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# The Art of Financing: ARCOlisboa and the funding of contemporary art fairs

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Master in Art Markets

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And to my grandfather, whom I still think about every day, I dedicate this dissertation to him.

## Resumo

As feiras de arte são uma parte fundamental do mercado da arte, o seu impacto é impossível de ignorar e, no entanto, existe uma clara falta de informação em relação ao seu funcionamento e a sua influência em toda a indústria.

Esta dissertação pretende aprofundar o contexto histórico e económico das feiras de arte, através de uma análise compreensiva do mercado e de algumas das feiras de arte contemporâneas mais importantes. Completada por uma visão do mercado de arte português atual, temos uma melhor perceção do enquadramento em que a ARCOlisboa se insere. Esta feira serve como caso de estudo de uma feira internacional de arte contemporânea, ao explorar os seus objetivos, desenvolvimento e estrutura, exemplifica o sistema de financiamento utilizado por muitas das principais feiras de arte atuais. Isto, em contraste com as feiras portuguesas e internacionais, permite uma análise da feira em comparação com outras semelhantes. E com uma visão mais aprofundada dos seus resultados nos últimos 3 anos, podemos reconhecer como o patrocínio empresarial e o apoio institucional têm contribuído para o sucesso da ARCO no contexto de um mercado incerto.

**Palavras-Chave:** Feiras de Arte, Mercado de Arte, Financiamento, ARCOlisboa

## Abstract

Art fairs are a key part of the art market, their impact is impossible to overlook, and yet there is a clear lack of information surrounding both how they function internally and how they influence the entire industry.

This dissertation aims to expand on the historical and economic context of art fairs, through a comprehensive analysis of the market and some of the main contemporary art fairs. Completed by an overview of the Portuguese art market, we have a better understanding of the framework that ARCOlisboa is inserted in. This fair serves as a case study for an international contemporary art fair; by exploring its mission, development and structure, it exemplifies the financing system many of the main art fairs today use. This, in contrast with both Portuguese and international fairs, allows for an analysis of the fair in comparison to its peers. And with a with a more in-depth view of its results over the past 3 years, we are able to recognize how corporate sponsoring and institutional support have had a hand in ARCO's success within the context of an uncertain market.

**Keywords**: Art Fairs, Art Market, Funding, ARCOlisboa

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# INTRODUCTION

In the ever-changing landscape of the global art world, art fairs serve as pivotal events that shape the way art is presented, valued, and exchanged. These dynamic gatherings serve as microcosms of the larger art ecosystem, bringing together a diverse array of artists, collectors, curators, critics, and enthusiasts from around the globe. Art fairs have transcended their initial role as mere marketplaces, evolving into complex cultural phenomena that reflect and influence contemporary artistic practices, market trends, and societal values.

The decision to focus on this theme is motivated by the relative scarcity of comprehensive academic research on the impact and inner workings of art fairs within the art ecosystem. As Morgner states in "*The evolution of the art fair*" (2014), although there is a growth in studies related to art fairs, many of these focus on specific aspects of the fair phenomenon and not on the fair itself. And this absence of proper study is still felt 10 years later. When researching for this dissertation the lack of proper in-depth research is clear, although there are a few studies that provide extremely valuable information, there is still a need for a more holistic analysis that considers the multifaceted nature of these events and their far-reaching consequences.

This thesis aims to further develop this research and potentially help to fill a gap in existing literature, as well as provide a nuanced understanding of how these events shape the art world, providing ARCOlisboa as a clear example of how international art fairs function within the context of the market, with a focus on the funding aspect of the fairs.

To achieve this overarching goal, this thesis will pursue several specific objectives. Firstly, based on Morgner's (2014) very own research, the first chapter begins with an overview of the evolution of art fairs, to develop how they have changed through time and their impact on the art world, by emphasising its socio-economic and historical evolution, to further contextualise the significance of the infrastructure it has developed. Furthermore, the study of this evolution is vital to understand the role art fairs now play. By providing valuable information on how the current cultural landscape has shaped the art market, and therefore art fairs.

Secondly, the first chapter aims to provide a global contextualization of art fairs in the market. There will be a broad analysis of the contemporary landscape of the art market, with a focus on the past 5 years. This data will be mainly retrieved from the yearly Art Basel and UBS Art Market Reports, prepared and authored by Dr. Clare McAndrew, founder of Art Economics, that survey a significant portion of relevant art market players, such as gallerists, collectors, artists, investors and other stakeholders, serving as a central point of information sources that allow us to have a better understanding of the current market. By focusing on the past 5 years, we're able to have an updated overview of market share and influence of art fairs, but we're also able to see the clear impact the pandemic had on the market as a whole. Although the direct repercussions of the Covid-19 pandemic have subsided a relatively short time ago, the "*2023 Art Market Report*" already allows us to observe the outlook and expected trends over the next few years. This analysis will be completed with an additional subchapter dedicated to showcasing the main fairs and events that compose the current global art fair circuit, in order to showcase the best examples of important networks and infrastructures.

This contextualization is especially relevant to highlight on a national scale, to provide a point of comparison for the ARCOlisboa fair. Therefore, the last part of the first chapter is focused on the national art market and cultural landscape, by providing an overview of Portugal's main art market players, such as auction houses, galleries, collectors and art fairs. As there is significantly less information on the national market compared to the global market, this section will attempt to compile as much information as possible in a succinct fashion, in order to give a full overview of the Portuguese market.

After comprehensive contextualization, the second chapter, gives an introduction to the ARCOlisboa art fair, explaining its history, characteristics, programme, organisation and how it functions. This allows for a better understanding not only of the fair itself, but the overarching impact it has on the Portuguese cultural calendar. This chapter is based on the "*ARCOlisboa Results Reports*", ranging from 2022 through 2024, provided by Dra. Rita Tavares, who is part of the organisation and local coordination of the fair. These reports offer a wide range of information regarding performance statistics that serve as a guide for sponsors and potential partners to know how the fair operated and what they achieved in previous years.

These reports allow us to understand not only what ARCO is as a fair, but how it involves itself within the cultural sphere. This then ties with the idea developed within these chapters that ultimately ARCO functions at an international level. Reinforced by its funding system, explored in the last part of this thesis.

The third chapter, follows ARCOlisboa, along with other well-renowned art fairs, and analyses the systems these fairs use to fund these events. It goes through their structure, and how their partners and sponsors contribute and affect the organisation of the fairs. Also exploring how different types of support shape the fairs themselves. This analysis is based on individual research, following public information provided by each of the fairs. By exploring the various structures and the types of partners usually linked with art fairs, a connection can be made between the two.

For this effect, both qualitative and quantitative research methods were conducted through the many phases of the study. This involves a thorough examination of scholarly publications, industry reports and media coverage related to art fairs and the broader art market. The literature review will help to situate the current research within the existing body of knowledge and identify gaps that this thesis aims to address. Although there is a strong component of the qualitative research method, in order to understand many of the nuanced concepts throughout the thesis, like the historical evolution of art fairs or the inner workings of the Portuguese art market, a great part is conducted through quantitative research. This is made through an analysis of art fair attendance figures, sales data, and broader market trends, retrieved from a compilation of statistical data mainly from art market reports. This is then coupled with the information derived from the ARCOlisboa reports and primary research conducted to gain a better understanding of the art fair financing structures.

All in all, this thesis aims to provide an in-depth examination and analysis of the current art market and how some of the main fairs navigate financing their events, using ARCOlisboa as a primary case study. Through this lens, the goal is to illuminate the financial structures that underpin many of the major fairs and assess the role of corporate sponsorship in shaping the contemporary art fair landscape.

# CHAPTER 1- Global Art Fair Context

Art fairs play a crucial role in the economic and cultural influence of the art world. Serving as dynamic marketplaces, they're a key proponent of substantial transactions, contributing to the financial vitality of artists and galleries. These events serve as a showcase of their artworks and have great importance to their income and public perception. They help establish important connections with collectors, as well as other players of the art market. These events are also widely advertised and therefore have a much wider reach, enticing many potential new buyers. This also allows for collectors to have a wider perception of the artistic offer, as well as observe artistic and economic trends.

One of the trends that have become increasingly more evident is the evolution and steer towards an event driven market. Over the last two decades there has been a remarkable increase in the number of established international art fairs, going from about 55 to around 300, as of 2019. (McAndrew, 2020). Although this number had some significant change due to the pandemic, with many events forced to cancel, and with some art fairs shutting down completely, the desire for the return to in-person events was evident.

And the impact of art fairs is clear; in 2019 sales at art fairs accounted for 43% of all sales made by art dealers, which accounted for roughly $16.6 billion in sales. (McAndrew, 2022). Making it evident that they’re an important component of global art sales and belong to an essential part of the generation of sales in the market, especially to art dealers. These events not only allow for a crucial infrastructure and geographical layout of the annual calendar for the art world, but they also contribute as their own ecosystem, as an established industry. By creating an entire functioning structure that attracts its own demographic, they employ a wide set of workers and partner with other industries, impacting local business, proving art fairs go beyond the exclusive bubble of galleries and collectors. (Eckstein, 2006; Yogev, 2012 as cited in Morgner, 2014)

This chapter provides a broad overview of the art fair landscape, setting the stage for an analysis of ARCOlisboa. It begins by tracing the historical development of art fairs, from their inception to their current status as cornerstones of the global art market, and how they have performed in the last few years. This, coupled with a further study of the Portuguese art market, allows us to better understand the context that the fair is inserted in.

### 1.1.- The Evolution of the Art Fair

To comprehend the evolution of the Art fair, we must understand the socio-historical implications surrounding its varied stages and how these have shaped them. For this effect, this chapter will begin with a short overview of the historical context that has formed and influenced the evolution of art fairs, based on Christian Morgners' "*The evolution of the art fair"* (Morgner, 2014). There is very limited concise information gathered specifically in regard to art fairs only, with this knowledge usually being scattered through studies regarding other issues, and so, it becomes increasingly complex to gather information pertaining to art fairs in one place. However, Morgners' paper thoroughly details this history and illustrates how shifts in societal structure have supported and nurtured new and different aspects of the art fair, while acknowledging that this evolution has led to the diversification of various art fair typologies.

As per his study, the evolution of art fairs can be summarised through several phases, each building upon the innovations and conditions of its predecessors. Initially, art fairs derived from religious festivals in antiquity, blending commerce with spirituality, and setting the groundwork for future gatherings by creating a network-like structure of trade and cultural exchange. They created a spider web-like network (Morgner, 2014) that expanded throughout the territories and connected at one point, where crucial segments of the population could reinforce cultural and political norms, and where the ruling elite could display their goods and other exceptional merits that were meant to be admired as God-like qualities, and therefore, worshipped. While these festivals were initially created with the purpose of showcasing their belief systems and sharing their spirituality, with the presence of high value, rare religious items that attracted people from distant regions, the material element of these festivals became evermore present, transforming increasingly into a fair structure.

In the Middle Ages, the focus shifted towards the sale of crafts and goods, integrating economic practices such as price formation and aesthetic presentation. It was with this focus on the selling of goods during religious festivals that these earliest iterations of fairs became a common practice. And with that, what could possibly be described as the primordial version of an "art fair", were actually artisanal fairs that were held at these spiritual events, and therefore always had a heavy religious theme to the objects sold. By the 15th and 16th centuries, artisanal fairs had shifted away from religious associations, becoming platforms for trade with a focus on the rarity of the objects and maintaining marketing relationships. Retaining some of the structure of religious festivals, they evolved by emphasising mercantile activities and aesthetic appeal. The display became paramount, with merchants prioritising attractive presentations, setting a precedent for contemporary art fairs.

The 17th and 18th centuries saw major advancements in the communications and transportation sector as well as a shift towards industrialization, giving rise to sample fairs that focused on advertising and promoting innovative products meant for mass production, rather than single immediate sales. However, despite occasionally exhibiting artworks, these fairs were more geared towards the presentation of industrial products, and this model became increasingly unpopular for the purpose of showcasing artworks, instead being replaced by the emerging French Salon style.

Although this model was originally conceived to exhibit the finest paintings, the Salon evolved into a critical arena where reputations were shaped and artworks were sold, but by the end of the century, the Salon had lost its allure and exhibitions in that style became less and less important (Delacour, H. & Leca, B., 2011). And as such, the market shifted from commissioning works to one driven by collectors. However, this art market was still in its infancy, and its true flourishing awaited the sales platforms provided by the great cities of the early 20th century.

The modern era of art fairs began in the 20th century, initially as a means for galleries in peripheral art markets to gain visibility. These early fairs laid the foundation for the current global art fair network, emphasising the importance of location, presentation, and dealer networks (Morgner, 2014). The late 1980s economic downturn prompted the emergence of niche and peripheral fairs as survival strategies, further diversifying the types of art fairs. And by the end of the century, with the end of the financial crisis seen in the prior decade, art fairs reemerged, now with a focus on diversification and their unique profiles, as well as new hierarchical structures, in order to set them apart from their competitors.

### 1.2.- Current Art Market

The art market's downturn in the 1990s led to a reorganisation and the birth of new networks, sparking the emergence of diverse art fairs with a focus on local characteristics. The launch of Art Basel Miami in 2002 marked a significant evolution in art fairs, setting off a rapid increase in their number and variety globally. This expansion transformed fair infrastructures, introducing commercial elements like VIP areas and the need to cater to affluent clients, which escalated costs for galleries. This created a hierarchical system within the art fair scene, leading to criticisms of the current model for favouring major players over smaller ones.

This sentiment is reinforced by the impressive organisation and near spectacle made of international art fairs, which create complex sales promotion events together with a simultaneous cultural program for the target audience, which usually includes conferences, performances, social gatherings, among other activities. These highly attractive events draw in a much wider audience and help promote the participating galleries, only creating an even larger gap between the top galleries that partake in these fairs with those that don't quite reach either the financial or network status to participate in the fairs.

Furthermore, the rapid proliferation of art fairs has had a negative impact on the sustainability of these events, due to the high supply and the scarcity of clients and market players able to respond to so many requests from the fair market, causing some buyer fatigue and mixed reactions from artists who value exposure but question the presentation of their work. Regardless of this criticism, the art fair remains an important vehicle for attracting collectors and professionals to the same space for a limited period of time. Similarly, the biggest art fairs create a heightened local economic activity in a short period of time, contributing to the sustainability of some regions, who depend highly on these annual events for a great deal of their income, as these fairs affect a lot of the local businesses. This incentivizes local organisations to invest and develop these events, which in turn encourages the creation of new art fair foundations.

Over the last two decades, the growth of art fairs and their consequent events has significantly impacted art dealers. Starting with around 55 international art fairs in 2000, the landscape expanded to nearly 300 by 2019, showcasing both fine and decorative arts. This period also saw the addition of over 50 international fairs, alongside countless smaller regional and local events, diversifying the art and collectibles markets extensively (Art Market Report, 2020).

As we've established, contemporary art fairs serve as pivotal marketplaces for the art world, offering platforms for networking, visibility, and sales across international boundaries. They have embraced the digital age, expanding their reach and influence beyond traditional geographic and physical constraints, thereby reinforcing the art fair's role as a crucial institution in the global art market. This evolution and expansion have been on a steady increase over the past few decades, however in the last few years this rise came to a halt due to the pandemic, greatly impacting the livelihood of many of these events.

### 1.2.1- Art Fairs and the Pandemic

After an overview of the current landscape of art fairs, this leads us to the past couple of years, where major world events shaped the market as we know it now. First, it's important to highlight the market pre pandemic to better understand the trends at the time that had been leading up to the current state of the market, and then the impact the Covid-19 pandemic had on those trends. This will give us a more complete comprehension on the state of art fairs today.

This section will be mainly based on the data retrieved from the Art Basel and UBS Art Market Reports, namely the reports from 2019 through 2023, so as to give us an updated view on the market trends up to 2019, what significant changes happened during the pandemic that affected art fairs, as well as an outlook on the expected trends over the next few years. These reports follow a comprehensive methodology that utilises a quantitative data collection approach complemented by a qualitative analysis, through a combination of methods such as surveys and questionnaires in order to ensure a wider understanding of market dynamics. The way the research for these reports is conducted is through the assortment of information from sources such as art-price databases, financial and economic databases, public auction data, etc. as well as the distribution of a series of surveys and questionnaires to a wide range of market participants, such art dealers, galleries, auction houses, collectors, and art fair organisers. It is through these industry experts that the reports offer contextual depth to the numerical data, allowing for nuanced interpretations of market trends and providing a qualitative perspective on the art market's dynamics. This methodology allows for a more comprehensive analysis of the detailed information on sales, purchasing behaviours, market trends, challenges, and opportunities within the art market. The responses provide a primary source of data that forms the backbone of the report's findings.

The information regarding the methodology used is detailed at the end of each of the reports, elaborating more clearly on the sources and subjects used for the data collection, as well as how the information for the dealer data is sorted, given that many of the transactions in this sector are private. This is why the surveys conducted for these reports are so crucial, given the lack of publicly available data.

The following subchapters give us a closer look into the market over the past few years, showcasing how some of the leading components that shape the market have been affected by the pandemic and how the market adapted to these adversities, as well as an outlook for the years to come.

### 1.2.2- Market Overview and Digital Sales

Starting with a wider view of the market's landscape, leading up to the pandemic, the market showcased a robust dynamic characterised by significant sales volumes, extensive global participation, and a strong push towards digital innovation. Analysing the Key Findings as well as the Global Sales chapters from the 2019 through 2023 Art Market Reports, offers us a glimpse into a period of growth and transformation within the industry, then disrupted by the pandemic's eventual global impact. That despite its undeniable disturbance of the market, has begun to make a speedy recovery to its previous state.

By 2019, global sales reached $64.1 billion, reflecting a 5% decrease from the previous year, although art fair sales increased just under 1% year-on-year, to $16.6 billion. This decline in sales, compared to the slow growth observed in the previous years, is most likely due to a reflection of the geopolitical tensions and trade issues of that year, marked by the continuous rise in tensions between major market players such as the United States and China, the threat of impeachment of the US president, political and social uprising in Hong Kong, and the controversial rollout of Brexit in the UK all created an uncertain market that lacked a sense of security for buyers and sellers, leading to a subdued investment in art, and therefore to reduced global growth. Despite these conflicts, the United States, the United Kingdom, and China continued to dominate the market, together accounting for 82% of total sales by value (McAndrew, 2020).

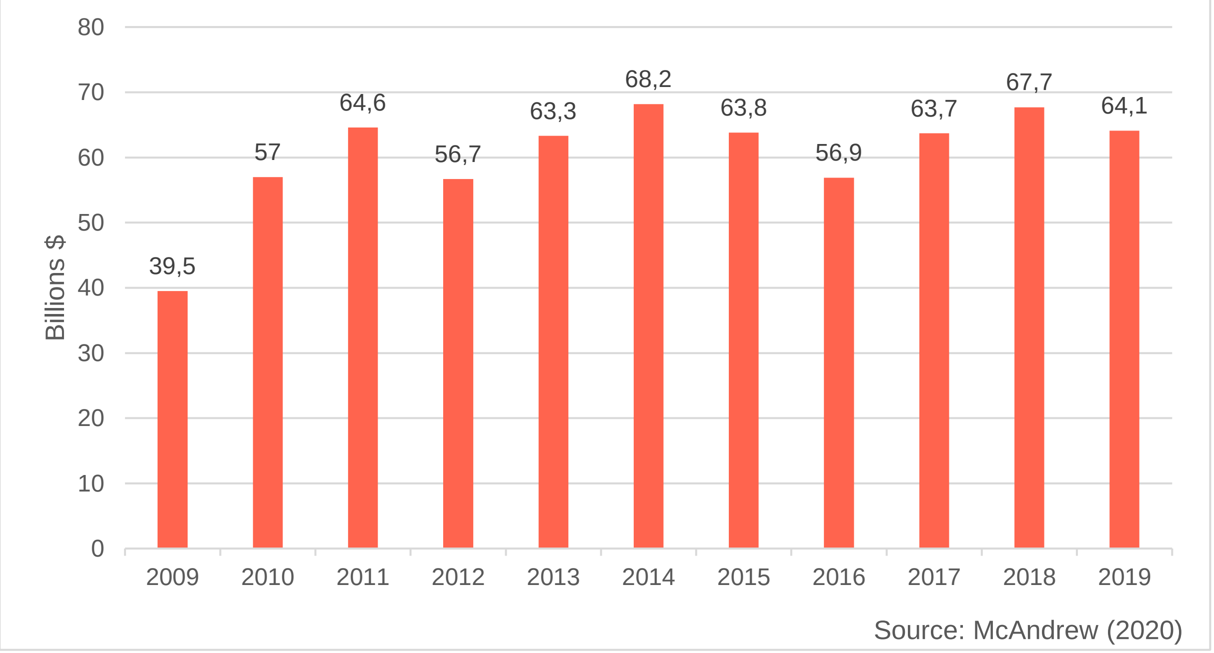


***Figure 1***- *Sales in the Global Art Market*

With the introduction of the COVID-19 pandemic, there was a dramatic decline in global sales, dropping 22% from 2019, down to 50.1 billion. This is due to the worldwide cancellation of many art events and the sharp decline in public auction sales, leading to the most significant market contraction since the 2009 financial crisis. Despite this, many dealers found that there was still an opportunity for growth through online sales, as a way to connect with clients. With this, digital sales platforms became a vital component for transactions during this period, doubling online sales in value from the previous year reaching $12.4 billion, and amounting to a record 25% of the market's total value, up from 9% in 2019 (McAndrew, 2021).

Before the pandemic, there was a notable shift towards digital connection, with a significant number of galleries and auction houses expanding their online presence and embracing digital platforms due to their ability to connect to a broader audience by providing more convenience and accessibility to collectors. By 2021, the art market already showed signs of recovery, with total sales increasing by 29% to reach $65.1 billion, nearly returning to pre-pandemic levels. A significant part of this growth was fueled by the continuous adoption of digital sales platforms, further reinforced by the growth in share of online sales, demonstrating the market's rapid and continuing adaptation to online sales methods. (McAndrew, 2022).

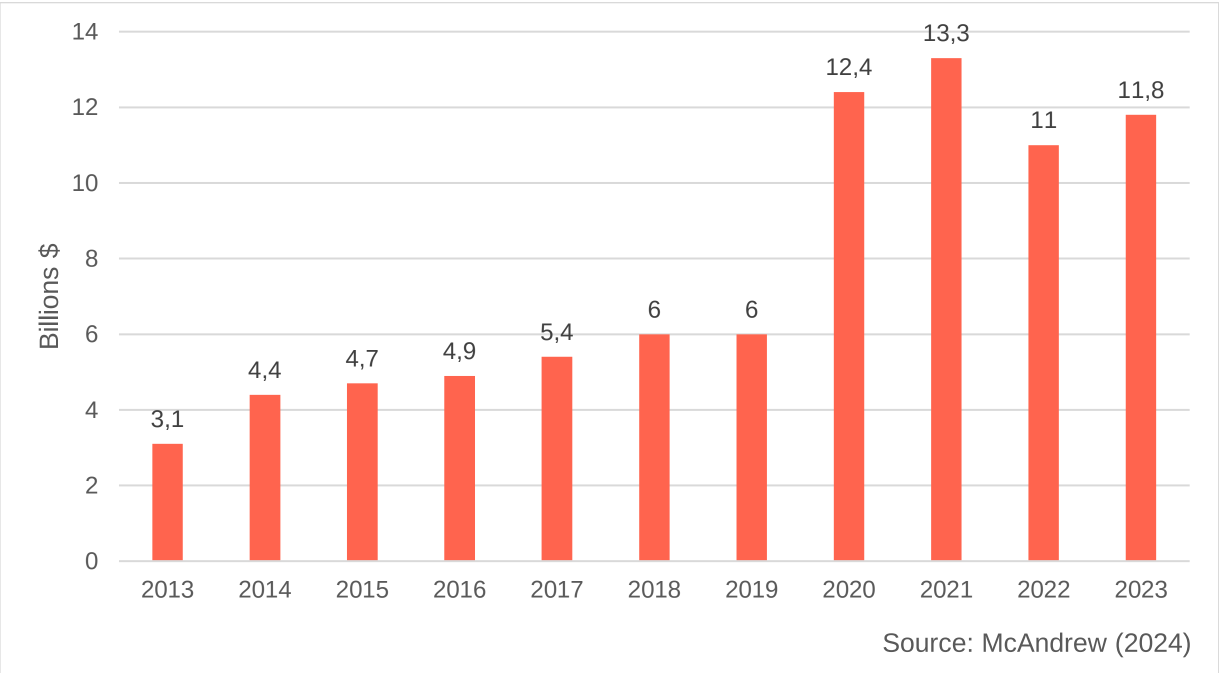


***Figure 2***- *The Online Market 2013-2023*

Due to the heavy reliance on online platforms while in-person events were only slowly beginning to re-emerge, it was only natural that this growth subsided when Covid-19 restrictions loosened. Despite this, they still maintained almost double the numbers achieved before the pandemic, reaching an impressive $11.8 billion in online sales. This increase in value, combined with slowing in-person sales, led to an 18% share of online-only sales in the total art market turnover, up by 2% year-on-year. While this was below the 2020 peak, it was double the share of 2019 and increasingly aligned with other industries. The integration of digital and physical sales channels, alongside substantial investments in digital infrastructure, has created a more resilient and adaptable market. This dual approach is likely to persist, with online sales maintaining a significant, albeit minority, share of the overall market.

The investment in digital platforms and strategies by many players within the industry, along with the increasing acceptance of digital channels by collectors, suggests that the share of online sales will not revert to pre-pandemic levels. However, higher-priced sales predominantly remain offline, limiting the potential for e-commerce to expand beyond a minority share. In 2022, 91% of Sotheby's auction bids were online, compared to 44% in 2017 and 18% in 2012. Christie's reported that 75% of bids in 2022 were online, up from 45% in 2018. This trend, while less pronounced in the dealer sector, shows growing frequency and acceptance of online transactions.

Surveys of high-net-worth (HNW) collectors in 2022 revealed that 95% had purchased art without viewing it in person at some stage, with 51% doing so regularly. In 2023, 86% of collectors purchased through galleries or dealers, with 65% of those transactions being online-only. These transactions accounted for over one-third of their spending through dealers and galleries. (McAndrew, 2023 and 2024).

### 1.2.3- Art Fair Sales

The art market from 2019 to 2024 underwent a period of significant transformation and art fairs were no exception. In 2019, art fairs stood at the pinnacle of their influence in the global art market. They accounted for a substantial 43% of total dealer sales, with 42% coming from live events and a mere 1% from the then-nascent Online Viewing Rooms (OVRs) (McAndrew, 2021). The total value of art fair sales reached an impressive $16.6 billion, highlighting the central role these events played in the art ecosystem. International fairs dominated the scene, generating nearly twice the sales of local events. The sales process at fairs was multifaceted, with 64% of transactions occurring during the events themselves, amounting to $10.6 billion.

Pre-fair sales accounted for 15% of the total, while post-fair sales contributed a significant 21%. This distribution underscored the extended impact of fairs beyond their actual duration. Larger dealers, particularly those with annual turnovers exceeding $10 million, benefited most from this model, reporting 44% of their sales from these events (McAndrew, 2020).

The advent of the COVID-19 pandemic in 2020 brought about a seismic shift in the art market. The global health crisis forced the cancellation of numerous fairs and severely restricted travel, causing a dramatic plummet in live event sales to just 13% of dealers' total sales. In response to these unprecedented circumstances, the art world quickly pivoted to digital solutions, with art fair OVRs accounting for an additional 9% of sales. Despite these efforts, the total value of art fair sales, including OVRs, was estimated at a maximum of $6 billion, a stark reduction from the previous year. The impact was particularly severe for high-end dealers, those with turnovers exceeding $10 million, who saw their fair sales share drop by a staggering 31 percentage points to just 13% (McAndrew, 2022).

As the world began to adapt to the new realities of the pandemic, 2021 saw the gradual resumption of the fair calendar and the beginning of recovery in the art market. Fair sales, including OVRs, rose to 29% of total dealer sales, marking a 7% increase from the previous year. Live event sales increased to 27%, with OVRs accounting for 2%. The total value of art fair sales rebounded to an estimated maximum of $10 billion. However, this recovery was uneven across different segments of the market. Dealers with turnovers over $10 million saw their fair sales rise to 30%, a significant 17% increase from 2020. The smallest dealers, those with turnovers under $250,000, experienced a 9% year-on-year increase. In contrast, mid-sized dealers, with turnovers between $250,000 and $500,000, saw the smallest increase, with fair sales rising only 1% to 15% (McAndrew, 2022).

The art fair market continued its rebound in 2022, with live event sales rising to 35% of total dealer sales. The largest dealers reported 40% of their sales from live events, primarily from international fairs. Interestingly, the smallest dealers saw their fair sales share return to 2019 levels, indicating a full recovery for this segment. The distribution of fair sales also evolved, with pre-sales remaining stable at 14% (compared to 15% in 2019), but post-fair sales declining to 14% (from 21% in 2019). This shift suggested a change in buying behaviour, with more emphasis on immediate transactions during the fairs. The total value of art fair sales for 2022 was estimated at a maximum of $13 billion, showing significant recovery but still falling short of the 2019 peak. (McAndrew, 2023)

The year 2023 brought new challenges to the art market, with live event sales declining to 29% of total dealer sales. International fair sales saw the most significant drop, declining by 4%. Even the largest dealers experienced a decrease, with their fair sales share falling by 10 percentage points to 30%. Smaller and mid-sized dealers also saw declines in their fair sales shares. However, this decline in fair sales was partially offset by a notable increase in online sales, which rose to 23% of total sales, up from 16% in 2022. This shift indicated an emerging dual online-offline strategy for many dealers, as they adapted to the changing market dynamics.

Looking ahead to 2024, while specific figures are still not available, the trends indicate a continuing evolution of the art market landscape. Art fair sales have not returned to their 2019 peak levels, but dealers are maintaining a balance between in-person events and digital strategies. Notably, direct sales, both online and offline, have seen the biggest gain since 2019, rising from 48% to 64% of total sales. This shift underscored a significant change in how art has been bought and sold, with dealers diversifying their sales channels in response to the lessons learned during the pandemic years. (McAndrew, 2024)

The balance between international and local fairs also shifted, with international fairs losing some of their dominance, particularly in 2023. The importance of post-fair sales diminished compared to pre-pandemic levels, while pre-fair sales remained relatively stable. The rise of OVRs and increased online sales indicated a lasting impact of digital technologies on the art market, even as in-person events resumed.

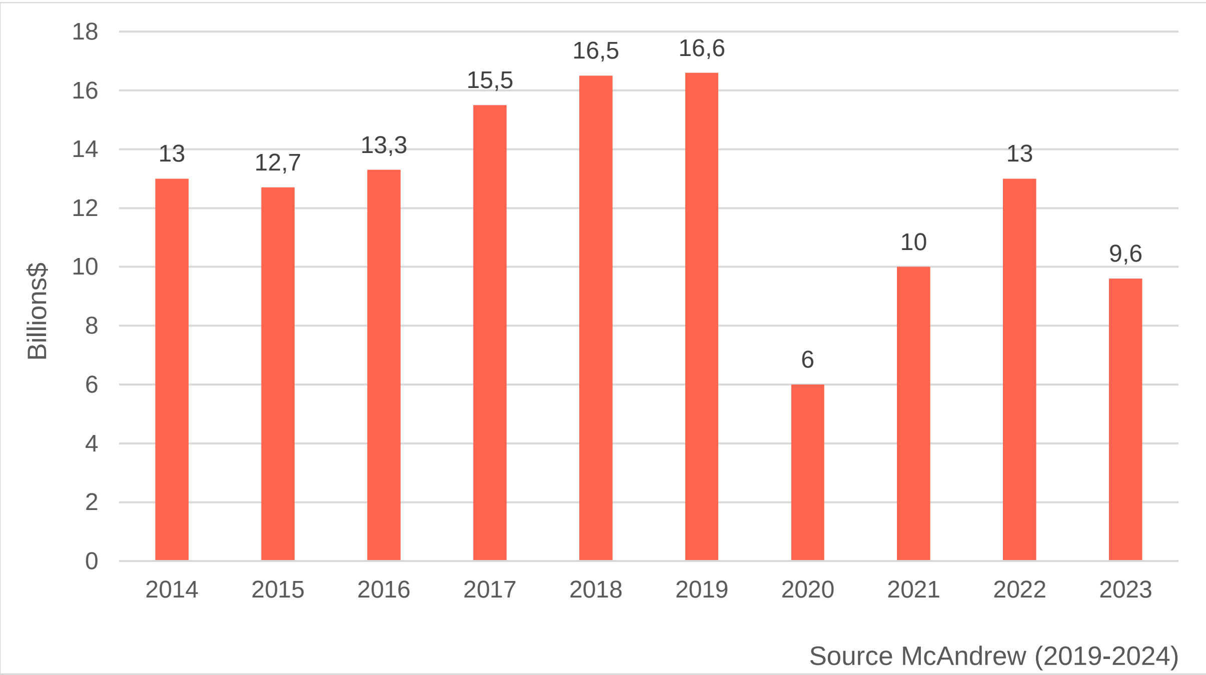


***Figure 3***-*Estimated Total Art Fair Sales 2014-2023*

### 1.2.4- Art Fairs Costs

The art market from 2019 to 2024 witnessed significant fluctuations in art fair costs, reflecting the broader economic challenges and industry-specific changes during this period. In 2019, art fair costs represented a substantial portion of dealers' expenses, with galleries reporting spending an estimated $4.6 billion on attending and exhibiting at fairs. This figure, while high, actually represented a 4% decline from the previous year's $4.8 billion. Despite this slight reduction, art fair costs remained the largest component of dealers' external expenditures, accounting for 36% of their total spending. (McAndrew, 2020)

In 2020, with most live events cancelled or severely restricted, dealers experienced a significant reduction in art fair-related expenses. The share of total costs allocated to art fairs plummeted from 26% in 2019 to just 16% in 2020. This dramatic drop resulted in a 66% decrease in overall spending on art fairs by the dealer sector, from $4.6 billion in 2019 to an estimated $1.6 billion in 2020. Additionally, work-related travel expenditures declined by 50%, further reducing the financial burden on galleries. (McAndrew, 2021)

And as the art world began to recover in 2021, art fair costs started to rise again, but remained substantially lower than pre-pandemic levels. The share of total operating costs for dealers attributed to art fairs increased to 18%, still well below the 26% recorded in 2019. This period saw many galleries maintaining leaner cost structures and attending fewer events compared to pre-pandemic times, which helped some businesses maintain or even increase their profitability despite reduced sales. (McAndrew, 2022)

The following year marked a more substantial return to live events, bringing with it increased costs for dealers. Some galleries reported spending 15% to 20% more on fairs and related expenses compared to pre-pandemic levels. This increase was attributed not only to the fairs themselves but also to escalating travel and entertainment costs. Despite these rising expenses, many dealers welcomed the return to in-person events, noting positive aspects such as increased geographical diversity among collectors and a general enthusiasm for face-to-face interactions. (McAndrew, 2023)

However, 2023 brought new challenges as inflation and other economic pressures intensified. Dealers across all segments felt the squeeze of rising costs, with art fairs being a significant contributor to this financial pressure. The largest dealers were particularly affected, with 56% reporting a decline in profitability – more than double the previous year's figure. And mid-sized galleries also saw a substantial drop in profitability, with the share of businesses reporting increased profits falling from 53% to 33%.

These last few years, the art market grappled with the balance between the benefits and costs of art fairs. While fairs remained crucial for sales and networking, their financial impact on galleries, especially smaller and mid-sized ones, has been a persistent concern. Some fairs attempted to address this issue by introducing tiered pricing structures, offering reduced rates for smaller galleries. For instance, Art Basel implemented a sliding-scale pricing model in 2019, resulting in an 8% price decrease for the smallest galleries and a 9% increase for the largest. Now there is a clear focus on cost management across the industry. Galleries are increasingly looking for ways to reduce expenses while maintaining their market presence. This includes strategies such as taking smaller booths at fairs, focusing on less risky or more saleable artists to cover costs, and investing more in digital platforms and collaborative exhibitions to complement or partially replace traditional fair participation. (McAndrew, 2024).

### 1.2.5- Art Fair Locations, Cancellations and Attendance

One of the major consequences of the 2019 pandemic was the worldwide disruption to live events. As many countries went into lockdown and public gatherings were sometimes not only ill advised but prohibited, many art fairs were forced to cancel, with many struggling to come back from this.

In the years before the pandemic, the art fair calendar was robust and geographically diverse. Of the 295 major fairs tracked annually by Artfacts.net, just over half were based in Europe and 14% in Asia, although this number excludes smaller domestic fairs. The US had the largest national share at 28%, followed by the UK with 13%, and then France with 7%. This year, Switzerland and China both came in at 6%, proving themselves as big contenders, knocking out Germany and Italy on their share.

Despite efforts towards regional diversification, in 2018, US galleries still accounted for the largest share of exhibitors at 18%, while galleries from the UK, France, Germany, and Italy made up an additional 35%.

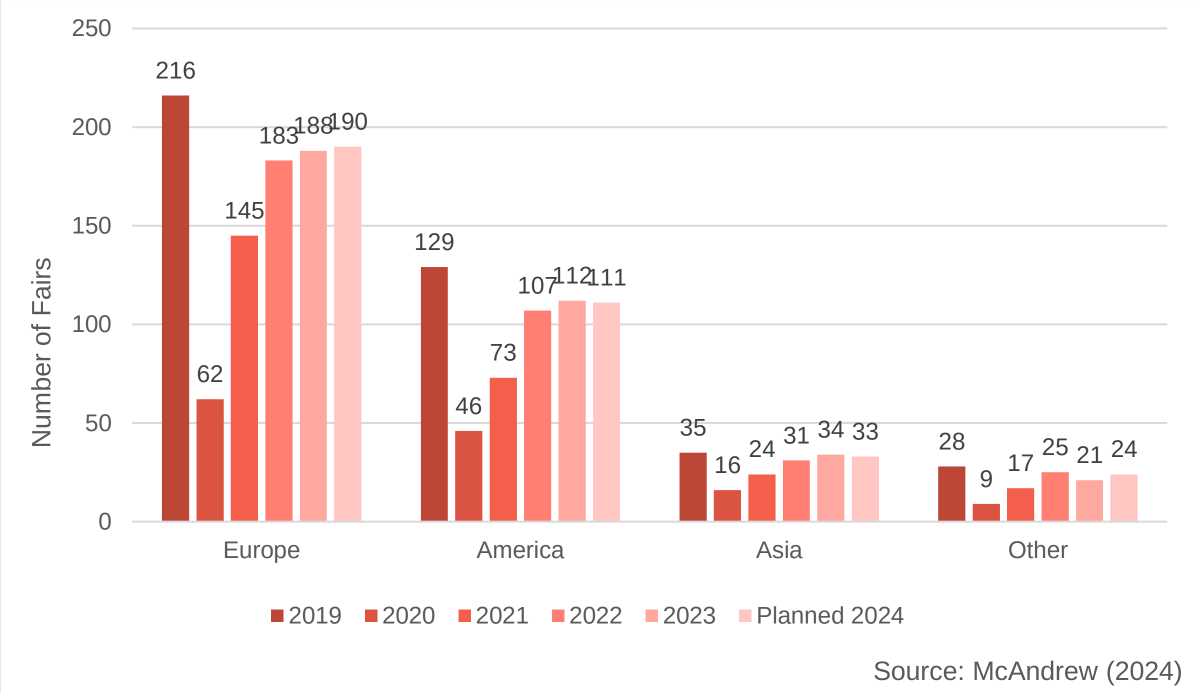


***Figure 4****-Art Fairs Held or Planned by Region 2019-2024*

The number of major art fairs (those with at least 20 exhibiting galleries) had grown significantly, reaching 183 in 2018, up 11% year-on-year and 23% over the decade. The total number of galleries exhibiting across all fairs reached a historic peak of 12,614 in 2018, increasing 30% over the last 10 years. Visitor numbers at major events were also on the rise, with a selection of 20 top fairs attracting over 1.1 million visitors in 2018, an increase of 9% over five years. (McAndrew, 2019)

In 2019 these numbers decreased slightly, but it was in 2020 that a real shift happened. According to data from Artfairmag.com, 61% of global art fairs planned for 2020 were cancelled, with only 37% holding live events. The cancellation rate was particularly high in Europe (66%) and North America (55%), while Asia fared slightly better with a 32% cancellation rate. Many fairs pivoted to online viewing rooms (OVRs) or virtual alternatives, with 38% of all fairs offering such options.

Although there was some recovery, the disruption continued into 2021. Out of over 400 fairs registered in the Artfairmag.com database, 240 in-person events were held (with or without an OVR), 96 were cancelled, and 29 were held simply as online events. Regional cancellation rates improved but remained significant: 29% in Europe, 33% in North America, and 26% in Asia. Visitor numbers at major fairs were drastically reduced compared to 2019 due to capacity limits and travel restrictions.

The pandemic not only affected the number of fairs but also their composition and attendance. In 2021, many fairs saw a significant decline in exhibitor numbers. The total number of exhibitors in 15 major fairs declined by 19% from 2019 to 2021. However, the proportion of international exhibitors did not decline considerably at many international events, dropping only from 39% in 2019 to 33% in 2021. (McAndrew, 2022)

2022 saw a substantial increase in live events, with 346 fairs taking place globally. This represented a 33% increase from 2021 but was still 62 fairs short of the 2019 level. The US remained the largest market for fairs, accounting for 24% of global events, while Europe hosted 53% of all fairs. Despite the recovery, the pandemic had lasting effects on the art fair infrastructure. Between 2019 and 2022, at least 82 fairs that were active at some point during this period had completely ceased operations, including 15 that closed specifically in 2022. (McAndrew, 2023)

By 2023, the total number of fairs rose to 359, showing continued recovery but still not reaching pre-pandemic levels. The US maintained its position as the largest individual market for fairs, accounting for 25% of the total, while Europe hosted 53% of all fairs. Asia accounted for 9% of global fairs. Despite the overall increase, the number of fairs in most regions remained below 2019 levels, with Europe seeing a 13% decrease (28 fewer fairs) and the US experiencing a similar 13% decline (17 fewer fairs). (McAndrew, 2024)

Dealer participation in art fairs also fluctuated during this period. In 2019, dealers reported exhibiting at an average of four fairs. This dropped to just two fairs in 2020 due to widespread cancellations. By 2022 and 2023, the average had returned to four fairs, matching pre-pandemic levels. However, there were variations based on gallery size, with those turning over more than $10 million exhibiting at an average of six fairs in 2023, double the number for galleries with turnover less than $500,000.

The art fair landscape also saw the emergence of new events despite the challenging environment. Between 2020 and 2023, 54 new fairs were launched, including major international events like Paris+ par Art Basel, Frieze Seoul, Art SG in Singapore, and Tokyo Gendai. These new additions partially offset the closure of established fairs but also indicated a shifting focus towards emerging art markets and new geographical locations.

The pandemic accelerated the adoption of digital platforms in the art fair sector. In 2020, 75 fairs took place as online-only events or OVRs. While this number decreased in subsequent years as live events resumed, digital components remained an important tool for many fairs. However, dealer views on the success of OVRs were mixed, with many feeling they could not rival live events in terms of sales, client outreach, or effectiveness in bringing new artists to the market. (McAndrew, 2024)

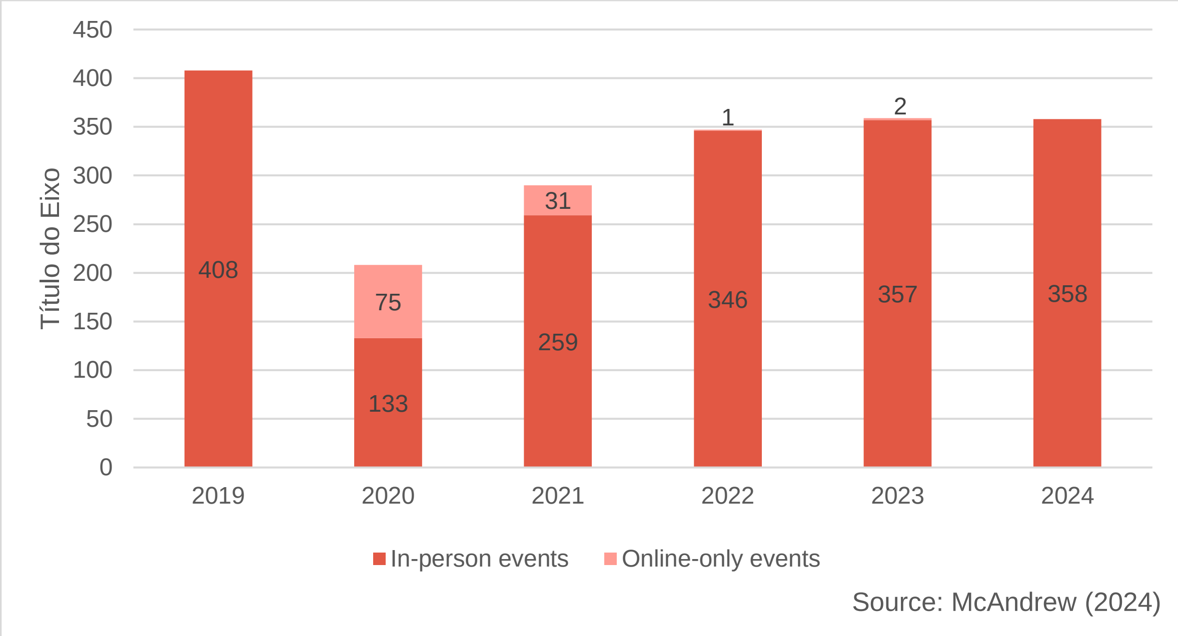


***Figure 5***- *Art Fairs Held or Scheduled 2019-2024*

### 1.2.6- Outlook

Although the UBS Art Market Reports collect data of the previous years, they also give an opportunity to those within the field to make an educated assessment on their predictions for the following year. Excluding external and unpredictable factors, this can give us an insight on what professionals within the sector expect to see in the future. Based on what was registered in this year's report, we can have a better outlook for 2024, as we delve into the projected sales outlook, online sales expectations, and the evolving role of art fairs in the dealer landscape.

Looking ahead to 2024, dealer expectations for sales show a moderated optimism compared to previous years. 36% of dealers anticipate an improvement in sales, a notable decrease from 45% at the end of 2022 and a significant drop from 62% at the end of 2021. This declining trend in positive expectations suggests growing caution among dealers in the face of economic uncertainties and market challenges. Despite this decrease in optimism, the majority of dealers do not foresee a decline in sales. 48% expect sales to remain stable, an increase of 9% from the previous year. Only 16% anticipate a decrease in sales, a figure that remains unchanged from 2022 but is higher than the 11% reported at the end of 2021. This distribution indicates that while fewer dealers are expecting growth, there isn't a widespread expectation of market contraction either. Interestingly, dealers tend to be more optimistic about their own sales prospects compared to those of their peers. When asked about the outlook for galleries of similar size globally, only 23% predicted a rise in sales for their peers, down 4% year-on-year. This discrepancy might reflect a sense of greater control over their own business outcomes or perhaps a more intimate knowledge of their specific market niche.

The sales outlook varied significantly based on dealer size. The largest dealers, those with annual turnover exceeding $10 million, showed the highest level of optimism, with 54% expecting an increase in sales, contrasting with the middle market, where only about a third of dealers anticipate higher sales in 2024. The varying levels of optimism across different market segments suggest that larger galleries may be better positioned to navigate market challenges or capitalise on emerging opportunities.

In contrast to the more tempered overall sales outlook, expectations for online sales in 2024 show increased optimism. 48% of dealers surveyed anticipate growth in their online sales, up from 42% reported at the end of 2022. This uptick in positive expectations for e-commerce suggests that dealers are continuing to invest in and see potential in digital sales channels. The optimism for online sales is relatively consistent across different dealer sizes, with some notable variations. Among dealers turning over more than $10 million, 53% predict they will sell more online in 2024, and significantly, none expect a decline. This high level of confidence among larger dealers indicates a strong push towards digital strategies at the upper end of the market. The outlook for art fair sales in 2024 reflects a more cautious approach compared to previous years. While dealers plan to attend the same number of fairs on average, expectations for sales outcomes have tempered. Only 39% of dealers predict an increase in art fair sales for 2024, down from 51% in 2022 and 65% in 2021. This declining trend in positive expectations suggests growing wariness among dealers about the returns on investment from art fair participation. Despite this decrease, the majority of dealers still anticipate stable or improving sales at art fairs. 46% expect their fair sales to remain stable, while only 14% predict a decline, which is on par with the previous year. This distribution indicates that while fewer dealers are expecting growth, there isn't a widespread expectation of decline either.

The costs associated with art fair participation have emerged as a significant concern for dealers. The report highlights that the expenses related to travel, accommodation, and participation in art fairs ranked as the third-biggest challenge for dealers in 2023 and 2024. Some dealers reported instances where the costs of exhibiting at fairs outweighed the sales generated, pointing to a delicate balance between investment and return in the art fair model.

The report identifies several key challenges and priorities for dealers in the coming year. Maintaining relationships with existing collectors remains a top priority, ranking as the second-highest challenge overall. This focus on cultivating long-term relationships suggests a strategy of stability in uncertain times. Finding new buyers and expanding geographical reach also remain key concerns for dealers. Some express specific challenges in using social media and other tools to attract younger buyers, indicating a recognition of the need to adapt to changing demographics and technologies.

The balance between online and offline sales channels emerges as a critical consideration for dealers. While art fairs remain important, many dealers are carefully evaluating their participation, focusing on fairs that deliver the best results or are most suitable to their current needs. This more selective approach to art fair participation reflects a broader trend towards optimising resources and maximising returns in a challenging cost environment.

The global economic growth forecast for 2024 is modest at 3.1%, below the pre-pandemic average of 3.8% from 2000 to 2019. This slower growth environment, coupled with factors such as high debt and reduced government support, creates a challenging backdrop for the art market. The outlook for dealers in the art market for 2024 reflects a complex landscape of opportunities and challenges. While there's a general expectation of stability or modest growth, with 36% of dealers expecting improved sales overall, this optimism is tempered by ongoing economic uncertainties and shifting market dynamics.

As the art market navigates through economic uncertainties, changing collector behaviours, and technological shifts, dealers are adopting more nuanced and flexible strategies. The focus on maintaining collector relationships, expanding buyer bases, and optimising sales channels reflects a pragmatic approach to ensuring sustainability and growth in a dynamic market environment.

Overall, while the outlook is not uniformly positive, it suggests a resilient and adaptive art market, with dealers actively seeking ways to thrive amidst changing conditions. The balance between traditional art fair participation and growing digital engagement will likely be a key factor in shaping the success of dealers in the coming year and beyond.

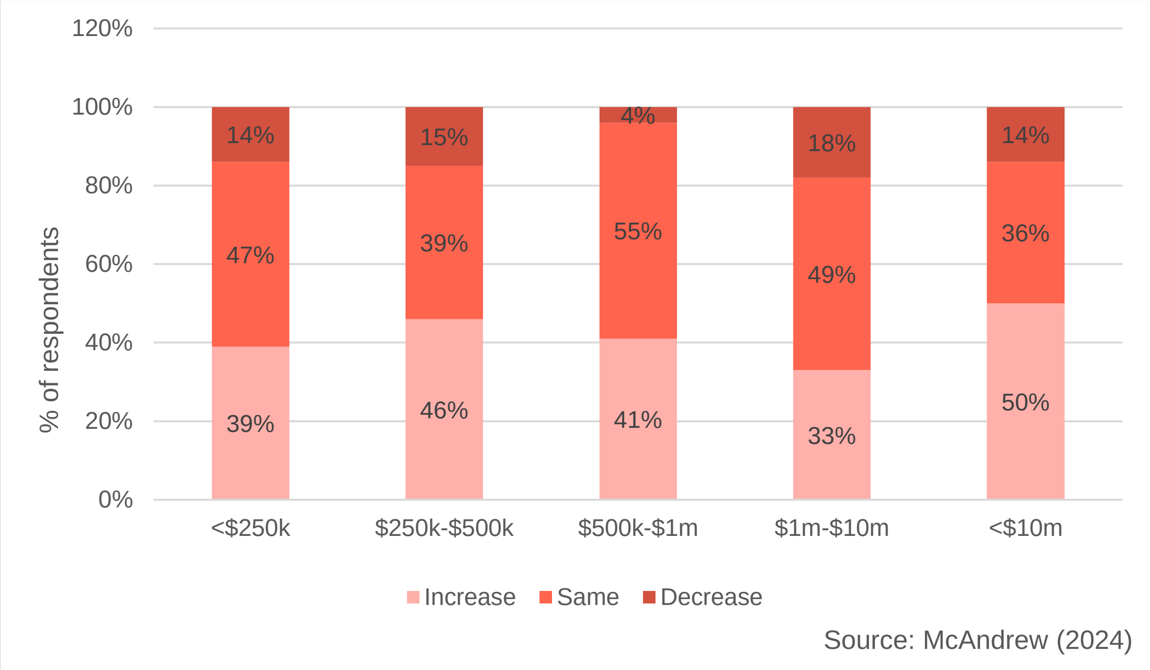


***Figure 6**- Dealer Outlook for Art Fair Sales (2024)*

### 1.3- Main International Art Fairs

International art fairs have become a cornerstone of the global art market, serving as vital platforms for galleries, artists, collectors, and cultural institutions to converge, interact, and conduct business. These events have transformed the art world's landscape, offering a concentrated showcase of artistic talent and market trends while fostering networks of contacts and facilitating sales on a global scale. Now that we have a fuller comprehension of the current market, it is important to also contextualise existing art fairs in the present time, shining a light on the most important ones. Throughout the year, hundreds of art fairs are conducted, many of which have a widespread impact on the market itself due to their magnitude and importance of attendees. To have a better point of comparison for ARCOlisboa, not only in terms of magnitude but also cultural impact, it is key to have a better understanding of other major fairs.

The emergence of international art fairs can be traced back to peripheral markets, where art dealers collaborated to organise group exhibitions aimed at attracting clients, cultural agents, and potential audiences. A prime example is TEFAF (The European Fine Art Fair) in Maastricht, which evolved from the Pictura Fine Art biennial specialising in Old Masters. Today, TEFAF stands as one of the most impactful international art fairs, showcasing a wide range of art from antiquities to contemporary works.

The significance of art fairs in the global art market cannot be overstated. Before the impact of the global pandemic in 2019, art fairs reached their peak of influence in the market, accounting for 43% of total dealer sales (McAndrew, 2020).  The global art fair landscape is dominated by a select group of events, many of which are controlled by multinational corporations. As of 2024, the most prominent players in the contemporary and modern art fair segment include Art Basel, managed by the MCH Group, which has expanded beyond its original Swiss location to include editions in Miami Beach, Paris and Hong Kong. These fairs consistently attract top-tier galleries and collectors from around the world. Frieze, originally launched in London, has grown to include editions in New York, Los Angeles, and most recently, Seoul. The Frieze Masters fair in London, which focuses on historical art, has also gained significant traction.

TEFAF, while primarily known for its Maastricht edition, has expanded to New York with spring and fall editions, offering a mix of old masters, antiques, and contemporary art. FIAC (Foire Internationale d'Art Contemporain), held annually in Paris since 1974, has maintained its position as a leading European art fair. However, in 2022, the fair was replaced in favour of a new event organised by the Swiss group MCH, owner of Art Basel, who launched a new fair called Paris+ par Art Basel.

The Armory Show in New York continues to be a significant event in the North American art market calendar. In Asia, West Bund Art & Design and ART021 in Shanghai have risen to prominence, reflecting the growing importance of the Asian art market. Meanwhile, Arte Fiera Bologna and miart in Milan, while maintaining a strong domestic focus, continue to play a role in the international art fair circuit.

The geographical distribution of these major art fairs reveals a persistent hierarchy in the global art market. The United States and a select group of Western European countries, particularly Germany, Switzerland, the United Kingdom, and France, continue to dominate both in terms of organising fairs and gallery participation. However, the landscape is not static. The rise of art fairs in Asia, particularly in Hong Kong, Shanghai, and Seoul, reflects the shifting dynamics of the global art market. These fairs have become increasingly important, attracting international galleries and collectors while showcasing Asian art to a global audience.

The globalisation of the art market through international art fairs presents a complex picture. While there is undoubtedly an intensification of transnational exchanges and an increased visibility of artists from diverse geographical backgrounds, the market structure remains highly territorialized and controlled by a few national units. As Quemin (2006) argues, the art market still operates with a centre (primarily the US), a semi-periphery (select Western European countries), and a vast periphery comprising the rest of the world.

Nevertheless, the art fair ecosystem continues to evolve. The COVID-19 pandemic accelerated the adoption of digital platforms, with many fairs developing online viewing rooms and hybrid formats. As of 2023, while physical fairs have largely resumed, these digital components have remained, offering expanded access and new ways of engaging with art. Furthermore, there's a growing emphasis on sustainability and social responsibility within the art fair circuit, with many fairs implementing measures to reduce their environmental footprint and addressing issues of diversity and inclusion in their programming and gallery selection processes.

International art fairs remain central to the global art market, serving as crucial nodes in a complex network of cultural and economic exchanges. While they have undoubtedly contributed to the internationalisation of the art world, they also reflect and reinforce existing power structures within the global art market. As the art world continues to grapple with issues of globalisation, digitalization, and sustainability, the evolution of international art fairs will likely play a significant role in shaping the future landscape of the global art market.

### 1.4- Portuguese Art Market

Portugal is a hub for artists and creativity. Over the last decade it has become a hotspot for international visitors to gain inspiration, due to its rich cultural history and visual identity. It is unique in many ways and people from all over the world see it as a place of potential and opportunity. This could be said not only for artists that come to Portugal to immerse themselves in its eclectic artistic scene, but also for investors and collectors that are looking to diversify their collection or find something that feels one-of-a-kind.

However, one of the weaknesses of the market is the lack of information circulating. Which makes it increasingly difficult for researchers to compile reliable information on the market, past or present. The lack of financial data in the market is mainly due to a reluctance of primary and secondary market professionals to maintain a better image and create a sort of mystique and prestige around their artworks through this secrecy, to then be able to leverage that into higher reward transactions.

This lack of transparency in the art market is a sector-wide problem. Both galleries and auction houses, along with dealers and collectors, prefer to maintain their information private, making it incredibly difficult to make a well-rounded assessment of the market, which can be severely detrimental as it dissuades other buyers and sellers from entering the market.

The academic sphere has also been slow to address this gap, with a noticeable absence of comprehensive studies on the Portuguese art market. This lack of scholarly attention has left many aspects of the market unexplored and poorly understood. Additionally, dealers' associations have not stepped in to fill this void, failing to produce financial studies or disclose information about their associates' activities. Further compounding this issue is the limited utility of existing data sources. Many world renown art related databases such as Artprice or ArtNet, offer very limited information on the Portuguese market. especially when compared to other European countries. Similarly, studies conducted by the INE (National Statistics Institute) in the cultural sector are often too vague to provide meaningful insights for a detailed market analysis.

Interestingly, the lack of comprehensive data and analysis does not seem to have significantly hampered the vibrancy and growth of the Portuguese art market. This paradox suggests a resilient and diverse market that operates effectively despite the absence of detailed economic insights. Given these limitations, this overview will primarily adopt a qualitative approach to examining the current commercial activity in the Portuguese art market. By focusing on the key agents within the market, their characteristics, and operational methods, we can piece together a picture of how the market has evolved, its current state, and potential future trajectories. This approach, while not providing precise economic metrics, offers valuable insights into the structure, dynamics, and trends shaping the Portuguese art market.

Notably, auction houses offer a wider insight into the type of artworks circulating in the market, along with their pricing, as many of them publicly display the items offered in auction, as well as the amount they were evaluated as, and what they were sold for. This allows for a better understanding of what the Portuguese market deems as most valuable and the types of works that are most sought after.

The market is mostly concentrated in Lisbon, though there are some standouts from other cities such as Porto. This is visible especially in the most influential galleries as well as auction houses. The former has been a cornerstone in the market and has great importance in its functioning. Some auctioneers that hold great importance in the secondary market are Cabral Moncada Leilões, Leiloeira S. Domingos, Veritas Art Auctioneers and Palácio do Correio Velho. Additionally, Artbid has made a name for itself as an emerging Portuguese online auction house.

It is through them that a bigger picture of the market begins to emerge. It is clear from the various catalogues of the auctioneers mentioned that antiques still play a major role in the secondary market as a significant portion of the items that circulate in the market. Although there is a clear effort to expand in the trade of more Modern and Contemporary artworks, this segment remains primarily controlled by galleries and private sales. This diversification indicates a rising interest in different and new art forms and specialisations within the auction market.

Still within the secondary market, where artworks are being resold, because there is a big search for antiques, the prevalence of antique dealers is very much alive. The antiques trade has been moving towards greater specialisation, with dealers focusing on specific areas of expertise. For instance, António Miranda of Galeria da Arcada is known for religious art, while Pedro Jaime Vasconcelos, who started collecting with Fernando Moncada, specialises in tribal art. Other notable specialists are Manuel Leitão of Solar das Antiguidades for azulejaria (tile work) and Jorge Welsh for Chinese porcelain along with Manuel Castilho for oriental works of art.

As for the primary market, where artworks are being sold for the first time, contemporary galleries seem to be emerging and gaining evermore influence. A small number of galleries work to international standards, producing quality exhibitions, representing coherent rosters of artists, and promoting their work to appropriate collections. Some standouts are Galeria Miguel Nabinho, Balcony Gallery, 3 +1 Arte Contemporânea, Bruno Múrias, Madragoa and many more. Along with these Galeria Filomena Soares and Cristina Guerra Contemporary Art have made significant strides in establishing an international presence for their Portuguese artists, while also representing an impressive collection of international artists. Additionally, the historic Galleria 111 continues to play a significant role in the market by representing a mostly Portuguese group of artists, some of which are considered only emerging artists, and exhibiting them alongside iconic Portuguese artists.

One of the main approaches galleries take to exhibit their artists and connect them with a wider audience is through art fairs. They play a crucial role in the Portuguese art market, serving as focal points for collectors, galleries, and art enthusiasts. The art fair scene has changed dramatically in the last decade, with new fairs emerging and others shutting down, the art fair calendar can change from year to year. However, some of the more established fairs in the last few years have been making a significant impact on the market contributing to its vibrancy and international recognition. Four of the most significant art fairs in the country are Drawing Room, Feira de Outono APA - Arte e Antiguidades, LAAF (Lisbon Art and Antiques Fair), and ARCOlisboa, each offering a unique perspective on the art market and playing a crucial role in shaping Portugal's artistic landscape.

LAAF, organised by the Portuguese Antique Dealers Association is one of the most established fairs going on to its twenty first edition in 2024.  This fair aims to combine contemporary art with antiques and design, creating a diverse and eclectic showcase. Featuring over thirty exhibitors, including contemporary art galleries, antique dealers, and design studios, LAAF has gained traction for its ability to attract a wide range of collectors and has helped to foster connections between different segments of the art market. Its impact lies in its promotion of cross-collecting and its efforts to appeal to a younger generation of art enthusiasts. Its sister fair, Feira de Outono APA - Arte e Antiguidades, also organised by the Portuguese Antique Dealers Association is a more recent addition to the calendar, starting only in 2020, with a much smaller number of exhibitors, it still manages to make an impact by bridging the gap between contemporary art and historical pieces, attracting both seasoned collectors and newcomers interested in acquiring art and antiques.

Despite the success of these fairs that combine various types of artworks, the growing interest in contemporary art has brought on the emergence of contemporary art fairs. One of them being Drawing Room, which debuted in Lisbon in 2018 as an extension of its Madrid counterpart, which is an art fair focused on contemporary drawing, although the medium of the artworks exhibited varies greatly. This fair showcases works from both established and emerging artists, emphasising the importance of drawing as a fundamental artistic practice. Typically featuring around 20 galleries from Portugal, but also including international participants, Drawing Room is the only art fair mentioned in this section that does not take place in Cordoaria Nacional, residing in Sociedade Nacional de Belas Artes. Its recognition derives from the quality and recognition of the galleries and the artists participating, and for the interest of the artworks chosen to be exhibited. Similarly to Drawing Room, ARCOlisboa is a contemporary art fair derived from its Madrid counterpart. This fair is an offshoot of the renowned ARCOmadrid fair and is arguably the most internationally recognized art fair in Portugal. But, as it is the focus of this dissertation, more in-depth information will be provided about the fair in the following chapter.

Each of these fairs contributes uniquely to Portugal's art ecosystem. Drawing Room highlights the richness of Portugal's contemporary art scene, while Feira de Outono APA preserves and promotes the trade in antiques and historical art. LAAF bridges various collecting categories, fostering a diverse market, and ARCOlisboa elevates Portugal's contemporary art scene on the global stage. Together, these fairs have played a crucial role in developing Portugal's art market, attracting international attention, and providing platforms for artists, galleries, and collectors to connect and transact. Their collective influence has been instrumental in positioning Portugal as an emerging hub for art in Europe, offering a diverse range of artistic expressions and market opportunities for both local and international art enthusiasts.

And this impact is felt in the community as it incentivises collectors to expand their collections and to invest in national artists, rather than search for quality pieces elsewhere. Even despite the collector base in Portugal being relatively limited due to economic constraints, few private collectors have the means to create comprehensive collections. Portuguese collectors tend to be conservative and influenced by current trends. However, there are notable exceptions, despite controversy, João Rendeiro's Ellipse Foundation and José Berardo's collection, both of which focus primarily on international art with some representation of Portuguese artists, have made a significant impact in Portugal's cultural space. Francisco Capelo is another significant collector known for his diverse interests and for conceiving both the Berardo collection and the Museu de Design e Moda (MUDE). Furthermore, institutional collectors play a crucial role in the market, with the Calouste Gulbenkian Foundation and the Serralves Museum being major acquirers of contemporary Portuguese art. Corporate collections have also emerged as important players, with Caixa Geral de Depósitos and the EDP Foundation both maintaining a significant holding of contemporary Portuguese art.

Despite the dynamic and overall positive evolution of the Portuguese market, it still faces many challenges that prevent it from flourishing and reaching its full potential. The market reflects the country's limited resources and conservative collecting habits, and there is a historically low cultural level among the general population, resulting in a limited art-buying tradition (Magalhães, J., 2008). To add to this, despite improvements in the last decade regarding taxation of the sale of artworks, the current tax regime continues to be far from ideal for many buyers and sellers, who often may have to resort to loopholes to avoid certain fees. Furthermore, while participating in the international circuit, Portugal struggles to compete with global art centres and lacks a sufficiently distinctive artistic voice to stand out as a peripheral market.

However, even with these obstacles, the Portuguese art market shows potential for growth and increased professionalism. There is a growing interest in contemporary art, driven by increasing public sophistication and the establishment of private and corporate collections. Some galleries and artists are gaining recognition on the global stage, potentially opening new markets for Portuguese art. The trend towards specialisation among antique dealers and galleries offers expertise in niche areas, which could attract discerning collectors. The growing importance of art fairs as both market and social events is likely to continue, with national events potentially joining the international circuit. Portugal's unique heritage, including high-quality furniture, distinctive azulejaria and $17^{th}$-century silverwork, as well as notable modern and contemporary artists like Joana Vasconcelos, Paula Rego, Amadeo de Sousa-Cardoso, Almada Negreiros and many more, may attract international buyers looking for distinctive pieces.

As the market continues to mature, there is a trend towards increased professionalism and expertise, which is likely to lead to greater financial transparency and regulation. This evolution could help address some of the current challenges, such as the lack of comprehensive market data and analysis.

In conclusion, while the Portuguese art market faces significant challenges related to its size, economic context, and historical factors, it also presents unique opportunities. The market's growing interest in contemporary art, and the potential for international recognition of Portuguese artists and galleries suggest a cautiously optimistic outlook for the future. As the market continues to evolve, it will be crucial for stakeholders to address issues of transparency, data collection, and market analysis to foster sustainable growth and increased participation in the global art world. The unique character of Portuguese art and the country's rich cultural heritage provides a solid foundation for future development, potentially allowing the market to carve out a distinctive niche in the international art scene.

# CHAPTER 2- ARCOlisboa

## 2.1- The Fair

ARCOlisboa is a prominent contemporary art fair that takes place annually in Lisbon, Portugal. In the last few years, it has established itself as one of the most significant cultural and artistic events in the Portuguese capital. It is becoming an essential fixture in the international art calendar, attracting galleries, artists, collectors, and art enthusiasts from around the world. By having a better understanding of how the global and national art market's function, particularly some of the art fairs that significantly impact the industry, there is a more complete outline of the framework that ARCOlisboa is inserted in. A fairer comparison and connection can be made of the systems in which both global and national fairs function, of which ARCOlisboa can be an exemplary case of study, as it embodies the purpose of an international fair on a global scale while remaining faithful to a national identity.

First held in Lisbon in 2016, ARCOlisboa focuses on contemporary art and typically features around 60 galleries from Portugal, Spain, and other countries. The fair has quickly established itself as a major player in the Portuguese art scene, attracting international collectors, curators, and art professionals. ARCOlisboa has had a significant impact on the market, helping to put Lisbon on the global contemporary art map and boosting the visibility of Portuguese artists and galleries on an international scale. The fair is typically held in May, coinciding with the pleasant spring weather in Lisbon. This timing allows visitors to enjoy the city's mild climate and vibrant atmosphere while exploring the art on display. The exact dates may vary slightly from year to year, but the fair usually spans several days, providing ample opportunity for attendees to immerse themselves in the diverse array of artworks and events. The fair takes place in the historic Cordoaria Nacional, a former rope factory located in the Belém district of Lisbon. This impressive 18th-century building, with its long, open spaces and high ceilings, provides an ideal setting for the exhibition of contemporary art. The venue's industrial heritage and architectural grandeur create a unique backdrop for the modern and cutting-edge artworks on display, offering an intriguing juxtaposition of old and new.

The fair primarily focuses on contemporary art, showcasing a wide range of mediums including painting, sculpture, photography, video art, installations, and performance pieces. While the emphasis is on current artistic practices, ARCOlisboa often features works by established 20th-century artists, providing a comprehensive view of modern and contemporary art movements. This mix allows visitors to experience both emerging trends and historically significant pieces, creating a dynamic and engaging environment for art appreciation and discovery. One of the distinguishing features of ARCOlisboa is its commitment to promoting Portuguese art and artists on an international stage. While the fair attracts galleries from around the world, there is a strong emphasis on showcasing the Portuguese art scene. This focus helps to highlight the country's rich cultural heritage and its contemporary artistic output, fostering a dialogue between local and global art practices.

To maintain this presence, the fair includes a nearly even ratio of international versus national fairs. Looking at the 2024 edition, of the 59 galleries presented for the General Programme, 25 were Portuguese, with only 5 from Porto, while the remainder were all from Lisbon. As for the Spanish galleries, these took up most of the fair spots, with 28 galleries. The remaining 6 galleries were from a plethora of locations with only 2 of these being located solely in countries outside of Europe. However, it is also important to note that many of these galleries operate in more than one location, so despite counting as a Portuguese gallery for example, they may also have a location in another country such as Germany or Italy. These galleries have an important job of creating a bridge between the international and national markets. By connecting Portuguese artists with outside markets and bringing in international artists to Portuguese collectors, they diversify this exchange and make way for opportunities for other galleries and artists that aspire to break into an international market.

The galleries that participate in ARCOlisboa represent a diverse mix of established and emerging spaces from Portugal, Europe, and beyond. For example, Lisbon-based galleries like Cristina Guerra Contemporary Art and Filomena Soares have been regular participants, showcasing works by both Portuguese and international artists. These galleries exemplify the fair's commitment to supporting the local art scene while maintaining a global perspective. The fair also features  a section dedicated to emerging galleries and artists in the "Opening" section, which highlights younger galleries and provides a platform for fresh voices in the art world. This commitment to nurturing new talent helps to keep the fair dynamic and forward-looking, ensuring that visitors are exposed to the latest developments in contemporary art.

In addition to the main exhibition areas, ARCOlisboa features a robust program of talks, panel discussions, and special projects. These events bring together artists, curators, critics, and other art world professionals to discuss key issues in contemporary art, providing valuable insights and fostering dialogue among participants. Topics may range from the impact of technology on artistic practice to the role of art in addressing social and political issues. The fair also extends its reach beyond the walls of the Cordoaria Nacional through a parallel program that involves collaborations with museums, cultural institutions, and public spaces throughout Lisbon, creating a citywide celebration of contemporary art. Visitors can explore exhibitions, installations, and performances at venues across the city, further enriching their experience and showcasing Lisbon's vibrant cultural scene.

One of the unique aspects of ARCOlisboa is its intimate scale compared to some of the larger international art fairs. This more focused approach allows for a more personal and in-depth engagement with the artworks and galleries present. Visitors can take their time exploring the fair, engaging in conversations with gallerists and artists, and developing a deeper understanding of the works on display. This intimate atmosphere has become a hallmark of ARCOlisboa, setting it apart from some of the more overwhelming mega-fairs on the global art circuit.

The fair also plays a significant role in the broader context of Lisbon's growing reputation as a cultural hub. In recent years, the Portuguese capital has seen an influx of artists, designers, and creative professionals, drawn by the city's quality of life, affordable living costs compared to other major European cities, and supportive arts community. ARCOlisboa both reflects and contributes to this cultural renaissance, helping to position Lisbon as a key destination for contemporary art in Europe. Furthermore, ARCOlisboa serves as an important economic driver for the local art market. By bringing together international collectors, curators, and art professionals, the fair stimulates sales and fosters relationships that can have long-lasting impacts on the Portuguese art scene. It provides a valuable platform for local galleries and artists to reach a global audience, potentially leading to international exhibitions, collaborations, and sales.

### 2.2- Organization

ARCOlisboa is organised by IFEMA MADRID, the same entity responsible for the larger ARCOmadrid fair. This institution is a consortium that organises fairs, exhibitions, and congresses in Spain. While primarily associated with events in Madrid, IFEMA has extended its expertise to other locations, including the ARCOlisboa fair in Portugal. IFEMA brings decades of experience in event organisation, particularly in the art world. This expertise is then partnered with the Lisbon City Council, which allows for the fair's extensive parallel programme, that includes installations, performances and other activities throughout the city. Under this umbrella, there is also Café Pessoa, which is in charge of the local organisation and coordination.

There is also an organising committee that works closely with galleries, curators, and art professionals to curate a high-quality selection of artworks and create a program that reflects current trends and discussions in the art world. This collaboration ensures that the fair remains relevant and engaging for both seasoned collectors and newcomers to the art market. This committee is made of four gallery owners, two of which are Portuguese.  Pedro Cera and Bruno Múrias, whose galleries are both named after themselves, also participate in the fair. The other two are Sabrina Amrani from Spain and Cornelia Grassi from the UK, who together elect the galleries present in the general programme. The role of curators is especially notable in this fair as there are multiple curated programs during the fair. They have the role of choosing the galleries involved in these programs and creating an interesting selection to further drive the purpose of the program.

**2.3- Past Editions**

Since its inception in 2016, ARCOlisboa has progressively made a name for itself, whether that be nationally or internationally. And this impact is visible in the outcome of the recent fairs, with a growing audience and cultural significance. This subchapter will look at the last three instalments of the fair in order to have a better understanding of how the fair has succeeded these last few years. To achieve this, the following information is derived from the internal Results Reports from the ARCOlisboa fair.

Over the past three editions, from 2022 to 2024, the fair has continued to grow and evolve, solidifying its position as a crucial driver of the country's artistic scene. The 2022 edition of ARCOlisboa marked a significant milestone for the fair. After five face-to-face editions held in Lisbon in co-production with the City Council and one online edition, ARCOlisboa had firmly established itself, further cementing its status as the leading international meeting point for contemporary art in Portugal

The event featured 65 galleries from 14 countries, showcasing the work of over 300 artists and attracting 11,000 visitors to the historic Cordoaria Nacional building in Lisbon's Belém district, highlighting its growing popularity and influence in the art world. But this influence extended beyond the walls of the Cordoaria, with an estimated 6,000 visitors attending the official parallel programme outside the venue. This expansion into the city helped to integrate ARCOlisboa more deeply into Lisbon's cultural fabric, transforming it into a true art week for the Portuguese capital.

One of the most notable aspects of ARCOlisboa 2022 was the involvement of more than 1,000 professionals. This high level of professional participation contributed to the fair's reputation as a hub for networking and knowledge exchange in the contemporary art scene. The organisers made a focused effort to attract international collectors and professionals, inviting 190 such individuals to the event. This initiative helped to broaden the fair's reach and increase its global impact.

The fair garnered significant media attention, with 80 accredited national and international journalists from 65 media outlets in attendance. This resulted in extensive coverage, with 165 articles published in Portugal, 365 in Spain, and 62 articles published outside the Iberian Peninsula. To further boost visibility, ARCOlisboa launched a comprehensive campaign in Lisbon, utilising various channels including, flags and banners, some of these used on trains and buses throughout the city, and a three-week run on the city's municipal billboard circuit, along with their online digital campaign.

As for the programming for ARCOlisboa, in addition to the main gallery section, the fair featured several special sections and events, such as ‘‘Africa em Foco’’, which showcased eight African galleries and hosted various conferences on African art themes. There was also a section dedicated entirely to individual artists' projects, highlighting the fair's commitment to supporting emerging talents. The event also featured ‘‘The Millennium Art Talks’’ space which was another key feature, focusing on advanced institutional practices and artistic developments. The fair facilitated important networking opportunities through its ‘‘Friends of Museums’’ programme, bringing together representatives from both national and international museums.

The fair's parallel programme was equally impressive, featuring 37 cultural events across Lisbon, Porto, Coimbra, and São João da Madeira. These events, which included exhibition openings, talks, discussion forums, organised tours, and cultural events helped to create a city-wide celebration of contemporary art. For international collectors and journalists there were exclusive programmes that ARCOlisboa offered, which could include visits to private collections, private museum tours, and special dinners. The fair's impact on the local cultural scene was also evident with the participation of 14 museums and cultural spaces in Lisbon and Porto, which offered free entry to ARCOlisboa guests during the fair days. (ARCOlisboa, 2022).

Building upon the success of the previous year, ARCOlisboa 2023 saw significant growth and development. The fair expanded its reach, now featuring 86 participating galleries representing 23 countries, a notable increase from the 65 galleries and 14 countries in 2022.

This growth in international participation further solidified ARCOlisboa's position as a major player in the global contemporary art scene. This edition welcomed 13,984 visitors to the Cordoaria, marking a substantial increase from the 11,000 visitors in 2022. Continuing its commitment to fostering international connections, ARCOlisboa invited 150 international art collectors, a slight decrease from the 190 invited in 2022, but still representing a significant portion of the collectors present at the fair. The fair also maintained its initiative to engage younger audiences by offering free entry on one of the days for people under 25.

The parallel programme continued to be a significant aspect of ARCOlisboa, with an estimated 9,200 visitors attending events outside the Cordoaria, a notable increase from the 6,000 estimated in 2022. This growth highlighted the fair's success in integrating itself into the broader cultural scene in Lisbon. ARCOlisboa 2023 continued to offer a rich and diverse programme both within and outside the Cordoaria. The fair featured around 40 activities and events organised inside the venue, helping to create a multifaceted experience for visitors, blending commercial aspects with educational and cultural elements.

This edition remained focused on the previous projects, highlighting individual projects and the continued support of African art, with a special section featuring five African galleries. The presence of public talks continued with the ARCOlisboa Forum and with the ‘‘Art and its Audiences’’ academic talks which counted with the presence of 500 students and lecturers from 9 Portuguese universities and art schools. Additionally, the “Friends of my Friends” programme continued with representatives of over 25 national and international museums and the “Arts Libris” section also successfully continued with the presentation of art publications. Moreover, a new addition to the 2023 programme was the "What am I working on" series, that throughout the duration of the fair presented both institutional and independent art projects.

The fair also expanded its parallel programme in the city, featuring 37 cultural events, which included 18 group visits to museums and private collections for selected guests of ARCOlisboa, and a special customised programme for international collectors. The number of museums and cultural spaces associated with the programme increased to 22, spread across Lisbon, Porto, and the Alentejo region. These institutions opened free of charge to ARCOlisboa selected guests during the fair, creating a more comprehensive art experience that extended beyond the main venue.

ARCOlisboa 2023 maintained its strong presence in the city with a comprehensive advertising campaign, making its presence felt throughout the city through flags and banners, similarly to the previous year's efforts. This year however, the fair's media partnerships expanded to include Artsy, further enhancing its digital presence. (ARCOlisboa, 2023).

### 2.4- ARCOlisboa 2024 Edition

The 2024 edition of ARCOlisboa, marked the seventh iteration of the fair, maintaining its strong international presence, featuring 84 galleries from 15 countries, a slight decrease from the 86 galleries and 23 countries represented in 2023. However, this minor reduction in numbers did not weaken the fair's impact or diversity. In fact, the 2024 edition saw a significant increase in the number of artists represented, with 470 artists showcased compared to the 300+ in previous years.

Similarly to the previous edition, the fair accounted for around 13,000 attendees, maintaining a steady audience from the previous year. The fair continued its successful strategy of inviting international collectors and professionals, with around 190 invited guests from Europe and America in 2024, a return to the numbers seen in 2022 after a slight dip in 2023.

The parallel programme remained a significant aspect of ARCOlisboa, with an estimated 7,000 visitors attending the 40 events organised outside the main venue. While this number was slightly lower than the 9,200 reported in 2023, it still represented a substantial engagement with the broader cultural landscape of Lisbon and beyond. The 2024 edition saw a refinement of the fair's structure, with 59 galleries participating in the general programme, 10 galleries presenting solo projects, and 25 galleries featured in the curated programmes.

This organisation allowed for a balanced representation of established galleries, individual artist showcases, and curated selections. One of the highlights of ARCOlisboa 2024 was the continuation of the individual projects within the general programme, which presented in-depth explorations of international artists' work. This feature included notable artists such as Miguel Fructuoso, Juan Silió, Carmen Ortiz Blanco, and Miguel Ángel Tornero, among others, providing visitors with focused insights into contemporary artistic practices.

The fair maintained its commitment to showcasing emerging galleries and new artistic languages through the “Opening Lisboa’’ programme. Curated by Chus Martínez and Luiza Teixeira de Freitas, this section featured 17 galleries from 13 countries. The space for this programme was specially designed by the Portuguese architecture studio Feeders, adding an extra layer of local creative input to the fair's presentation. This edition continued its exploration of African art and its global connections through a new programme named “Formas do Oceano”, curated by Paula Nascimento and Igor Simões, this section featured 8 galleries from

4 countries, focusing on projects exploring relations between Africa, the African diaspora, and other global perspectives

"The Millennium Art Talks" programme, a staple of ARCOlisboa, returned in 2024 with curation by Marta Mestre and Ángel Calvo Ulloa. This series of talks and discussions, organised in collaboration with EGEAC (Equipment Management and Cultural Entertainment Company), DGArtes (General Directorate of Arts), and WAAU (World African Artists United), provided a platform for critical discourse on contemporary art issues. The programme was complemented by the "ArtsLibris" project which focuses on artist publications and serves as a platform to publicise contemporary art publications on an international level.

The Parallel/Guest Programme for 2024 offered an impressive array of artistic activities designed for ARCOlisboa guests and collectors. Highlights included a guided tour by artist Pedro Cabrita Reis to his studio exhibition, and two exclusive guided tours to Calouste Gulbenkian Foundation's new Modern Art Centre with the architect for the newly built building, Kengo Kuma, and to the restored MUDE, Museum of Design, both of which were not yet open to the public. These exclusive activities create a growing interest in participation for invited guests, providing high-quality cultural experience that brings interest in contemporary art not only to the fair but to the city.

The fair's organisers demonstrated a keen awareness of the importance of attracting new audiences to ensure long-term sustainability. In addition to the continuing initiative of free admission for young people under 25 during one of the days, ARCOlisboa 2024 engaged a public relations agency focused on young artists and influencers to attract younger audiences through social media. Another agency was hired to target the international community living in Portugal, recognizing expats as a strategic demographic for the fair. These efforts may prove themselves to be more effective when attempting to attract younger audiences, in comparison to the usual physical advertising campaigns. This also incentivises attendees themselves to then post on social media about the event, further increasing the reach of this media campaign.

This year, institutional acquisitions played a significant role in the fair, with Lisbon City Council purchasing a total of 15 works by 7 artists and with the ARCO Foundation acquiring a work by Portuguese artist from the longstanding Filomena Soares Gallery. Furthermore, Vieira de Almeida, a leading law firm in Portugal, purchased an artwork by Ignasi Aballí from the Vera Cortês gallery. ARCOlisboa has made an extensive effort to expand the fair into a yearly cultural event. From the incentivisation it provides to younger audiences, the innovative artworks it features, the public talks it offers, to the excellent programs it provides for its guests;

this fair has made a significant impact not only on the Portuguese contemporary art scene, but to the whole cultural calendar. This fair creates a strong base for international collectors to not only participate in the activities throughout the fair, but to even participate in the artistic dealing of the fair with its attractive artworks and unique representations.

The fairs’ outstanding quality and uniqueness in the national market, grants it a firm base for success, as it may be extremely difficult for a new coming fair to emulate and equal its reach. As it has held up since its inception, ARCOlisboa has all the promising factors to continue to evolve while adapting to the changing tides of the art world and remaining true to its core mission of connecting local and global art communities. (ARCOlisboa, 2024).

# CHAPTER 3- Financing Art Fairs

ARCO has in many ways emulated and achieved the format that a lot of the main international fairs go by. The creation of multiple city-wide events, exclusive activities, informational talks, and the establishment of a true art week during its course is comparable to how many art fairs on a larger scale execute their events. Though ARCOlisboa is much smaller than other large-scale fairs, it is proportional to the national market and still excels in bringing in international buyers. This focus on outside investment, by inviting foreign collectors and including a wide variety of international galleries, while still having a strong emphasis on national galleries, elevating them to the level of their peers; is what distinguishes it from other local fairs.

By understanding how many of the external factors of art fairs, such as quality, programming and public attention have a play in their success, we can now analyse how the ARCOlisboa compares internally with other national and international fairs. Like any art fair, ARCO must obtain funding for its development and execution. This process may vary widely depending on the type of fair and the system they follow, but generally, like most renowned international fairs, ARCO benefits not only from ticket sales and contributions from the participating galleries, but also obtains a significant portion of their financing through various forms of donations and sponsorships.

This chapter focuses on a crucial aspect in the development of a fair: raising funds and the partnerships that enable the fair organisation to achieve the scale and impact it has. For this effect, an individual research was conducted to the public information provided by each of the fairs mentioned. This allows for a wider perception of the types of entities that help finance art fairs as well as their structure. Furthermore, we will look at the entities that help finance the ARCOlisboa fair, and how this system compares to many of the fairs mentioned in the previous chapters.

## 3.1- ARCOlisboa: Partners and Sponsors

ARCOlisboa has a various number of sponsors. Like any fair, they may vary slightly from year to year, but as for the seventh edition held in 2024, they have had continued support from many of their previous sponsors and partners. Each of these have different roles and ways of contributing to and supporting the fair.

When looking at ARCO's sponsors, firstly we have those that contribute to the organisation of the fair. These are Lisbon's City Hall and IFEMA Madrid. They have an important role in the development and arrangement of the fair. The support of the City Hall is crucial for the activities and events held throughout the city, while IFEMA Madrid, also in charge of the organisation of ARCOmadrid, is tasked with the highest level of selection of those who will be commanding the decision-making in the development of the fair. Under these entities we have Café Pessoa, which supervises and carries out the local organisation and coordination.

Secondly, we have Senior sponsors and patrons. These are enterprises that have supported the fair's mission for many years and have a crucial role and financial contribution. However, their support is divided differently, MEXTO and The Millennium BCP Foundation are Corporate Sponsors, and as such, their contributions are highly valued by the fair, hence their clear highlight throughout the fair through sponsored prizes, forums and stands. Their presence throughout the fair is clear and establishes a clear relationship and involvement in the event. This is also true for the EDP Foundation, however they are classified as a patron for ARCO, meaning that according to the Portuguese patronage tax regime, provided for in the tax benefits statute (Decree-Law No. 215/89 of 7 July), they may have their donation considered as a deductible expense in full for corporate income tax purposes. In some cases, these donations may even be increased from 120% to 150% as a deductible expense. (Fernandes, 2020)

There are also other sponsors such as Bellissimo Cafés, Ruinart, the Super Bock Group, Santogal, ValorPneu and the Vasco Vieira de Almeida Foundation. Each of these has a different role, as sponsors may offer financial support, they can also offer goods and services. Each of them can contribute differently to the fair, some companies like Bellissimo and Ruinart provide their own products, and the Vasco Vieira de Almeida Foundation, has committed to the investment in artworks sold at the fair, also helping to expand their collection and establishing themselves as a culturally significant foundation. This system allows businesses that are interested in sponsoring cultural events to integrate themselves in ways that not only aids their beneficiary, but also themselves.

As for the partners, ARCOlisboa counts on the support of World African Artists United, Casa Cadaval, Quinta do Casal Branco, Artworks, Dazzle, Feeders and the Altice Foundation as their technology partner. Each of these, just like some corporate sponsors, provide goods and services for the fair, but don't contribute financially.

Finally, we have the official support from multiple public institutions that allow the fair to develop, such as the Ministry of Culture, and then DGArtes (General Directory of Arts), and EGEAC that help organise part of the fair, as well as other events in the parallel program. Also, the Portuguese Navy, which provides the space for the fair itself, as well as Lisbon Tourism.

In Portugal, it is quite common for public institutions to collaborate with the main art fairs, which cannot necessarily be said for international fairs, as these rely much more heavily on corporate sponsoring. But in Portugal cultural institutions are very interested in contributing and promoting these events as it reflects positively on the cultural landscape of the country.

**3.2- Portuguese Fairs**

As for Portuguese art fairs, when referencing some of the main events throughout the calendar, the fairs previously mentioned such as LAAF, Feira de Outono and Drawing Room, are some that we can further analyse to set a precedent for ARCOlisboa. By looking at the financing system these fairs opt for, we can connect certain common points and divergences between each other.

Starting with both LAAF and Feira de Outono, these fairs are organised by the same entity, the Portuguese Association for Antiquities, and as such, the financial and institutional support they receive is common to both events. As it has been established, it's very common in Portugal for public cultural entities to have an interest in supporting art fairs, as it also grants them a degree of institutional validation and recognition. This is especially true for these two fairs, which have abundant endorsement from public associations, such as three museums: MNAA (Museum of Antique Art), MUDE (Museum of Design and Fashion) and the National Museum of Ethnology; and also from the Ministry of Culture, DGPC (the General Directorate of Cultural Heritage) and the National Society of Fine Arts. Furthermore, similarly to ARCO, they have the support of the Navy, as the fairs are also carried out in Cordoaria Nacional, which they own. As for private corporations they have the support of Horta Osorio Wines and the BPI Bank.

Despite both having a strong institutional support it is clear that their financial structure is vastly different, where both LAAF and Feira de Outono most likely rely on revenue from ticket sales and the participating galleries, due to a smaller focus on external financing, ARCOlisboa prioritises corporate sponsoring to develop the event to the level and scale that it has achieved.

In contrast, Drawing Room, despite being a well-regarded and recognized art fair, lacks the institutional support of the previous fairs, as their only sponsor in that aspect is the Lisbon City Hall. Additionally, they count with the support of the Spanish government, Mostra Espanha 2024, Viarco, Católica's Faculty of Human Sciences, STET and MNAC (National Museum of Contemporary Art). Along with these, they are sponsored by the Millennium BCP Foundation and the Luso-American Development Foundation, who with the help of Viarco and the National Press have provided financial aid to allow for an impressive array of prizes awarded to multiple artists and galleries. Furthermore, Drawing Room is also partnered with multiple businesses that assist the fair with hospitality, such as MUSA, Pastéis de Belém, Thyro, Aveleda and Villa Alvor.

But unlike ARCOlisboa and the other two fairs, Drawing Room has the particularity of having a media partnership, which is much more common within international fairs. They obtain advertising support from the Lisbon City Hall, the Portuguese Railway Company, Cision, Antena 2, RTP 2 and Artprice. However, despite this partnership with the media being very valuable to any event, the other fairs, namely ARCO, still thrive and receive plenty of media coverage from multiple news outlets. Just within the last edition, the fair was the subject of 161 articles nationally, and 191 more in Spain. (ARCOlisboa, 2024).

When trying to find a fair most comparable to ARCOlisboa in terms of scale and quality, this search seems to naturally lead to its sister fair, ARCOmadrid. Both have not only the same organisers, but a similar mission. It can be said for both fairs that despite being an anticipated cultural event nationally, they attract a large interest internationally. Once again, highlighting and uplifting national artists and galleries by allowing them to stand side-by-side with well-revered peers from around the world.

### 3.3- International Fairs

Looking more closely at ARCOmadrid, we can truly see the similarities within its structure. Despite both following a financing system more closely related to the main international art fairs, and maintaining a robust collection of sponsors and partners with recognised brands, such as Lexus, Ruinart, Iberia, El Corte Inglés, Fredéric Malle and many more; one aspect that standouts is the strong institutional support the fair receives, very similarly to how they commonly are in Portugal. With Comunidad de Madrid, the City of Madrid, the Ministry of Sport and Culture. The Ca2M Museum, along with other public institutions and embassies from other countries supporting the event.

However, due to its sheer scale, naturally ARCOmadrid has the need for a larger financial support. It is through corporate sponsoring that nowadays, most international art fairs obtain a big portion of their funds to carry out the fair. The funding landscape for art fairs and cultural institutions has undergone significant changes in recent years, particularly in Europe. Traditionally, many European countries relied heavily on public funding to support arts and culture. However, there has never been a truly universal European approach to public funding for contemporary art. In the face of cuts to public spending, private sponsors and patrons have become increasingly important sources of funding, this is especially the case for art fairs. This shift has introduced both opportunities and challenges. Private funding sources now include individual donors, institutions and corporations. With banks becoming more and more significant as major sponsors for contemporary art fairs.

Both public and private funding models can lead to the instrumentalization of art, potentially compromising artistic autonomy. There's a risk that funding requirements, whether from government bodies or corporate sponsors, might steer artistic production and curation in particular directions, prioritising certain types of work over others. (Buchel M. et al., 2013) The distribution of available funding is often uneven, favouring large institutions and high-profile projects. This leaves smaller, experimental spaces struggling to secure resources. This imbalance can limit the diversity of artistic voices and experimental practices in the art world.

However, the partnering with major financial sponsors has brought an overwhelming positive impact to the fairs, allowing them the opportunity for expansion and therefore for a larger inclusivity of galleries, as well as programs that highlight new artists. The relationship between a fair and their partners results in a mutual agreement and understanding of the fair's purpose and image. By understanding their mission, structure and results, as well as the very galleries they feature, their partners are incentivized to be a part of a project. Of course, the way that a fair highlights and collaborates with their partners is also a key factor.

In the USA it is clearer the overwhelming reliance on corporate sponsors not only for art fairs but for anything related to the art sector, from museums, galleries, events, etc., but in Europe that reality isn't as prevalent, as there is still a wide majority of institutions and other projects that rely on public funding. That is especially notable in the prevalence in crowdfunding and single donor projects that exist. And this is noticeable even in art fairs, as they must diversify their income sources. This leads to a multi-level system of donors that work with a fair.

It is common for international art fairs to have a multitude of sponsors and partners that not only contribute financially, but also participate in the course of the event. Another way a partner may be incentivized to integrate is if there is some sort of highlighted feature. This could mean a multitude of things, such as having sponsored talks, their own booth, advertisements, etc.

The main international art fairs now follow a similar structure of sponsors, where there is a hierarchical system of display according to the partners' contributions. This begins with a Lead partner, usually the largest contributors, they receive a larger highlight and possibly even control over the inner workings of the fair. When analysing some of the major European art fairs listed in the first chapter, there is a common trend among them in the sectors of the corporations that fill these roles. For the fairs mentioned, with the exception of TEFAF Maastricht who has had AXA, a leading insurance company for over 20 years as their main sponsor, all of them have a major bank as their lead partner. Art Basel with UBS, Frieze Art with Deutsche Bank, TEFAF New York with Bank of America and The Armory Show with American Express.

As for the remaining, they can be categorised differently according to each fair, with differing roles and titles. Some fairs have associate partners like Art Basel with Audemars Piguet and Netjets, as well as global partners and supporting or benefit partners. As for the fair itself there can be a wide range of sponsors ranging from fashion, jewellery or watch brands, law firms, insurance companies, banks, vehicle manufacturers, and many more. These partnerships enable art fairs to offer diverse programs of art, talks, and special projects. They provide crucial funding and resources that allow these events to operate at a high level and reach global audiences. However, they offer more of a financial support to the fairs, as opposed to some partners that have a more symbiotic relationship with the fairs and are more involved in the event itself. These include partners like hotels, logistics companies, catering companies, venues, liquor brands and airlines that provide services and resources.

It's also important to mention the fairs relationship with their media partners. These have the role of advertising and reporting on the event, and get exclusive access to the fair, serving as essential components in the promotion, coverage, and overall success of these events. Their involvement extends beyond mere reporting, often contributing significantly to the fair's reach, prestige, and impact on the art world.

# CONCLUSION

Art fairs have been a crucial part of the art market for centuries. Their impact and importance cannot be understated. However, with a lack of academic information regarding both their history and the depth of their impact, it becomes increasingly difficult to make a complete balance of how they truly function and influence the market. By laying bare how many art fairs are structured and organised, we can begin demystifying the market.

The landscape of contemporary art fairs is always evolving. These changes reflect broader shifts in the art world, encompassing evolving metrics of success, the interplay between local and global art scenes, the increasing importance of corporate sponsorship, and the resilience of the art market in the face of global uncertainties. Through this analysis, we get a fuller understanding not only of the market, but the key factors that enable the trajectory of the ARCOlisboa fair.

ARCO, much like many other contemporary art fairs, do not measure their success purely based on ticket sales. Of course, as it is one of their main goals, the purchase of artworks is a valuable metric, but many of these transactions are sometimes kept private. By fostering connections between artists, galleries, collectors, and the public, art fairs are a catalyst for cultural exchange and artistic innovation. Its impact can be seen in the conversations they generate, the collaborations they inspire, and the new perspectives they introduce to the art world. Moreover, this interest in cultivating an interesting dialogue and presenting innovative perspectives allows for a more diverse and dynamic artistic ecosystem. And through ARCO’s programme, their intentions of creating space for emerging artists, experimental works and underrepresented voices are clear. They create a focus on artworks that might not immediately translate to high sales figures but contribute immensely to the richness and diversity of the contemporary art landscape.

Furthermore, because of its international reach, ARCO provides a platform for local artists and galleries, bringing them to an international stage. This commitment to local artists not only enriches the fair's offering but also contributes to the development and recognition of Portuguese contemporary art on a global scale.

Ultimately, this is possible through the support of corporate sponsorships. Because of ARCO’s focus on partners whose values align with those of the fair, they are able to create space and help to establish these diverse artists and perspectives. The success of this model at ARCOlisboa suggests that, when managed thoughtfully, corporate sponsorship can be a powerful tool for advancing the arts without compromising core values. It points to a future where art fairs and corporate entities can forge mutually beneficial relationships that support artistic excellence and innovation while meeting sponsors' objectives for cultural engagement and brand association.

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