

**The Role of Auction Houses within Emerging Art Market
Ecosystems: the Contribution of Sotheby's and Christie's in
Transforming Hong Kong into the World's Second Largest
Auction Market between 2006 and 2021**

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Finalement, what a feeling!

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ABSTRACT

Over the last decades, Hong Kong has experienced unprecedented growth within the Chinese art market until it ranked second among the world's leading art trading hubs in 2021, after New York and surprisingly overtaking London. Going back in time, Paris became the world capital of art in the 20th century thanks to the emergence of art dealers in the city and their global connections (White and White, 1965). Similarly, while during the 1970s there were few art galleries in Hong Kong, after the opening of the Asian offices by Sotheby's (1973) and Christie's (1986), the local art scene started flourishing. New galleries, auction houses, and art fairs were established in the region and the professional networks of the two leading auction houses started growing. Therefore, building on the notion of art market ecosystems proposed by Petterson (2014) and the discourse about auction houses as judgment devices in China (Kharchenkova, 2017), the role of these institutions is studied in a context characterized by specific dynamics and regulations. After a historical overview of the Chinese art market and the key role of Hong Kong, this thesis investigates how the presence and professional relationships of Sotheby's and Christie's influenced the emergence of this market hub by exploring their activities and events, especially when carried out in collaboration with other actors. Through a qualitative content analysis of 81 newspaper articles and official publications, this study answers the research question "To what extent have Sotheby's and Christie's activities contributed to the transformation of Hong Kong into a global leading art auction market between 2006 and 2021?" The insights contribute to mapping the evolution of Sotheby's and Christie's networks in the Chinese art market ecosystem while defining its structure, the type of art that has been sold, and the key institutions that have driven its development over time. The past auction sales carried out by Sotheby's and Christie's in Hong Kong as well as the number of galleries, art fairs, auction houses, and other art venues that were established in the region have been analyzed to investigate potential externalities brought by the two leading Western auction houses and to reflect on the uniqueness of the Hong Kong art market.

KEYWORDS: Hong Kong, emerging art market ecosystem, auction house, networks, primary art market

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1. Introduction

During the last decades, the global art markets have undergone significant changes and experienced several challenges. Factors such as globalization, digital technologies, growing economies, and changing consumer behavior have brought several developments within art market ecosystems. In particular, the process of globalization has led to the emergence of new art market hubs especially in Eastern countries (Antoinette and Turner, 2014), which boosted the interest of many authors in carrying out research in this field (Kharchenkova, 2017; Robertson, 2000; Vermeulen and Bhat, 2021). As Petterson (2014) argues, these ecosystems are driven by several tastemakers that interact with one another and with the environment in which they perform. These interconnected networks of actors mainly include artists, critics, galleries, museums, auction houses, art fairs, and collectors and they all contribute to different stages of the art supply chain (production, distribution, promotion, sale). In addition, national and local art market ecosystems are characterized by specific structures and different levels of maturity.

Interestingly, new and young Eastern art markets have attempted to imitate the Western model (Kharchenkova et al., 2015), but eventually disrupted to some extent these traditional market structures due to their different features, regulations, and dynamics. In some cases, although the new cultural flows developed during the 1960s have allowed for the emergence and expansion of international networks thus the exchange of work, people, and knowledge (Yogev and Ertug, 2015), some markets have remained locally oriented (Velthuis, 2020b), thus glocalized (Ritzer, 2003) which means that there is an interpenetration of local customer needs and global concepts and ideas. An interesting example is represented by Asia where a phenomenon called “interconnected Asia” (Hua, 2022, p. 3) has enabled the region to discover innovative, unexplored opportunities thanks to the growing dynamic transnational and regional networks and cultural relations over time. However, according to Kharchenkova (2017), China’s art market is still regarded as young, inexperienced, and driven by the commercial thinking of ignorant speculating collectors compared to the Western art markets. In addition, as confirmed by this study, the Chinese art market mainly relies on domestic art and collectors thus being one of those that are defined as glocalized.

The case of Hong Kong turns out to be particularly interesting as during the 1980s the local art market was still inexistent yet started developing around the 1990s when the first international art galleries were established in the region thanks to its business-friendly environment characterized by reduced taxes, favorable governmental regulations, the use of English as a business language, and the high degree of freedom. In contrast to Mainland China,

these conditions have indeed facilitated the international art trade inside and outside Hong Kong. As such, the Hong Kong art market has experienced a period of rapid growth in the last decades to the extent that, in 2021, it positioned itself as the second largest art auction market in the world after New York and, surprisingly, before London (McAndrew, 2022). Furthermore, as argued by Hua (2021), Hong Kong is the art market hub that experienced the most the phenomenon of cultural interconnections in Asia as different art market players built professional networks with one another inside the region. Among these, the ones having the strongest power within the Chinese art market are local and Western auction houses. According to Kharchenkova (2017), in China, these institutions are regarded as the most trustworthy judgment devices that have been capable to educate the novel, inexperienced Chinese collectors through their transparent pricing. In addition, in China, auction houses often perform the functions of other gatekeepers such as galleries thus having the power of stimulating the interest of collectors in new artworks or works by emerging artists. Therefore, in contrast to other markets, they serve the Chinese primary art market. Interestingly, their role has also been studied in terms of networks and impacts on the location in which they establish and conduct their activities. In this regard, several authors argued that creative industries can raise innovation and stimulate the business of a particular area (Müller et al., 2009; Porter, 1998), while Landry (2000) referred to the positive spillovers brought by creative firms to the city image when they expand to a new region and build inter-organizational networks. As suggested by the literature, the establishment of foreign art market intermediaries in Hong Kong increased the number of galleries and artists as well as the art trading (McAndrew, 2013; van Hest and Vermeulen, 2015). More specifically, the two art market actors that have been taken into account are Sotheby's and Christie's. They both opened their offices in Hong Kong respectively in 1973 and 1986, they have always been the major auction houses selling Chinese artworks in Hong Kong, and in 2020 they accounted for the majority of total sales conducted by Western auction houses in China (Artnet, 2021).

In light of the above, this thesis investigates this context in depth with a focus on auction houses as catalysts for the growth of the Hong Kong art market ecosystem by answering the research question “To what extent have Sotheby's and Christie's activities contributed to the transformation of Hong Kong into a global leading art auction market between 2006 and 2021?” The idea of this research generates from a previous study that was carried out by the researcher in relation to the dealer-critic system theory proposed by White and White (1965). The two authors argued that thanks to the emergence of art dealers and their global connections with

other actors such as critics, Paris established itself as the capital of art in the 20th century. Therefore, building on the theory of art market ecosystems and the discourse about the judgmental power of auction houses within the Chinese art market, this study contributes to the existing literature concerning the role of auction houses in the emergence of these ecosystems by proposing a practical example. As such, in order to fill a research gap, the impacts of the auction houses' performances and professional networks within and outside the emerging Chinese art market are analyzed. While, from a scientific point of view, a deep understanding and new concepts about this phenomenon are provided, this research might also inform social policies or interventions potentially contributing to the development of other young art markets.

First, after providing a clear explanation of an art market ecosystem and its challenges, the theoretical framework explores the development of the Chinese art market from a historical point of view by tracing its evolution from a small to a global market and by identifying its main characteristics and players. More specifically, the unique context of Hong Kong as well as its art scene and art market are studied in depth. While to define the concept of art market gatekeeping, the role of different commercial institutions such as galleries, art fairs, and auction houses is explained, with a focus on the power and the expanding networks of the latter and on the auction industry in general. Second, information about the research methodology is provided. In this regard, a qualitative content analysis of newspaper articles, publications, and press releases has been conducted through coding by using the software ATLAS.ti. The official websites of Sotheby's and Christie's and the online art newspaper ArtDaily have been selected as the most reliable sources of data to carry out research on the activities and networks of the two auction houses in Hong Kong between 2006 and 2021. Subsequently, all the insights stemming from the analysis have been coded and discussed by attempting to relate the results regarding this specific case to the existing literature and general theories in order to identify potential similarities or discrepancies. In addition, primary data about the auction sales of Sotheby's and Christie's Hong Kong as well as regarding the institutions established in the local art scene have been incorporated. Finally, the main findings have been summarized to support the predominant role of auction houses in China as they have contributed to the emergence of the local art market ecosystem and the development of the interconnected activities characterizing it. In addition, a discourse about the uniqueness of the Hong Kong art market has been further developed.

2. Theoretical framework

Several theoretical concepts have been considered to support and answer the main research question. First, building on the theory of art market ecosystems, the development of the Chinese art market and Hong Kong as a leading art center are studied. Within these ecosystems, different commercial institutions such as galleries, art fairs, and auction houses serve as gatekeepers and have an impact on the development of an art market. The influence of these intermediaries has been consistently investigated in the existing literature, but the impact and the crucial role of auction houses in transforming cities into art centers lack consistent academic research. Within the administrative region of Hong Kong which is one of the most business-friendly places in the world, the major global auction houses Sotheby's and Christie's started their activities around the 1980s as judgment devices for the novice Chinese collectors, and through their growing networks with other institutions and their diverse portfolio of activities, they have helped to transform the city into a global art market.

2.1 Emerging art market ecosystems

A significant amount of literature about the art market theorizes the dynamics ruling this sector, its main features, the key players, and its constant development worldwide. In this regard, to explain why and how some regional markets witness specific evolutions, this thesis builds on the ecological perspective of mind explained by Bateson (2000) who referred to the human mind as a biological ecosystem where plants and animals interact with one another. As the author discussed, via an interactive social network, all individuals, communities, organizations, and the natural world are intertwined and dependent on one another.

In the case of the creative sector, several authors tried to translate the concept of ecology of mind and natural ecosystem to its specific industries. For instance, Jung (2011) proposed the idea of an art museum ecosystem where human and non-human elements connect. Moreover, creative ecosystems have been widely studied (De Bernard et al., 2022; Grabher, 2004; Jeffcutt, 2004) and defined in terms of collaborations between different firms performing within the same cultural industry. However, the concept of the art market ecosystem has not been deeply investigated in the existing literature. The main author who referred to it is Petterson (2014) who argued that the art sector does not only work in terms of demand and supply as there are other factors determining whether an artwork is desirable or not. In this regard, the author used Bateson's ecologic analogy of an ecosystem to explain that the value of art is created through the relations between the various tastemakers acting in the market and their interaction with the

environment. From a scientific point of view, an ecosystem is a biological community of interacting organisms in a physical environment and, similarly, the art market ecosystem refers to the interconnected network of actors and institutions that contribute to the production, distribution, promotion, and sale of artworks. This concept emphasizes the interdependence of these players and their collective impact on the functioning of the market, which can be seen as an ecosystem characterized by submarkets on national, regional, and local levels, which have different structures and complexity depending on their maturity level (Pettersen, 2014). The actors involved in an art ecosystem are artists, galleries, critics, cultural intermediaries such as curators and museums, market intermediaries like auctions, art fairs, dealers, support services, and both private and corporate collectors. All these cultural and economic players are also responsible for the success and market validation of emerging artists.

In the last decade, the structure of the art market ecosystem has been subject to some developments due to the emergence of new tastemakers, digital innovations, and growing economies in some countries (Pettersen, 2014). For instance, the digital transformation has impacted the sector of art in various ways in terms of diminished costs to organize exhibitions and participate in art fairs as well as with regard to distribution since galleries and auction houses spend more resources to develop their digital platforms (Hua, 2022). For instance, according to the author, Asia's art market players not only well-adapted their practices to the online marketplace but also exploited this opportunity. By collaborating from different sites and sharing online platforms for virtual exhibitions or auction sales, both profit and non-profit market gatekeepers, artists, curators, collectors, and the general audiences build "transcultural, trans-regional, and transnational networks, inter-Asian reach and mobilities" (Hua, 2022, p. 3). In addition, as argued by Arora and Vermeulen (2013), art museums have used digital innovations to engage with new audiences more immediately compared to art galleries and auction houses which have been more conservative. However, commercial market institutions performing in emerging art markets are considered innovative in using online tools for art marketing. Whereas regarding art trading, it is within emerging art markets like China that the growing economy and the increasing number of wealthy collectors created the ideal place for art sales platforms like auction houses and commercial galleries to set up (Pettersen, 2014). Art investment is strongly influenced by country taxation thus dealers, investors, and collectors can face several tax issues depending on the country where they sell or buy an artwork (Lerner, 2012). Therefore, as argued by the author, the cities with the lowest tax burdens are more likely to become major art centers in the global art market by drawing collectors from other parts of

the world and boosting the establishment of art market actors. In the case of Hong Kong, the cultural sector's features have facilitated the emergence of new art investment funds and speculators buying art to get a profit in the secondary art market (Poposki and Leung, 2022). Robertson (2005) refers to these buyers as businessmen (former bankers and speculators) who trade to get a solid resale or investment value (Robertson, 2005). Overall, the art market is an evolving ecosystem that is influenced by several factors such as technological advancements, governmental economic conditions, and institutional infrastructure of the cultural sector.

2.1.1 The development of the Chinese art market

The emergence of China's art market is rooted in the Western markets (Kharchenkova et al., 2015) as knowledge about European and American 20th-century artistic evolutions reached China around the 1980s. The Chinese art market has been widely studied by Kharchenkova (2017) who argues that it is described by its participants as an organism. Through interviews with artists, galleries, dealers, representatives of auction houses, and art fairs, the author found that this market is seen as a "young, developing, living organism" (Kharchenkova, 2017, p. 126). In contrast to the Western art markets which are perceived as mature, standardized, and dominated by knowledgeable participants, in China the contemporary art market is driven by commercial thinking and ignorant speculating public which leads to a lack of judgment of the aesthetic value of art. Therefore, foreign art institutions are seen as more trustworthy as they evaluate artworks using precise standards. Most interestingly, Chinese market participants also described art institutions and individuals as young, immature, irregular, and inexperienced.

The shift of art development from the West toward the Asian region in the late 20th century was driven by two important factors: globalization and geopolitical change (Antoinette and Turner, 2014). During this time, contemporary Asian artworks started being displayed at museum and gallery exhibitions worldwide, and both political and economic transformations took place in Asia which experienced unprecedented growth in terms of the wealth of the middle classes, new opportunities, and global connections. According to Antoinette and Turner (2014), and similarly to the concept of a young immature organism, the Asian art market and its geo-cultural position are to some extent "under construction" projects (p. 7).

In 1980, the art market did not exist yet in Mainland China (Kharchenkova et al., 2015), but several art spaces opened between the mid-and late-1990s, while blue-chip galleries in London, New York, and Paris began exhibiting Chinese Contemporary art (McAndrew, 2009). During these years, the Chinese auction market slowly increased, and China Guardian held its

first sale in 1993. However, according to the author, from 1996 onwards, more than 2,000 auction houses opened in Mainland China, where art trading is still subject to taxes and regulations on the export of Chinese artworks. In 2007, China was the world's third largest art auction market, with Christie's Hong Kong conducting 28.3% of the total sales, followed by Poly International, China Guardian, and Sotheby's Hong Kong (Artprice, 2008).

In the last decades, China has emerged as a key player in the global art market by positively affecting the world's art trade since new, wealthy collectors entered the scene and new suppliers rose (McAndrew, 2009). As the author reports, while the established markets averaged 2% growth from 2000 to 2008, the Chinese art market annually increased by 8% to 11% during this period. In 2011, China became temporarily the largest art auction market in the world (McAndrew, 2012), with plenty of art fairs, biennales, galleries, and auction houses being founded within the country during these years (Yogev and Ertug, 2015). Furthermore, an increasing number of Chinese artists were displayed and sold around the world thus changing the status of China within the global art trading scene (van Hest and Vermeulen, 2015).

Nevertheless, the Chinese art market remained "locally oriented" (Velthuis, 2020b, p. 39) by relying on domestic buyers and artists. According to the Global Chinese Art Auction Market Report (Artnet, 2022), although Asian collectors have shown a growing interest in Western Modern and Contemporary art over time especially in Hong Kong, the categories of Fine Chinese Painting and Calligraphy and Chinese Antiques and Artworks have always accounted for the largest share (over 70%) of fine art auction turnover in China. As such, with regard to globalization, it is important to point out that while on the demand side collectors worldwide have had access to this emerging art center, on the selling and supply side this art market has experienced a phenomenon called "regionalization" with its art hubs focusing on a specific art (McAndrew, 2009, p. 29). In other words, although China seemed to imitate the Western model, different institutional arrangements and cultural structures shape this market (Kharchenkova et al., 2015). Ritzer (2003) refers to this phenomenon as "glocalization" which is the "interpenetration of the global and the local, resulting in unique outcomes in different geographic areas" (p. 193). In this sense, the idea of cultural homogeneity brought by Western forces is rejected in favor of greater global heterogeneity.

2.2 Hong Kong as an art center

These regionalized art centers specializing in specific forms of art face the challenge to establish themselves as globally renowned trading art hubs (McAndrew, 2009). However, in recent years,

Hong Kong has become the ideal setting to trade art. As a freeport, it offers customs and tax benefits, and thanks to the use of English for contracts it is favored among the other Asian art centers (Robertson, 2005). In 2006, when China ranked fourth in the total sales of the global art market, Hong Kong was already its dominant art trading hub accounting for 45% of total Chinese art sales (McAndrew, 2009). According to the chairman of Christie's Asia Rebecca Wei, today due to its free economy, bilingualism, and plenty of experienced and knowledgeable art handlers, Hong Kong occupies a special place in this business chain. It is home to numerous art fairs, museums, about 1,000 galleries, including some of the best in the world, and the top auction houses. In addition, 40% of Christie's Asian business is in Hong Kong (Ngai, 2019).

2.2.1 Economic infrastructure

Hong Kong is among the most dynamic and business-friendly regions in terms of art trading. In contrast to Mainland China, it is a freeport where no taxes are imposed on the import, export, and sale of artworks (Free Trade Zone) (Worthy, 2020). As such, many collectors “transact a portion of their activities” in the art market in China through Hong Kong” (McAndrew, 2009, p. 73) to avoid the payment of taxes on art (Robertson, 2005). Furthermore, as in 2009 it was the 11th largest trading economy in the world, today it can accommodate the dynamic art market and it is home to an increasing number of high-net-worth people, by remaining a separate trade area from the Chinese art market with the HK dollar being a separate currency (Robertson, 2000).

Moreover, another reason why international dealers prefer Hong Kong to Shanghai or Beijing is that English is the official language spoken in the administrative region together with Mandarin Chinese (Robertson, 2005) and is used as the language of business (Robertson, 2000) thus facilitating international trade. According to the author, Hong Kong is perceived as “China’s window onto the world” (p. 161) as 70% of Chinese imports in the US pass through Hong Kong. By contrast, Mainland China does not trade equally with foreign countries as Chinese auction houses mainly operate within the Asian market and Mainland Chinese collectors tend to buy artworks produced by compatriot artists (Yogev and Ertug, 2015). In this scenario, Hong Kong has always been more open toward international artists, collectors, and trade. Therefore, it serves as a channel between Eastern and Western markets (Robertson, 2005).

2.2.2 Art scene background

The first art gallery opened in Hong Kong in 1962. During this time, art students and graduates started forming arts societies and groups whose art was exhibited outside of Hong Kong, for

example at the São Paulo Biennale and India Triennial in New Delhi (Bailey, 2018). Although other art spaces were operating within the city during the 1970s, it was only after the opening of Sotheby's and Christie's Asian offices respectively in 1973 and 1986 that Hong Kong became a thriving art hub (McAndrew, 2009). Since then, the city has been a key center for the trading of both fine and decorative arts, and artists during the end of the 20th century used to fund their own spaces in the region (Bailey, 2018). According to the author, during the early 2000s, Hong Kong saw the emergence of several cultural and creative districts around the city which served as locations where the artist community used to gather and some renowned international dealers set up their spaces, including Lehmann Maupin, Gagosian, White Cube, and David Zwirner. In 2007, the auction house Bonhams also held its first auction sale in Hong Kong, when Christie's Hong Kong scored the highest Chinese share accounting for 28% of the total sales (McAndrew, 2009). Furthermore, one year later, the Hong Kong government in collaboration with the local art community developed the projects of various arts venues and cultural institutions within the city. This led to the establishment of the West Kowloon Cultural District which strengthened the image of Hong Kong as a leading cultural hub for Asia (WestKowloon, n.d.). According to Bailey (2018), some years later, Hong Kong was represented at the 55th edition of the Venice Biennale, and in 2013 the city hosted for the first time the globally renowned Swiss art fair Art Basel. Overall, during the end of the 20th century and the beginning of the 21st century, the region of Hong Kong experienced a rapid growth in the number of international art galleries as a consequence of the success reached by auction houses and art fairs (Molho, 2021). Other art institutions were established during the last years: for instance, the Hong Kong Museum of Art was relaunched in 2019 and the M+ Museum within West Kowloon Cultural District opened in 2020 (Bailey, 2018).

2.2.3 Art market structure

When defining the structure of the Hong Kong art market, it is fundamental to highlight the type of art that is sold within this region. Firstly, Hong Kong is mainly a secondary art market where dealers and auction houses buy and sell artworks to get a profit (Velthuis, 2020b). However, as argued by Poposki and Leung (2022), while providing several opportunities for non-commercial local players in the art scene, many developments in the Hong Kong art scene have been primarily driven by commercial and financial interest, which might undermine its sustainability. Most artworks produced and displayed in Hong Kong can only be accessed by dealers and collectors through auction houses, commercial art galleries, and art fairs (Poposki and Leung,

2022) rather than independent galleries and artist studios. In this way, Hong Kong may be perceived as a place for investment. However, as pointed out throughout this thesis, auction houses in China also take up the roles of actors performing in the primary art market.

Secondly, concerning the type of art sold at auction, the Hong Kong art market is known for its strong demand for Asian antiques, artworks, paintings, and calligraphy, which was considerably higher compared to the total sales of Western art between 2012 and 2017. The analysis of Artnet by Schneider (2018) illustrated that even when sales of Asian works declined in 2017 to their lowest level since 2015, the difference between East and West remained at 228 million dollars, which was more than three and a half times the Western artists' sales. Nevertheless, especially Hong Kong has also a growing market for Western Contemporary art from Europe and North America (Schneider, 2018).

Lastly, both imports and exports of works of art have increased during the years, especially from 2003 onwards, with the US and the UK being the main export destinations and source import countries in 2007 (McAndrew, 2009).

2.2.4 Art market players

The recent increasing sales in Hong Kong, according to the Art Basel & UBS art market report 2021, have been mainly driven by auction houses and galleries (McAndrew, 2021). In this regard, the Chinese art market might resemble an oligopoly with the top five auction houses leading 51% of the total sales in 2020 (Artnet, 2021). According to the report, the Chinese auction houses Poly International and China Guardian ranked at the top by total sales, followed by Sotheby's Hong Kong, Xiling Yinshe Auction, and Christie's Hong Kong.

Other for-profit institutions such as commercial galleries and art fairs are driving the Hong Kong art market. Currently, the most influential galleries performing within the region are both international and Chinese, but the former are putting pressure on the local competitors (Bianchi, 2015). The major art galleries include Hauser and Wirth, White Cube which was established in 2012, Blindspot Gallery (2010) which promotes Contemporary photography and image-based art, the well-known Gagosian, David Zwirner, Opera Gallery, Tang Contemporary Art which focuses primarily on Contemporary Chinese and Southeast Asian art, and Blue Lotus representing the Hong Kong and Asian independent art scene (Ocula, n.d.). Whereas the most popular art fair in Hong Kong is Art Basel which was held for the first time within the administrative region in 2013. The fair took over the Art HK fair and hosts every year more than 100 of the world's leading galleries across three days while attracting almost 100,000 visitors

(Artbasel, 2018). The introduction of the Swiss fair to Hong Kong was an important step in the expansion of art fairs and their strategies, and similarly to the international auction houses and galleries, these large art fairs act as transnationally-oriented businesses (Schultheis et al., 2015).

Lastly, buyers and art funds have also influenced the emergence of this market. As previously mentioned, in the last decades of the 20th century they were drawn by the free-market economy in Hong Kong and, therefore, the presence of investors acted as another reason for global art institutions to set up their offices there (Poposki and Leung, 2022). In 2007, Chinese buyers accounted for 60% of the total sales of Chinese artworks conducted by the major international auction houses (McAndrew, 2009). Furthermore, according to McAndrew's art market report (2021), Mainland China had the largest percentage of collectors spending over 1 million dollars compared to other nations (44%). As such, similarly to galleries, fairs, and auction houses, they contributed to transforming China into the world's second largest art trading hub after the United States (McAndrew, 2022).

2.3 Art market gatekeeping

The concept of art gatekeeping generates from the 19th-century dealer-critic system theorized by White and White (1965). According to the authors, a major development occurred in the realm of Modern painting in France due to the growing concentration of art dealers with global networks. In fact, in the 20th century, when the art market significantly grew, Paris solidified its status as the world's city of art primarily thanks to the emergence of these professionals and their relationships with art critics. At the time, art dealers and critics already played a predominant role in the art market: they built up artists' reputations among the public.

Although most markets are characterized by the presence of gatekeepers, in the case of the art sector their role is particularly crucial due to the characteristics of this market, the goods traded, and the information owned by buyers and sellers. Different actors perform as gatekeepers between collectors and artists by improving market efficiency (Di Caro et al., 2020). In contrast to government cultural institutions which are usually non-profit and focused on the promotion and validation of art, commercial firms are responsible for the selection and supply of specific artworks to the public to which they provide market information (Robertson, 2005). According to the author, while in the antiquities and historic markets the institutional actors had more power than the market gatekeepers, the contemporary art market is mainly dominated and regulated by commercial institutions. The secondary art market like the one dominating the art sector in Hong Kong indeed consists of dealers, private auction houses,

“established quasi-institutional galleries” (Robertson, 2005, p. 18), and other players such as art fairs, and all present well-known artists. In this regard, these actors are also called market-makers as they create or stimulate the demand for the artworks or the artists they promote (Velthuis, 2020a). They can be categorized under three different roles: co-producers, selectors, and tastemakers. According to Foster et al. (2011), the latter perform at the end of the artistic production process by evaluating the output of artists or creative industries and promoting certain products to the general public. Similarly, commercial galleries, art fairs, and auction houses contribute to the development of certain regional markets or artists’ careers. Furthermore, these three tastemakers may also collaborate on their projects to build social and information networks (Yogev and Grund, 2012).

2.3.1 Commercial art galleries

The role of galleries as gatekeepers has been substantially studied (Bystryn, 1978; Di Caro et al., 2020) by cultural economists. They primarily reduce the information gap of buyers in a market characterized by a strong information asymmetry and uncertainty about the value of artworks, especially in a time in which contemporary art practices have been impacted by digital production (Di Caro et al., 2020). As the authors argue, another important aspect of galleries as gatekeepers is that their reputation matters since it reinforces their position as quality certifiers in the art market (Di Caro and Mazza, 2020). Moreover, when promoting new emerging artists or new art movements, galleries create a market for them by bringing something “into use” and “into existence” (Bystryn, 1978, p. 391) and making risky long-term investments (Di Caro et al., 2020) to improve their reputation. In this regard, commercial galleries usually strengthen their position by building close ties with artists, collectors, and other galleries. Especially in the two-sided market for Contemporary art, galleries are perceived as more trustworthy and successful by artists if they deal with a great number of collectors, and vice versa (Di Caro et al., 2020). Therefore, this phenomenon leads to the emergence of indirect network effects among different types of agents consuming the same service or platform. Other indicators of the success of these intermediary platforms defined by Prinz et al. (2015) are innovation, information, and competition. The authors argue that the superstar effect (Rosen, 1981) in the context of art galleries is mainly caused by information asymmetry as art investors or artists are not informed about all galleries, thus deal with a limited number of notable spaces, which allows for saving on search and entrance costs. In addition to developing artists’ careers, Grodach (2010) observed that art galleries also contribute to fostering economic revival and to improving social

participation and interaction within an emerging art community. Finally, the opening of these spaces is important in the development of an emerging art market as they serve as one of the primary intermediaries that match the supply and demand of artworks (Caves, 2000) while creating markets for art.

2.3.2 *Art fairs*

Less investigated intermediary platforms such as art fairs also play a crucial role within the art market and their number has proliferated during the last decades around the world (Morgner, 2014). Fairs may be seen as marketplaces where galleries and artists can increase their revenues (Vermeulen and Bhat, 2021) and as infrastructures for the sale and exhibition of artworks. However, by participating in these temporary events different art market stakeholders can also build social networks and share information and knowledge (Morgner, 2014). Therefore, the art fair is a network as it temporarily connects dealers, art professionals, collectors, and artists from different countries (Velthuis, 2020b) who can establish long-term professional relationships after the event. In addition, as argued by Yogev and Grund (2012), by participating in these events, art galleries get the most benefits as they can both sell artworks while gaining exposure and meet and interact with other gallerists. Sometimes galleries also establish collaborations with one another for the occasion of the fair. Furthermore, two art fairs can indirectly connect when there is a minimum number of galleries attending both fairs in the same year (Yogev and Grund, 2012). This results in network effects as galleries are more likely to participate in fairs that are connected.

Most importantly for this theoretical framework, art fairs can also have an impact on a city's branding strategies alongside other industries such as advertising, hospitality, education, etc., as discussed by Eckstein (2006) about TEFAF Maastricht and its role as an economic force. In this regard, it is interesting to adopt a new perspective while exploring the role of art fairs in relation to developing art trading hubs, by calling it the "art fair effect". While the Guggenheim effect refers to the impact of the establishment of the museum on the urban development and regeneration in the city of Bilbao, art fairs are considered to influence the development of local art markets. An example of this phenomenon is the expansion of the Art Basel fair to Miami in 2002 (Russell, 2011) and to Hong Kong in 2013. As such, it is important to highlight the strong connection between the establishment of international art fairs in some countries and their territorial dynamics (Quemin, 2013). In other words, art fairs inevitably play a role in emerging

art market ecosystems and art centers while increasing the exposure of local arts and galleries around the world.

2.3.3 Art auctions

The main drivers of the secondary art market are auction houses. According to Robertson (2005), many of these intermediaries have been recently merging with luxury industries that are eager to enter the art market. Most importantly, the author categorized auction houses in four different levels: the world's leading institutions Sotheby's and Christie's at the top, auction houses with a global reach but second to the top ones, nationally renowned auction houses, and lastly the regional or local auction houses. This means that the auction market structure is regarded as oligopolistic (or duopolistic) as the leading auction houses account for the majority of the art market share worldwide (Noël, 2014).

In contrast to other gatekeepers, auction houses establish the value of artists or artworks either directly through a sale or indirectly through a "reference to other sales" (Ashenfelter and Graddy, 2006). It is from these sales that they earn most of their income through commissions that are charged to both buyers and sellers. Moreover, auction houses have evolved over the past decades from being "wholesale suppliers for art dealers" to direct sellers of art to private collectors (Adler, 2003, p. 433). According to the author, the auction art industry and especially the leading auction houses Sotheby's and Christie's have managed to maintain a strong global reputation and they are perceived by the general public as prestigious and glamorous. However, strong competition has always characterized this industry where the most renowned auction houses compete to attract customers worldwide (Adler, 2003). While auction houses have been investigated in previous literature as isolated commercial companies, their judgmental power and their networks with other art stakeholders are explored more in depth in this thesis (Robertson, 2005; Yogeve and Ertug, 2015; Kharchenkova and Velthuis, 2018).

2.4 The role of auction houses in emerging art markets

2.4.1 The auction industry

Both world's leading auction houses Sotheby's and Christie's were founded in England during the 18th century and started expanding abroad toward Rome, New York, Paris, Geneva, Tokyo, and Hong Kong during the second half of the 20th century to answer the competition (Learmount, 2021). As the author argues, the rivalry between the two big companies has always been intense since this time. Even today, the auction is a trading system that is based on

competition, in which auction houses as well as potential buyers are against one another. However, these institutions have undergone some changes in terms of the function played in the art market and re-positioned themselves within the value chain as a response to digital innovations (De Molli et al., 2023). First, after the 1970s, they have become more customer-oriented to face the industry competition thus serving as crucial stakeholders and impacting the whole market rather than merely being art salerooms as in the past. Second, within a process of re-intermediation, the top auction houses started investing in prestigious headquarters in the world's major art centers to maintain and legitimize their role despite the growing presence of online art sales (De Molli et al., 2023). Furthermore, as discussed by Adler (2003), in contrast to the past, auction houses started selling art to general audiences during the last thirty years and not exclusively to dealers anymore, and privately conducted auction sales have continued flourishing over time. In this regard, in 2019 Christie's and Phillips' private sales considerably grew by respectively 24% and 34%, while private sales at Sotheby's stood at circa 1 billion dollars (McAndrew, 2020). Next to this, concerning buyer demographics, second-tier auction houses' main customers in 2019 were mainly private collectors (68%), while art traders accounted for 12% of the total share of sales.

According to the Artprice market report 2021, Sotheby's and Christie's generated 8.4 billion dollars from their sales of artworks at auction exactly accounting for 50% of the world's total art auction turnover (Artprice, 2022). Today, the world's top five auction houses are Sotheby's (26%) and Christie's (24%), followed by the Chinese Poly Auction (5%) and Guardian (4%), and finally Phillips (3%). This proves that Rosen's superstar phenomenon (1981) considerably affects the art auction market with the increasing dominance of the top-tier auction houses driving the majority of sales value thanks to their greater resources and power to appeal to larger and wealthier audiences and markets.

2.4.2 The power of auction houses

The leading auction houses Sotheby's and Christie's dominate the secondary art market by conducting the most important art auctions in May and November every year at a global level (Velthuis, 2020b). Besides being mere intermediaries between buyers and sellers, auction houses can play different roles depending on the context in which they act (Kharchenkova, 2017). As stated in Sotheby's 2018 annual report, the company offers collectors "a variety of innovative art-related services, including the brokerage of private art sales, private jewelry sales through Sotheby's Diamonds, exclusive private selling exhibitions, art-related financing, and art

advisory services, as well as retail wine locations in New York and Hong Kong.” (Sotheby’s, 2018, p. 3). Similarly, Christie’s claims on its official website that apart from being renowned for its auctions it provides “a full portfolio of global services to its clients, including art appraisal, art financing, international real estate and education.” (Christie’s, n.d.).

Most importantly, it is interesting to investigate the role of these institutions in emerging art markets. Firstly, in China, they serve as the most trustworthy art judgment devices by taking up the roles and power of non-commercial art institutions. The value of most artworks is usually established by auctions, and the functioning of the auction system determines how audiences’ preferences are “translated into the evaluation of high-quality artistic work.” (Ashenfelter and Graddy, 2006, p. 911). Furthermore, the reason why auction houses emerged as judgment devices in the Chinese art market lies in the level of expertise of collectors (Kharchenkova, 2017; Kharchenkova and Velthuis, 2018). As argued by the authors, auction transparent pricing is a powerful tool for educating novel collectors about a variety of works of art, thus prices have been the ideal instrument for inexperienced Chinese art consumers who required clear indicators to determine the worth of artworks. At the same time, galleries and auction houses in China have frequently performed the same functions, thus artists have often sold their works directly at auction houses which have served as marketing devices by stimulating collectors' interest in the artworks through their sales and catalogs (Kharchenkova and Velthuis, 2018). Other institutions either did not offer the same information or were seen to be unreliable or too young, which is the main reason why auction houses in China perform in the primary art market (Kharchenkova, 2017) by also trading new artworks or works by living and emerging artists.

Secondly, auction houses have an impact on the environment and the society in which they perform. In general, creative industries through their activities can raise innovation and productivity within a city and stimulate the formation of new businesses in that area (Porter, 1998; Müller et al., 2009). Similarly, when auction houses expand to a new region, they bring some external positive spillover effects to the whole industry and contribute to the emergence of an art market. For instance, over the last decades, the establishment of foreign intermediaries such as auction houses and art dealers in Hong Kong to carry out their art sales within the Chinese art market led to an increase in the number of international galleries, artists, and artworks traded within the area (McAndrew, 2013; van Hest and Vermeulen, 2015). Auction houses have been particularly dominant in this regard to the extent that in 2017 they were responsible for 70% of the total art sales in the Chinese market (Ergin, 2018). However, not only

are they concerned with sales, but auction houses consolidate their presence in certain regions by being mentioned during gallery openings speeches and collaborating with other gatekeepers to organize their exhibitions at art fairs, and their representatives can be the judges within an artistic contest (Kharchenkova and Velthuis, 2018). Moreover, it is evident that after the opening of Asian offices by Sotheby's and Christie's in Hong Kong, new art museums have been created and art projects have become more prevalent in urban development over the years. Needless to say, the setting up of new galleries and institutions with international mindsets in Hong Kong has been facilitated by its high degree of freedom, free-market economy with low taxes on revenues compared to Mainland China, and politically-open environment which is compatible with the global art market (Hua, 2022).

2.4.3 Auction networks

The activities carried out by the auction houses are often the output of collaborations and partnerships with other firms and institutions, which is not rare in the creative industries. At a global level, during the 1960s a greater international network of art organizations started developing (Yogev and Ertug, 2015). The authors built on the cultural flows brought by the process of globalization, also called networks which imply the exchange of work, people, and knowledge and underpin the cultures and economies. Networks of firms are likely to take root within a large agglomeration of firms, and can generate regional development in terms of enhanced innovation and competitiveness (Crewe, 1996; Hua, 2022, Molho, 2021), besides being a powerful tool to create jobs and foster economic growth. The Asian art market has witnessed this phenomenon, defined as “interconnected Asia” by Hua (2022, p. 3) which allowed the region to reach new unexplored possibilities through trans-regional and transnational networks and cultural connections. Hua (2021) also argues that in the specific case of Hong Kong, mobility has played a prominent role as artists, dealers, and collectors contributed together to the formation of these networks in and outside the administrative region.

Furthermore, it has been shown how creative clusters of firms can influence the image and the identity of a city through their marketing strategies (Limani, 2019). As such, global cities are linked to Contemporary art, and with their new branches, the two renowned auction houses have emerged as the most significant facilitator of the global turn within the world of art (Belting, 2009). Organizations like auction houses, through their inter-organizational networking activities, gain collaborative and financial advantages as well as create the image of the place where they work as an art or creative city (Landry, 2000). In this regard, lots of

different firms and organizations located in the same city can either compete or collaborate, fostering innovation and thus bringing positive external spillovers to the location where they perform. This is related to the concept of cluster which, according to Porter (2000), is a geographic concentration of “interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions in a particular field that compete but also cooperate” (p. 16). Thus this theory shows how organizations constantly interact with one another expanding their professional relationships which enable them to share knowledge and skills and control resources to maintain a competitive advantage over competitors (Koka et al., 2006). In the case of creative industries which often feature project-based production processes, joint efforts between different organizations are particularly important as complementary resources are required. Consequently, creative goods are the result of a network of activities (Belussi and Sedita, 2008). Furthermore, within an industry characterized by a high degree of uncertainty and asymmetric information, these interfirm relationships also serve as a tool for firms to gain recognition and a reputation among the public (Currid, 2007).

In light of this, it is interesting to highlight the functioning of this network structure. For instance, according to Jyrämä (2002), these networks overlap, and they can vary “from small nets around one gallery” (p. 55) to international social networks. While the role of galleries has been widely investigated, much less literature focuses on auction houses’ networks and how these companies connect and collaborate with other players in emerging art markets where they seem to have the most impact. Robertson (2005) discussed how different merges occurred in recent years within the auction market, but only considering other non-art-related companies willing to enter this market or the acquisition of auction houses’ shares by tycoons and CEOs of other luxury groups. Whereas other studies mainly focus on intra-Asian cultural connections involving the engagement of art communities from different countries (Antoinette and Turner, 2014). As such, this thesis contributes to shedding light on the network structure of the auction market.

2.4.4 The Western auction houses toward the East

In turn, local contexts also influence the establishment of auction houses in specific geographic areas. Komarova and Velthuis (2018) refer to these external factors as “activation mechanisms” as they “enable actors to exploit latent market opportunities, and thereby can turn favorable socio-economic conditions on the macro-level into actual market emergence on the micro-level” (p. 1-2). In this regard, according to Quemin (2013), there is a strong “territorial dominance

performed by a small, selected number of countries.” (p. 163) in the art auction market, including the US, UK, China, and France. This explains the reasons behind their expansion toward Asia, which are primarily economic factors related to the business-friendly environment and strategic position of Hong Kong as a window between the East and the West.

Firstly, in 1973 Sotheby's opened an office and conducted its first sale in Hong Kong, becoming the first international auction house in Asia. At that time, Hong Kong took on a key role in Sotheby's participation in the Asian art market. The gallery space is located at One Pacific Place with a 15,000-square-foot area in which selling exhibitions, auctions, lectures, and various cultural events are held during the year (Sotheby's, n.d.). Chinese artworks and paintings, Contemporary and Modern art and Southeast Asian art, jewels, valuable watches, and wine are among the items up for auction during Sotheby's sales series in Hong Kong, which are held twice every year in April and October. Secondly, since its first sale in Hong Kong in 1986, Christie's was for several years Asia's top international auction house. At the moment, Christie's is holding sales at Alexandra House for Asian 20th-century and Contemporary art, Chinese pottery and paintings, fine jewelry, accessories, watches, and wine (Christie's, n.d.), and its mid-season sales are conducted in May and November. Besides auction sales, Christie's holds events that combine art, music, and talks by guide experts.

Overall, both auction houses carry out similar programs of activities. Sotheby's Institute of Art and Christie's Education (the latter has a location in Hong Kong) have wide portfolios of professional-oriented courses and offer graduate programs, diplomas, internships, and semester courses. Furthermore, the two world's leading auction houses carry out activities within the region in the field of real estate through their branches Sotheby's International Realty and Christie's International Real Estate. Lastly, Sotheby's and Christie's have recently announced the opening of new and larger Asia Pacific headquarters in the central area of Hong Kong in 2024 (Christie's, 2021; Sotheby's, 2022).

3. Methodology

To answer the research question “To what extent have Sotheby’s and Christie’s activities contributed to the transformation of Hong Kong into a global leading art auction market between 2006 and 2021?”, a qualitative approach has been adopted. Building on the literature review and according to the coverage in the media as well as the official publications of the two auction houses, this thesis aims to identify the core activities carried out by the two auction houses and their effects on the Hong Kong art market by considering the evolution of their networks. Below some insights about the type of research design and strategy are provided, with information on the data sampling, followed by the collection and analysis process. Lastly, the quality of this research and its main potential limitations are outlined.

3.1 Research design

This research adopted a case study approach as this allows for the exploration of the nature of a single case. This type of study is thus applied to single organizations namely Sotheby’s and Christie’s contributing to the development of the Hong Kong art market throughout 15 years. By considering how different emerging art markets develop thanks to gatekeepers, governments, and globalization, the role of commercial institutions within the Hong Kong art market is defined as a “representative or typical case” (Bryman, 2012, p. 70). This means that the research aims to gain insights into the conditions characterizing a single case yet being common to other situations. It is indeed assumed that some dynamics affecting the development of Hong Kong as a global art trading hub exemplify a wider category of which it is part: it represents other contexts worldwide where the emergence of the local art market has been driven by the presence of auction houses, galleries, or other commercial institutions. However, Hong Kong is also regarded as a critical and unique case as, based on well-developed theories, it allows for a better understanding of specific circumstances that are different from most other contexts (Bryman, 2012). In this regard, as local contexts and their key mediators are usually interconnected, the contribution of these actors to the local art scene is studied to investigate emerging art markets. More precisely, the role of auction houses as judgment devices in China is particularly predominant (Kharchenkova and Velthuis, 2018), thus being worth examining more in depth how they operate within a market featuring unique and specific dynamics, characteristics, and regulations. For this thesis, Christie’s and Sotheby’s have been selected as the main actors to be studied since, according to Artnet (2021), they were the two main Western auction houses performing in this market in 2020 in terms of total sales and the top two auction houses selling

Chinese Art and Antiques in Hong Kong with hundreds of million dollars of sales every year. Lastly, the case of the Chinese art market and Hong Kong is particularly interesting because within 15 years (2006-2021) the market has gone from being a small art market to the second largest art trading hub in the world, therefore its growth has been considerably rapid.

3.2 Method

As argued by Bryman (2012), qualitative methods are favored among the exponents of case study designs since they are believed to be ideal to obtain detailed information when investigating a single case. Therefore, a qualitative content analysis of newspaper articles and auction houses' publications as well as primary data related to Sotheby's and Christie's auction sales and the art institutions in Hong Kong has been carried out. Although its subjectivity and replication issues, content analysis is regarded as a transparent research methodology (Bryman, 2012) thus this study may be repeated because the codebook is made readily available. In addition, the conclusions may be biased by the researchers' prejudice or experience, and the study does not yield quantifiably objective results. However, qualitative content analysis is a good fit for this research since it aims to comprehend attitudes and obtain insights that are particular to one specific case. More precisely, narrative content analysis is the most appropriate approach in the case the collected data are sensitive to chronological sequence (Bryman, 2012) and considering the subjective way in which information is transmitted in online news articles. The question that researchers ask themselves is not "What happened?" but rather "What are the effects of what happened?" as this type of analysis is useful to investigate several episodes and their interconnections during long periods (Riessman, 2008), thus being adequate for the time frame 2006-2021 in which numerous events had different effects on the local art market. Although narrative analysis is usually conducted for interviews, it can be carried out when analyzing documents as well, for instance to investigate a specific discourse surrounding an event like the development of an art market (Bryman, 2012). According to the author, newspaper articles and companies' official publications fit these types of studies as they can be analyzed and interpreted by looking for themes and relations between them.

Firstly, building on the existing literature, a variety of activities has been investigated through the narrative of online art newspaper articles and auction houses' official publications (ArtDaily, Sotheby's, and Christie's websites), including the organization of exhibitions and events, the development of projects of various nature with different purposes, and the establishment of collaborations with several actors. Most importantly, the exploration of the last

type of activities has eventually enabled to map the evolution of Sotheby's and Christie's Hong Kong networks which are assumed to be constantly growing with time and alongside the development of the art market in which they perform to maintain a dominant position (Koka et al., 2006). Secondly, to analyze the main features of the Hong Kong and Chinese art market, past auctions and total sales on the websites of Sotheby's and Christie's Hong Kong have been qualitatively studied. These data have helped further understand what type of art was sold by Sotheby's and Christie's while assessing their presence in the region. Whereas in order to identify the changes in the art scene in Hong Kong, primary data from online art market databases (Artnet and ArtFacts.Net) have been collected and analyzed. The number of auction houses, commercial galleries, art fairs, and other institutions established in the administrative region has been considered proof of the evolution of Hong Kong into a global art trading hub.

Lastly, the period from 2006 to 2021 has been selected as it properly represents the time frame in which the Hong Kong art market and art scene started rapidly flourishing. According to McAndrew (2016), in 2006 the Chinese art market positioned itself in fourth place by accounting for 8% of the global art market share after the US (46%), UK (27%), and others (20%). At the time, in China, there was still a relatively small art market, yet it was rapidly growing and in 2021 it became the second largest art auction market in the world by accounting for 20% of the global art market share by value (McAndrew, 2022), with the US retaining its leading position and the UK declining to the third position.

3.3 Data sampling

Different sources of data have allowed for an adequate assessment of the influence that the auction houses Sotheby's and Christie's Hong Kong have had in the transformation of the administrative region into a major global art trading hub. Especially, it has been possible to analyze how the role of these auction houses was perceived in the media. Since there is no unique database with all the information needed, the several sources that have been considered are online art newspapers and databases such as ArtDaily, Artnet, ArtFacts.Net, and the official websites of Sotheby's and Christie's. From all these sources, both secondary and primary data have been collected. Secondary data consist of newspaper articles and the two auction houses' articles and press releases which have allowed for the chronological outline of the activities that they carried out. Whereas primary data such as Sotheby's and Christie's auction results and the number of art market gatekeepers established between 2006 and 2021 have helped to map the evolution of the city into a global art market hub.

In defining the sample, the sampling strategy complying with both the qualitative approach and the case study analysis is the purposive sampling method (Bryman, 2012; Palys, 2008). Regarding the articles, ArtDaily is a leading source for art news and events shaping the art market, therefore information for each auction house has been gathered. This source served appropriately for this research as it provides information dating back to the period selected and is regarded as a reliable newspaper as it meets the following criteria: quality, high circulation, and online accessibility (Hahn and Vermeylen, 2023). Despite their potential subjectivity and their probability of missing some information, newspapers are valuable sources of data as they are not subject to reactive effects, that is they have not been written “in the knowledge that a content analysis may one day be carried out on them” (Bryman, 2012, p. 304). Furthermore, the degree of reliability is enhanced by the collection of official articles and press releases.

As such, to map the activities of Sotheby’s and Christie’s in Hong Kong, 43 and 38 articles respectively have been accurately selected to cover as many aspects as possible, thus a total of 81 articles allowed for data and theoretical saturation (Onwuegbuzie and Collins, 2007). After applying research filters and keywords on the websites to access articles related to the topic, these have been read to identify the core subjects and to select the ones that discuss relevant aspects. By doing so, a maximum variation sampling approach has been adopted, which involves searching for events that “cover the spectrum of perspectives in relation to the phenomenon one is studying” (Palys, 2008, p. 697) and may include both extreme or typical cases regarding the topic that is investigated and its different dimensions of interest. Among these, articles regarding collaborations of Sotheby’s and Christie’s with other institutions have resulted particularly valuable to map the evolution of their professional networks in the region, which have been assumed to expand over time as this is a chance for established companies to maintain their competitive advantage (Koka et al., 2006).

Whereas concerning the primary data, the “Auction Results” sections of the websites of Sotheby’s and Christie’s have allowed for a comprehensive overview of their sales in Hong Kong between 2006 and 2021 as well as their record results, the art they sold, and the artists they promoted. In addition, to explore the evolution of the art scene in Hong Kong, the analysis has focused on art galleries, auction houses, and other art venues (museums, art fairs, art spaces, non-profits) as their establishment is usually regarded by cultural economists as the most prominent sign that an art market is emerging (Di Caro and Mazza, 2020; Eckstein, 2006; Kharchenkova, 2017; McAndrew, 2009; Robertson, 2005; Vermeylen and Bhat, 2021). As such,

information about the presence of these institutions in Hong Kong over time has been retrieved from Artnet and ArtFacts.Net.

3.4 Data collection and data analysis

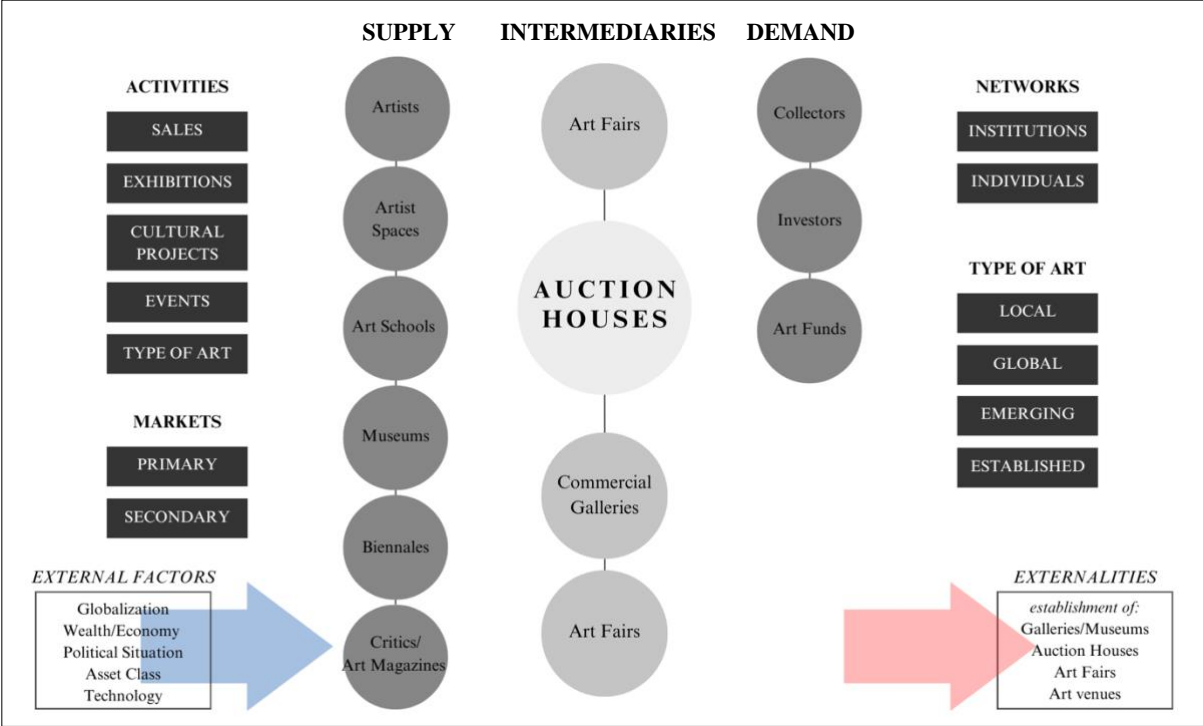
While for the primary data all information found has been collected to outline Sotheby's and Christie's sales and the changes in the Hong Kong art scene, the articles and press releases have been accurately selected. First, the ArtDaily website has allowed for the application of keywords in the search section, thus after looking for articles that included the words "Sotheby's Hong Kong" and "Christie's Hong Kong", the initial sample consisted of over a thousand documents. Only the ones dating back to 2006-2021 have been considered, which has resulted in gathering 30 ArtDaily articles regarding Sotheby's and 19 with a focus on Christie's. Second, to gain more information about collaborations, events, and projects, the articles published by Sotheby's and the press releases by Christie's have been taken into account. For the former, articles in the editorial section with the location "Hong Kong" and the keywords "collaborations", "events", "partners", "join", and "projects" have been selected with 13 being eligible. Whereas for the latter, the filters "Hong Kong", "Corporate Announcements", and "Exhibitions & Events" have been applied to the releases in Christie's Press Centre, thus resulting in 19 documents.

More precisely, their relevance in terms of the themes discussed has been manually checked (Hahn and Vermeulen, 2023). The articles turned out to be eligible for this research if: a. they covered an activity brought about by the auction house (relevant record sales, exhibitions, cultural projects, events); b. they reported collaborations between the auction house and other actors (network); and c. they focused on one type of art traded by the auction house (Asian, Western). At this point, 43 articles for Sotheby's and 38 for Christie's have been collected to cover different areas of interest and labeled with either an "S" for Sotheby's or a "C" for Christie's and numbered in ascending order (from 1 to 43 for the former, from 1 to 38 for the latter) with the year of publication of the article (i.e., S4-2012, C36-2021). The final sample has resulted in a total of 81 documents which can be found in Appendix A (p. 61).

Due to a scarcity of existing literature about auction houses in emerging art markets and the types of networks they build, a theoretical model has been proposed below (Figure 1). Building on Petterson's definition of art market ecosystems (2014), these institutions are assumed to be concerned with five main dimensions: sales, exhibitions, cultural projects, events, and type of art. Most interestingly, the social networks, the type of art (local or global, emerging or established), and the type of market (primary or secondary) are also given a lot of attention in

the model. Furthermore, on the one hand, external factors such as globalization, wealth and economy, political situation, asset class, and technology are regarded as aspects affecting the development of certain art markets and their players. On the other hand, externalities include the positive spillover effects brought by auction houses' activities such as the establishment of new galleries and museums, local and international auction houses, art fairs, and art venues within the environment in which they perform. The model has allowed for a more appropriate collection of the data and has facilitated their analysis by serving as a map to conceptualize the role of Sotheby's and Christie's Hong Kong in the administrative region between 2006 and 2021. Although some themes have been defined, it is argued that narrative content analysis still fits this research more adequately compared to thematic analysis as it allows for the chronological analysis of the events and their interconnection.

Figure 1. A model of the role of auction houses within local art market ecosystems.



To analyze the data, the coding process started during the collection of the documents. As argued by Bryman (2012), the main objective of coding is to reduce the amount of data collected. Therefore, the narrative content analysis has implied the management of the raw data, the transfer of the articles in the software through which they have been coded, and the analysis and interpretation of these data. The coding process has been carried out through the software ATLAS.ti which allows for the textual coding of documents and the creation of code trees, and the documents of each auction house have been coded separately as this facilitated detecting

patterns and drawing possible comparisons. Appendix B (p. 64) provides the codebook that was used as analysis instrument and an example of an article coded. First, the articles have been subject to open coding to assign them to the five dimensions previously defined while already identifying the activities that involved collaborations of Sotheby's and Christie's Hong Kong with other actors. By doing so, thanks to the exploratory character of this type of coding, the most relevant aspects of each article have been labeled with codes, and the frequency of certain activities and partnerships over time has been considered to map the evolution of the auction houses' professional networks. Secondly, axial coding has been done by connecting codes "to contexts, to consequences, to pattern of interaction, and to causes." (Bryman, 2012, p. 569) in order to investigate how the activities carried out by Sotheby's and Christie's in Hong Kong contributed to transforming the local art scene. The clusters of codes that have been formed around other coded concepts are visible in the code trees in Appendix C (p. 65-66).

In addition to this, as argued by Bryman (2012), coding qualitative data implies a constant potential revision and comparison of the documents and their codes thus these data are usually regarded as possible indicators of new concepts in contrast to quantitative data analysis. In other words, coding in qualitative data analysis might contribute to the generation of theories.

3.5 Quality of the research and limitations

The major deal of discussion concerning case studies relates to external validity, also called generalizability (Bryman, 2012). Researchers should ask themselves how a single case can be, or not, possibly representative of a broader category thus providing findings that apply to other cases. To properly approach this issue, parallel research was carried out to investigate the role of gatekeepers in other emerging art markets. For instance, the Dubai art market is dominated by auction houses (Artprice, 2020; McAndrew, 2009) as well as novice collectors, although specific regulations and dynamics characterize it compared to Hong Kong.

The limitations associated with qualitative studies can be divided into four main categories: subjectivity, reliability, replicability, and validity (Bryman, 2012). The issue of subjectivity relates to the possibility that researchers use an unsystematic approach. Therefore, despite content analysis being regarded as objective, a certain degree of subjectivity is hard to avoid. However, to overcome such a problem, triangulation of data has been carried out through other sources of data such as academic papers and official websites which legitimate the interpretations. As for reliability, which relates to the question of whether a study is replicable or not, the research process has been accurately documented, from the generation of conceptual

dimensions, data selection and analysis, coding process, and interpretation of findings. This gives the research more transparency thus making it more likely to be reproduced. Lastly, to ensure a high degree of internal and external validity, despite remaining difficult to fully tackle, the insights have been fact-checked through online sources of publicly accessible data.

As argued by Bryman (2012), coding in qualitative data analysis allows for the generation of new theories. Regarding the coding process for narrative analysis, one major criticism is that it might result in data fragmentation which leads to a loss of the narrative flow (Coffey and Atkinson, 1996). In addition, since the various events are not explicitly related to one another, some assumptions need to be done concerning the potential direct effects of the auction houses' activities. Nevertheless, the interest in narrative analysis has been growing as it allows to outline long-period developments thanks to its sensitivity to temporal sequence and to identify causes and effects. To approach this analysis without losing the time flow and the context, the findings have been examined by considering the temporal developments.

Furthermore, the research question builds on the assumption that Sotheby's and Christie's have been the main driver of the emergence of the Chinese art market. Although this is justified by well-developed theories and data, the presentation of the art scene in Hong Kong might still be limited. First, since this thesis maps the evolution of auction houses' role and networks by analyzing news media coverage, it must be pointed out that there might be selection biases and the collection of potentially subjective newspaper articles might represent a limit because the information is filtered and thus needs to be interpreted. As such, to enhance study objectivity, reliable sources of art news have been selected, and only factual news has been considered as it is less subjective than reviews, stories, or editorials. Second, commercial galleries, art fairs, and other actors such as museums, critics, or academics could have played a role as well in the development of this art market. Once again, articles cannot tell everything, and the selection of data focusing exclusively on auction houses might bias the research. However, it is demonstrated in the theoretical framework that Sotheby's and Christie's Hong Kong played a major role through their growing auction sales and the results of this thesis prove it. Third, the time frame selected might be a limitation of this research as the Chinese art market started flourishing, even if slowly, before 2006. Yet, till 2006 it was relatively small.

Lastly, the researcher has taken careful consideration and adhered to ethics principles to ensure the honesty, rigor, and transparency of the study.

4. Results and discussion

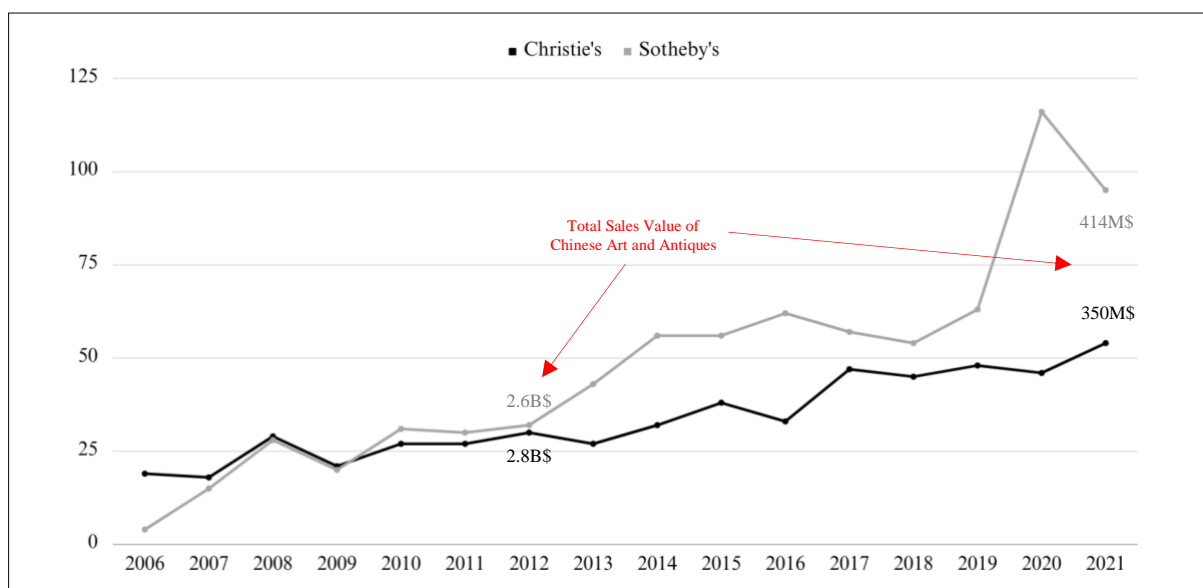
The results stemming from the analysis are presented and discussed to answer the main research question. First, data about the auction sales and the type of art sold are provided to offer a clear overview of the Hong Kong art market. Second and most importantly, this chapter outlines the activities of the two auction houses in the administrative region with a focus on the array of services offered and the branches they opened over time. In light of this, a discussion about the evolution of their networks is provided to show how they enhanced their presence within the Chinese art market, thus leading to a growth in the local art scene between 2006 and 2021.

4.1 Hong Kong art market (2006-2021)

4.1.1 Sotheby's and Christie's auction results

As mentioned before, Sotheby's and Christie's have always conducted the majority of the total sales in the Chinese art market with Poly International and China Guardian (Artprice, 2008). As shown in Figure 2, the sales of the Western auction houses grew every year alongside the emergence of the Chinese art market. While in 2006 it was still a small market, in 2011 China positioned itself temporarily as the largest auction market in the global art world (McAndrew, 2012), and from that point on it expanded until it became the world's second largest art auction market in 2021 (McAndrew, 2022). More specifically, as the literature suggests (McAndrew, 2009), Hong Kong accounted for 45% of Chinese art auction sales already in 2009.

Figure 2. Number of auction sales held in Hong Kong between 2006 and 2021 by Christie's and Sotheby's (per year).



Source: Artnet, sothebys.com, christies.com

Similarly, the performances of Sotheby's and Christie's saw an expansion in terms of the number of auction sales held per year in Hong Kong between 2006 and 2021. In total, Sotheby's and Christie's Hong Kong conducted 762 and 541 auction sales respectively. Therefore, Sotheby's, especially from 2010 onwards, started holding a higher number of annual auction sales compared to Christie's. By reaching its peak in 2020 with a number of 116 sales, 71 of which were held online, Sotheby's sales almost duplicated compared to the previous year (63 sales). Whereas regarding Christie's, the highest number of auction sales has been conducted in 2021 (54 sales). The only period when Christie's auction sales were higher than Sotheby's is between 2006 and 2009. In addition, as shown in the Artnet Global Chinese Art Auction Market reports from 2012 to 2021, despite a yearly decrease, Sotheby's and Christie's have always been the auction houses with the highest total sales value of Chinese Art and Antiques performing in Hong Kong, thus being among the top 10 auction houses in the Chinese art market. Especially in 2012, as shown in the graph below, Sotheby's and Christie's Hong Kong accounted respectively for 2.6B\$ and 2.8B\$ of total sales of Chinese art. To have a clearer overview of the number of auction sales they conducted per year (2006-2021) and the annual total sales value of Chinese Art and Antiques (2012-2021), Appendix D (p. 67) provides a specific list.

These data have allowed for a first interpretation. Building on the discourse of auction houses as trustworthy judgment devices within the Chinese art market (Kharchenkova, 2017; Kharchenkova and Velthuis, 2018) which suggests that they took up this role because they helped the novel collectors determine the economic value of artworks, it is argued that thanks to this power they contribute to the expansion of the collector base, thus of the art market in general. With more existent collectors educated and new consumers attracted by art collection and investment, the Chinese art market has succeeded in establishing itself as a global leading art market over time. Most interestingly, the increasing presence of Sotheby's and Christie's in Hong Kong and their million-dollar annual sales are the reasons why, even today, this market is dominated and driven by the commercial thinking of Asian wealthy, speculative collectors.

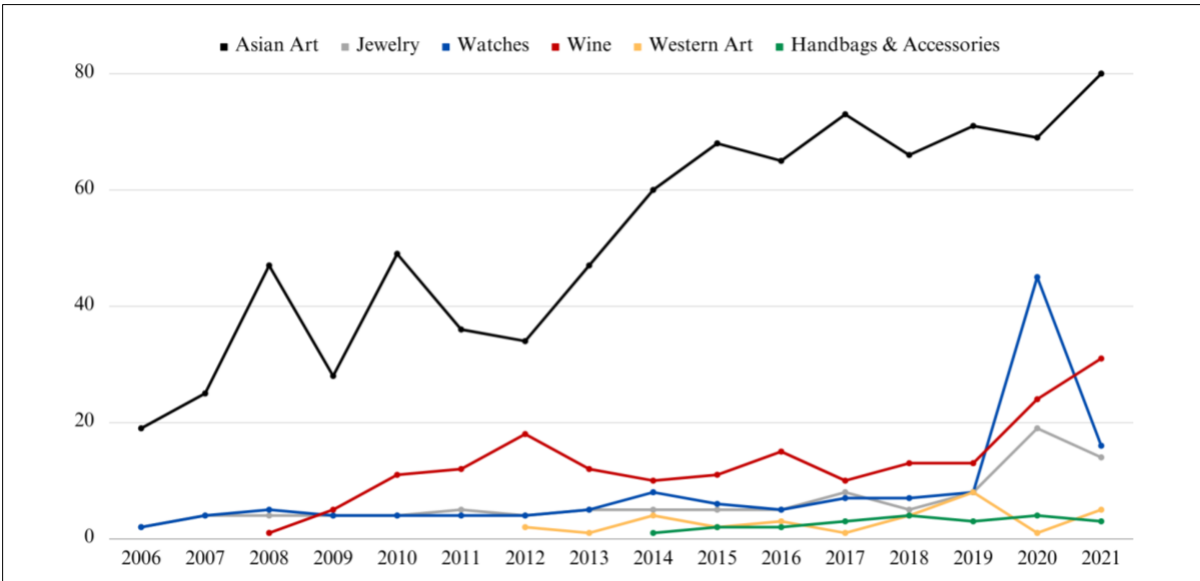
4.1.2 What art sold?

The graph below (Figure 3) illustrates the main types of art that were sold at auction by Sotheby's and Christie's between 2006 and 2021 in Hong Kong, with Appendix D (p. 67) providing information about the number of sales for each category.

As previously mentioned, Asian art has been dominating auction sales for the entire period, and most of them focused on several types of Chinese, Korean, and Japanese art such as

traditional paintings, antiques, ceramics, calligraphies, and sculptures. This is confirmed by the Artnet analysis (Schneider, 2018) which showed that, although the market for Western art grew over time (according to the articles analyzed, mainly European and American established art), the sales of Asian art have been considerably higher and Sotheby's and Christie's Hong Kong dedicated more sales every year to Asian art, with a significant increase from 2012 to 2014.

Figure 3. Total number of auction sales held in Hong Kong between 2006 and 2021 by Christie's and Sotheby's (by type of art, per year).



Source: sothebys.com, christies.com

Other categories of art sold in Hong Kong are watches, jewelry, and fine wine. The Western auction houses included the first two in their sales in 2006, while fine wines started selling in 2008. On the one hand, the sales dedicated to jewelry and watches remained stable until 2019, with an increase from 4 to 8 yearly sales dedicated to them. On the other hand, although the introduction of fine wine happened later, this category experienced unprecedented growth as the number of their sales increased by roughly six times, from 5 to 31 sales per year.

Lastly, Western art (often merged with Asian artworks) and the category of Handbags & Accessories have been included for the first time respectively in 2012 and 2014 in Hong Kong. While the former was introduced by Sotheby's (followed by Christie's in 2017), the handbags & accessories sales were almost exclusively conducted by Christie's. Both sectors of art experienced a slight growth over time with some fluctuations.

In light of the above, the Chinese art market is part of those markets that Velthuis (2020b) defines as locally oriented as it strongly relies on Asian (mainly Chinese) established artists. Despite the growing number of auction sales dedicated to items such as watches, jewelry,

fine wine, and Western artworks, Hong Kong still focuses mainly on the supply of Chinese Art and Antiques by Sotheby's and Christie's regional offices.

4.2 Sotheby's Hong Kong

After the establishment of its Asian Pacific offices in Hong Kong in 1973, Sotheby's carried out several activities (exhibitions, sales, and art events) in the region, with a strong focus on exhibitions usually organized at its own Gallery, or at S|2. In addition, the commitment to charitable initiatives has turned out to be an important part of its schedule, and the auction house collaborated with actors in other industries and expanded toward the market for real estate.

4.2.1 Exhibitions, auction sales, and art events

First, the most popular activity carried out by Sotheby's is the organization of exhibitions. The code "exhibition" has been the most frequently applied (24 times throughout 43 documents). Most exhibitions were held at Sotheby's Hong Kong Gallery (14), while the others at the Sotheby's gallery space S|2 (4 exhibitions), or the Hong Kong Convention and Exhibition Centre (3). According to 5 articles, the auction house collaborated with different actors for the organization of exhibitions. For instance, as reported in article S4-2012, "[...] the exhibition YAYOI KUSAMA – Hong Kong Blooms in My Mind is the result of direct and exclusive collaboration with the artist, her studio and the artist's long-standing Tokyo gallery, Ota Fine Arts, [...]"¹ In this case, the auction house worked together with a Japanese art gallery. Furthermore, it also brought about partnerships with individuals such as Chinese artists or collectors. The ArtDaily article S20-2017 states that "[...] Sotheby's Hong Kong will present an exhibition of the private collection of the world's foremost expert in and leading dealer of Ming furniture, Grace Wu Bruce."² In addition, while some collaborations consisted of the merging of resources with partners, Sotheby's also carried out creative partnerships.

Second, as many of these events were regular selling exhibitions that are usually held worldwide in the auction house's viewing rooms for its upcoming sales, the artworks exhibited were eventually sold at auction. Throughout the documents, the code "auction sale" appeared 15 times, and 11 of these sales were organized in collaboration with different partners. As reported in article S36-2020, Sotheby's joined forces with the Hong Kong-based creative studio AllRightsReserved to conduct the 2020 auction sale entitled "Contemporary Showcase: MEET

¹ ArtDaily (2012). "Sotheby's Hong Kong presents a selling exhibition of works by Yayoi Kusama"

² ArtDaily (2017). "Sotheby's Hong Kong to show the MQJ Collection of Ming furniture"

AllRightsReserved” that “features limited-edition collectibles and unique works by some of the most sought-after artists and designers of our generation.”³ In other cases, the auction house collaborated with art venues such as K11 MUSEA to present “a special preview of its 2021 Spring Auctions [...]”⁴ (article S40-2021). Once again, Sotheby’s used to work with companies, art spaces, or individuals.

As stated in its 2018 annual report, Sotheby’s offers several types of art-related services and artistic events in Hong Kong. The code “artistic event” is found in 6 articles and includes conferences, online auctions, a gala, a cocktail reception, lectures, and performances. Especially for these events, Sotheby’s brought about collaborations, as demonstrated by articles S25-2018, S30-2019, S31-2019, S33-2019, S37-2020, and S40-2021. For example, as reported by ArtDaily (S25-2018), Sotheby’s organized a talk about “The Future of The Museum”⁵ that hosted some directors of museums worldwide and was produced by a podcast company, Audiation.fm. Whereas to present a “[...] multi-camera event livestreamed around the world”⁶, the auction house partnered with an auction platform called ArtPro (article S37-2020).

Overall, these types of activities have allowed Sotheby’s to thrive within the Hong Kong art market. By taking up the role of galleries and providing clients with different services, the auction house has succeeded in gaining the trustworthiness of Chinese collectors to the extent that, according to Kharchenkova and Velthuis (2018), artists in the Chinese art market sell their works at auction houses rather than at galleries. As such, instead of acting as mere gatekeepers in the secondary art market, they started being present throughout the art supply chain by also shaping the preferences of collectors and keeping them close through a series of events. In China, auction houses like Sotheby’s operate in the primary art market by promoting new artworks and emerging artists through their (non-selling) exhibitions. In other words, auction houses have become institutions that assist art collectors with all their necessities.

4.2.2 Sotheby’s Hong Kong Gallery & S/2 Gallery

As for the venues where Sotheby’s organized exhibitions and conducted sales, three main spaces have been mentioned in the documents analyzed. The first one to appear is the Hong Kong Convention and Exhibition Centre in 2008, mentioned 5 times throughout the articles. At this

³ Sotheby’s (2020). “AllRightsReserved’s S.K. Lam on Connecting People Through Art”

⁴ Sotheby’s (2021). “From Lichtenstein to Nike, K11 MUSEA Offers Tantalizing Glimpse of Sotheby’s Spring Auctions”

⁵ Sotheby’s (2018). “The Future of The Museum”

⁶ Sotheby’s (2020). “Sotheby’s Hong Kong and ArtPro to Partner in Livestream Auctions”

point, Sotheby's did not have any own exhibition space in the region. However, in 2012, as reported in article S4-2012, it started exhibiting at "[...] the newly-constructed Sotheby's Hong Kong Gallery on the 5th Floor of One Pacific Place." To celebrate the opening of this space, whose code appeared 15 times, the auction house held several events that marked "[...] a significant expansion of Sotheby's business in Asia beyond its traditional twice-annual series of auctions in April and October."⁷ Moreover, after a few years, the auction house opened a secondary gallery space in Hong Kong, called S|2 (mentioned in 5 articles). This gallery, according to article S22-2017, stages "secondary market exhibitions with a particular focus on artists who have been celebrated art historically but are underrecognized by the market"⁸, by operating separately from Sotheby's auctions. The auction house, like other international galleries, increased its presence in the Hong Kong art scene in the period from 2012 onwards after the Chinese art market became temporarily the largest art market in the world in 2011.

The construction of such venues is the result of the plan of expansion of Sotheby's in the Chinese art market and within the Hong Kong art scene. As suggested by Caves (2000), the establishment of new art galleries is an important part of the development of a young art market. Similarly, with the opening of both Sotheby's Hong Kong Gallery and S|2 Gallery, the auction house has become capable to match even more the supply and demand for artworks by creating a market for them. In addition, through its secondary spaces, Sotheby's judgmental power discussed by Kharchenkova and Velthuis (2018) is boosted as the auction house exploited the increasing interest of Chinese novel collectors in the art world and expanded its presence within Hong Kong through the organizations of exhibitions and events.

4.2.3 Charitable initiatives

An interesting aspect of Sotheby's is its commitment to charitable causes in China. During the analysis of the documents, the code "charity" has been applied 7 times out of 43 articles. Among these, Sotheby's Hong Kong mainly carried out sales whose auction proceeds were donated to philanthropic associations (6 times throughout the period), while only one charitable initiative was related to an exhibition organized by the auction house together with a Chinese entrepreneur and photographer with the aim to benefit "the Hong Kong Chinese Arts and Culture Promotion Foundation."⁹ (S26-2018). With regard to the former activity, the proceeds

⁷ ArtDaily (2012). "Sotheby's Hong Kong presents a selling exhibition of works by Yayoi Kusama"

⁸ ArtDaily (2017). "Jonathan Wong appointed to head Sotheby's S/2 Gallery in Hong Kong"

⁹ ArtDaily (2018). "Belt and Road: Charity exhibition of Eddy Li opens at Sotheby's Gallery in Hong Kong"

from the sales of artworks and objects were donated to different types of associations rather than exclusively to artistic and cultural ones (as in articles S5-2012 and S38-2020). For instance, as reported in article S30-2019, Sotheby's presented a gala together with the non-profit organization The Nature Conservancy during which a sale of fine wine and artworks was conducted to benefit environmental projects. "Continuing the success in 2013, the 2019 TNC Gala will give bidders an opportunity to acquire rare vintages and artworks of distinctive contemporary artists from Asia. The event will raise fund for TNC's important conservancy and sustainability projects in Asia Pacific."¹⁰ One year later, Sotheby's held an online charity auction in collaboration with AllRightsReserved which donated "all proceeds to TWGHs "Share Love & Fight the Epidemic" Donation Campaign for Short Term Financial Aid, in support of families with members who have lost their jobs or businesses due to COVID-19."¹¹ (S36-2020).

Considering this, Sotheby's Hong Kong has aimed to gain a reputation in China by being concerned with causes, projects, and events affecting Chinese citizens. As such, it is argued that its commitment to social and environmental projects is a strategic business tool for the auction house. By doing so, it shows its strong interest in this country and supports its population which is an important driver of the Chinese art market. Moreover, while most literature focuses on the impact of auction houses on the creative industry of a country and their capacity to stimulate the formation of new businesses (Porter, 1998; Müller et al., 2009), this is proof of the involvement of Sotheby's Hong Kong in other projects related to the society as a whole and its environment.

4.2.4 Cross-industry collaborations and Sotheby's International Realty

Many exhibitions, sales, and art events organized by Sotheby's were the result of partnerships brought about together with different actors. Interestingly, among the 20 collaborations retrieved from the articles, half of them were carried out with companies, associations, institutions, or creative professionals belonging to other industries rather than the art market.

The first Sotheby's article S1-2008 reported an example of this phenomenon as the auction house collaborated with the sportswear company Adidas and a philanthropic association to conduct a sale whose proceeds were donated to Right to Play China. The works were by established and emerging Chinese artists as well as pieces designed by international athletes. This partnership was brought about in the year of the Beijing Olympics. As such, once again,

¹⁰ Sotheby's (2019). "More Can Be Done: Sotheby's Presents an Evening of Fine Wine and Contemporary Art at the 2019 The Nature Conservancy Gala"

¹¹ Sotheby's (2020). "AllRightsReserved's S.K. Lam on Connecting People Through Art"

Sotheby's showed its involvement and excitement about an important event occurring in China and its capacity to introduce the art world to other industries. In this regard, according to article S2-2010, the auction house collaborated with "the SK Group, who in 2005 expanded their outreach to wine by creating a wine business division [...]"¹² As previously shown in Figure 3, the sales of fine wine in Hong Kong have been particularly popular from 2008 onwards.

As for collaborations with individuals, the one with the film director Wong Kar Wai (S43-2021) is interesting as the latter specifically presented an "NFT creation – *'In the Mood for Love – Day One'* – edited from never-before-seen footage shot [...]"¹³ of one of his films which was then sold at auction. However, not only did Sotheby's join forces with other industries but also other countries. For example, "Eton College, the world renowned independent British school, and Heywood Hill, the legendary London bookshop, announced a free public exhibition of Shakespeare's First Folio at Sotheby's in Hong Kong."¹⁴ (S19-2016).

Lastly, an important remark needs to be done about Sotheby's branch of International Realty. As reported in article S32-2019, the historic building "Lodha's No.1 Grosvenor Square and Sotheby's International Realty were the Presenting Partners for the Sotheby's Preferred Members' Lounge during the 2019 Hong Kong Spring Sales."¹⁵ The auction house indeed expanded toward the luxury real estate industry in Hong Kong in 2017.

As suggested by the existing literature, globalization has affected the Asian art market by enhancing the development of cultural flows and the evolution of transnational connections in Hong Kong (Hua, 2021). Most interestingly, building on the concept of creative cities (Landry, 2000), through these collaborations, Sotheby's contributed to bringing positive external spillovers to the Chinese art market and Hong Kong. In other words, by partnering with companies in different industries or countries, the auction house has given exposure to the administrative region as a market hub during the first stages of its emergence, especially between 2008 and 2010, while positively influencing its image worldwide.

4.3 Christie's Hong Kong

Similarly, the activities of Christie's Hong Kong between 2006 and 2021 mainly focused on exhibitions and auction sales. It expanded its spaces in the administrative region by opening the

¹² ArtDaily (2010). "Sotheby's Hong Kong To Offer The Bordeaux Collection from SK Networks"

¹³ Sotheby's (2021). "Sotheby's Unveils Details of Collaboration with Internationally Acclaimed Film Director Wong Kar Wai Across its Hong Kong Sales this Autumn"

¹⁴ ArtDaily (2016). "Shakespeare's First Folio 1623 on view at Sotheby's Hong Kong Gallery"

¹⁵ Sotheby's (2019). "Sotheby's Preferred Lounge in Partnership with Lodha's No.1 Grosvenor Square"

Christie's Hong Kong Gallery and the James Christie Room and, besides collaborating with other actors for different purposes, the auction house created its branded event Christie's Art Forum. Lastly, it established its branches Christie's Education and International Real Estate in the region.

4.3.1 Exhibitions and auction sales

Throughout the 38 articles, Christie's appears to have focused its activity equally on exhibitions and auction sales (14 articles concern each category). Although the main type of art exhibited and sold at auction is Asian, in 2013 Christie's held its first exhibition presenting the works of a Western established artist "[...] in partnership with The Andy Warhol Foundation for the Visual Arts"¹⁶, which allowed "for the presentation of classic Warhol iconography [...] within the framework of his connection to Asia." (C16-2013). As such, this exhibition as well as some auction sales that occurred later prove the growing interest of Asian buyers in Western art and the solid relationship of Christie's Hong Kong with Western institutions. According to article C6-2011, it partnered with the Rockbund Art Museum in Shanghai to present "an exhibition featuring about 30 iconic works by Zeng Fanzhi (born in 1964), one of the world's best known Chinese contemporary artists. Sponsored by the François Pinault Foundation [...]"¹⁷ In this case, the auction house promoted Chinese art with the support of a globally renowned French art foundation and donated the proceeds from the sales to the environmental charitable organization The Nature Conservancy. Lastly, an exhibition including the artworks of a European artist was held in 2021 in collaboration with an art and design business, HomeArt, and included "[...] works by Jean-Michel Basquiat. *Radiance: The Basquiat Show* offers an outstanding opportunity to reveal Basquiat's oeuvre to the Asian public [...]"¹⁸, which proves the attempt of the auction house to merge the Western and the Eastern art markets.

Moreover, according to article C23-2014, Christie's Hong Kong presented "Asia+/First Open, a first-ever contemporary art collaboration between its Asian and Western platforms, exhibited in one location."¹⁹ However, these were not the only Christie's initiatives to connect the two markets: as reported in article C32-2020, the auction house introduced "ONE", a live-streamed sale that was conducted with the aim of "[...] crossing borders to create one vision,

¹⁶ Christie's (2013). "Andy Warhol at Christie's Hong Kong"

¹⁷ Christie's (2011). "'BEING' ZENG FANZHI - An exhibition of iconic works to be held in Hong Kong in May 2011"

¹⁸ Christie's (2021). "RADIANCE: THE BASQUIAT SHOW. A Groundbreaking Exhibition of Jean-Michel Basquiat's Masterpieces in Asia"

¹⁹ ArtDaily (2014). "Christie's introduces Asia+/First Open & Korean Modern and Contemporary Art"

one sale.”²⁰ This new global sale technique, developed during the pandemic, made its debut in Hong Kong, “moved back eight time zones to Paris and London in the afternoon, and then finished in New York [...]” Christie’s attempts to connect the West with the East relate to the discourse about the young local markets imitating the mature Western ones (Kharchenkova et al., 2015). In addition, especially concerning the online auction platform “ONE”, it is argued that the Asian art market actors have been capable to exploit the opportunities brought by digitalization. As such, by collaborating with players from established art markets and by sharing auction platforms, the main drivers of the Hong Kong art market succeed in building strong international professional relationships. Consequently, they gave visibility to this emerging art market worldwide. At the same time, Christie’s has been committed to supporting the arts and culture sector in Hong Kong, for instance by conducting a sale in collaboration with the Asian Cultural Council in New York to whom it donated the sale proceeds. This non-profit institution “[...] provides artists, scholars, and arts professionals opportunities for international cultural exchange in Asia and the United States.”²¹ (C31-2020).

Lastly, regarding the categories of art sold at auction, Christie’s has an important International Wine Department. In 2008, as written in C4-2008, Christie’s conducted “[...] a tightly-focused and exceptional sale of fine wine [...]” at the Hong Kong Convention and Exhibition Centre like most of its sales. The auction house stated that this “reintroduction of regular wine sales to the Christie’s Hong Kong calendar heralds a continuing commitment to and development of this fast-expanding region.”²² For this auction sale, it collaborated with *Château Latour*, a renowned French wine estate.

4.3.2 Christie’s Art Forum

Christie’s Hong Kong has been concerned with the organization of artistic events (mentioned in 5 articles) such as forums and music performances, which occurred 3 times in partnership with other institutions. For instance, as article C26-2015 reports, the auction house presented a music performance in anticipation of a sale of musical instruments. “In collaboration with Premier Performance of Hong Kong, there was an intimate recital and discussion about the instruments at the Liang Yi Museum [...]”²³, which was supported by Steinway and Tom Lee Music.

²⁰ ArtDaily (2020). “Christie’s new auction technique: The global gavel”

²¹ ArtDaily (2020). “Christie’s partners with Asian Cultural Council to auction three important artworks”

²² Christie’s (2008). “Christie’s International Wine Department Returns to Asia”

²³ Christie’s (2015). “Jonathan Stone’s Music Encounter”

Whereas for a forum held in 2018 alongside an exhibition about Van Gogh, Christie's invited the director and a senior researcher of the Van Gogh Museum in Amsterdam (C30-2018).

Interestingly, in 2012, the auction house held the inaugural edition of its Art Forum in Hong Kong. This new event format, whose code appeared 4 times throughout all the documents, included a wide variety of activities and events such as workshops, exhibitions, gallery tours, and lectures. Particularly, the first edition was carried out in partnership with The Barnes Foundation (C14-2012). As stated, "the program comprised [...] a panel discussion that reflected on how artists from the East and West are distinct, yet continually inspiring to one another."²⁴ Christie's Art Forum was "well-attended by a global audience of guests, characterized by a strong Asian quotient and supported by Europeans and North Americans. The total number of attendees for the Forum reached close to 500. The aim of the Forum was for collectors, industry professionals, and art enthusiasts to share their opinions on all aspects of the art business." As such, similarly to temporary events such as art fairs (Morgner, 2014), Christie's Art Forum drew different art market players from different countries, who had the opportunity to gather and build social networks while sharing knowledge.

Finally, a remark about the Asian Art Week held both in New York and London needs to be done as it has been an important part of Christie's yearly program in the US and UK since the early 2000s. It consists of a series of auction sales dedicated to art from China, Japan, India, and Southeast Asia. As reported in article C33-2020, during the pandemic, Christie's conducted these sales online and achieved strong results worldwide. "Throughout the virtual sale week, we had buyers from 22 countries hailing from across Asia, Australia, Europe, and the U.S. [...]"²⁵

4.3.3 Christie's Hong Kong Gallery & James Christie Room

Until 2012, Christie's used to conduct auction sales and organize exhibitions at the Hong Kong Convention and Exhibition Centre which was mentioned in 12 articles out of 38 since 2006. However, to hold events of different natures, Christie's opened its first own gallery in 2012. Christie's Hong Kong Gallery, according to article C12-2012, hosted the inaugural Christie's Art Forum. Subsequently, as reported in article C17-2014, Christie's expanded its spaces within the administrative region. "30 years after opening a small representative office in Hong Kong, Christie's will inaugurate a brand new space on the 22nd floor of Alexandra House [...]"²⁶ Like

²⁴ Christie's (2012). "Christie's Hong Kong Launches Christie's Art Forum during the Autumn 2012 Sale Season"

²⁵ ArtDaily (2020). "Christie's first-ever Asian Art Week Online achieves \$8.95 million"

²⁶ Christie's (2014). "Christie's to Launch the James Christie Room in Hong Kong on 28 February"

similar spaces in London, Paris, and New York, this multi-purpose gallery called James Christie Room mainly consists of viewing rooms and provides spaces to hold exhibitions, forums, and charity events. From what emerged during the analysis of the articles, this space was used 3 times for art exhibitions and 1 time for a music performance.

Once again, the opening of personal spaces for different purposes was a significant part of the expansion of Christie's toward the growing art market in Hong Kong. As such, by opening first its Hong Kong Gallery and then the James Christie Room, Christie's enhanced its presence in the region and among collectors. Moreover, thanks to its high reputation around the world, Christie's can draw the attention of investors and artists toward its galleries that are seen as notable and innovative (superstars) (Rosen, 1981). As suggested by literature, the reputation of these galleries matters as they act as quality certifiers among the public within the art market (Di Caro and Mazza, 2020), and to enhance it they usually build close ties with other art market actors, which is also facilitated by the international success of the auction house itself. Finally, building on Grodach's discourse (2010), it is argued that Christie's contributed to boosting the economy and encouraged the cultural participation of the local art community through the opening of these spaces.

4.3.4 Christie's Education and International Real Estate

As seen in the previous paragraphs, Christie's collaborated 13 times between 2006 and 2021 with other actors within and outside the art market on different activities. With regard to the latter case, two examples have been found in articles C7-2011 and C29-2017. First, as reported in the auction house's press release, Christie's "and F.P. Journe, legendary constructor and master watchmaker, have entered into an unprecedented collaboration to unveil the first of F.P. Journe's new Centigraphe Sport wristwatch [...]"²⁷ This creative partnership ended with an auction sales after which the proceeds and buyers' premium were donated to support the victims of an earthquake occurred in Japan early in 2011. Second, for the occasion of a global exhibition including the personal collection of the actress Audrey Hepburn in 2017, Christie's collaborated with LANDMARK, a shopping mall located in Hong Kong, where the event was held. As such, these cross-industry joint ventures connected the art world with different sectors and institutions and served as a tool for all the partners involved to increase their visibility and improve their reputation (Currid, 2007) across different industries and countries. Therefore, besides enhancing

²⁷ Christie's (2011). "F.P. Journe and Christie's join hands to present the first Centigraphe Sport timepiece at auction for charity in aid of Japan"

the role of the Hong Kong art market, these knowledge and information exchanges allow for the achievement of successful outcomes for every actor.

Moreover, as Christie's states on its official website, it also has been offering a wide portfolio of services in the sectors of real estate and education. First, Christie's International Real Estate (mentioned 2 times) opened its Asia regional headquarters in Hong Kong in 2011 (C9-2011). This branch carried out collaborations and expanded its network over time. According to article C11-2012, Christie's "[...] entered into a Franchise Affiliate agreement with Landscape Realty Limited and Landscape Surveyors Limited. The company is the leading Hong Kong brokerage dedicated exclusively to the luxury residential markets."²⁸ By joining this Hong Kong-based company, Christie's enhanced its exposure in the region and in the luxury real estate sector. Second, the auction house opened its Education branch in Hong Kong, after New York and London. The code "Christie's Education" appeared 4 times, and two articles reported collaborations with the Faculty of Arts of the University of Hong Kong (HKU) (C28-2017 and C37-2021). In 2017, it joined forces with HKU to offer a course in which "the art historical portion of the program is conceived and delivered by the [...] University of Hong Kong, while the market-related portion is developed by Christie's Education."²⁹ Whereas in 2021, Christie's continued its commitment to the support of the Hong Kong art sector and community by donating "HK\$300,000 towards the establishment of the "Christie's Heart For Art Scholarship" for the HKU Faculty of Arts [...]."³⁰

4.4 Sotheby's and Christie's networks in Hong Kong

Therefore, both Sotheby's (20 times in 43 articles) and Christie's (13 times in 38 articles) brought about different kinds of collaborations with one or more actors within and outside the art market in Hong Kong. The evolution of their networks is illustrated in the graphs below (Figure 4) which feature the several collaborations brought about by Sotheby's and Christie's during three different periods: 2006-2011, 2012-2016, and 2017-2021. As shown, they started these joint ventures respectively in 2008 and 2011, with the majority of Sotheby's collaborations occurring from 2017 to 2021 and Christie's partnerships being more spread between 2011 and 2021.

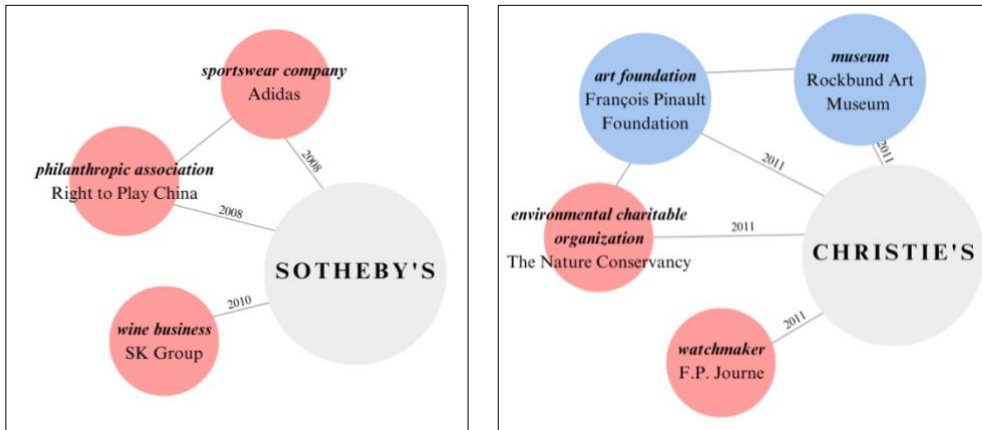
²⁸ Christie's (2012). "Christie's Appoints Landscape Realty Limited as the First Real Estate Affiliate in Southeast Asia"

²⁹ Christie's (2017). "Christie's Education and University of Hong Kong's Faculty of Arts Announce Continued Partnership for Contemporary Asian Art Seminar Program in May"

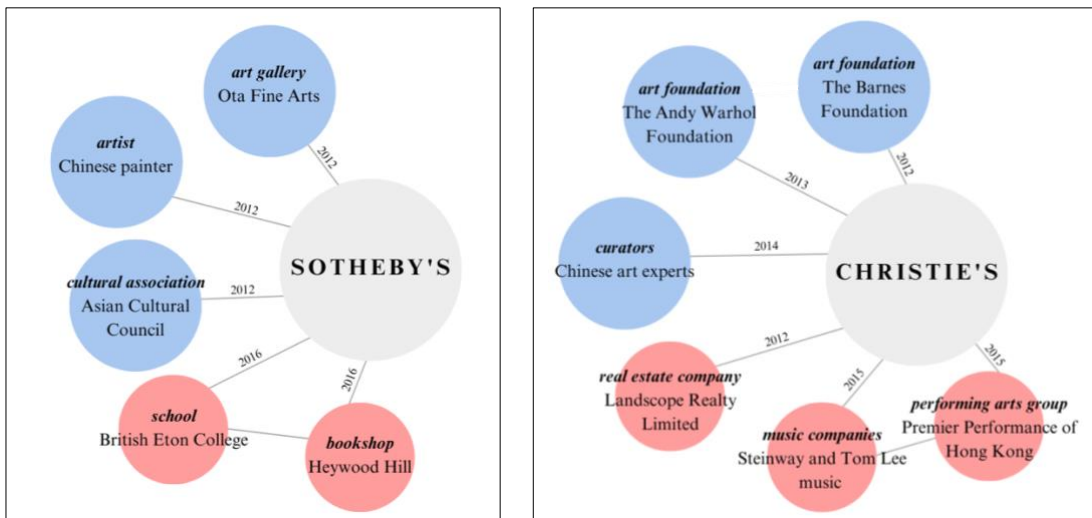
³⁰ Christie's (2021). "Christie's Heart For Art Scholarship"

Figure 4. Map of the evolution of Sotheby's and Christie's professional networks in Hong Kong.

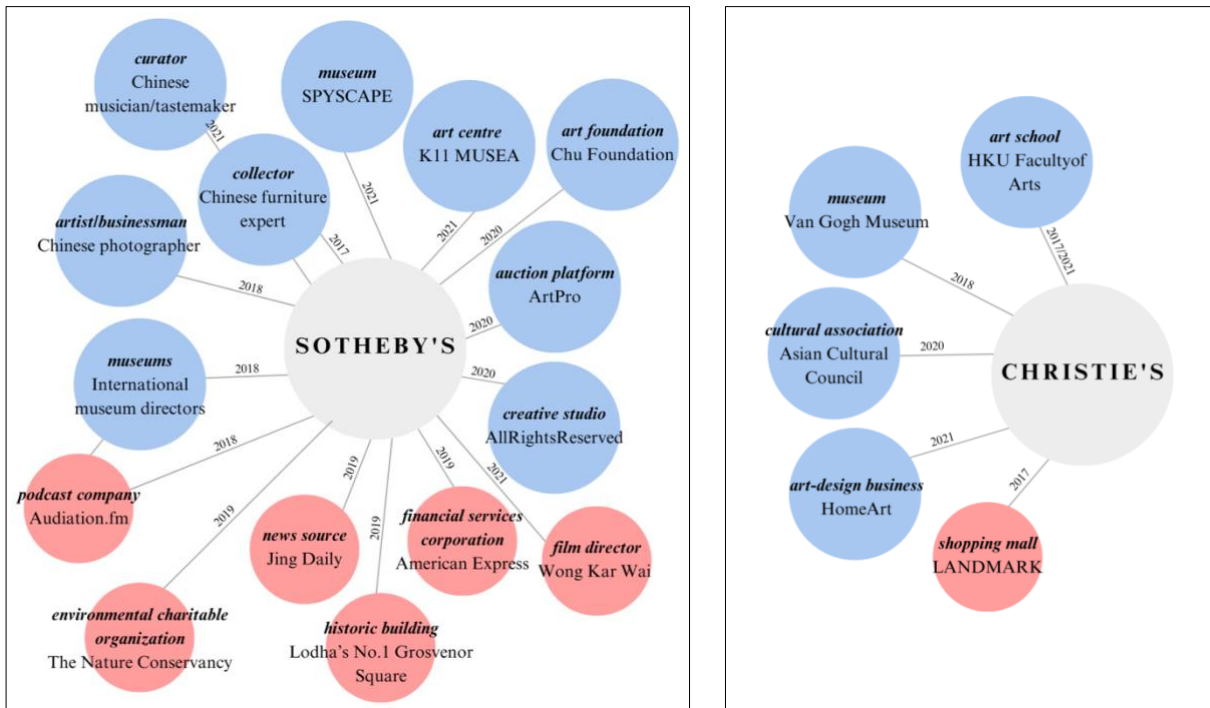
2006-2011



2012-2016



2017-2021



In addition, while Christie's partnerships were mainly carried out with art market actors (blue bubbles), half of Sotheby's collaborations were carried out with firms or creatives from different industries (red bubbles). In this regard, the most notable cross-industry partnerships saw the involvement of watchmakers, charitable organizations, real estate companies, a wine business, a sportswear brand, and a film director. Interestingly, considering the art market actors, the peculiar relationships of Sotheby's with a Chinese artist and a Japanese artist's studio (Ota Fine Arts) as well as the organization of exhibitions promoting emerging artists prove the involvement of both auction houses within the primary art market in China.

In light of this, it is argued that the networks of the two auction houses in Hong Kong grew over time. As suggested by Hua (2021), the administrative region witnessed a significant development in the mobility of artists, dealers, and collectors who built professional networks in and outside Hong Kong. Therefore, although the collectors' needs remain locally oriented as they prioritize Chinese art, the two auction houses compete with one another to collaborate with firms abroad and in other industries. On the one hand, they boost the development of the emerging art market. On the other hand, they gain competitive advantages by enhancing their influence and presence in different industries. First, despite the number of collaborations with international actors being lower compared to the partnerships brought about by the two auction houses with local companies, these international exchanges of people and knowledge have become more frequent over time. According to Yogev and Ertug (2015), this was enhanced by the process of globalization affecting the Asian region which has experienced the phenomenon "interconnected Asia" (Hua, 2022, p. 3). Through new transnational cultural connections, Sotheby's and Christie's Hong Kong contributed to the development of the regional art market by making it more innovative and competitive in the early stages of its emergence (Crewe, 1996). Second, through cross-industry networks, Sotheby's and Christie's obtain advantages in financial terms and by sharing resources and knowledge with other industries. While there is strong competition between the two auction houses, they are rather eager to cooperate with other firms to share knowledge, skills, and resources (Koka et al., 2006) and to increase their visibility across industries. For the production, promotion, and sale of creative outputs, the merger of complementary resources is a great asset for the firms involved in the partnership.

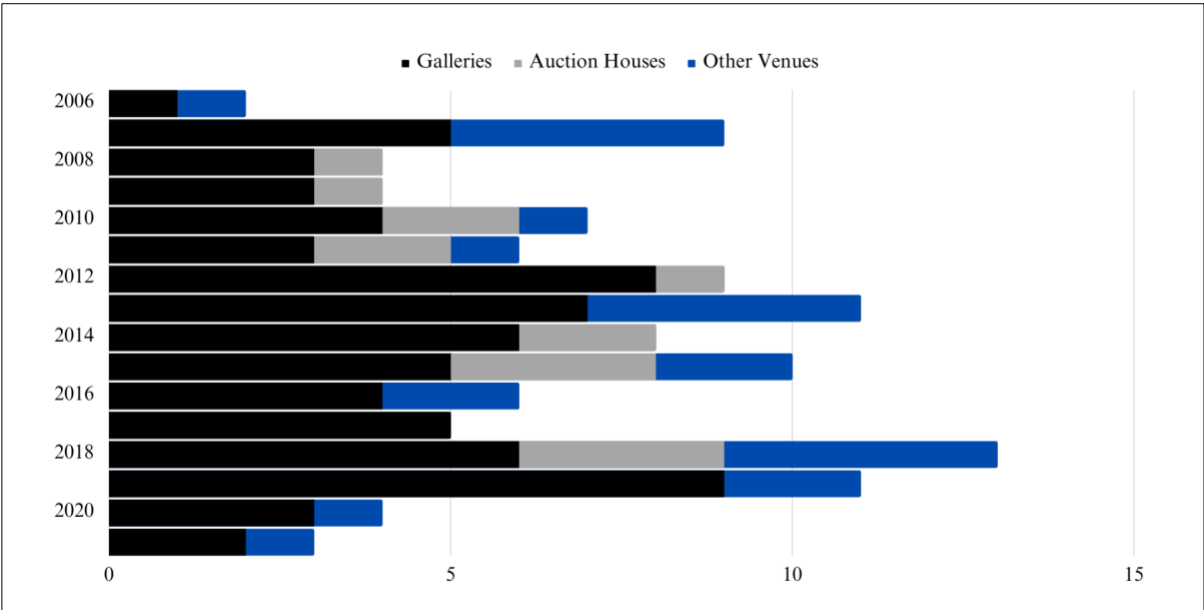
Overall, most of these collaborations have turned out to be project-based or short-term. In 2020, Sotheby's joined forces twice with the creative studio AllRightsReserved, while Christie's collaborated in 2017 and 2021 with the Faculty of Arts of the University of Hong Kong. The only actor that collaborated with both auction houses during this time frame is the

charitable organization The Nature Conservancy. As such, these numerous joint deliveries of one-off projects raise a question concerning their sustainability since long-term collaborations with partners would better allow for the pursuit of responsible environmental, social, and economic strategies. Moreover, the two auction houses seem to have never collaborated with governmental organizations or similar institutions while always joining forces with private companies, Asian councils abroad, or schools. Lastly, by considering the model proposed in Figure 1, it has been possible to locate the main networks of the two auction houses in the categories of supply and intermediaries rather than on the demand side.

4.5 Hong Kong art scene (2006-2021)

In assessing the stage of the emergence of an art market, the establishment of auction houses, art galleries, and other art venues has been considered the main effect of a growing market. According to Yogev and Ertug (2015), after China temporarily positioned itself as the world’s largest art auction market in 2011 (McAndrew, 2012), many art fairs, biennales, galleries, and auction houses were founded or expanded toward the Asian region. This is proved by the chart in Figure 5: between 2012 and 2015, 26 galleries, 6 auction houses, and 6 other venues were established in Hong Kong. More interestingly, during this period, globally renowned institutions expanded toward the region such as Simon Lee, Perrotin, White Cube, and Poly Auction in 2012, Art Basel in 2013, Bonhams in 2014, and Phillips in 2015.

Figure 5. Total number of galleries, auction houses, and other art venues established in Hong Kong between 2006 and 2021 (per year).



Source: Artnet, ArtFacts.Net

Overall, between 2006 and 2021, a total of 74 galleries, 15 auction houses, and 23 other art venues were established in Hong Kong. Among the latter, there are 7 non-profit institutions, 4 art fairs, 3 museums, and other art spaces. Besides the growth that occurred after 2011, a great number of institutions were established in 2018 and 2019. The highest number of auction houses opened during 2015 and 2018 (especially local ones), while the number of newly established galleries reached its peak in 2019 (9 spaces).

Finally, a general observation can be made about the nature of the institutions within the Hong Kong art market, whose comprehensive list can be found in Appendix E (p. 68). Most of them are commercial actors that in China, according to Kharchenkova and Velthuis (2018), perform the functions of non-commercial institutions like galleries, public museums, critics, and non-profit organizations and thus work in the primary art market. Commercial galleries, auction houses, and art fairs are seen as more trustworthy thus having the power to influence the evaluation of artworks (Ashenfelter and Graddy, 2006). In light of this, it is argued that the growing presence, number of sales and events, and networks of Christie's and Sotheby's Hong Kong especially between 2014 and 2019 had a positive impact on the Hong Kong art scene. As also argued by McAndrew (2013) and van Hest and Vermeulen (2015), it is believed that the strong presence of two leading auction houses in Hong Kong, alongside the favorable conditions characterizing the region, was a driving factor of the establishment of new commercial institutions, thus led to an increase in the trade of art within the area.

5. Conclusion

This thesis aimed to investigate the contribution of auction houses to the development of emerging art market ecosystems. More specifically, the cultural hub of Hong Kong has been selected as it features unique peculiarities due to economic, geographical, and governmental factors that are different from the ones characterizing the art market in Mainland China. The research has focused on the role of Sotheby's and Christie's as they had the most impact, especially between 2011 and 2021 when Hong Kong positioned itself as the second largest art auction market in the world. Since from the literature review it remained unclear how auction houses can boost the emergence of a young art market, this study has unveiled the most common practices of the two auction houses to give visibility to Hong Kong as a cultural and trading hub while analyzing their performances and outlining the evolution of their local and global professional networks.

With the aim to answer the research question "To what extent have Sotheby's and Christie's activities contributed to the transformation of Hong Kong into a global leading art auction market between 2006 and 2021?", the results stemming from a qualitative approach have been combined with some primary data regarding the performances of Sotheby's and Christie's Hong Kong and the evolution of the local art scene. While investigating which type of art was, and still is, the most traded within this market hub and identifying the periods when most art institutions established their offices in Hong Kong, newspaper articles and publications have allowed the researcher to explore how the two auction houses expanded their presence within this market and their networks through collaborations. As such, the collection of data from different sources has proved beneficial as it has allowed for a clear overview of the factors and actors involved in the emergence of the Chinese art market during the period selected.

An important theoretical consideration has been taken into account while discussing the insights into the role of the two auction houses. On the one hand, it is argued that the commercial nature of the Hong Kong arts sector thus the strong presence of the two leading auction houses enhanced the activities of art investors, art investment funds, and speculators. On the other hand, the Chinese growing economy and the increasing number of these individuals investing in the art market (activation mechanisms) create the perfect conditions for the establishment of commercial art institutions such as auction houses. In this regard, both discourses represent the dynamics of the Chinese art market. The growing number of auction sales per year demonstrates that more buyers were drawn by this emerging art market, and alongside this growth, a great number of galleries and auction houses were established in Hong

Kong. However, auction houses appear to be the major catalysts for this growth as they have often taken up the role of galleries in the primary art market, which confirms that their presence as judgment devices has a strong impact on emerging art markets featuring novel collectors (Kharchenkova, 2017).

Interestingly, rather than imitating the Western auction platforms, Sotheby's and Christie's adapted to the needs of the local customers by remaining locally oriented in terms of art sold and promoted during their sales and exhibitions. Asian art was the most sold from 2006 to 2021 and saw constant growth year by year. Therefore, it can be argued that, in the Chinese art marketplace, globalization has clashed with a strong cultural tradition, which made this market glocalised (Ritzer, 2003). Despite the attempts of imitating the Western art markets' model, different arrangements have driven the development of this market.

These discourses are essential to understand the practices of Sotheby's and Christie's in Hong Kong. Overall, the main results deriving from the analysis have shown that between 2011 and 2021 there has been the greatest growth in terms of art trading, art events, and new art market institutions. The main activities through which Sotheby's and Christie's contributed to the growth of the emerging market hub of Hong Kong are auction sales, exhibitions, the establishment of new branches, and partnerships with other industries or institutions abroad. Although these activities might be regarded as part of the regular strategies of both auction houses in the Western established markets, some peculiarities have emerged.

Through their sales, Sotheby's and Christie's achieved different strategic objectives. First, they committed to local charitable initiatives to show their strong bond with Hong Kong and China as well as to gain competitive advantages over the competitors. Second, they connected Asian and Western art. In particular, Christie's organized sales presenting both types of art, or conducted sales simultaneously in New York and Hong Kong. In addition, with regard to New York (and London), Christie's started holding the Asian Art Week from the early 2000s onwards with all the sales dedicated to Asian works that were bought by collectors worldwide. This has allowed the Hong Kong art market hub and Asian art to gain visibility.

In general, a great number of exhibitions and art events were organized by the two leading auction houses in Hong Kong. This means that, except for selling exhibitions that are similar to the ones organized by Sotheby's and Christie's in their viewing rooms in New York and London, the auction houses within this market have a major role in the primary art market by organizing exhibitions that present artists and artworks for the first time to the public, especially Asian ones. Moreover, Sotheby's and Christie's expanded in Hong Kong by opening

their office galleries, the S|2 Gallery, and the James Christie Room. These spaces are considered to have boosted the development and the cultural participation of the local art community.

Furthermore, both collaborated with firms, institutions, and individuals belonging to the art market as well as other industries. While Christie's attempted to connect the Asian market with the Western one, Sotheby's joined forces with many different firms in order to expand its network and positively influence the image of Hong Kong as a market hub through cross-industry partnerships or transnational connections outside the administrative region. In addition, Sotheby's and Christie's permanently expanded their networks toward the industry of real estate with their branches Sotheby's International Realty and Christie's International Real Estate, and within the sector of education, with Christie's Education. In contrast, although the two auction houses have never partnered with governmental institutions, they committed to supporting the local arts and culture sector in Hong Kong. In particular, the latter's branch Christie's Education provided scholarships to Chinese art students, which proves once again the involvement of these auction houses in the local context.

Based on the findings generated by this study, it is concluded that the two leading auction houses were the main catalysts for the emergence of the Hong Kong art market ecosystem and its establishment as the second largest art trading hub in the world in 2021. Therefore, auction houses bring positive spillovers to the region in which they perform. In other words, through the expansion of their activities, projects, and networks, Sotheby's and Christie's have also positively influenced the image of Hong Kong as a global art trading hub. When defining the role of every actor involved in an art market ecosystem, the various cultural and economic players are all responsible for the market success of emerging artists. In this specific case, it is argued that the two auction houses in Hong Kong have played the same role as the art dealers in Paris during the 20th century, according to White and White (1965). This thesis indeed contributes to the theory of art market ecosystems (Pettersen, 2014) by demonstrating that, besides expanding their networks through collaborations with other actors (*fil rouge* of their activities over time), auction houses can be the main players driving the emergence of the ecosystem itself. Within the specific context of Hong Kong which is characterized by favorable conditions in terms of taxes, regulations, and spoken languages, they encouraged the establishment of other art institutions and the investments of wealthy collectors and funds in the Chinese art market. Lastly, the main theoretical implication of this study is that the structure of the Hong Kong art market does not match the Western model as the world's leading auction houses in Hong Kong have a stronger power compared to the ones performing in the Western

secondary art markets. In this regard, questions about the uniqueness of this art market hub could be raised as specific regulations characterize it. As mentioned before, while some activities such as selling exhibitions, events, charitable initiatives, and expansion of new branches are part of the regular strategies of both auction houses in New York, London, or Paris, Sotheby's and Christie's focused specifically on some aspects in Hong Kong. In addition, although this market might have some similarities to other emerging art markets worldwide that are driven by wealthy collectors and commercial institutions, the role of auction houses as judgment devices performing in the primary art market in a context characterized by favorable conditions is peculiar to Hong Kong. Here, Sotheby's and Christie's have a power that they do not have anywhere else. As such, the announcement of both auction houses about the opening of new Asian headquarters in Hong Kong will potentially enhance even more the position of Hong Kong as an art market hub.

Although previously justified, the main potential limitations of this study lie in the assumption that the development of the art scene in Hong Kong is mainly an effect of the presence of Sotheby's and Christie's Hong Kong rather than other actors, and the reliance on newspaper articles as the information provided is filtered thus needs to be interpreted during the coding process. Therefore, it is proposed that future research should be carried out in order to answer new pressing questions regarding other art market actors such as "To what extent have the activities of commercial art galleries contributed to the transformation of Hong Kong into a global leading art auction market between 2006 and 2021?", or the image of Hong Kong as a cultural and creative city such as "How the change in the image of Hong Kong has been covered in the media during the emergence of the Chinese art market?", and so on. Researchers could conduct further studies to investigate the perspective of the collector base in the Hong Kong art market, and the role of the government in this process, or compare the salient features and commercial dynamics of this market with other young markets around the world.

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Appendices

Appendix A – Total sample: newspaper articles and publications

The list below includes the 81 documents that have been collected and coded to investigate the activities carried out by Sotheby's and Christie's Hong Kong between 2006 and 2021.

SOTHEBY'S (43 articles)

- S1-2008 (ArtDaily)*. "Sotheby's Hong Kong and Adidas Present Sport in Art Auction in October"
- S2-2010 (ArtDaily)*. "Sotheby's Hong Kong To Offer The Bordeaux Collection from SK Networks"
- S3-2010 (ArtDaily)*. "Sotheby's to Hold Selling Exhibition of Impressionist and Modern Art"
- S4-2012 (ArtDaily)*. "Sotheby's Hong Kong presents a selling exhibition of works by Yayoi Kusama"
- S5-2012 (ArtDaily)*. "Sotheby's to offer Cai Guo-Qiang Gunpowder drawing to benefit the Asian Cultural Council"
- S6-2012 (ArtDaily)*. "Sotheby's announces first offering of European decorative arts in Asia this November"
- S7-2013 (ArtDaily)*. "Sotheby's Hong Kong presents two contemporary ink art exhibitions on view 7 to 28 June"
- S8-2013 (ArtDaily)*. "Sotheby's celebrates 40 years in Asia with "40 Days / 40 Stories" video series"
- S9-2013 (ArtDaily)*. "Sotheby's presents From Warhol, with Love: A selling exhibition of works by Andy Warhol"
- S10-2013 (ArtDaily)*. "Sotheby's Hong Kong gallery presents a selling exhibition of ink paintings by Zeng Xiaojun"
- S11-2014 (ArtDaily)*. "Sotheby's Hong Kong starts 2014 with two selling exhibitions of exceptional Western art"
- S12-2014 (ArtDaily)*. "Sotheby's Hong Kong Gallery presents The Odyssey of a Master: Chao Chung-hsiang - A selling exhibition"
- S13-2014 (ArtDaily)*. "Sotheby's announces first dedicated exhibition of ancient Chinese erotic art in Hong Kong"
- S14-2014 (ArtDaily)*. "Sotheby's Hong Kong announces a sale of Western and Asian Contemporary art"
- S15-2014 (ArtDaily)*. "Selling exhibition of original works by Alphonso Wong opens at Sotheby's Hong Kong Gallery"
- S16-2014 (ArtDaily)*. "Sotheby's Hong Kong Gallery presents 'The Roots of Pleasure: The Paintings and Sculpture of Li Jin'"
- S17-2015 (ArtDaily)*. "Sotheby's S/2 announces 'Alexander Calder: Imagining the Universe' - A selling exhibition"
- S18-2016 (ArtDaily)*. "Selling exhibition of works by Zheng Chongbin opens at Sotheby's Hong Kong gallery"
- S19-2016 (ArtDaily)*. "Shakespeare's First Folio 1623 on view at Sotheby's Hong Kong Gallery"
- S20-2017 (ArtDaily)*. "Sotheby's Hong Kong to show the MQJ Collection of Ming furniture"
- S21-2017 (ArtDaily)*. "First solo gallery exhibition for the living Hong Kong legend Wucius Wong in nearly a decade opens at Sotheby's S2"
- S22-2017 (ArtDaily)*. "Jonathan Wong appointed to head Sotheby's S/2 Gallery in Hong Kong"
- S23-2018 (ArtDaily)*. "Rare Picasso painting in Hong Kong ahead of historic auction"
- S24-2018 (ArtDaily)*. "Sotheby's exhibition marks José-María Cano's debut exhibition in Hong Kong"
- S25-2018 (Sotheby's)*. "The Future of the Museum"
- S26-2018 (ArtDaily)*. "Belt and Road: Charity exhibition of Eddy Li opens at Sotheby's Gallery in Hong Kong"
- S27-2018 (ArtDaily)*. "Sotheby's Hong Kong opens a major selling exhibition of western masterworks"
- S28-2018 (ArtDaily)*. "Sotheby's opens extensive European Old Master paintings and drawings selling exhibition"
- S29-2019 (ArtDaily)*. "Sotheby's S | 2 celebrates Hong Kong Arts Month with first major exhibition in Hong Kong of works by Alex Katz"
- S30-2019 (Sotheby's)*. "More Can Be Done: Sotheby's Presents an Evening of Fine Wine and Contemporary Art at the 2019 The Nature Conservancy Gala"
- S31-2019 (Sotheby's)*. "In Asia, the Future of Luxury is Here, and It Is Online"
- S32-2019 (Sotheby's)*. "Sotheby's Preferred Lounge in Partnership with Lodha's No.1 Grosvenor Square"
- S33-2019 (Sotheby's)*. "Hong Kong 2019 Autumn Sales Open with Cocktail Reception in Partnership with American Express Centurion"
- S34-2020 (ArtDaily)*. "David Hockney to lead Hong Kong Contemporary Art Evening Sale"

S35-2020 (*ArtDaily*). “Sotheby's Hong Kong announces EYE/EAST, a cross-category sale showcasing Eastern aesthetics”

S36-2020 (*Sotheby's*). “AllRightsReserved's S.K. Lam on Connecting People Through Art”

S37-2020 (*Sotheby's*). “Sotheby's Hong Kong and ArtPro to Partner in Livestream Auctions”

S38-2020 (*Sotheby's*). “Sotheby's presents “Art of Tomorrow: Works Sold to Benefit the Chu Foundation” at Contemporary Art 2020 Autumn Sales”

S39-2020 (*Sotheby's*). “Sotheby's Present "Contemporary Showcase: My Life Is Pointless by Joan Cornellà””

S40-2021 (*Sotheby's*). “From Lichtenstein to Nike, K11 MUSEA Offers Tantalizing Glimpse of Sotheby's Spring Auctions”

S41-2021 (*Sotheby's*). “SPYMASTER: Sotheby's and Ressence to Auction First Watch with NFT”

S42-2021 (*Sotheby's*). “10 Contemporary Asian Artists to Watch from JAY CHOU x SOTHEBY'S Day Sale”

S43-2021 (*Sotheby's*). “Sotheby's Unveils Details of Collaboration with Internationally Acclaimed Film Director Wong Kar Wai Across its Hong Kong Sales this Autumn”

CHRISTIE'S (38 articles)

C1-2006 (*ArtDaily*). “Christie's Hong Kong Makes History in Asia”

C2-2007 (*ArtDaily*). “Christie's Makes History in Asia Surpassing Hk\$2 Billion”

C3-2008 (*ArtDaily*). “Christie's To Hold Inaugural evening Sale of Asian Contemporary Art”

C4-2008 (*Christie's*). “Christie's International Wine Department Returns to Asia”

C5-2010 (*ArtDaily*). “Christie's Once Again the International Market Leader in Asia, 5th Year in a Row”

C6-2011 (*Christie's*). ““BEING” ZENG FANZHI - An exhibition of iconic works to be held in Hong Kong in May 2011”

C7-2011 (*Christie's*). “F.P. Journe and Christie's join hands to present the first Centigraphe Sport timepiece at auction for charity in aid of Japan”

C8-2011 (*ArtDaily*). “Christie's Sales In Asia: 68% Up Over First Half 2010”

C9-2011 (*Christie's*). “Christie's International Real Estate (CIRE) expands to the Asia Pacific”

C10-2012 (*Christie's*). “Christie's Education presents: Hong Kong Short Course Spring 2012 Introduction to Fine Jewels and Timepieces”

C11-2012 (*Christie's*). “Christie's Appoints Landscape Realty Limited as the First Real Estate Affiliate in Southeast Asia”

C12-2012 (*Christie's*). “Christie's Hong Kong Presents The Inaugural Christie's Art Forum & Autumn 2012 Highlights Tour”

C13-2012 (*ArtDaily*). “Christie's Hong Kong presents the first Chinese Contemporary ink exhibition titled Beyond Tradition”

C14-2012 (*Christie's*). “Christie's Hong Kong Launches Christie's Art Forum During the Autumn 2012 Sale Season”

C15-2013 (*Christie's*). “Christie's Art Forum Hong Kong 2013”

C16-2013 (*Christie's*). “Andy Warhol at Christie's Hong Kong”

C17-2014 (*Christie's*). “Christie's to Launch the James Christie Room in Hong Kong on 28 February”

C18-2014 (*ArtDaily*). “Christie's announces Asia+: A mid-season auction of Asian 20th century and contemporary art”

C19-2014 (*Christie's*). “Asia+: 20th Century and Contemporary Art, Hong Kong, April 2014”

C20-2014 (*ArtDaily*). “Christie's Hong Kong announces a selling exhibition of Asian 20th century and contemporary art”

C21-2014 (*ArtDaily*). “Christie's Hong Kong announces auction highlights and programmes from auctions on May 24 to 28”

C22-2014 (*ArtDaily*). “Christie's Hong Kong announces a sale collaboration with Coobie Chui and Milton Man”

C23-2014 (*ArtDaily*). “Christie's introduces Asia+/First Open & Korean Modern and Contemporary Art”

C24-2014 (*ArtDaily*). “Christie's opens inaugural private sale exhibition of Korean Modern and Contemporary Art”

C25-2015 (*ArtDaily*). “Christie's showcases highlights from its New York autumn auctions in Hong Kong”

C26-2015 (*Christie's*). "Jonathan Stone's Music Encounter"
C27-2016 (*Christie's*). "Christie's Celebrates 30 Years Of In Asia"
C28-2017 (*Christie's*). "Christie's Education and University of Hong Kong's Faculty of Arts Announce Continued Partnership for Contemporary Asian Art Seminar Program in May"
C29-2017 (*Christie's*). "Christie's to Exhibit the Personal Collection of the Film and Fashion Legend"
C30-2018 (*Christie's*). "Christie's Launches Hong Kong's First-ever Solo Exhibition on Vincent Van Gogh"
C31-2020 (*ArtDaily*). "Christie's partners with Asian Cultural Council to auction three important artworks"
C32-2020 (*ArtDaily*). "Christie's new auction technique: The global gavel"
C33-2020 (*ArtDaily*). "Christie's first-ever Asian Art Week Online achieves \$8.95 million"
C34-2020 (*ArtDaily*). "Christie's announces Hong Kong to New York - A 20th Century Relay Auction"
C35-2020 (*ArtDaily*). "Christie's London to Hong Kong Auction achieves USD\$119.3 million"
C36-2021 (*Christie's*). "Christie's and HomeArt Present RADIANCE: THE BASQUIAT SHOW"
C37-2021 (*Christie's*). "Christie's Heart For Art Scholarship"
C38-2021 (*ArtDaily*). "Powerful auction veterans aim new company at Asian market"

Appendix B – Analysis instrument: codebook and ATLAS.ti

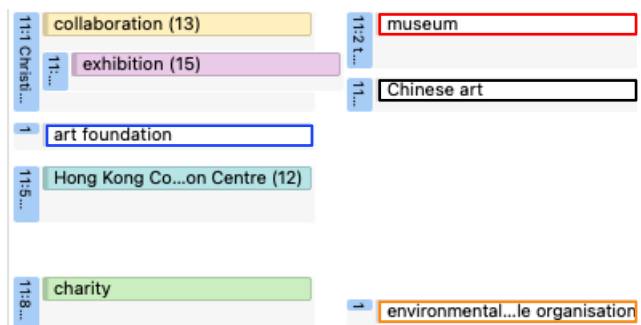
Below an example of an article (C6-2011) that was coded on ATLAS.ti by using the codebook provided.

Codebook

Code	Description	Example
Exhibition	These codes encompass information related to the type of art exhibited or sold by the two auction houses.	<i>Antiques, Western Art, Chinese art, established artists, European artists, ceramics, ink, fine wine</i>
Auction sale		
Artistic event	The code includes several types of events organized by the two auction houses.	<i>Asian Art Week, Christie's Art Forum, gallery tours, music performance, lecture</i>
Collaboration (or networks)	This code refers to the institutions and individuals that collaborated with the auction houses, either belonging to the art market or not (cross-industry).	<i>Art council, art foundation, Chinese expert, real estate company, watchmaker, museum, art gallery, film director</i>
Charity	The code includes charitable initiatives carried out by the auction houses to benefit different institutions.	<i>environmental charitable organization, art foundation, art school</i>
Branches	The code refers to the branches opened by the two auction houses in sectors different from the art market.	<i>Christie's Education, Christie's International Real Estate, Sotheby's International Realty</i>
Locations	The code encompasses the different sites where the auction houses organized their events or conducted their sales.	<i>Hong Kong Convention and Exhibition Centre, James Christie Room, Sotheby's S/2 Gallery</i>

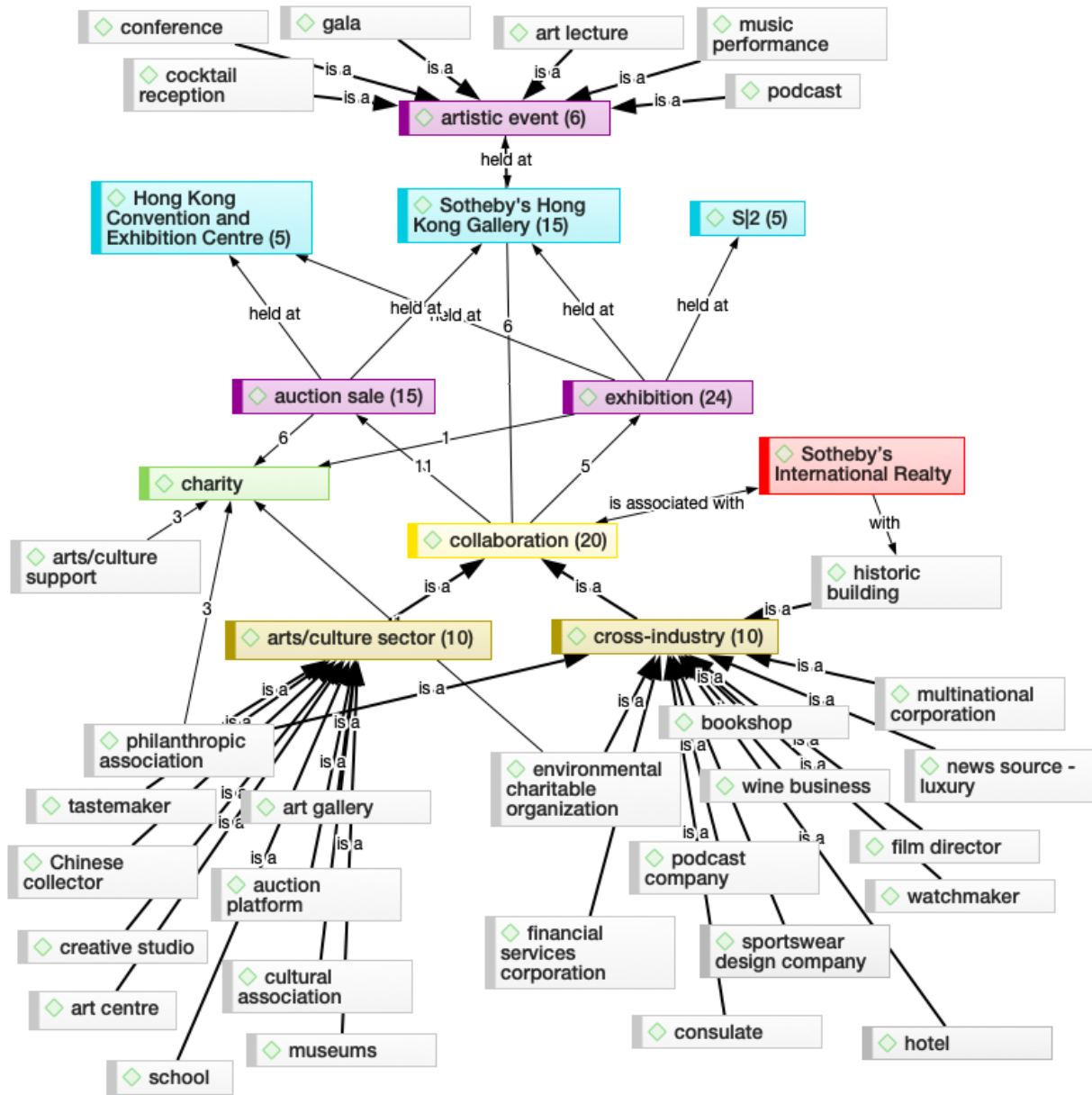
RELEASE: "BEING" ZENG FANZHI - An exhibition of iconic works to be held in Hong Kong in May 2011

Hong Kong – Christie's, the world's leading art business, and the Rockbund Art Museum, Shanghai's leading contemporary art museum, will present "BEING" (界線的共鳴), an exhibition featuring about 30 iconic works by Zeng Fanzhi (born in 1964), one of the world's best known Chinese contemporary artists. Sponsored by the François Pinault Foundation and focusing on a theme that is close to the artist's heart - the interaction between people and the environment - this exhibition will be held at the Hong Kong Convention & Exhibition Centre from 27 to 30 May 2011, coinciding with Christie's Spring Auctions (27 May to 1 June) at the same venue. Zeng Fanzhi will select one work estimated at HK\$10 million for auction at Christie's Asian Contemporary Art & Chinese 20th Century Art Evening Sale on 28 May. Proceeds from the sale of that work will go to the environmental organisation The Nature Conservancy, and Christie's will waive all commission. "BEING" (界線的共鳴) exemplifies Christie's on-going commitment to bringing like-minded institutions and individuals together to promote Chinese art to a global audience and to support initiatives for the environment.

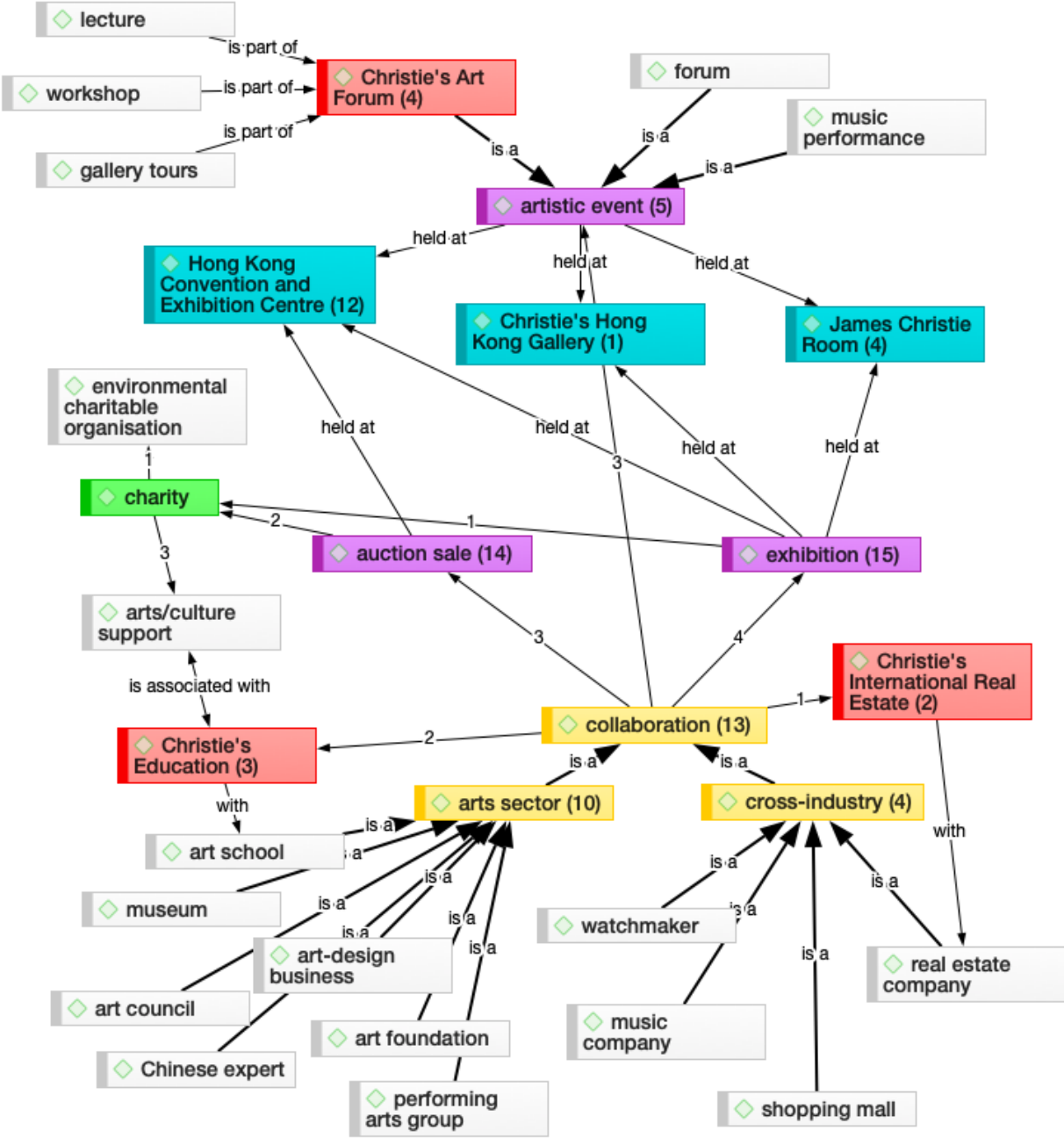


Appendix C – Sotheby’s and Christie’s Hong Kong code trees

The code tree below illustrates the activities and the collaborations brought about by Sotheby’s Hong Kong between 2006 and 2021.



The code tree below illustrates the activities and the collaborations brought about by **Christie's** Hong Kong between 2006 and 2021.



Appendix D – Sotheby’s and Christie’s auction results

The specific list provides the number of total sales conducted by Sotheby’s and Christie’s in Hong Kong between 2006 and 2021, the specific number of sales for each category of art, and the total sales (dollars) of Chinese Art and Antiques between 2012 and 2021. The remaining sales were dedicated to the category of Classical, Modern, or Contemporary Asian art.

Sotheby’s auction results – Total: 762 sales

2006: (4)
2007: (15) 2 watch | 2 jewelry
2008: (28) 3 watch | 2 jewelry
2009: (20) 2 watch | 2 jewelry | 3 fine wine
2010: (31) 2 watch | 2 jewelry | 8 fine wine
2011: (30) 2 watch | 3 jewelry | 6 fine wine
2012: (32) 2 watch | 2 jewelry | 9 fine wine | 2 Western (*Chinese art: 2.6B\$*)
2013: (43) 3 watch | 3 jewelry | 9 fine wine | 1 Western (*Chinese art: 581M\$*)
2014: (56) 6 watch | 3 jewelry | 5 fine wine | 4 Western (*Chinese art: 533M\$*)
2015: (56) 4 watch | 3 jewelry | 6 fine wine | 2 Western (*Chinese art: 454M\$*)
2016: (62) 3 watch | 3 jewelry | 9 fine wine | 3 Western (*Chinese art: 504M\$*)
2017: (57) 3 watch | 4 jewelry | 5 fine wine (*Chinese art: 419M\$*)
2018: (54) 3 watch | 2 jewelry | 8 fine wine | 2 Western (*Chinese art: 605M\$*)
2019: (63) 4 watch | 4 jewelry | 8 fine wine | 1 Western (*Chinese art: 552M\$*)
2020: (116) 40 watch | 14 jewelry | 20 fine wine | 1 handbags & accessories (*Chinese art: 510M\$*)
2021: (95) 9 watch | 9 jewelry | 24 fine wine | 3 Western (*Chinese art: 414M\$*)

Christie’s auction results – Total: 541 sales

2006: (19) 2 watch | 2 jewelry
2007: (18) 2 watch | 2 jewelry
2008: (29) 2 watch | 2 jewelry | 1 fine wine
2009: (21) 2 watch | 2 jewelry | 2 fine wine
2010: (27) 2 watch | 2 jewelry | 3 fine wine
2011: (27) 2 watch | 2 jewelry | 6 fine wine
2012: (30) 2 watch | 2 jewelry | 9 fine wine (*Chinese art: 2.8B\$*)
2013: (27) 2 watch | 2 jewelry | 3 fine wine (*Chinese art: 610M\$*)
2014: (32) 2 watch | 2 jewelry | 5 fine wine | 1 handbags & accessories (*Chinese art: 518M\$*)
2015: (38) 2 watch | 2 jewelry | 5 fine wine | 2 handbags & accessories (*Chinese art: 400M\$*)
2016: (33) 2 watch | 2 jewelry | 6 fine wine | 2 handbags & accessories (*Chinese art: 389M\$*)
2017: (47) 4 watch | 4 jewelry | 5 fine wine | 3 handbags & accessories | 3 Western (*Chinese art: 433M\$*)
2018: (45) 4 watch | 3 jewelry | 5 fine wine | 4 handbags & accessories | 2 Western (*Chinese art: 462M\$*)
2019: (48) 4 watch | 4 jewelry | 5 fine wine | 3 handbags & accessories | 7 Western (*Chinese art: 390M\$*)
2020: (46) 5 watch | 5 jewelry | 4 fine wine | 3 handbags & accessories | 1 Western (*Chinese art: 336M\$*)
2021: (54) 7 watch | 5 jewelry | 7 fine wine | 3 handbags & accessories | 2 Western (*Chinese art: 350M\$*)

Appendix E – Galleries, auction houses, and other venues in HK

Number and names of galleries, auction houses and other art venues established in Hong Kong between 2006 and 2021. From Artnet and ArtFacts.Net.

GALLERIES – Total: 74

2006: (1) Galerie Ora-Ora
2007: (5) Moon Gallery | A Gallery | Fabrik Gallery | Art of Nature | Blue Lotus Gallery
2008: (3) Sundaram Tagore Gallery | gallery EXIT | Contemporary by Angela Li
2009: (3) Gallery Gérard Lasés | De Sarthe | Ben Brown Fine Arts
2010: (4) Blindspot | Galerie Huit | Art Projects Gallery | Kiang Malingue Gallery
2011: (3) Gagosian | Art supermarket | Lucie Chang Fine Arts
2012: (8) AFFINITY ART Gallery | Mur Nomade | MAHS Gallery | Novalis Contemporary Art Design | Simon Lee
| Perrotin | White Cube | Pearl Lam
2013: (7) Rossi & Rossi | Galerie Koo | Aishonanzuka | Lehmann Maupin | Rasti Fine Art | Blink | a.m. space
2014: (6) Axel Vervoordt | NockArt | La Galerie Paris 1839 | JPS Gallery Hong Kong | 88 Gallery | Pace Gallery
2015: (5) McNamara Art Projects | Over The Influence | CWC Consulting & Art Gallery | Empty | Cheer Bell
2016: (4) Boogie Woogie Photography | Touch Gallery | MASSIMODECARLO | Step Creation Gallery
2017: (5) Illuminati Fine Art | Bamboo Scenes | Hidden Space | Amanda Wei Gallery | Streams Gallery
2018: (6) Whitestone Gallery | David Zwirner | SHOP Taka Ishii Gallery | Hauser & Wirth | Parkview Art Hong
Kong | CURATOR Style
2019: (9) Richard Nagy Ltd. | Woaw Gallery | Denny Gallery | Villepin | Soluna Fine Art | Mine project | Gallery
HZ | Art Roof Top | MOU PROJECTS
2020: (3) Artspace K | Young Soy Gallery | Flowers Gallery
2021: (2) 3812 Gallery | PHD Group

AUCTION HOUSES – Total: 15

2008: (1) Est-Ouest Auctions Hong Kong
2009: (1) Beijing Council International Auction Company Hong Kong
2010: (2) United Asian Auctioneers | Shinwa Auction Hong Kong
2011: (2) China Guardian (HK) Auctions | Tiancheng International
2012: (1) Poly Auction Hong Kong
2014: (2) Bonhams Hong Kong | Yizhong International Auction Limited
2015: (3) Phillips Hong Kong | K Auction Hong Kong | Heritage Auctions Hong Kong
2018: (3) Holly's International (Hong Kong) Auctions Co. | Seoul Auction | Alyes Auctions

OTHER ART VENUES – Total: 23

2006: (1) FINE ART ASIA - Hong Kong International Arts and Antiques Fair (art fair)
2008: (4) ArtisTree (non-profit) | ART HK (art fair) | JCCAC - Jockey Club Creative Arts Centre (non-profit) |
Espace Louis Vuitton Hong Kong (art space)
2010: (1) The Rotunda, Exchange Square (temporary space)
2011: (1) Run Run Shaw Creative Media Centre Gallery (non-profit)
2013: (4) Oi! (non-profit) | Sun Museum (museum) | The Spectacle Group (art space) | Art Basel (art fair)
2015: (2) CCA Art Gallery - Department of Cultural and Creative Arts (non-profit) | Art Central (art fair)
2016: (2) Lumieres Hong Kong (festival) | CityU Exhibition Gallery University of Hong Kong (project space)
2018: (4) ArtConvex (art management) | Tai Kwun - Centre for Heritage and Arts (non-profit) | H Queen's (art
space) | Korean Cultural Center Hong Kong (non-profit)
2019: (2) K11 MUSEA (art space) | Centre for Heritage Arts & Textile (museum)
2020: (1) A R T 9 (online gallery)
2021: (1) M+ (museum)