

# A Proposal for Fine Arts Market Segmentation based on Functions of Art and Consumer Benefits Sought

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## ABSTRACT

The objective of this paper is to propose a theoretical paradigm for segmenting the visual fine arts marketplace. For our purposes here, terms “visual fine arts” and “fine arts” are used to refer to physical objects such as paintings and sculpture as distinct from the performing arts which would involve demonstrations of live, physical, human behaviors. Although systematic data is not available, the global visual fine arts market has been expanding since World War II while prices of selected works of classical and contemporary art have been selling in auction at ever increasing, even record setting, prices (Artprice.com and AMMA 2016; Wilson 1970).

Traditionally, market segmentation has been based on characteristics of potential buyers. Such characteristics have tended to include demographic and ethnic characteristics because these are visible and can be used to identify marketing communications media to reach the targeted segments, and psychographic and lifestyle characteristics because these can be used to design communications to appeal to targeted segments. However, art works have been generally classified based on the artists’ “school,” historical period, style, genre, or based on physical characteristics of the work such as media, colors, or size. These are characteristics of the product, not characteristics of potential buyers. Today, with the rise of social media (Barker et al. 2017), there is an opportunity to refine fine arts market segmentation to focus more clearly on the benefits that potential buyers may seek from art purchases or attendance at art exhibits.

This paper first reviews the traditional marketing definition and approaches to market segmentation (Kotler and Keller 2006, pp. 238-271). Then, drawing on art scholars’ descriptions of the “functions” of art from the artists’ perspective, an initial segmentation taxonomy approach is proposed to suggest benefits sought by art buyers. This proposed consumer benefit taxonomy is intended to stimulate discussion among marketing academics and practitioners, as well as art market intermediaries and facilitators, artists, art patrons and art buyers that will lead to qualitative research and benefit both marketing theory and fine arts marketing in practice.

## Introduction

The objective of this paper is to stimulate discussion and further research of fine arts market benefit segmentation by proposing a theoretical paradigm for segmenting the visual fine arts marketplace. For our purposes here, the terms “visual fine arts” and “fine arts” are used to refer to physical objects such as paintings and sculpture distinct from performing arts which would involve demonstrations of live, physical, human activity. The field of fine arts is an industry area that generates more than \$16,000,000,000 globally in annual auction sales alone (Artprice.com and AMMA 2016, pp. 3). While one might imagine that extremely high-end masterpieces drive up the total auction sales revenues figures, over 80% of auction lots in 2015 sold for prices below \$7,000 (Artprice.com and AMMA 2016, pp. 15), suggesting a very large and broad market with a wide range of price variability. Within the United States alone, retail sales of artworks, art supplies, and related goods totaled over \$6,500,000,000 in 2012 with 5,056 retail stores reporting (United States Census 2015). These stores also reported 16,962 employees and annual payrolls of \$887,419,000. Clearly, from a global and United States perspective, the fine arts represent a substantial field of economic activity. However, it should also be noted that, given the low-end of the range of prices and the left-skewed price curve, the art market is broad economically and social-culturally inclusive.

Unfortunately, visual fine arts market segmentation has not been addressed in the marketing literature, and, with few exceptions (Desborde and Marshall 2015, 2016; Desborde 2014, 2013; Marshall and Forrest 2011) fine arts marketing as an academic field has not been addressed. This paper addresses this gap in the marketing literature by drawing on art scholars’ perceptions of functions of art to propose an approach to fine arts market segmentation based on buyer benefits sought. We first review traditional approaches to market segmentation, and then link art scholars’ perceptions of the functions of art to potential benefits sought by buyers. Then, a market segmentation classification scheme is proposed based on benefits sought by art buyers. This proposed benefit taxonomy is intended to stimulate discussion among marketing academics and practitioners, as well as art market intermediaries and facilitators, artists, art patrons and buyers that will lead to qualitative research and enhance both marketing theory and fine arts marketing in practice.

## Traditional Approaches to Market Segmentation

Market segmentation must be based on characteristics of potential buyers (Aaker 2005, Kotler and Keller 2006). Such characteristics have typically included behavioral, demographic, ethnic, social-cultural, and psychographic characteristics because these are visible and can be used in designing products, messages, communications media, and distribution channels to appeal to targeted segments. However, a segmentation approach must inevitably fall back on benefits sought by buyers (Kotler and Keller 2006, p. 256). Aaker (2005) has noted that benefits may be the most useful segmentation variable and that “benefit segmentation” underlies all other approaches to market segmentation. Demographic, ethnic, family life cycle stage, racial, social-cultural, and psychographic characteristics are, in the end, all used as indicators of potential benefits the targeted buyer might seek so that products and marketing communications may be designed to appeal by suggesting the desired benefits. As Bagozzi (1975) noted, marketing is exchange, and exchange necessarily implies an exchange of benefits.

Segmentation based on buyers' characteristics, be these ethnicity, demographic, geographic, behavioral, or psychographic (VALs – values, attitudes, lifestyles) characteristics, are really attempts to tie buyer desired benefits, expressed or not, to buyer characteristics by which the buyer could be reached by a marketing communication and distribution channel. Even psychographic characteristics in terms of “values, attitudes, and lifestyles,” suggest behaviors that may correspond to desired benefits whether these be psychological, social, or hedonic and tie to overt communication and behavior patterns that would allow marketers to reach the defined segment. Of course, demographic, ethnic, and social-cultural as well as geographic factors must be considered in designing communication and distribution channels to reach the targeted buyer, but the product itself and its presentation must offer the sought benefit and the sought benefits, to be useful to the marketer, must, in turn, correlate with visible buyer characteristics that would allow the buyer segment to be reached.

## Functions and Benefits of Fine Art

The nature of artworks makes definition of consumer benefits elusive. As Hirschman (1984) has noted, artworks are aesthetic and ideological products characterized by abstraction, subjectivity, nonutilitarian, uniqueness, and holistic features. By “abstraction,” Hirschman means the products are used to “invoke something other than themselves.” (p. 50). The artist is attempting to convey an experience to the observer. By “subjectivity,” Hirschman means that the experience of viewing a work of art is different for each consumer. “Although the painting remains constant in an objective sense, its interpretation by every consumer is subject to great interpersonal variance...” (p. 51). By “nonutilitarian,” Hirschman means “that these products are valued in and of themselves...”, “...their value to the consumer lies solely in the subjective response they evoke” (p. 51). By “uniqueness,” Hirschman means that the product is original and “not be duplicative or derivative of prior efforts.” (p. 52). By “holistic,” Hirschman means that each art work exists “only as wholes or gestalts, and cannot be analyzed via their attribute structure.” (p. 52). These characteristics suggest that the benefits, service, or effect of an artwork is unique to the individual. Still, this does not preclude either the artist's intention to create an effect in the viewer or the creation of a “benefit” for the viewer or buyer that is a form, even a unique form, of a definable class or category of benefits that the viewer or potential buyer might experience and define as a purchase motivation benefit. Taken together, Hirschman's characteristics suggest, in Dewey's (1934) terms, that art is the experience created in the viewer or consumer of the art. It is a personal experience of a unique object taken as a whole. The experience of the art consumer may have been that intended by the artist or it may be unique to the consumer, but, the position taken here is that the appeal, and therefore the benefit, of the art work to the consumer is to be found in the experience of the consumer.

This view of benefits of art works is different from how art works and market segments are typically classified. While market segments must be identified based on characteristics of the buyers, art works have been classified based on artists' “schools,” historical periods, or styles or genres, or based on physical characteristics of the work such as media, colors, or size. These are product characteristics, not buyer characteristics and are not, in themselves, motivating factors for the purchase of artworks, although they may be factors that exclude purchase options due to social, spatial, or stylistic fit concerns given the environment in which they might be displayed.

Today, with the rise of social media (Barker et al. 2017; Forrest, Piper, and Marshall 2014), there exists the opportunity to refine fine arts market segmentation to focus more clearly on the benefits that potential buyers may experience or seek from art purchases or attendance at art exhibits. However, what benefits might be sought? Potential answers to this question may be found in the perceptions of art scholars of functions of art in society over the past centuries. Here, we focus on functions identified by Fincher-Rathus (1998) and Preble and Preble (2002).

## Functions of Art

Fincher-Rathus, (1998) proposes a classification of fourteen “purposes” (which are here referred to as “functions”) of art from an artist’s perspective. These are listed in Table 1. The titles are, largely, self-explanatory and, one might argue, the categories are not mutually exclusive or one-dimensional. In Fincher-Rathus’ explanations of the categories, she sometimes treats a category as a purpose of the artist and sometimes as a benefit to the consumer. For example, for the category “To Create Beauty” she writes that at times the artist seeks to imitate nature and at other times to improve upon it. But, under the heading “To Provide Decoration” she takes the view of the consumer using the art work for his or her own purpose. For the category “To Reveal Truth,” the artists’ objective is taken, whereas for the category “To immortalize” she recognizes Robert Maplethorpe’s intent to keep “his talents and his tragedy in the public’s consciousness” but also the intent of Pope Julius II in commissioning Michelangelo to create his tomb. Similarly, the function of expressing religious values could be an intent of the artist or of the artist’s patrons. Similar points could be made regarding each of Fincher-Rathus’ categories or purposes of art, but, nonetheless, the listing suggests benefits that consumers of art might seek. Furthermore, several of the Fincher-Rathus categories might be separated into two distinct benefits from the consumer or artist perspective. For example, the category “To Stimulate the Intellect and Fire the Emotions” might be separated into intellectual stimulation, for which the current writers would give Cubism as an example of a style that might produce this benefit, whereas the Mona Lisa might provide for many the consumer benefit of “Fire the Emotions.” In any case, the Fincher-Rathus categories of purposes of art appear to capture many of the benefits that consumers of art might seek, and this could provide a basis of “benefit segmentation.”

The second set of scholars to be considered here are Preble and Preble (2002) who, in their “introduction to the visual arts,” suggest the “Purposes and Functions of Art” (pp.5-14) listed in Table 2 with some of the examples they use to illustrate the purposes. As with the Fincher-Rathus categories, the categories of purposes and functions of art suggested by Preble and Preble are also not mutually exclusive nor are they one-dimensional.

The Preble and Preble category titles are, largely, self-explanatory, particularly in conjunction with their illustrative examples. As explained by Preble and Preble, the categories reflect the intent of the artist. However, these categories, like those in Table 1, might also be seen as benefits sought, or found, by the viewer, the consumer of the art. It may also be noted that there is considerable overlap between the categories suggested by Fincher-Rathus and those suggested by Preble and Preble. Such overlap suggests that at least art scholars have some agreement on the social functions of art and possible purposes that artists and art patrons as art consumers

might share. As such, common recognition of purposes and functions of art in society might suggest a viable starting point for a taxonomy of art market benefit segmentation.

## Proposed Taxonomy of Consumer Benefits from Fine Arts Purchases

The taxonomies of functions of art suggested by Fincher-Rathus and by Preble and Preble are a starting point from which to consider the development of a taxonomy of sought consumer benefits from art purchases from which a marketing segmentation system might be developed. To this end Table 3 presents an effort to combine the Fincher-Rathus and Preble and Preble taxonomies of functions of art and, simultaneously, restate them as potential consumer benefits that might be sought by consumers when consumers buy art. It should be noted that the resulting taxonomy of possible benefits sought by consumers purchasing fine art (visual art) is only offered as a starting point for discussions among marketing academics, marketing intermediators and facilitators, art buyers as consumers, and artists. Ideally, further research would make use of this taxonomy as a starting point for focus group research which might then lead to sufficient verification and validation as to justify more quantitative approaches.

## Conclusions

Regardless of the intent of the artist, the consumer of art may find his or her own benefit in a work. As Hirschman (1984) noted, the artist may be, and often is, only concerned with his or her own artistic objective of expression and enters into “self-oriented creativity” and a “self-oriented transaction.” (p. 49). Recognizing this, Hirschman suggests extending the marketing concept to include marketing exchanges “initiated within one’s self.” (p. 49). Similarly, Fincher-Rathus included in her categories of the purposes of art “To Meet the Needs of the Artist” and refers to Maslow’s conception of “self-actualization needs.” In such a case the artist might be considered a segment of one. However, for more conventional marketing purposes, and with the goal of market interest of an artist’s work, it may help artists and their marketing facilitators and intermediaries to consider potential benefits sought by art consumers. Even when the artist is not considering appealing to an external market segment, marketing facilitators and intermediaries will find utility in considering the taxonomies of benefit segmentation implied by the purposes and functions of art considered here. Regardless of the creative intent of the artist, the art consumer, through exposure to an art work, develops his or her own experience. Sensitive to the benefits that may be sought, the marketing facilitator and intermediary might “frame” the consumer experience to suggest a sought or unsought benefit to the marketing advantage of the artist’s brand. Hopefully, the “functions” and “purposes” of art taxonomies reviewed here, and their combination and restatement into a taxonomy of potential benefits sought by art fine consumers, will stimulate discussion among marketers and members of the art community into why people buy art works and how they experience art. It is to be hoped that such discussion will stimulate further research, both qualitative and quantitative, that will aid in broadening the reach of the artist community to further enhance the quality of the human experience.

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To Create Beauty	To Provide Decoration
To Reveal Truth	To immortalize
To Express Religious Values	To Express Fantasy
To Stimulate the Intellect and Fire the Emotions	To Create Order and Harmony
To Express Chaos	To Record and Commemorate
To Reflect the Social and Cultural Context	Experience
To Elevate the Commonplace	To Protest Injustice and Raise Social
To Meet the Needs of the Artist	Consciousness
<b>Source: Fincher-Rathus, Lois (1998), <i>Understanding Art, 5<sup>th</sup> Edition</i>, Upper Saddle River, NJ: Prentice-Hall, pp. 5-23.</b>	

Table 2: Fincher-Rathus' Functions of Art

Communicating Information

The Tree of Jesse, Stained Glass, West Facade, Chartres Cathedral

Day to Day Living

Functional art, objects that can be used, well designed objects and spaces  
(i.e. china plates and blankets with graphic designs)

Spiritual Sustenance and Religious Expression

Stonehenge

Wheel of Time – Tibetan Sand Mandla

Personal and Cultural Expression of Self

Rembrandt Self-Portrait,

Yong Soon Min Dwelling 1994,

Romare Bearden Rural US South Depictions (Raise Social Awareness)

Social and Political Purposes

Goya, Felix Gonzalez-Torres

Leni Riefenstahl

Visual Delight

Islamic Cultures Art

Miriam Schapiro

**Source: Preble, Duane and Sarah Preble (2002), *Art Forms: An Introduction to the Visual***

*Table 3: Preble and Preble Purposes and Functions of Art*

To Experience Beauty	Experience Fantasy
To Capture Truth	Experience order and Harmony
To Express Personal Religious Values	Relive Past Experiences
Personal Intellectual Stimulation	Appreciate Everyday Life
Personal Emotional Stimulation	Identify with the Artist
including the Experience of Chaos	Educate Others – Communicate Information
To Express Personal and Cultural Values	Functional Object in Combination with
To Support Social Protest and Raise	Other Benefits
Social Consciousness	Personal Interior Decoration
Immortalize Personal Connections	

*Table 4: A Proposed Combined Taxonomy for Consideration as Fine Arts Consumer Benefits*

Track: Art, Music & Entertainment

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