- Since the recession disruption have come to the traditional retail art business. In 2014 there are roughly 5,000 retail art galleries, down from some 6,500 galleries in 2010 -- nearly a 25% drop in only 4 years, according to statistics compiled by D&B's Hoover's subsidiary.
- While the number of retail establishments devoted to art has declined sharply in the last four years, the number of highly-educated affluent consumers who can both afford and appreciate art has grown significantly. In fact the ultra-affluent consumer segment, those with incomes of $250,000 and above, are the fastest growing segment in the U.S. consumer market today, up nearly 33% from 2010-2013. Overall there are nearly 30 million affluent households in the United States today, including 3.3 million ultra-affluents.
- Question is how to explain that the total target consumer market for art growing yet the number of retailers devoted to art has dropped sharply? Have people with a lot of money lost their interest in buying and displaying art or has something else changed? The answer is simple: People who appreciate art haven't gone away, but they have moved outside the traditional four-walls of a retail art gallery to buy art.
- Affluents are turning more frequently to buying art directly from the artist, at art shows, like the recent Miami Art Week, which features some 20 different art fairs, including the Art Miami show and Aqua Art Miami, both of which reported record crowds earlier this month, and increasingly buying art online, from such services as Amazon.com/Art, ArtFinder.com and Zatista.com.
- For example, in Unity Marketing's most recent survey among over 200 art buyers, some 30% of affluents made their most recent purchases online and another 10% bought in some other way, such as at an art show.
- What retail art business can withstand losing 40% of their business when real customers looking to buy art walk right by their door and go online or direct-to-artist to make their purchase?

The Art Gallery Business Is Challenged

Disruption has come to the traditional business of art galleries.

Art galleries can fight back and win the competitive game with this new strategically-focused report from Unity Marketing, entitled ***Art Gallery's Guide to the New Consumer Art Market: Retailer's Guide to Marketing Art in New Luxury Style.***

This report gives art gallery owners, managers and anyone else in the business of selling art news they can use from Unity Marketing's research-based library about art consumers and buyers.

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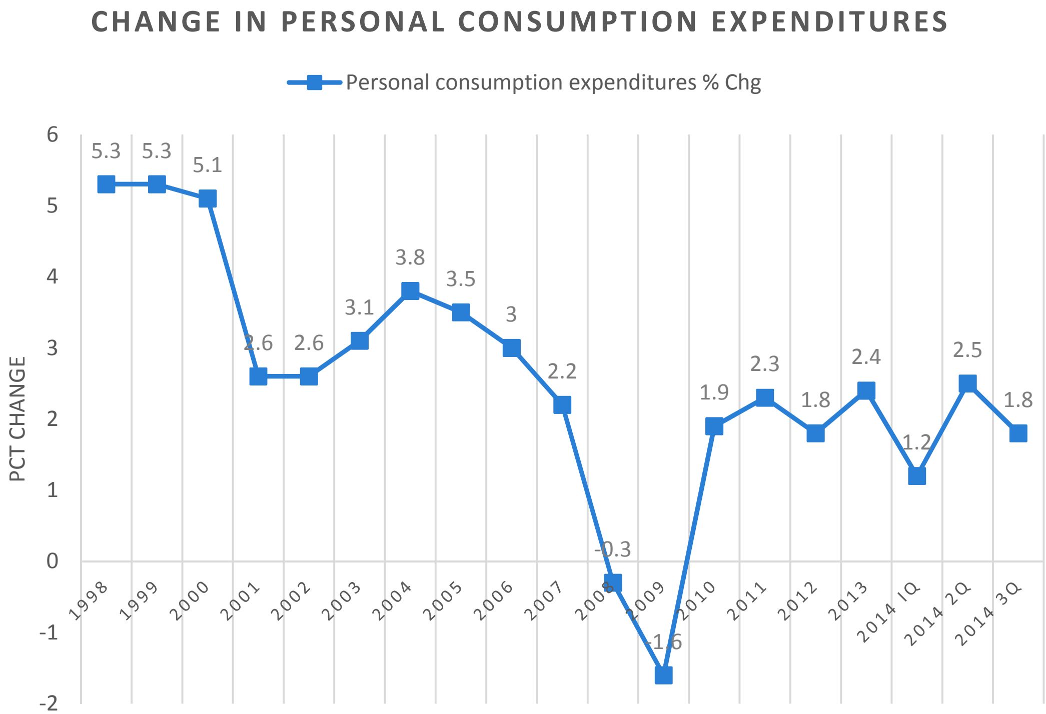
In 2014 Affluent Austerity Takes Hold & Will Continue in 2015

- Affluent consumers though they lost income during the recession have largely recovered those losses. They have discretionary income to spend. This high-income affluent customers are the key to driving sales and delivering profits to your art gallery experience.
- This study examines the affluent art consumer market, their preferences in buying and shopping for art as well as trends in their art gallery purchases and spending.
- Understanding their mindset is key to designing art experiences that attract them to your special destination.

Post-Recession the economy is in the doldrums and attracting more affluents to your destination is key to future success



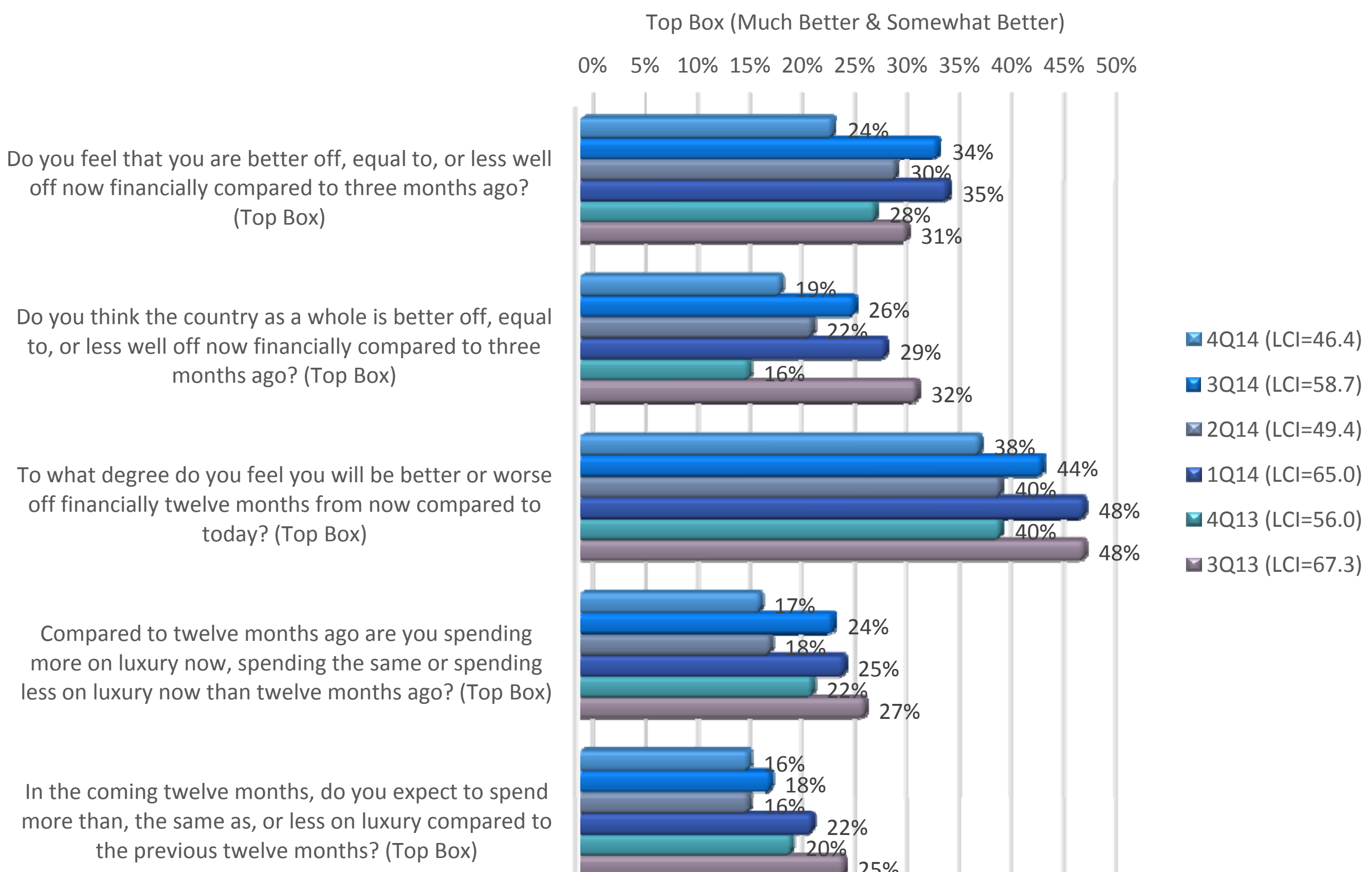
Personal Consumption Is Growing, but It's Pace Is Nothing to Brag about

Consumers, even the affluent, don't necessarily feel the economy is getting better and are cautious about spending

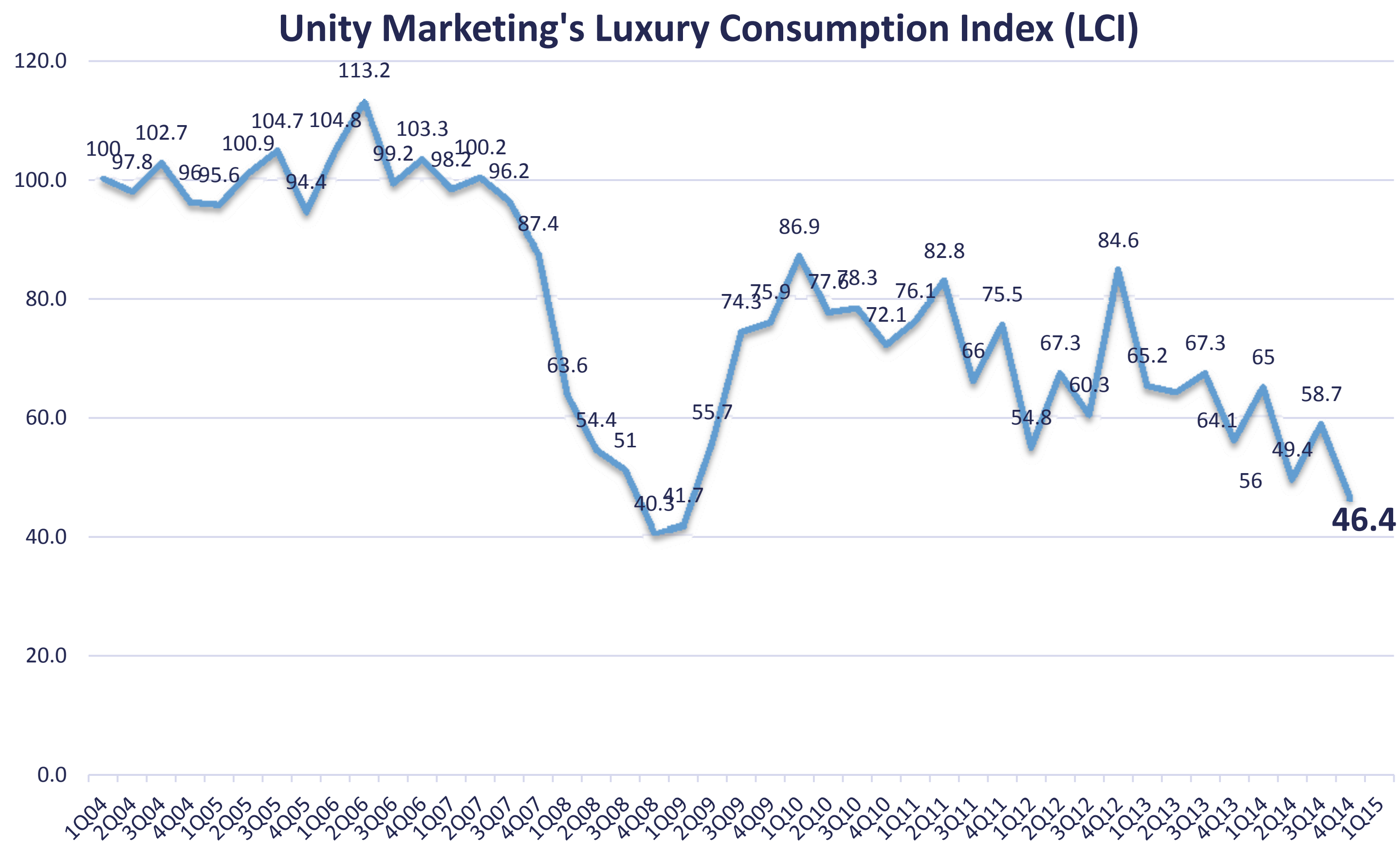
- BEA shows significantly less robust personal consumption from 2010-2013, as compared to 1998-2000 and 2004-2006.
- Personal consumption hasn't reach 3% increase since 2006.
- Through 3Q2014, personal consumption up 1.8% overall, after weak 1Q14 and strong 2Q14.

All measures of affluent consumer confidence dropped, especially financial status improving over the next three months – This means Christmas shopping season

Overview Key Financial Indicators



LCI only about 6 points away from its bottom in late 2008 and early 2009 -- Recession



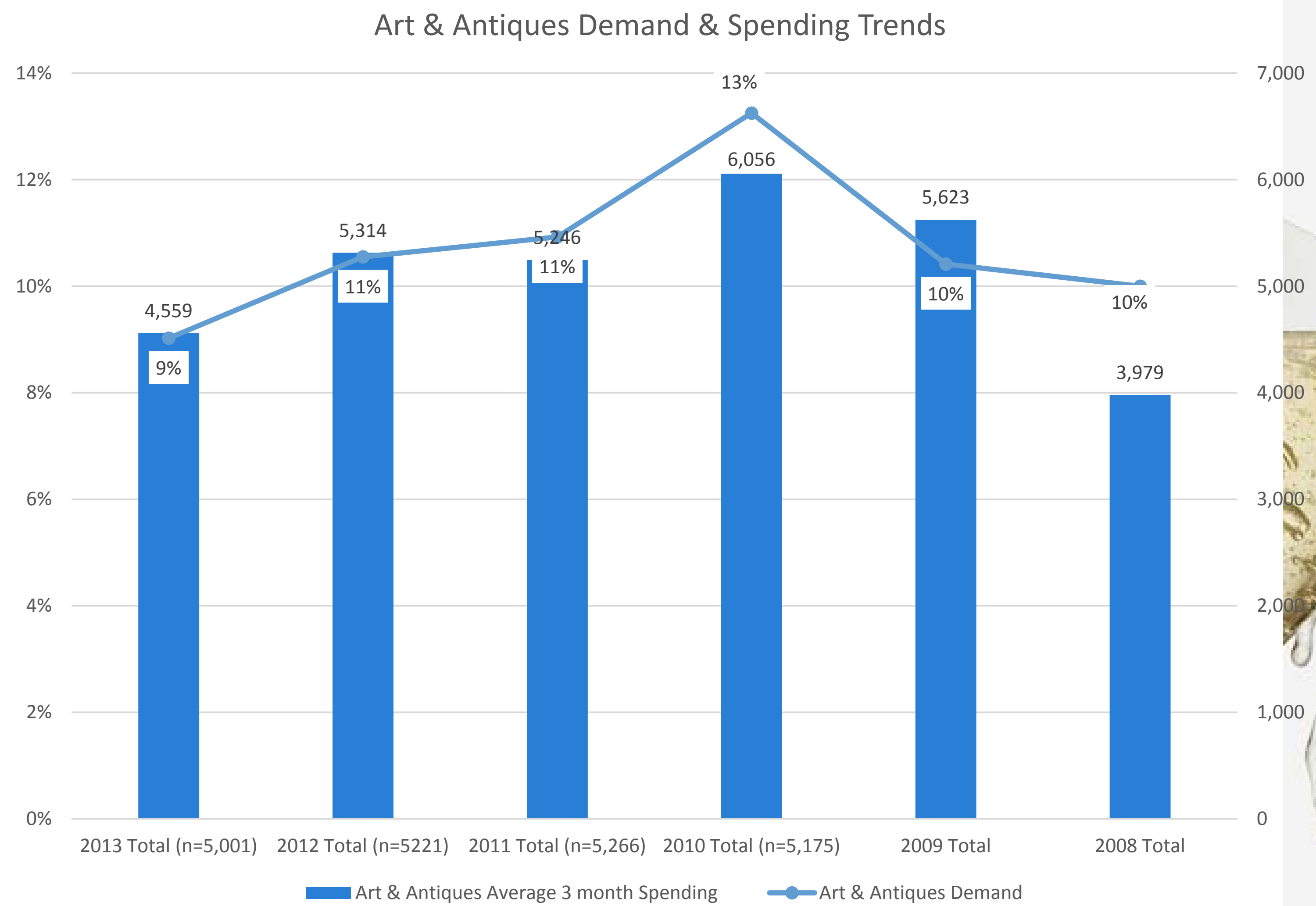
Source: Unity Marketing (www.unitymarketingonline.com)

Affluents Have Entered a "Season of Austerity"

Appealing to the Austerity-Minded Affluent s Is Key to Success this Year

- Dictionary definition of Austerity is "extreme plainness and simplicity of style or appearance." Its synonyms are "seriousness," "frugality," "thrift," "economy," "asceticism," "self-disciple," "abstinence," "restraint."
- Austerity-empowered affluents will seek out the best value for the money. Affluents still have discretionary money to spend. They just want to make the money they have go as far as possible so that they get the most out of what they spend.
- As a result, an investment approach to spending has taken hold among affluents – they will spend on luxuries and discretionary purchases if they believe they will get a good return on their "investment."

Affluent Spending & Demand for Art & Antiques Tracking Downward since 2010



Overview of the Research & Its Methodology

Tapping six years of market research data, this study delves deeply into the minds of today's affluent art customer.
It reveals:

- Who has disposable income for art?
- How does today's art customer define luxury?
- What are the top purchases among affluents in the art category?
- Where do affluents make their purchases of art and antiques?
- How can art marketers build a relationship with the next generation of Millennial consumers?

- Luxury consumers are surveyed every three months about their art purchases, what they buy and where they make their purchases.
  - Every three months Unity Marketing conducts an in-depth survey among affluent luxury consumers, defined by high-income (top 20% based upon income starting at about $100,000) and purchases of any 21 different categories of high-end/luxury good or services, including Luxury Art & Antiques. This report includes the results of six continuous years of quarterly survey results, from 2008-2013.
  - The overall results include 2013 surveys of n=5,001 affluent luxury consumers.
- The survey over samples ultra-affluents ($250,000+), so they weigh more heavily in the final analysis.
  - In a natural distribution ultra-affluents would represent 10-12% of total; in our sample 33% of total sample are ultra-affluents. These ultra-affluents make up the large majority of HNW consumers included in the survey, as well – typically making up 30% of so of the survey sample
- This report includes deep dive into affluent's shopping behavior in Art Galleries conducted in 1Q & 3Q 2014.
  - Beginning in 2014 Unity Marketing is alternating its ACTS product-focused tracking study with ACTS Shopper Track which studies affluents shopping behavior across 18 different types of stores, including Art Galleries. The following report summarizes the results of the 2014 Shopper Track studies of affluent Art Gallery shoppers.
- In addition, Unity Marketing published an Art, Framing and Wall Décor study in early 2013, based upon a survey among over 2,600+ category buyers, which includes purchasers of original art.