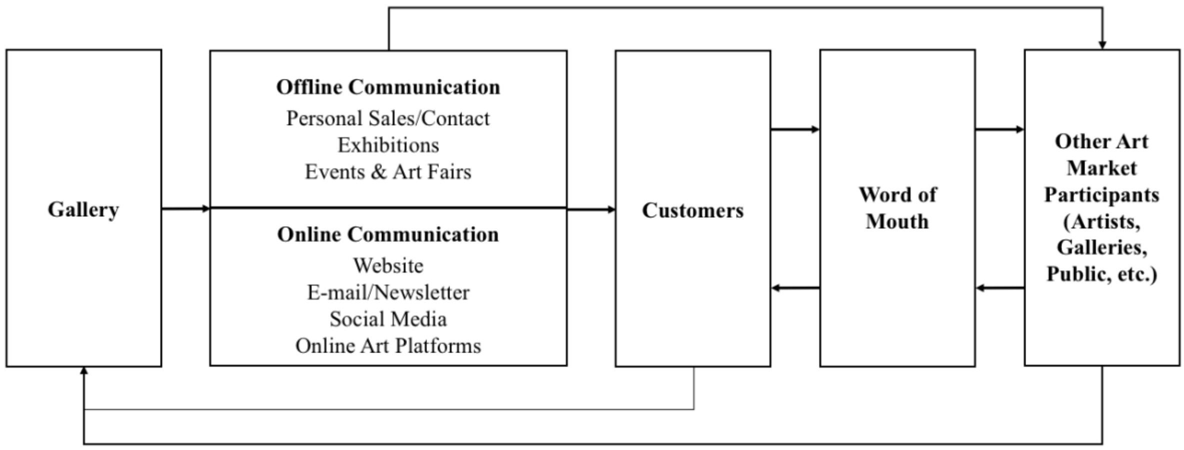

Figure 3: Illustration of the communication system of a gallery (own illustration based on Kotler et al., 2016, p. 660)

For galleries, the choice of communication channel most often is not an "either/or" decision (cf. figure 3). Offline and online communication channels allow for different measures for different occasions/objectives, where a clever combination can enable synergy effects (Wendorf & Ollendorf, 2011, p. 64). In the communication mix of a gallery, the virtual measures create attention for the analogue world and vice versa (Kotler et al., 2016, S. 660). Through their communication channels, galleries engage new networking partners and stay in contact with existing stakeholders. However, the important exchange of information via word-of-mouth takes place without the gallery itself, but rather is influenced by the image and reputation of the gallery as well as other offline and online communication measures (Kotler et al., 2016, S. 660 ff.).

3 Empirical approach

For this thesis, qualitative research in the form of semi-structured interviews is chosen as the primary source of empirical data and means of generating practical knowledge on the topic.

3.1 Qualitative research method

This research is conceptually concerned with understanding human behaviour from an informant's perspective, and will therefore use qualitative research (Mayring, 2010). Qualitative research design builds on words and is characterized as communicative and more open. Personal interaction, flexibility and spontaneity can help to gain foothold in a field that itself is built on social relations (Bryman, 2012). For qualitative research, collected data must be used for research purposes, target persons need to be actively recruited and evaluation must be carried out according to content-analytical aspects and guided by the principles of flexibility and openness (Bähring, Hauff, Sossdorf & Thommes, 2008, p. 91).

Depending on the structuring and technique for the data collection, different forms of qualitative interviews can be distinguished (Bortz & Dörring, 2006, p. 313 ff.). A special case in qualitative research is the expert interview. Experts are individuals that have specific knowledge of social facts, and expert interviews are a way to tap into this specialist knowledge (Seale, 2004). In these interviews, the test subjects are prompted to provide verbal information by means of a series of targeted questions (Scheuch, 1967, p. 70).

Qualitative interviewing can use different techniques, of which the semi-structured type is a rather flexible and open one, used for in-depth conversations (Bryman, 2012, p. 438). An interview guide, a list of questions and specific topics the interviewer wants to cover, is the basis for this type of interviewing (Bryman, 2012, p. 440). An advantage of an interview guide is that the interview will less likely get lost in irrelevant topics (Bortz & Döring, 2006, p. 314), while giving the interviewer enough leeway to spontaneously adapt to the course of the conversation (Bortz & Döring, 2006, p. 239), as well as to filter out topics in the interview evaluation, which were not anticipated during the guide construction (Bogner, Littig & Menz, 2005, p. 72). This gives the interviewer the flexibility to tailor the interview to the interviewee and to deepen specific topics on short notice (Bortz & Döring, 2006, p. 239), which is a fundamental option for the exploratory nature of the research at hand (Clifford, French, & Valentine, 2010). In creating the interview guide various aspects need to be taken into account: The questions should contain a certain kind of order in regard to the researched topics. The questions should be short, concise and neutral, or rather formulated in a way that does not imply/provide an answer and does not contain double negations (Bryman, 2012, p. 443; Schnell, Hill & Esser, 2005, p. 334 ff.).

To operationalise a semi-structured interview guide, the researcher should include different kinds of questions: (1) Exploratory questions (intended to facilitate the beginning of the interview and ensure that the topic is sufficiently relevant for the expert), guiding questions (dealing with the key research topics) and ad hoc questions (spontaneous questions during the course of the interview) (Mayring, 2010, p. 71). In the research at hand, the research question and sub-questions formed the basis for the interview guide. The starting set of exploratory, background questions regarding the gallery and the interviewee, was followed by guiding questions based on the key research topics. The researcher enquired about the gallery network in general and went on to detailed questions about the networking and communication channels with specific stakeholder groups of the artists, customers, other galleries and others, and finished with the interviewees thoughts on future developments due to the COVID-19 crisis. The objective was to obtain detailed insights on the specific gallery's network and to understand the participants' point of view on the matter. The interviews had to generate insights beyond the theoretical foundations and identify patterns in regard to the sub-questions of the research (the full interview guide can be found in appendix I).

To support the validity of the research, the data collection was diversified, as various data sources increase credibility (Yin, 2003). In addition to the semi-structured expert interviews, an online research of the interviewed experts or rather the galleries was conducted. For this purpose, their online presence was investigated and the respective websites were looked at. The types of information made available by the galleries were compared and analysed. Furthermore, it was examined which social media channels are being used by the individual galleries and to what extent. The same investigation was done for the galleries' use of online art platforms. Finally, a general review of the first five *Google* result pages for each interviewed gallery was carried out, in order to make sure that no relevant information was missed.

Overall, the use and combination of several analytical steps improves the validity and significance of a qualitative research. By means of so-called triangulation, an attempt is made to find different perspectives and approaches to the research question(s) and to compare the results (Bryman, 2012, p. 392; Mayring, 2010, p. 148). Qualitative research does not intend to draw conclusions about a generalised population, but to offer an in-depth analysis of a particular sample; concerns about external validity are therefore not as critical as in quantitative research (Bryman, 2012, p. 389-390). The present qualitative approach is to collect and analyse data on the "who", "why" and "how" of a gallery's network and to contribute to the existing literature on art galleries.

3.2 Sampling for experts

The term expert refers to individuals who are assumed to share a special expertise with others in the same field, and which is not accessible to everyone (Bogner et al., 2005, p. 37). The group of individuals regarded as experts can be relatively large: Individuals such as decision-makers from the fields of business, education and/or politics, but also local practitioners, can be called upon as experts (Meuser & Nagel, 1997, p. 481). In order to guarantee an optimal insight into the topic at hand, various gallery owners and directors were contacted and interviewed as experts in the course of this research.

There are no precise regulations on the scope of the experts to be interviewed (Bähring et al., 2008, p. 97), but in the case of concrete interviews between six and thirty experts are to be interviewed (Helfferich, 2005, S. 153). Due to the scope of this work, the number of expert interviews was limited to six based on availability over time. During the first contact, the potential interview partner was informed about the objectives and content of the research work and the way of potential participation (Gläser & Laudel, 2004, p. 154). For this step, the establishment of trust is important, by providing a scientifically sound research description and ensuring a confidential data handling (Bähring et al., 2008, p. 98). The experts were selected using the convenience sampling method. In this method, existing relationships are the basis for the participant selection (Valerio et al., 2016, p. 3). Gallery owners and directors from the researcher's extended circle of acquaintances were contacted and enquired to participate in the interview process.

In order to present comprehensive practical insights, a wide range of galleries was selected for subsequent analysis. The analysis of such different galleries was used to gain the best possible understanding of the role and significance of the various networking partners and communication channels arising in the context of a gallery’s activities. Data were gathered in six semi-structured interviews, which were conducted orally, in English and in person (or via Skype/Zoom in two cases) in a mediating and investigative manner. The afore mentioned interview guide is a positive prerequisite, but is not yet a guarantee for a successful interview, since every interview is subject to dynamic conditions (Bähring et al., 2008, p. 98). A confident appearance and respectful behaviour – such as allowing pauses for reflection and not interrupting the interview partner in his/her flow of speech – was maintained throughout the entirety of the interviews (Gläser & Laudel, 2004, p. 167 ff.). As the interviewees gave his/her personal view on the matter, the interviews were conducted on an individual basis (Bähring et al., 2008, p. 98) and lasted for 86 minutes on average (with a total interview time of 8 hours and 36 minutes). All interviews were recorded on tape and then transcribed, as intended for in qualitative social research (Seale, 2004). Interviews (and online research) were conducted with the following experts:

Gallery	**Interviewee**	**Location**	**Size**	**Noteworthy offline channels**	**Noteworthy online channels**
Galerie Gisela Clement	Gisela Clement (Owner)	Bonn (Germany)	Staff of six	i.a. *Art Cologne, viennacontemporary*	*Artsy, Facebook, Instagram*
Galerie Judith Andreae	Dana Hieb (Director)	Bonn (Germany)	Staff of four	i.a. *Cologne Fine Art, POSITIONS (Berlin & München)*	*Artsy, Facebook, Instagram*
Galerie Thomas Zander	Thomas Zander (Owner)	Cologne (Germany)	Staff of eleven	i.a. *Art Basel, Art Cologne, FIAC, Paris Photo*	*Artnet, Artsy, Facebook, Instagram*
Gallery X[18]	Interviewee X (Director)	Cologne (Germany)	Staff of three	i.a. *Art Cologne, Art Düsseldorf, Cologne Fine Art, art berlin*	*Artsy, Facebook, Instagram*
Frank Taal Galerie	Frank Taal (Owner)	Rotterdam (Netherlands)	Staff of three	i.a. *Art Rotterdam*	*Facebook, Gallery Viewer, Instagram, Twitter, YouTube*
White Cube	Julia Baumhoff Zaouk (Director)	London (United Kingdom, Headquarter), Hong Kong (China)	Staff of 140 (world-wide)	i.a. *Armory Show, Art Basel (Basel, Miami, & Hong Kong), Art Cologne, FRIEZE (London, New York)*	*Artnet, Artsy, Facebook, Instagram, Twitter, WeChat, YouTube*

Figure 4: Table of interviewed experts

[18] This gallery chose to remain confidential, which is why the collected data, information and names have been made anonymous.

Galerie Gisela Clement

The gallery, founded in 2010, represents a broad spectrum of international contemporary art and is located in a museum like exhibition space in Bonn (Germany), which was especially designed for the gallery. Galerie Gisela Clement focuses on paintings, installations, sculptures and drawings. Programme wise, the gallery represents internationally established positions combined with a focus on young artists, and accompanies them from the beginning of their artistic development and career onwards. The premises make both large and small exhibitions at once possible, often with the invitation of curators, art historians, philosophers and musicians (Galerie Gisela Clement, 2020). The gallery was particularly chosen for the fact that its founder and owner has a non-artistic background.

Galerie Judith Andreae

This younger gallery (founded 2012) shows a programme of contemporary positions of paintings, drawings, photography and installations with a focus on landscapes and the environment. In an old school building from the 1920's, the gallery represents both young and established artists on a national and international level (with a European focus). Personal interest and the cooperation with artists and curators play a decisive role in the gallery's programme, leaving room for spontaneity (Galerie Andreae, 2020). Galerie Judith Andreae was chosen as an interview partner to include the view of a younger gallery in the data collection.

Galerie Thomas Zander

The gallery (founded 1996) represents international artists of different generations who view the medium of photography within the broader context of contemporary art. In addition to a changing exhibition programme, the gallery's work includes ongoing support for collections, curating and organizing exhibitions in cooperation with international institutions and museums, and regularly issuing publications (Galerie Thomas Zander, 2020). The gallery is being investigated because of its international sales experience and its specialisation in the medium of photography.

Gallery X

This gallery has over 30 years of long-standing experience in the international art business. Next to the traditional gallery work in the primary art market, the gallery is heavily involved with art dealing in the secondary market (approximately 70% of the business (including artist estate sales)). In its specific programme focus, the gallery has gained a prominent position in the German gallery landscape, and represents young, newer artists as well as established and blue chip[19] artists. Long-standing transatlantic networks of the gallery make it possible to place first-class works in both private and public collections (Gallery X, personal communication, 2020). This gallery was interviewed, to address the diminishing demarcation between the primary and secondary art market, and the fact that a lot of galleries nowadays do both, classic gallery work and art dealing.

Frank Taal Galerie

Founded in 2010, this Rotterdam-based contemporary art gallery represents international artists, with a focus on Belgian, German and Dutch customers. In selecting the programme, the focus lies on an overall holistic approach of the exhibition. The core values of the gallery are openness and transparency, personal contact and the passion of the artist. “Without exception, it is artists who stand in the world and expressively tell the story that must be heard and inspire new thoughts” (Frank Taal Galerie, 2020). Frank Taal Galerie continues to find fresh talent, as well as support and develop the international careers of its more established artists. To include another younger and smaller gallery, that does not focus on the big art fairs, Frank Taal Galerie was chosen to be an interview partner.

White Cube

The White Cube gallery (founded in 1993) is one of the world's leading galleries for contemporary art. The gallery presents various *Young British Artists* and many other internationally highly acclaimed contemporary artists and attends all big, blue chip art fairs. White Cube currently has two galleries in London and one in Hong Kong (and additional offices in New York and Paris), with the London Bermondsey location having a particularly large space of about 5440m^2 (White Cube, 2020). To get a sense of the network actions and activities of such an internationally established and renowned gallery with multiple locations, White Cube was chosen to be part of the data collection.

[19] “The term ‘blue chip’ stems from the stock market and refers to a stock that sells at a high price because of public confidence in its long record of steady earnings. Within the art world, ‘blue chip’ refers to art with great value that is reliably profitable and expected to hold or increase its economic value, regardless of the general economic ups and downs. These artists are icons whose works’ value have been decided through consistent years of sales, and confirmed at auction” (Artland, 2017).

3.3 Method of Analysis

The gathered interview data were analysed in three major steps: Transcription, coding and analysis. In order to preserve and ensure the authenticity of the gathered interview data and obtain a textual format, all interviews were transcribed from the recorded audiotapes[20]. Using the transcriptions as basis, each gallery's networking partners and communication channels were analysed using a concept-driven (and data-driven) coding process to index, categorise, compare, contrast and connect the gathered data, and establish thematic ideas about the interview findings (Gibbs, 2008, p. 38). The manually developed codes were based on the research's theoretical foundations (cf. chapter 2), the research sub-questions and on themes that emerged from the interviews itself (Gibbs, 2008). Based on this the following coding themes developed:

Network in general	Gallery role in the art market
	Network size, quality and network effects
	Art understanding
	Gallery location
	Time
	Online vs. live
Networking partners	Customers
	Artists
	Other galleries
	Museums
	Associations
	Auction houses
Offline communication	Personal sales/contact
	Prints/paper invitations
	Art fairs
	Exhibitions & events
	Recommendations/word-of-mouth/reputation
Online communication	Gallery website
	E-mails, Newsletters (& WhatsApp)
	Social media
	Online art platforms
Future trends	COVID-19 changes

Figure 5: Main themes for coding

[20] Transcripts of the individual interviews can be sent on request by the author of this thesis.

Through coding the gathered data could be managed and organised more easily, which allowed for a more structured examination (Gibbs, 2008). In order to systematically analyse and transform the interview data into findings, a thematic analysis was performed (Gibbs, 2008). By thematically examining and comparing several case studies (galleries), i.e. using a multiple case design (Eisenhardt & Graebner, 2007), the resulting findings are considered more trustworthy (Yin, 2012, p. 7). By using a thematic approach and comparing the information through coding, the researcher can identify similarities, differences, patterns and correlations in order to gain a better understanding of the topic (Gibbs, 2008) and derive relevant insights on the importance of a gallery's networking partners and its communication channels.

4 Data findings

The data findings are structured based on the research sub-questions and the coding themes. In order to set a context for the results, the gallery business in general as described by the interviewees is explained (chapter 4.1). Following that, the findings regarding the first sub-question on the “who” and “why” or rather the gallery’s networking partners and their relevance are specified (chapter 4.2). After that, the “how” sub-questions are addressed with a presentation of the findings regarding the offline communication channels and their roles (chapter 4.3), and a subsequent listing of the findings on the online communication channels and their roles (chapter 4.4). After the future trends are specified (chapter 4.5), an in-depth discussion of the results with a literature comparison (cf. chapter 2) is performed.

4.1 Gallery business in general

The interviewed gallerists describe the gallery business as the key connection between the art world and customers (F. Taal, personal communication, 2020; T. Zander, personal communication, 2020). The gallery work is about art mediation and education, about conveying art (G. Clement, personal communication, 2020) – it is about establishing young new artists, making their art sellable and presentable, and not only about making money (D. Hieb, personal communication, 2020; T. Zander, personal communication, 2020). This peculiar position at the intersection between an economic function of having to earn money and the cultural function of supporting artists and bringing them into society’s attention, contributes to the difficulty of making money in the tough gallery business (Gallery X, personal communication, 2020). For this reason, nowadays multiple galleries pursue art dealing as well, in order to finance the promotion and support of younger, less established artists (Gallery X, personal communication, 2020).

A good art understanding is the base of the gallery work (Gallery X, personal communication, 2020), it “is obviously important to understand and communicate the importance and development of an artist and what they're trying to express with their work, which […] is the foundation” (J. Baumhoff Zaouk, personal communication, 2020). Some of the interviewees question the relevance of the actual gallery rooms: “Location doesn’t really matter anymore” (Gallery X, personal communication, 2020). According to them, a small space or apartment to meet with customers and talk about art or look at art works could be sufficient, instead of a big exhibition space (D. Hieb, personal communication, 2020; Gallery X, personal communication, 2020).

The artists the gallery represents are of course important, but one needs to know who would like and buy that kind of art (D. Hieb, personal communication, 2020) – "without a network, you can't reach anybody" (J. Baumhoff Zaouk, personal communication, 2020). "In the art world, everything has to do with networking" (T. Zander, personal communication, 2020), it is the be-all and end-all (G. Clement, personal communication, 2020; T. Zander, personal communication, 2020). The importance of contacts can easily be underestimated from the outside, but it is the "key" – "there is no other way" (G. Clement, personal communication, 2020). With the right contacts and through team work, one gets much further – "the more friends you have, the easier it is" (J. Baumhoff Zaouk, personal communication, 2020). This results in a blurred line between business and personal life, with a lot of business relationships turning into personal friendships (D. Hieb, personal communication, 2020; G. Clement, personal communication, 2020; J. Baumhoff Zaouk, personal communication, 2020).

In general, the network size matters in the sense that the connections of existing contacts can be very useful and important, but the network quality is equally or more important, as the gallery business is often a question of time, which makes decisions to focus on certain connections necessary (G. Clement, personal communication, 2020; T. Zander, personal communication, 2020).

4.2 Networking partners

The coding process made apparent that the main networking partners of a gallery (the "who") are customers, museums, artists, other galleries, associations and auction houses. This subchapter describes the findings on each networking partner and their relevance (the "why") for the gallery network individually.

Customers[21]

Galleries are looking for long-term relationships with their customers, rather than quick, one-time sales (Gallery X, personal communication, 2020), but "collecting has changed" (G. Clement, personal communication, 2020). In the past, collectors would follow an artist through all phases, but the "super-earning 40-year-olds" do not buy art like that anymore. They come

[21] A gallery's customers can include (but are not limited to) private individuals, collectors, private institutions, investors, corporations, art dealers, other galleries and museums. Since museums have an intermediary function themselves, the relationship of a gallery with them is somewhat different than compared to other customers – therefore they are examined separately.

to the gallery less, and rather buy at art fairs, online or while traveling, and are more focused on known names and buying a variety of pieces (G. Clement, personal communication, 2020).

An important tool to establishing deeper relationships is the creation of customer profiles, where specific interests, likes and dislikes in art, and other details about the customer are recorded – this can even be as specific as a collector always drinking champagne (D. Hieb, personal communication, 2020; G. Clement, personal communication, 2020). With the help of these profiles and with offering special services, galleries try to bind customers to them. Such services can include the hanging of art works by the gallery owner, rearranging the customer's apartment to make room for new art pieces, or supplying the customers with books and publications (G. Clement, personal communication, 2020; T. Zander, personal communication, 2020). It is about taking care of the gallery's customers, "helping them curate their collections [… so] that they come back to the gallery over decades" (Gallery X, personal communication, 2020), which takes a lot of time and stamina (F. Taal, personal communication, 2020).

For such a relationship "trust is essential" (G. Clement, personal communication, 2020). In order for a customer to come back to the gallery, he or she has "to know that you're knowledgeable, you're honest, that you're straightforward, and you really know what you're selling" (J. Baumhoff Zaouk, personal communication, 2020). Especially with more forgeries nowadays, it is very important to double check everything, and exhibit quality, fairness, honesty and seriousness towards the customer (Gallery X, personal communication, 2020; G. Clement, personal communication, 2020; T. Zander, personal communication, 2020). "As soon as a collector distrusts you, it's over and word gets around so quick" (G. Clement, personal communication, 2020).

The interviewees had varied opinions about what influence the *information age* had on the customer (cf. Hutter, 2003). Some do not really see a difference at all (D. Hieb, personal communication, 2020; F. Taal, personal communication, 2020), others do not think that clients have more negotiating power, but all agree that there is more knowledge among customers, or at least that customers think they have more information (Gallery X, personal communication, 2020; G. Clement, personal communication, 2020; J. Baumhoff Zaouk, personal communication, 2020; T. Zander, personal communication, 2020). This has made the gallery work somewhat more difficult because oftentimes customers only have superficial knowledge or smattering (Gallery X, personal communication, 2020; G. Clement, personal communication, 2020).

Museums

All interviewees agree that showing a piece at a museum exhibition – or leaving an art work accessible to the public in general – is most important for an artist and his or her career. Being part of a museum exhibition is important for building the artist's reputation and the price development towards a higher valuation. Having an artist exhibited on public display can further create new customers for a gallery (D. Hieb, personal communication, 2020; Gallery X, personal communication, 2020; F. Taal, personal communication, 2020; G. Clement, personal communication, 2020; J. Baumhoff Zaouk, personal communication, 2020; T. Zander, personal communication, 2020). A museum exhibition of a specific artist might also influence the exhibition programming of the gallery, as this promotes the exhibited artist in the market (Gallery X, personal communication, 2020).

Unfortunately, though, "a lot of private homes have far more valuable works than museums, because the means are just not there in museums" (J. Baumhoff Zaouk, personal communication, 2020). All galleries mentioned that museums are "quite tight with money" (F. Taal, personal communication, 2020), so there is a general decline in purchasing power of museums, while art work is getting more expensive (Gallery X, personal communication, 2020). Therefore, a gallery would have to lower the prices in order to sell to museums, which is then not "that interesting financially" (G. Clement, personal communication, 2020). Nevertheless, the relationships with museums and curatorial teams are quite strong in order to facilitate loans, either directly from the gallery or from the collectors to a museum (D. Hieb, personal communication, 2020). For this reason, it is quite important that galleries keep track of where their works go, in order to enable exchange between their collectors and museums (J. Baumhoff Zaouk, personal communication, 2020). Such exchange is advantageous for many reasons: society is able to see great art works on display, collectors receive tax benefits, the artist and his or her art works get a value boost, which in turn is beneficial for the gallery's business as well (Gallery X, personal communication, 2020). Furthermore, it can happen that galleries show their exhibitions at museums and sell the art works on site (G. Clement, personal communication, 2020).

Artists

A good relationship between gallery and artist is very important, because representing an artist costs a lot of time, energy and money (G. Clement, personal communication, 2020). Frequent communication, visits to their studios, and an open and transparent way of working together is essential (J. Baumhoff Zaouk, personal communication, 2020; T. Zander, personal communication, 2020). Especially with the younger artists the connections are very personal and on a familiar base (F. Taal, personal communication, 2020) – sometimes “it's like [being] a mother and manager at the same time” (D. Hieb, personal communication, 2020).

All the interviewed galleries get approached for representation by artists very frequently, but all mentioned that they prefer to look for artists themselves, especially since it is their “job […] to look for new artists” (D. Hieb, personal communication, 2020). The galleries almost never choose an artist they did not find themselves, and that can happen through various ways, for example through exhibition openings, through colleagues, through art academies or through jury work (T. Zander, personal communication, 2020; D. Hieb, personal communication, 2020). In general, a lot is done through recommendations “because there are so many, or actually too many artists” (G. Clement, personal communication, 2020) and “if you are personally interested in art you will encounter artists everywhere” (F. Taal, personal communication, 2020).

For choosing to represent an artist, the programme fit is the main decisive reason (T. Zander, personal communication, 2020). Additionally, the artists need to spark the galleries personal interest (D. Hieb, personal communication, 2020), but “only talent is not enough anymore” (G. Clement, personal communication, 2020). The artist needs to indicate secondary virtues as well, and needs to be “able to not only develop aesthetically but also economically” (Gallery X, personal communication, 2020).

Furthermore, the network of the artist itself is relevant as well. On the one hand, recommendations of and by other artists and mutual support between artists play a role (D. Hieb, personal communication, 2020; T. Zander, personal communication, 2020). On the other hand, the individual artist’s network complements and stimulates the gallery’s mix of younger and older, less known and well-established artists (G. Clement, personal communication, 2020). Commercially successful artists “open doors communication-wise” and can push less established artists (J. Baumhoff Zaouk, personal communication, 2020), while creating positive direct network effects.

However, “you can't have too many artists you work with, because every artist deserves to be looked after, to the best possible way” (J. Baumhoff Zaouk, personal communication, 2020) and new artists are a lot of work, very time consuming and expensive (T. Zander, personal communication, 202). Therefore, all interviewed galleries are not actively searching for additional artists to represent, it is rather a process of “stumbling upon” (F. Taal, personal communication, 2020) or “coming across” something interesting (G. Clement, personal communication, 2020).

Exclusive contracts are "not a very realistic model anymore" (Gallery X, personal communication, 2020). Some younger, newer artists do single-home (D. Hieb, personal communication, 2020), but that is not the goal (G. Clement, personal communication, 2020). Multi-homing allows for shared responsibility (T. Zander, personal communication, 2020) and the network of the different galleries and the resulting synergy effects are needed to make artists "visible, to make them seen, to keep them active in the discourse" (Gallery X, personal communication, 2020). Especially having galleries in multiple countries, makes it easier and more efficient to establish a young artist (G. Clement, personal communication, 2020).

Other galleries

Regarding cooperation and inter-organisational relations the interviewed galleries have varied approaches. Galerie Frank Taal for example only cooperates with galleries that do not represent the same artists and are based in Rotterdam, which can be classified as a locational cluster. He engages in networks and alliances for sharing of information, marketing and events (F. Taal, personal communication, 2020). In contrast, Galerie Judith Andreae only cooperates with galleries that share the same artists, while only being on a friendly basis with others to not "get into each other's way" (D. Hieb, personal communication, 2020).

Gallery X is of the opinion that operating "sole […] against all others" is a thing of the past, "cooperating with other galleries [is] becoming increasingly important out of necessity" (Gallery X, personal communication, 2020). Cooperation further makes sense economic wise, as the gallery is "much more successful if you are […] able to establish a vivid network" (Gallery X, personal communication, 2020). Galerie Thomas Zander and White Cube are in favour of inter-organisational relations as well. Thomas Zander (personal communication, 2020) mentions relationships, discussions, sharing of information, cooperative exhibitions, shared copyrights and credit lines with galleries that either share artist(s) or have a similar programme direction. He further points out that it also depends on whether artists single- or multi-home (T. Zander, personal communication, 2020). At White Cube, they work closely together with various galleries: plan shows, share information, share customers, plan museum exhibitions, raise funds, share artists and the amount of shows, sell works, do studio visits, and combine power to facilitate more financial possibilities and stronger marketing, which results in more power for the gallery itself. The network and friendship "with my colleagues that work at other galleries […] are vital for the success" (J. Baumhoff Zaouk, personal communication, 2020).

Galerie Gisela Clement stresses that although the exchange of ideas, sharing of information and knowledge, and learning from each other are advantageous, cooperation can be rather difficult as different (work) ethics can lead to a clash of cultures (G. Clement, personal communication, 2020).

Associations

Gallery associations are described as “neglectable” (Gallery X, personal communication, 2020) by the interviewed galleries. They do make basic information available, such as on tax and government issues, and legal advice, hence they are useful for sharing information, but not so much for connections or other network processes (D. Hieb, personal communication, 2020; G. Clement, personal communication, 2020). In the current COVID-19 crisis, they are used to organise timelines and concordant handling of the situation by galleries (J. Baumhoff Zaouk, personal communication, 2020). In general, though, they do not have much power (T. Zander, personal communication, 2020) and are not viewed as “support[ing] and push[ing] the galleries to the extent that they maybe could” (Gallery X, personal communication, 2020).

Auction houses

Surprisingly, some of the galleries have existing connections with auction houses as well. Thomas Zander (personal communication, 2020) mentions that those connections are important in order to buy a painting in a private sale before the auction, so that the painting and its price do not get available on the internet. He points out that auction houses and the secondary art market are becoming stronger, but elaborates that in his opinion the secondary art market cannot exist without a good primary art market (T. Zander, personal communication, 2020). Gisela Clement (personal communication, 2020) points out that timely coordination with auction houses are important regarding artist estates and that it would damage the market and prices if one of her artists would be sold at auction in large numbers. White Cube works closely with auction houses on various levels as well, for example “buying works […] and advising […] clients for sourcing the right work” (J. Baumhoff Zaouk, personal communication, 2020).

In contrast to this, Gallery X categorizes auction houses as strong competitors (Gallery X, personal communication, 2020), which might be attributed to the high percentage of art dealing in the secondary art market in this particular gallery.

4.3 Offline communication

The coding process made apparent that the main offline communication channels that facilitate the network of a gallery are personal sales/direct contact, art fairs, exhibitions/events and recommendations/word-of-mouth/reputation. This subchapter describes the findings for each offline communication channel and its particular role within the gallery network or rather how each is being used with the galleries' networking partners (the "how").

Personal sales/direct contact

Personal contact plays a "vital role" (J. Baumhoff Zaouk, personal communication, 2020): people coming to the gallery, having a conversation about art and sharing the enthusiasm about art (T. Zander, personal communication, 2020). "It's about being present, visiting the collectors, visiting the institutions" and visiting the artists, which means a lot of traveling and being "like a representative on the road" (G. Clement, personal communication, 2020). Especially customers like personal meetings (D. Hieb, personal communication, 2020): Small-scale meetings or one-on-ones with curators and collectors (G. Clement, personal communication, 2020), in other words face-to-face meetings to establish a basis of trust (T. Zander, personal communication, 2020) and build up "long-term, personal connections, trust, consistency, […] old fashioned values. Something you don't find online" (Gallery X, personal communication, 2020).

Often the business relationships develop into more personal ones, and "you don't actually stop after six o'clock" (F. Taal, personal communication, 2020). "It goes into evenings, it goes into weekends and it's travelling to see them, to spend time with them, to understand their needs. And a lot of time it turns into friendships because I end up meeting their family, because they invite me on to their sofa, I go to their holiday home or [I am abroad] on a holiday, then I will call them and […] have a coffee, […] dinner or lunch. So, the relationships are getting very personal" (J. Baumhoff Zaouk, personal communication, 2020).

A lot of the day-to-day relationship building is done via E-mail as well (so technically online communication), but "talking to a client physically, in person, that's still the best way to actually, emotionally bond and connect with the client. […] And despite all the communication channels that are out there, it's the personal encounter, it's the conversation that we are having right now, that's where the business happens" (Gallery X, personal communication, 2020). Therefore, some of the galleries are upholding communication channels that can be classified as old fashioned, such as handwritten letters (Gallery X, personal communication, 2020; G. Clement, personal communication, 2020). Even though White Cube, Frank Taal Galerie and

Galerie Judith Andrea have stopped sending out printed invitations and are only using online communications channels for events, Galerie Gisela Clement, Galerie Thomas Zander and Gallery X attribute a great importance to them. Although it is quite expensive, customers "highly appreciate" (Gallery X, personal communication, 2020) the traditional way of paper invitations with occasional handwritten notes (G. Clement, personal communication, 2020; T. Zander, personal communication, 2020).

Art fairs

The interviewed galleries agree that participation at art fairs is the most important channel to reach new customers. Galerie Judith Andreae, for example, met most of their collectors at art fairs (D. Hieb, personal communication, 2020). Galerie Thomas Zander (personal communication, 2020) emphasizes that art fairs are especially relevant for meeting museum curators, as well as the directors of big company collections (F. Taal, personal communication, 2020), as they do not tend to come to the gallery. Further, it is an opportunity to reach occasional buyers, which do not tend to visit the gallery as well (Gallery X, personal communication, 2020).

Art fairs are a rather fast business, where "you get a lot of audience in a very comprised period of time" (Gallery X, personal communication, 2020), therefore the importance lies within the networking and making a first contact (and sales) and then building up a relationship afterwards (G. Clement, personal communication, 2020; T. Zander, personal communication, 2020).

Art fairs are a good promotion (D. Hieb, personal communication, 2020) and great advertising tool for the gallery, as the attendance is seen as a sign of quality (G. Clement, personal communication, 2020), which enhances the gallery's reputation and image (T. Zander, personal communication, 2020). Additionally, the presentation of art works at fairs carries importance for the artists and their careers as well (J. Baumhoff Zaouk, personal communication, 2020). However, as it is important for the gallery's customers to see the gallery at art fairs, the attendance is somewhat "forced upon you" (F. Taal, personal communication, 2020), and not participating for example "at the *Art Cologne*, [is] bad" (G. Clement, personal communication, 2020). Meanwhile, it is actually quite difficult to be accepted to participate in the big art fairs for young galleries (D. Hieb, personal communication, 2020).

Overall, art fairs are a good opportunity to achieve a great turnover and make the kind of money that cannot be made in the gallery, so participation is especially important for big, expensive art works (T. Zander, personal communication, 2020). However, participation involves a big risk, since the attendance is quite expensive. Therefore, the galleries have to choose wisely what to exhibit, in order to break even or make a profit (D. Hieb, personal communication, 2020; G. Clement, personal communication, 2020).

Exhibitions/events

“The best way to show your artists is in the gallery” (F. Taal, personal communication, 2020). Hosting unique and “crazy” events, such as dinners with live music, and not the old fashioned, “flashy”, champagne evenings, can differentiate the gallery from competitors (T. Zander, personal communication, 2020). Even though, hardly anyone buys anything at special events or exhibition openings, it is necessary for talking to people and networking. It is about making a big show and creating interest, in order to get people through the door and into the gallery – that is where the connections happen (G. Clement, personal communication, 2020).

Additionally, not only hosting but attending other gallery’s, museum’s or institution’s events is used to make new contacts (G. Clement, personal communication, 2020), such social networking is quite important and used frequently (D. Hieb, personal communication, 2020).

Recommendations/word-of-mouth/reputation

According to Galerie Thomas Zander (personal communication, 2020) “reputation is the most important thing to be successful” and word-of-mouth “will always remain important because as human beings we just feel more comfortable, if we get a reassurance of quality from other people” (J. Baumhoff Zaouk, personal communication, 2020).

Especially, with the amount of forgeries growing, it is necessary to double check everything and exhibit quality and seriousness (T. Zander, personal communication, 2020), work on the gallery image and how people are talking about it (F. Taal, personal communication, 2020), because if “somebody feels well looked after, the natural thing is to recommend you to somebody else” (J. Baumhoff Zaouk, personal communication, 2020). The art world is not that big, as “not everyone's interested in art. […] So, those people who are interested in art, […] they talk. So, if you succeed in establishing a good name, that will travel” (Gallery X, personal communication, 2020). A reputation of being a good partner to work with, can lay the foundation for cooperation with museums, foundations and other galleries as well (G. Clement, personal communication, 2020; T. Zander, personal communication, 2020).

In order to build up that reputation, good relations with the press and journalists are important (J. Baumhoff Zaouk, personal communication, 2020), but can be tricky to create or manage (F. Taal, personal communication, 2020; G. Clement, personal communication, 2020).

An article about an exhibition opening or good reviews will get people to visit the gallery and create new inquiries (Gallery X, personal communication, 2020; T. Zander, personal communication, 2020).

4.4 Online communication

The coding process made apparent that the main online communication channels that facilitate the network of a gallery are the gallery website, E-mails/newsletters, various social media and online art platforms. This subchapter describes the findings for each online communication channel and its particular role within the gallery network or rather how each is being used with the galleries' networking partners (the "how").

Gallery website

All the examined galleries have their own website, which is the first contact point online (G. Clement, personal communication, 2020) and quite a lot of work goes into the website design (F. Taal, personal communication, 2020; J. Baumhoff Zaouk, personal communication, 2020). All the interviewed galleries (except for Gallery X) maintain their website in English (and the national language of their location, so German or Dutch), which allows the galleries to reach an international audience and position themselves in relation to this audience. On each gallery website, contact details and information on artists, exhibitions and participation in fairs are published. In addition, the visitor can find reference links to the gallery's social media channels and online art platforms. White Cube also installed online viewing rooms due to the COVID-19 crisis (J. Baumhoff Zaouk, personal communication, 2020).

E-mails & newsletters

The Internet or rather the online communication channels are primarily used for correspondence, as it is the most efficient way (Gallery X, personal communication, 2020). "Everything" works through E-mail (J. Baumhoff Zaouk, personal communication, 2020), which is the usual communication channel (D. Hieb, personal communication, 2020), as it is "the medium where you can squeeze in all the information that the client needs: pictures, videos, fact sheets on the artwork" (Gallery X, personal communication, 2020). Another efficient way to maintaining an ongoing relationship or getting quick feedback from customers or artists is WhatsApp (or SMS) (Gallery X, personal communication, 2020).

Furthermore, regular newsletters and specific mailing lists play a role in initiating/maintaining contact or inquiring about a customer’s possible interest in art work (G. Clement, personal communication, 2020; T. Zander, personal communication, 2020).

Social media

Nowadays galleries have little choice as to whether they want to be active on social media or not – it is a (forced) necessity (G. Clement, personal communication, 2020). Social media “plays a more and more important role”, as a change of generations is happening and the younger generations are frequently using social media (J. Baumhoff Zaouk, personal communication, 2020). Therefore, uploading information “on social media, making posts on LinkedIn, [… creating] events on *Facebook*” (F. Taal, personal communication, 2020) and especially posting on *Instagram* are opportunities to reach those younger generations (G. Clement, personal communication, 2020).

The analysis of the galleries' presence on social media showed that all of them are active on *Instagram* and *Facebook* (with Galerie Frank Taal and White Cube additionally being active on *Twitter*). Even though a social media contribution is not a printed brochure, the amount of work, or rather time and money spent on it, is definitely not to be underestimated (G. Clement, personal communication, 2020) – ultimately, everything is a question of time, costs and actual benefit (T. Zander, personal communication, 2020).

Even though, all interviewed galleries are of the opinion that social media channels must be maintained, most of them do not attach much value to it: It is used “more to say: ‘we're still alive’ and give information. It's not to create new customers” (T. Zander, personal communication, 2020) – it is used to “stay visible” (Gallery X, personal communication, 2020) and offer people information when they google the gallery (D. Hieb, personal communication, 2020). The galleries thus see themselves in a pull situation because of an external pressure to use social media.

Thomas Zander (personal communication, 2020) questions whether social media might be “a little overvalued”, while acknowledging that other galleries might do it better than his gallery, while pointing out that some American galleries do it “quite well”. Gisela Clement (personal communication, 2020) points out, that it is a good tool for market observation, to see “what the others do”.

Online art platforms

Online art platforms and the consequential available information have made the art world faster and more complex (T. Zander, personal communication, 2020) and the gallery work more difficult (G. Clement, personal communication, 2020). “You don't really want prices to be so comprehensible online” (G. Clement, personal communication, 2020) – it is becoming more difficult to justify prices as especially auction results and other price information are made available online and customers are not able to properly distinguish between artworks. They view similar pieces as the same and tend to forget or overlook the time and energy spent on necessary research, as well as the costs of the gallery’s knowledge and mediation function (Gallery X, personal communication, 2020; T. Zander, personal communication, 2020).

Nevertheless, online art platforms are becoming more important and can be useful for general information (T. Zander, personal communication, 2020) and as a sales channel to source new customers (J. Baumhoff Zaouk, personal communication, 2020); especially international customers that cannot be reached through other channels (G. Clement, personal communication, 2020).

Except for Galerie Frank Taal (2020) that uses *Gallery Viewer* (a Dutch version of *Artsy*), all interviewed galleries are using (or have used) *Artsy*. Gallery X has terminated its use, since “99.9% of the time, it's not a serious request” and apparently does not generate any actual business (Gallery X, personal communication, 2020). Galerie Frank Taal (personal communication, 2020) views it as good advertisement, but apart from White Cube, the other interviewed galleries rate online art platforms such as *Artsy* as “time-consuming and expensive” and do not “see any great advantages” (G. Clement, personal communication, 2020; T. Zander, personal communication, 2020). Apparently, most of the time it is about a break-even of the monthly costs of the subscription and maintenance of the platform (D. Hieb, personal communication, 2020).

4.5 Future developments

This subchapter describes the findings on future trends and changes that are emerging or might emerge due to the COVID-19 crisis.

“COVID-19 has, unfortunately, like all crisis, sort of re-rewritten the gallery world” (J. Baumhoff Zaouk, personal communication, 2020), but in every crisis, there is always a chance as well, “as you are forced to try new things […] you might grow out of it stronger than you went into it” (Gallery X, personal communication, 2020). A general trend, which is intensified by the COVID-19 crisis, is that “you have to reinvent yourself constantly and at much higher pace” (Gallery X, personal communication, 2020). But not everybody is able to do that, not everybody can get creative and adapt (T. Zander, personal communication, 2020).

Among the interviewed galleries, there is a general consensus that the importance of art fairs or at least the amount of art fairs needs assessment. The question is raised whether “we need to have all these art fairs” (J. Baumhoff Zaouk, personal communication, 2020), since they are incredibly complex and expensive (G. Clement, personal communication, 2020). With COVID-19 people cannot travel or travel less and some art fairs have been cancelled, which might lead to an increased focus on local and regional customers (T. Zander, personal communication, 2020). For the coming few years, there might be an increased European focus on “Germany, Belgium, maybe France, Netherlands, maybe England” (F. Taal, personal communication, 2020). Some of the international art fairs had begun to waver even before COVID-19: Art Basel Hong Kong has become difficult due to the intricate political situation, Brexit makes Frieze more complicated, and America has some economic problems which makes the Art Basel Miami more cumbersome (T. Zander, personal communication, 2020). But this opens up the question through which other channels the gallery can reach museum curators and big collectors from the United States and Asia instead (T. Zander, personal communication, 2020)? Contrary to this opinion, Galerie Judith Andreae does not think that COVID-19 will have a more localised effect (unless there is a second infection wave and a going back to social distancing and limitations), as borders are already opening, and people are already traveling again (D. Hieb, personal communication, 2020).

The COVID-19 crisis has reinforced the importance of personal connections (D. Hieb, personal communication, 2020), because “as humans, we're just meant to […] see each other and spend time with each other and have conversations” (J. Baumhoff Zaouk, personal communication, 2020). This could lead to a rethinking of the gallery work, and a trend back towards contacts and more events in the gallery. Looking at “what we have done at big events, what has ultimately come out in terms of sales. […] Isn't it much more meaningful what we are experiencing now […], really just targeting specific people” and focusing on one-on-one appointments (G. Clement, personal communication, 2020)? More events, such as book readings, artist talks or discussions in the gallery (not online) could be an idea (T. Zander, personal communication, 2020), but not the much “criticized sipping of champagne […] at VIP openings – I'm not too sure if that will return” (J. Baumhoff Zaouk, personal communication, 2020).

White Cube recognised online as the most important channel at the moment (J. Baumhoff Zaouk, personal communication, 2020), so “social media, doing online art fairs or online shows, [might] get more important” (F. Taal, personal communication, 2020). Additionally, the necessity of a big exhibition space is questioned, a small showroom to meet with customers might be sufficient (D. Hieb, personal communication, 2020; Gallery X, personal communication, 2020; T. Zander, personal communication, 2020).

“Unfortunately, [there are] a lot of younger businesses that might not survive [this crisis, … with] six months of no interaction it's very financially challenging” (J. Baumhoff Zaouk, personal communication, 2020). It might be young galleries that would have closed down in a couple of years anyway, but are forced to close sooner than they would have due to the COVID-19 crisis (D. Hieb, personal communication, 2020). Thomas Zander (personal communication, 2020) predicts that maybe 20% of New York galleries might close till the end of the year, with especially mid-sized galleries being affected of potentially experiencing difficulties (T. Zander, personal communication, 2020). Gallery X thinks “you need to cooperate intensely with galleries, with museums to stay alive. This is existential. […] A lot of galleries will fail within the next year” (Gallery X, personal communication, 2020).

Despite all, “you have to be optimistic. […] You're selling art. It does not have any material value whatsoever. It's the most ephemeral thing you could sell. And it's so connected to passion, to fun, to joy” (Gallery X, personal communication, 2020). So, the COVID-19 crisis might also lead to a new appreciation of art and culture, as people are “craving for being moved by art” (F. Taal, personal communication, 2020). White Cube reported, that people “just thrived of being able to go and physically see art again” (J. Baumhoff Zaouk, personal communication, 2020). Art “is sort of being re-evaluated, and also the importance of the galleries is finally, re-valued. […] A reassessment of a lot of values [… and what art and culture] actually mean for society” (F. Taal, personal communication, 2020).

4.6 Discussion of the results

The main findings are summarised for each communication channel to provide a comprehensible overview of the results and to facilitate a structured further discussion:

Communication channel	Role and relevance for gallery & networking partners
Personal sales/ direct contact	- Vital role in establishing long-term relationships and mutual trust with customers and other networking partners - Important for developing business relations into friendships - Can include sending handwritten letters and printed invitations
Art fairs	- Most important channel for reaching new customers - Especially relevant for connections to museums and curators - Symbolic value/sign of quality that is somewhat forced upon galleries - Expensive and big risk, quite difficult to participate for younger, smaller galleries – necessity/amount is being questioned
Exhibitions & events	- Hosting and attending them is used to create new contacts (includes social networking) - Opportunity to meet and discover new artists - Arrangements between galleries with multi-homing artists - Organisation of museum exhibition is important for artists' careers
Recommendations/ word-of-mouth/ reputation	- Good reputation (connected with trust) is vital for success - People rely and take comfort in the reassurance of others - Further influenced by reviews and the media
Website	- Primarily used as reference for contact information and link to other online channels
E-mails, newsletters	- Main channel for regular correspondence with networking partners - Flexibility and frequency of it are needed for maintaining existing relationship (not so much to create new connections)
Social media	- (Forced) necessity/expectation in order to stay visible - Time, energy and money spent on it is not to be underestimated - Opportunity to reach younger generations - Opportunity for market observation (activities of other galleries)
Online art platforms	- Quite expensive and time-consuming - Opportunity to reach international customers, that cannot be reached through other channels (more occasional buyers though) - Makes information on art works and prices more available/accessible, which makes the art market more difficult
Future trends (influenced by the COVID-19 crisis) - Location of the gallery and the necessity of a big show room are becoming less relevant - Social distancing and isolation have reinforced the importance of personal, physical contact	

- Importance and necessity of high amount of art fairs is questioned, cancellations due to COVID-19 and other difficulties might lead to an increased European or regional/local focus - Social distancing and isolation gave a boost to online channels (online shows, online art fairs, artist talks on social media) - Gallery shutdowns due to COVID-19 created/are creating a big financial strain, which some galleries (especially younger or mid-sized galleries) will not survive - Social distancing and isolation made/is making people crave for art more, which might lead to a new appreciation of art (and culture) overall
Possible long-term effects on communication channels (based on future trends) Offline channels: - Personal sales/direct contact: Increased European or regional/local focus, due to less international travel (by customers and gallerists themselves) - Art fairs: Decreased number of fairs, due to the re-evaluation of their necessity - Exhibitions & events: Increase in number due to less art fairs - Recommendations/word-of-mouth/reputation: Might become even more important due to less promotion through art fairs and a potentially decreased chance for direct contact due to international traveling issues Online channels - Increase in relevance of all online channels and permanent increase in their use

Figure 6: Table of the main interview findings

Gallery business in general

The interviews confirmed that networking and ongoing communication with contacts regardless of the partner or channel is the be-all and end-all of the gallery business. Additionally, the interviews underlined that a good art understanding and knowledge of the current market situation are the base of the gallery work (cf. Landwehr, 1998; Peterson, 1997). The galleries acknowledge the fact that these soft skills are more relevant, since their daily business is indeed more based on trust and informal relationships (or even friendships) than on formal contracts, rendering the hard factors of location and interior design less important in the network structure of the gallery (cf. Äyväri & Jyrämä, 2010).

The field of tension between the economic function of having to earn money and the cultural function of supporting artists and bringing them into society's attention (cf. Hausmann, 2014; Sturm, 2011) is corroborated and described as contributing to the difficulty of succeeding and making money in the tough gallery business (*winner takes all*). The excess supply of (new) artists and rather scarce development opportunities, in combination with the declining purchasing power (especially of museums) and rising costs of art works all reinforce that peculiar market situation (cf. Baia Curioni et al., 2015; Dossi, 2007). This market situation in turn further adds to the diminishing demarcation between the primary and secondary art market, with galleries additionally pursuing art dealing to finance the establishment of less known artists in the market (cf. Dossi, 2007; Schultheis et al., 2015). The already difficult market situation for galleries was made even more difficult due to the COVID-19 shutdowns, which created and/or are creating a big financial strain on galleries – which is endangering the very existence for some galleries, and might lead to the closure of especially younger or mid-sized galleries in the coming months.

Networking partners

Over time, the relationship between galleries and its customers indeed often transitions from a business relationship into a more personal one or even a friendship (cf. Blomberg, 2005). As “trust is essential” (G. Clement, personal communication, 2020) (cf. Blomberg, 2005) the galleries accumulate in-depth knowledge of their customers and offer special services, in which art consulting is indeed playing an increasing role (cf. Boll, 2011; Dossi, 2007). The alleged loss of power vis-á-vis the customer due to the “information age” found in the literature (cf. Hutter, 2003) was not fully confirmed by the interviewees, although they did recognise an increased art knowledge among customers.

The main feature of museums as networking partners is indeed their role in legitimising the gallery’s artists in the art market (cf. Äyväri & Jyrämä, 2010). A museum exhibition is important for building an artist’s reputation and the price development towards a higher valuation (cf. Weinhold, 2005).

As representing an artist costs a lot of time, energy and money, the galleries must indeed be selective and recognize long-term potential in artists (and other cooperation) (cf. Foster et al., 2011). The galleries need to carefully divide and manage their time, in order to fairly and properly support all their artists materially, morally and artistically (cf. Caves, 2000; Velthuis, 2013). Especially for younger, less established artists this can be very time-consuming (“mother and manager at the same time” (D. Hieb, personal communication, 2020)).

So, since a gallery cannot represent too many artists at a time, the galleries only occasionally incorporate additional artists into their programme – which is not connected to a fear about congestion of artworks or a worry about having too few customers as mentioned in the theory (cf. Di Caro et al., 2020; Evans & Schmalensee, 2005). In the case that they do add a further artist to their programme, the decision will be mostly based on programme fit and personal interest, and less on financial incentives, as mentioned in the literature (cf. Foster et al., 2011; Velthuis, 2005). Either way, in this regard a lot is done based on recommendations because of the excess supply (cf. Codignola, 2003).

The programme fit or rather the mix of represented artists is further relevant, since established artists can “open doors communication-wise” (J. Baumhoff Zaouk, personal communication, 2020) and can emanate network effects for a gallery (cf. Di Caro et al., 2020; Eisenmann et al., 2006; Varian & Shapiro, 1999): direct network effects, as established artists can promote and support younger, less known artists, and indirect ones, as established artists (or a good mix of artists) can attract a larger customer base (cf. Di Caro et al., 2020). In this way, a gallery may indeed create a market situation where “success breeds success”, enabling self-fulfilling prophecies for less established/new artists (cf. Di Caro et al., 2020; Prinz et al., 2015). This further confirms that a gallery’s represented artists/art works are a fundamental resource (cf. Peterson, 1997) and that the prestige of artists and galleries are intertwined (cf. Baia Curioni et al., 2015; de Nooy, 2002; Sturm, 2011; Velthuis, 2011).

Since most artists multi-home, other galleries play a role in this intertwined relationship as well. Contrary to what was discovered in the literature research, multi-homing happens more than single-homing, and galleries do not desire exclusive contracts (cf. Armstrong, 2006; Di Caro et al., 2020; Eisenmann, et al., 2006). They prefer multi-homing as this allows for shared responsibility, resulting in synergy effects that are needed to establish artists in the market and push their careers. Horizontal alliances (with other galleries) are indeed much used to consolidate artists (cf. Äyväri & Jyrämä, 2010; Cropper et al., 2008; Lind, 2009) and are mainly based on networks – occasionally on partnerships and alliances – and are in general geared for long-term cooperation rather than short-term, one-off projects (cf. Berghoff & Sydow, 2007) – similar to most of the gallery’s relationships. Communication through networks, partnerships and alliances in inter-organisational relations among galleries is indeed gaining more importance, as the traditional individualistic approach is not economically efficient anymore (cf. Äyväri & Jyrämä. 2010; Lind, 2009). The galleries especially value the learning, knowledge and mutual exchange, economies of scale and foreign market access in their inter-organisational relations, and mostly fear a clash of cultures in cooperation (cf. Barringer & Harrison, 2000; Cropper et al., 2008; Gulati, 1998).

The research showed that cooperation with network partners alleviates the gallery work – the more connections, the easier it is, further proving the existence of network effects in the primary art market (cf. Di Caro et al., 2020) – especially since the contacts of contacts and word-of-mouth play a role as well. In general, the network size matters in the sense that the connections of existing contacts can be very useful and important, but the network quality is equally or more important, as the gallery business is often a question of time which makes decisions to focus on certain connections necessary (cf. Di Caro et al., 2020; Rochet & Tirole, 2003).

The theoretical and empirical analysis show that galleries make use of all online communication channels, such as the website, E-mail traffic and newsletters, as well as social media and third-party art platforms with their networking partners. However, offline communication measures such as personal sales, exhibitions, events, word-of-mouth and participation in art fairs continue to be the core of the gallery's activities. While personal, direct contact stays the central communication tool, galleries attach a growing importance to online communication, which is in line with the theoretical findings (cf. Boll, 2011; Crane, 2009; Hausmann, 2014; Heinemann & Schwarzl, 2010; Himmelreich & Einwiller, 2015; Hiscox, 2019; Horowitz, 2012; Klamer et al., 2000; Klein, 1993; Kotler et al., 2016; Nedo, 2016; Nielsen, 2015; Resch, 2015; Schultheis et al., 2015; TEFAF, 2017; Weinhold, 2005; Wendorf & Ollendorf, 2011; Wiencierz, et al., 2015; Yogev & Grund, 2012).

Offline communication channels

Offline, physical measures are needed because seeing art online is not the same as seeing it in reality (D. Hieb, personal communication, 2020). “You have to see it, you have to be there, you have to experience the artist's artwork” (F. Taal, personal communication, 2020), “it's like listening to a concert, […] on TV, it can be nice, but [… live] it’s a different feeling” (T. Zander, personal communication, 2020) (cf. Klein, 1993; Kotler et al., 2016; Resch, 2015).

Personal sales and direct contact play a vital role in establishing long-term, personal relationships with networking partners. The galleries look to form long lasting relations (which often transition from pure business relationships into friendships) instead of one-time sales contacts, with a basis of trust also being decisive for the customer loyalty (cf. Blomberg, 2005). Although a lot of the day-to-day relationship building is done via E-mail, physical and in person meetings are seen as the best way to emotionally bond and connect. And even though establishing trust and long-term, personal relationships is very time-consuming and takes a lot of stamina, it is also important for a good gallery reputation, which will increase recommendations and word-of-mouth, which are indeed of high relevance (cf. Foster et al., 2011; Hausmann, 2014; Nielsen, 2015; Yogev & Grund, 2012). Especially since “word gets around so quick” (G. Clement, personal communication, 2020) and is further influenced by reviews and the media. And social distancing and isolation due to the COVID-19 crisis have reinforced the importance of personal, physical contact and connection.

The opinions on the profitability of invitation cards, letters, brochures, catalogues and publications are indeed divided (cf. Resch, 2015), with 50% of the interviewed galleries viewing them as not profitable and too expensive and the other half swearing by their benefits and highlighting the appreciation of them by customers.

New contacts with customers, galleries and other art market participants are indeed increasingly being made at exhibitions and events (cf. Boll, 2011; Weinhold, 2005). Hosting and/or attending unique events allows for new connections of all kinds, social networking and is a good opportunity to meet and discover new artists as well. With exhibitions and events becoming increasingly important for new connections in general, art fairs are indeed the central development channel to reach new customers (cf. TEFAF, 2017; Yogev & Grund, 2012). They are indeed an important meeting point which can generate follow-up business (cf. Crane, 2009; Schultheis et al., 2015), as the galleries mainly use it for making a first contact (and sales) and afterwards build up a relationship. Either way, art fairs are indispensable for meeting museum curators, as well as directors of big company collections, since those rarely visit the gallery itself. Furthermore, being part of a museum exhibition is important for building the artist's career and reputation, and influences the price development towards a higher valuation (cf. Äyväri & Jyrämä, 2010; Weinhold, 2005).

While an art fair attendance creates symbolic gains for the gallery and is seen as a sign of quality – which therefore enhances the gallery reputation and image – it is simultaneously somewhat forced up on the galleries, as there is a certain market pressure if not a coercion to participate in art fairs. The participation itself is a big risk, since the attendance is quite expensive, and for younger galleries it is actually quite difficult to be accepted for participation, which reinforces the strong getting stronger and the weak getting weaker (cf. Schultheis et al., 2015; Varian & Shapiro, 1999; Yogev & Grund, 2012).

The COVID-19 crisis elicited the question of whether the high amount of art fairs is really necessary, particularly since such high efforts, risks and costs are involved. Fair cancelations in combination with people traveling less, might lead to a decrease in cross-border clusters based on international cooperative relationships at international art fairs & biennials (cf. Klein, 2011; Velthuis, 2013). This in combination with the fact that some international art fairs had begun to waver even before COVID-19 (cf. Meixner, 2020b), could mean a decrease in the number of art fairs as the "new normal" for galleries and their networking partners. This however opens up the question, through which other channels a gallery can reach museum curators and big collectors (from the United States and Asia) instead – for which the interviewed galleries did not yet have an answer, except a general need to be more adaptable and a need for more frequent reinvention of oneself or rather the gallery.

And as COVID-19 reinforced the importance of personal connections, the decrease in especially international travel (UNWTO, 2020), might therefore lead to an increased European or regional/local focus (cf. Klein, 2011; Velthuis, 2013) for the communication channel of personal sales and direct contact as the "new normal". Which in combination with less art fairs could lead to a rethinking of the gallery work, and a trend back towards contacts and more events in the gallery, which would mean an increase in the relevance of the communication channel of exhibitions and events. An example for this is the "Messe in St. Agnes" done by König Galerie in Berlin, which decided to hold its own "fair" after Art Basel was cancelled (Meixner, 2020a). As "necessity is the mother of invention"[22] (Meixner, 2020a) more such hybrid events could emerge (Hanschke, 2020) and increase the role of exhibitions and events as communication channel. However, this in turn could influence the hard factor of the gallery location (Äyväri & Jyrämä, 2010) and its relevance or even counteract the trend towards smaller gallery spaces and exhibition rooms.

Either way, a decreased number of art fairs and/or an altered personal sales/direct contact communication channel due to COVID-19 will influence the role of recommendations, word-of-mouth and reputation as a channel. These might become even more important due to less promotion through art fairs, and a potentially decreased chance for direct contact due to international traveling issues for customers and gallerists themselves.

Online communication channels

The galleries agree that an Internet presence or rather the use of online communication channels is indeed a baseline expectation (cf. Horowitz, 2012). The website is used to make contact details and information on artists, exhibitions and participation in fairs accessible and serves as reference to the gallery's social media channels and online art platforms, which confirms that such information is the standard nowadays (cf. Wendorf & Ollendorf, 2011).

E-mail correspondence and newsletters play a central role in maintaining a frequent, regular and direct exchange with networking partners, in which the speed of response and flexibility benefits the gallery's customer care. While being a great tool or rather communication channel for maintaining existing relationships, it is not so much used to create new connections. A continuous communication via such online channels has become indispensable in complementing the offline communication channels (cf. figure 3 (Kotler et al.,

[22] Original citation: "Not macht erfinderisch" (Meixner, 2020a).

2016)). Whether for offline communication channels, such as conversation at an event, or online measures, such as E-mails and newsletters, an efficient customer and address management system with detailed profiles on networking partners is key for a targeted approach (cf. Klein, 1993; Resch, 2015).

The use of other online communication channels namely social media, such as *Facebook* and *Instagram*, and art platforms, such as *Artsy*, are mentioned as somewhat of a (forced) necessity nowadays, again confirming them as a baseline expectation (cf. Hiscox, 2019; Horowitz, 2012). The analysis of the galleries' presence on social media showed that all of them are active on *Instagram* and *Facebook* (with some additionally being active on *Twitter*) which corresponds to the findings of the Hiscox Online Art Trade Report (2019) on the most used social media channels. The galleries mainly use social media to stay visible and as complementation to the offline communication channels (cf. figure 3 (Kotler et al., 2016)). Time and financial resources are relevant decision criteria for the intensity and frequency of their use and are not to be underestimated (cf. Wiencierz et al., 2015). Social media channels are simultaneously used as a tool for market observation in order to stay up to date with the current developments of the (primary) art market (Landwehr, 1998; Prinz et al., 2015).

In principle, online art platforms, such as *Artsy* are actively used by the galleries, but are seen as rather time-consuming and expensive, and not that profitable (most of the time it is about breaking even). Additionally, online art platforms and the consequential available information have made prices more and more comprehensible, making galleries acknowledge that customers do have more information (cf. Heinemann & Schwarzl, 2010; Wiencierz et al., 2015), which does not necessarily translate to more bargaining power though (cf. Hutter, 2003). It has rather made the art world and gallery business faster, more complex and more difficult, due to superficial knowledge and smattering on the customer side.

Nevertheless, the galleries do acknowledge some potential within the online communication channels of social media and art platforms to reach younger generations or international customers[23] that cannot be reached through other channels, which confirms the theory (cf. Heinemann & Schwarzl, 2010; Hiscox, 2019; TEFAF, 2017; Wendorf & Ollendorf, 2011). Despite these results, there might be more potential in these channels than some galleries realise. Considering the statistics of the TEFAF Art Market Report 2017 and the Hiscox Online Art Trade Report 2019, the potential of online channels for particularly younger generations seems rather large, especially since the "super-earning 40-year-olds" (G. Clement, personal

[23] Mostly one-time sales and occasional buyers.

communication, 2020) are exactly the new customers and connections the galleries are looking for.

The COVID-19 crisis might potentially give a (needed) long-term boost to these channels, as galleries (were and) are forced to reconsider the value of online communication channels and create new virtual clusters based on specific online channels (cf. Klein, 2011; Velthuis, 2013). This would lead to an increase in relevance of all (or some) online communication channels and a permanent increase in their use.

Interrelation between offline and online channels

Irrespective of the communication channel, social distancing and isolation due to the COVID-19 crisis has made and is making people crave for art more, which might lead to a new appreciation of art (and culture) overall and might then benefit the gallery business and primary art market in general.

Overall, it can be confirmed that it is not an "either/or" decision between offline and online communication channels, but rather a complementing combination of various channels which can enable synergy effects (cf. Kotler et al., 2016; Wendorf & Ollendorf, 2011) (cf. figure 3). Some communication channels are used more to engage new networking partners and some are used more for staying in touch with already existing stakeholders.

The empirical study shows that every communication channel can have a useful, specific role, but that it is a question of time, energy and money; experienced, larger galleries can maintain several communication channels (online and offline) simultaneously more easily than smaller, younger galleries. Due to a lack of time, personnel and financial resources, such parallel, in-depth use of several communication channels, is usually not possible for smaller, younger galleries, and requires them to focus on specific, individually relevant channels. Ultimately, each gallery must individually decide which communication channels and networking partners it wants to focus on. For this decision, the gallery should have a good understanding of how the individual measures are to be handled and how they function, what their potentials are and what results they can lead to. Furthermore, the gallery must estimate the amount of work required to implement a measure.

5 Concluding thoughts

5.1 Implication of findings

The aim of this research was to examine the different offline and online communication channels of galleries, with the objective to clarify their particular role and relevance for a gallery and its networking partners. In the first part of the research the structure of the art market, its participants and the valuation of an artwork where presented in order to get a detailed understanding of a gallery's field of action, the (primary) art market. This discussion of the art market and its dynamics disclosed, among other things, the need for intermediaries to legitimate art works and connect the supply and demand side. To clarify the intermediary role of galleries, their functioning and resources where explained, whilst focusing on said supply and demand side or rather the artists and customers. From this it became clear that galleries play a central role in the field of tension of the art market, while network connections with consequent network effects and inter-organisational relations among galleries determine the behaviour and processes within the market. Finally, it became apparent that galleries have access to various offline and online communication channels that can play different roles and vary in their relevance, depending on the networking partner or intended objective.

In the second part of the research, an empirical analysis of the previously examined theory was carried out. The focus was placed on the gallery's networking partners and diverse communication channels, where offline and online measures were investigated. For this purpose, six expert interviews were conducted with Galerie Gisela Clement, Galerie Judith Andreae, Galerie Thomas Zander, Gallery X, Frank Taal Galerie and White Cube, with an additional online research on the galleries.

Regarding the networking partners that play a role in the gallery's function of an art market intermediary and why they are relevant (sub-question 1 – the "who" and "why"), it became clear that long-term, personal relationships or even friendships with customers play a vital role for a successful gallery business. Connections to museums and the subsequent organisation of museum exhibitions influence the careers of the gallery's artists and their art work valuation (which in turn has an influence on the gallery sales). Since the representation of an artist is quite resource-intensive, a good relationship with the artists is indispensable too, also because a gallery can only represent a limited number of artists at once. Regarding artists as networking partners it also became clear, that direct network effects with established artists boosting the valuation of lesser known artists of a gallery are quite relevant. In order to internationally establish and position artists, inter-organisational relations among galleries are used – particularly in the case of multi-homing artists, that is to say between galleries that share artists. Additionally, networking with auction houses influences the ongoing valuation process of artists/art works, while gallery associations can be neglected. Hence, the main networking partners relevant for a gallery's success in its function of an art market intermediary are customers, artists, museums and other galleries.

With regards to the offline communication channels that facilitate the network of a gallery (sub-question 2 – the "how") it became apparent that personal sales and direct contact are irreplaceable in establishing mutual trust and the much-desired long-term relationships. These relationships are intensified at exhibitions and events, which are further used to reach new customers and discover new artists. Nevertheless, art fairs are still the most important channel to create new contacts, and are particularly important for networking with museum curators. Irrespective of the communication channel, the gallery must always protect its reputation in everything it does, since word-of-mouth has a relevant influence as well.

Considering the online communication channels that play a role in the gallery's network (sub-question 3 – the "how"), it was exposed that the gallery website is mainly used as a reference for all other online communication channels. E-mails and newsletters are the main channel for regular correspondence with networking partners. Social media measures are mainly used to stay visible and provide information online, but rarely generate new contacts. Online art platforms are perceived to be quite expensive and time-consuming, while only occasionally being profitable. However, the galleries acknowledge the potential to reach international customers and/or particularly younger generations through such online offerings. The theoretical potential of these online measures, especially regarding younger generations is much larger though. Therefore, these channels might play a more important role over time, as the younger generations are the customers of tomorrow – and galleries might need to adapt (or give in) to their needs and wants regarding the use of online communication channels.

With reference to future trends that might emerge from the influence of the COVID-19 crisis (sub-question 4), it was ascertained that the hard factor of the gallery's location is becoming less relevant, even though this could be swayed by a possible increase in the relevance of exhibitions and events as communication channel. Social distancing and isolation have reinforced the importance of offline, personal and physical contact and connections, while giving a simultaneous boost to the use of online communication channels. Due to COVID-19 cancellations and other difficulties, the relevance or rather necessity of the high amount of art fairs is being questioned, which might lead to a decreased number of art fairs in the future. The decline in international travel might further induce an increased European or regional/local focus for the offline communication channels. Unfortunately, the COVID-19 shutdowns might force some galleries to close permanently, due to the arisen financial strains. Overall though, social distancing and isolation lead to an increased craving for art, which might contribute to a new appreciation of art (and culture) in general, which in turn would be advantageous for the gallery business.

To give a résumé regarding the particular roles of online and offline communication channels for a gallery and its networking partners, it became apparent that it is not an "either/or" decision between the various communication channels. Time, financial and personnel resources are decisive criteria for the use, participation in or implementation of particular measures, but ultimately, galleries will continue to combine both physical and virtual measures. They will have to strike a balance between online and offline channels in order to succeed in the market. In summary, it can be asserted that online communication channels are of course important and play a relevant role in maintaining the contact with the gallery's networking partners, but that offline communication channels remain equally if not more important, and play a particularly relevant role in establishing new connections – all in the pursuit of a prosperous and well-connected gallery network in order to facilitate an advancement of artists/the art market in general and a successful gallery business.

5.2 Limitations and avenues for future research

In order to generate validity of the research, a diversified data collection was pursued since multiple data sources can enhance the research's credibility (Yin, 2003). However, qualitative research methods – such as the applied expert interviews and online research – bear limitations, as „the truth is relative and […] dependent on one's perspective" (Baxter & Jack, 2009, p. 545), making generalisations unfeasible. Elaborated results should therefore be treated with caution and the subjectivity of the interviewed experts should be kept in mind (Yin, 2003).

Furthermore, the pursued research approach of a multiple case design based on expert interviews allowed the researcher to identify practical similarities, differences, patterns and complex processes that might not have been achieved with a different empirical approach. Nevertheless, a larger sample size than the utilised six galleries might have captured a more comprehensive understanding of the offline and online communication channels inherent to a gallery and its networking partners. Furthermore, four galleries of the sample are located in the Rhineland (Germany), which has a long, prevalent tradition in the art market. Originally thought to be advantageous for the sample and the research findings, the researcher acknowledges that this might have introduced a bias to the results as well.

Resulting from this, an avenue for future research lies with the expansion of the scope of this research, both in terms of geography and in size, in order to guarantee unbiased research findings. Furthermore, the research showed that in theory the potential of social media and online art platforms to establish new contacts and reach younger generations is quite vast – in practice though, the galleries do not perceive it that way. Therefore, it is interesting to examine where the specific potentials of such online communication channels lie and how galleries can actually benefit from them. Especially since the COVID-19 crisis has given a boost to the use of online measures. Finally, the COVID-19 crisis and the resulting trends have opened up many interesting research topics, such as the importance of the gallery location and show room, the necessity for the amount of art fairs as well as possible alternatives, and the potential influence of social distancing and isolation on people's values particularly their appreciation for art and culture.

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Appendix I: Interview guideline

Background Information

The gallery itself

- Year of foundation
- Location (subsidiaries/other branches)
- Main type of artists represented
- Main features

Interviewed person

- Current position within the gallery
- Professional background (artistic milieu?)

Galleries in general

- How would you describe the gallery business in general? (Not only in the economic sense but also the function of the gallery in society or rather its role in the art market.)

Gallery Network

In general

- How would you describe the importance of a gallery's network?
(compared to the importance of a good art understanding and location of the gallery)
(size vs. quality of network)
- What communication channels are used for contact/networking with your stakeholders?
- What do you think about online communication channels?

Artists

- How do you describe the relationship with artists? How do you communicate?
- Are you more likely to be found as a gallery or are you looking for new artists?
- Incentives for representing specific artists?
(Financial or personal? Mix of different artists? How do you select? Excess supply?)
- Do your artists multi- or single-home?

Customers

- Who is your main customer group?
- How do you reach and attract new customers?
- How do you stay in contact with existing customers?
- Do you feel that customers have gained more negotiating power due to more available information on the internet?

Other galleries

- How frequent and important is cooperation with other galleries?
- What kind of inter-organisational relations exist?
- What are the motivations for them (advantages/disadvantages)?
- What role do gallery associations play?

Network as a whole

- What is the role of:
    - personal sales?
    - exhibitions & events?
    - art fairs?
    - reputation and word-of-mouth?
    - website, E-mails, newsletters?
    - social media?
    - online art platforms?
- Do museums play a role as network partners?

Future developments

- What future trends do you see for galleries?
- How might the COVID-19 crisis influence the gallery network?
- How does the gallery react to those trends and changes?