5th EDITION

THE CONTEMPORARY ART MARKET IN BRAZIL

latitude

Latitude Sectorial Study 2016

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PREFACE

It is with great satisfaction that ABACT – Brazilian Association of Contemporary Art, in partnership with Apex-Brazil – Brazilian Trade and Investment Promotion Agency, shares information regarding the 5th edition of the Sectorial Study on the primary contemporary art market in Brazil, developed within the scope of actions of Latitude – Platform for Brazilian Art Galleries Abroad.

In 2016, for the first time, the Study sought to assess the galleries' internal environment. This approach – proposed by 3D3 Comunicação e Cultura, a company hired to conduct the Study – sought to understand both the business and the management aspects of galleries. The resulting document is key to planning, and has been submitted exclusively to the affiliated galleries. The internal document will contribute to reflection and maturity of the galleries' management and best practices in this sector. In the following pages, we are publishing some results that make up the historical series of data surveyed.

The Study – created with the objective of providing the Latitude Project and ABACT with information for their operations – is also a fundamental tool for the planning and implementation of improvements to the galleries that integrate the Project. Furthermore, we remain committed to sharing the data on the Brazilian sector of contemporary art with a focus on the galleries that operate in the primary market.

We thank the galleries associated for their availability in providing the information which resulted in this study. We hope this data constitutes a starting point to widen the dialogue and representation of Brazilian contemporary art galleries, which are indispensable in fostering this sector.

Luciana Brito
ABACT President

Frederico Miranda Silva
Project Manager Apex-Brasil

Solange Lingnau
Latitude Executive Manager

THE LATITUDE **SECTORIAL STUDY** 2016

The conception of the Latitude Sectorial Study 2016 was based on learnings from previous editions. Structured on the experiences and results from previous years, the 2016 edition went deeper into issues which were hitherto tangential. It is now understood that, for the continuity and improvement of the work of the Latitude Project, ABACT, and of the associated galleries, a deeper business perception is needed, especially pertaining to the process of internationalization of galleries of the Association.

Thus, in addition to giving continuity to the historical series of market data, this edition established as the research objective of 2016 **to understand the characteristics of the market trading activity of ABACT members.**

Faced with this challenge, a literature review based on administration and communication was established, in order to determine which variables could respond to the expectations set for this collection. Theories on market practices, management, and internationalization, in addition to issues mapped in previous editions thus formed the thematic lines of this investigation.

Via a quantitative approach, with a structured questionnaire based on variables provided by the theory and previous edition of the Sectorial Study, collection for the 2016 was established and carried out between the 19th July and 12th August 2016, using the online research platform Question Pro.

SURVEY **UNIVERSE** AND **SAMPLE**

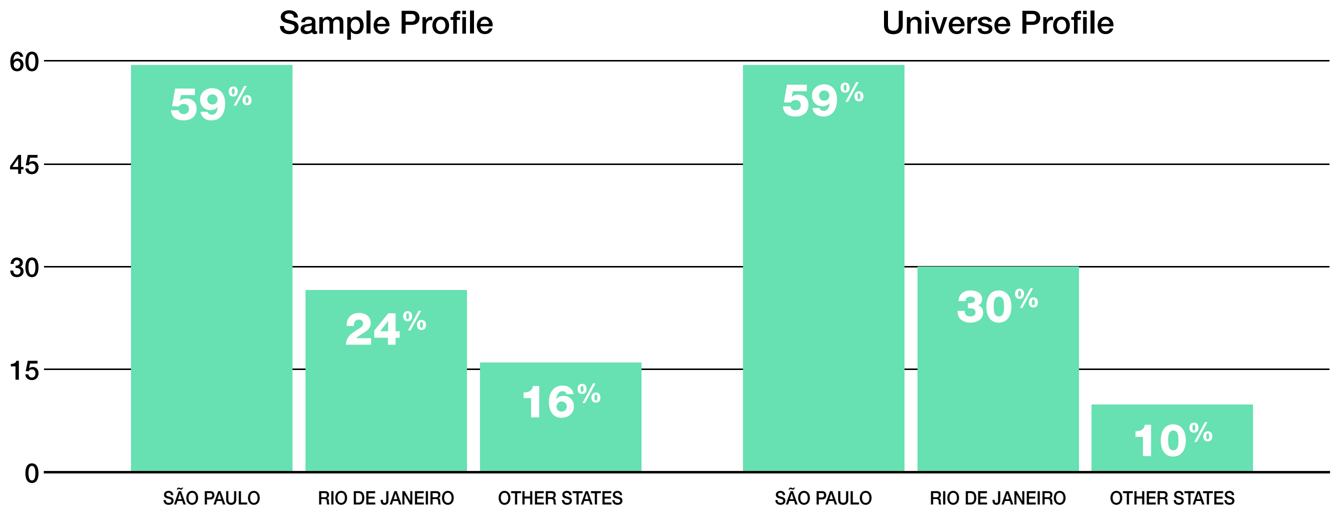
The Latitude Project has 46 associated galleries, of which 29 respondents completed the questionnaire in full.

Of a universe of 46 galleries (all invited to participate in the survey this year), 29 galleries participated in the survey responding to the questionnaire in full, which ensured a 90% safety index with a margin of error of plus or minus 10 p.p., for this 5th edition of the survey.

ASSOCIATED GALLERIES

- A GENTIL CARIOCA
- ALMACÉN GALERIA
- ANITA SCHWARTZ GALERIA DE ARTE
- ATHENA CONTEMPORÂNEA
- BARÓ GALERIA
- BLAU PROJECTS
- CASA TRIÂNGULO
- CELMA ALBUQUERQUE GALERIA DE ARTE
- CHOQUE CULTURAL
- DAN GALERIA
- GALERIA BERENICE ARVANI
- GALERIA BOLSA DE ARTE
- GALERIA DA GÁVEA
- GALERIA EDUARDO FERNANDES
- GALERIA ESTAÇÃO
- GALERIA FORTES VILAÇA
- GALERIA INOX
- GALERIA JAQUELINE MARTINS
- GALERIA LEME
- GALERIA LUISA STRINA
- GALERIA LUME
- GALERIA MARCELO GUARNIERI
- GALERIA MARILIA RAZUK
- GALERIA MEZANINO
- GALERIA MILLAN
- GALERIA MOVIMENTO
- GALERIA NARA ROESLER
- GALERIA PILAR
- GALERIA RABIEH
- GALERIA RAQUEL ARNAUD
- GALERIA YBAKATU
- LUCIANA CARAVELLO ARTE CONTEMPORÂNEA
- MATIAS BROTAS ARTE CONTEMPORÂNEA
- MENDES WOOD DM
- MERCEDES VIEGAS ARTE CONTEMPORÂNEA
- MUL.TI.PLO ESPAÇO ARTE
- PINAKOTHEKE
- PORTAS VILASECA GALERIA
- ROBERTO ALBAN GALERIA
- SÉ
- SERGIO GONÇALVES GALERIA
- SILVIA CINTRA + BOX4
- SIM GALERIA
- VERMELHO
- ZIPPER GALERIA

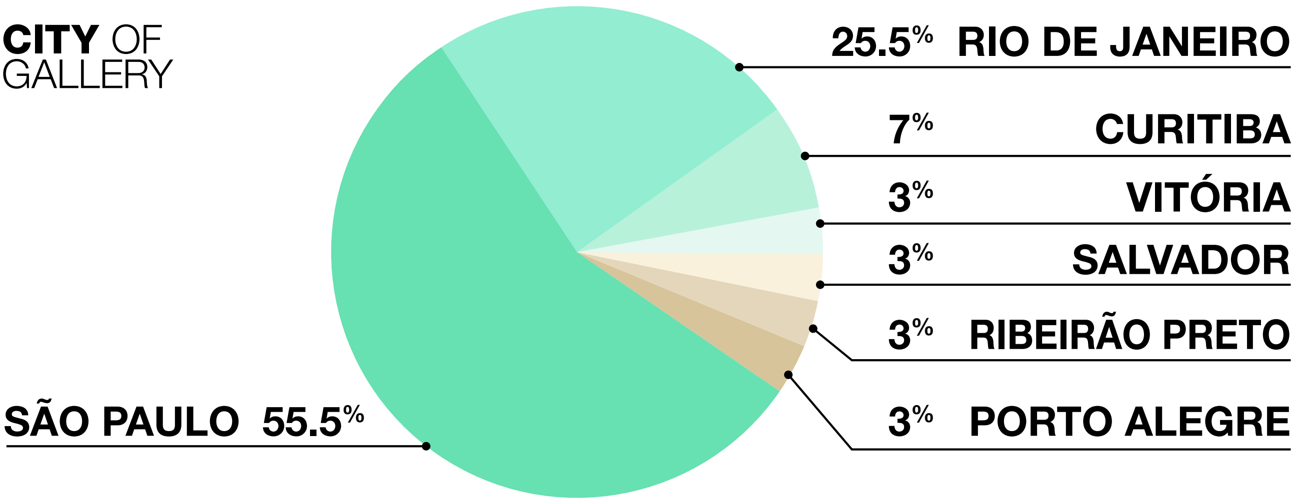
GALLERY **FEDERATIVE UNIT**



In the 4th edition of the Latitude Sectorial Study, launched in 2015 and on the scenario in 2014, 41 galleries provided the federative unit in which they have their main office. 56% of the total of gallery respondents were from São Paulo, followed by Rio de Janeiro, with 32% of respondents. Other states accounted for 10% of gallery respondents. In addition, 2% declared they had main offices in both São Paulo and Rio de Janeiro.

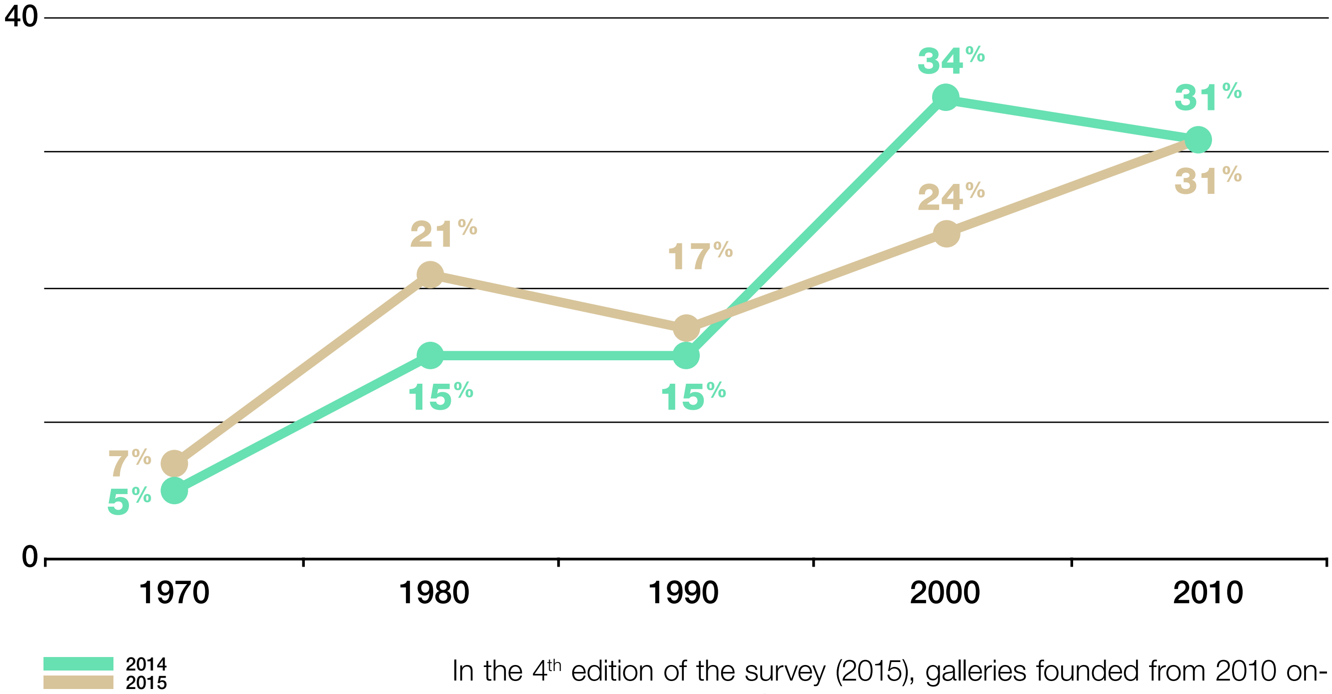
The 5th edition of the survey had greater participation from states outside the Rio-São Paulo axis.

CITY OF GALLERY



Of all gallery respondents only one was not located in a state capital. All others (97%) were from capital cities, mostly from São Paulo (55.5%), followed by galleries from Rio de Janeiro (25.5%). Subsequently, Curitiba (7%), Porto Alegre (3%), Salvador (3%), and Vitória (3%).

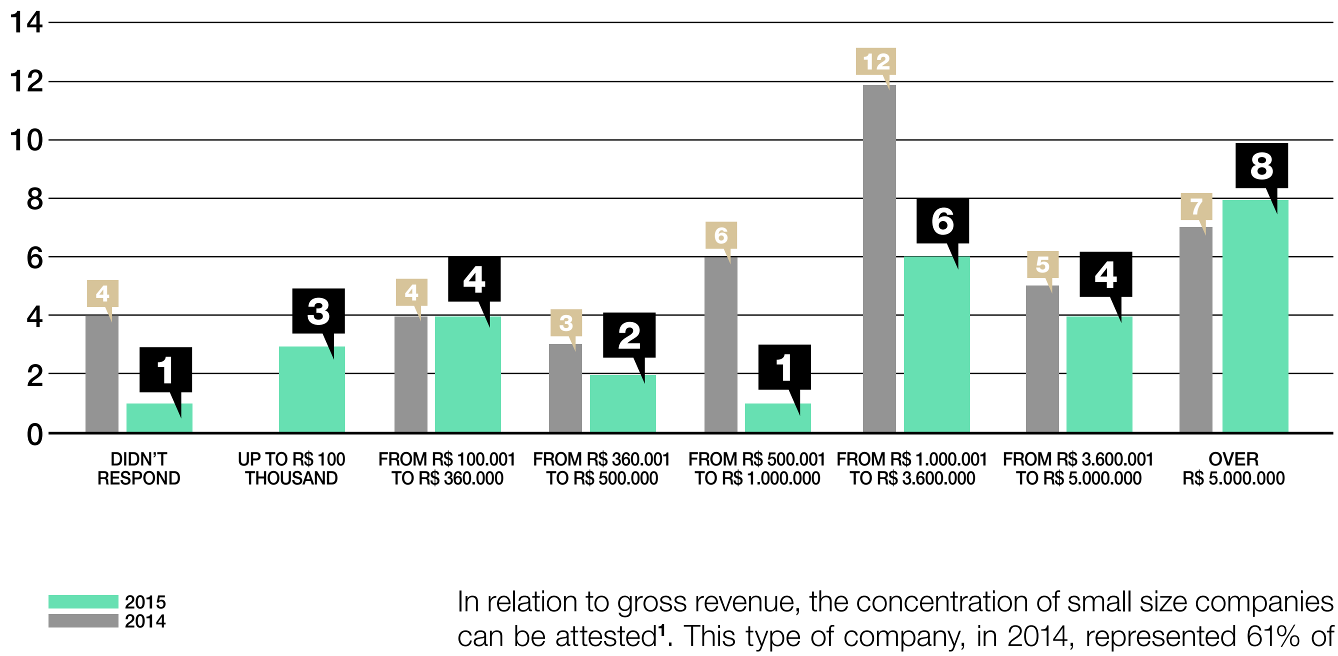
DECADE OF FOUNDATION OF RESPONDING GALLERIES



In the 4th edition of the survey (2015), galleries founded from 2010 onwards accounted for 31% of replies, behind galleries founded between 2000 and 2009, which accounted for 34% of replies. Galleries founded from 2000 onwards therefore accounted for 65% of respondents.

In the 5th edition of the survey, galleries founded from 2010 and those founded between 2000 and 2009 continue to be the ones with the greatest participation among the total number of respondent galleries. Galleries founded from 2010 make up 31% of respondents and those founded between 2000 and 2009 make up 24%. Together, they account for 55% of the total number of respondent galleries.

DISTRIBUTION OF GALLERIES **ACCORDING TO ANNUAL GROSS REVENUE** IN 2014 AND 2015



In relation to gross revenue, the concentration of small size companies can be attested[1]. This type of company, in 2014, represented 61% of respondent galleries.

In 2015, respondents were made up of 55% of galleries of that category. It can therefore be inferred, based on the historical series, that the primary art market in Brazil is formed mostly of small companies.

This characteristic of the market gives weight to the idea of the need for associations and organizations for the improvement of activities and development of the sector.

[1] Businesses with revenues of up to R$3.6mi are considered small according to the criteria of the Lei Complementar 123/2006, General Law of Micro and Small Companies (Lei Geral das Micro e Pequenas Empresas.)

DATA ANALYSIS TECHNIQUE

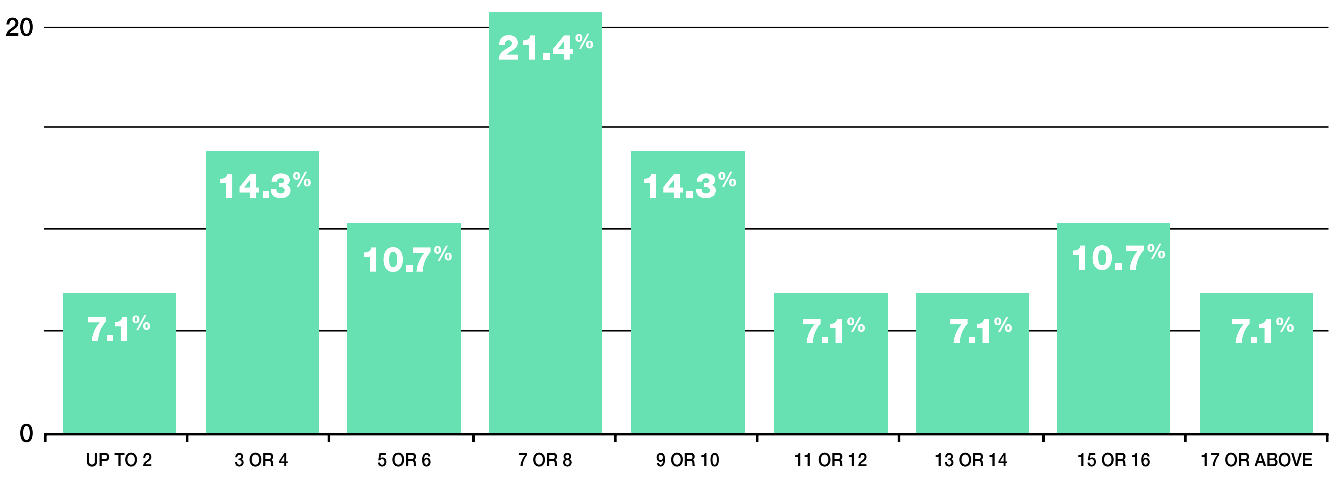
For the analysis of data collected in the quantitative survey, three techniques were used, namely, descriptive analysis, cluster analysis, and multivariate regression analysis.

Descriptive analysis was used to analyse the data resulting from the sample collection.

Cluster analysis, or clustering, is a multivariate exploratory technique that permits the association of subjects in homogenous groups, in relation to one or more common characteristics. This technique was used to verify the segmentation of the management profile and internationalization of galleries.

KEY FINDINGS

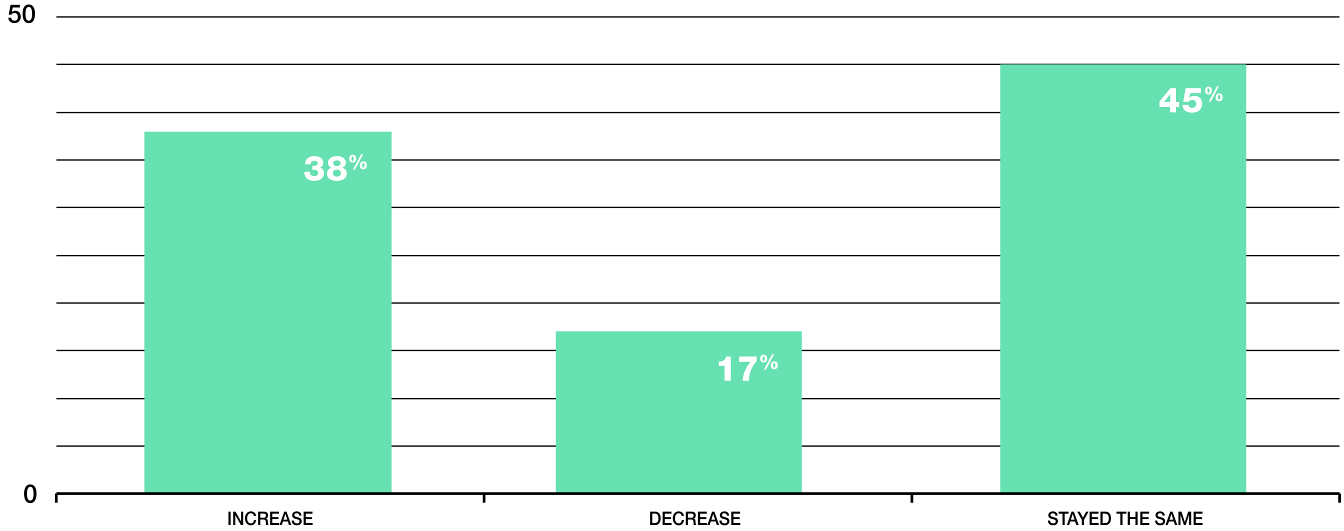
NUMBER OF **PERMANENT COLLABORATORS**



The number of permanent collaborators varies greatly from one gallery to another. It can be observed, for example, that 7.1% of them have up to 2 collaborators, while a further 7.1% have over 17 permanent employees. The highest occurrence is 7 or 8 employees, declared by 12.4% of respondent galleries. The second greatest occurrence is of 3 to 4, and 9 to 10 employees, tied at 14.3% of respondents each.

The respondent gallery average of is of 9.8 permanent employees, higher than in 2014, which was 9.3 people working daily in galleries.

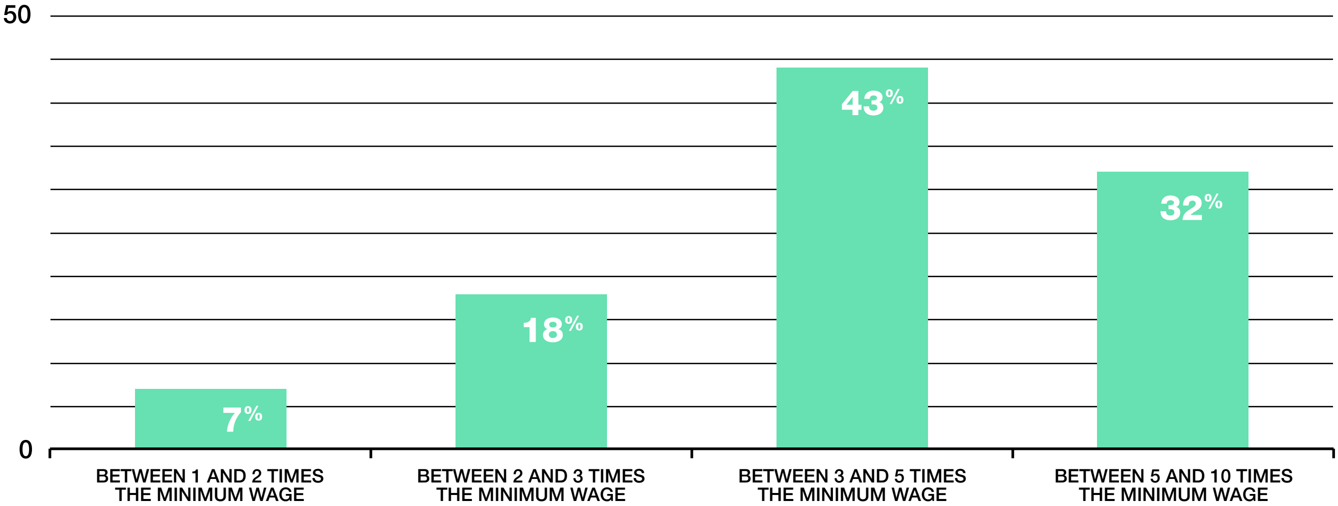
IN **RELATION TO THE PREVIOUS YEAR** 2015, DID THE NUMBER OF **PERMANENT COLLABORATORS**



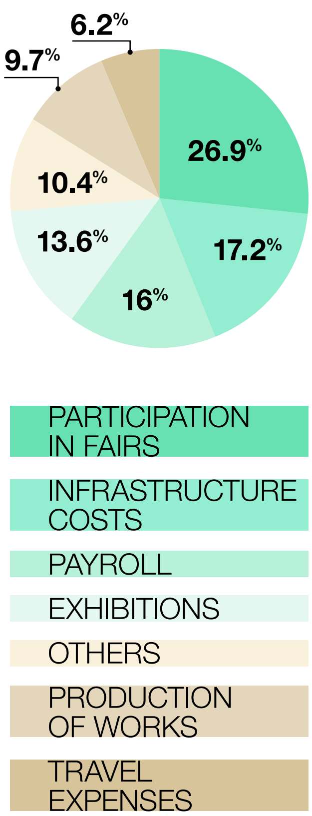
In 2015, 47% of galleries kept the same number of employees and 18% stated they diminished their number. While in 2014 47% of galleries said they increased their number of employees, in 2015 only 34% stated that they had hired more people for their teams.

WHAT IS THE **LOWEST SALARY**? (IN BRAZILIAN REAIS)

WHAT IS THE **AVERAGE SALARY** OF **YOUR EMPLOYEES**?



GALLERY EXPENSES (AVERAGE)



Regarding the average salary of collaborators, 43% of galleries stated that the average salary paid to employees was the equivalent of 3 to 5 times the minimum wage, followed by 32% of galleries whose average salary is of between 5 to 10 times the minimum wage, and 18% who said to pay an average of 1 to 2 times the minimum wage.

In total, galleries offering an average salary of between 2 to 5 times the minimum wage add up to 61% of total respondents. In the year 2014, galleries declaring an average wage of 2 to 5 times the minimum wage were 56% of the total.

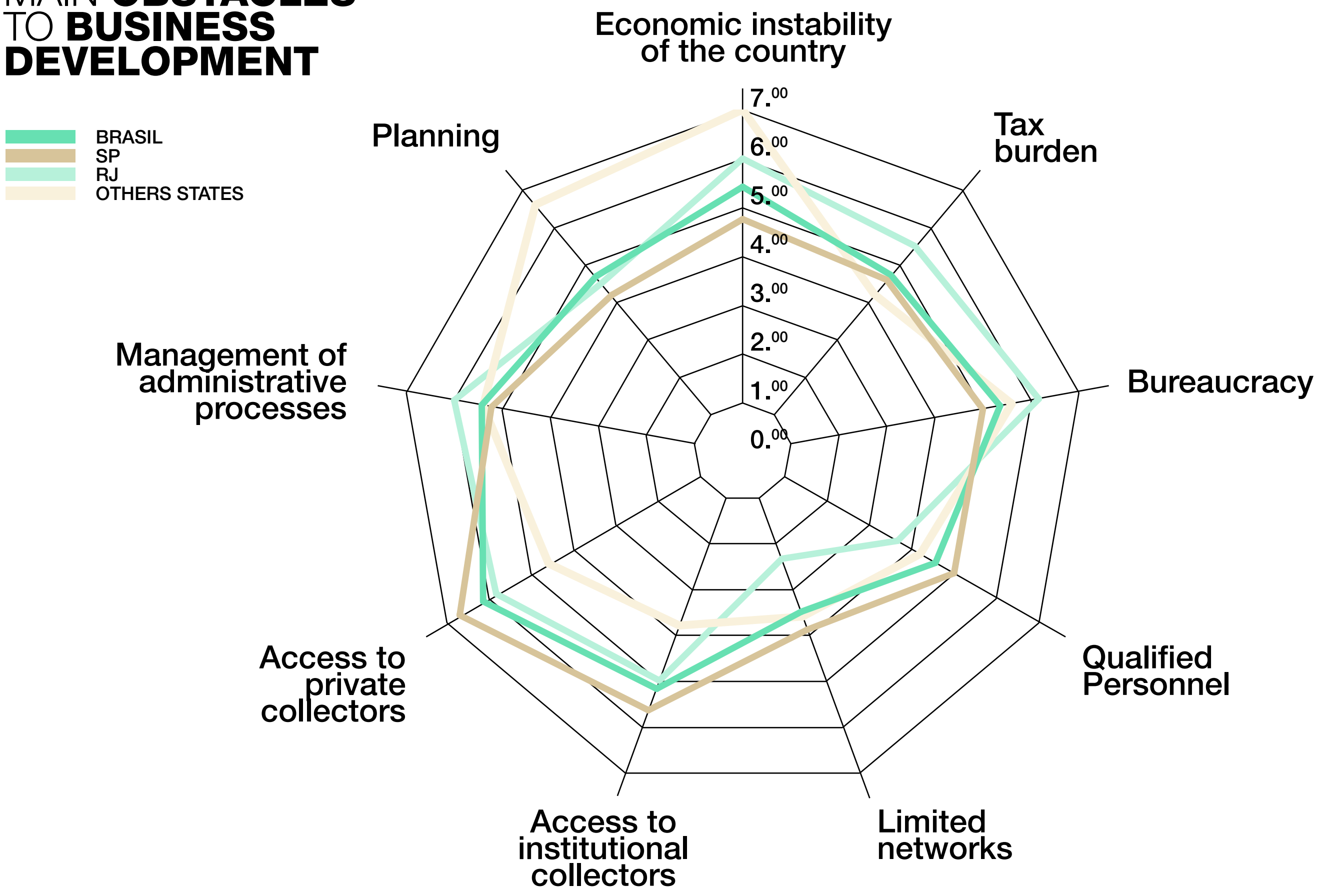
In 2014, galleries with an average salary above 5 times the minimum wage were 31.8% of the total, close to the number registered in 2015 (32%).

The expense that weighs most heavily on gallery budgets is from costs relating to participation in fairs, as seen in previous editions of the Latitude Sectorial Study. Participation in fairs corresponds to 26.9% of gallery budgets, followed by costs relating to infrastructure (17.2%), payroll (16%), exhibitions (13.2%), works (7%), and travel expenses (6.2%). Other expenses constitute 10.4%.

In previous editions of the Sectorial Study, participation in fairs also represented the greatest expense for galleries. In 2014, infrastructure, payroll, and exhibitions were also, after participation in fairs, the greatest expenses, as in the previous edition of the Study.

Management works with the idea that there are obstacles to the development of the business.

MAIN **OBSTACLES** TO **BUSINESS DEVELOPMENT**



Galleries were asked about nine issues which were established as obstacles in previous surveys. Impediments were ranked counter-clockwise from most external to the management of the galleries (economic instability of the country) to the most internal (planning) and it can be seen that, in the national scenario, the greatest weight for businesses has been primarily the internal aspects. Added to macro-environmental factors such as economic instability, internal factors are gaining twice as much weight and creating a disadvantage for business.

In this 2016 edition, the perception of what the main obstacles are changed in comparison to previous years. Despite the crisis having intensified in 2015, the impact on the Brazilian primary contemporary art market was less than imagined, as seen in the Latitude Sectorial Study in 2015. As such, the perception of economic influence is no longer in first place for most galleries, with the exception of galleries in states outside the Rio-São Paulo axis.

The perceived greatest obstacle from the national perspective, and which stands out in 2016, is access to private collectors, also portrayed in São Paulo as a main obstacle. In Rio de Janeiro, bureaucracy takes the lead, followed by a tie between economic instability and management of administrative processes. As previously noted, in other states economic instability is the main factor followed by planning. All agree that the smallest problem is networks.

PROFILE OF **ACTIVITY** IN THE **BRAZILIAN MARKET**

COMMUNICATION, MARKETING, AND RELATIONS WITH ARTISTS AND PUBLIC OF INTEREST

When assessing galleries on activity, it became evident that they all understand and reinforce in their replies that the orientation of marketing and communication is fundamental for business development.

Especially, the importance of internal communication was the most agreed-upon feature of respondents, followed by the statement on public awareness of the gallery.

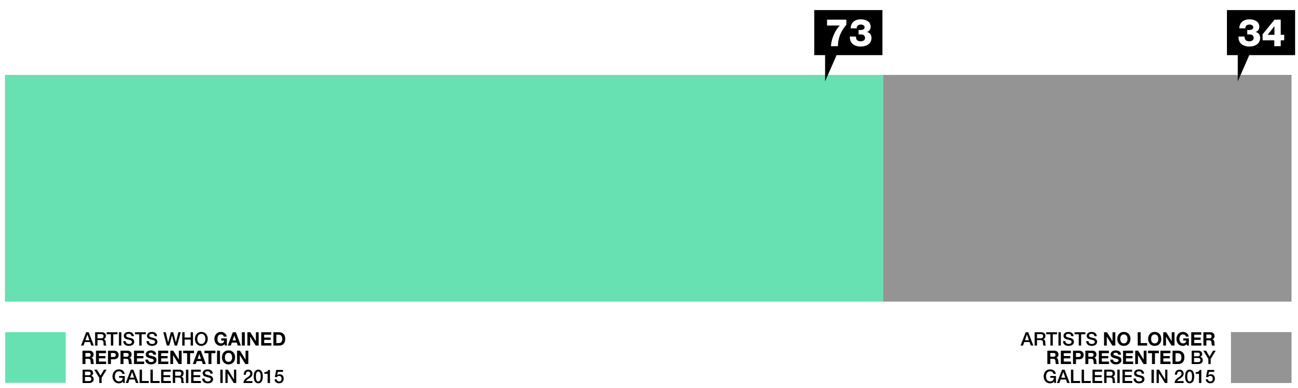
There is also emphasis on the use of communication and marketing techniques for the promotion of galleries and artists, as well as agreement that the collection is fundamental.

In summary, it is understood that there is a perception that promotion techniques generally depend, to a large extent, on a good collection.

In 2015, 73 artists gained representation by galleries, of a total of 1302 represented in the year, which represents an average of 2.5 new artist representations per gallery.

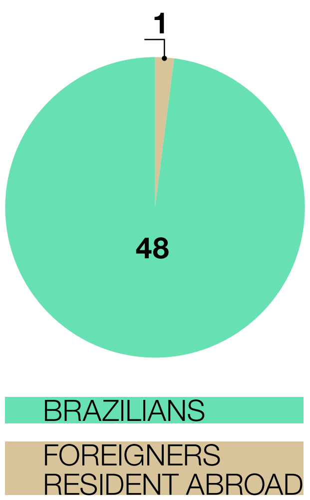
Artists who ceased to be represented amounted to 34, an average of 1.2 artists per gallery.

ARTISTS WHO **GAINED REPRESENTATION** BY GALLERIES IN 2015 AND ARTISTS **NO LONGER REPRESENTED**



ARTISTS WHO **GAINED REPRESENTATION** BY GALLERIES IN 2015 AND **ARTISTS NO LONGER REPRESENTED**

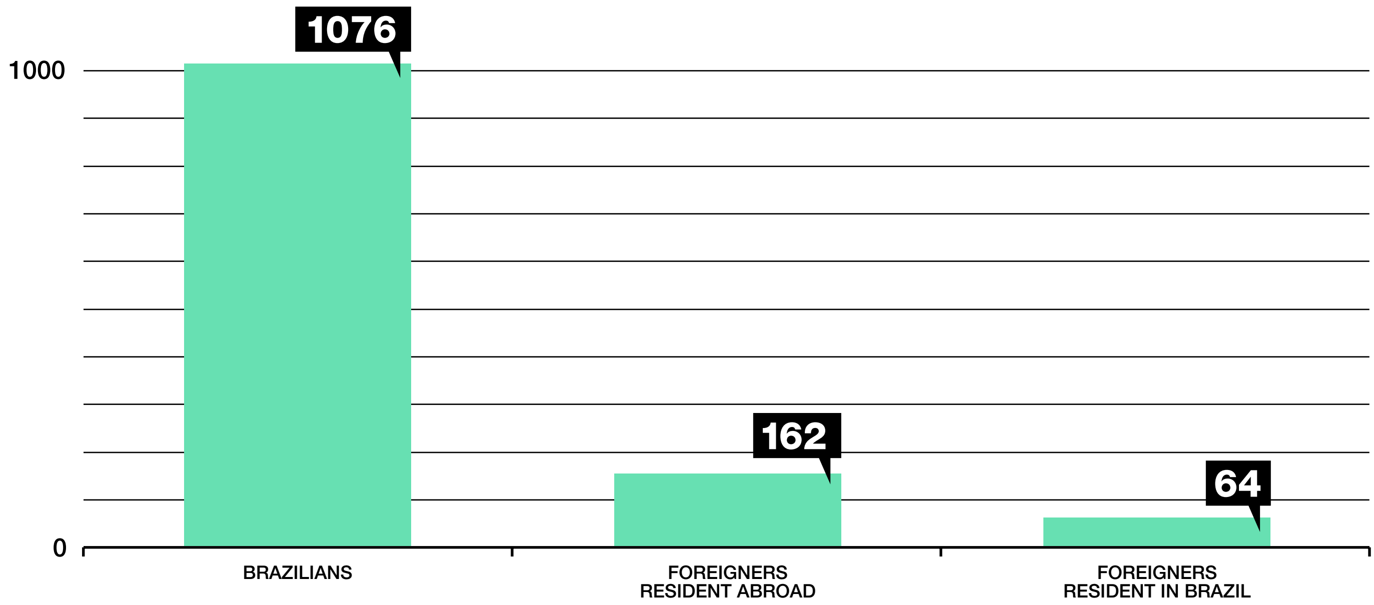
ARTISTS NEW TO THE MARKET WHO GAINED REPRESENTATION BY GALLERIES IN 2015 **ACCORDING TO NATIONALITY AND COUNTRY OF RESIDENCE**



Of the 1302 artists represented by galleries in 2015, 49 were newcomers in the contemporary art market, which corresponds to 3.7% of the total artists, a figure similar to 2014, of 3.5% of new artists. In 2013, when the second greatest number of new contemporary artists was recorded, 15% gained representation with a gallery. In 2012, galleries reported that 10.8% of artists represented were new to the market. In the first edition of the Latitude Sectorial Study, in 2011, galleries reported that 27.3% of represented artists were new to the contemporary art market. It can be seen that the rate of newcomers to the Brazilian contemporary art market represented by galleries greatly diminished in the last 2 years, in relation to the first 3 years of research. It could be inferred that renewal of the contemporary art primary market was not significant in the years 2014 and 2015, as seen in the years 2011 to 2013.

Of the 49 new artists entering the market who gained representation by galleries in 2015, 48 are Brazilian and 1 is a foreigner resident abroad.

NUMBER OF ARTISTS REPRESENTED BY GALLERIES



The majority (82.6%) of artists represented by respondent galleries are Brazilian, a number similar to the one recorded by galleries in the first edition of the Latitude Sectorial Study, in which 80% of artists represented were Brazilian. A further 12.4% are foreigners resident abroad and 5% are foreigners resident in Brazil.

SUPPORT FOR REPRESENTED ARTISTS

Galleries offer a range of complementary services in support of the artists which they represent. For example, support for artist participation in institutional exhibitions, a modality which all gallery respondents claim to have practiced in 2015.

There is also support for artist participation in national and international biennales, with 89% of galleries saying they have given this type of support.

All galleries also state they have offered promotion/engagement with the press and with collectors on behalf of artists.

Support for artists through promotion and engagement in international markets was carried out by 79% of galleries.

NEW PARTNERSHIPS

Of the 29 respondent galleries, 57% stated they had formed new partnerships in 2015 with their counterparts. In 2014, 48% affirmed they had formed new partnerships, while in 2013 the figure was 65%. In 2012, 54% of galleries stated they had formed partnerships.

ACTIVITY ON THE SECONDARY MARKET

In 2015, 39% of galleries affirmed they had acted in the secondary market. In 2013 that figure was 24% and in 2012 it was 25%. The growth seen here requires attention from future surveys, in order to better understand its causes.

PARTICIPATION IN AUCTIONS

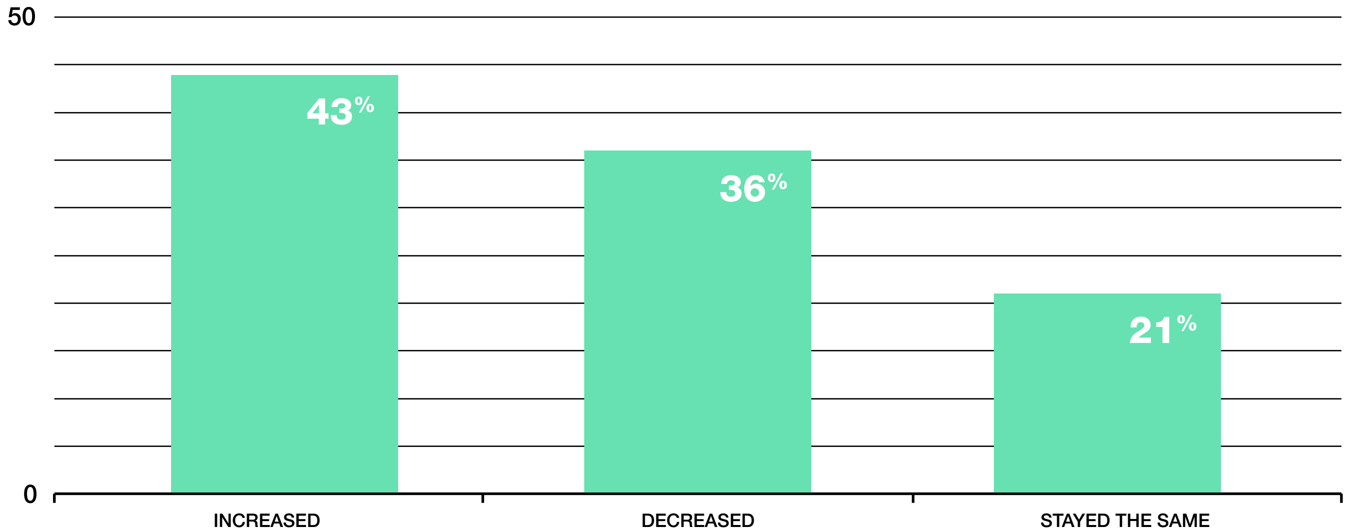
Of the galleries surveyed, only 18% participated in auctions in the year 2015. In those auctions, 4 works were acquired and 11 sold.

SECTOR AND **CONTEXT** OF **CONTEMPORARY ART** IN **BRAZIL**

The art market (and the contemporary art market is no different) is formed by three broad groups of action: training, diffusion, and promotion. They are complementary to each other and essential to move the cycles of creation, development, production, communication, circulation, and consumption which art offers, for creator, producer, and audience.

There is a strong role played by insertion and development of new artists, especially when observing the primary contemporary art market (discussed here), consolidating its strong tendency of fostering contemporary art, as without a primary market there is no secondary market. And without gallery participation, there is no primary market. Thus the central role of the primary contemporary art market in Brazil is revealed: to foster the development of the sector through the insertion of new artists. As can be seen, this is a role fulfilled by the galleries, but which is still in need of greater methodological, marketing, and communication support for development to be grounded and valued.

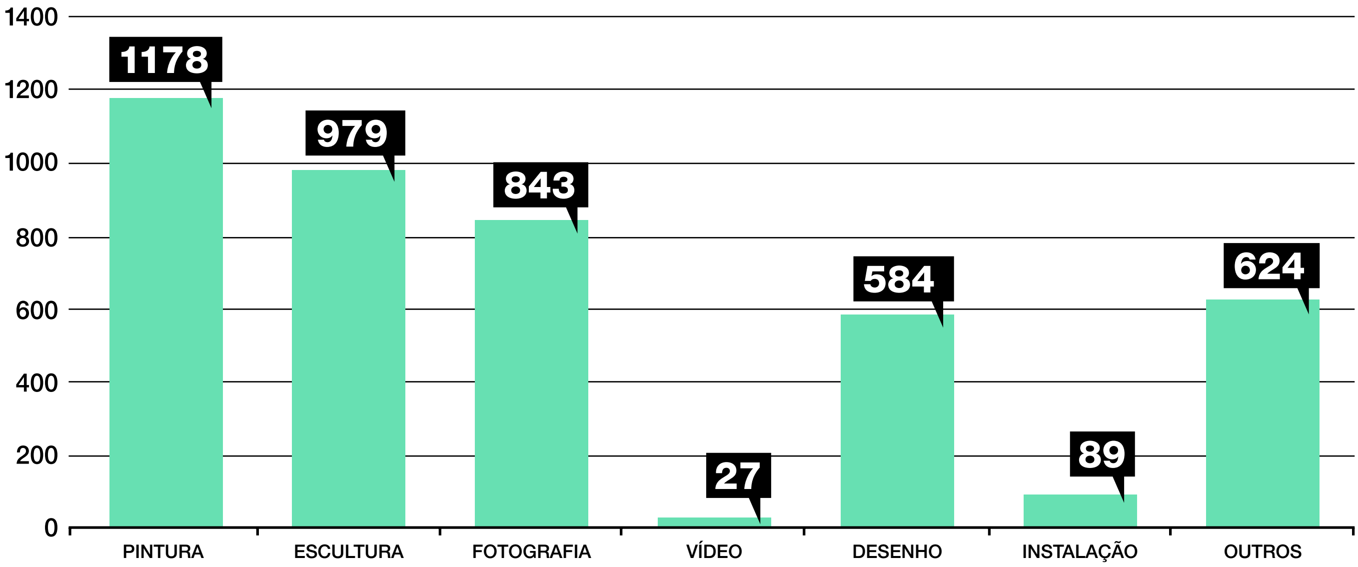
COMPARED TO THE PREVIOUS YEAR, **TURNOVER IN 2015**



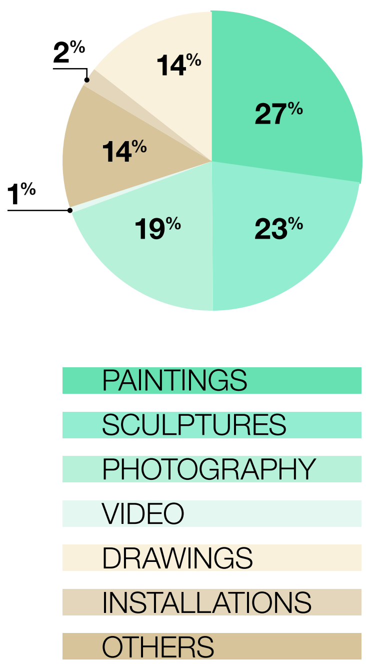
Regarding the variation in volume of business in 2015 compared to the previous year, 43% of galleries stated that there was an increase, while 36% reported a decrease in turnover. For 21% of galleries, turnover remained the same.

In the historical series of data starting from 2012, it can be observed that 2015 was the year in which the lowest number of galleries showed an increase in volume of business. In 2012, 81% of galleries reported an increase in volume of business; in 2013, 90% reported an increase; in 2014, 51.20% of galleries reported an increase.

NUMBER OF **WORKS SOLD** IN 2015



TYPES OF WORKS SOLD IN RELATION TO TOTAL OF WORKS SOLD



In 2015, respondent galleries sold 4324 works. The previous year, galleries who participated in the 4th edition of the Latitude Sectorial Study reported sales of 5750 works.

Proportionally, a greater number of sales of works by galleries in 2015 is observable, with an average of works sold among respondent galleries of 149.1. In 2014, the average of respondents' sales was of 140.2 works. In 2013, there was an average of 144.4 works sold. In 2012, 152.3 works were sold by respondent galleries.

It should be noted that the number of works sold by respondent galleries shows low variation, constituting an already established market.

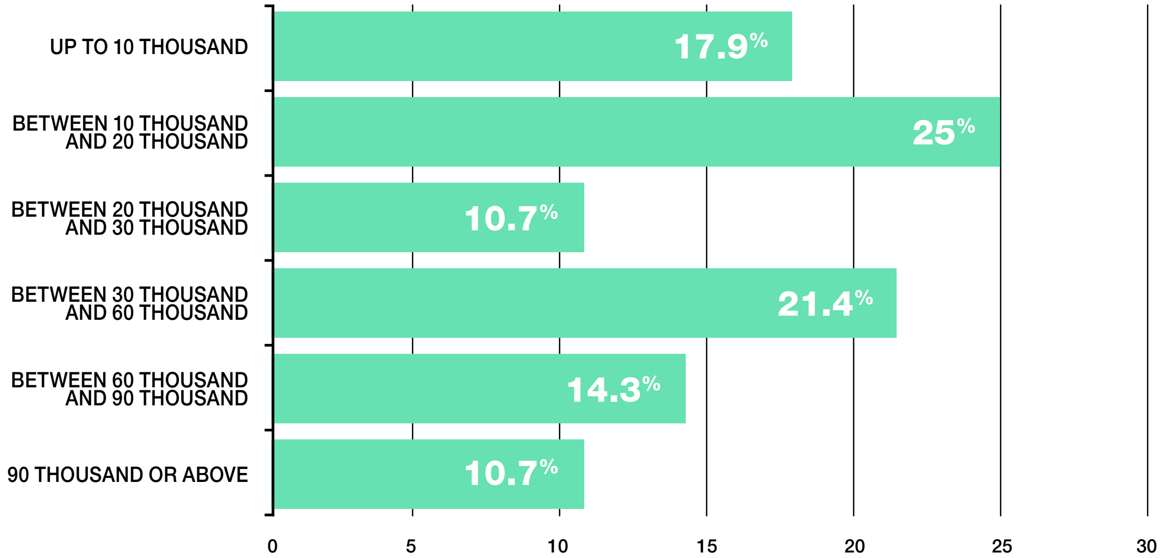
Works with the highest number of sales in 2015 were paintings, which represented 27% of works sold, followed by sculptures, representing 23% of all works sold in the year, photographs with 19% of works sold, and drawings, which correspond to 14% of annual sales. Installation type works amounted to 2% of works sold in the year, and video works were 1%. There was also 14% of works of other types.

SALES, WORKS, PRICES, CLIENTS: **DIMENSION OF THE MARKET**

DID **WORKS** SOLD IN 2015 **HAVE THEIR PRICES READJUSTED** IN RELATION TO 2014?

Among survey respondents in 2015, 61% said they had readjusted their prices, in relation to the previous year.

AVERAGE PRICE OF **WORKS** PER GALLERIES IN BRAZILIAN REAIS



Of all the respondent galleries, the greatest part, 25%, stated that the average price of their works was between 10 thousand and 20 thousand Brazilian reais. In succession, 21.43% said the average price of works was between 30 thousand and 60 thousand reais, 17.86% stated their average price was up to 10 thousand reais, 14.29% had an average price of between 60 thousand and 90 thousand reais, and 10.71% had an average price of between 20 thousand and 30 thousand reais. Galleries who stated their works had an average price of above 90 thousand reais made up 10.71% of respondents.

The lowest price of a work sold was R$ 240.00 (two hundred and forty reais), and among the lowest declared sales prices, 2015 presented an average of R$ 1,587.41 (one thousand five hundred and eighty-seven reais and forty-one cents).

The highest price of a work sold in the year 2015 among respondent galleries was of R$4mi, with the average of highest prices of works sold by galleries corresponding to R$ 616,962.96 (six hundred and sixteen thousand, nine hundred and sixty-two reais and ninety-two cents).

PLATFORM FOR **DOING BUSINESS** IN 2015

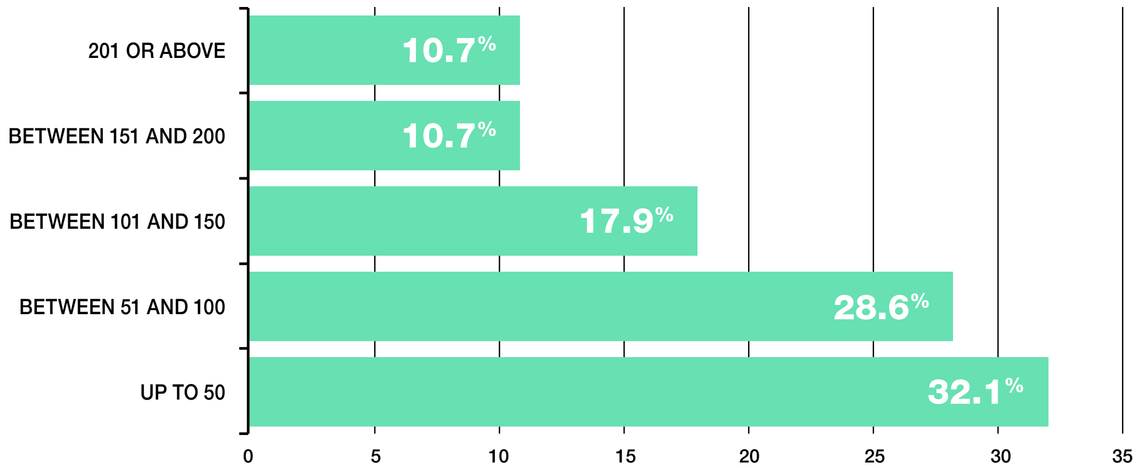
As with previous editions of the Latitude Sectorial Study, the main office of galleries is the main platform for doing business, concentrating 53% of sales. It is possible to observe, however, that this platform has diminished its representation in sales of gallery respondents. In 2012, 59% of sales took place on that platform; in 2013 it was 58%, and in 2014 it was 56%.

Also as with previous years, fairs were the second most represented platform for galleries, with 28% of business taking place at national fairs and 9% at international fairs. Fairs therefore are a platform for 37% of sales.

An item which stands out is sales on other platforms: in 2015, 10% of sales took place via other mediums which were not main offices of the galleries or fairs. In 2014 that number was 4%; in 2013 it was 1% and in 2012 it was 3%.

Among the platforms which account for 10% of sales through other mediums, gallery websites correspond to 4% of sales and other virtual channels 3%.

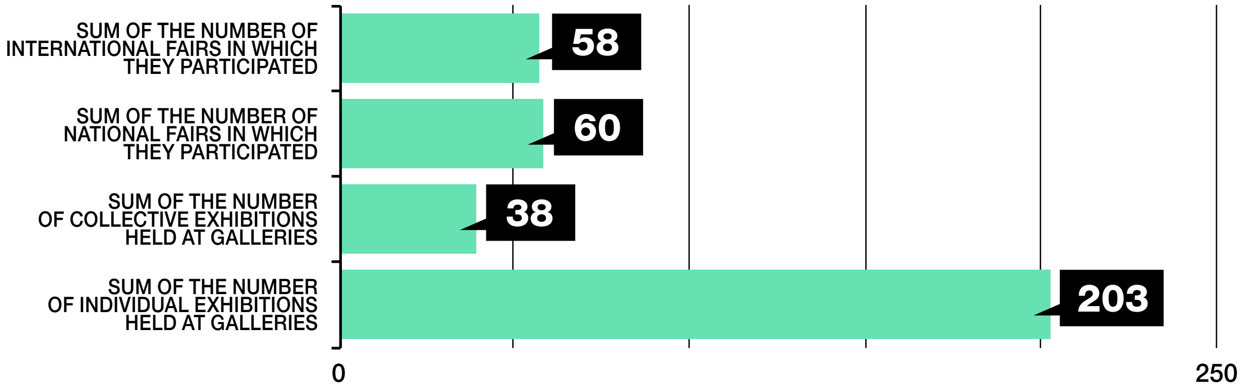
NUMBER OF **CLIENTS** IN 2015



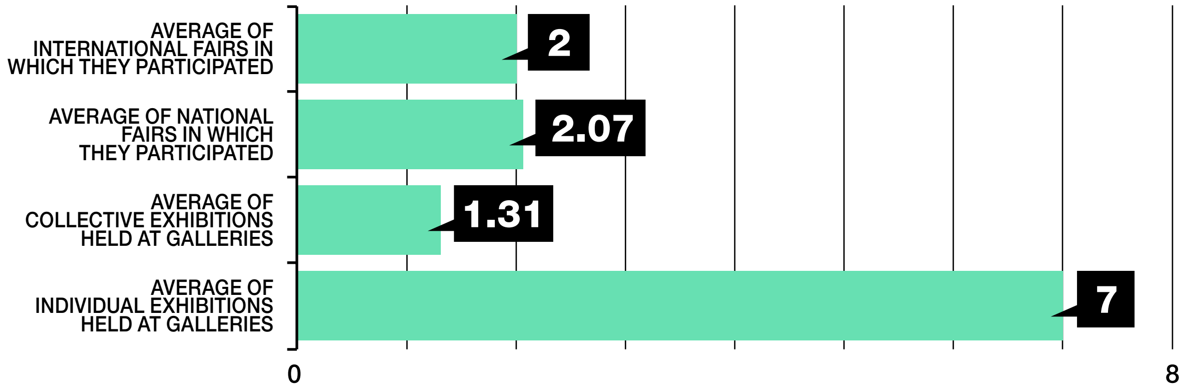
Most galleries surveyed (32.14%) reported having up to 50 clients in 2015. 28.57% said they had between 51 and 100 clients, while 17.85% registered between 101 and 150 clients, and 10.71% registered 151 to 200.

Galleries who reported having over 201 clients are 10.71% of the total surveyed.

ART FAIRS AND EXHIBITIONS



ART FAIRS AND EXHIBITIONS



The average number of individual exhibitions held by galleries has not changed significantly since 2011, when it was first measured, with an average number of 7 individual exhibitions held by galleries per year.
The average number of collective exhibitions has been undergoing small changes: in 2012 it was 1.8 collectives per gallery; in 2013 and 2014 it was 1.5, and in 2015 it was 1.3.

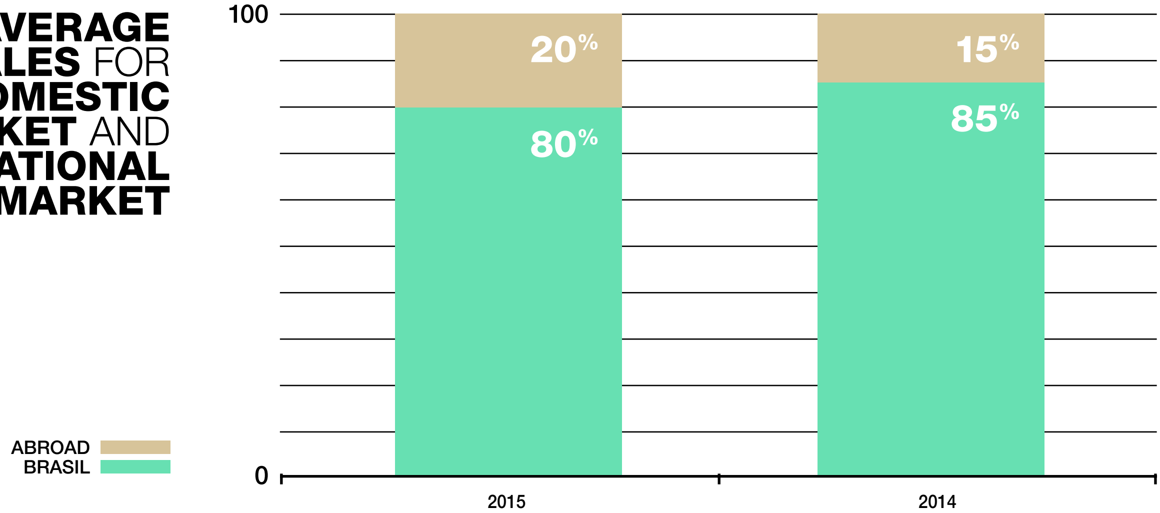
In 2015, the average number of fairs (including national and international fairs) in which galleries participated was 4.07, with the average number of international fairs being 2 and national fairs 2.07. In 2014, the average number of fairs in which galleries participated was 5, while in 2013 it was 4.5.

Of the respondent galleries, 20 stated they had participated in international fairs in 2015, with 3 galleries participating in 6 international fairs being the highest number.

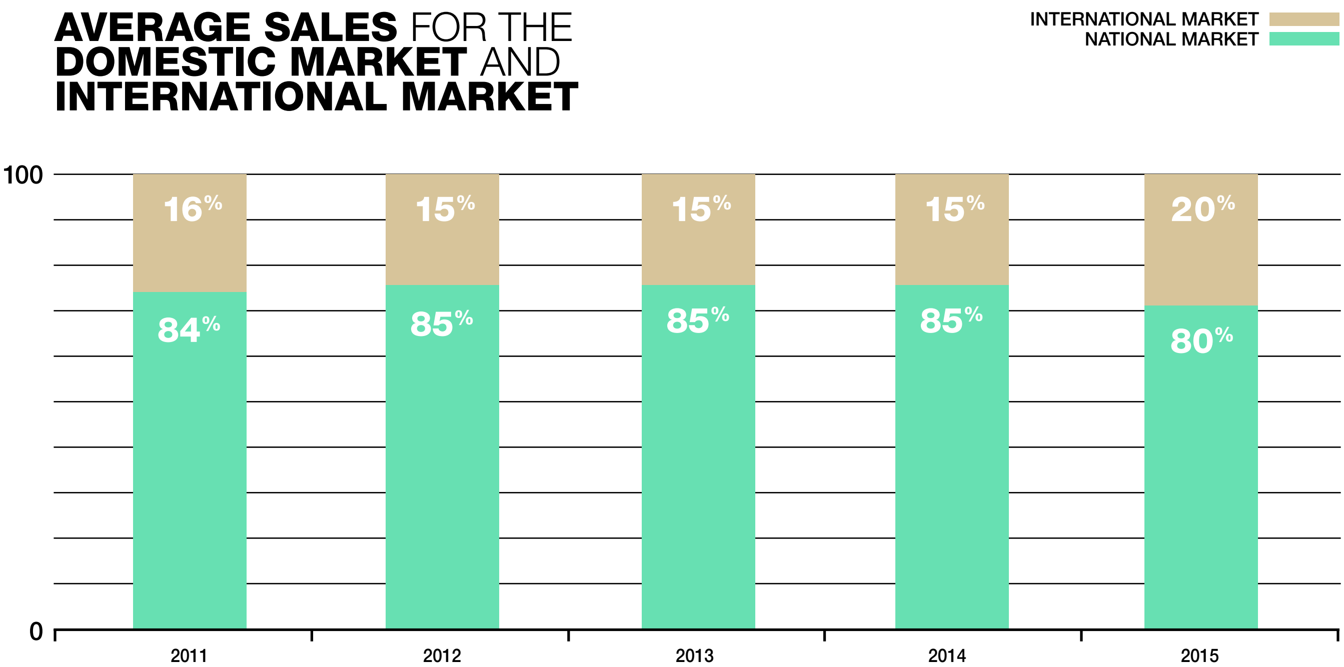
With regard to national fairs, all galleries stated they had participated in at least 1 fair. A single gallery participated in 4 national fairs during the year, which was the highest number.

DOMESTIC AND INTERNATIONAL MARKETS

AVERAGE SALES FOR THE DOMESTIC MARKET AND INTERNATIONAL MARKET



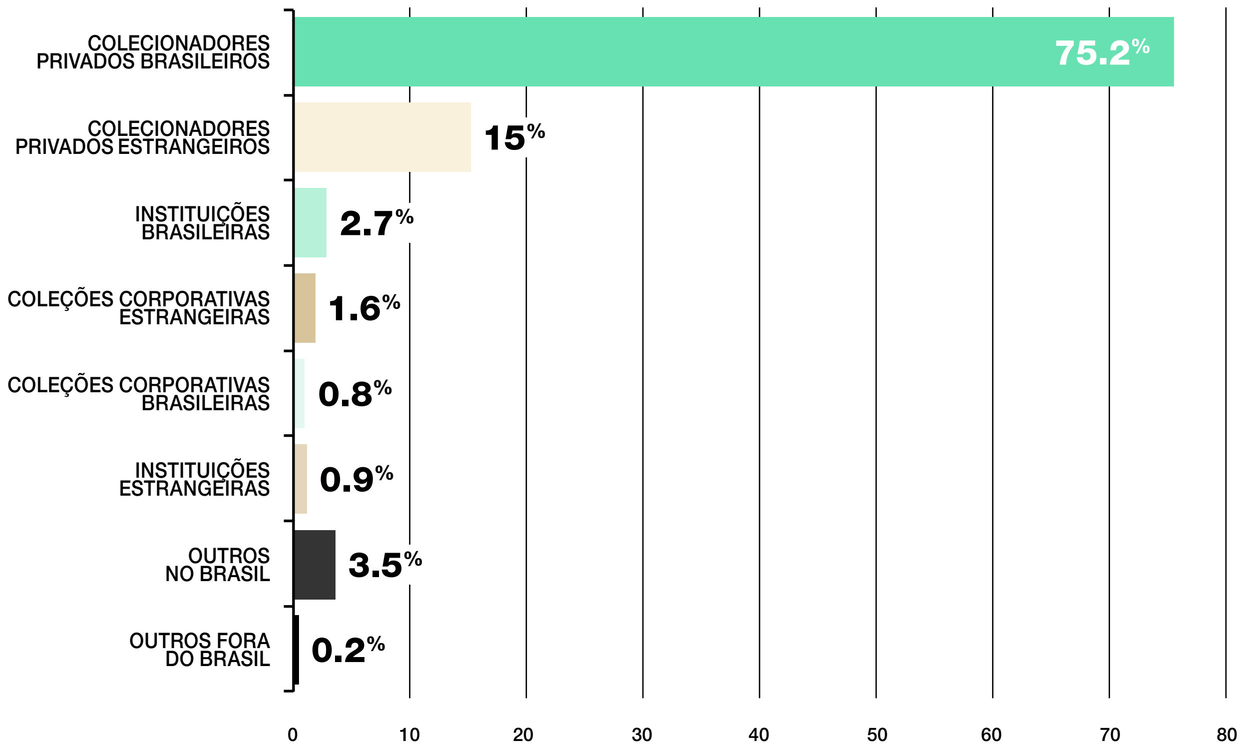
AVERAGE SALES FOR THE DOMESTIC MARKET AND INTERNATIONAL MARKET



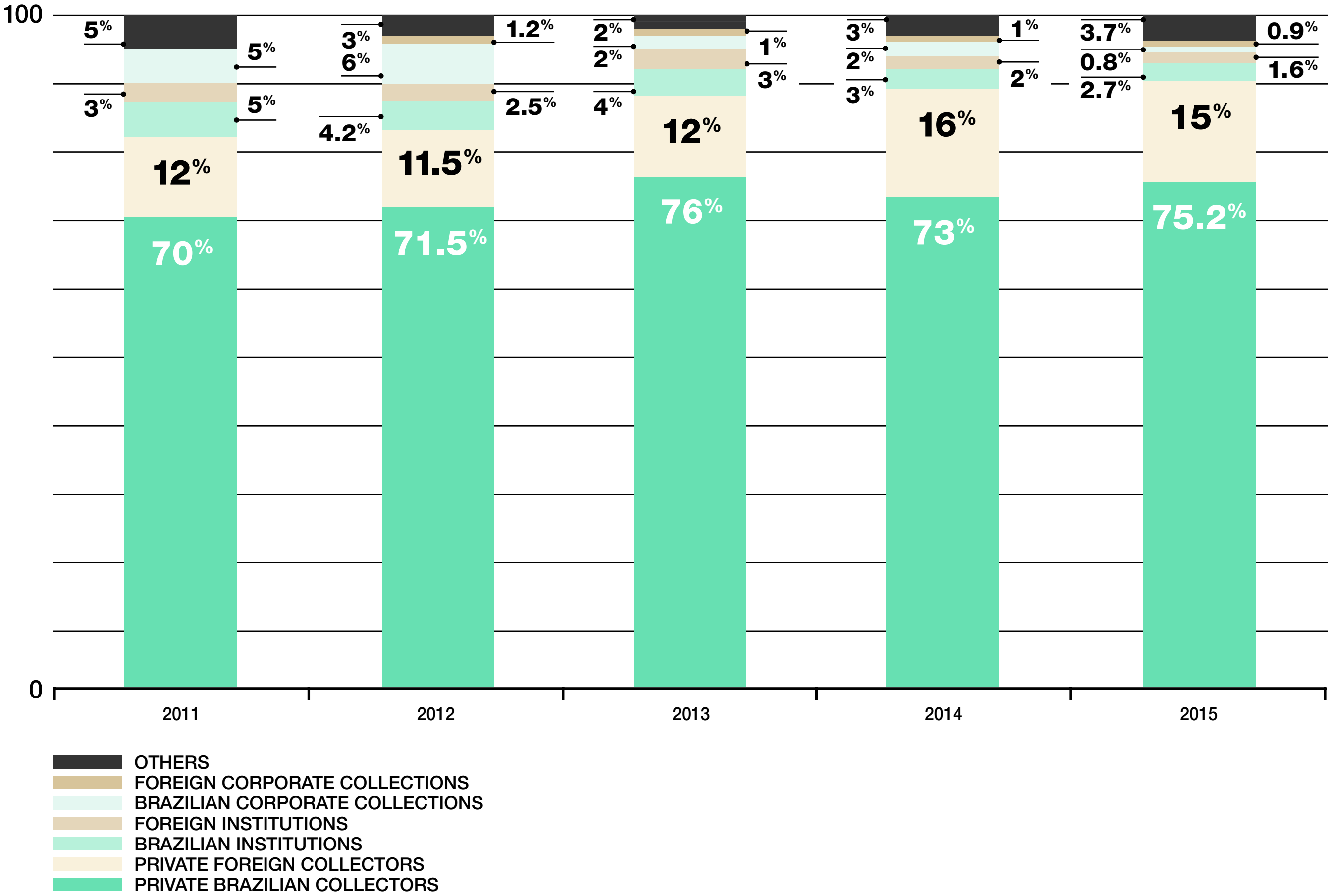
Since 2011, when information about gallery sales began to be mapped by the Latitude Sectorial Study, the greatest volume of sales on the international market over the total of sales by respondent galleries happened in 2015, with 20% of business being done with clients abroad.

As can be observed in the historical data set, sales on the international market did not show much variation between 2011 and 2014, with a single percentage point of variation. In 2015, the variation registered was of 5 percentage points in relation to the previous year.

PARTICIPATION OF **DIFFERENT COLLECTORS** ACCORDING TO THE **NUMBER OF WORKS SOLD** IN **2015**



PARTICIPATION OF **DIFFERENT COLLECTORS** ACCORDING TO THE **NUMBER OF WORKS SOLD**



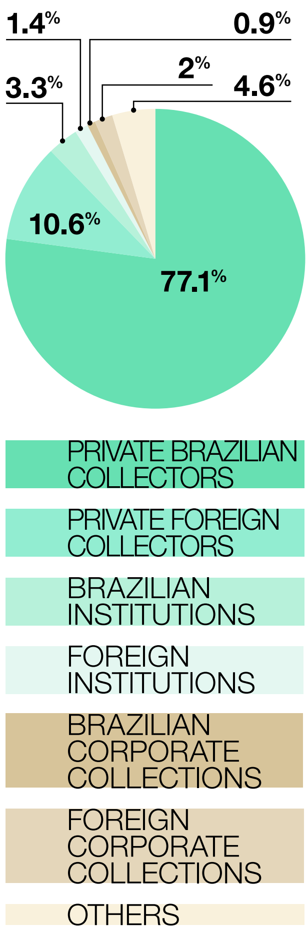
In 2015, sales were mostly to Brazilian private collectors who represent 75.24% of all gallery sales. This figure is close to what has been registered in previous years: in 2014 73% of sales were to Brazilian collectors; 2013, 76%; 2012 71.5%; 2011, 70%.

The figure registered for 2015 is the second highest of the historical set, behind 2013.

Foreign private collectors correspond to the second largest profile of buyers, according to volume of works traded, representing 14.95% of total sales of respondent galleries, with 2015 having the second highest index of participation from that profile in sales in the historical set, behind 2014, when the same profile accounted for 16% of gallery sales.

2015 was the year which registered the highest participation of private collectors (Brazilian and foreign) in respondent gallery sales. Both buyer profiles together represented 90.19% of all sales made. In 2014, participation of those profiles was 89%; in 2013 it was 88%; in 2012 it was 83% and in 2011 it was 82%.

BREAKDOWN OF 2015 SALES, IN GROSS REVENUE, ACCORDING TO CLIENT TYPE



It should also be noted that Brazilian corporate collections, which accounted for a 2 to 5% share of sales in the historical set, registered their lowest index in 2015, with 0.78% participation.

Brazilian institutions also had a lower participation than in previous years, corresponding to 2.71% of sales, while in previous years participation varied between 3 and 5%.

Foreign institutions and foreign corporate collections also had lower participation of sales in 2015, corresponding to 1.63% and 0.94%, respectively. In previous years, participation by foreign institutions was between 2 to 3% of sales, while foreign corporate collections accounted for 1.25% of sales.

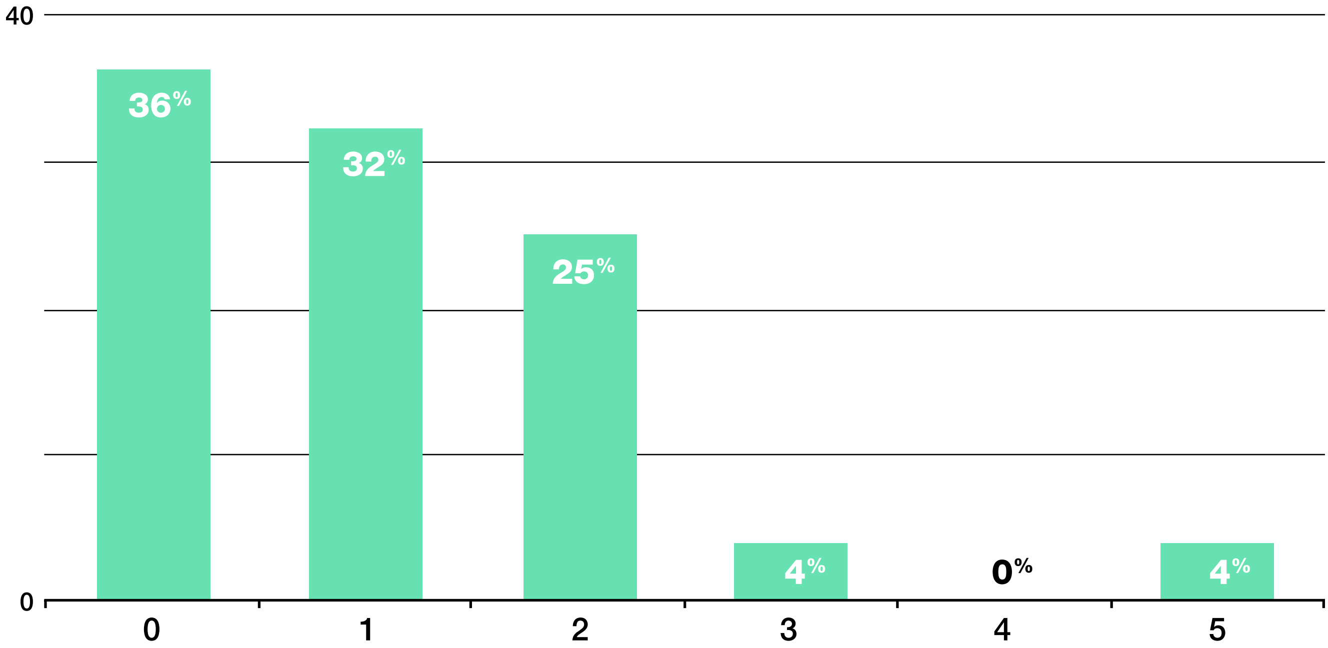
It can be inferred that the participation of collector profiles in gallery sales has not significantly varied in recorded years.

Gross revenue of galleries in 2015 was comprised of 77.13% of sales to private Brazilian collectors, 10.63% of sales to private foreign collectors, 3.33% to Brazilian institutions, 1.44% to foreign institutions, 1.96% of sales to foreign corporate collections, and 0.88% of sales to corporate Brazilian collections.

INTERNATIONALIZATION

Of the galleries surveyed by the Latitude Sectorial Study 2016, 61% stated they had clear, explicit, and institutional planning for internationalization. The rest (39%) said they did not have planning of this sort.

EMPLOYEES DEDICATED TO INTERNATIONALIZATION



Most of the galleries surveyed (36%) do not have employees who are exclusively dedicated to internationalization. A further 32% state they have 1 employee dedicated exclusively to this end. 25% of galleries surveyed said they had 2 employees, 4% have 3 employees and a further 4% have 5 employees.

INTERNATIONAL PARTNERS

In 2015, 34% of galleries surveyed developed new partnerships with international galleries, a rate higher than that registered the previous year, which was 29%.

A total of 22 new partnerships were established, 9 with galleries in the United States, 6 with galleries in the United Kingdom, 2 with galleries in Italy, and 1 with galleries in Germany, the United Arab Emirates, Spain, France, and Portugal.

FOREIGN ARTISTS

Foreign artists resident abroad are 12.4% of the total of artists represented and foreigners resident in Brazil are 5% of the total. Of the 1302 artists represented by galleries, 226 are foreign.

PARTICIPATION IN FAIRS AND INTERNATIONAL EVENTS

Among the galleries surveyed, 69% participated in international fairs in 2015, a number smaller than in 2014 when 80.5% of galleries participated in international fairs, and 2013, when 75% of galleries participated.

However, participation in international fairs in 2015 was greater than in 2012, when 50% of galleries attended these events.

As well as participation in fairs, 43% of galleries supported the participation of their artists in international events in 2015, a figure close to those of 2014 and 2013, when 37.5% and 42% of galleries surveyed provided this type of support to their artists.

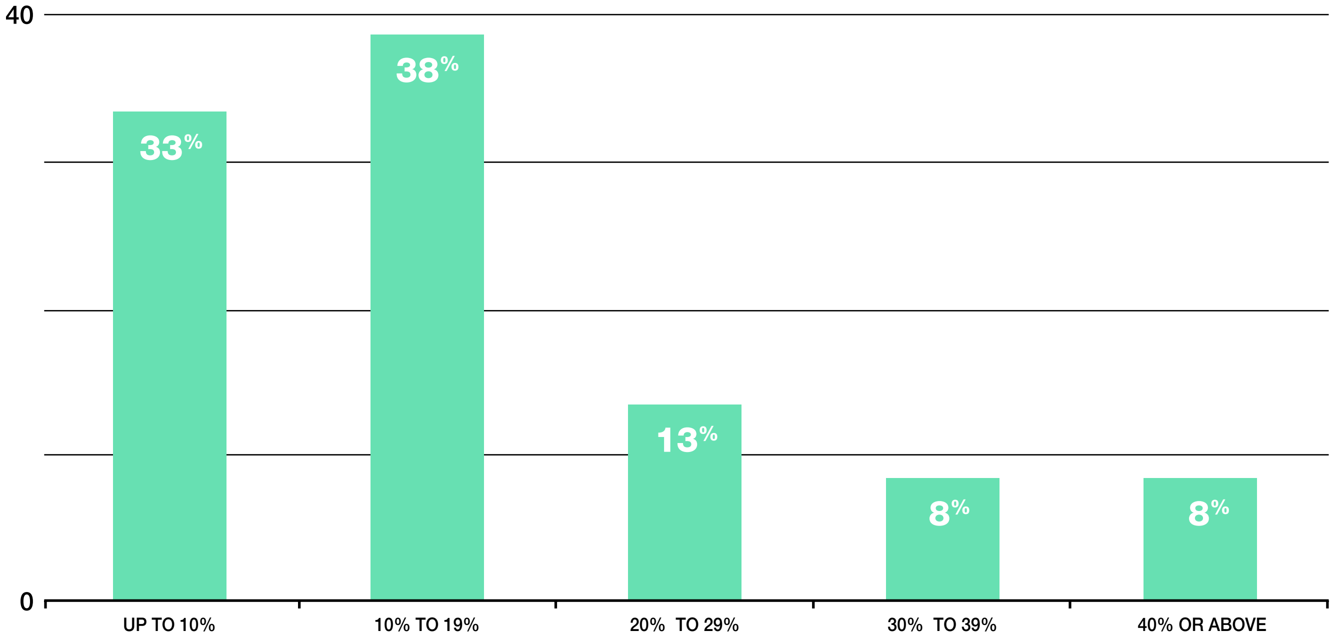
In 2012, 86% of galleries supported the participation of their artists in international events, the highest number registered.
Artists went to 20 destination countries with the support of galleries in 2015, the most recurrent being: United States, Italy, and Colombia.

In 2015, international fairs accounted for 9% of sales made by galleries. This is a lower figure than previous years; in 2014 international fairs were a platform for 12% of sales, and in 2013 10% of sales took place in fairs. In 2012, international fairs accounted for 9% of sales, as they did in 2015.

SALES COMPLETED ON THE INTERNATIONAL MARKET

The number of galleries which made international sales in 2015 was 72% of the total of surveyed galleries, close to what was registered in 2013 and 2014, which was 75%.

SHARE OF SALES ABROAD IN RELATION TO GROSS REVENUE



DESTINATION OF SALES ACCORDING TO VOLUME OF SALES

NUMBER OF GALLERIES	COUNTRY
15	United States
8	United Kingdom
6	France
4	Spain, Switzerland
3	Colombia, Portugal
2	Mexico, Venezuela
1	Germany, Argentina, Australia, Belgium, Canada, China, South Korea, United Arab Emirates, Holland, Hong Kong, Italy, Lebanon, Panamá, Peru, Philippines, Singapore, Turkey

In 2015, 38% of galleries stated that sales in the international market represented between 10 and 19% of their gross revenue. 33% of respondents said that up to 10% of their gross revenues came from international market sales. Another 13% stated that between 20 and 29% of their gross revenue came from the international market, and 8% registered international market sales as over 40% of revenue.

In the 2016 Sectorial Study, the galleries surveyed were able to cite the 5 most important destination countries according to volume of sales. 26 countries were cited, as in 2012, and more than in 2014 (21 countries) and 2011 (23 countries). In the historical set, the year with the greatest number of destination countries was 2013, with 29 countries.

For 15 of the 21 surveyed galleries, the United States was an important destination. A further 8 galleries cited the United Kingdom; 6 cited France, 4 Spain and Switzerland, 3 cited Colombia and Portugal, and 2 Mexico and Venezuela. A further 17 countries were cited by 1 gallery each. Further research may draw comparisons between destination countries of exports and determine factors relating to the representativeness of these destinations.

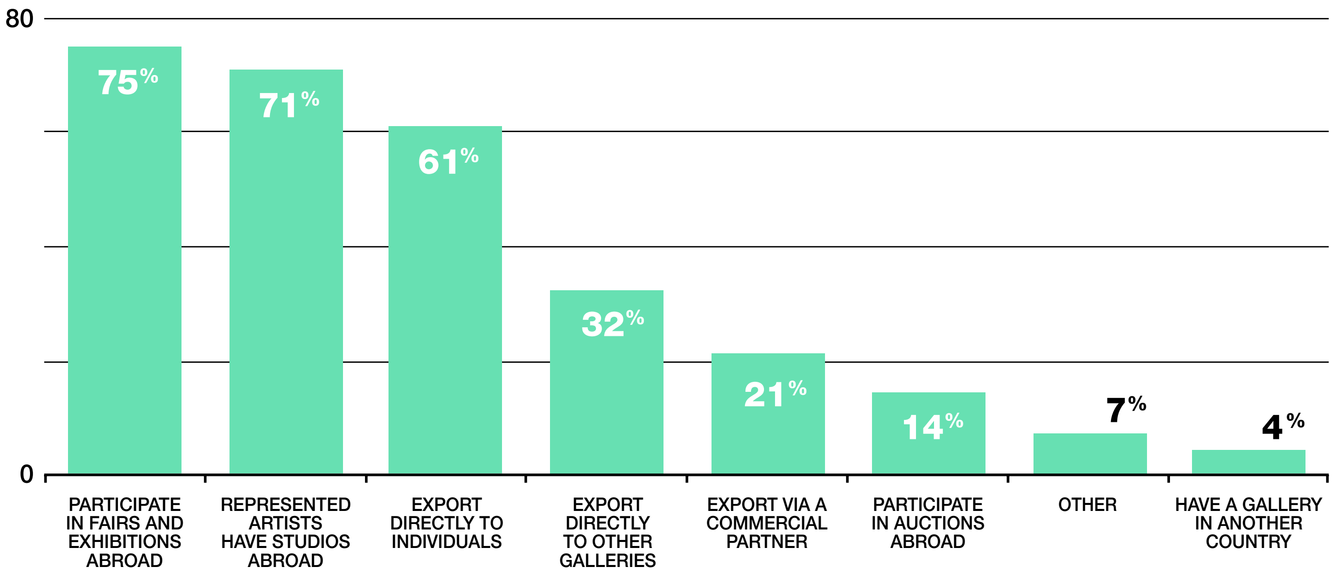
INTERNATIONAL SALES

In 2015, 20% of sales of surveyed galleries took place on the international market. In 2014, 2013, and 2012, sales on the international market corresponded to 15% of total gallery sales. In 2011, that number was 16%.

Despite surveyed gallery sales on the international market in 2015 being the highest in the historical set there is no statistic security for affirming that international sales grew in all galleries of the sector. It could, however, by affirmed that international sales kept stable in 2015 in relation to previous years.

There are many types of practices in the primary art market which typify the internationalization of galleries, as can be seen in the graph below.

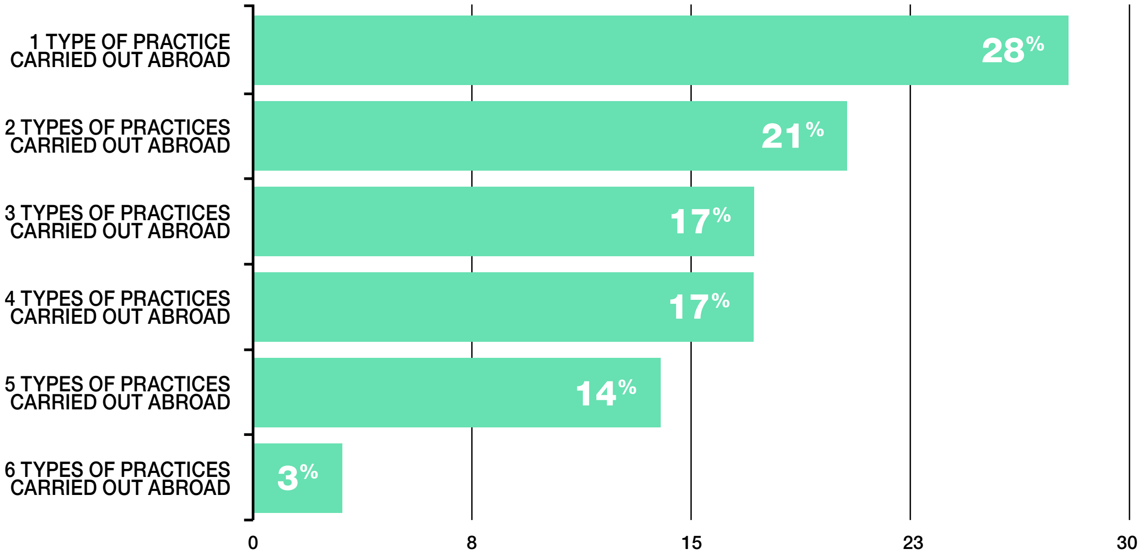
WHAT **PRACTICES** DO YOU DO **OUTSIDE BRAZIL**?



Of the 29 galleries surveyed only 2 said they didn't work outside of Brazil. 75% of respondents stated that they participate in fairs and exhibitions abroad. The highest occurrence of this was among galleries, followed by the practice of represented artists having a studio abroad, registered by 71% of respondents, followed by direct export to individuals, cited by 61% of galleries.

32% of galleries said they export directly to other galleries, 21% export through a commercial partner, 14% take part in auctions in other countries, and 4% have a gallery in another country.

NUMBER OF PRACTICES CARRIED OUT ABROAD



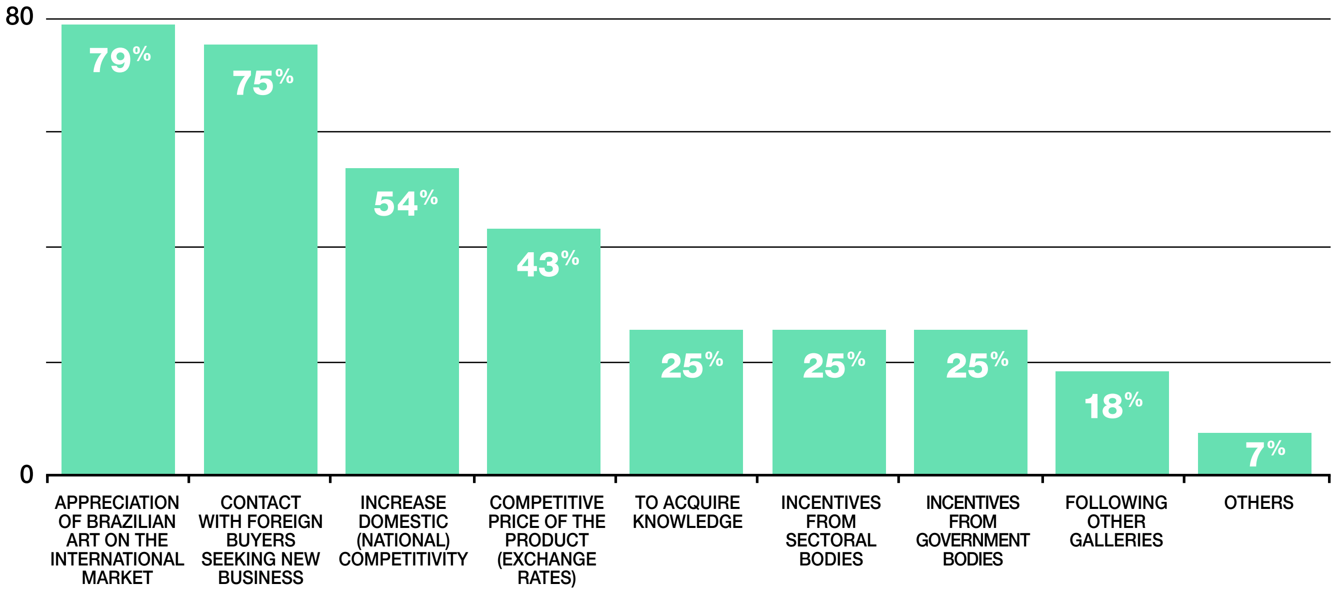
Of the 9 practices that galleries carry out abroad shown in the previous graph, most galleries only do one of them, that is, 28% of respondents.

In succession is the share of galleries with 2 types of practices abroad, 21% of the total responses.

The groups of galleries with 3 or 4 types of practices abroad each represent 17% of the total.

Galleries with 5 types of practices abroad are 14%, while those with 6 types of practices are 3% of the total.

REASONS FOR INTERNATIONALIZATION:
TICK THE **REASONS** YOU ARE SEEKING **INTERNATIONAL MARKETS**



What most drives galleries to seek the internationalization of their business is the appreciation in value of Brazilian art on the international market, cited by 79% of respondents, followed by contact with foreign buyers seeking new business, registered by 75% of galleries. 54% said that a reason for internationalization was to increase domestic (national) competitivity and 43% stated that a was the competitive price of the product, due to exchange rates. The reason for 25% of responses was: to acquire knowledge, incentives from sectorial and government bodies. There were also galleries who stated (18%) that their reason for internationalization was because they were following other galleries that had internationalized their business.

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