Art Galleries’ Creative Responses to the Rise of Virtual Art Enterprises:
Propects for Addressing a Competitive Commercial Trend

Howard L. Smith
Professor
Milgard School of Business
University of Washington Tacoma
503-707-1272
smithhl@uw.edu

Michael Turek
Assistant Teaching Professor
Director, Master of Science in Business Analytics Program
Milgard School of Business
University of Washington Tacoma
253-579-4458
turekmd@uw.edu

Gary Viers
Associate Teaching Professor
Milgard School of Business
University of Washington Tacoma
253-692-4393
viersg@uw.edu
Abstract

Art as an economic sector has experienced a challenging set of new competitive pressures over the last two-decades-plus. Foremost is an extensively changed digital landscape where virtual galleries, ecommerce and social media are rewriting the very premises upon which traditional gallery-client-artist relationships are rooted. This paper explores how art galleries are making strategic adaptations to these macro digital pressures. Analysis focuses on whether galleries are attempting to innovate in their competitive strategies and the extent of creativity imbued in their strategy efforts. Art galleries at Rocky Mountain resort destinations in Aspen, Bozeman, Jackson Hole, Park City and Sun Valley were included in the sample. Results suggest that gallery efforts to innovate, when addressing competitive pressures such as virtual galleries, ecommerce and social media, is a major first step that opens the door to creative strategy formulation. Ingenious competitive strategies arise from that initial move to innovate.

Key Words: creative strategy, gallery innovation, digital pressures, virtual galleries, gallery management
Art Galleries’ Creative Responses to the Rise of Virtual Art Enterprises: Prospects for Addressing a Competitive Commercial Trend

For more than two decades art galleries have been contending with the rise of social media and ecommerce as well as their direct impact on how art is currently marketed (Artsy, 2019). This digital environment introduced innovative ways for connecting with patrons, opening doors to potential new customers, and promoting not only the galleries themselves, but artists as well as affiliated art-focused organizations (Cascone, 2020). Like other nonprofit entities and business enterprises that do not have core competencies in web design or content management, results from attempts to integrate digital platforms are frequently mixed (Appleby, 2016). On the one hand digital technologies and the internet offer promising tools relevant in many industry environments. However, some gallery owners and managers may not have the correct skills to fully capitalize on digital applications (Harding, et al., 2019).

The internet provides fruitful opportunities to transform how art is created and disseminated, especially regarding public accessibility. Virtual possibilities have also encouraged museums, galleries and artists to envision unique ways for elevating artistic experience (Casillo, 2022). Museums have used digital technology to improve access, to educate the public about their holdings/inventory, exhibits and programs, as well as to develop strategies for advancement and fund-raising (Nalewicki, 2020). Meanwhile, artists typically face a difficult choice. They can invest substantial time, effort and funds to build a cutting-edge website, or they can stay with a low-investment approach that essentially functions as a point of contact and information exchange.

Galleries, more so than artists and museums, have to decide how far to integrate the internet and cultural entrepreneurship into their fundamental business models (van Meerkerk, 2022). Do they move beyond traditional approaches that rely on close, usually deeply personal, relationships with patrons, or do they re-engineer that model? Is it conceivable that business relations with patrons will evaporate in favor of merely selling more art whatever the cost? The new digital environment certainly challenges the very basic assumptions about selling art in a cultivated and civilized manner.

The purpose of this paper is to explore how art galleries are making strategic adaptations to macro digital pressures noted above (Hitt, Arregle & Holmes, 2021). Strategic management theory (Thompson, Strickland and Gamble, 2005) suggests that when organizations face new forces such as rising inflation or technological advances that may affect their ability to attain goals, corresponding changes in strategy are made (Billard, 2022). Translating this to the art sector, art galleries are predicted to alter their competitive strategies due to the rise of ecommerce and social media. Simply modifying a strategy is one thing, but doing so in an enlightened and imaginative manner is critical to strategy success. Thus, this study focuses squarely on creativity introduced into competitive strategies by art gallery owners and managers.

Conceptual Framework

Forty years ago, the seminal conceptual work of Michael Porter (1980, 1985) highlighted that strategic planning was essential in defining any organization’s vision, mission, objectives and strategy as a prelude to implementation and performance control. Porter (1980) focused on devising competitive strategy as a critical ingredient for guiding firm responses to external pressures. Just adjusting strategy is not enough; firms seek to introduce enlightened ways to gain a competitive edge and thus enable profitability. Empirical research across a broad range of
settings has subsequently validated these theoretical relationships especially concerning the role of internal and external pressures in strategy adaptation (Wang Li & Qi, 2020).

The primary research question of this study is directly related to strategic management theory. It is hypothesized that art galleries will implement innovation strategies as a means to address the pandemic and subsequent inflationary environment, ecommerce and digital market pressures (Sharma & Vredenburg, 1998). These external forces threaten gallery sustainability and should motivate them to innovate strategies that mitigate or minimize external pressures while also enabling them to attain strategic objectives (Smith, Discenza & Baker, 2006). In turn, innovation stimulates efforts to form creative competitive strategies. Innovation opens the door to imaginative strategy ideas (Deng, Cao, Huang & Wu, 2022). Contemplation about how art galleries can use digital technology to frame clever competitive strategies arises from that first move to innovate.

Although art galleries have highly divergent configurations, resources and capabilities, strategic management theory implies that they follow the same process model noted above (Islami, Mustafa & Topuzovska Latkovijk, 2020). Medium-sized galleries were selected for this study sample because the shift to digitally-centric commercial strategies should be highly apparent in what Throsby (1994) conceptualizes as middle-level galleries.

The lowest level galleries are represented by small shops, galleries and art dealers that promote art as an ornamental good for which there is abundant supply. Lacking exclusivity, neither the art nor the artist is able to command high prices. By contrast, top-level galleries are active in global markets, command prices in the high five-figures and above, and are primary representatives for the most famous contemporary artists and often sources for rare masters. Mid-level galleries, on the other hand, characterize the preponderance of regional and national galleries selling fine art. Often operating in favorable city and resort locales, they usually represent well-established artists and generally sell art to private collectors and museums.

Research Methods and Variable Measures

Study Sample

The sample for this study included all art galleries (n=73) located at prime Rocky Mountain resort destinations. All galleries located in one town in each Rocky Mountain state were included: Colorado (Aspen n=20); Montana (Bozeman n=14); Wyoming (Jackson n=21); Utah (Park City n=12); and Idaho (Sun Valley n=6). Every gallery operating in these towns was included in the sample and most conformed to the depiction of middle tier galleries conceptualized by Throsby (1994). With respect to generalizability, results from this study are generally applicable to galleries located in non-metropolitan locations.

The Rocky Mountain region is advantageous because: 1.) its resort communities are relatively geographically distant from major metropolitan settings such that large urban galleries have difficulty influencing rural markets (an exception may be Park City, Utah but the Wasatch Range separates it from Salt Lake City), 2.) these galleries are more likely to promote art based on comparable western landscapes as well as indigenous and ranch themes, 3.) gallery customers have a higher probability of being attracted to outdoor recreation and hence have a proclivity to buy art that resonates with their recreation interests and the prevailing landscape, indigenous and ranch themes, 4.) all of this sample’s mountain resorts enjoy a lifestyle primarily centered on culinary, cultural, recreational, resort, and art experiences, and 5.) resort communities in the Rocky Mountain are well-known for thriving artist colonies.
Resort communities tend to serve transient tourist customers as well as wealthy patrons. Affluent clients with second homes in the resorts provide an opportunity to sell art work for both primary and secondary residences. Existing research is limited (Bash 2006), but there is some evidence that a vibrant arts sector can contribute to small business success in rural settings. Market vagaries in resorts provide an incentive to art galleries to continue in-store cultivation of prospects and to build durable online relationships, in essence creating a multi-channel strategy that assists them in countering virtual galleries.

**Dependent Variable**

Strategy creativity is the dependent variable in this study. Art galleries face a very competitive environment which has become increasingly intense due to digital and economic pressures. Most galleries understand that the internet is a critical connection to the marketplace and hence a portal to reach prospective clients, existing patrons, the extant art marketplace and fundamental enterprises and institutions that influence art sales. This study seeks to understand how art gallery owners and managers instill imagination and clever thinking within their action plans for competing via ecommerce.

Four elements characterize web-based sub-strategies designed to respond to competition. Each of these four dimensions was assessed for every gallery using a 5-point scale (1 = very low use; 5 = very high use) with means and standard deviations (S.D.) shown below.

- **Web content enhancements.** Examples include: teaching tutorials; robust descriptions and/or explanations regarding artists and artwork associated with a gallery; graduated pricing displayed on the web; explanations via frequently asked questions; non-fungible tokens; and, showcasing pieces of art from the gallery displayed in private homes. The mean score for the ingenuity of web content in Table 1 equals 2.34 (S.D. = 1.64) which suggests that the average gallery’s web content is modestly creative.

- **Virtual enhancements that engage website visitors.** Examples include: virtual gallery visits such as 360-degree views of gallery space similar to technology used in on-line real estate showcases; Instagram and Facebook stories; video clips; YouTube clips; blogs; and, podcasts. The mean score shown in Table 1 is 3.26 (S.D. =1.79) which suggest that the galleries are developing more than average creative efforts that use virtual enhancements on their web pages.

- **Gallery program enhancements.** Examples include: workshops on various subjects (differentiating various art genres, conceptual and practical advice on curating a collection, the art and science of framing); special bi-weekly guest artist showcases where artists are available via a podcast or in person; and, gallery strolls in collaboration with other galleries (options for private/registered/exclusive patron participation versus open gallery visits). The mean score of 2.08 (S.D. = 1.55) in Table 1 suggests relatively low efforts by the galleries as far as developing creative programs and disseminating them over the website.

- **Product and service diversification.** Examples include diverse art products such as paintings, fabric art, prints/lithographs, sculpture, baskets, rugs, jewelry, pottery, photography, and gift cards; consignments; and, affiliation/linkages with other gallery and community organization enterprises. The mean score of 3.27 (S.D. = 1.46) depicted in Table 1 suggests that this study’s galleries are developing more than average creative efforts in the use of diversified products and services highlighted on their web pages. An index of strategy creativity was calculated representing the average of these four sub-variables. The strategy creativity index mean score was 2.74 with a standard deviation of 1.12
which suggests that strategy creativity by galleries in this study was on the whole relatively moderate, neither low nor high.

**Independent Variables – Efforts to Introduce Innovation**

The preceding four strategy sub-dimensions were also used to assess how much galleries appear to be innovating on their websites. Innovation is viewed as an essential decision for responding to competition. In this sense innovation precedes creativity; that is, efforts to innovate mean that gallery owners and managers are willing to modify their competitive strategies. In essence, they must develop fresh ideas in order to have the highest probability of upstaging competitors. Once a gallery has decided to innovate on its website, it is faced with devising imaginative strategy ideas. The four sub-dimensions were each rated as 1 = gallery demonstrates it is innovating on a sub-dimension; 0 = gallery does not demonstrate that it is innovating on a sub-dimension.

The respective mean scores and standard deviations shown in Table 1 for efforts to innovate suggest that 96% (S.D. = 0.20) of the galleries are trying to innovate on the diversity of products and services, followed by virtual enhancements (85%, S.D. = 0.36), program enhancements (84%, 0.37) and lastly website content (78%. S.D. = 0.42). These results indicate that as a whole the galleries appear to be trying to innovate on all of their competitive sub-strategies, but especially for program and service diversity as well as virtual and program enhancements.

**Independent Variables – Traditional Competitive Strategies**

Before the internet evolved, art galleries competed by means of what can now be termed traditional strategies including using art and artist exhibits (mean = 3.38, S.D. = 1.23), use of events (e.g., lunch and learn meetings, gallery crawls) (mean = 2.82, S.D. = 1.22), focused gallery identity around various themes or art genre (mean = 3.47, S.D. = 1.23) and collaboration with other galleries and community organizations (i.e., networking collaboration) (mean = 2.36, S.D. = 1.17). Each of these variables was rated on a five-point scale (1 = very low; 5 = very high). Use of exhibits and developing a focused identity are rated highest among these four independent variables.

**Independent Variables – Structural Variables**

Two independent variables were measured to control for possible variation due to size or length of gallery operations. The average gallery in this sample has 38.5 (S.D. = 35.5) primary artists it represents and reports being in business on average 22.5 years (S.D. = 13.1). The large standard deviations suggest considerable variability among the galleries on these two dimensions.

**Data Collection**

Prior to data collection, an advisory board comprised of artists/gallery directors was used to collect feedback regarding the research instrument and approach to gathering data. This board assisted in refining variable measures as well as in reaching conclusions about the dependability of variable ratings/scoring. After data collection and analysis, the board played an important role in proposing and ascertaining practice-related implications. Each gallery’s website was examined relative to the research variables in this study. Variable measurement and data collection were guided by the rich literature on website evaluation especially those studies previously completed in the recreation, hospitality, tourism and entertainment fields (Ip et al. 2011; Park et al. 2007).

**Analysis**
Multiple regression analysis was used to determine which variables are the best predictors of creative strategy. Multiple regression is appropriate for this sample given the number of galleries included (n=73) and the ability to instill controls for structural variables that might affect galleries’ ability to promote more imaginative thinking. In this respect, the number of artists associated with a gallery may function as a proxy measure for size. Larger galleries with more staff and more artists in a primary relationship should possess more resources sufficient to enrich creative thinking about competitive strategies.

Results

Table 1 presents the mean and standard deviation scores as well as inter-correlations for this study’s variables. The creative strategy dependent variable has positive correlations with exhibit use (0.64), event use (0.62), gallery identity (0.45), networking (0.67) as well as the four sub-components of strategy creativity, a finding that is anticipated since the dependent variable is calculated/formed by these variables. There is also a notable correlation between each innovation variable and its parallel creativity strategy variable (e.g., effort to innovate on web content is positively correlated at 0.75 with the creativity of web content). Creativity occurs after the decision to innovate which may explain correlations noted among these variables. However, simply because a decision has been made to innovate does not necessarily imply that the creative strategic response will be directly proportional.
<table>
<thead>
<tr>
<th>Structural Variables</th>
<th># Artists 38.5 (35.5)</th>
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<tbody>
<tr>
<td># Years 22.5 (13.1)</td>
<td>0.11</td>
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<thead>
<tr>
<th>Traditional Competitive Strategies</th>
<th>Exhibit Use 3.38 (1.23)</th>
<th>Event Use 2.82 (1.22)</th>
<th>Gallery Identity 3.47 (1.23)</th>
<th>Networking 2.36 (1.17)</th>
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<tr>
<td></td>
<td>0.17</td>
<td>0.09</td>
<td>-0.03</td>
<td>0.08</td>
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<tr>
<th>Efforts to Innovate</th>
<th>Web Content 0.78 (0.42)</th>
<th>Virtual Enhance 0.85 (0.36)</th>
<th>Program Enhance 0.84 (0.37)</th>
<th>Products &amp; Serv. Diversity 0.96 (0.20)</th>
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<tr>
<td></td>
<td>0.29</td>
<td>-0.16</td>
<td>0.04</td>
<td>0.15</td>
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<tr>
<th>Creativity of Innovation Efforts</th>
<th>Web Content 2.34 (1.64)</th>
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<tr>
<td></td>
<td>0.08</td>
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Table 1
Means, Standard Deviations (in Parentheses) and Correlations

<table>
<thead>
<tr>
<th># Artists</th>
<th># Years</th>
<th>Exhibit Use</th>
<th>Event Use</th>
<th>Gallery Identity</th>
<th>Networking</th>
<th>Web Content</th>
<th>Virtual Enhance</th>
<th>Program Enhance</th>
<th>Diver. Prod/Serv</th>
<th>Web Content</th>
<th>Virtual Enhance</th>
<th>Program Enhance</th>
<th>Diver. Prod/Serv</th>
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</thead>
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<tr>
<td>38.5</td>
<td>22.5</td>
<td>3.38</td>
<td>2.82</td>
<td>3.47</td>
<td>2.36</td>
<td>0.78</td>
<td>-0.16</td>
<td>-0.15</td>
<td>-0.03</td>
<td>0.29</td>
<td>-0.15</td>
<td>0.04</td>
<td>-0.02</td>
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<tr>
<td>35.5</td>
<td>13.1</td>
<td>1.23</td>
<td>1.22</td>
<td>1.23</td>
<td>1.17</td>
<td>0.42</td>
<td>0.36</td>
<td>0.13</td>
<td>-0.03</td>
<td>0.85</td>
<td>0.36</td>
<td>0.84</td>
<td>0.37</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.04</td>
<td>0.29</td>
<td>0.36</td>
<td>0.36</td>
<td>0.30</td>
<td>0.12</td>
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<td>0.21</td>
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8
<table>
<thead>
<tr>
<th>Variable</th>
<th>Virtual Enhance 3.26 (1.79)</th>
<th>-0.04</th>
<th>-0.09</th>
<th>0.23</th>
<th>0.25</th>
<th>0.17</th>
<th>0.40</th>
<th>0.15</th>
<th>0.77</th>
<th>0.25</th>
<th>0.15</th>
<th>0.27</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Enhance 2.08 (1.55)</td>
<td>-0.07</td>
<td>-0.08</td>
<td>0.64</td>
<td>0.69</td>
<td>0.46</td>
<td>0.63</td>
<td>0.33</td>
<td>0.32</td>
<td>0.60</td>
<td>0.06</td>
<td>0.52</td>
</tr>
<tr>
<td></td>
<td>Products &amp; Serv. Diversity 3.27 (1.46)</td>
<td>0.52</td>
<td>0.15</td>
<td>0.48</td>
<td>0.42</td>
<td>0.22</td>
<td>0.46</td>
<td>0.15</td>
<td>0.00</td>
<td>0.14</td>
<td>0.47</td>
<td>0.16</td>
</tr>
<tr>
<td>Dependent Variable Creativity 2.74 (1.12)</td>
<td>0.15</td>
<td>0.12</td>
<td>0.64</td>
<td>0.62</td>
<td>0.45</td>
<td>0.67</td>
<td>0.49</td>
<td>0.44</td>
<td>0.43</td>
<td>0.20</td>
<td>0.71</td>
<td>0.70</td>
</tr>
</tbody>
</table>

*p<.05 = all correlations ranging from ≥ 0.23 to ≤0.29

**p<.01 = all correlations >0.33
Table 2 presents the multiple regression results where creativity of each gallery’s competitive strategy is the dependent variable. What independent variables surface as important predictors of strategy creativity in art galleries? As shown in Table 2, the overall regression adjusted for the number of independent variables explains 71 percent of the variance in the level of strategy creativity. Although the regression cannot be used to infer causality, it does suggest that the combination of structural variables, traditional competitive strategies and efforts to introduce innovation are highly associated with gallery propensity to craft creative strategies that may be useful in contending with external competition and external pressures.

Table 2
Multiple Regression Results for Strategy Creativity

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Regression Coefficient</th>
<th>Standard Error</th>
<th>t Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structural Variables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of primary artists associated with each gallery</td>
<td>0.000</td>
<td>0.002</td>
<td>0.18</td>
</tr>
<tr>
<td># years each gallery has been in business</td>
<td>0.002</td>
<td>0.006</td>
<td>0.38</td>
</tr>
<tr>
<td><strong>Traditional Competitive Strategies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of exhibits</td>
<td>0.227</td>
<td>0.089</td>
<td>2.56*</td>
</tr>
<tr>
<td>Use of events</td>
<td>0.070</td>
<td>0.091</td>
<td>0.45</td>
</tr>
<tr>
<td>Focused gallery identity</td>
<td>0.008</td>
<td>0.081</td>
<td>0.09</td>
</tr>
<tr>
<td>Networking collaboration</td>
<td>0.242</td>
<td>0.092</td>
<td>2.56**</td>
</tr>
<tr>
<td><strong>Efforts to Introduce Innovation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Web content</td>
<td>0.877</td>
<td>0.209</td>
<td>4.20**</td>
</tr>
<tr>
<td>Virtual enhancements</td>
<td>0.999</td>
<td>0.224</td>
<td>4.47**</td>
</tr>
<tr>
<td>Program enhancements</td>
<td>0.225</td>
<td>0.255</td>
<td>1.18</td>
</tr>
<tr>
<td>Product and service diversification</td>
<td>0.743</td>
<td>0.383</td>
<td>1.94</td>
</tr>
</tbody>
</table>

R Squared = 0.75**  F = 18.43
Adjusted R Squared = 0.71**  Constant = -1.34

*p < .05
**p < .01
Turning to the independent variables, four have statistical significance as effective predictors of gallery proclivity to form creative strategy. The data suggest that it is a combination of two traditional competitive strategies and two innovation initiatives that contribute most to the regression’s statistical significance. The use of exhibits (p<.05) and the extent of networking collaboration (p<.01) are both positively associated with more creative strategy formulation within this sample of Rocky Mountain art galleries. In effect, those art galleries that routinely use exhibits and that develop collaborative networks with community organizations are more likely to demonstrate creative strategies.

With regards to art gallery efforts at introducing innovation, web content (p<.01) and virtual enhancements (p<.01) are both positively related with more creative strategy formulation. Web content is crucial because it informs prospective clients about each gallery. Consequently, the analysis strongly suggests that art galleries invest in developing and maintaining cogent content that will connect with prospective clients. The results for virtual enhancements underscore further that the website should be engaging and filled with active displays that embrace prospective clients. Website content should essentially animate the gallery evolving from something static to an enthusiastic presentation alive with vigor and appeal. As these results suggest, greater efforts to instill innovation are associated with higher ingenuity as far as competitive strategy is concerned. In effect, innovation appears to galvanize creativity, and although cause-and-effect cannot be directly determined by the regression, the statistical model does underscore that a dynamic relationship with strategy creativity is present.

Discussion and Implications

Research Implications

This study has focused on the plight of art galleries as they attempt to align their operations with the evolution of digital trends. Ecommerce affects the fundamental bases on which galleries now compete. Foremost in this battle is the rise of virtual galleries that eschew a tangible home base location – they inhabit the internet rather than a destination resort or other desirable geographic location. Additional research could clarify how the business models of these virtual galleries are able to deliver customer value while also attending to the complex relationships of cost, price, profit and value economics. How does a virtual gallery maintain and grow a customer base?

Without a physical building to facilitate personal interactions with existing patrons and to cultivate new prospects, how are clientele relationships managed? Granted, some customers do not seek or require a close relationship with a gallery to assist them in refining their art/artist preferences or to guide them to options beyond their traditional purchasing proclivities. However, it is also true that many customers enjoy the recreation associated with visiting galleries, gaining exposure to new artists and their craft, and listening to the insights of sales representatives about trends and future possibilities. Research is needed to understand how virtual galleries are able to meet this broad spectrum of close-personal-attention, informed education, cultivation of preference, and maturation of viewpoint among patrons.

A question can be raised regarding whether the results reported in this study would differ substantially from a sample of exclusively virtual galleries? Information about virtual galleries is primarily case-based and anecdotal (Dayton, 2021; Scottsdale Art Auction 2023). Much of the ambiguity exists because virtual galleries are still evolving. However, subjective evidence suggests that virtual galleries may originate because existing gallery owners sense a significant change in the field offering a potential business opportunity.
As Habelsberger and Bhansing (2021) have documented in a study of changes in art gallery marketing tactics due to the pandemic, virtual marketing (where sophisticated presentation is critical) differs substantially compared to in-person venues (where personal contact and relationship-building are essential). Habelsberger and Bhansing suggest that a national/international reputation enables online promotion if the content “is not overtly commercial and if the provided content is well-curated and presented in a captivating way (page 15).” They conclude that less nationally or internationally prominent galleries should consider a hybrid combination of direct as well as online marketing. The challenge is delivering a meaningful experience online that is equal to deeply engaging in-person connections, an elusive aspiration since many galleries are honing their digital strategies and yet they lack resources, capabilities, and practice essential for attaining distinctive performance. Fully virtual galleries tend to already have fine-tuned their basic online marketing tactics thereby enabling them to focus on evidence-based analyses capitalizing on client databases.

Research is also needed to understand how virtual galleries reconcile their drive to touch as many potential clients as possible without losing their connection to repeat customers or patrons with whom they have deep relationships. Is the tendency to attain “touches” or “likes” too reflective of superficial relationships? Or, is this exactly what many virtual galleries seek: to become an Amazon.com of art broadly defined? At what point do virtual galleries lose the very essence of representing “fine art?” When clients feel they are but one of several hundreds of customers, they may sense that they are part of an exclusive group that shares some sense of taste, mores, and artistic gravitas. But at what point do these clients become just part of the virtual marketplace formed by millions of customers?

The research implications from this study also recommend examining other larger and more diverse samples to ascertain whether the results reported herein are replicated or refuted. In this regard geographic locations beyond the Rocky Mountains would improve our confidence that the findings are consistent across the United States. A follow-up to galleries in global locations is also advisable to test stability in the theoretical model. And, inclusion of galleries in international sites would help to better understand how art galleries beyond U.S. borders are responding to digital technologies.

Finally, in addition to the research initiatives noted above, future attention should be devoted to linking strategy adaptations with commercial success or failure. Do competitive strategy adaptations actually improve outcomes such as financial status? Financial measures of gallery performance could become the dependent variable instead of competitive strategy creativity as used in this study. Perhaps the ultimate test of strategy efficacy is the ability to deliver better performance whether from a fiscal, market share, or customer value perspective. Unfortunately, these data are not readily available due to the preponderance of private ownership and the reluctance of galleries to provide access to confidential information.

Implications for Practice

This study has provided insights about how Rocky Mountain art galleries are responding to the rise of virtual galleries and ecommerce. Certainly, the more deeply personal a gallery’s relationship becomes with patrons, the more likely that it will be able to keep these clients from drifting to other sources, real or virtual. In this regard it would benefit non-virtual art galleries to remember that virtual art galleries face an inexorable need to strike up a relationship with almost anyone who may be in the market for art. From the virtual gallery’s perspective, it is all about adding as many names of potential customers to a mailing list as possible. Given the limited
additional cost in enlarging an electronic mailing list, virtual galleries have less incentive to restrict the size of their lists which may reduce the exclusivity that some patrons seek.

Non-virtual art galleries can respond competitively by carefully building an ever more authentic connection with their patron base. Trust is the foundation of successful business relationships based on core values such as exceptional customer service, transparency and availability. Non-virtual galleries are uniquely positioned to provide clients with these core values. Virtual galleries may be limited in their strategic opportunities compared to non-virtual galleries. Virtual galleries will inevitably use their mailing lists to disseminate information about specific established artists, on-line exhibits, special auctions and introductions to new up-and-coming artists. However, non-virtual galleries should have equal if not better opportunities to individualize the experience as a result of closer personal connections with clients. Non-virtual galleries may use digital technologies to advance their customer experience while still providing a time-honored approach to the industry. Before the digital explosion, galleries used tactics such as writing individual letters or calling clients to inform them about new available art, or to simply keep in touch and in the process underscore that the gallery values its patrons’ presence and affiliation.

Virtual galleries may subtly push the sales effort back to artists themselves. Rather than shipping artwork to the virtual gallery, artists physically retain their art work to avoid costs associated with packaging and transportation to the gallery. Instead of actual artwork, artists transmit digital images. When clients express interest in a specific art item, the gallery may ask the artist to provide additional images. Perhaps the client wants to see how the art looks with different frames or arranged on a faux-wall. The virtual gallery may have the ability to edit an existing image, but if not, the effort falls to the artist. If a client purchases a stunning oil, the artist must then physically ship the painting to the client, all of which requires proper packaging supplies, access to a shipping firm, and time to fulfill these administrative activities. Potentially, virtual galleries will transfer administrative marketing and art work delivery responsibilities to artists. This, in turn raises the question as to the exact value added by the virtual gallery compared to value added to artists and clients at non-virtual galleries.

Since virtual galleries seemingly lack a physical place to engage patrons it is possible that clients may lose connection with key staff who are important sources of information and guidance. Staff are critical in assisting clients about ambiguous issues pertaining to a purchase, the value of art, issues of provenance, artist background and trajectory as well as the myriad details that ultimately confirm whether a particular piece of artwork offers a good match for them. The implications for non-virtual galleries are robust and should encourage them to concentrate on what they have done best over the years whether educating clients, marketing and selling art for artists, or collaborating with museums and other community organizations in nurturing art.

**Toward an Uncertain Future**

From many perspectives, this study suggests that art galleries are attempting to innovate along many competitive strategy dimensions. However, it also appears that that the creativity of these efforts could be improved. What is preventing this sample of art galleries from developing more ingenious competitive strategies remains to be answered. Further analysis of galleries’ efforts to innovate should focus on whether the problems relate to limited organizational resources and capabilities, inability of gallery owners and managers to discern the right
approaches and applicability to their enterprise, or the need for assistance in better understanding the options and possibilities for developing more imaginative strategies.

In the final analysis, the rise of virtual galleries is a disquieting commercial competitive trend as far as traditional bricks and mortar galleries are concerned. Will this revolution in how fine art is sold ultimately mean the demise of small, client-centric galleries where the interface of artist, client and gallery nurtures a harmonious relationship that delivers tangible as well as intrinsic worthwhile value to all parties concerned?

This study’s findings underscore that Rocky Mountain art galleries are actively engaged in innovating and on the cusp of introducing exciting ideas that may help counteract the competitive threats of virtual galleries. Now, as in the future, a spirit of innovation is an essential first step toward discovering vibrantly fresh and imaginative ways to uplift the very business models on which non-virtual galleries compete. As this study underscores, innovation and ingenuity are essential strategies – a novel way of thinking that embodies the very heart of what art is all about.

References


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