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Profile of Canadian Private Galleries and their Exporting Practices

prepared by
COMPAS

January 2007

The Department of Canadian Heritage,
Trade Routes program, commissioned
this Report. The opinions expressed
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Cat. No. CH24-25/2007E-PDF

ISBN: 978-0-662-46099-2

Canada

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1.0. Introduction

1.1. Background

COMPAS was commissioned by The Department of Canadian Heritage to construct a representative profile of the current exporting practices of Canadian private galleries.¹ Some of the issues addressed in this survey include:

- ☐ Types of art sold;
- ☐ Current sources of sales revenue;
- ☐ Current views on export sales;
- ☐ Top current and future markets for export sales;
- ☐ Approaches to selling to domestic and international markets;
- ☐ Lessons learned on success in export sales;
- ☐ How to increase exports of Canadian visual art; and
- ☐ The importance of financial assistance.

The information contained in this report is intended to aid the *Trade Routes* program of The Department of Canadian Heritage in providing more effective export-related assistance to Canadian private galleries, by learning where the industry sees the greatest opportunities for export.

1.2. Methodology

A total of 112 private gallery owners or their representatives were interviewed by professional executive interviewers using computer-assisted telephone interviewing (CATI) technology between September 5 and October 13, 2006. In studies of the general public, surveys of 112 are deemed accurate to within approximately 9.3 percentage points 19 times out of 20. Because of the small population of Canadian art galleries from which the sample was drawn, the study can be considered more accurate than comparably-sized general public studies.² The principal investigators on this study were Dr. Conrad Winn and Tamara Gottlieb.

¹ This project is a collaborative effort between the Art Dealers Association of Canada (ADAC) and Canadian Heritage's *Trade Routes* program, via the Trade Team Canada - Cultural Goods and Services visual arts working group.

² We estimate that 192 galleries constitute the universe or population of such galleries in Canada.

2.0. Types of Art Sold

2.1. Nearly 9 in 10 Canadian Galleries Specialize in Canadian Art and Artists

The vast majority of Canadian galleries are involved primarily in selling Canadian art. This is evidenced both in the self-classified gallery type as well as in the distribution of galleries' total art sales. Nearly 90% of all galleries classify themselves as sellers of some type of Canadian art (i.e., contemporary, historical, Aboriginal), as shown in table 2.1A. Over 80% of all gallery sales, both domestic and export, consist of sales of various types of Canadian art (i.e., contemporary, historical, Aboriginal), as shown in table 2.1B. Nearly 9 out of 10 sales are of works by Canadian artists, as shown in table 2.1C below.

Table 2.1A: Self-Classified Gallery Type³

	%
Contemporary Canadian	67
Historical Canadian	13
Contemporary International	12
Aboriginal	6
Historical European	2

Table 2.1B: Percentage of Total Sales by Type of Art⁴

	%
Contemporary Canadian	64
Contemporary International	14
Historical Canadian	12
Aboriginal	7
Historical European	3

³ "How would you classify your gallery...as [RANDOMIZE]"

⁴ "What proportion of all your sales (both domestic and export) are in each of the preceding categories?"

Table 2.1C: Percentage of Total Sales by Type of Artist⁵

	%
Other Canadian artists	76
Foreign artists	15
Aboriginal Canadian artists	10

2.2. Most Canadian Galleries Sell Five Types of Art: Paintings, Drawings, Sculpture, Prints, Photography

The majority of Canadian galleries deal with works in traditional visual art mediums such as paintings, sculpture, and photography, as shown in table 2.2. Approximately 3 in 10 galleries sell multimedia art such as digital art (DVD) and video, while only a small percentage of galleries sell fine crafts and fibre art.

Table 2.2: Mediums of Art Sold⁶

	%
Paintings	96
Drawings	92
Sculpture (including glass and ceramic)	91
Original prints (lithography, silkscreen, etching, stonecut, etc.)	83
Photography	71
Installation (i.e. organized rooms of art)	37
Digital art (DVD)	31
Video	25
[UNPROMPTED, ONLY IF VOLUNTEERED] Fine craft (includes jewelry, objets d'art)	10
[UNPROMPTED, ONLY IF VOLUNTEERED] Fibre art (textiles, tapestries)	3

Note: This is a multiple response question; as a result, percentages do not add up to 100%

⁵ "What proportion of your sales are by... [NO ROTATION]"

⁶ "Which of the following types of art do you sell? [RANDOMIZE]"

3.0. Current Sources of Sales Revenue

3.1. Overwhelming Majority of Sales Volume is Domestic

Nearly three-quarters of the sales in Canadian galleries are to Canadian customers, as shown in table 3.1A. When foreign customers make purchases from Canadian galleries, they are about equally likely to do so from abroad or while visiting Canada. Gallery owners report that only 3% of their overall sales are to foreign customers at art fairs outside Canada. Thus, domestic customers are the lion's share of customers (more than 7 in 10 of sales) while transactions occurring within Canada are the lion's share of transactions (more than 8 in 10).

Table 3.1A: Distribution of Sales in Percent by Customer Type⁷

	Mean	DNK ⁸
Canadian customers	72	2
Foreign customers buying from abroad	13	2
Foreign customers buying from you while they are in Canada	10	2
Foreign customers buying from you when you are at art fairs outside Canada	3	2
Sales to foreign customers initiated at the Toronto International Arts Fair	1	2
Sales to foreign customer initiated at other arts fairs in Canada	1	2

On average, galleries generated just under \$1 million in total sales last year, both domestic and export, as shown in table 3.1B. But sales volume is the datum about which we have lowest confidence. In a reflection of the competitive caution that characterizes the culture of art gallery owners, nearly half of all galleries declined to provide recent sales figures.

⁷ "Thinking of the source of your gallery's revenues, approximately what percentage comes from each of the following types of customers? The types of customers are... [RANDOMIZE]"

⁸ DNK = Don't know.

Table 3.1B: Average Annual Value of Arts Sales⁹

MEAN	DNK ¹⁰ OR REFUSED IN PERCENT
\$981,261	44

⁹ “What is the approximate total value of all your arts sales, including domestic sales, for the last year for which you have information?”

¹⁰ DNK = Don’t know.

4.0. Current Views on Export Sales

4.1. Canadian Galleries are Very Interested in Export Sales

Though more than 70% of sales are to Canadians and more than 80% occur in Canada, gallery owners are not uninterested in export possibilities. They are very interested; 87% rate their interest as a 4 or 5 on a 5-point scale.

Table 4.1: Interest in Export Sales on a 5-Point Scale¹¹

MEAN	5	4	3	2	1	DNK ¹²
4.6	73	14	8	5	0	0

4.2. Costs of Selling Abroad, Lack of Brand Image Seen as Main Reasons for Low Exports of Canadian Art

Gallery owners were asked to rate a series of reasons why Canadian commercial art galleries sell less than they might to foreign buyers. The cost of attending art fairs or sales venues in other countries is seen as the top reason for low exports of Canadian art (mean 4.0), followed by the cost of developing the literature and advertising to sell abroad (mean 3.6), as shown in table 4.2. The lack of a strong brand image is also seen as a factor in low exports of Canadian art (mean 3.5), followed by shipping costs and a general lack of knowledge about how the Canadian government could help galleries export more (both means 3.3).

¹¹ "How interested is your gallery in making export sales? Please use a 5 point scale where 1 means not at all interested and 5, very interested?"

¹² DNK = Don't know

Table 4.2: Reasons for Low Export Sales on 5-Point Scales¹³

	MEAN	5	4	3	2	1	DNK ¹⁴
The cost of attending the art fairs or sales venues	4.0	55	16	10	5	11	4
The cost to develop the literature and do the advertising to sell abroad	3.6	38	23	11	13	13	2
An insufficient brand image for Canadian art abroad	3.5	30	22	17	6	15	9
The cost of shipping	3.3	35	16	15	7	25	2
Lack of information about what the financial and non-financial ways the Canadian government could help	3.3	26	23	20	10	20	2
The challenge finding potential partners outside the country	2.9	14	24	18	11	28	5
Visa and border crossing issues	2.8	22	19	10	14	33	2
Lack of information about international marketing strategies that work	2.7	10	17	30	15	24	5
Lack of information about international buying trends	2.4	9	12	21	21	33	5
The difficulty researching the art fairs or sales venues	2.0	4	11	14	20	48	4
Your gallery wants to sell mainly to Canadians	1.7	4	5	12	13	64	2

¹³ “The following are reasons why Canadian commercial art galleries sell less than they might to foreign buyers. Please score each reason on a 5 point scale where 1 means this is not at all a factor in how your gallery sees the situation and 5, where it is a major reason why your gallery does not export more. [RANDOMIZE]”

¹⁴ DNK = Don't know

5.0. Top Current and Future Markets for Export Sales

5.1. Paintings, Sculpture are Canadian Galleries' Largest Current Exports

The types of products sold domestically resemble closely the types exported. Thus, the five mediums that Canadian galleries specialize in selling as per table 2.2, above, are also the largest exports. Paintings are by far the largest export, with a 4:1 margin over sculpture.

Table 5.1A: Largest Export by Medium and as a Percentage of All Exports¹⁵

	Largest export (%)	% of all exports
Paintings	61	74
Sculpture (including glass and ceramic)	15	66
Photography	8	59
Original prints (lithography, silkscreen, etching, stonecut, etc.)	6	54
Drawings	2	88
Digital art (DVD)	0	N/A
Video	0	N/A
Installation (i.e. organized rooms of art)	0	N/A
[UNPROMPTED, ONLY IF VOLUNTEERED] Fibre art (textiles, tapestries)	0	N/A
[UNPROMPTED, ONLY IF VOLUNTEERED] Fine craft (includes jewelry, objets d'art)	2	65
Don't know or refused	6	N/A
Total	100	N/A

Respondents were asked to identify their biggest export category. Each respondent was then asked to specify the percentage of his/her gallery's exports represented by this particular category. In practice, galleries tend to be product specialists in matter of export. For example, among galleries that export more paintings (in dollar value) than any other medium, paintings account for 74% of export volume, as shown in table 5.1A.

¹⁵ "[IF PERCENTAGE OF CANADIAN CUSTOMERS FROM Q2 <100%:] Which of the preceding categories is your biggest export, and what percentage does it represent as a proportion of all your exports. [UNPROMPTED. RANDOMIZATION SHOULD BE IDENTICAL TO THAT IN PRECEDING QUESTION. RECORD PERCENTAGE FOR TOP EXPORT]"

In the list of second-largest exports, no one medium stands out: all of the “top five” mediums range from 11% to 23%, as shown in table 5.1B below. As well, these exports tend to make up a much smaller percentage of a gallery’s total exports.

Table 5.1B: Second Largest Export by Medium and as a Percentage of All Exports¹⁶

	Second Largest export (%)	% of all exports
Sculpture (including glass and ceramic)	23	21
Paintings	20	36
Original prints (lithography, silkscreen, etching, stonecut, etc.)	17	17
Photography	16	26
Drawings	11	17
Digital art (DVD)	0	N/A
Video	0	N/A
Installation (i.e. organized rooms of art)	0	N/A
[UNPROMPTED, ONLY IF VOLUNTEERED] Fibre art (textiles, tapestries)	2	15
[UNPROMPTED, ONLY IF VOLUNTEERED] Fine craft (includes jewelry, objets d’art)	2	13
Don’t know or refused	10	N/A

5.2. U.S. is the Top Market for Current Export Sales

For Canadian galleries, the United States represents approximately the same immense share of the world market as it does for Canadian exports as a whole, as detailed below. Gallery owners were asked to indicate the primary markets for their top two exports. On a regional level, the top market for export sales is the northeast U.S., with many gallery owners citing New York in particular (see tables 5.2A and 5.2B below).

¹⁶ “[IF PERCENTAGE OF CANADIAN CUSTOMERS FROM Q2 <100%:] Which of the preceding categories of exports is your second biggest export, and what percent does it represent as a proportion of all your exports? [RECORD PERCENTAGE OF ALL EXPORT SALES]”

Overall, only around 1 in 5 galleries have a top export market outside the U.S., with galleries in Ontario and Quebec more likely to have a non-U.S. market as their top export market. The focus of private art galleries on the American market parallels closely the long-term emphasis on U.S. markets of Canadian exporters across the Canadian economy.¹⁷

Table 5.2A: Top Markets for Largest Export Product¹⁸

	%
U.S. – Northeast (e.g., New York)	46
U.S. (no region specified)	35
U.S. – West Coast (e.g., California)	26
Europe/UK	18
U.S. – Southern (e.g., Florida)	7
Other countries outside U.S./U.K./Europe	7

Note: This is a multiple response question; as a result, percentages do not add up to 100%

Table 5.2B: Top Market for Second-Largest Export Product¹⁹

	%
U.S. – Northeast (e.g., New York)	44
U.S. (no region specified)	34
Europe/UK	20
U.S. – West Coast (e.g., California)	18
U.S. – Southern (e.g., Florida)	3
Other countries outside U.S./U.K./Europe	6

Note: This is a multiple response question; as a result, percentages do not add up to 100%

¹⁷ Estimates of the U.S. share of Canada's exports in goods and services vary in the 82-88% range. For evidence that the U.S. has tended to represent 82% of Canadian exports of goods and services, see, for example, http://www.dfait-maeci.gc.ca/eet/trade/sot_2002/section02-en.asp?#3. For the argument that U.S. buyers account for an 86% share of Canadian exports, see <https://www.cia.gov/cia/publications/factbook/geos/ca.html>

¹⁸ “[IF ANSWERED Q9:] Thinking of [TOP EXPORT FROM Q9], which is your top foreign market for this? OPTIONAL: The city, region, country, or continent where you sell the largest amount of this product? [RECORD VERBATIM]”

¹⁹ “[IF ANSWERED Q10:] Thinking of [SECOND EXPORT PRODUCT FROM Q10], which is your top foreign market for this? OPTIONAL: The city, region, country, or continent where you sell the largest amount of this product? [RECORD VERBATIM]”

5.3. Western European Countries, Additional U.S. Markets are the Top Desired Foreign Markets

Gallery owners are very interested in expanding their business to various Western European countries, with the U.K. at the top of the list (see table 5.3). Many respondents say that they would also like to either establish a presence in a U.S. market or pursue additional U.S. markets, most notably the Northeast. There is some interest in China as a foreign market (11%), but minimal interest in Japan or Asia as a whole.

Table 5.3: Top Desired Foreign Markets²⁰

	%
Total U.S.	51
U.K.	27
U.S. (no region specified)	21
U.S. – Northeast (e.g., New York)	18
Germany	18
France	13
Europe (no country specified)	12
China	11
Spain	8
Italy	7
Switzerland	7
U.S. – West Coast (e.g., California)	6
U.S. – Southern (e.g., Florida)	6
Japan	4
Asia (no country specified)	3
Other ²¹	5

Note: This is a multiple response question; as a result, percentages do not add up to 100%

²⁰ “[IF ANSWERED Q9] Thinking of [TOP EXPORT FROM Q9], which is the top foreign market you would like to enter. [IF THE ANSWER IS THE U.S., PROMPT FOR REGION. IF THE ANSWER IS EUROPE OR ASIA, PROMPT FOR COUNTRY.]”

²¹ This category refers to other countries or regions not specified elsewhere in the table.

6.0. Approaches to Selling to Domestic and International Markets

6.1. Canadian Galleries Employ a Multi-Modal Approach to Promotion; Website, Invitations, Books/Catalogs Top Promotional Materials

Canadian galleries take a multi-modal approach to promotion, as evidenced by the number and range of promotional materials that they produce, as shown in table 6.1. A gallery employs on average three types of promotional materials, with websites, invitations, and books/catalogs the most frequently cited. Only 13% of gallery owners report that they rely on a single type of promotional material.

Table 6.1: Types of Promotional Materials Produced by Galleries in the Last Two Years²²

	%
Website	63
Invitations	52
Books/catalogs	43
Print ads (magazine, newspaper)	31
E-mail	31
Brochures/mailouts	28
Cards/posters	19
Newsletter	11
Press release	6
Digital/multimedia	6
Word of mouth	3
Other	7

Note: This is a multiple response question; as a result, percentages do not add up to 100%

6.2. Galleries Focus on Domestic Buyers When Marketing

Almost three-quarters of Canadian galleries' sales and marketing budget is directed towards Canadian buyers at either a local or national level, while another 13% is spent on attracting visiting tourists or business people.

It is important to note that one-third of galleries do not spend any money on marketing to foreign buyers in their own country. While a very small number of galleries spend up to 80% of their sales and marketing budget on foreign buyers, the average spending across all galleries is only 15%.

²² "Please tell me about promotional material that you have produced in the last two years. [PROMPT FOR DETAIL ABOUT TYPE, PURPOSE, APPEARANCE/SIZE, NUMBER OF COPIES, DISTRIBUTION METHODS]"

Table 6.2: Distribution of Sales and Marketing Budget²³

	% n=92
Canadian buyers where you are located	50
Canadian buyers outside your city or town	23
Foreign buyers in their own country	15
Visiting tourists or business people who are in your town or city	13
[UNPROMPTED] Respondent does not make a distinction	13

6.3. Art Fairs, Internet-Based Promotion Most Effective Methods of Selling Internationally

Gallery owners were asked to rate the effectiveness of several methods of selling internationally that they have used. Thus, the ratings in table 6.3 below are based solely on the experiences of gallery owners who have actually used the methods. International art fairs are at the top of the list (mean 4.0), followed closely by Internet-based promotion (mean 3.6). Despite their effectiveness, however, over 40% of galleries have never participated in international art fairs. Advertising in international publications is seen as the least effective method by those who have used it, with a mean of 2.5.

Table 6.3: Effectiveness Ratings of International Selling Methods on 5-Point Scales²⁴

	MEAN	5	4	3	2	1	DNK ²⁵	DID NOT USE
Participating in international art fairs outside Canada	4.0	52	17	15	5	11	2	41
Internet based-promotion	3.6	33	21	26	13	7	1	5
Collaboration with foreign galleries	3.3	25	18	24	16	13	4	37
Sending out marketing materials	3.2	16	22	34	16	10	3	14
Advertising in international publications	2.5	12	12	20	20	32	3	42

²³ "Approximately what percentage of this marketing and sales budget goes to targeting..."

²⁴ "The following are five methods that galleries sometimes use to sell internationally. From experience, please score each method on a 5 point scale where 1 means not successful or effective and 5 very successful and effective. [RANDOMIZE]"

²⁵ DNK = Don't know.

7.0. Lessons Learned on Success in Export Sales

7.1. Eliciting Gallery Owners' Own Thoughts

Gallery owners were given the opportunity to provide their insights on how to be successful in export sales, and in turn provided a myriad of responses. Respondents were asked: "What are some of the best practices or lessons you have learned about how to be successful in export sales?"

7.2. The Cross-Cutting Importance of Persistence

Respondents proffered a wide range of specific *do* or *don't do* advice, as detailed below in section 7.2. Cutting across these specific recommendations was general counsel to owners to be persistent and consistent in whatever they opted to do. In a variation on a common theme in consumer brand strategy, gallery owners advised their peers to avoid confusing the clientele and to keep repeating whatever initiatives they undertake.

The following verbatim statements reflect well the advice to gallery owners to be persistent:

Be constant and have a long-term vision. Thinking you can go there once and have success doesn't work, it's an accumulative thing.

You can't do an art fair once. You have to keep going back to it, even if you don't make money. It takes 3 years to break into a market, so don't give up.

Continuing a presence, so do not disappear. Participate yearly and build on that momentum.

Continued exposure is the single most important factor, particularly at art fairs.

If you're doing an art fair, you can't do it once; you'll have to do it 3-5 times.

7.3. The Substantive Keys to Export Success—Network Vigorously, Know and Respect Your Customer, and Control Costs

The single best practice or most important, positive lesson in export success is to network, as shown in table 7.3A. Respondents recommend that owners network and follow-up repeatedly with clients, artists, suppliers, and collectors. It is as if respondents are saying that art galleries are above all a *relationship business*.

As for negative lessons, the two main types of cautionary advice are not to overlook (i) controlling costs and (ii) knowing and treating customers well, as shown in table 7.3B.

Respondents provide wide-ranging advice with respect to limiting expenditures. One specific piece of advice is to avoid spending on international publicity because such spending is seen as ineffective, especially in the absence of strong interpersonal relationships.

As for customers, it is vital to know their needs and interests individually and by market. Gallery owners should not forget to research any foreign market or art fair in which they have a potential interest. It is equally vital to treat customers with respect and intelligence.

Table 7.3A: “What are some of the best practices or lessons you have learned about how to be successful in export sales?”²⁶

	%
Networking/follow-ups with clients/artists/suppliers/collectors	22
Websites/internet	12
Research your target market	11
Participate/attend art fairs	11
Good products/artists	11
Knowledge of shipping and customs	7
Other	15
Don't know or no response	11

Table 7.3B: “Any lessons about what not to do?”

	%
Don't overspend, i.e. control costs (including 8% don't spend on international publicity)	31
Don't ignore customers, i.e. be focused on customers (combination of research before entering a market and offer good customer service)	26
Don't forget to research before entering a market/art fair	15
Don't forget to offer good customer service	11
Don't forget to focus on Canadian Art	1
Other	13
Don't know or no response	30

²⁶ The categories and response frequencies emerged from content analysis of verbatim responses to an open-ended question.

The verbatim statements below reflect the customer-focused admonitions provided by respondents:

Be nice to clients and make it easy for them to buy. There is nothing I can spray in the air to attract customers. I come in, unlock the door and sell to whoever wants to buy.

Knowing the ins and outs of what's involved with shipping and taxes, customers do not want to be charged unnecessarily.

Providing a very high level of service, being timely with phone calls and emails. Be transparent and thorough with information and pricing.

You need a committed audience to make a sale, and that audience is drawn through communication and keeping in touch.

Ship as quickly as possible, maintain communication until client has physically received the piece; these are both extremely important! Maintaining contact after the sale is important as well.

Some gallery owners feel that knowledge of their target export market is imperative to success, as indicated in the verbatim statements below:

Need to do your research and the homework about the market you are selling to. Have to have the right material, have a sense of what will work in particular markets and take pieces that will sell, understand the culture and their tastes.

Research the market that you are approaching, especially as it pertains to art fairs.

Do the research, visit the place, observe the culture and meet the people. Know the market you are selling to.

Know the market you're going to.

Determining what to take and researching the market and going to the fair is the most important.

The following verbatim statements capture the thinking of respondents who admonish their peers to control costs:

Don't try to spend a ton of money to promote Canadian art abroad, it just doesn't work.

Advertising in international publications doesn't work; you have to be there in person.

Foreign advertising is useless.

Don't waste money on advertising in foreign magazines, it doesn't work.

Ads in international publications are a waste of time, they do not work!

Don't put a lot of money into one particular market.

Don't break the bank. It takes a number of years before you even break even.

Don't overspend.

Don't overextend yourself financially.

Don't spend too much money to develop audiences all over the place.

8.0. How to Increase Exports of Canadian Visual Art

8.1. International Art Exhibitions Are the Best Way to Increase Visual Art Exports while Consumer Research Is the Worst Way

Gallery owners were presented with a dozen opinions on how to increase the export of Canadian visual arts, and were asked to select what they felt are the most and least effective on the list. Participating in more Canadian art exhibitions at public museums outside Canada is clearly judged to be the best way of increasing visual arts exports, as shown in table 8.1A. Conversely, gallery owners are extremely wary of the effectiveness of conducting consumer research to measure the appeal of Canadian art to foreigners in select markets.

Table 8.1A: Most vs. Least Effective Way to Increase Exports of Canadian Visual Art (in Descending Order of Gap Scores)²⁷

	Most effective (%)	Least effective (%)	Most-Least
More Canadian art exhibitions at public museums (outside Canada)	22	2	+20
Procedures for requesting financial assistance to attend foreign trade fairs that are easier to understand	16	7	+9
Greater collaboration between Canadian and foreign dealers, galleries, and collectors	12	5	+7
Bringing more foreign curators to visit Canadian art galleries	11	7	+4
Stronger Canadian brand awareness abroad	8	5	+3
Better information about the best markets to sell to	2	1	+1
More help from Embassies and Cultural Trade Commissions	10	10	0
More investment by art dealers in their marketing communications including the Internet	9	9	0
Better information about how to sell abroad	3	3	0
Greater collaboration among Canadian art dealers in advertising, promotion, and shipping	5	8	-3

²⁷ “The following are a dozen thoughts or opinions about how to increase exports of Canadian visual art. Please tell me which is the most effective and which, the least. [RANDOMIZE]”

	Most effective (%)	Least effective (%)	Most-Least
Staff training opportunities for dealing with cross-border and international shipping issues	3	18	-15
Consumer research to measure the appeal of Canadian art to foreigners in select markets	1	27	-26

When gallery owners were asked to provide individual value ratings for each of the opinions in table 8.1A, a similar pattern emerged: art exhibitions outside Canada are clearly rated as most valuable, while consumer research is rated as least valuable (see table 8.1B).

Table 8.1B: Value Ratings of Ways to Increase Exports of Canadian Visual Art on 5-Point Scales²⁸

	MEAN	5	4	3	2	1	DNK ²⁹
More Canadian art exhibitions at public museums (outside Canada)	4.4	60	23	12	3	1	2
Greater collaboration between Canadian and foreign dealers, galleries, and collectors	3.9	35	32	19	6	6	3
Procedures for requesting financial assistance to attend foreign trade fairs that are easier to understand	3.8	42	19	16	6	13	5
Bringing more foreign curators to visit Canadian art galleries	3.8	41	15	23	11	7	3
Stronger Canadian brand awareness abroad	3.7	38	22	14	11	11	5
More help from Embassies and Cultural Trade Commissions	3.6	35	23	21	7	13	2
Greater collaboration among Canadian art dealers in advertising, promotion, and shipping	3.6	28	23	31	10	7	2
More investment by art dealers in their marketing communications including the Internet	3.5	26	20	26	14	7	6
Better information about the best markets to sell to	3.4	30	19	18	14	16	4

²⁸ "Please score each of the preceding methods on a 5 point scale where 1 means you doubt its value and 5, that the idea would most likely help exports a lot. [RANDOMIZE IN SAME ORDER AS PRECEDING]"

²⁹ DNK = Don't know

	MEAN	5	4	3	2	1	DNK ²⁹
Better information about how to sell abroad	3.3	23	21	25	15	14	2
Staff training opportunities for dealing with cross-border and international shipping issues	2.9	19	16	24	18	22	2
Consumer research to measure the appeal of Canadian art to foreigners in select markets	2.7	13	18	16	23	27	4

9.0. Financial Assistance

9.1. Majority of Galleries Have Not Recently Applied for Financial Assistance

A slight majority of galleries (55%) report that they have not applied for financial assistance from any government organizations in the last three years. Of those who did, they were most likely to apply to the Canada Council or Canadian Heritage, as shown in table 9.1 below. Approximately one-sixth of galleries applied to their provincial government for financial assistance, while a very small percentage sought funding from Foreign Affairs and International Trade or their local government.

Table 9.1: Percentage of and Mean Number of Applications for Financial Assistance in the Past Three Years by Government Organization³⁰

	% Who Applied	Mean Number of Times Applied
Canada Council	30	3
Canadian Heritage	22	2
Provincial government	16	2
Foreign Affairs and International Trade	5	2
Local government	3	1

9.2. Most Galleries Who Applied for Financial Assistance Were Successful, but Success Rates Vary by Organization

Most galleries who applied for financial assistance from a government organization in the last three years were successful; only 20% of those who applied for funding categorically state that they did not receive any at all (see table 9.2 below). Interestingly, the success rates in table 9.2 correspond with the application rates in table 9.1 above, in the sense that galleries that applied to the Canada Council or Canadian Heritage, the two most popular funding organizations, also had the highest success rates.

³⁰ "In the last 3 years, have you applied for financial assistance from... [RECORD HOW MANY TIMES FOR EACH]"

Table 9.2: Percentage of Galleries Receiving Financial Assistance in the Past Three Years by Government Organization³¹

	% n=50
Canada Council	42
Canadian Heritage	30
Provincial government	26
Foreign Affairs and International Trade	6
Local government	0
None of the above	20
Don't know or refused	4

9.3. Government Funding Not Considered to be Important to a Gallery's Ability to Export

In general, gallery owners feel that government funding is not important to their ability to export; 61% rate its importance as a 1 or 2 on a 5-point scale. However, those who received funding (mean 3.6) assign much more importance to government funding than those who applied but did not receive funding (mean 2.2), or those who did not apply at all (mean=1.9). Those who received assistance from Canadian Heritage perceived assistance as especially important, as is evident in table 9.2.

Table 9.2: Importance of Government Funding to Exporting Ability on a 5-Point Scale³²

	MEAN	5	4	3	2	1	DNK ³³
All recipients of assistance	2.3	25	5	8	3	58	2
Only beneficiaries of Canadian Heritage (n=15)	4.1	60	7	27	0	7	0

³¹ "[ASK IF HAS APPLIED]. From which of these did you receive assistance, if any. [PROMPT ONLY IF NECESSARY]"

³² "In the past three years, how important was government funding for your ability to export? Please use a 5 point scale where 1 means not a factor at all, and 5, a major factor."

³³ DNK = Don't know

10.0. Conclusions

10.1. The Typical Canadian Gallery

To summarize some of the key findings discussed in this report, the typical Canadian art gallery:

- ☐ Specializes in Canadian art and Canadian artists;
- ☐ Sells works in traditional visual art mediums (e.g., painting, sculpture, photography);
- ☐ Currently sells mostly to Canadian customers, but is very interested in export sales;
- ☐ Exports mostly to the U.S., especially cities such as New York;
- ☐ Is interested in expanding their export business to Western European countries and/or extending their U.S. presence;
- ☐ Devotes most of its sales and marketing budget to attracting Canadian rather than foreign buyers;
- ☐ Feels that international art fairs are the best way to sell to foreign buyers, but the high costs associated with attending the fairs hinders their ability to export art;
- ☐ Believes that increasing the number of Canadian art exhibitions at public museums outside Canada (presumably attendance as well) is the best way to increase export sales;
- ☐ Identifies a wide range of logistical, travel, and other costly barriers to exporting art, the burden of which government funding could help allay; and
- ☐ Does not usually consider government funding to be as important to export ability as the other factors listed above, but this is a complex art gallery judgment as qualified below.

Throughout the study, respondents repeatedly identify barriers to art exports that are expensive for individual galleries to surmount. For some respondents the government funding is crucial to help attenuate these barriers. When asked specifically about the importance of government funding for assisting exports, the average respondent tends to assign a low score.

A dilemma is how to reconcile the expensive barriers repeatedly identified by respondents with the apparently dismissive attitude towards assistance found among a number of respondents (table 9.2). Our statistical analysis of patterns shows that those who discount the value of assistance resemble those who value it in terms of their interest and success in export sales. It is possible that frustrations may account for some of the dismissiveness. Indeed, those who failed to receive assistance attribute less importance to government assistance than those who succeeded in eliciting help.

A striking finding is the importance attached to government assistance by recipients of support from Canadian Heritage. Among those who received assistance only from

Canadian Heritage, the likelihood of ascribing maximum importance to such assistance is more than twice as high as among respondents as a whole. Meanwhile, those who received assistance only from Canadian Heritage are about an eighth as likely as respondents as a whole to assign the lowest possible score to the importance of such assistance.

There are aspects of the Canadian Heritage's program that should be explored using qualitative research techniques by either Departmental staff or professional researchers. The Department's efforts are sufficiently successful that it may make sense to conduct follow-up inquiries to better understand, and ultimately protect and enhance, the attributes driving the success of the Department's efforts.

10.2. Recommendations

The most important counsel from respondents to their peers is to

- ☐ network as intensively as possible insofar as the art gallery business is substantially a relationship business,
- ☐ research their foreign markets and foreign market venues as carefully as possible,
- ☐ show as much courtesy and consideration to clients as possible, and
- ☐ control costs by concentrating international efforts and avoiding ineffective advertising and publicity investments.

Appendix A – Respondents by Province

Respondents by Province

	N = 112
BC	17
AB	15
SK	3
MB	1
ON	45
QC	20
NB	2
NF	2
NS	7