**FRIEZE ART FAIR**

**Market Selection (FRANCE)**

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# Slide 1: Market diversification and concentration

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| ***Environment and Market Analysis*** | |
| ***GDP Growth*** | In 2021, France's GDP growth rate was -0.1% (Euromonitor, 2023). |
| ***Country Risk*** | France has a low country risk rating of A1 (Euromonitor, 2023). |
| ***Political Factors*** | France has a stable political environment with a democratically elected government. |
| ***Other Factors*** | France has a strong cultural heritage and a thriving art market. |
| ***Market Appeal*** | France has a large and diverse population with a high level of interest in the arts. |
| ***Operational difficulties*** | The cost of doing business in France can be high, and the regulatory environment can be complex. |
| ***Analysis of Competition*** | |
| ***Competitors*** | * FIAC * Art Paris * La Biennale Paris |
| ***Comparison of Sales*** | The French art market is highly competitive, with numerous galleries and art fairs operating in the country.   * In 2019, FIAC reported sales of over €200 million. * Art Paris reported sales of €20 million in 2019. * La Biennale Paris reported sales of €15 million in 2019. |
| ***USP Identification for competitors*** | FIAC is known for its high-quality exhibitors and curated sections. Art Paris is known for its focus on modern and contemporary art from Europe and Asia. Paris Photo is known for its emphasis on photography. La Biennale Paris is known for its mix of art, antiques, and jewelry. |
| ***Distribution Channel*** | |
| Competitors generally sell art through their own galleries or at art fairs. Some may also sell through online platforms or auction houses. | |
| ***Demand analysis*** | |
| There is a strong demand for contemporary art in France, with a large and diverse population interested in the arts. Art fairs like FIAC, La Biennale Paris and Art Paris attract both local and international collectors and dealers, and sales at these fairs are typically strong. The Frieze Art Fair would likely face significant competition from these established events, but could potentially appeal to a younger or more experimental segment of the market. | |

***Note***: France's GDP growth rate was -0.1% in 2021, which may impact the art market. However, France has a low country risk rating of A1 and a stable political environment with a democratically elected government (Hwang and Tang, 2020, p.81). The country has a strong cultural heritage and a thriving art market with a large and diverse population interested in the arts (Euromonitor, 2019). The French art market is highly competitive, with numerous galleries and art fairs operating in the country, including FIAC, Art Paris, and La Biennale Paris. Each competitor has a unique USP and sells through their own galleries or at art fairs, with some also selling through online platforms or auction houses. Strong demand for contemporary art exists in France, attracting both local and international collectors and dealers.

# Slide 2: Environment and market analysis

* France has one of the most popular global art markets and also the revenue generated from art works is growing immensely over 9.4% the last few years (Jäger, 2021).
* Post-war and contemporary art dominate the country's art sales, accounting for over 70% of the total art sales in 2019 (Courbiere *et al.,* 2020).
* France hosts several established art fairs, such as FIAC, La Biennale Paris, and Art Paris (Haisch and Menzel, 2022).
* The French art market experienced a 23% decline in sales in 2020 due to the impact of the coronavirus pandemic.

***Note***: France is one of the world's leading art markets that ranks as the sixth largest in the world, France offers a dynamic and diverse marketplace for the art industry, making it an attractive destination for international art fairs such as Frieze. France's art market is characterized by a high level of sophistication and discernment among buyers, with a strong emphasis on quality and provenance. According to Artprice, the country's art market is dominated by sales of post-war and contemporary art, which accounted for over 70% of the total art sales in 2019 (Baetjer, 2019). In terms of the art fair market, it is the home to several established fairs such as FIAC, Art Paris and La Biennale Paris. Frieze's entry into the French market could create healthy competition, offering new opportunities for collectors, artists, and dealers alike. However, due to the coronavirus pandemic in 2020, sales in the French art market fell by 23% compared to the previous year.

# Slide 3: Competitive analysis

* FIAC, La Biennale Paris, and Art Paris are three art fairs that take place annually in Paris, France. They each showcase a range of contemporary and modern art, attracting collectors, curators, and enthusiasts from around the world.
* As competitors of the Frieze Art Fair, which takes place in London, each of these fairs seeks to attract a similar audience and offer a diverse selection of works from leading galleries and artists.
* In terms of visitors, FIAC is considered the largest of the three fairs, drawing in over 70,000 visitors annually. La Biennale Paris and Art Paris each attract around 50,000 visitors (Hwang and Tang, 2020, p.81).
* In terms of sales volume, FIAC has consistently been the strongest performer of the three, with a reported sales volume of over $200 million in 2019. La Biennale Paris and Art Paris have reported sales volumes in the tens of millions of dollars (Euromonitor, 2019).

***Note***: FIAC, La Biennale Paris, and Art Paris are annual art fairs held in Paris, showcasing modern and contemporary art. They compete with London's Frieze Art Fair for a global audience, with FIAC being the largest and most successful in terms of visitor numbers and sales volume, exceeding $200 million in 2019. La Biennale Paris and Art Paris draw in around 50,000 visitors each and report sales volumes in the tens of millions.

# Slide 4: Distribution channels

* Partnerships with established art galleries in France.
* Online sales platforms to reach a wider audience.
* Collaborations with museums or cultural institutions to leverage their existing networks and resources (Hwang and Tang, 2020, p.81).
* Hosting pop-up exhibitions in various locations across the country to increase visibility and engagement.
* Participating in art fairs and events in France to establish a presence in the local art scene.

***Note***: Possible distribution channels for Frieze Art Fair in France could include partnerships with established art galleries, online sales platforms, and collaborations with museums or cultural institutions (Wotto, 2020, p.263). Additionally, Frieze could explore hosting pop-up exhibitions or participating in art fairs and events across the country.

**Slide 5: Demand Analysis and Market Entry**

***Market Entry***

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| --- | --- | --- | --- |
| ***Market Entry Model*** | ***Pros*** | ***Cons*** | ***Suitable for Frieze Art Fair in France*** |
| ***FDI*** | Provides full control and ownership of operations (Paquette, 2020, p.303). | High investment costs and risks involved. | Not suitable for Frieze Art Fair in France |
| ***Partnership*** | Access to local expertise, shared risks and costs, establish relationships with artists and collectors (Elavarasan et al., 2022, p.112204). | Shared control, potential conflicts, limited profits. | Suitable for Frieze Art Fair in France |
| ***Licensing*** | Low investment costs, quick market entry, allows leveraging of a partner's brand and reputation (Hwang and Tang, 2020, p.81). | Limited control, royalties or fees required. | Not suitable for Frieze Art Fair in France |
| ***Franchising*** | Allows for rapid expansion, shared risks and costs, established brand and operating systems (Euromonitor, 2023). | Limited control, fees and royalties required, potential conflicts. | Not suitable for Frieze Art Fair in France |
| ***Joint Ventures*** | Shared risks and costs, access to local expertise and knowledge, potential for increased profits (Baetjer, 2019). | Potential for conflicts, shared control and decision-making. | Suitable for Frieze Art Fair in France |

**Table 1: Market Analysis Table**

***Demand Analysis***

Factors to consider when deciding the demand market:

* France's art market is worth $4.4 billion and is the fourth largest in the world (Smith, 2022).
* France has world-renowned museums and galleries and is known for its cultural heritage and appreciation for art.
* France attracts millions of tourists annually and has a significant number of high-net-worth individuals, indicating potential demand for high-end art. These factors make it a suitable location for the Frieze Art Fair, with sales increasing by 7% in 2019 (Euromonitor, 2019).

***Note***: It can be noted that several critical factors that should be considered when deciding the demand market, such as the size of the art market, cultural heritage and appreciation for art, international reputation, high-net-worth individuals, and the expansion of the art market. Based on these factors, France is a suitable location for the Frieze Art Fair (Marić and Gama-Araujo, 2022). When considering a market entry model, FDI offers full control but high costs and risks, while partnerships provide access to local expertise and shared risks but also potential conflicts. Licensing allows for quick market entry but limited control, and franchising allows for rapid expansion but also has limited control and potential conflicts. Joint ventures offer shared risks and access to local knowledge but also potential for conflicts (Knetsch, 2022). For the Frieze Art Fair in France, a partnership or joint venture would be suitable options.

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