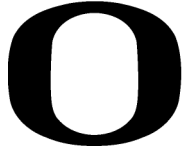


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Artwork as a Service: Lessons and Best Practices From Service- Based Businesses

CAPSTONE REPORT

**Daniel Berman
Photographer
dHb Photography**

University of Oregon
Applied Information
Management
Program

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Continuing and Professional
Education
1277 University of Oregon
Eugene, OR 97403-1277
(800) 824-2714

Approved by

Dr. Kara McFall
Director, AIM Program

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Daniel Berman

dHb Photography

Abstract

Smartphones and social media have driven the popularity of photography to an all-time high. In addition to being popular, photography is big business and operates within a crowded and competitive market. To find success in the industry, one has to differentiate oneself and find new sources of revenue. This study explores the potential for an artwork rental business as an uncommon revenue stream, and identifies best practices and lessons learned from similar business models.

Keywords: photography, service-based business, Artwork-as-a-Service, art rental, art lease, servitization

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Introduction to the Annotated Bibliography

Problem Statement

The ability to capture and preserve visual memories has transfixed humanity since photography was invented in the 1800s (Karwatka, 2007). Since then, the popularity of photography has exploded and become ubiquitous, as evidenced by the staggering growth of the smartphone market (Pew, 2018) and the proliferation of social media and photo sharing communities (Facebook, 2018, “Instagram’s IGTV event,” n.d.). In 2018, Facebook, a top photo sharing site, hit 1.495 billion daily active users (Facebook, 2018), and Instagram, another top photo sharing site, hit one billion daily active users (“Instagram’s IGTV event”, n.d.).

Within the recreational activities category on a smartphone, the camera is the number one most used function (Liu & Yu, 2017). In 2011, Facebook users uploaded and shared over 250 million photos every day (Facebook, 2011), and in 2017 nine of the ten most popular cameras were smartphones (Flickr, 2017). Nokia reported at a recent DigitalK conference that 1.4 billion photos are taken every day with mobile phones (Wei et al., 2018).

Photography is also big business; as recently as 2012 the photography service market realized over three billion dollars in annual revenue (U.S. Census Bureau, 2012). In general, the business of photography is made up of those who earn money through either providing photography services such as commercial, weddings, or portraiture, or selling photography products such as greeting cards or framed landscape photographs that customers hang on walls (Briot, 2013; Vorenkamp, 2015). These are mainly distinct and different business models (Briot, 2013; Vorenkamp, 2015), but sometimes they overlap, such as when a customer buys framed prints of wedding photographs.

My company, dHb Photography, has been in business for over a decade. The business is located in Eugene, Oregon, which had a population of 168,916 as of 2017 (U.S. Census Bureau QuickFacts, n.d.). Lane County, the county in which Eugene resides, is designated as a “Metropolitan Statistical Area,” which is “a core area containing a substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core” (Census Bureau, 2018, para. 1). The city of Eugene is listed as the 152nd most populated incorporated city in the United States (Census Bureau, 2017). dHb Photography specializes in landscape and nature-oriented work and sells framed photographs, greeting cards, and other tangible art products within the Eugene market and surrounding areas. The bulk of the annual sales occur during the summer “art fair” season encompassing June, July, August, and September, when product is on display for purchase at art shows and festivals around the Northwest (Berman, 2017). Other revenue avenues include “for sale” displays at restaurants and coffee shops, online sales, and direct commissions. While these avenues are not seasonally dependent, they make up less than 15% of total sales (Berman, 2017).

The photography market is saturated with hobbyist, part-time photographers who can undercut professionals because they do not rely solely on the incomes produced by photography (Pantaleo, 2014). The barrier to entry is also relatively low (Terrill, 2014). The main tools can be inexpensive or free; a digital single lens reflex (DSLR) camera and lens can be purchased for less than a thousand dollars (Amazon.com, 2018), social media platforms are free to join (Facebook, 2018), and sales and networking skills can be learned and honed for free through YouTube (YouTube, 2018). Therefore, the need to differentiate oneself becomes paramount – what makes the professional photographer different than the mother who shoots portraits of her friends and family on the weekend? What can the professional photographer offer that the hobbyist cannot?

How can a micro-enterprise photography product business increase the quantity and consistency of sales in a saturated market?

One potential option for an additional revenue stream is the pursuit of an Artwork-as-a-Service business model (Stephens, 2004). This idea combines two photography business models – selling a service and selling a product – and offers artwork for lease to businesses and office space (Stephens, 2004). Artwork is leased to a business for a defined period of time and the business pays a percent of the retail cost on a per-piece, per-month basis (Schepers, 2018). This arrangement allows the lessee the opportunity to rotate the artwork for something new if they so choose (Stephens, 2004). Installation, insurance, and rotation activities are either add-on costs or included in the monthly lease fee (Stephens, 2004).

Leasing or renting artwork is not a new idea and currently exists in larger metropolitan areas; for example, ArtMgt (<http://www.artmgt.com>) in New York City, Artlease (<http://www.artlease.com>) in New York City and Paris, and TurningArt (<http://www.turningart.com>) in Boston, Massachusetts. There are also businesses that specialize in online art leasing such as Webigo, based in Sun Lakes, Arizona (Stephens, 2004). Challenges that established art leasing businesses had to address include determining and maintaining sufficient inventory levels and planning for insurance to cover the art while it is under the control of the customer (Stephens, 2004).

The art leasing business shares attributes with other known business models. Art leasing, with its mix of products (artwork) and services (finding the right customer, structuring an appropriate lease, and working out an insurance plan) fits with aspects of the integrated solution model, which is “a bundle of physical products, services and information, seamlessly combined to provide more value than the parts alone” (Brax & Jonnson, 2009, p. 541). Art leasing also fits

with the subscription-based business model that offers “temporary or periodic access to a product rather than selling it for a one-time revenue” (Shi, Li, & Bigdeli, 2016, p. 2541). Finally, the service-based model where a business sells a product which “is not made out of physical matter and does not occupy physical space” (Mittal, 1999, p. 100) ties to the concept of Artwork-as-a-Service.

Purpose Statement

The purpose of this annotated bibliography is to present literature that explores the potential for launching an Artwork-as-a-Service business to develop an uncommon, steady revenue stream. Comparing and contrasting this proposed business model with similar business models such as the integrated solution, subscription-based, and service-based business models may lead to a set of best practices for the formation and operation of a new artwork leasing business.

The audience of this study is made up of potential investors for art leasing businesses, potential customers of art leasing businesses, those who are considering or already operating an art leasing business, and current and potential sellers of art who are interested in exploring a new avenue for sales through leasing their art.

Research Question

What lessons and best practices from the integrated solutions, subscription-based, and service-based business models can be applied to the development and operation of a new artwork leasing business?

Audience

The audience of this study includes potential customers of the business such as medical offices leasing to doctors, dentists, acupuncturists, optometrists, and massage therapists;

corporate offices; hospitals; and banks and credit unions. Any building with a waiting room could provide an eligible customer.

The audience also includes potential investors in the business such as angel investors. These investors will need to learn about the art leasing model, understand it in the context of more well-known business models that have proven to be successful, and identify best practices that will provide the greatest likelihood of success for any art leasing business in which they invest. For investors, this study will provide information to help make informed investment decisions, such as whether an art leasing business has the potential to turn a profit.

The audience also includes individuals who have already launched, or are considering launching, an art leasing business, as this study aims to identify lessons and best practices for this business model. For those who are considering starting Artwork-as-a-Service businesses, this research will provide information on best practices for implementing and operating this business model. For audience members who have already embarked upon Artwork-as-a-Service business models, this study will provide information on best practices for consideration in their operational practices.

Lastly, the audience includes current and potential sellers of art who are interested in exploring a new avenue for sales through artwork leasing. This could potentially be the natural progression of the Artwork-as-a-Service business model, as expanding the artwork offerings could serve to diversify the business appeal and scale up the model.

Search Report

Search strategy. Finding scholarly articles and information about the business of photography is challenging. Even more challenging is finding information about leasing or renting artwork, or the idea of artwork as a service. However, when queries were geared toward

business models, finding relevant content was much easier. The University of Oregon (UO) research guides proved to be very helpful and assisted in identifying databases and journals that were not found elsewhere. Basic Google searches provided lots of information about artwork leasing, but the vast majority were articles from smaller publications with potential bias issues.

After much research and consideration, the decision was made to include a small, vetted selection of photography blogs and industry-leading websites as sources for this annotated bibliography. It is important to acknowledge that non-peer reviewed, non-scholarly articles and content traditionally do not meet the rigorous standards required of a study of this nature, but it is important to include these particular sources because they represent authoritative, timely, high quality, and relevant voices that are not present in traditional scholarly outlets. The business of photography, and photography in general, is not thoroughly discussed in the research literature. Omitting these additional sources would paint an incomplete, inaccurate picture of the photography community and photography business environment.

Key words. The search began at the University of Oregon library site and included the following key words:

- art lease,
- art rental,
- business of photography,
- Integrated solutions,
- Subscription based business model, and
- Service-based business model.

Databases, journals, and resources. The following databases, journals, and resources provided high quality pertinent articles:

- Academic OneFile,
- Academic Search Premier,
- Aperture,
- Art Business News,
- Business Source Complete,
- EBSCOhost,
- European Management Journal,
- International Journal of Innovation Management,
- Journal of Product Innovation Management,
- Journal of Services Research, and
- JSTOR (Journal Storage).

Other reference sources. A small, vetted selection of photography blogs and industry-leading websites were also used as sources:

- Fstoppers.com, a premier photography community and top resource for industry news, gear reviews, and business tips,
- Petapixel.com, a top photography blog dedicated to informing, educating, and inspiring in all aspects related to photography, and
- Luminous-landscape.com, a very popular photography community, blog, and gear review site with long-form articles about the business and creative nature of photography

These sources had the potential to present issues related to bias that had to be navigated. This is further discussed and analyzed in the Evaluating Reference Sources section of this study.

Documentation approach. Zotero was instrumental in the organization and documentation of this research. The program has many excellent and helpful functions, and the following were heavily utilized:

- Creating collections and sub-collections, which enabled the creation of highly specific filing systems and created order out of the chaos.
- The Google Chrome browser add-on. This browser extension is easily added to Google Chrome and allows for seamless transition from searching and discovering content to downloading and organizing it. It takes only one click to save all the citation and bibliography information, as well as a full text portable document format (PDF) version of the article.
- Creating bibliographies and citations. This function automatically assembles the details of an article into APA format; while it is not 100% correct all of the time, but it gets the user to a good starting place. After using this function, the APA citations were proofread, and corrections were made where necessary.
- The centralization of PDF articles. Having everything in one organized place helped with the formulation of ideas and the development of the study.

Reference evaluation criteria. The references used in this study were evaluated against commonly accepted characteristics that identify solid sources; these criteria include authority, timeliness, quality, relevance, and lack of bias (Center for Public Issues, 2014).

Sources were deemed authoritative if they were peer-reviewed or if they came from a prominent, established voice in the photography community such as the industry-leading blogs and websites identified above. For example, Fstoppers.com is “an online community aimed at education and inspiring photographers, videographers, and creative professionals. Started in

2010 by founders Patrick Hall and Lee Morris, Fstoppers has grown into one of the top resources for photography lighting, gear reviews, business tips, behind the scenes, and industry news” (Fstoppers, 2018). Fstoppers.com has around six million pageviews a month and has been featured by NPR (Fstoppers, 2018). While not a scholarly source, NPR has a good reputation for being factual.

Certain aspects of this study, mainly the elements related to business models and marketing, have not experienced major changes or disruptions in the past 15 years. Other aspects of this study, such as the photography industry, have seen great change over the last 15 years, with such changes as the introduction of and subsequent increase in the popularity of smartphones and photo sharing communities. Therefore, photography-related sources published more than ten years ago were excluded. For all other aspects of this study, sources published in the last ten years were prioritized, but high-quality articles that were older than ten years were not excluded simply because they were outside of this date range.

Sources were deemed to be high quality if they were well written, thorough, and used proper grammar, spelling, and punctuation.

Sources were deemed to be relevant if they related in a meaningful way to the topic of research.

Sources were deemed to be unbiased if the authors did not have conflicts of interest, ulterior motives, or clear alternate agendas. Sites and sources were thoroughly reviewed for indication of bias such as whether the author or organization sells services, merchandise, or private access to the material. In an effort to be transparent, it is important to acknowledge that this study has included sources and references not usually found in a scholarly annotated

bibliography. These sources have potential bias concerns, which required careful vetting and additional consideration. Of note are the following sources:

Pew Research Center. The smartphone information referenced in the opening section of this study is based on the “Mobile Fact Sheet” that the Pew Research Center provides. This fact sheet is the product of a study they conducted between 2002-2018, and the methods as well as the number of individuals surveyed is unclear. Pew Research Center is a non-profit with private donors, whose bias and agenda may not be fully known. Additionally, Pew’s mission is to enrich “the public dialogue, and support sound decision making” (Pew, 2018, para. 2), which could present bias concerns, as their research has the potential to shape the dialogue and decision making. The data from the “Mobile Fact Sheet” was used in this study because the information is primarily statistical and low risk. It can be assumed, without much risk, that an individual would be honest when answering simple questions like whether they have a smartphone or not. Additionally, Pew Research Center has public information about their code of ethics and general methodological approach to research on their website. While not academic or scholarly, it is somewhat safe to assume that they are trustworthy and reliable.

Selected photography blogs and industry-leading websites. As noted above, the decision was made to include a vetted selection of high quality content from individual contributors not associated with academia. Including these sources was vitally important to this study because the business of photography, and photography in general, is not widely discussed in the existing scholarly literature. Including these individual voices presents potential bias issues. It is common for working photographers to earn money through several different avenues such as blog articles, direct sales, on-location photography workshops, video and written tutorials, and podcasts. Furthermore, it is common for these various money-making methods to be cross advertised and

promoted. This presents obvious bias concerns, and in order to mitigate this issue only articles that came from only the most well-respected communities were included. Both Petapixel.com and fstoppers.com have high editorial standards and are widely considered to be some of the most respected sources of photography related information on the internet. Next, contributors who got paid for their work were prioritized, assuming the author would be held to a higher editorial standard when working on behalf of the website or blog and would not be in a position to self-promote. Lastly, some basic research was conducted to compare and contrast the information that was being considered for inclusion. If the research generally supported the information, then the decision was made to include it.

Annotated Bibliography

Introduction to the Annotated Bibliography

The following annotated bibliography presents 15 carefully selected sources that explore the potential for launching an Artwork-as-a-Service business. The sources fall into three main categories: Photography and art leasing, comparable business models to art leasing, and Best Practices in Advertising and Marketing of Artwork-as-a-Service. These topics are included in an effort to identify best practices and lessons that can be used in the development of an Artwork-as-a-Service business. Comparing and contrasting the Artwork-as-a-Service business model with similar service-based business models may lead to a set of best practices for the formation and operation of a new artwork leasing business.

Each annotation is comprised of three elements: (1) the full bibliographic citation, (2) an abstract, and (3) a summary. The abstracts included were written by the author(s) unless otherwise noted. The summaries highlight the source's relevancy to the development of an Artwork-as-a-Service business and attempt to identify best practices and transferable lessons.

Photography and Art Leasing

Adams, A. (1952). The profession of photography. *Aperture*, 1(3), 3–17. Retrieved from <http://www.jstor.org/stable/44404568>

Abstract (Note: this abstract was written by the author of this annotated bibliography in the absence of a published abstract). This article is an essay and discussion on the profession of photography. The author discusses the history and current state of the profession (note that this article was published in 1952). He argues that photography is equally important and respectable as other artistic mediums, but that most photographic schools are turning out inadequate photographers, destroying creative and craft ideals. He

proposes the development of a new type of photography education based on private, one-on-one mentorship.

Summary. The world-renowned photographer is biting in his critique of ‘modern’ photography schools, arguing that at the time of publication (1952) they fell short of offering a well-rounded education. He asserts that these schools did not include the necessary emphasis on the philosophy of art and society and provided “no example of dedication-to-perfection, no true creative objectives, and no revelation of the inner creative self of the student” (p. 6).

The author asserts that the photography profession needed to establish academic and professional standards, so as to instill confidence in both the photographer and client. He notes the difficulty of defining these standards, as they do not relate only to technique and technical ability, but also need to include related disciplines such as philosophy and the humanities. He goes on to list ten requirements for an adequate training program, which would be the cornerstone of a basic photography school. If these requirements were mastered, the student would likely find success in the industry and be creatively fulfilled. He stresses that private, one-on-one, lessons are key, in conjunction with lectures, demonstrations, and exhibits.

The author ends the essay by linking the discussion about photography education to the two main ways to make a living through photography: photography as a service and photography as a product. He discusses standards and ethics within the context of photography as a business and states, “we must think of the profession of photography as both ‘service’ and specifically ‘creative’” (p. 14).

This source is relevant for this study because it highlights the importance of being well rounded in one's photographic education, and to take one's craft seriously.

Commitment and dedication of time and energy are paramount to achieve success in the field of photography; it is not enough to just master the technical, one must also explore the creative. This approach will lead to high quality photographs, which will be more marketable. Additionally, this source is relevant because of the need to consider the concerns and recommendations of Adams, a pioneer in the field of modern photography, in light of changes that have occurred in the field since he wrote this article.

Briot, A. (2013, December 6). The fine art photography business. Retrieved from

<https://luminous-landscape.com/the-fine-art-photography-business/>

Abstract (Note: this abstract was written by the author of this annotated bibliography in the absence of a published abstract). This article is an essay on the business and marketing aspects of fine art photography. The author describes in detail the inherent differences between commercial and fine art photography, and subsequently the differences in the ways they should be marketed. He notes that commercial photography is characterized by fulfilling a contract, while fine art photography is characterized by expressing him/herself rather than pleasing a client. He discusses his own personal experience in creating a fine art photography business and implores the readers to think deeply about why they are pursuing the fine art photography path so that they will have the strength and motivation to overcome the inevitable difficulties. He offers detailed advice and helps the readers build a bridge between the often separate worlds of art and business.

Summary. This is an article on the business and marketing of fine art photography. The author begins by stating that fine art photography is different from other types of photography. The primary difference is that the fine art photographer does not have to satisfy or meet the demands of an external client; there is no contract to fulfill and no one other than the photographer to please.

The author discusses his entry into the fine art photography market and states that he was motivated and hungry for success, but initially relied on the work selling itself. He discusses his reasoning for starting his own business, namely gaining financial independence while doing what he loves, and his trials and insights throughout the development of his business. He notes that the one element above all else that controlled his success was marketing: being able to convince his audience to buy his new product was more important than anything else, which in turn affected the success and health of his business. He also asks the reader to answer the deceptively simple question “why do you want to do this” (para. 14). The author asserts that the answers to this question will help one overcome the inevitable difficulties that come with selling photography.

The author then discusses how time can best be used in marketing one’s work. Instead of spending a lot of time to perfect a work of art before offering it for sale, he recommends spending time increasing the quality of the marketing, asserting “improving your product improves your product. Improving your marketing improves your sales” (para. 24). The author reflects that a commercial photographer must adopt a balanced approach to improving both marketing skills and the quality of the product. The author suggests focusing on improving marketing skills first and the product second, as improving the product requires money and improving marketing skills requires study and

planning, which are not expensive. The author states that “there is more to be gained financially from improving a product over time than from offering a perfect product right away” (para. 28).

The author discusses the current issue of hobbyists undercutting professionals, noting that the barrier to entry is low and amateurs are willing to give their work away for free or for very little money, which makes it nearly impossible for professionals to compete. To combat this issue, the author identifies a list of elements that will give professional photographers an edge over amateurs: developing a unique personal style; creating images with a powerful messages and vision; acquiring mounting, matting, and framing skills; offering a professional shipping service; offering solid warranties; gaining a good reputation; and working with respected professionals.

The author also had to overcome both negative and positive assumptions about being an artist. These assumptions came from customers, galleries, art buyers, art publishers, and others. The negative assumptions included being a bad business person, that artists are looking for an easy way to make a living, that artists do not know the cost of doing business or the cost of producing their work, and that they are willing to do everything customers ask even if it means wasting money and time. The author conveys that these assumptions can be proven false through one’s actions.

Finally, the author concludes that to be a successful artist, one has to understand how artists are perceived; know one’s weaknesses and strengths; take control of the selling process; acquire salesmanship, negotiating and marketing skills; and have a great product priced adequately.

This source is relevant for this study because the successful marketing and sale of fine art photography is essential to an art lease business. The emphasis on why one wants to pursue the profession and the emphasis on marketing development will help in the development of an art lease business.

Stephens, C. (2004, March). Considering art leasing: Adding an art leasing option to a gallery's services can open the door to a new group of clients. *Art Business News*, 31(3), 106-107. Retrieved from <http://link.galegroup.com/apps/doc/A114474046/AONE?u=s8492775&sid=AONE&xid=a4947e52>

Abstract (Note: this abstract was written by the author of this annotated bibliography in the absence of a published abstract). This is an article that frames artwork leasing/rental as a new, unique option for an art gallery to consider. Several gallery owners discuss their experiences providing artwork leasing services. Some have found a niche leasing art to movie and TV studios, which is also a benefit to the artists as it increases the exposure of their work. The article discusses the general pros and cons of leasing/renting artwork as opposed to selling it outright. Pros include the financial appeal, ability to rotate artwork in a space, and tax write offs; cons include the fact that galleries usually must own the artwork, the requirement of a large inventory, and ensuring that the pieces are adequately insured in case they are damaged while in transit to a client or during display.

Summary. This is an article that discusses art leasing as a way for art galleries to find new revenue streams. The author interviews several gallery owners who provide information about how they started their leasing programs, common types of clients, and insurance and inventory considerations. The author describes how art leasing can be a

good fit for corporate boardrooms, hotels, and offices, and that artwork is usually leased monthly for a set period. The author notes that it is not uncommon for some customers to purchase the piece at the end of the lease.

The author notes that some galleries primarily work with television and movie studios, as they are in constant need of period-specific artwork for defined periods of time. Other galleries work primarily with corporations, offices, hotels, interior decorators, and individual consumers. The author asserts that a leasing program can be beneficial for all parties, as artists can gain exposure they otherwise would not be able to obtain, such as their art appearing in a movie or commercial, and the lessee can write off the expense and rotate the pieces at the end of the lease term, keeping their spaces fresh and inviting.

The author notes that certain types of art tend to be better suited for leasing, as dark or controversial subject matter and style do not usually work in corporate environments. The author reports that landscapes, western art, abstracts, and still lifes are usually a good fit for these environments.

The author identifies additional considerations that are applicable to a lease program, such as making sure the gallery that is leasing the art has enough inventory. The author cautions that maintaining high levels of inventory can be cost prohibitive, and it can be financially challenging to have assets tied up in illiquid artwork. One gallery owner the author interviewed had over 3,000 works in inventory, which is an advantage because the gallery can offer the service to a wider audience. The author shares that one way to circumvent this challenge is to partner with a leasing agency, where the company acts as an art broker or agency and does not own the actual pieces.

The author notes that another consideration for those considering art leasing is the insurance costs associated with this type of program. Since the works will be in other people's care, the author was cautioned that it is of utmost importance to ensure that the artwork is insured should the pieces be damaged or destroyed. The author notes that this insurance cost can either be built into the monthly lease payment or treated as a separate cost.

This source is relevant for this study because it discusses the very program that the study aims to analyze. The type of client, the appropriate style of artwork, and insurance considerations are all applicable and should be considered in the development of an art rental business.

Thach, S., & Marshall, K. (2016). An illustration of opaque markets: High end fine art (SSRN Scholarly Paper No. ID 2733153). Rochester, NY: Social Science Research Network. Retrieved from <https://papers.ssrn.com/abstract=2733153>

Abstract. Pricing is one of the more difficult aspects of marketing management and poses interesting problems for economists seeking to explain product valuations from the buyer perspective. Developed models and processes work best for standardized products but are problematic when the products are non-standard, unique goods and services and buyer knowledge is uncertain. In such cases, buyers are dependent upon and vulnerable to representations of quality and value made by marketing intermediaries. Markets characterized by such conditions may be termed "opaque markets" in that product valuations and quality are unclear and based on subjective factors. The objective of this paper is to identify market risks associated with opaque markets through consideration of the market for high end fine art. Findings include that the opacity of the fine arts market

demonstrates that opacity market characteristics create conditions for overvaluation, fraud, and risks of low investment returns. The market characteristics include uncertainty in assessing true market demand for legitimate products, in assessing product authenticity, dependency on marketing intermediaries and facilitators who have monetary interests in over-valuation and vulnerability to arbitrary extrinsic market conditions. Such conditions may constrain market demand for newly established products whose social valuation has not been established, thus placing both producers and buyers in vulnerable positions, and so constraining both the development of market demand and producer creativity.

Summary. This is an article about fine art and opaque markets. The author begins by discussing how established marketing models work best for standardized products. When the product is unique, and value is based on subjective factors, buyers are dependent upon and vulnerable to representations of quality and value made by marketing intermediaries. The author defines opaque markets as markets where “product valuations and quality are unclear and based on subjective factors” (p. 2). The author considers fine art to be an opaque market, as well service industries including law, medicine, and education, and auxiliary services such as consulting, IT outsourcing, and insurance. The objective of this article is “to identify market risks associated with opaque markets through consideration of the market for high end fine art” (p. 2).

The author then describes five aspects of the fine art market that will frame and contextualize opaque markets in an effort to better understand these markets. First, the author characterizes the fine art market as an opaque market. Next, the author discusses the general economics of pricing and investment in high end art. Then, the author

describes buyers', sellers', and intermediaries' roles and motivations in the fine art market, with price as both an incentive and a consequence. Next, the author discusses the opportunities for fraud in an opaque market. And lastly, the author explores the effects of opacity on demand, pricing, and investment returns.

The author argues that the fine art market is an especially good example of an opaque market because its primary products contain personal and market value features, as well as investment value potential. Fine art usually consists of "intrinsic physical characteristics and personal, subjective, aesthetic experiences associated with both the artist as producer and the buyer as consumer" (p. 3). Fine art is often based in a social construction of reality that gives meaning to the viewers and potential and actual buyers. The artist, intermediaries, and buyers act as influencers on the development of the social-cultural definitions of the artists and their works, and the monetary market value of specific works. This can cloud perceptions of market value, creating opaqueness in valuation and buyer vulnerability to intermediary representations.

The author then discusses the economics of fine art, artwork as an investment vehicle, and valuation models. The author states that economists have examined the art market from two perspectives: the portfolio value in aggregate terms and models for different categories of works using non-economic factors to establish valuations. In both cases, the data primarily comes from public auction prices of established masters. Artwork is challenging to value because it also provides non-economic value such as aesthetic and status rewards that come from owning the work. Valuing the fine art market is even more challenging when attempting to include works not sold at auction, such as works sold through private agents, galleries, and international art fairs. The author states

that a consequence is that “this opacity, in turn allows for a good deal of less than honest dealing” (p. 4).

The author describes the roles of buyers, sellers, middlemen, and artists and includes five broad factors that influence art prices and valuations originally developed by Marshall and Forrest (2011): artist factors, product factors, intermediary influences, external market demand, and purchaser receptivity (p. 6). Artist factors involve the reputation and brand strength of the artist and include the artist’s technical skills and motivations for creating the work. Product factors refer to the type of media used, size of the work, and other physical characteristics. Intermediary influences refers to the marketing role of galleries and facilitators such as museum curators and art critics. These individuals can assist in establishing the artist’s reputation and help to legitimize the artist. External market demand refers to the economic climate at the time of purchase/sale, and purchaser receptivity refers to the fit between artist and potential purchaser.

Fraud and scams have a big impact on the art market and usually take the form of forgeries or sales without proper ownership. Much of this activity stems from the Second World War, when “forced sales, confiscations and sheer destruction created conditions for the introduction of very good forgeries with plausible provenance” (p. 7). While sales of forgeries usually include naïve buyers, there have been notable frauds that have ended up in major museums, art galleries, and hedge funds. This result is important because it has had a ripple effect throughout the art market, creating confusion and distrust in previous auction pricing data.

Lastly, the author discusses the market trend of collecting art as a store of value as opposed to collecting art for display. This investment approach has become increasingly popular with wealthy investors from rapidly developing economies in places like China, Hong Kong, and Kuwait. These investors often never take possession of the works and are able to store them in varied locations all over the world in an effort to evade taxes and conceal assets. A notable insight gleaned here is that, as of 2014, “Oregon offers a tax haven to collectors by providing museum display space without taxation, which allows out of state collectors to avoid taxation in their home states due to the now ‘public use’ record for their artworks” (p. 9).

This source is relevant for this study because the primary products of an art rental business are part of an opaque market. The content of this source can be referenced and considered when establishing a pricing structure for the artwork rented to clients, particularly the section that discusses the five factors that influence art prices and valuation. Additionally, an art rental business can direct marketing efforts towards the non-economic benefits of renting artwork such as aesthetic value and status rewards.

Xiang, A. (2018). Unlocking the potential of art investment vehicles. *Yale Law Journal*, 127(6), 1698–1741. <http://www.yalelawjournal.org>

Abstract. The article offers information on the existing art investment vehicles. Topics discussed include analysis of potential returns, liquidity, and accessibility of the art investment vehicles; development of rental market for works owned by art investment vehicles; and decoupling of the aesthetic and resale values of these artworks.

Summary. The author discusses art as an investment vehicle. It has become increasingly popular to collect artwork solely based on the anticipated future resale value. The author

discusses four features of art that have made it an attractive investment option: the opportunity for portfolio diversification; a method of storing value during periods of high inflation; the potential for art prices to grow considering the population of ultra-high-net-worth individuals, the main players in art investing, is increasing worldwide; and potential large returns due to increased public attention to the potential of art for investment. These factors have all contributed to the recent growth in art as investment.

The author describes Art Investment Vehicles as “entities that allow groups of investors to pool their resources and reap the financial rewards of art as investment without individually owning the underlying works” (p. 1702). The two main manifestations of this financial vehicle are an “Art Fund” (p. 1702), where investors buy a set of pieces, store them until a maturation date, sell them, then distribute the profits to the investors; and an “Art Exchange” (p. 1705), where less affluent investors can buy and sell shares in the resale value of collections of artworks owned by a company. The author indicates that both Art Funds and Art Exchanges rarely experience major success and generally cater to the ultra-wealthy.

The author discusses the limitations of Art Investment Vehicles, specifically citing the illiquid nature of art, which makes it difficult to sell quickly; the fact that investors usually do not have access to the primary market, which is largely limited to galleries, museums, and reputable collectors; and the fact that there are regulatory barriers that inhibit the success of art exchanges in the United States. Securities regulations in the United States provide two options for art investment vehicles: “private funds that issue restricted shares (shares with limited resale rights) to accredited investors or public securities like shares in mutual funds or public companies” (p. 1712). The high

costs and disclosure requirements associated with offering shares in mutual funds or public companies is a large disincentive, and subsequently the main art investment vehicles in the United States have been private art funds. The author then proposes three innovations to current investment vehicles that address these issues: “the creation of a robust rental market, gaining access to the primary market, and the creation of art exchanges that leverage recent regulatory changes” (p. 1709).

The development of a rental market could increase the total value extracted from the art, as it would become a working asset and generate regular income through rental payments. The artwork could be appreciated by the public instead of sitting in storage, which could expose the piece to a wider audience and potentially increase the work’s value if it is well received. Additionally, art rental could lead to more transparent and reliable pricing of artworks, as artwork valuation often relies on auction sales, which can be far and few in between. Renting out artwork does come with potential risks, including depreciation of the piece if renters do not properly care for it or if it is damaged in transit or display.

Currently, the primary art market attempts to distinguish between collectors and speculators in order to exclude speculators, which includes Art Market Vehicles, and the secondary art market operates on standard open market principles where individuals can buy and sell as they please. The difference between the markets is primarily due to the desire to control the supply and exclusivity of the artwork. The author proposes a new, mutually beneficial, arrangement, which includes compromises between galleries, artists, and investors. The new arrangement would open up the primary market to more parties, which would be a plus for Art Market Vehicles. Selling to these new parties would

require lower transactions costs, a plus for the gallery and artist; and would come with certain caveats including specific holding times to avoid the “flipping” of a piece for a quick profit and rights of first refusal arrangements, which would dictate to whom the piece could be sold, another plus for the gallery and artist.

Lastly, the author discusses current changes in regulation that affect the creation of art exchanges. She describes how “Regulation Crowdfunding” provides an exemption from registering an art exchange with the U.S. Securities and Exchange Commission (SEC), which was previously a time-intensive and costly barrier to development. These exemptions were designed to help startups raise funds from small investors and could be leveraged in the development of an art exchange. The author also discusses an exemption under Regulation A+, which has more reporting requirements but greater flexibility and higher fundraising caps.

This source is relevant for this study because it gives a detailed look at the art marketplace, provides a lengthy discussion about the development of an art rental endeavor, and includes useful information about regulations that impact the art leasing market and crowdfunding, which could be an avenue for raising capital in an art-lease business.

York, N. (2018). How to make \$60,000 in one year selling fine art photographs. *Fstoppers*.

Retrieved 30 November 2018, from <https://fstoppers.com/business/how-make-60000-one-year-selling-fine-art-photographs-213373>

Abstract. (Note: this abstract was written by the author of this annotated bibliography in the absence of a published abstract). The sale of fine art photography is not a well-understood subject. This article examines how one photographer has made a living by

selling his fine art photographs and discusses his mindset, ideal client, and marketing tactics. The author also explores the realities of this career and discusses the need for dedication to the craft and commitment to maintaining an entrepreneurial spirit.

Summary. This is an article about fine art photography and examines how one photographer earned \$60,000 in one year by selling prints. The author discusses the “nebulous” nature of how fine art photographers make their living, noting in contrast that there are “endless tutorials on how to make a living as a portrait photographer” (para. 1).

Jason Matias, the photographer on whom this article is focused, began selling prints for \$200 to \$300 and quickly learned that this price point would not support him in the long term. He realized that he needed to make critical changes and stop thinking of this venture as a hobby that earned him money, but rather as a proper business. This change in mindset included small but deliberate changes in the way he marketed himself. For example, instead of referring to himself as a photographer, or someone who sells pictures, he began describing himself as someone who sells artwork. “Matias recognized that what his clients buy is not paper and ink, but the experience the viewer has while enjoying the image, and the perceived status that comes with owning a piece of fine art” (para. 5).

The author then describes how Jason needed to identify his audience and ideal client. To accomplish this goal, Jason determined that he was selling a luxury product to an affluent audience, which inherently excluded family, friends, coffee shops, and restaurants where local artists hung their artwork. “Affluent clients are not likely to look for fine art pieces in the diner on the corner” (para. 5). Jason then needed to get to know his potential clients. He did so by utilizing social media, but not in the way most

photographers do. Instead of using social media for networking and exposure, he used it for conducting market research. “Who buys and owns fine art? Where do they spend their time and money? What events do they attend, what jobs do they have, and where do they vacation?” (para. 6). Through this research he concluded that he needed to focus on using high-end, boutique printing and handmade artisan frames, as using these materials elevates the experience and perceived value of the artwork, two characteristics that his potential clients value.

Next, the author describes how Jason used in-person networking, big-business style marketing, and social media to market to these potential clients. In-person networking was by far the most effective approach, and the author notes that Jason sold over \$30,000 to one restaurateur because he walked in and told him that his décor was outdated. The author describes how setting quantifiable goals has been crucial for Jason. Jason notes that you need to be specific, as specific goals naturally lead to ways to accomplish them and vague goals lead to vague action.

The author also discusses galleries and gallery showings. The author notes that having artwork displayed in a gallery can be lucrative for the artist, but identifies several important factors for consideration before exploring potential gallery partnerships. The author lists three factors Jason notes as mandatory in a gallery: a great sales team, a desirable location, and a black book with a list of the clients they serve.

Lastly, the author notes that making a living selling fine art photographs is difficult, and the artist will need to be dedicated to the craft and a committed business person.

This source is relevant for this study because it provides an inside look at the steps an artist must take to make a living through selling fine art, presented through the lens of an artist who has found success in this endeavor. Since the products of an artwork rental business would be fine art, the mindset, ideal client, and marketing approaches described in the article are directly applicable.

Comparable Business Models to Art Leasing

Brax, S. A., & Visintin, F. (2017). Meta-model of servitization: The integrative profiling approach. *Industrial Marketing Management*, 60, 17–32.

<https://doi.org/10.1016/j.indmarman.2016.04.014>

Abstract. This study develops a profiling framework that allows systematic comparison of different value constellations of industrial, service-based business models. Following the systematic review method, 154 research articles on servitization are analyzed using this profiling approach, producing an integrative meta-model of servitization. Three different approaches to represent servitization in studies are identified: 1) end-state models; 2) gradual transition models, and 3) stepwise progression models. These are systematically compared and eight conceptually different, generic value constellations ranging from low to high levels of servitization are identified: products with limited support; installed and supported products; complementary services; product-oriented solutions; systems leasing; operating services; managed service solutions; and total solutions. These form a pattern of servitization showing increases in complexity of the offering and value for the customer as well as changes in operational responsibilities in the value constellations. This approach resolves the gap of conceptual incommensurability' in the literature by providing a reference against which the different

value constellations of servitization can be compared. The meta-model connects the various perspectives, models and terminology into a base line theory of servitization as a process and enables a systematic comparison of the different empirical studies.

Summary. This is a journal article about how changing customer needs and buying practices are making manufacturers of capital goods, business-to-consumer enterprises, and businesses with public offerings look for more stable income. One avenue to meet the changing markets is for the businesses to reorganize themselves to deliver services and integrated solutions that combine products and services. The authors note that there are many studies that document, describe, and reflect on the servitization phenomenon, but there is still no standardized way to define or measure it. The authors identify a major gap in the existing literature: the lack of focus on the path or process by which companies transition to service businesses. This article aims to address this gap and create a theoretical framework for future research and practical applications.

The framework is based on an analysis of 154 servitization studies; the authors note that the framework can be used as to study “paths of organizational transition when data from different time points is available, and it can also be used to compare the progress of servitization in different companies in case and survey research” (p. 18). For this article, the authors define “Servitization” as “a change process whereby a manufacturing company deliberately or in an emergent fashion introduces service elements in its business model” (p. 18).

The authors then describe the process by which they selected articles for analysis, the structure of the reviewing process, and the records they kept. The authors list all the

databases and keywords used in the literature search, describe how duplicates were identified and removed, and how the studies were filtered and analyzed.

The authors conducted three rounds of coding; the first was to identify existing frameworks, the second compared those existing frameworks and arranged them into patterns, and the third developed the conceptual servitization meta-model, or model of models. The coding rounds helped to identify three different approaches to represent servitization: end-state models, gradual transition models, and stepwise progression models. End-state models were common in the dataset and did not explore the process-oriented perspective, but rather focused on the outcome, or the organizational setting that follows service-oriented strategic change. Gradual transition models focused on the gradual evolution from a product-focused organization to a service focused one and exists along a continuum. Stepwise progression models were also common in the dataset and took the process of transition one step further than the gradual transition model by identifying progressive stages of increasing servitization to form the basis for analyzing how the servitization process unfolds. The authors then developed a profiling framework that allowed comparison between different servitization business models. This framework accommodated all 94 models found in the literature and arranged them on a continuum from less to more servitized.

The authors draw conclusions regarding the research and identified practical implications. First, the analysis of the literature showed that the boundary between theoretical and empirical had not been clear, which led to the proliferation of models and concepts. While the meta-model developed in this study provides a structured approach to investigate the degree of servitization in an organization, it should be used to design

surveys and produce new empirical data, not to investigate hypotheses of the impact of servitization on company performance. Second, this framework allows managers to better communicate their company's offerings to customers and company stakeholders.

Analyzing the company's offerings using the framework will help identify possible gaps in their portfolio and/or market. This meta-model is also useful for strategic and organizational design, helping managers in mapping and planning the servitization journey of the company over time and identifying longitudinal trends.

This source is relevant for this study because it helps to identify the current state of servitization of dHb Photography and helps to clarify the company's offerings and servitization path. dHb Photography fits best within the "Gradual Transition Model," and this study indicates that incremental transition and "resolving organizational problems along the way" (p. 21) is a better approach to servitization than implementing major organizational changes.

Lay, G., Schroeter, M., & Biege, S. (2009). Service-based business concepts: A typology for business-to-business markets. *European Management Journal*, 27(6), 442–455.

<https://doi.org/10.1016/j.emj.2009.04.002>

Abstract. Manufacturing industries are increasingly applying alternative business concepts, transforming traditional buyer–supplier relationships into new exchange models of deliveries and payments. In scientific debates on this phenomenon, however, there exist neither consistent terms nor standardised characteristics. This article aims to provide a set of parameters that relate the broad variety of scientific papers in this field of research to a common framework. By applying this framework to multiple case studies, a preliminary typology of new business concepts emerges. These findings have

implications for managerial decisions on adopting new business concepts. Our work also suggests future research directions.

Summary. The authors discuss the shift of manufacturing companies from product-focused to service-focused operations. This shift has forced companies to change their strategies and build new business concepts. The authors begin by stating that several classification concepts have been developed to differentiate between various product-related services, but a basic approach to generate and structure these new concepts has not been documented. The goal of this article is to develop “a framework based on a review of pertinent literature that may help to distinguish new business concepts based on their characteristic features” (p. 443).

The authors comprehensively review the literature on new business concepts, focusing specifically on the following: marketing literature on new business concepts for advanced services, literature on sustainability in the context of new business concepts, and literature on sector-specific trends in the context of new business concepts. Key insights garnered from this literature review include the concept of a “full service contract,” which is “a comprehensive bundle of products and/or service, that fully satisfies the needs and wants of a customer related to a specific event or problem” (p. 443). The authors also describe product-service systems and their three sub-categories: product-oriented services, use-oriented services and result-oriented services. The use-oriented services concept is particularly comparable to an art leasing business, as one option within this concept allows the customer to lease the product and the “supplier becomes a service provider by retaining the ownership and assuming responsibility for

maintenance. The customers pay a regular fee for unlimited individual access to the product instead of investing in the equipment” (p. 444).

The authors then develop a framework for the description of new business concepts that accomplishes three main objectives: creates a structure and combines the various concepts from existing literature, makes the concepts comparable and transparent, and incorporates a managerial point of view. A “morphological box” (p. 445) was used to graphically represent the framework. The framework is composed of the following parameters: ownership during phase of use, ownership after phase of use, responsibility for production personnel, responsibility for maintenance personnel, payment model, number of customers and location of operation. The graphical framework, included below, consists of “paths” (p. 448) from top to bottom through the morphological box. Each path represents a possible business concept.

Characteristic Features		Options			
<i>Ownership</i>	<i>during phase of use</i>	Equipment producer	Leasing bank	Operating joint venture	Customer
	<i>after phase of use</i>	Equipment producer	Leasing bank	Operating joint venture	Customer
<i>Personnel</i>	<i>Manufacturing</i>	Equipment producer	Operating joint venture		Customer
	<i>Maintenance</i>	Equipment producer	Operating joint venture		Customer
<i>Location of operation</i>		Equipment producer's establishment	Establishment "fence to fence" to the customer		Customer's establishment
<i>Single / multiple customer operation</i>		In parallel operation for multiple customers		Operation for a single customer	
<i>Payment model</i>		pay per unit	pay for availability	fixed rate	pay for equipment

Figure 1. Morphological Box as a framework to describe new business concepts.

The authors then conducted 17 interview-driven case studies across four European countries to determine how these new business concepts worked in practice. The

companies included businesses in the mechanical engineering field, machine tool industry, and industrial services industry, among others. The study found that in practice there exists a large number of individualized business concepts that, at first glance, differ significantly from one another. However, when describing the business concepts within the framework developed by the authors, it becomes clear that there are similarities between the companies and their business practices. Five generic types of service-based business concepts were derived: (1) focused on payment and ownership, (2) operational focus, (3) finance/operational focus at customer site, (4) finance/operational focus at supplier site, and (5) involving a joint venture. The third business concept is the most applicable to an art rental business, as “the supplier retains equipment ownership, operates this equipment at the customer’s plant exclusively for this customer, and employs maintenance personnel and in some cases operating personnel as well. The supplier is paid either per use or per part” (p. 451). While these business concepts are based on manufacturing and capital goods, the ideas surrounding ownership, location of the product, maintenance, and payment are all transferable to an art rental business.

This framework and the results of the case studies give managers tools to structure and design new service-based business concepts. This source is relevant for this study because dHb Photography is attempting to partially shift from a product-based business to a service-based business, which will require a shift in business concepts. While this article focuses on manufacturing companies, some of the content and information can be leveraged for the development of a new service-based business such as an art rental company. Specifically, the discussion about the use-oriented services

concept should be explored further for potential incorporation into the art rental business model.

Kindström, D. (2010). Towards a service-based business model – Key aspects for future competitive advantage. *European Management Journal*, 28(6), 479–490.

<https://doi.org/10.1016/j.emj.2010.07.002>

Abstract. Many product-based companies are seeking to increase their competitiveness by moving towards a service-based business model. This research is based on a multiple case study of seven manufacturing companies and by using the business model concept it links managerial activities to a service innovation framework to emphasize how companies can best take advantage of a new service-based business model. Findings indicate that companies need to focus on all areas of their business models in a holistic fashion, and not just change isolated elements. Among other challenges, companies must develop their abilities to build relationships with customers, to visualize the intangible value of their service offerings, and to advance a dynamic service offering portfolio that is adaptive to changing customer needs.

Summary. This is a journal article about moving towards a service-based business model to maintain competitive advantage. The author begins by describing how many product-based companies find themselves moving from traditional business models based on product sales towards business models that incorporate services. The author asserts that this shift is primarily due to competition and customer demand. The overarching goal of the author is to discuss how “managers can approach and understand this change to their business models, and also how their organization can become more service oriented in order to take advantage of the emergent opportunities inherent in this shift” (p. 479). The

author identifies the main challenges involved in changing from being product-centric to being customer-centric as related to internal organizational issues. The author acknowledges that previous studies have addressed aspects of the product-to-services shift, but notes that few have focused on synthesizing key concepts or offering guidance on how one can succeed in increasing the service orientation of one's business.

The author discusses the value of using the business model concept as a unit of analysis, which allows one to understand a company and its inherent parts and describes how six common business model parameters were used as a structuring and analytical framework for this study. These parameters include value proposition, revenue mechanisms, value chain, value network, competitive strategy, and target market. The author uses an in-depth multiple case study approach in this research. The data gleaned from interviews and focus groups comes from seven manufacturing companies who participated in a four-year research project aiming "to understand how best to drive their transition from products to services" (p. 482). The author places key insights and observations garnered from the case study data within the six business model parameters previously outlined and was able to distill and structure the information into key aspects to be addressed when shifting towards a service-based business model.

First, companies need to develop their ability to promote and explain advanced service-intensive value propositions. Basically, service offerings differ from the traditional product offerings and will often require new marketing and customer education strategies. Second, relationship building competencies must be developed in all parts of the organization. Customer relationships become a critical activity across all parts of the organization, and it is paramount to proactively and continually meet the

needs of the customer in order to maintain strong relationships. Third, companies need to be more conscious of the customers' processes. The value proposition of a service continues past the sale, delivery, and post-delivery stages; therefore, there are more opportunities for the customer to become unhappy. Fourth, managers need to be able to design a dynamic portfolio that adapts to different customer needs. Having a range of service options ensures that important and profitable segments are not neglected. Fifth, service delivery infrastructure needs to be created. This infrastructure needs to be able to establish relationships with customers, capture their needs, and provide an efficient interface with them. Lastly, new revenue mechanisms based on customer operations and profitability need to be developed. This is essential if the organization is to maintain a long-term sustainable advantage from providing services.

This source is relevant for this study because it outlines specific methods for sustainably incorporating service-based business model elements into an organization. While this source was primarily related to manufacturing companies, all six key insights outlined in the previous paragraph can be considered and implemented during the development of an art rental business. Both the art rental business that is the focus of this study and the manufacturing companies referenced in this article share an interest in moving from product-based businesses to service-based businesses in efforts to increase their competitiveness.

Kowalkowski, C., Gebauer, H., Kamp, B., & Parry, G. (2017). Servitization and deservitization: Overview, concepts, and definitions. *Industrial Marketing Management*, 60, 4–10. <https://doi.org/10.1016/j.indmarman.2016.12.007>

Abstract. The topic of servitization has generated a considerable body of research and many conferences, as well as industry engagement. Yet, despite the extensive literature associated with this now-mature discipline, there is no broad-based consensus on the core concepts and definitions deployed by servitization scholars, and both terminology and usage often seem ambiguous. This paper examines challenges related to service growth strategies, as well as strategies involving deservitization or a retreat from service offerings. Showing that these strategies have been pursued for more than fifty years, clarification is sought here by framing the corresponding processes and proposing definitions for four core terms: servitization, service infusion, deservitization and service dilution. It becomes clear that in focusing on the organizational change entailed by these processes, future research must elucidate “softer” issues such as leadership and business logic.

Summary. This is a “special issue” (p. 4) journal article that explores topics related to contemporary servitization research. It is made up of two main sections: the first characterizes servitization as a mature field of research with a growing community of followers, and references publications, conference tracks, and conferences devoted to the subject. The next section examines the strategies and processes of service extension and reduction and explores the interrelationship between key process concepts. These concepts include servitization, service infusion, deservitization, and service dilution.

Additionally, this article discusses the “soft” (p. 4) aspects of servitization, which include people management in the context of service growth. This article put out a call for papers related to the topics in the previous paragraph, and in total 31 authors from a range of business and management disciplines contributed.

The authors provide documentation of the growing interest in servitization as a research topic through lists of publications and conferences. The authors indicate that companies of various sizes and from different sectors and product categories all are embarking on a servitization journey. The authors note that the servitization journey can be difficult, as companies must cope with “issues that include organizational structure, service culture, service innovation processes, and mergers and acquisitions” (p. 6). Much of the time it is not a straightforward process, and anecdotal evidence points to a “servitization paradox’ where investment in service growth fails to generate corresponding returns or shareholder value” (p. 6).

The authors state that despite a history of more than 50 years of servitization and related research, a core paradigm has yet to be agreed upon. Various interpretations and definitions of key terms exist, and a common lexicon and analytical tool set are absent. The authors then introduce a conceptual framework for the description and interpretation of service growth and reduction. The authors introduce four terms and describe them in detail: Servitization, which is “the transformational processes whereby a company shifts from a product-centric to a service-centric business model and logic” (p. 8), Service Infusion, which is “the process whereby the relative importance of service offerings to a company or business unit increases, amplifying its service portfolio and augmenting its service business orientation” (p. 8), Deservitization, which is the opposite of Servitization, and Service Dilution, which is the opposite of Service Infusion.

The authors conclude that over the last 50+ years, a significant body of literature related to servitization has been produced. The goal of this article was to bring “greater clarity to the core concepts of servitization, deservitization, service infusion, and service

dilution” (p. 8). The authors describe how servitization includes cultural and attitudinal changes that impact both the company and its business network. This extends to people management issues in organizations pursuing a servitization journey. The authors note that changing the mindsets of employees habituated to a product-centric vision is challenging and may present an insurmountable barrier for companies looking to gain from service offerings. The authors stress that strong leadership and change management skills are necessary in order to set proper priorities in deciding what service growth routes to pursue.

This source is relevant for this study because it provides a working definition of servitization and places the related concepts in a historical context, which is valuable in the development of a business that aims to move towards service-related value creation. The article also introduces the idea of deservitization and the servitization paradox, which should be considered and researched further, as the authors stress the importance of setting proper priorities and ensuring that servitization is an appropriate growth route for companies that are candidates for this business transformation.

Rust, R. T., & Chung, T. S. (2006). Marketing models of service and relationships. *Marketing Science*, 25(6), 560–580.

<http://link.galegroup.com/apps/doc/A158156056/AONE?u=s8492775&sid=AONE&xid=bbf62803>

Abstract. Given the growth of the service sector, and advances in information technology and communications that facilitate the management of relationships with customers, models of service and relationships are a fast-growing area of marketing science. This article summarizes existing work in this area and identifies promising topics

for future research. Models of service and relationships can help managers manage service more efficiently, customize service more effectively, manage customer satisfaction and relationships, and model the financial impact of those customer relationships. Models for managing service have often emphasized analytical approaches to pricing, but emerging issues such as the trade-off between privacy and customization are attracting increasing attention. The trade-offs between productivity and customization have also been addressed by both analytical and empirical models, but future research in the area of service customization will likely place increased emphasis on e-service and truly personalized interactions. Relationship models will focus less on models of customer expectations and length of relationship, and more on modeling the effects of dynamic marketing interventions with individual customers. The nature of service relationships increasingly leads to financial impact being assessed within customer and across product, rather than the traditional reverse, suggesting the increasing importance of analyzing customer lifetime value (CLV) and managing the firm's customer equity.

Summary. This is a journal article about how significant changes in the economy, primarily the growth of the service sector, have led to a shift in emphasis of marketing science topics. The author describes how, over the last 30 years, marketing journals have shifted from articles related to the goods sector to articles related to understanding customer behavior on the internet and the cultivation of customer relationships. The author argues that one of the main drivers of the growth of the service sector is related to the information technology revolution. Information technology has allowed firms to collect and analyze data on consumer activities in new and profound ways.

The author classifies the existing literature on service and relationships into four categories: managing service, which addresses strategic and tactical decisions like pricing; customizing service, which refers to efforts to personalize and individualize products and services; customer satisfaction and relationships, which addresses the mechanisms that result in a successful and ongoing customer relationship; and lastly, the financial impact of customer relationships, which refers to efforts of a company to quantify the profitability of its customer relationships.

The author then conducts a literature review of each category in an effort to provide insight into ways managers can manage service more efficiently, customize service more effectively, manage customer relationships more effectively, and analyze the financial impact of those relationships more successfully. He starts with managing service, highlighting articles that discuss service demand, service pricing, service guarantees, complaint management, and employee incentives. He then analyzes literature related to service customization, highlighting articles that discuss service design and customization, the satisfaction/productivity trade-off, and e-Service. Next, he reviews literature related to customer satisfaction and relationships, reviewing articles related to customer satisfaction and delight, customer expectations, customer satisfaction measurement and analysis, customer retention and duration of relationships, and word of mouth. Finally, the author reviews the literature related to the financial impact of customer relationships and reviews articles related to chains of financial impact, customer lifetime value (CLV), customer equity, and customer relationship management (CRM).

There is a lot of content provided in this article, much more than can be described in this summary. Instead of summarizing this content in totality, I will synthesize five

notable takeaways that can be directly applied to the development of an art rental business. First, timing matters as “service demand is perishable, and thus it is important to manage that timing. If demand exceeds capacity at any time, then an opportunity is lost” (p. 563). Second, service guarantees are a great way to encourage consumers to try the product or service, which can mitigate customer dissatisfaction. Third, “service is often based primarily on personal interaction or information processing, both of which lend themselves well to customization” (p. 567). The authors report a noteworthy tradeoff between personal interaction and information processing, as research indicates that customization and productivity are inversely correlated, which therefore requires careful navigation and decision making. Fourth, the theoretical basis for models of satisfaction come from consumer psychology. Customer satisfaction can be based on the “difference between what a customer expects and what the customer receives” (p. 570); therefore, communication and good customer relationships are key, especially when communicating a potentially confusing art rental agreement. Fifth, “financial impact becomes less an issue of aggregate response based on aggregate expenditures, and more a matter of individual-level satisfaction, retention, and profitability” (p. 572).

This source is relevant for this study because of the notable takeaways outlined in the previous paragraph.

Best Practices in Advertising and Marketing of Artwork-as-a-Service

Lee, J. W., & Lee, S. H. (2017). Marketing from the art world: A critical review of American research in arts marketing. *Journal of Arts Management, Law & Society*, 47(1), 17–33.

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Abstract. The purpose of this article is to provide an integrative review and future directions for research in arts marketing by highlighting the social and cultural mechanisms by which marketing research can be inspired, especially in the context of contemporary arts. We categorize previous research in arts marketing into three perspectives: Marketing of Arts Organizations; Marketing with Artworks/Artists; and Marketing from the Art World. With these three categories, this article also examines recent developments in the contemporary art market to discover emerging trends and issues. The primary contribution of the article lies in identifying Marketing from the Art World as a new perspective from which to explore central issues of marketing associated with the uncertainty and fluidity of the contemporary art market.

Summary. This is a journal article that explores arts management and arts marketing. The authors begin by discussing the emergence of arts management as an academic discipline in the 1960s. Since then, the discipline of arts marketing has flourished and has contributed to organizational effectiveness and public awareness of cultural promotion. “Arts marketing has enjoyed shared scholarly growth while establishing itself as a distinctive discipline to analyze the arts market” (p. 17). The author notes that previous scholars have reviewed the existing literature in arts marketing and management and suggested future directions for potential research, but have not fully explored the relationship between these proposed directions and contemporary contexts and issues of arts marketing practice. Therefore, the authors of this article investigate the link between academic analyses and the empirical contexts of arts marketing.

The authors state that the article will first provide “a brief review of research in arts marketing to explain the initial adaptation of marketing in the arts and its later

developments” (p. 18). Then, the authors classify the research in terms of three perspectives: Marketing of Arts Organizations, Marketing with Artworks/Artists, and Marketing from the Art World. These perspectives highlight the evolutionary process of arts marketing over the last twenty years. Lastly, the authors discuss “different interpretations of branding from the three perspectives to delineate pertinent issues of research in the content of the contemporary art market (CAM)” (p. 18).

The authors provide a historical overview of arts marketing research, beginning in 1969 with an article authored by Kotler and Levy that expanded the concept of marketing into organizations, services, people, and ideas. Later, in the mid 1970s, arts marketing was formally defined and was primarily concerned with “marketing as a set of techniques” (p. 19) that could be applied to the sale of art and methods to increase audiences of performing arts. In the 1980s, many handbooks about arts marketing were published and highlighted the problem of transferring marketing concepts to the arts sector, as “arts marketing does not start from the needs of the market, but is initiated right after the produced outcomes from artists” (p. 19). Since the 1990s, arts marketing knowledge has been disseminated through higher education programs, conferences, and manuals supported by government funds. Overall, arts marketing as a discipline has moved towards becoming a business philosophy and has become integrated into the organizational strategies of arts organizations.

The authors discuss the marketing of arts organizations, which involves cultural institutions applying marketing concepts and principles in order to maximize revenue and meet the organization’s objectives. The authors assert that this is an important managerial tool to advance arts consumption and promote cultural goods. One specific marketing

tool that applies here is the use of branding. The authors note that branding can increase the reputation of an arts organization and can increase the number of visitors (e.g., to a museum), and overall has a positive association with visitor satisfaction.

Next the authors discuss marketing with artworks/artists and separate the concept into two separate categories. The first category considers the use of the “characteristics of the arts as the content of marketing” (p. 21). Basically, this approach uses and features art to promote a company’s product. Research in this area has revealed that art generally has a positive effect on the consumers’ evaluation of a product. The second category within marketing with artworks/artists explores “what the marketer can learn from the artists” (p. 21), using the arts as a source of inspiration and innovative insights for branding. Savvy marketers are examining successful artists in order to understand how a brand becomes iconic.

Next the authors discuss the third perspective, marketing from the art world. This perspective “stresses social and contextual approaches to art which overlap in part with Marketing with Artists/Artworks” (p. 22). The authors note that the art market is often intertwined with political, social, and cultural issues; therefore, marketing from the art world focuses on “social mechanisms for generating the arts, symbolic meaning of the arts, and networks and processes of legitimizing artists/artworks. For this perspective, the aim of marketing is associated with the ways of increasing potential artistic value, which requires an understanding of the way in which the value is spread to the society” (p. 22).

The authors also report on various trends in the CAM. They discuss brands and note how clear the relationship is between name recognition, value, and brand within the CAM. The authors argue that famous artists, cultural institutions, and renowned

collectors could all be considered as brands. The authors then discuss the trend of art fairs and digital platforms, and indicate that this is the most remarkable change to happen over the last decade, as it is considered a symbol of cultural globalization. This globalization provides opportunities for actors in the CAM as well as risks for the traditional market players. Accessibility is increased, territorial constraints are lessened, and artists and cultural institutions can reach global audiences like never before. The authors state that we are living in the “art fair age” (p. 25) and note that in 2014 alone around \$12 billion in sales were recorded at over 180 major art fairs. The authors then discuss the uncertain value of contemporary arts, arguing that valuation cannot be calculated by the expenditure of raw materials used.

This source is relevant for this study because it provides a historical perspective on the marketing of the arts, and several important lessons related to the CAM. The information about the application of marketing concepts to the specific marketing of artwork, branding, and new intermediaries such as art fairs and digital platforms are particularly applicable to the development of an artwork rental business.

Lehman, K., & Wickham, M. (2014). Marketing orientation and activities in the arts-marketing context: Introducing a visual artists’ marketing trajectory model. *Journal of Marketing Management*, 30(7–8), 664–696. <https://doi.org/10.1080/0267257X.2013.838987>

Abstract. Answering the call by Fillis, this paper aims to build an ‘arts-marketing orientation’ model by exploring the parallel relationship that exists between the Product Life Cycle (PLC) and the notion of the ‘career trajectory’ (as it applies to visual artists). In so doing, this paper provides a finer-grained understanding of the marketing orientation and activities of visual artists as they progress through their career.

Qualitative analysis of the data (and the subsequent development of the Visual Artists' Marketing Trajectory model) suggests that the marketing orientation and activities undertaken by visual artists deviates significantly from the assumptions underpinning traditional marketing theory. Unlike customer orientation (central to traditional marketing theories), this research suggests that in the arts-marketing context, the marketing orientation and activities of visual artists change according to the career trajectory stage in question.

Summary. This is a journal article about the development of an “arts-marketing orientation model” (p. 664), which aims to provide a finer-grained understanding of “the marketing orientation and activities of visual artists as they progress through their career” (p. 664). The authors begin by establishing that arts marketing has become an important subfield of the marketing discipline and attempt to answer the call from previous scholars to explore the parallels that exist between traditional marketing and arts marketing in order to “contribute to the building of more robust arts marketing theory” (p. 665). This article explores the relationship between the career trajectory concept and the product life cycle model, and leads to the development of a new “Visual Artists' Marketing Trajectory (VAMT) model” (p. 665).

The authors review the existing literature focusing on the career trajectory concept and the Product Life Cycle (PLC) model. The career trajectory concept presents “a framework to describe the reputational resources, art production, and career opportunities available to visual artists over their lifetime” (p. 666). This concept groups artists into four different categories: unknown, emerging, established, and famous. The PLC model posits that products conform to “a stages-based model of development” that

“have a tendency to follow a biological progression from conception (i.e., idea generation) through to death (i.e., withdrawal from sale)” (p. 666). These stages include development, introduction, growth, maturity, and decline.

The authors describe the methods of their study and note that they conducted 12 semi-structured interviews with emerging and established artists in Tasmania. The questions they asked were concerned with the significance and/or relevance of marketing to the sale of visual arts generally, the identification of the individual artists’ actual marketing activities, and the artists’ rationale for using them. The authors used a five-stage content analysis protocol to draw conclusions from the interview data.

This data contributed to the VAMT model, which “offers a framework for conceptualizing the marketing orientation and activities of visual artists at each of the stages of career trajectory” (p. 672). The authors reported that the VAMT model is able to both identify which career stage a visual artist is currently in, as well as suggest strategies for achieving the next stage of career development. The analysis of the data revealed five areas that “distinguish visual artists at the different stages of their career trajectory: marketing orientation, artists’ output, market demand, artists’ marketing activities, and cash flow/earning capacity” (p. 673).

The results of the study suggest that the marketing orientation and activities undertaken by visual artists are different than those underpinning traditional marketing theory. A main difference the authors identified is that “the marketing orientation changes according to the career trajectory stage in question” (p. 681), which has implications for both marketing theory and practice. The VAMT model suggests that there are specific marketing strategies that should be implemented at particular career

stages, and identifies marketing challenges that need to be met if an artist wants to advance his or her career to the next stage. For example, in order for an emerging artist to advance to an established artist, the authors recommend that the artist should enter national art competitions, apply for national and international funding opportunities, and attempt to participate in multiple commercial gallery activities in different geographic areas. The VAMT model “highlights a need for aspiring visual artists to advance through the career stages as efficiently as possible or else face a potentially high risk of ‘career-development’ failure” (p. 682). Being aware of and preparing for the upcoming marketing challenges is essential.

This source is relevant for this study because it provides specific details on how a visual artist can progress through career stages. Of particular interest will be the marketing recommendations for transitioning from an *emerging artist* to an *established artist*. These recommendations include the activities outlined in the previous paragraph as well as generally seeking to “gain reputation from external reviews” (p. 680). The proposed artwork rental business will initially rely on photographs, which is a visual medium.

Mattila, A. S. (2000). The role of narratives in the advertising of experiential services. *Journal of Service Research*, 3(1), 35–45. <https://doi.org/10.1177/109467050031003>

Abstract. Service researchers have postulated that for many services, from the customer’s point of view, the service experience is the key perceptual event. For portraying and conveying experiences, narrative forms of communication tend to be uniquely effective. This experimental study examined whether consumer expertise interferes with the relative effectiveness of story-based appeals in print advertisements

portraying experiential services. This study also sought insight into consumers' affective responses to service ads, a nascent area of inquiry. Overall, this study's results suggest that consumers with relatively low familiarity with a service category might prefer appeals based on stories to appeals based on lists of service attributes. This relative advantage of narrative ads might be magnified when the novice consumer is in a happy rather than sad mood while encoding the information in the ad. Consumers with relatively high familiarity with the focal service category, however, might be unaffected by the format of the information presentation.

Summary. This is an article about the effectiveness of narrative forms of communication and the advertising of services. The author begins by describing the existing standard consumer behavior theories that are the basis of most marketing strategies. Generally, the theories assume that the consumer examines each feature of the service or product being advertised, then combines these implications to form an overall judgement. The author describes an alternative process for experiential services where the consumer imagines the overall sequence of events instead of each individual feature of that experience. The author then describes the primary purpose of this study, which is twofold. First, "to examine the merits of a narrative approach to advertising a service brand through print advertising stimuli" and second, "to examine the impact of consumer expertise in the service category on consumer information processing of print advertising of experiential services" (p. 36). Fine-dining restaurants were selected as the context for this study, due to their high levels of direction toward people rather than things, high levels of customer-employee contact, and considerable customization. These characteristics are common among other experiential services.

The author then reviews the existing literature concerning story-based advertising, consumer expertise, and affect. One reason story-based advertising is thought to be effective is because of the “structural similarity to information acquired through daily life experiences” (p. 36). Another has to do with the level of familiarity and prior knowledge of the information; “consumers with high levels of product familiarity use their prior knowledge structures to extract meaning from advertisements; as a result, they more quickly comprehend the newly presented product information” (p. 37). This is an important consideration for the development of an art leasing business, as educating the audience could lead to quicker comprehension. The author also discusses the importance of affect, and how positive feelings and emotions can be considered benefits derived from the consumption experience.

The author then discusses the methodology of the study: 222 undergraduate students were randomly assigned to eight experimental conditions. Moods were induced by asking the participant to write about a happy or sad life event, and consumer expertise was manipulated via the type of restaurant portrayed in the study. Participants were asked in a pretest which type of restaurant they were most familiar with. A variety of advertisements were then displayed, both in narrative and list presentation formats. The researcher measured advertisement effectiveness for participants, and data was gathered by asking the participants to describe the ads as accurately and completely as they could.

The results of the study were relatively consistent with prior research, supporting the idea that narrative-format ads made it easy for novice consumers to imagine themselves in the consumption situations. One set of results from this study that differed from previous studies are the results of the impact of consumer mood at the information

encoding stage. Contrary to previous studies, this study found that the “the mood state at the time of the evaluation task influenced participants’ reactions to advertising stimuli. Suggesting that the manner in which information is conveyed in a service ad might influence emotional responses to that ad” (p. 42). In general, this study makes the case that “conveying information in a narrative format might be a highly effective method of advertising services to nonexpert consumers” (p. 43).

This source is relevant for this study because an art rental business relies on value created from the service and experience provided to the customer. A business of this nature requires the communication of intangible benefits, which can be effectively undertaken through the use of advertising in a narrative format.

Mittal, B. (1999). The advertising of services: Meeting the challenge of intangibility. *Journal of Service Research*, 2(1), 98–116. <https://doi.org/10.1177/109467059921008>

Abstract. Service advertisers often are confronted with the problem of how best to communicate the intangible qualities of a service to their target audiences. In this conceptual article, the author describes what intangibility means, discusses how it influences the service advertising task, and derives propositions to handle that task. The article (a) identifies five conceptual properties of intangibility, (b) describes the advertising challenge of each, (c) suggests approaches to meet each challenge, and (d) elucidates the power of transformational advertising in embedding intangible service performance into a consumer’s life experiences. The author argues that in services, intangibility can contribute to value rather than detract from it and that it is well within the advertising’s special talent to communicate intangibility. The author advances propositions to guide copy and creative strategy for service advertising managers.

Summary. This is a journal article about the difficulty of communicating intangible qualities of a service to an audience. The author describes the marketing of services as different than the marketing of physical goods, as it “requires special considerations in copy strategy and creative execution” (p. 98). The goal of this article is to “understand intangibility as a characteristic of services, examine how it affects service advertising, and propose some approaches to overcoming the challenge of communicating about the intangible aspects of services” (p. 98).

The author explores the existing literature and notes that previous scholars identified that the intangible nature of services can cause problems for consumers at both the pre- and post-purchase stages. For example, during the pre-purchase stage, consumers often have difficulty understanding the service, and during the post-purchase stage consumers often have difficulty evaluating the service experience. The author then explores the concept of intangibility and identifies five distinct properties: incorporeal existence, abstractness, generality, nonsearchability, and mental impalpability.

Incorporeal existence refers to the fact that the service product is not made out of something physical and does not take up physical space. Abstractness refers to something that is not concrete, or able to be represented in the world. Service benefits such as “peace of mind, happiness, and financial security” (p. 100) are all abstract concepts that are difficult to visualize and understand. Generality refers to a class of items, and is the opposite of something that is specific. Nonsearchability refers to the inability to evaluate something before the purchase, such as a surgical procedure for a gallbladder removal. And lastly, mental impalpability refers to the difficulty of mentally grasping some services – usually something complex, multidimensional, or nascent such as financial

trading in futures, or a reengineering consulting service. The author concludes this section by stating that the only inevitable property of intangibility is incorporeal existence, and the other four properties can be managed to avoid or minimize their impacts.

The author then discusses advertising strategies to manage intangibility. Five notable takeaways that can be directly applied to the development of an art rental business include the description of one approach to overcome the base hurdle of advertising something that does not physically exist (something intangible) by using “ancillary physical elements as tangible symbols of the service product” (p. 101). The service delivery system usually has tangible elements which can be featured in the advertisements (e.g., the brown uniforms of UPS). This helps to establish a brand identity and act as a surrogate indicator of quality. Second, in order to combat generality, the author recommends that the seller “make the message claim specific” (p. 102). Third, in order to combat nonsearchability, the author recommends highlighting success through evaluations from individuals who have already experienced the service. Fourth, in order to communicate abstract service benefits, the author recommends focusing on evoking instances of the benefits; for example, depicting consumers “consuming the service and, as an outcome, receiving the focal intangible benefit” (p. 103). And lastly, in order to overcome mental impalpability, the author asserts that one needs to “reveal exactly what will transpire or enumerate exactly what benefits will accrue” (p. 103).

Next, the author discusses transformational advertising, “the key to intangible communication” (p. 105). Transformational advertising is basically visual advertising that changes the experience of buying and consuming a product. Transformational

advertising needs to be linked to consumers' life experiences; the advertisements need to be vivid, realistic, nontrivial, positive, and motivational.

This source is relevant for this study because of the five takeaways listed in paragraph four and the applicability of transformational advertising. An artwork rental business is a service which will need to have specific marketing and advertising strategies to overcome the intangibility of the product. This source provides such strategies and includes informative case studies and notable examples of service businesses succeeding in marketing and advertising.

Conclusion

Introduction

Smartphones and social media have driven the popularity of photography to an all-time high (Pew, 2018; Facebook, 2018; “Instagram’s IGTV event,” n.d), with billions of photos taken (Wei et al., 2018) and millions shared on social media every day (Facebook, 2011). The popularity of photography has created a thriving and lucrative, albeit crowded, marketplace (Pantaleo, 2014; U.S Census Bureau, 2012), which has forced professional photographers to differentiate themselves and their offerings in order to stay competitive. One potential option for differentiation and an additional revenue stream is to develop an Artwork-as-a-Service business.

Artwork-as-a-Service is not a novel concept (Stephens, 2004), and these businesses already exist in larger metropolitan areas; for example, ArtMgt (<http://artmgt.com>) in New York City. The Artwork-as-a-Service business model is a combination of the two main photography business models: photography as a service, which includes weddings and portraiture and photography as a product, which includes framed landscape photographs that customers hang on walls (Adams, 1952; Briot, 2013; Vorenkamp, 2015). The basic idea is that artwork is offered for lease to businesses and office spaces at a monthly rate for a set period (Stephens, 2004). This arrangement allows the lessee the opportunity to rotate the artwork for something new if they so choose (Stephens, 2004). The Artwork-as-a-Service business model shares attributes with other business models, and one goal of this annotated bibliography is to identify best practices and lessons learned from comparable business models.

This annotated bibliography highlights 15 sources, a mix of scholarly content and high quality voices from the photography profession, in order to explore the potential for launching an Artwork-as-a-Service business. The literature selected explores the topics of photography and art

leasing, comparable business models to art leasing, and best practices in advertising and marketing of Artwork-as-a-Service. The following sections summarize the literature reviewed and highlight important best practices and lessons that can be utilized during the formation and operation of an Artwork-as-a-Service business.

Photography and Art Leasing

Photography is a unique artistic medium in its popularity and accessibility; the barrier to entry is low and anyone can try to sell their creations or services (Briot, 2013; Terrill, 2014). But, as the great photographer Ansel Adams (1952) notes, just because the technical is mastered (which these days equates to pushing a button and not having to think about elements of exposure) does not mean that an individual is a professional photographer or artist. Adams (1952) notes that it is vitally important for a photographer to have a well-rounded photographic education, take the craft seriously, and explore one's creative side in order to achieve differentiation and live up to craft ideals. His concerns and recommendations are just as poignant today as they were in 1952.

Briot (2013) echoes Adams' comments and notes that fine art photography is unique in that it is characterized by expressing oneself rather than fulfilling a contract and pleasing a client. Briot (2013) notes that it is important for fine art photographers to first start with the *why* – why do you want to do this? From this starting point, Briot (2013) takes his advice one step further than Adams and stresses the importance of marketing, arguing that it is the one element above all else that controlled his success in selling his fine art photographs. This is all sage advice for the development of an Artwork-as-a-Service business, as it clarifies and underscores the importance of focusing on the craft and one's motivations for the pursuit in the first place (Adams, 1952; Briot, 2013), as well as the need for effective marketing (Briot, 2013) in order to succeed. These

are all elements that will create a solid foundation from which a successful business has the potential to grow and flourish.

The art market is particularly challenging to thrive in as it is an opaque market, meaning that a product's value and quality are difficult to determine and are based on subjective factors (Thach & Marshall, 2016). Lee and Lee (2017) discuss the uncertain value of contemporary arts, arguing that valuation cannot be calculated by the expenditure of raw materials used. In addition to difficulty coming up with a sale price, Thach and Marshall (2016) describe non-economic value factors such as aesthetic and status rewards that come into play when working within an opaque market. York (2018) provides a tangible example of this subjectivity when discussing Jason Matias' experience selling fine art photographs. York (2018) notes that Matias quickly realized that pricing and value are subjective and related to the type of client and audience one markets to. By shifting his mindset and targeting a more affluent audience, Matias went from selling prints for \$200-\$300 to selling over \$30,000 in artwork to a single restaurateur. Specific changes Matias made included referring to himself as someone who sells artwork rather than as a photographer or someone who sells pictures (York, 2018). "Matias recognized that what his clients buy is not paper and ink, but the experience the viewer has while enjoying the image, and the perceived status that comes with owning a piece of fine art" (para. 5).

There are several best practices that can be distilled from Matias' experience. The first is to price the product according to who you are marketing to (York, 2018). Considering that the target market for an Artwork-as-a-Service business includes medical and corporate offices, one can infer that the pricing structure should lean towards the higher end of the spectrum. Next is to ensure that you are marketing to the right audience (York, 2018). Matias specifically shifted away from displaying art at the local coffee shops because that is not where his ideal client

would find and purchase his work (York, 2018). Instead, Matias began to use in-person networking, big-business style marketing, and social media to market his art and connect with his audience (York, 2018).

Stephens (2004) and Xiang (2018) provide valuable information for the development of an Artwork-as-a-Service business. Xiang (2018) discusses the general advantages of this type of business, highlighting the fact that the product becomes a working asset and generates regular income through rental payments. Additionally, Xiang (2018) notes that the artwork could be appreciated by the public and would be exposed to a wider audience, potentially leading to additional sales, interest in participating in the Artwork-as-a-Service business, or the potential increase in the work's value if it is well received; in fewer words, free advertising. One possible benefit of art rental is more transparent and reliable pricing of artwork; Xiang (2018) notes that artwork valuation currently typically relies on auction sales, which are infrequent. Xiang (2018) does note risks of an art rental business, including depreciation of the piece if the renters do not properly care for it or if it is damaged in transit.

Stephens (2004) provides several first-hand accounts of this business model and states that leasing artwork has been a viable way for art galleries to increase the number of revenue streams. She notes that while some galleries primarily work with television and movie studios, other galleries do a lot of business with corporations, offices, hotels, interior decorators, and individual customers. These clients tend to appreciate landscapes, western art, abstracts and still-life art; Stephens (2004) cautions that dark or controversial subject matter and style do not usually work in corporate environments. Often customers purchase a piece at the end of the lease period (Stephens, 2004).

Stephens (2004) notes the advantages of leasing artwork include the financial appeal, ability to rotate artwork in a space, and tax write offs for the lessee; disadvantages include the fact that galleries usually must own the artwork, the requirement of a large inventory, and ensuring that the pieces are adequately insured in case they are damaged while in transit to a client or during display.

Comparable Business Models to Art Leasing

A major reoccurring theme found among the business models surveyed for this annotated bibliography was the idea of *servitization*, or the transition from a product-based business to a service-based business (Kowalkowski, Gebauer, Kamp, & Perry, 2017). Companies undertake this transition in order to gain a competitive edge or diversify their value propositions (Kindström, 2010). While a large majority of the sources on servitization were geared towards manufacturing and capital goods production, many key points and best practices were identified that could be utilized in an Artwork-as-a-Service business. On a high level, the companies described in the literature and an Artwork-as-a-Service business are alike in that they share an interest in moving from being product-based to service-based to increase their competitiveness (Kindström, 2010). Kindström (2010) describes six best practices to implement when shifting towards a service-based business model, all of which can be applied during the development of an Artwork-as-a-Service business. These six practices are (Kindström, 2010):

- Develop the ability to promote and explain advanced service-intensive value propositions.
- Develop relationship-building competencies in all parts of the organization.
- Become more conscious of the customers' processes.
- Design a dynamic portfolio that adapts to different customer needs.

- Create service delivery infrastructure.
- Develop new revenue mechanisms based on customer operations and profitability.

Lay, Schroeter, and Biege (2009) describe a particularly noteworthy business model called the full-service contract model. This model combines products and services in order to fully satisfy the needs and wants of the customer (Lay et al., 2009). Additionally, they describe use-oriented services within this model, which allow the customer to lease a product from the supplier, who retains ownership, and pay a regular fee for access to the product instead of buying it outright (Lay et al., 2009). This approach is very similar to the model on which an Artwork-as-a-Service would be based.

Brax and Visintin (2017) identified the gradual transition model, which focuses on a gradual transition from a product-focused organization to a service-focused one. Brax and Visintin (2017) advise that organizational problems and changes should be resolved along the way as opposed to all at once in a swift shift. For a product-based business such as dHb Photography the advice is useful, as the business will need to servitize in order to become an Artwork-as-a-Service business.

Rust and Chung (2006) provide insight into how one can manage customer relationships within a service-based business more effectively and efficiently. One pertinent best practice they discuss is the implementation of service guarantees as a way to encourage consumers to try a service and mitigate customer dissatisfaction (Rust & Chung, 2009). They also assert that customer satisfaction can be based on the “difference between what a customer expects and what the customer receives” (p. 570); in the context of this study, the inference is that communication and good customer relationships are key, especially when communicating a potentially confusing art rental agreement.

Lastly, Kowalkowski et al. (2017) point out a cautionary item and introduce the idea of the servitization paradox, where investment in service growth fails to generate corresponding returns or shareholder value. The authors provide three examples for the paradox. In the first example, the German conglomerate ThyssenKrupp launched ThyssenKrupp Industrial Services to cushion the company from the cyclic nature of steel production and sales and the commodity-nature of the product; the company eventually sold the service business when the expected synergies with the company's other core businesses were never realized. In the second example, a manufacturer of paint finishing systems attempted unsuccessfully to transition to a pay-per-use model rather than requiring customers to purchase the equipment and services; in this case an inability to predict demand or develop a viable pricing scheme led the company to sell the poorly performing division. The final example is when Xerox split their service offerings into a separate business to placate shareholders who were concerned about insufficient market capitalization (Kowalkowski et al., 2017). While the idea of the servitization paradox is an important consideration that warrants further research and consideration of ways to mitigate this issue, the lack of common root causes among the three examples provided provides a context for the classification of the problem as a paradox.

Best Practices in Advertising and Marketing of Artwork-as-a-Service

The Contemporary Art Market (CAM) has become globalized, and digital platforms and art fairs have enabled individual artists to reach global audiences like never before (Lee & Lee, 2017). However, the marketing and advertisement of services is different than that of tangible products like those that make up the CAM, and has to be carefully and thoughtfully executed (Mittal, 1999). Mittal (1999) notes that services are often difficult to understand and evaluate, and that a service's "intangibility is widely cited as the root source of service advertising

difficulty” (p. 98). Mattila (2000) argues that narrative forms of communication are particularly effective when portraying and conveying, or marketing and advertising, service experiences, and suggests a narrative format makes it easier for consumers to imagine themselves in the consumption situations.

Mittal (1999) dives further into the idea of intangibility and identifies five distinct properties that need to be managed in order to avoid or minimize their impacts: incorporeal existence, abstractness, generality, nonsearchability, and mental impalpability. Incorporeal existence refers to the fact that the service product is not made of something physical and does not take up physical space. Abstractness refers to something that is not concrete, or able to be represented out in the world. Service benefits such as “peace of mind, happiness, and financial security” (Mittal, 1999, p. 100) are all abstract concepts that are difficult to visualize and understand. Generality refers to a class of items, and is the opposite of something that is specific. Nonsearchability refers to the inability to evaluate something before the purchase, such as a surgical procedure for a gallbladder removal. And lastly, mental impalpability refers to the difficulty of mentally grasping some services – usually something complex, multidimensional, or nascent such as financial trading in futures, or a reengineering consulting service (Mittal, 1999). Mittal (1999) concludes that the only inevitable property of intangibility is incorporeal existence, and the other four properties can be managed to avoid or minimize their impacts.

Mittal (1999) offers best practices and advertising strategies in order to overcome the initial hurdle of advertising something that does not physically exist. First and foremost, one needs to use “ancillary physical elements as tangible symbols of the service product” (p. 101), such as the brown uniforms of UPS for example. This approach helps to establish brand identity and serves as an indicator of quality (Mittal, 1999). An Artwork-as-a-Service business will have

to overcome the intangibility of the product, and understanding Mittal's (1999) concepts of intangibility and utilizing his strategies to overcome the associated challenges will be critical.

Lee and Lee (2017) discuss the concept of brand identify within the Contemporary Art Market, and note the relationship between name recognition, value, and brand. They argue that famous artists, cultural institutions, and renowned collectors could all be considered as brands (Lee & Lee, 2017).

Another important resource identified through this annotated bibliography is the Visual Artists' Marketing Trajectory (VMAT) model developed by Lehman and Wickham (2014). This model provides a framework for identifying the appropriate marketing orientation and activities at each stage of a visual artist's career (Lehman & Wickham, 2014). Lehman and Wickham (2014) note "a need for aspiring visual artists to advance through the career stages as efficiently as possible or else face a potentially high risk of 'career-development' failure" (p. 682). Of particular note were Lehman and Wickham's (2014) recommendations for transitioning from an emerging artist to an established artist. These recommendations include entering national art competitions, applying for national and international funding opportunities, attempting to participate in multiple commercial gallery activities in different geographic areas, and generally trying to gain reputation from external reviews (Lehman & Wickham, 2014).

Final Thoughts

It is an exciting time to be a photographer, but the business of photography is a crowded place, with more and more people calling themselves professionals each day (Pantaleo, 2014; U.S Census Bureau, 2012). In order for a professional photographer to achieve differentiation it is paramount to consider new business models and revenue streams. Developing an Artwork-as-a-Service business and utilizing the lessons and best practices gleaned from the comparable

business models analyzed in this annotated bibliography provide opportunities to add an additional revenue stream to a fine art photography business and stay competitive in the marketplace.

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