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Haute école de gestion  
Genève

**China's Market Demand in Works of Art  
and  
Six Typologies of Chinese Art Collectors in Four Groups**

**Bachelor Project submitted for the obtention of the  
Bachelor of Science HES in International Business Management**

by

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## Declaration

This Bachelor Project is submitted as part of the final examination requirements of the Haute École de Gestion de Genève, for the Bachelor of Science HES-SO in International Business Management.

The student accepts the terms of the confidentiality agreement if one has been signed. The use of any conclusions or recommendations made in the Bachelor Project, with no prejudice to their value, engages neither the responsibility of the author, nor the adviser to the Bachelor Project, nor the jury members nor the HEG.

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## Executive Summary

Starting from the 1990s, China began to experience market demand for traditional Chinese art such as ceramics and brush paintings by Qi Baishi, Xu Beihong, Fu Baoshi and Zhang Daqian. The market has been flamboyant ever since. A decade later in the 2000s, the market for Chinese modern art by Zao Wouki, Wu Guanzhong, and Lin Fengmian gained significant notice. In 2005, artists such as Zheng Fanzhi, Liu Xiaodong, Yue Minjun, Zhou Chunya and Xu Bing made a breakthrough in Chinese contemporary art. Starting from the 2010s, Western masterpieces such as Picasso, Monet, Van Gogh and Modigliani, were also bought for record breaking prices by Chinese collectors.

It is obvious that there is a strong market demand in works of art in China starting from traditional Chinese art to Western masterpieces. However, what are the catalysts shaping this environment? The aim of this bachelor thesis is to analyze the external factors in shaping the development of the art market in China. The thesis investigates two areas of study. Firstly, it describes the development of market demand from a macroeconomic point of view such as political leadership, government policy and the effects of Foreign Direct Investment (FDI). Secondly, it addresses the development of market supply, specifically, the challenges encountered by international art sellers such as Christie's and Sotheby's in entering the Chinese market.

Group	Typology	Drivers
Younger Group	<b>Young &amp; Worldly</b>	Young, Fashionable, Successful
Older Group	<b>Nationalist</b>	Restoration of National Greatness
	<b>Super-Star Experimentalist</b>	Demonstration of Personal Capability
Disappearing Group	<b>Flippy Investor</b>	Culture of Speculation
Future Group	<b>Influentialist</b>	Making an Impact to the World
	<b>Systematist</b>	Build a Collection with a new level of Dialogue

Empirical analysis was conducted by semi-structured interviews for collecting qualitative data. Chosen interviewees were either advisors, gallerists or auctioneers with experience in serving Chinese clients. The interviews covered four aspects: e.g. 'who' are they, 'what' do they buy, 'why' do they buy and 'how' to maintain positive relationships with them. The interviews were translated, transcribed and attached to the appendix. Out of understanding from market demand and supply for works of art in China and analysis of interviews, the thesis was supported by the findings of the six typologies of Chinese art collectors in four groups as recommended to readers. The six typologies were compared with the five styles of collecting by Uli Sigg and the three layers of Chinese collectors by Alexandre Errera

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# 1. Introduction

## 1.1 Problem Statement

The growing middle class and the concentration of wealth among the top one percent of the Chinese population has led to market demand in various forms. In 2016, a collaborative study by Deloitte and ArtTactic indicated that 72 art funds and art investment trusts were in operation, 55 of which were in China (*Deloitte and ArtTactic, 2016*). This statement highlights China's strong market demand for art. However, there is little information regarding consumer motivations in the art market, namely that of the art collector or buyer. In 2014, an online article entitled *Three Layers of Chinese Art Collectors*, written by Alexandre Errera, provided a reference on the matter in the form of the three groups. Firstly, 'a new generation of collectors between 20 to 30 years of age. Secondly, 'super-collectors' who are buying blue chip Western works of art from auction houses. Thirdly, 'a new breed of patron for art' who aim to make an impact on the development of the art world (Errera, Alexandre, 2014). Errera's statement has led me to further investigate the typologies of Chinese art collectors, both expanding on those discussed in the article and finding out whether there are other typologies of collectors. In order to do so one needs to determine the catalysts in shaping the purchasing decision made by Chinese art collectors or buyers.

## 1.2 Research Question

The thesis investigates two areas of study which comprehend the development of China's market demand and market supply in works of art. One side describes the external factors which allowed the Chinese to rediscover culture and art, which in turn has increased market demand for works of art. Another side poses the question of how supply from the primary and secondary market address China's market demand of art.

The first part of the thesis investigates the development of the Chinese economy by the change of political leadership from Mao Zedong to Deng Xiaoping. The transition between these two leaders was also radical from a cultural standpoint. Under Mao, all cultural activities were prohibited, whereas Deng actively encouraged the Chinese people to accept foreign ideologies. For this reason, when a collector begins to acquire art or a cultural relic, we must think about how their personal experiences will affect their choice. Iain Robertson, Head of Art Business Studies at the Sotheby's Institute of Art, suggests that Chinese collectors collect a range of artworks that distinguish themselves, whereas major European and American collectors tend to collect a specific genre of art. (ROBERTSON, Iain, 2012). The second part of the thesis addresses the challenges encountered by art sellers in reaching Chinese art collectors. In addition to understanding the demands from Part One, I examine the development of supply for the art market in China. When the actors of supply meet the needs of demand, a clash of unique challenges emerge. For instance, it was only after 2013 that Christie's were allowed to host auctions independently in China. Yet, the Chinese government has banned selling cultural relics in China, which means any cultural items made before 1949 (COOPER, Rachel, 2013). The third part of the thesis provides the finding of the research. It extracts from the understanding in Part One and Part Two in order to create appropriate questions for the interviews. Along with insights from the experts in the art industry, it aims to answer to the research question and to determine typologies of Chinese art collectors.



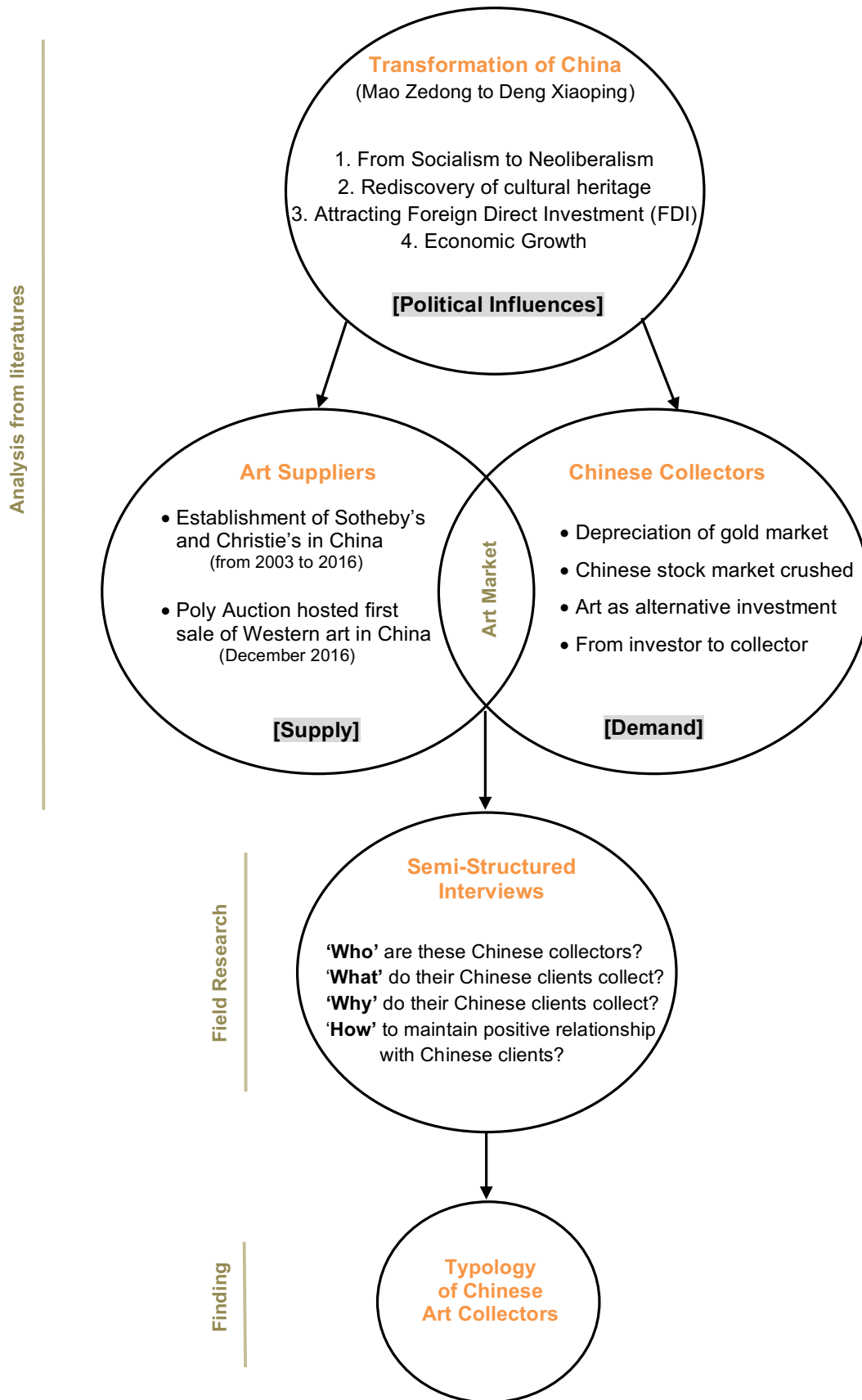
### **1.3 Methodology**

There is limited research specifically related to the motivation of Chinese collectors and typologies of Chinese art collectors. In addition, limited publications related to the interaction between art sellers and Chinese art collectors. As a result of this, Chapter 2, “Literature Analysis” is made upon secondary data collected from news and articles.

Chapter 3, “Empirical Analysis” focuses on the results of interviews. The interview questions are referenced to the topics discussed in Chapter 2, “Literature Analysis”. It aims to bring the understanding forward and lead to a field research. Semi-structure interviews are scheduled with open-questions only. It intends to allow interviewees to freely express their opinion.

Chapter 4, “Discussion” focuses on the findings of the typology of Chinese art collectors. Qualitative data collected from interviews is discussed and is supported by personal assumptions. The results are compared with the findings of the five typologies of collecting by Dr. Uli Sigg and the three layers of Chinese collectors put forward by Alexandre Errera.

## 1.4 Structure of the Study



## 2. Literature Analysis

### 2.1 Transformation of China from Socialism to Neoliberalism

The transformation of China from a purely stated-planned economy (socialism) to market orientated economy (neoliberalism) was the turning point of China. During the Cultural Revolution (1966 to 1976) by Mao Zedong, the whole country was under the gloomy political atmosphere in uprooting traditional Chinese culture, norms and ethical values. Paintings displaying a Western style in China were destroyed and in some cases, Chinese painters were imprisoned (BRADSHER, Keith, 2006). A prevailing political slogan held in China was “better to be poor under socialism than rich under capitalism.” (FANG T., ZHAO S., WORM V., 2008). In 1978, Deng Xiaoping became the leader of the Chinese Communist Party. Deng introduced the ideology of capitalism in China. He realised that China needed to learn from the West such as technology and investment in order to reform China’s economy. Most importantly, it became open to foreign business and to attract foreign direct investment (FDI). This historical movement is known as the “open door policy” (1979-2008). His well-known slogans were “Let a few people get rich first”, “To get rich is glorious”, and “Development is the real truth” (FANG T., ZHAO S., WORM V., 2008). One thing remains unchanged from Mao Zedong to Deng Xiaoping is the respect towards the country and strong nationalism. It seems that nationalism is deeply rooted in the Chinese culture and value system. Even though the intensity and ways of expression have differed over time, the devotion embraced from the communist ideology remains.

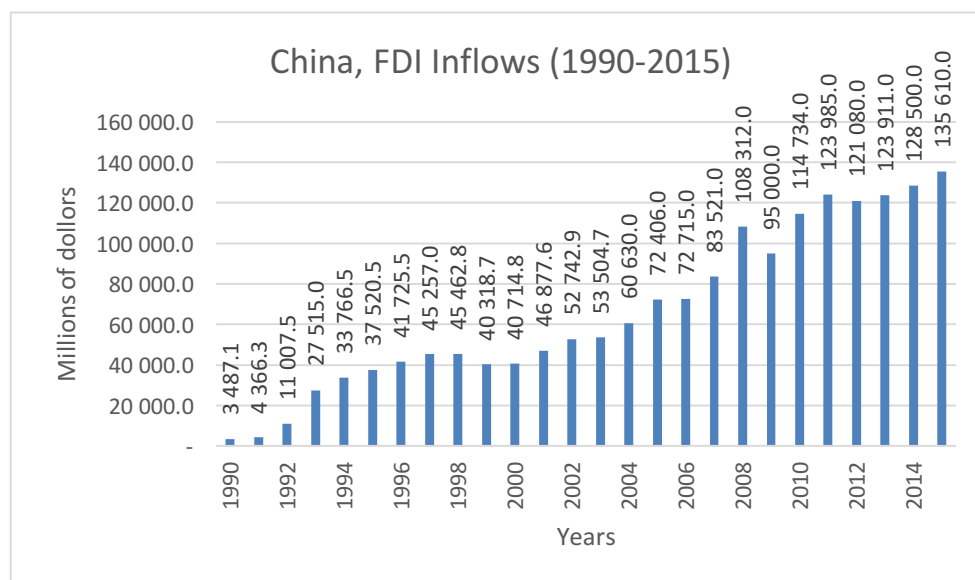


Figure 2.1.1 : Inflows of Foreign Direct Investment (FDI) in China from 1990 to 2015  
Source: UNCATD: World Investment Report 2016

The implementation of reform and the 'open door policy' in the late 1970s attracted a large amount of FDI inflows in China (ZHANG, Dongli and WU, Jinhui, 2014). With reference to The World Bank, the total FDI inflow was about zero in the late 1970. According to World Investment Report 2016 by UNCATD (Figure 2.1.1), China has received FDI from US\$ 3.5 billion in 1990 to US\$ 135.6 billion in 2015, a-thirty-nine-times increased in 35 years. The success of China's transformation is highly influenced by actively learning from the West. Western influences on China have broadened the spectrum of vision including politics, economy, ideology and education. The increasing FDI in China has played a crucial role in China's economic development.

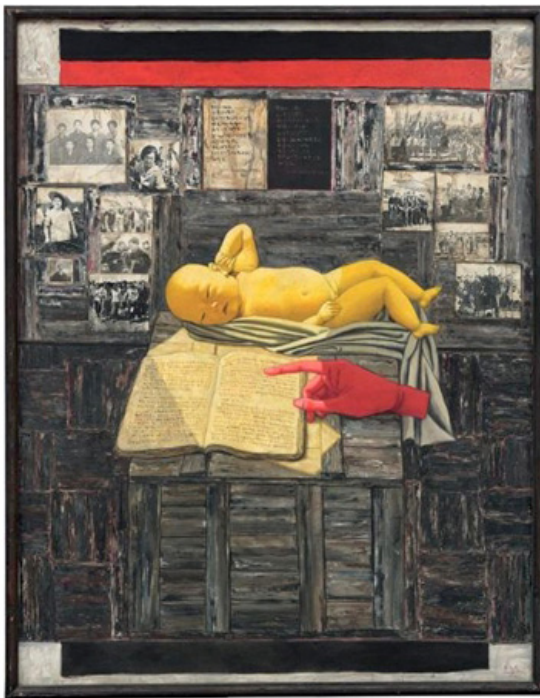


Figure 2.1.2: Birth of The People's Republic of China II (1992) by Zhang Xiao-Gang  
Source : artnet

Starting from 1990, profound Chinese culture became a new attraction of rediscovery and a medium of appreciation for some Chinese people. The flamboyant art market of imperial Chinese works in China is a clear sign in allowing the rediscovery of cultural goods. For instance, Zhang Xiaogang's *Birth of The People's Republic of China II* (1992) sold for US\$ 7 million in 2010 was an overture to patriotism. The sale is confirmed that a nationalist style of politics has gripped the China market and is determining the taste of Chinese collectors (ROBERTSON, Iain, 2012).

## **2.2 Challenges for International Players Entering China**

In December 2004, licences were granted to foreign auction houses entering the China market but was subject to compliance with highly restrictive regulations. The final resolution to form alliance with local partners. In the case of Christie's and Sotheby's, both companies formed joint venture with Chinese auction houses in serving Chinese collectors (COOPER, Rachel, 2013). In 2005, Christie's registered with a Beijing based local auction house and named 'Forever Christie's' (FLORA, Liz, 2013). On the other hand, in 2012, Sotheby's set up a Chinese joint-venture with a state-owned multimedia company called Gehua Cultural Development Group of China in Beijing and possessed 80% of the partnership equity. (BALFOUR, Frederik, 2013). It is obvious that the biggest barrier for international players entering the Chinese market is the legal structure imposed by the Chinese government. In addition, local players such as Poly Auction and China Guardian are both either state owned or controlled by individuals with strong and elusive political connections (BOWLEY, Graham and BARBOZA, David, 2013).

Steven Murphy, CEO of Christie's responds to the disadvantage with local competitors by saying that the main focus for Christie's China is to serve its Chinese clients the same way as clients anywhere else. He adds that it is not a matter of competition with local players but simply establishes 'Christie's China' with same kinds of practices (BOWLEY, Graham and BARBOZA, David, 2013). In April 2013, Christie's was the first international auction house granted a licence to operate independently in China. However, the licence condition restricted it from selling cultural relics including Western art, predating 1949 (PICKFORD, James, 2013). In 2016, Christie's opened its flagship centre in Beijing along with a special exhibition centring on Pablo Picasso. Rebecca Wei, Christie's Asia President states that Christie's aims to bring more Western art into China for exhibition even though sales in China are limited to post 1949 work (*Chinadaily*, 2015).

On the other hand, Sotheby's has taken a different approach. Sotheby's concentrates on Chinese modern art which cater more to local demand for Chinese modern art (MCANDREW, Clare, 2014). In addition, Sotheby's focuses on increasing its popularity and presence in China by attracting Chinese clients to purchase in Hong Kong. Kevin Ching, Asia Chief Executive Officer of Sotheby's suggests Sotheby's has an interest in continuing exhibitions in China, thereby increasing its presence and enhancing its relationship with clients in Mainland China (CHING, Kevin, 2012).

In 2016, China Taikang Life Insurance became the largest shareholder of Sotheby's, taking up 13.5% of the shares. Chen Dongshen, Taikang's Chairman and CEO is also the major shareholder of China Guardian Auctions. Chen says that the great difference between local Chinese auction houses and international auction houses is in the actual practice of auctioning, and that still needs a great improvement for the professional codes of practice. The most effective and efficient way in reaching this objective is learning the footprints of those established auction houses. For instance, how they have reached the pinnacle in leading auction houses. In addition, Chen wants to activate Sotheby's role in China (*Jinghua*, 2014, and BUCKLEY, Chris, 2016). The acquisition by China Taikang Life Insurance of Sotheby's shares and how likely it will influence the future business development of China Guardian Auctions is still an unknown. Chen has not responded to this matter publicly. However, we can clearly see a possible influential factor may emerge. For instance, by the acquisition, Chen will become a member of directors at Sotheby's (BUCKLEY, Chris, 2016).

### **2.3 Going 'West' from Early 2000 to 2016**

In 2006, there was no sign of interest in collecting Western masterpieces by Mainland Chinese collectors. Ken Yeh, the Deputy Chairman of Christie's Asia suggests that Impressionist and Western Modern paintings were still early for mainland Chinese collectors. However, Hong Kong had been a British Colony for 155 years until 30 June 1997, Western influences upon the value system were deeply rooted and so does for the appreciation of western art has become more apparent. Another reason of causing this delay in collecting Western masterpieces by mainland Chinese is the import tariff duty of 6% and 17% VAT. Ken Yeh adds that importing high value art into Mainland China can take up to a month due to strict customs clearance even if the painting is for exhibition only (BRADSHER, Keith, 2006).

In terms of education, the number of Chinese who have pursued studies in foreign institutions between 1977-2006 is over a million. Linus Cheung, Board of Director at Sotheby's suggests that both in Mainland China and in Hong Kong, collectors who are interested in Western art are those have studied in Western schools, more likely aged in their early 40s or even younger (BRADSHER, Keith, 2006). Another source supporting this statement is Caroline Cai, President of China Christie's International, suggests that most Chinese collectors under the age of 40 have studied abroad and have been exposed to Western ideology. They tend to be more open-minded about new things (*Chinadaily*, 2015).

However, the habit of collecting is likely to start with the collectors' heritage suggests by Patti Wong, Chairman of Sotheby's Asia. Wong adds that ceramics, painting and ink on paper are the traditional Chinese works of art (*The Economist*, 2011). Nevertheless, international travel and visiting museums can broaden their interest (PICKFORD, James, 2013). Kevin Ching, CEO of Sotheby's Asia supports the idea that Chinese collectors show a stronger interest with subject matters related to the traditional forms of Chinese art e.g. landscapes and flowers for Impressionist paintings and 19th-century Victorian pictures appeal more attractive to them (CHING, Kevin, 2012).

The well-known artists not only represent historical influences but they are also a brand reputation. Purchasing an artwork at the auction with heavy publicity can be used as a form of a self-promotion. "*I made the decision that I needed to buy a famous artist at auction so people would know my name*", says Lin Han, 28 years old, a young Chinese collector. In 2013, Lin bought his first painting by Zeng Fanzhi (Figure 2.3) for

USD \$1 millions at Sotheby's Hong Kong. Since then, galleries such as White Cube and ShanghART were welcoming him. Lin adds "before the war, you played military music to encourage people and I made a sound to let people to know I am here" (POLLACK, Barbara, 2014).



Figure 2.3: Lin Han's first painting bought at auction in 2013, from *the Mask Series* (1997) by Zeng Fanzhi  
Source : Asian Art, 2016

Caroline Cai, the President of Christie's in China suggests personal background such as education, working experience and international travel influence the changing taste of Chinese collectors. Cai argues that there has been a massive trend of growing interest in international art. The reputation and brand value of Christie's or Sotheby's is very important to Chinese collectors (BUCKLEY, Chris, 2016). Due to the increasing amount of counterfeits, buying an artwork from international auction houses is less risky. Authenticity is the key and buying abroad increases uncertainty of the work's provenance. Cheng Shoukang, an expert from Sotheby's suggests that it takes a certain amount of time to

gain trust from Chinese collectors and a lot of courage for them buying art abroad from unknown institutes (BUTT, Riazat, 2015). Liu Yiqian, Founder of Long Museum confirms that buying art via reputable auction houses give confidence to buyers (*The New York Times*, 2013).

Whether is due to trends or a matter of globalization, the growing demand in Western art by mainland Chinese collectors is obvious. In 2016, Beijing Poly International Auction formed an alliance in Shanghai with Huayi Brothers Entertainment Company. Later that year in December 2016, the alliance hosted the first time ever that a Chinese auction house which sold a wide selection of Western artworks such as Monet, Gauguin, Cezanne, Renoir, Giorgio Morandi, Chagall, Anselm Kiefer and Damien Hirst (LI, Gerald Jungyue, 2016). It is clear that Chinese auction houses are ambitious in selling Western art in China. However, how long this alliance can last and how best of the future contingency planning are still questions of uncertainty.



## 2.4 Portable Assets: Investors Become Collectors

During the economic crisis in 2008, Su-Mei Thompson, Director of Strategic Business Development Asia Christie's, published an article on HSBC's website in China explaining how art can be a source of investment. Thompson states that "*objects bought for aesthetic enjoyment can also rise in value and art can be a good investment, comparable with stocks and bonds*" (THOMPSON, Su-Mei, 2008). Evidently, wealth management at HSBC China tackles its Chinese clients by using art as alternative investment. The core concept of high return of investment value seems to be the major information to the public. The increasing amount of art funds and art investment trusts in China is an evidence of growing demand in investing in art. In 2014, an estimation of 72 art funds and art investment trusts were in operation, and 55 were in China (*Deloitte and ArtTactic*, 2016). Ken Yeh, Chairman of Christie's Asia in Hong Kong supports this initiative that Chinese collectors purchase a painting not only because they like it but also for investment purposes. Yeh suggests that art is part of Chinese collectors' investment portfolio. If they spend millions for a piece of art, they want to be sure that the value of their purchase will increase in a numerous sense for the coming years. Yeh adds that there has been an increasing number of Chinese collectors buying top quality of Western modern and contemporary art. In order to stand out, they buy art as to express their sophistication (MOODY, Andre, 2010). Furthermore, investment value is an obvious factor motivating Chinese collectors. Kate Bryan of London's Fine Art Society suggests that conversation with mainland Chinese collectors is based on investment potential and it is crucial for them (ADAM, Georgina. 2012).



Figure 2.4.1:  
Disobeying The Rules (1996) by Liu Xiaodong  
Source: Artnet

One example of a Chinese art investor becoming a collector is Kao Yunqi who started out purely as an investor and fell in love with art. Kao concludes that through his engagement with artists and curators, he began visiting artist's studios fostering a solid attachment towards the behaviour in collecting. One of the greatest investments he made was *Disobeying The Rules* by Liu Xiaodong (1996) which he bought for less than HK\$200'000 (Figure 2.4.1). In 2014, the painting was sold for HK\$66.2 millions at the Sotheby's Hong Kong (CHOW, Vivienne, 2015).

Historically, gold and jewellery in China are a hedge against inflation. The gold market has remained sluggish for many years since 2012 from the peak of US\$1,780 per oz. dropped to its present value of US\$1,254 per oz (Figure 2.4.2).



Figure 2.4.2: Gold Market Price from 2012 to 2017  
Source: Goldproce.org

Rebecca Wei, Asia President of Christie’s suggests that when there is an economic downturn, investors become aware of the need to seek a new medium against depreciation and market fluctuations for monetary protection (YUAN, Peggy, 2015). The Chinese stock market turbulence from June 2015 to February 2016 caused serious losses for several millions of Chinese investors or speculators (TOBEY, John S, 2015). Due to such consequences, art as an alternative investment came to people’s attention; when the stock market is down, the art market rises. The market creates a sense of insecurity and search of safe haven for commodities such as gold and art according to Larry Warsh, an art collector and publisher based in New York (BUTT, Riazat, 2015). Most Chinese art collectors have ‘immovable asset’ such as property; many of them diversify their wealth by investing abroad or to invest in art. Three possible reasons that Chinese art collectors became visible at auction are hedging against inflation, foreseeing the revaluation of RMB, increasing personal interest in art and a desire to “repatriate” antiques (BOOKER, Avery, 2010). Even though high investment value in art attracts great interest, sources suggest that the evolution of China’s art collectors are becoming more passionate about collecting and gaining an appreciation in art (*Jingdaily*, 2012). It seems that the process in investing in art gradually develops an interest in collecting.

## 2.5 No Longer Collectivist but Individualist Choice

Influential factors for economic behaviour are related to materialistic achievement whereas, the social behaviour of Chinese is driven by traditional values and beliefs (LEUNG, Kwok, 2008). The 6-D Model was firstly developed by Hofstede in 1980. Hofstede identified four dimensions of national culture including power distance, individualism, masculinity and uncertainty. Long-term orientation was added in 1991. Later on, indulgence was further developed by Minkov in 2010. Overall, Chinese culture can be characterized by high power distance, low individualism, low uncertainty avoidance, long-term orientation and low indulgence. At a score of 20, China has an extremely low level of individualist culture but a highly collectivist culture where the interest of the group or peers are more important than self-preference. However, this statement contradicts the behaviour in collecting art between different generations within a family.

Cultural Dimensions	Hofstede, Bond, Minkov (2010)	
	China	
Power distance	80	high
<b>Individualism</b>	<b>20</b>	<b>low</b>
Masculinity	66	average-high
Uncertainty	30	low
Long-term orientation	87	high
Indulgence	24	low

Table 2.5: 6-D Model by Hofstede, Bone, Minkov (2010)  
Source: Hofstede.com

Leo Xu, a Shanghai based art dealer suggests that the young generation has become more individualistic. Some of them started with their family and immersed with Chinese ink painting and some studied abroad and have seen modern art from an early age. Xu emphasizes that this group of young collectors searches for works connected with the era in which they grew up with such as the internet and development of globalization. Furthermore, Lin Han, 27 years old, a young Chinese collector and the founder of M Woods gallery in Beijing states that there is a big difference between his peers and his parents' generation in collecting. He believes that the key different is attitude toward nationality. Mostly, imperial Chinese art are in favoured by the older generation; whereas, for the young collector nationality has no symbolic meaning to them (POLLACK, Barbara, 2014). It seems that for most young Chinese collectors, the family or parents support their children financially in acquiring works of art. For example, the family sets up a fund for art and appoints their children to be the fund managers. In the case of Lin Han, his family set up a family fund which is used exclusively for art investment and appointed him to be the fund manager (YUAN, Peggy, 2015).

## **2.6 Collecting and Collectors By Uli Sigg and Alexandre Errera**

Dr. Uli Sigg was the former Swiss ambassador to China, North Korea and Mongolia in the mid-1990s. During his staying in China, Sigg founded the Chinese Contemporary Art Award (CCAA) in 1997 which aims to promote Chinese artists and to bring important international curators to China. In 2012, Sigg donated 1,463 works of Chinese contemporary art, estimated at HKD 1.3 billion (USD\$163 million), in a part gift and part sale to the M+ Museum of Visual Culture in Hong Kong (CHEN, Patricia, 2014). Alexandre Errera is the founder and CEO of artshare.com, an online platform for exhibition and sale of Chinese contemporary art. In addition, he publishes regularly on the topic of Chinese contemporary art.

In 2014, Errera has identified three groups of Chinese collectors namely the new generation, the super-collectors and the most powerful ones (Errera, Alexandre, 2014). Meanwhile, in 2016, Sigg suggests the five styles of collecting such as 1. I Like Art, 2. Investment, 3. Status Symbol, 4. Focused and 5. Networked. However, Sigg's statement does not address specifically to Chinese art collectors (SIGG, Uli, 2016). The combination of the two publications (Table 2.6) provides an in-depth understanding to the research objective with which will be elaborated in Chapter 4, Discussion.

**Dr. Uli Sigg**  
[5 Styles of Collecting]

**Alexandre Errera**  
[3 Layers of Chinese Collectors]

<p><b>“I like Art“</b></p> <ul style="list-style-type: none"> <li>• Most widespread style of collecting</li> <li>• Most collectors start out this way</li> <li>• Most ‘buyers’ remain in this state</li> <li>• Purchases based on the taste of the collector and not within any coherent concept</li> </ul>	<p><b>1<sup>st</sup> layer “The New Generation”</b></p> <ul style="list-style-type: none"> <li>• Between 20 to 30 years old</li> <li>• Focus in contemporary art</li> <li>• Collect also conceptual art</li> <li>• Not interested in traditional Chinese art</li> <li>• Like art but unsure where to start</li> <li>• 2<sup>nd</sup> or 3<sup>rd</sup> generation of tycoons</li> </ul>
<p><b>“Investment“</b></p> <ul style="list-style-type: none"> <li>• Goal is to generate returns from art</li> <li>• Collectors often turns to consultants</li> <li>• Most common method is to follow trend</li> <li>• Based on patterns of behaviour established by the finance industry</li> </ul> <ol style="list-style-type: none"> <li>1. Young artists: High risk “ventures”</li> <li>2. Emerging artists: “Early stage”</li> <li>3. Ripe artists: “Established markets”</li> <li>4. Masterpieces</li> </ol>	<p><b>(UNIDENTIFIED)</b></p>
<p><b>“Status Symbol“</b></p> <ul style="list-style-type: none"> <li>• A worldwide trend</li> <li>• Purchase a tangible symbol of ‘prestige’</li> <li>• Exclusive and a distinction of high society</li> <li>• Collect ‘must have’ pieces</li> <li>• Artists of the global mainstream</li> <li>• Big names in auction catalogues</li> <li>• ‘Capital’ is the central importance</li> </ul>	<p><b>2<sup>nd</sup> layer “Super-Power with Masterpieces”</b></p> <ul style="list-style-type: none"> <li>• Stars of auction house purchasing blue-chip Western works of art</li> <li>• Most of them from completely new to the top buyers list</li> <li>• Do not start with affordable art</li> <li>• Start straight away with masterpieces</li> </ul>
<p><b>“Focused“</b></p> <ul style="list-style-type: none"> <li>• Having a central focus in collecting</li> <li>• Makes the difference of a true collecting and an accumulation</li> <li>• Requires discipline</li> </ul>	<p><b>(UNIDENTIFIED)</b></p>
<p><b>“Networked“</b></p> <ul style="list-style-type: none"> <li>• After a “focused” theme is chosen</li> <li>• Collect pieces in which to elaborate on the central of idea</li> <li>• Seek out artwork which remain unnoticed</li> </ul>	<p><b>(UNIDENTIFIED)</b></p>
<p><b>(UNIDENTIFIED)</b></p>	<p><b>3<sup>rd</sup> layer “Most Powerful Ones Who Makes a Difference in The Art Scene”</b></p> <ul style="list-style-type: none"> <li>• Buying important pieces</li> <li>• Building private museums</li> <li>• Keen to make an impact on the local and international art scene by providing partnership, exhibitions or donations</li> </ul>

Table 2.6: Combined Table of Uli Sigg and Alexandre Errera

## 2.7 Summary

Chapter 2.1, “Transformation of China from Socialism to Neoliberalism” begins with the macro aspects with which influence the development of China. It examines how has the government policy has contributed to the transformation of China from extreme socialism to neoliberalism. This part of the study emphasis the turning point of Mao Zedong’s Cultural Revolution (1966-1976) to Deng Xiaoping’s open door policy (1979-2008). Deng understood that in order to reform China, learning from the West was essential. As a result of this, the environment became more friendly to Western ideology in China.

Chapter 2.2, “Challenges for International Players Entering China” focuses primarily on the evolution of Christie’s and Sotheby’s development under China’s planned economy and how have they overcome such circumstances. Foreign auction houses and galleries are banned from selling culture relic made before 1949. Christie’s has focused on presenting well-known Western artists alongside some Asian works in China. Whereas, Sotheby’s has concentrated on Chinese modern art which cater the majority of local demand for Chinese modern art. Two similar approaches of the two auction houses are continuing to host exhibitions in China and to establish relationship with local Chinese clients. Sales are restricted in China but clients can bid on artwork overseas by telephone.

Chapter 2.3, “Going West from Early 2000 to 2016” takes four distinct approaches to the development of interest in Western aspiration. It begins with ‘self-exploration’ meaning the rediscovery and promotion of Chinese culture. Next, it follows by the increasing amount of Chinese pursuing their studies abroad. Then, the development of interest in Western works of art. After that, it provides information about concerns regarding acquiring art from abroad. Finally, it investigates how Western art was auctioned in China the first time under the alliance between Beijing Poly (*Baoli*) International Auction and Shanghai Huayi Brothers Entertainment Ltd.

Chapter 2.4, “Portable Assets: Investors Become Collectors” gives insight on external factors impacting the art market itself; for instance, wealth management advice from HSBC China, the depreciation of the gold market starting from 2012 and the stock market crashed in 2016. In addition to external forces, this part of study focuses on the learning curve of Chinese collectors. During the process of collecting and buying, they grow to love what they do.

Chapter 2.5, “No Longer Collectivist but Individualistic Choice” combines an analysis between a sociological theory and examples of Chinese collectors’ behaviour. The 6-D model by Hofstede, Bondje, Minkov (2010) suggests that Chinese culture emphasises group or peers’ decisions and that this is more important than self-preference. However, sources suggest that the young generation of Chinese collectors tends to have a more individualist approach even when using the family fund for art.

Chapter 2.6, “The Typology of Collecting by Dr. Uli Sigg and Alexandre Errera” places *The Five Styles of Collecting* put forward by Dr. Uli Sigg and *The Three Layers of Chinese collectors* put forward by Alexandre Errera into a comparison table. It aims to identify if there is a relationship between the two categories. It provides an in-depth understanding to the research objective with which will be elaborated in Chapter 4, Discussion.

### 3. Empirical Analysis

#### 3.1 Methodology

The interview questions refer to the findings in Chapter 2, “Literature Analysis”. The interviews transcribed, summarized and attached to the appendix. Grounded empirical analysis was conducted by semi-structured interviews. There are between twelve to fifteen open questions in the interview. The questions of the interview were slightly modified with reference to the interviewees’ professional background.

A wide range of interviewees were selected in order to provide an inclusive understanding in typologies of Chinese collectors and views on maturity of the art market in China. Chosen interviewees are either advisors, curator or auction house specialists in the art industry who are experienced in severing Chinese clients. The majority of the interviews were one-to-one and face to face. However, due to the unavailability of two interviewees, the questions of the interview were filled directly.

List of Interviewees			
Interviewee	Company	Position	Location
Thomas STAUFFER	Gerber Stauffer Fine Art	Partner	Zurich
Bill ZHAO	Beijing Poly International Auction	Managing Director	Beijing
Kai YANG	99ys.com and K-gallery (an online art publication)	Founder	Beijing
Neng ZHAO	Sotheby’s Institute of Art and The New York Times	Chinese Student Coordinator	Beijing
Lilian WU	ShanghART Gallery	Gallerist	Shanghai
Daniel KWOK	Poly Auction Hong Kong (Chinese antique and ceramic)	Senior Specialist	Hong Kong
Felix KWOK	Sotheby’s HK (Senior specialist at Modern Asian Art)	Senior Specialist	Hong Kong

Table 3.1: List of interviewees



The interview begins with views on the development of the art market in China. Then, it moved on to their personal experience in managing their Chinese clients. For instance, what are the top three questions are being asked as for professional advice? In addition, background information of their Chinese clients such as age, profession and overseas experience were included in the interview. Most importantly, their consumer behaviour and motivation in collecting was the core of the interview. For instance, how their Chinese clients determine what is 'good' art and why their Chinese clients began to collect internationally. Furthermore, in the previous chapter, sources suggest that positive investment value plays an important role for Chinese collectors in acquiring art. For this reason, there are questions which aim to investigate if such aspects have changed since the Chinese art market has become more mature. Last but not least, during the last five years starting from 2012, it has been a trend in opening private museums in China, which the interview includes questions in driving this trend. Then, the interview ended with advice on building relationships with Chinese clients.

After the interviews were transcribed, a transcript summary was produced for each interview (SAUNDERS, M. LEWIS, P. THORNHILL, A., 2016). It has three columns. The first column responses to the findings in Chapter 3.2, "The Art Market in China". The second column responses to the findings in Chapter 3.3, "Characteristic of Chinese Collectors". The last column, "Result" gives a general assumption of the typology of Chinese collectors which is further discussed in Chapter 4. "Discussion".

## 3.2 The Art Market in China

### 3.2.1 Chinese Collectors' Common Questions and Common Constraints

There are three groups of common questions from Chinese collectors when they consult professional advice. The first group of questions is **market trend and investment** related. For instance, Has the work of the artist been auctioned yet? Any reference for the market price? Is the artwork a good investment option? According B. Zhao, the top three common questions from his Chinese clients are; 1. Is the artwork overpriced or reasonably priced? 2. Is the artwork an original version or a duplicate version? 3. Does the artwork have investment potential? The second group of questions is related to **the work and the artist**. For instance, is there a recent exhibition of the artist and his work offer by another gallery or museum? The condition of the work? What is the provenance of the work? Has the work been listed in any publications? Wu suggests the top three common questions are; 1. Who are the most famous artists represented by the gallery? 2. What is the background information of the artist such as age and where they graduated? 3. Has the artist had any recent exhibitions in other galleries or museums? The third group of the questions is related to the collectors themselves and **methods to improve their knowledge for art**. This group of questions seem to be the least common questions mentioned by other interviewees. According to F. Kwok, the common questions are 1. How should I start collecting? 2. Where can I buy books or attend classes in order to learn more about the art market?

With reference to the most common constraints for Chinese collectors, they are making payments abroad, building trust and language barriers. The first constraint is the **payment method**, which is the most common constraint for foreign companies. This barrier is related to government banking policy. Chinese citizens from the mainland are limited to taking out USD\$ 50,000 per person per year, including transfer to Hong Kong, Macau and Taiwan. D. Kwok confirms that the greatest problem in the company is delay payment. The clients are well-capitalized but transferring money from Mainland China to Hong Kong in order to settle the payment seems to take time. The only way to settle the payment immediately is by a credit-card. Stauffer suggests that the longest time taken in settling a payment was up to three months. Mostly, money is transferred from Hong Kong even though the client is from mainland China. The second constraint is **building trust**. Stauffer explains that Gerber Stauffer Fine Art is a boutique art advisory firm in Switzerland unlike well-established firms such as Christie's or Sotheby's. Branding seems to be an important factor for his Chinese clients. The firm's Chinese clients are mostly friends or family relatives of the regional director who is Chinese; therefore, trust

is often there. The third constraint is **Language constraints**. F. Kwok explains that he is a native Mandarin speaker, he has no language barrier with his Chinese clients. However, very often, mainland Chinese clients need extra assistance when going through official documents from the company, which are issued in English.

### 3.2.2 Development of China's Art Market

The timeline (table 3.2.1) states all the events which are mentioned in the interviews and in chapter 2, "Literature Analysis".

Timeline	
1966-1976	Mao Zedong's Cultural Revolution
1977-2008	Deng Xiaoping's open door policy in order to attract foreign direct investment
1990	Chinese people rediscover traditional Chinese culture and appreciate its art
Since 1990s	Wealthy Chinese who have lived abroad begin to collect Renaissance and Impressionist works of art bought from auction houses in New York and London
2000	Beginning of Chinese modern art and Chinese collectors begin to actively participate in the art market
2004	Licences granted to foreign auction houses, allowing them to enter China
2005	<ul style="list-style-type: none"> <li>Christie's registered with a Beijing based local auction house and named 'Forever Christie's'</li> <li>Maturing of art market in China</li> <li>Launch of Beijing Poly (<i>Baoli</i>) International Auction as an extension of a stated-own holding company, China Poly Group Cooperation</li> </ul>
Since 2010s	<ul style="list-style-type: none"> <li>Chinese collectors begin to collect Western works of art</li> <li>Chinese collectors begin to expose to international standards in the art market</li> </ul>
2012	<ul style="list-style-type: none"> <li>Sotheby's set up a Chinese joint-venture with a stated-owned multimedia company called Gehua Cultural Development Group of China in Beijing</li> <li>Japanese and Korean modern and contemporary art become popular in China</li> </ul>
2016	Chen Dongshen, Chairman and CEO of China Taikang Life Insurance becomes one of Sotheby's major shareholders, taking up 13.5% of the shares
December 2016	Beijing Poly International Auction forms an alliance in Shanghai with Huayi Brothers, a Chinese entertainment company. The alliance hosted the first auction of Western art in China

Table 3.2.1(1): Timeline of China's Market Demand in Works of Art

Yang suggests Chinese clients started collecting Western art such as Renaissance and impressionist works from the 1990s. Most of them are Chinese who were already living abroad and bought works from auction houses in New York and London. Art market in China became active from the year of 2000. This was also the beginning of market

demand for Chinese modern art; however, it was only in 2005, the art market became slightly more mature in China. Modern and contemporary art from Japan and Korea, became trendy from 2012 onward. Wu argues that Japanese and Korean style of art are more easily to be accepted by Chinese collectors who begin to collect internationally. This is because Japanese and Korean culture have influenced Chinese people in many ways such as through films, music, fashion and animation and especially food is very popular in China. In addition, due to geographical proximity, these two countries have regular exchange opportunities with China between artists and galleries.

Table 3.2.1(2): Top 10 Chinese Art Collectors until 2015

Rank	Name	Nationality	Value of Art Collection*	Net Worth*
1	Wang Jianlin	China	1,600	25,700
2	Liu Yiqian	China	450	870
3	Yu Mingfang	China	110	680
4	Lau Luen Hung	Hong Kong	85	8,600
5	Dai Zhikang	China	80	1,300
6	Li Kwok Cheong	China	65	200
7	Wang Zhongjun	China	60	1,400
8	Guan yi	China	50	220
9	Yang Bin	China	40	110
10	Zhang Lan	China	35	540

\*US\$ million  
Source: Wealth-X

Overall, China's market demand in works of art, B. Zhao, suggests that during the auction of Western art in 2016 in Shanghai, there were new clients bidding at the auction and the market was being supported by a younger age group of collectors. Correspondingly, Wu supports the view that during the last three to five years, there has been a positive demand for Chinese modern art. New collectors appearing in the market and they are relatively young.

Concerning the maturity of art market practices in China, Neng argues that Chinese clients are immature when compared to the international standards. Persistent 'bad habits' such as bidding for an artwork at auction then, having second thoughts and late payment still exist. This is why local auction houses and International auction houses created a deposit system among Chinese clients and especially to newcomers. B. Zhao

suggests that starting from 2012, Chinese collectors began to be exposed to the international standards in the art market. The arrival of international auction houses entering China after 2012 set an example of professionalism. B. Zhao emphasizes that Chinese collectors are in a process of learning the international standards and they are willing to improve themselves.

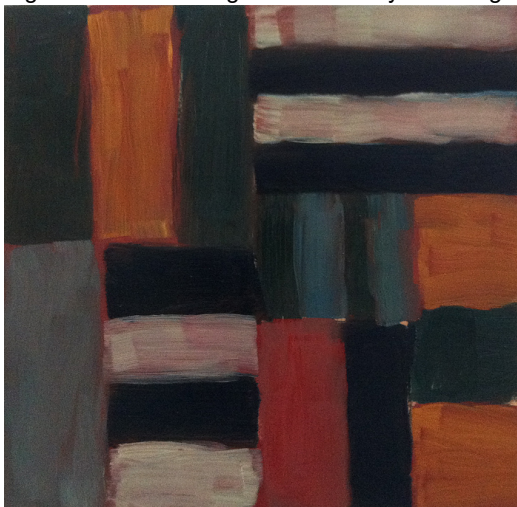
Furthermore, Wu has made a reference regarding to the power of auction houses in China. She suggests that auction houses in China have had the power in promoting and giving a significant value to artists. In addition, advice from staff at auction houses is influential. The higher the auction result, the more artist seems to be worth. In addition, Chinese collectors follow the trends of positive auction results. Wu believes that from the collector's point of view, buying from a gallery is the second option. When collectors begin to collect, they tend to first approach auction houses. Very often, Wu's Chinese clients go to her gallery, ShanghART through their purchases at an auction house because they find out that artist is being represented by the gallery. This approach is very common for the older generation of Chinese collectors. The major reason that her Chinese clients buy at the gallery is because the gallery is the primary market; therefore, it offers a better price. However, the starting point is that Chinese collectors recognize the artwork has a high investment potential which one day, can be resold in the secondary market such as via an auction house.

### 3.2.3 Chinese Modern Art Is Influenced by Western Art: So Is the Market

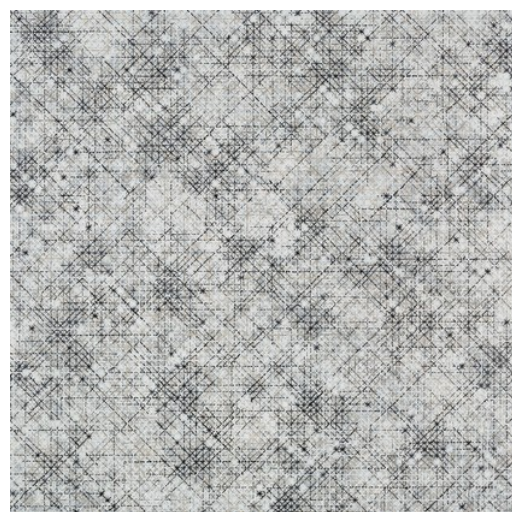
Yang suggests that the first generation of Chinese modern art artists have the background of studying abroad and mainly in France. For instance, Zao Wou-Ki, Wu Guan-Zhong and Chu The-Chun. The market taste of Chinese collectors favour Chinese modern art which with a touch of Western style. B. Zhou supports the view that Chinese modern art is influenced by Western art; for instance, major medium used is oil paint. In a general trend, Chinese collectors are opening up themselves to accept Western art. This is because the Western art market is more mature than the one in China; therefore, it is more stable and predictable. In addition, the Chinese government no longer restricts Chinese auction houses from hosting auctions for Western art. Furthermore, impressionist, post-war, and Western contemporary works have been publicly promoted in China. He suggests that through his experience in hosting the first auction of Western art in Shanghai in December 2016, artworks from the post-war period seem to be the preference for Chinese collectors who are beginning to collect Western art.

Wu appears to agree with this statement by suggesting Chinese modern art artists are highly inspired by Western styles. The origin of their inspiration can be traced from the West. For instance, one of the Chinese artists represented by ShanghART gallery, Ding Yi, is inspired by Sean Scully. Wu concludes that many of her Chinese clients began to collect Western modern art by going through a systematic study. In the case of Ding Yi, her Chinese clients got to know Sean Scully and from there, they found many other abstract artists with a horizontal approach.

Figure 3.2.2 : Painting of Sean Scully and Ding Yi



Wall Dark Green (2015) by Sean Scully  
Source: Sean Scully Studio



Appearance of Crosses 2015-16 (2016) by Ding Yi  
Source: ShanghART Gallery

### 3.2.4 Private Art Museums in China

*Private Art Museum Report 2016* by LARRY'S LIST suggests that there have been three stages of development in the evolution of China's contemporary private art museums. The initial stage started in the mid 1990s; however, most of the museums have since closed down for example, the Shanghe Museum in Chengdu (2<sup>nd</sup> tier city), Dongyu Museum in Shenyang (2<sup>nd</sup> tier city), Taida Art Museum in Tianjin (2<sup>nd</sup> tier city). The second stage of development happened in 2007 in Beijing when the Belgium collectors Guy and Myriam Ullens founded a non-profit contemporary art museum, Ullens Center for Contemporary Art (UCCA). Sources suggest that this museum kick-started the arrival of the private art museum in China. The third stage of development started in 2010 when China witnessed a booming evolution of private museums. These museums have mushroomed in five years since 2012 (Table 3.2.3).

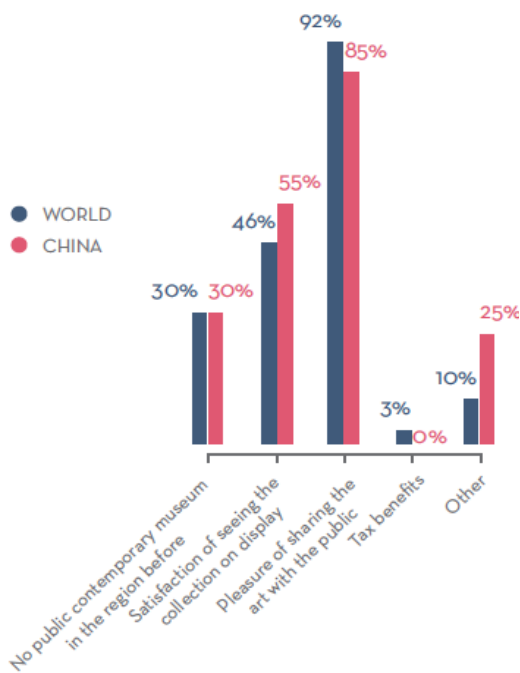


Figure 3.2.3(1): Motivation for Founding a Private Museum Versus the World

Source: Private Art Museum Report, Larry List's Ltd and AMMA, 2016

Stauffer believes that the lack of public contemporary museums in China is still a driving force. It is also about the pleasure of art owners sharing their collections with the public. In addition, there is the satisfaction derived from receiving public recognition for what they have achieved. Stauffer is convinced that founders of private museums in China have a mission to provide to the public audience. Nevertheless, they have to be really passionate about art in order to do so.

The statement provided by Stauffer is supported by the *Private Art Museum Report 2016* by Larry List's. It suggests that 85% of China's private museum founders responded that the pleasure of sharing the art with the public was their key motivation. 55% of private museum founders in China answered that it was due to the satisfaction of seeing their collection on display.



Table 3.2.3: Tier 1, 2 and 3 Cities: Private Museums in China Built Since 2012

Tier 1 Cities in China			
Name	Founded Date	Location	Founder
Today Art Meseum <sup>1</sup>	2002	Beijing	ZHANG Baoquan
Rockbund Art Meseum	October 2012	Shanghai	Thomas OU Taping
LONG Museum Pudong	December 2012	Shanghai	LIU Yiqian and WANG Wei
LONG Museum West Bund	March 2014	Shanghai	LIU Yiqian and WANG Wei
Red Brick Art Museum	May 2014	Beijing	YAN Shijie and CAO Mei
YUZ Museum	May 2014	Shanghai	TEK Budi
Minsheng Art Museum	2014	Shanghai	Ching Minsheng Banking Corporation (CMBC)
M WOODS	2014	Beijing	LIN Han and LEI Wanwan
Qiao Space	September 2015	Shanghai	QIAO Zhibing
LONG Museum Chongqing	May 2016	Chongqing	LIU Yiqian and WANG Wei
How Art Museum	Expected June 2017	Shanghai	ZHENG Hao

Tier 2 Cities in China			
Name	Founded Date	Location	Founder
A 4 Art Museum	March 2008 <sup>2</sup>	Cheungdu	Wide Horizon Investment Co.
Sifang Art Museum	2013	Nanjing	LU Jun and LU Xun
T Museum	June 2014 (Closed in 2016)	Hangzhou	Tianrenhe Art Investment Ltd.
Guangda Art Museum <sup>3</sup>	October 2015 (Closed in 2016)	Hangzhou	Guangda Holdings Ltd.

Tier 3 Cities in China			
Name	Founded Date	Location	Founder
How Art Museum	2013	Wenzhou	ZHENG Hao
Yinchuan Meseum of Contemporary Art (MoCA) <sup>4</sup>	August 2015	Yinchuan	MinSheng Real Estate Development

<sup>1</sup> First private and non-profit museum in China

<sup>2</sup> August 2016, formally registered as private operated museum

<sup>3</sup> After the grand opening, the museum has no more activities

<sup>4</sup> The institution was developed under a new public-private partnership policy called BOT (build-operate-transfer), (MOVIUS, Lisa, 2015).

In terms of functionality, Stauffer argues that having a private museum in China with international standards and continuous education programmes to the public is a great challenge. Neng supports the view that it is essential to build up an aspiration in order for the public audience to go to these museums and for it to become a destination. Neng points out two aspects of operating a museum; 'hardware' and 'software'. In the case of 'hardware', 90% of private museum founders have a real-estate developer background; therefore, whether building a residential property or 'a house for art', it is relatively uncomplicated project for them. However, having a museum that meets the international standard needs 'software', which is a whole team of professional staffs and to provide interesting programmes. The most common constraint for private art museums in China is the lack of talent in creative industry management. This statement is supported Wang Wei, Founder of Long Museum in China, *"The practical problem is that our team has no background in museum operation. I don't think this is a problem for us alone. The lack of professional training of museum staff is a widespread problem in the creative industry in China. I believe that that we need to learn how to improve the details of exhibition services and academic management"* (Larry List's Ltd. and AMMA, 2016).

Neng suggests that most private art museums in China face another common issue in that there are not enough permanent and systematic collections. Unlike museums in Europe and in the United States with which provide a permanent collection along with regular exhibitions. Nowadays, private museums in China spend a great amount in hosting temporary exhibitions and inviting external curators. In the *Private Art Museum Report 2016* by Larry List's supports that a great amount of art institutions in China has ten or more exhibitions annually. In contrast, Western countries such as Germany, the United Kingdom and Greece host fewer exhibitions between one to three exhibitions per year with a long period of time. Regarding annual budget, several private museums in China spend over US\$ 5 million per year. In contrast, most museums in Germany, the United Kingdom and Italy often operate under US\$100,000 annually. In terms of legal set up, only 10% of private art museums in China are opened as a foundation. Whereas, more than half of private museums in Western countries identify themselves as a foundation; especially in the United States and the United Kingdom (Larry List's Ltd. and AMMA, 2016).



Figure 3.2.3 (2): Opening of Guangda Art Museum in Hangzhou with solo exhibition of Alberto Giacometti  
Source : Guangda Art Museum

Neng concludes that a great number of private art museums in China host grand opening ceremonies then, disappear as far as the museum world is concerned. One example of this scenario is Guangda Art Museum in Hangzhou which had a grand opening on October 2015 along with a solo exhibition of Alberto Giacometti. Sources suggest that it is possible that the museum closed down by the middle of 2016.

D. Kwok suggests that one possible motivation in opening private art museums in China is to provide a brand-building for the founder's company. In addition, the aim is to use the cultural industry for networking purposes. Most significantly, the museum founders spend lavishly in building and promoting their museums but they disappear in the art scene quickly due to the lack of long-term strategy in funding. In addition, most museum founders have no interest to support historical research or to provide academic rewards.

### 3.2.5 Secondary Market in China and Benefits for Buying from Gallery

The secondary market is mainly based around auction houses in China. Art dealers and art consultants are still as an uncommon channel for the secondary market so how do Chinese collectors resell their artwork except by going to auction houses? Stauffer supports that art advising in China is a rare practice. In a general sense, people are not as willing as Western clients to pay for advice. Through his engagement with Chinese clients, Stauffer emphasises that he has to help his Chinese clients to understand the added value that an art consultant provides. Most often his clients would ask about what an art adviser does and if their advice is investment related.

Wu supports the view that in China, art dealers and art consultants are not that common and this area of the secondary market is immature. A unique scenario happens in China is that galleries also provide the same service as art dealers. For example, her Chinese clients bought works many years ago, and the artist is still being represented by the gallery. The Chinese clients would like to sell their collections without going through auction houses. From time to time, they would approach the gallery as an intermediary for seeking to sell. If there is a good match, the gallery will complete the deal.

Except auction house, founders of private art museums in China also buy art from galleries. For instance, Qiao Zhibing, Founder of Qiao Space in Shanghai states that his preferred channel of buying art is directly from galleries (MICHALSKA, Julia, 2017). In 2006, Qiao made his first serious purchase in Art Basel, Switzerland. Qiao discovered the work of Shanghai artist, Zhang Enli at Hauser & Wirth's booth. Since then, Qiao has maintained a close relationship with the Hauser & Wirth gallery (POLLACK, Barbara, 2016). It seems that buying from galleries offer another advantage. For instance, in 2015, Qiao hosted at his private museum in China for a solo exhibition of Wilhelm Sasnal, an artist represented by Hauser & Wirth. Later in 2016, Another collaboration between Qiao Space and Hauser & Wirth was a solo exhibition of Martin Creed. Further collaborations are expected to follow. Yang believes that founders of private art museums in China have now improved their management skills. Sharing their passion with the public is one of the goals but there are many ways to achieve it.

Figure 3.2.4 (1): Solo Exhibition of Wilhelm Sasnal (Painting) and Solo Exhibition of Martin Creed (Understanding) at Qiao Space



Source : Qiao Space



Source : Qiao Space

Another example of a solo exhibition of an artist represented by a Western Gallery is Long Museum in Shanghai. In 2015, Wang We, Founder of Long Museum, was at New York's Pace Gallery to attend an exhibition opening of James Turrell. Immediately, Wang Wei got the idea of bringing Turrell's installations to China (XU, Chenchen, 2017).

Figure 3.2.4 (2): Solo Exhibition of James Turrell (Immersive Light) at LONG Museum



Source : LONG Museum (West Bund)

### 3.3 Characteristics of Collectors

#### 3.3.1 The Younger Group (Early 30s to Mid-40s)

Stauffer suggests that works of art priced up to USD\$100,000 are highly accessible to clients up to 35 years old and they make decisions quite quickly. The younger group of collectors have studied abroad and often return to China after their studies. This group of Chinese clients have started collecting Asian art and they would like to blend in Western art. They therefore seek for professional advice from his firm. Types of works which have been sold are established Western contemporary art, Italian Arte Povera and American post-war art.

Table 3.3.1 : Client Profile for The Younger Group of Collector (Early 30s to mid-40s)

Age	30 to 45 years old
Generation	2 <sup>nd</sup> Wealthy Generation (富二代 <i>Fùèrdài</i> )
Education	Study abroad and return to China
Industry	E-commerce and Finance
English Skills	Good-Level to Fluent
Collection	Begin with Asian art then, blend in Western art
Characteristic	<ul style="list-style-type: none"> <li>• Explore ‘newness’ and open to accept conceptual art e.g. video art, photography, decorative art</li> <li>• Exposed to international practices and standards</li> <li>• Select works by themselves</li> <li>• Attend international art fairs independently</li> </ul>
Payment methods	<ul style="list-style-type: none"> <li>• Self-finance</li> <li>• Financially supported by family</li> </ul>

Wu puts forward that the new collectors appear in the market are the second wealthy generation (富二代 *Fùèrdài*). They all have studied abroad and have returned to China. Furthermore, they are open-minded and aim to explore ‘newness’ such as video art, photography and decorative art. This group of Chinese clients collect a much wider range of art than the older generation. Neng supports the view that the younger group of collectors no matter whether they are under or above 30, if they have overseas experience, they are totally open to all kinds of contemporary art; including Western, Chinese, Japanese and Korean. Due to their overseas exposure, they have better understanding of international standards and practices.

Yang suggests that the younger group of collectors pursue new ideas and have modern thinking. They enjoy selecting works and attending international art fairs on their own. They also collect international artists including Western contemporary and Korean and

Japanese artists such as Takashi Murakami and Yayoi Kusama. B. Zhao concludes that through his experience in hosting the first auction of Western art in Shanghai, Chinese collectors under age 42 have a preference towards collecting Western works of art and art from emerging Chinese artists. B. Zhao emphasises that this group of collectors is the hope for Western art in China. Most of them are the CEOs of public companies in the E-commerce or finance industry. E-commerce is a driving force of the Chinese economy. For instance, in ten years, there has been a 37% increase in online shoppers in China, rising from 5% in 2008 to an estimated 42% by 2018. The boom in the E-commerce industry in China has generated much wealth, in turn increasing the amount of wealthy entrepreneurs with disposable income who may decide to invest in art.

Figure 3.3.1: E-Commerce Development in China by Morgan Stanley



Source: Morgan Stanley (2015), Gartner (PC data & estimates), OVUM (smartphone data & estimates), CNNIC (online shoppers penetration), Morgan Stanley Research (online shoppers penetration estimates)

### 3.3.2 The Older Group (Mid-40s to Early 60s)

Neng suggests that the older generation of collectors are more experienced with the Chinese traditional art market. However, duplications are a major concern, since there is a large amount of counterfeit artworks, especially for Chinese calligraphy, antiques and ceramics. The older group of Chinese collectors are enthusiastic about the royal palace's cultural relics, as their purchase translates to their repatriation. B. Zhao puts forward the idea that the older generation of Chinese collectors has a strong attachment to traditional Chinese art which can never be replaced. D. Kwok claims that those who collect Chinese antiques (imperial objects) and ceramics have a strong sense of nationalism. These collectors are around 40 to 60 years old. Furthermore, more than 90% of collectors are male. Only around 5% of collectors interested in Buddhist art due to religious beliefs are female. D. Kwok suggests that his clients who collect Chinese antiques and ceramics (古董 Gǔdǒng) currently have no interest in Western art. Most of his clients are the owners of manufacturing, real estate or financial companies. They do not speak or write English and they grew up and are based in mainland China. This group of collectors especially prefers to buy established artists and they closely follow trends set by auctions.

Table 3.3.2: Client Profile for The Older Group of Collector (Mid-40s to Early 60)

Age	40 to 60 years old
Generation	1st Generation of Business owners
Sex	More than 90% are male collectors
Education	Grown up and based in China
Industry	Manufacturing, Real estate, Finance
English Skills	None to Limited
Characteristics	Established artists Prefer to buy at auction houses Follow trends from auction results
Collection	1. Since 1990s: Begin with traditional Chinese calligraphy 2. Since 2000s: Move into Modern Chinese calligraphy 3. Since 2000s: Chinese modern art began to be popular 4. Since 2010s: Western Works of art
Motivation	Preliminary interest in art Diversification of wealth
Payment methods	Self-finance and avoid borrowing from banks
Issue	Delay of payment (China's banking policy: limit outflow of foreign currency)



Wu suggests that most of her clients come from a background in collecting traditional Chinese calligraphy. When this group of collectors begin to collect other categories of art, they are likely to start with Chinese modern calligraphy then, move into Chinese modern art suggest by Yang and Wu. In addition, when they begin to collect across this boundary, they tend to select oil paintings with understandable subject matter, which we normally find in Chinese calligraphy. Gradually, they grow to accept more abstract themes. One possibility which encourages them to collect Chinese modern art is because these artists are still alive; therefore, the risk of buying a duplicated version is much less likely. Regarding motivation for collecting, the collectors have preliminary interests in art but their larger motivation in diversification of wealth. They have a strong belief that their purchase will maintain its market value and resale possibility even though they do not consider to sale in the near future. Their purchases are completely self-financed and they avoid borrowing from banks because they believe that it is unreasonable to buy an artwork which are unaffordable.

### **3.3.3 ‘Investors’ Become ‘Collectors’ – The Learning Curve**

Neng believes that there is a learning curve for everyone. People start buying art with a focus on investment perhaps due to uncertainty with the market. Especially for the beginners, if they believe what they buy can be resold later and with an increased price value, it sounds much more attractive thus, they appreciate more by the value of the work. During the process of collecting, they get to know more about art and go deeper into the work which they purchase. All these become an inspiration for collectors. Eventually, the collectors will get touched by art and broaden their collections. Zhao asserts that as the art market in China develops generally, Chinese collectors will collect in a more mature manner, but this may take some time to happen.

Nowadays, investment still plays a role for Chinese collectors but it is getting much less important. Neng believes that Chinese collectors want to make sure an artist will not die out in the market in the near future. Wu supports the view that Chinese collectors have become much more rational than years before. This is because they have realized that art is a long-term investment not a speculative commodity. For this reason, speculators who hope to flip art and maximize profits in a short period of time, are becoming much less common. In addition, secondary market in China is mainly based on selling via auction houses. Through the development of the art market in China, Chinese collectors have become aware that art cannot be a high return investment in three to five years-time. Art is less liquid than other investments such as stocks and property. Nowadays, most of Wu’s Chinese clients perceive art as a long-term investment; for example, retirement plan or gift for the next generation.

### **3.3.4 Family Art Funds: Individualist or Collectivist Approach**

According to Stauffer, in most cases, it is obvious that his Chinese clients who are at their 30s were not able to self-finance the pieces which they bought from the firm. However, when they find an artwork they like, they ask permission from their parents in order to finalize the deal. In a general sense, if the younger Chinese clients are dependent on their parents, the decision making is often a family based decision. However, the parents tend to be very supportive of their children. The lead in buying an artwork is still based on the collector who initiates the deal and who makes the effort to propose the artwork to their parents. In 95% of these cases, the proposed artwork found its way to the client's collection with the agreement of the parents. The parents rarely say no if they disagree with the style of the artwork.

Neng suggests that decision making within the family depends on the family's educational background. If the parents set up a family art fund and manage the fund by themselves, they tend to collect a larger proportion of Chinese traditional art. Wu supports the idea that fund providers such as the parents have a strong influential power in decision making. However, it seems that only at the beginning of most cases, the parents and the children will need to agree upon a win-win decision. But over time, if the works selected by the children increase in value after a few years, the parents will be convinced by the tastes of their children in Chinese modern art. Little by little and gradually, the parents develop full confidence in their children's decision making.

It seems that the fund provider has the biggest power in decision making. However, the person who is assigned to be the fund manager has sufficient power to finalize the deal. If the son or daughter is assigned to such a position, it seems that the parents already have full confidence in their ability to make sound decisions. In addition, no matter who provides the funding, the collection is still based on the tastes of the collector or deal initiator.

### 3.3.5 Advice from Experts

Neng provides two opinions from collector's point of view and art seller's point of view. Overall, Chinese clients are fast learners and they follow art market trends closely. They learn fast but motivation such as peer competition encourages them to experiment with new things. From the collector's point of view that very often when they buy an artwork from a new artist, they are unsure whose work they should buy. In this case, they ask their friends' opinions especially, those who are established with successful careers. From the art seller's point of view, there are short-term and long-term approaches in getting recognition by Chinese collectors. For the short-term approach, in some cases, Western and Chinese art sellers such as galleries and dealers adjust themselves to cater to 'Chineseness' in order to fit into Chinese collector's tastes. Although this is a temporary solution; however, it is unsustainable. For the long-term approach, art sellers should 'be themselves' and maintain their unique characteristics. There are already many Chinese collectors who attend art fairs in places such as Basel, Miami and New York. It is just a matter of time and there is a learning curve for everyone.

D. Kwok explains that there is a network system in the Chinese culture. Art sellers need to be introduced by their clients. Introduction from collector to collector increases trust when they are being presented. In addition, D. Kwok believes that there is a high power distance in the Chinese culture meaning that Chinese people are proactive if the other person has the same social class or more superior social status. If art sellers would like to draw attention from Chinese collectors, the first thing is to gain respect from them. Chapter 2.5, "No Longer Collectivist but Individualist Choice" shows the 6-D Model (Table 2.5) developed by Hofstede, Bond and Minkov (2010) which supports the view that power distance in Chinese culture is at a score of 80, meaning that there is a hierarchical order in which everyone has a place, and inequalities amongst people are acceptable. From a Westerner point of view, Stauffer finds it impossible to operate solely from Europe and to attract Chinese clients. In the case of Stauffer, the key to success is his regional director who knows the Chinese culture and speaks the language. This bridge person between Switzerland and China has helped the company dramatically. In addition, it gives the company credibility and access to the market.

### **3.4 Summary**

Chapter 3.2, “The Art Market in China” is divided into four sections.

Sub-chapter 3.2.1, “The Development of China’s Art Market” includes four aspects of market study. Firstly, a timeline states the milestones of the market development which are mentioned in the interviews and in Chapter 2, “Analysis of Literature”. Secondly, it discusses how China’s art market is developing towards the international standards. Thirdly, it provides information related to the biography of the new Chinese art collectors. Fourthly, it discusses the power of auction house in China.

Sub-chapter 3.2.2, “Chinese Modern Art Influenced by Western Art: So Is the Market” moves on to discuss how Western ideologies have directly impacted the creation of Chinese modern art. Thus, Chinese modern art with a touch of Western style has become the latest trend in market tastes. In addition, it provides a comparison table of paintings by Sean Scully and Ding Yi to explain a systematic study in selecting Western art from initial purchases of Chinese modern art.

Sub-chapter 3.2.3, “Private Art Museums in China” traces three stages of development of private art museums in China starting from the mid-1990s, the early 2000s and from 2010 onwards. It also discusses the reasons why many of these private museums have not continued, the main reason being the lack of vision and understanding about how to maintain public interest.

Sub-chapter 3.2.4, “Secondary Market in China and Benefits of Buying from Galleries”, explains the limitations of the secondary market in China, which revolves mainly around auction houses. Collectors who buy and sell on the secondary market use galleries for this purpose, as art dealers are rare in the country. Another benefit provided by maintaining positive relationships between Western galleries and founders of private museums in China has led to numerous collaborations between two parties.

Chapter 3.3 “The Characteristics of Collectors” is divided into several sub-chapters.

Sub-chapter 3.3.1, “Younger Group (Age: 30s to 40s)”, this group of collectors have mostly studied abroad and returned to China. Their collection of art focuses on modernistic and/or futuristic forms. Many owners of E-commerce companies in China have become the new purchasing power in the art market. This group of collectors is also the hope of Western art for the Chinese market.

Sub-chapter 3.3.2, “Older Group (Age: 40s to 60s)”, this group of collectors are more exposed to and experienced with the market of traditional Chinese art. They have mostly never lived outside China. They have a preliminary interest in art but investment aspects seem to be important criteria. In addition, there is a biography of client profile for Chinese antiques and ceramics.

Sub-chapter 3.3.3, ‘Investors’ Become ‘Collectors’ – The Learning Curve explores how people become collectors after first looking at art as a form of investment. Their involvement leads to them developing a greater interest in the world of art, and therefore progress in the maturity of their purchasing behaviour and understanding of how the market works.

Sub-chapter 3.3.4, “Family Art Funds: Individualist or Collectivist Approach” explains how family dynamics may affect purchasing decisions. In fact, it was found that once the family children have been successful in their purchasing behaviour, the parents frequently leave purchasing decisions in their children.

Sub-chapter 3.3.5, “Chinese Collectors: Common Questions and Common Constraints” discusses common problems faced by the art trade in its dealings with Chinese customers. These problems are 1. payment delays caused by Chinese banking regulations for outflow of foreign currency, 2. language barriers due to either lack of Chinese speaking staff or documentation in English and 3. building trust between the client and company. Common solutions include the use of credit cards, the hiring of Chinese-speaking staff and often network relationships between clients themselves.

Sub-chapter, 3.3.6, “Advice From Experts” suggests that some art sellers adapt the ‘Chineseness’ in reaching the taste of their clients as a short-term strategy, but there is a need to maintain corporate and unique identity as a long-term approach. Secondly, it is important to realise that Chinese culture works via network relationships and is quite hierarchical in nature, meaning that social status plays quite an important role. The third point brought up is that European companies need to have staff based in Hong Kong or Mainland China in order to make contact with Chinese customers.

## 4. Discussion

### 4.1 Zenya Kwan's Six Typologies of Chinese Art Collector in Four Groups

The six typologies of Chinese art collectors are inspired from the findings from empirical analysis in Chapter 3.3, "The Characteristics of Collectors". Then, it further develops along with the Table 2.6, Combined Table of Uli Sigg and Alexandre Errera.

Table 4.2: Zenya Kwan's Six Typologies of Chinese Art Collector in Four Groups

Group	Typology	Drivers
Younger Group	Young & Worldly	Young, Fashionable, Successful, Love Art
Older Group	Nationalist	Restoration of National Greatness
	Super-Star Experimentalist	Demonstration of Personal Capability
Disappearing Group	Flippy Investor	Chinese Culture of Speculation
Future Group	Influentialist	Making an Impact to the World
	Systematist	Build a Collection with a new level of Dialogue

The six typologies of collectors are divided into four groups. Firstly, The Younger Group (30s to 40s) has the typology of Young and Worldly. Secondly, The Older Group (40s to 60s) has the typologies of Super-Star Experimentalist and Nationalist, Thirdly, The Disappearing Group has the typology of Flippy Investor. Fourthly, The Future Group has the typologies of Influentialist and Systematist. The most significant groups mentioned in the interviews are The Younger Group (30s to 40s) and The Older Group (40s to 60s). Age does not make up the entire definition of these two groups of collectors but they are mentioned in the interviews as the majority of age of collectors. The other two groups are mainly inspired by personal observations of the art scene in China and Uli Sigg's assumption of five styles of collecting mentioned in Chapter 2.6.

One of the styles of collecting suggested by Uli Sigg called "I Like Art" refers to the purchase based on the taste of the collector and not within any coherent concept. As suggested by Sigg, most buyers remain in this state of collecting. This style of collecting applies to all six typologies of Chinese art collectors in this section. One possible reason is due to the immature secondary market mentioned in Chapter 3.2.4. Professional art consultancy is an uncommon practice in China. In addition, demand for professional advice for a systematic approach in collecting art is low, according to Stauffer and Wu. As a result of this, a fully independent approach is required when deciding what to buy. This is either based on the '*I like; therefore, I buy*' approach or by making reference to friend's purchases suggested by Neng in Chapter 3.3.6, "Advice from Experts".

#### 4.1.1 The Younger Group: ‘Young & Worldly’

Uli Sigg [5 Styles of Collecting]	Alexandre Errera [3 Layers of Chinese Collectors]	Zenya Kwan [6 Typologies of Chinese Collectors]
<p style="text-align: center;"><b>I like Art</b></p> <ul style="list-style-type: none"> <li>• Most common style of collecting</li> <li>• Most ‘buyers’ remain this stage</li> <li>• Majority of collectors starts this way</li> <li>• Purchases based on the taste of the collector and not within any coherent concept</li> </ul>	<p style="text-align: center;"><b>1<sup>st</sup> layer: New Generation</b></p> <ul style="list-style-type: none"> <li>• Between 20 to 30-year-old</li> <li>• Focus in contemporary art</li> <li>• Collect also conceptual art</li> <li>• Not interested in traditional Chinese art</li> <li>• Don’t know where to start</li> <li>• 2nd or 3rd Generation of tycoons</li> </ul>	<p style="text-align: center;"><b>Young and Worldly</b></p> <ul style="list-style-type: none"> <li>• Most likely have studied abroad</li> <li>• Good level to fluent in English</li> <li>• Likely to attend international art fairs independently</li> <li>• Interests in all kind of contemporary art from Western to Eastern and conceptual art</li> <li>• Finance or E-commerce industry</li> <li>• 2<sup>nd</sup> or 3<sup>rd</sup> generation of tycoons</li> </ul>

Table 4.2.1 (1): Younger Group of Chinese Art Collectors: Young and Worldly

Managing a private museum by this group of collectors, it is called “Children: Fund Manager”. They are either being funded partly or fully from the family. In addition, they are assigned to be the fund managers for collecting works of art and operating their private museums. Mostly, they are the second wealthy generation (*fùèrdài*) and are in their early 30s. For instance, LIN Han, Founder of M WOODS Museum in Beijing.

The **Young and Worldly** type of collectors implies the ‘I like Art’ style of collecting by Sigg and the first layer of ‘New Generation’ of Chinese collectors by Errera. This type of collectors is roughly at their end of 20s to the beginning of 40s. They also refer to young individuals who are the future of society and in a process of shaping the future of China. The driving force for this type of collectors can be the positive presentation of being young, fashionable and successful. According to Stauffer, acquiring Western works of art has an image in participating Western life style and it seems fashionable. Nevertheless, very commonly, parents in a wealthy family in China require their children to participate many non-school activities such as drawing, dancing and English lesson etc. For instance, Lin Han, founder of M Woods museum in Beijing, his extra curriculum was painting during his childhood. For this reason, some of these young collectors may have already been exposed to art and creativity.

Furthermore, most Young and Worldly type of collectors have studied abroad and returned to China. As a result of this, they are fluent in or have advanced English. They attend international art fairs independently. Due to their overseas experience, they have a better understanding of international standards than their elders. They have no interest in Chinese traditional art. In addition, this type of collectors has a greater range of



categories for art compared to the older generation. They look to emerging Chinese artists, Eastern or Western contemporary art and conceptual art such as video art and photography. They are also the main purchasing power in acquiring Western art in the China. They are either children of tycoons or CEOs of public companies in the finance or e-commerce industries. B. Zhao suggests that this generation of new collectors mainly consists of elites from the e-commerce industry, due to economic developments in China.

#### 4.1.2 The Older Group: ‘Nationalist’ and ‘Super-Star Experimentalist’

The Older Group refers to those who are roughly in their 40s to 60s. They are the first generation of collectors. In addition, they begin their collecting with traditional Chinese art, then merge into other categories. They were born and raised in China. Mostly, they are the first generation of self-made entrepreneurs from a working class background in China. In addition, they are the concentration of wealth among the top one percent of the Chinese population. For instance, Liu Yiqian (b. 1963 and 54-year-old), Founder of Long Museums who is a former taxi driver and made his fortune on the stock market in the early 1990s. Furthermore, the majority of this group of collectors are the parents of the younger group of collectors, ‘Young and Worldly’.

For this group of collector when managing a private art museum, the management style is called “Parents and Couples: Direct Decision Maker”. Mostly, they are the first generation of collectors. In addition, they are the fund providers and the ones who collect. Currently, the majority of established private museums in China operate under this form of management. For instance, LIU Yiqian and WANG Wei, Founders of LONG Museum in Shanghai and YAN Shijie and CAO Mei, Founders of Red Brick Art Museum in Beijing.

Uli Sigg [5 Styles of Collecting]	Alexendre Errera [3 Layers of Chinese Collectors]	Zenyia Kwan [6 Typologies of Chinese Collectors]
<p style="text-align: center;"><b>Focused</b></p> <ul style="list-style-type: none"> <li>• Central idea which disparate items are combined to create new levels of meaning</li> <li>• Makes the difference of a true collecting and an accumulation</li> <li>• Requires discipline</li> </ul>	<p><b>(UNIDENTIFIED)</b></p>	<p style="text-align: center;"><b>Nationalist</b></p> <ul style="list-style-type: none"> <li>• Chinese Ceramic &amp; Antique</li> <li>• No English skills</li> <li>• Do not collect Western art</li> <li>• Do not seek for social status</li> </ul>
<p style="text-align: center;"><b>Status Symbol</b></p> <ul style="list-style-type: none"> <li>• Collect must have pieces</li> <li>• Great icons of art history</li> <li>• Distinction of high society</li> <li>• Big names at auction</li> <li>• Require high capital</li> </ul>	<p style="text-align: center;"><b>2<sup>nd</sup> layer: Super Collectors</b></p> <ul style="list-style-type: none"> <li>• Begin with masterpieces</li> <li>• Blue-chip Western art</li> <li>• Most of them from completely new to the top buyers list</li> </ul>	<p style="text-align: center;"><b>Super-Star Experimentalist</b></p> <ul style="list-style-type: none"> <li>• Not interested in conceptual art</li> <li>• Focus on oil painting</li> <li>• Buy established artists</li> <li>• Prefer to buy at auction houses</li> <li>• Gallery is the second option</li> </ul>

Table 4.2.2: Older Group of Chinese Art Collectors: Nationalist and Super-Star Experimentalist

**Nationalist** implies the 'focused' style of collecting suggested by Sigg. Nationalist refers to collect only Chinese cultural relics including Chinese traditional calligraphy, ceramics, antiques and imperial objects. D. Kwok supports that the majority of his Chinese clients do not collect Western art neither seek for social status. They are primarily interested in art but the object being able to maintain a substantial market value plays an important role. B. Zhao puts forward the idea that the older generation of collectors will never lose the passion of traditional Chinese art. One driving force for collectors remain as Nationalist is the fulfilment of restoration of national greatness. In addition, exposure to the history of imperial China has been a part of the education programme at early age. Furthermore, Mao Zedong's Cultural Revolution (from 1966 to 1976) was a prohibition period for the public to discuss one's identity of origin. Conversely, since the arrival of Deng Xiaoping in 1978, China has experienced the freedom to rediscover Chinese history. As a result of this, for the older generation of collectors, owning an imperial object means owning 'a piece of history'. However, it is expected that some of these Chinese collectors may eventually attempt to acquire Western art. This may be due to market trends or influence from their children who have studied abroad and return to China with Western influences. From a personal observation, every single child from a slightly wealthy family in China has studied abroad. For example, Liu Yiqian's daughter LIU Wenchau (b.1989, 28-year-old) who has a degree in art management from New York University. Another example is the founder of Dalian Wanda Group, Wang Jianlin. His son, Wang Sicong (b.1988, 29-year-old) studied in Singapore for primary school and at British boarding School for secondary school and gained a degree in finance from University College London (UCL).

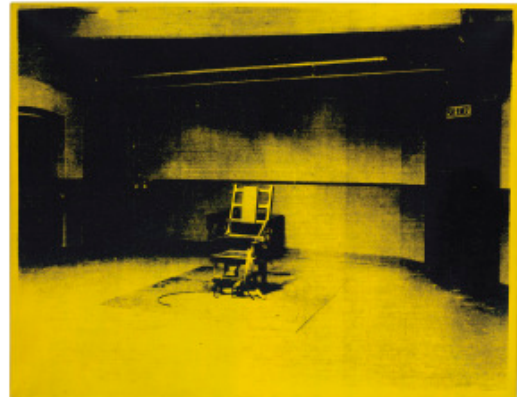
**Super-Star Experimentalist** implies the 'Status Symbol' style of collecting by Sigg and the second layer of 'Super Collectors' by Errera. This type of collectors is not a fan of conceptual art. They focus on oil paintings when they start collecting non-traditional Chinese art. They prefer to buy at auction houses and follow the trends of auction results. Buying from galleries is their second option. In addition, Super-Star Experimentalists only buy established artists, no matter what category of art that they are interested in. It does not require having a great knowledge of art but having sufficient capital is the key. The driving force to be a Super-Star Experimentalist is the demonstration of personal capability. This assumption is supported by Lin Han, Founder of M Woods Museum in Beijing suggests that it is a statement of power and wealth if one owns an Impressionist masterpiece (YUAN, Peggy, 2015).

From an economic point of view, consumers are *unwilling to substitute* lesser for a greater talent. They will not be satisfied by the work of a less well-known artist if they are able to effort a top artist. For example, one chooses not to spend time on lesser known Cubists if they can afford Picasso’s paintings (FREY, S. Bruno, 2003). Examples of Super-Star Experimentalists are Liu Yiqian (b. 1963), Wang Zhongjun (b. 1960), Zhang Lan (b.1959,) and Wang Jianlin (b. 1954). There are two approaches for Super-Star Experimentalists in acquiring Western art. The first approach is that collectors start collecting Western masterpieces straight away; for example, Zhang Lan bought two paintings in 2014 in a single auction at Christie’s; *Self-Portrait* (1988) by Martin Kippenberger and *Little Electric Chair* (1965) by Andy Warhol.

Figure 4.2.2 (1): Zhang Lan’s Purchase of Two Western Masterpieces in a Single Auction



*Self-Portrait* (1988) by Martin Kippenberger  
 Estimation: USD\$ 9-12million  
 Price Realised: USD\$ 18.6  
 Source: artnet, 2014



*Little Electric Chair* (1965) by Andy Warhol  
 Estimation: USD\$ 7.5 to 9.5 million  
 Price Realised: USD\$ 10.5  
 Source: artnet, 2014

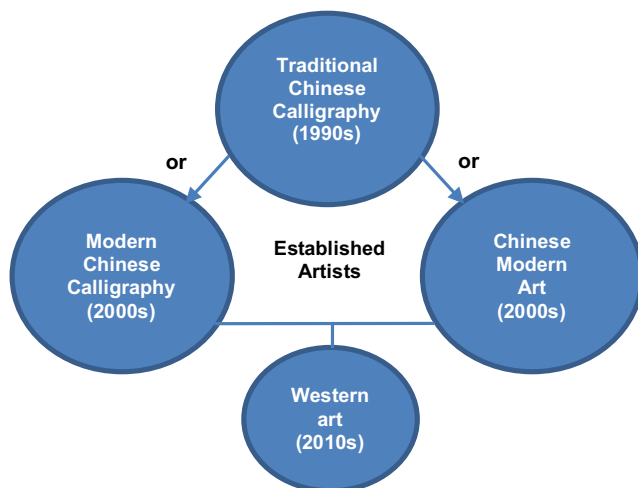


Figure 4.2.2 (2): Flows of Development from Collecting Traditional Chinese art to Western Art

The second approach is to follow the flows of development from collecting traditional Chinese art to Western art suggested as suggested in Table 4.2.2 (2). The reason why that such flow only apply to the older group of collectors is due to approximately of three decades’ period of time in reaching this development. The collector requires certain age in order to experience the art market development in China.

Figure 4.2.2(3) is the example of Wang Jianlin's Collection from Traditional Chinese Calligraphy to Western Masterpieces. Wang has been collecting for 20 years. Wang started collecting traditional Chinese calligraphy in the 1990s. At that time, buying and selling artwork publicly was still uncommon in China. In 1992, Wang bought the *Crouching Tiger and Curling Dragon* (1960) by Fu Baoshi directly from the artist's family. A decade later, Wang began to collect Chinese modern art in the 2000s and the market for Chinese modern art began to boom and prices were still low. For example, Wang has collected more than 70 pieces of artwork by Wu Guangzhong through private dealing. Published data is only available to be found from the secondary market such as pieces sold at the auction house. Due to this reason, one source found and bought by Wang was the *10.01.91* (1992) by Zao Wou-Ki in 2012 at Sotheby's London. From 2010s onward, the era in acquiring Western works began for Chinese collectors. For instance, Wang bought *Claude et Paloma* (1950) by Picasso in 2013 from Christie's New York.

Figure 4.2.2 (3): Wang Jianlin's Collection from Traditional Chinese Art to Western Master

Traditional Chinese Calligraphy Crouching Tiger and Curling Dragon (1960) by Fu Baoshi	Chinese Modern Art 10.01.91 (1992) by Zao Wou-Ki	Western Master Claude et Paloma (1950) by Pablo Picasso
		
<p>Bought from family of Fu Baoshi in 1992 for USD\$ 967,352 Source: Wanda-group.com</p>	<p>Bought from Sotheby's London in 2012 for USD\$ 2,523,754 Source: Sothebys.com</p>	<p>Bought from Christie's New York in 2013 for USD\$28,165,000 Source : Christies.com</p>

### 4.1.3 The Disappearing Group: ‘Flippy Investor’

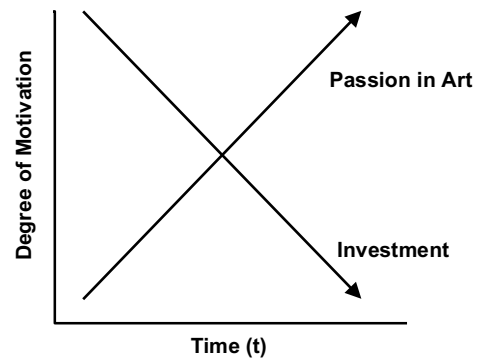
**Flippy Investors** have no age specification. They could be anyone who aims to generate profits by investing in art. This type of ‘buyer’ is becoming less common in China. In order to flip art, one needs to be very knowledgeable about the market. In addition, seeking professional advice from art consultants or dealers is still an uncommon practice in China. Flippy investor speculates a high price value at an early stage of an artist’s career thus, this can cause serious damage to the steady development of an artist’s market value. The immature secondary market in China places major constraints on art trading. Currently, in China, auction houses are still the major and only platform for secondary market trade. Furthermore, Chinese collectors have begun to realize that art has fewer liquidation possibilities than other commodities e.g. stocks or property. One possible driving force for this type of collector is the culture of speculation. Chinese investors prefer to speculate instead of investing for the long-term. This speculative behaviour also exists in property and stock market in China. When the market experienced a sense of insecurity, investment as safe haven options such as gold and art brought the attention to investors. For instance, during the economic crisis in 2008, Su-Mei Thompson, Director of Strategic Business Development Asia Christie’s, published an article on HSBC’s website in China explaining how art can be a source of investment. Thompson emphasizes that investment in art is comparable with stocks and bonds.

Uli Sigg [5 Styles of Collecting]	Alexandre Errera [3 Layers of Chinese Collectors]	Zenya Kwan [6 Typologies of Chinese Collectors]
<p style="text-align: center;"><b>Investment</b></p> <ul style="list-style-type: none"> <li>• Generate returns from art</li> <li>• Good knowledge of the market</li> <li>• Seek for professional advice</li> <li>• Common method is follow trend</li> </ul> <p>Young artists: High risk ventures Emerging artists: Early stage Ripe artists: Established markets Blue-chip artists: Masterpieces</p>	<p><b>(UNIDENTIFIED)</b></p>	<p style="text-align: center;"><b>Flippy Investor</b></p> <ul style="list-style-type: none"> <li>• Getting less common</li> <li>• Knowledgeable of market trend</li> <li>• Seek professional advice is an uncommon practice in China</li> <li>• Art has less liquidation possibility than other commodity</li> <li>• Immature secondary market</li> <li>• Most Chinese modern art artists disappear in the market quickly</li> </ul>

Table 4.2.3: Disappearing Group of Chinese Art Collectors: Flipper and Pure Investor

In addition, pure passion for art is effected by the duration of time suggested by motivational forces in collecting art (Figure 4.2.3). The more time spend in collecting, the more passion develops for art. However, it seems that a great amount of Chinese collectors weights an equal passion for art as much as an investment tool. As the art market in China has become more mature, Flippy Investors seem to have become less common.

Figure 4.2.3: Motivational Forces in Collecting Art



One example of a Chinese collector who started out purely as an investor and fell in love with art is Kao Yunqi from Chapter 2.4, “Portable Assets: Investors Become Collectors”. Kao concludes that through his engagement with artists and curators, he has formed a solid attachment towards collecting.

#### 4.1.4 The Future Group: ‘Influentialist’ and ‘Systematist’

Art funds operated by private individuals in Mainland China are used for their personal collections as well as for operating their private art museums. They are rarely used for sponsoring academic awards at an institutional level. Regarding operating a private museum, the future management is likely to be “Combination: Parents and Children”. Currently, it is a rarest form of management due to the short history of the art market in China. One example is the collaboration between father and son, LU Jun and LU Xun, Founders of Sifang Art Museum in Nanjing. It is expected that this form of management will become more common in the future. For instance, in the case of LIU Yiqian and WANG Wei, Founders of LONG Museum, their daughter, LIU Wenchau is a 26-year-old art collector who has a degree in art management from New York University (*Widewalls*, n.d.).

<b>Dr. Uli Sigg</b> [5 Styles of Collecting]	<b>Alexandre Errera</b> [3 Layers of Chinese Collectors]	<b>Zenya Kwan</b> [6 Typologies of Chinese Collectors]
<p style="text-align: center;"><b>Networked</b></p> <ul style="list-style-type: none"> <li>• Complex style of collecting</li> <li>• Collection which form a network of meaning</li> <li>• After a “focused” is chosen, it aims to find pieces which to expand on the central idea</li> <li>• Do not require masterpieces</li> <li>• Seek for pieces which have remain unnoticed</li> </ul>	<p><b>(UNIDENTIFIED)</b></p>	<p style="text-align: center;"><b>Systematist</b></p> <ul style="list-style-type: none"> <li>• None or Rare in China</li> <li>• Require professional advice in order to reorganize the collection</li> <li>• Chinese collectors are yet to have such level of maturity in collecting</li> <li>• Highest level of maturity in building a collection</li> <li>• Require discipline &amp; consistency</li> </ul>
<p><b>(UNIDENTIFIED)</b></p>	<p style="text-align: center;"><b>3rd layer: Patron</b></p> <ul style="list-style-type: none"> <li>• Not only buying and building museums</li> <li>• Keen to make an impact in the art scene</li> <li>• Offer sponsorships</li> <li>• Provide exhibitions to the public</li> </ul>	<p style="text-align: center;"><b>Influentialist</b></p> <ul style="list-style-type: none"> <li>• None to Rare in China</li> <li>• Require professional advice in order to organize the collection</li> <li>• Most Chinese collectors are yet to have such level of maturity in collecting</li> <li>• Highest level of maturity in building a collection</li> <li>• Require Discipline and consistency</li> </ul>

Table 4.2.4: Future Group: Influentialist and Systematist



**Systematists** requires discipline and consistency in collecting. It does not need masterpieces in order to create a great collection. To create a dialogue between each piece of art in a collection is the essential goal for this type of collectors. At the moment, majority of Chinese art collectors may have a great knowledge about the individual piece of art they bought. However, it is likely that they are lack of overall understanding in relating one to another. As suggested by Sigg, it seeks for pieces which have remained unnoticed. This method is the most complex form of collecting in which many Chinese collectors have yet to reach a level of maturity. It also requires professional advice; however, consulting art advisers is still an uncommon practice in China. In addition, lack of talent in the field of art management is another obvious fact. For the case of Wang Jianlin, Founder of Dalian Wanda Group, his collection focuses on important works which represent key developments in art history (BOUCHARA, Claire, n.d). One possible driving force for this type of collector is to build a collection with a new level of dialogue between each piece of artwork. A great collection poses a problem then, illustrate the solution to the problem by piecing together a collection (BAMBERGER, Alan, 2002).

**Influentialist** refers to elites who are making a difference in the art scene. As reference to Errera, they are not only buying and building museums but also supporting the development of the art market in China. Currently, the sole example using an art fund at an institutional level is the K11 Art Foundation (KAF) in Hong Kong founded by Adrian Cheng in 2011. It aims to support emerging Chinese artists on the international stage. KAF focuses on three aspects of promotion; 1. forming partnerships with art institutions locally and internationally, 2. artist-in-residence programmes at the K11 art village in Wuhan, and 3. Providing a wide range of art programmes for the general public (K11Art Foundation, n.d.). However, it is important to mention that Cheng's commitment is rarely found in Mainland China. One possible driving force of influentialist is the fulfilment and satisfaction in making an impact to the world. For the case of Adrian Cheng, his goal is to promote the unnoticed talents and help them to engage with the world.

There are another two examples of influentialists in Mainland China; however, there is a need of consistent action in order to truly make an impact in the art scene. The first example is Art021 Art Fair in Shanghai founded by David Chau and Kelly Ying. The fair in June this year which was planned to host an academic award ceremony; however, sources suggest that the plan was postponed twice then, cancelled due to lack of funding. Another example is Wang Jianlin, Founder of Dalian Wanda Group who is a Chinese art collector with an art collection valued at US\$ 1.6 billion in 2015. So far Dalian Wanda Group has sponsored two artists for exhibiting abroad and the two Chinese artists' work

are collected on a significant scale by Wang. It seems that Wang's sponsorship for the artists is based on his personal preferences rather than sponsoring the development of the art scene as a whole. Firstly, in 2004, Wang sponsored Wu Guangzhong, of whose works he has collected over 70 pieces, to do a world tour, entitled "*Emotional and Innovation: Wu Guangzhong's Wash Painting Career*" in Paris, Beijing, London, New York, Berlin, Tokyo, Singapore, Taipei and Hong Kong over four years (*Chinadaily*, 2004). Another sponsorship by Dalian Wanda Group was in 2012, for Shi Qi's solo exhibition at the Louvre in Paris. Wang's passion for Shi Qi's work is demonstrated by hanging it over Wang's own office desk (FLANNERY, Russell, 2013).

## 5. Conclusion

### 5.1 Conclusion of The Thesis

Change of political leadership has led to the transformation of China from socialism to neoliberalism. Mao's Cultural Revolution (1966-1976) reinforced the advantage of being nationalist. On the contrary, Deng's 'Open Door policy' (1979-2008) attracted foreign direct investment (FDI) from US\$ 3.5 billion in 1990 to US\$ 135.6 billion in 2015. In addition, Deng's arrival allowed Chinese people to rediscover Chinese culture.

One of the milestones for the development of the art market in China was between 2010 to 2015, which a dramatic growth of private art museums has mushroomed in a period of five years. However, the functionality of private museums and lack of talent in art management are a common issue for the industry. Furthermore, in 2012, Christie's and Sotheby's made a step forward by forming joint-ventures with local partners. One positive reason for China welcoming foreign players is the demonstration of professionalism and international standards.

With reference to the short-term approach by art sellers, some of them adjust themselves to cater the 'Chineseness'; however, this is not a sustainable solution since Chinese people are ambitious in reaching the world. On the other hand, Christie's and Sotheby's have taken the long-term approach by establishing their originality and allowing right moments to come. Sales are restricted in Mainland China but clients can make purchases overseas through telephone bidding.

With regard to what motivates Chinese art collectors, returns on investment when buying art is becoming less important. However, a piece of art maintains its market value over the long-term is still crucial. Nonetheless, there is a learning curve for an art buyer in becoming a collector which suggests that as time is spent being exposed to art and being inspired by it, the Chinese clients learn to recognize the beauty of the art works themselves.

## **5.2 Managerial Implications**

The younger group of Chinese collectors, **Young & Worldly**, and the older group of Chinese collectors, **Nationalist and Super-Star Experimentalist**, they are the current major purchasing power out of the six typologies of Chinese art collectors suggested in the study. Whether they are interested in buying or collecting, a great amount of curiosity and enjoyment in participating the art scene is clearly there. Important to mention that Chinese people are fast learners and willing to improve their existing knowledge. For this reason, art sellers should not 'over-feeding' the potential buyers or collectors with enormous new information.

On the other hand, art sellers are suggested to build a connection with their Chinese clients before selling art to them. Having a Chinese representative for a gallery, an auction house or a consultant firm would make a great difference; however, it is important that the Chinese representative is committed to the job and prepared to stay at their company. Forming a relationship with trust is a long-term commitment. First thing to do is to study the collection of their target client to understand what inspires them. Then, art sellers should be physically present in China to have face to face contact; for instance, visiting collector's private art museums and to present if there is a birthday invitation. Making Chinese collectors feel that they are important is the gateway to success. For instance, in 2014, Christie's invited a group of 18 new collectors from China to visit New York. The invitation included guided tours through the Museum of Modern Art (MoMA), VIP tickets to art fairs and a lavish 'Thank-You Dinner' at the Rockefeller Center ballroom before the departure. When comes to money related topics, it has to be done in a discreet but elegant way. For the example of Christie's, there were two screens to livestream the major sales of impressionist, modern and contemporary art (CROW, Kelly, 2014).

With reference to the future group of collectors, **Systematist**, once the collectors master their knowledge in art to a certain level and accumulate a great amount of art, it is expected that they will seek for professional advice. As collectors visit more and more private collections which exhibit in museums, it is a natural process to aware that something is missing in the collection and that is the dialogue between each of the artwork in their collection. Another typology of collectors for the future group, **Influentialist**, they tend to be more satisfy to promote and seeing the development by their promoted artists. In addition, an influentialist is already an important art collector who is just moving forward in promoting and making an impact in the art scene.

To address the disappearing group of collectors, **Flippy Investor**, these pure investors are expected to grow into collectors when they are more exposed to art. The process of being inspired by art and increasing one's sophistication is additive. Participating in high-end life styles is trendy and fashionable and Chinese loves that. For this reason, art sellers should aim to turn these investors into real art lovers. Flippy investors already have the understanding that art is valuable in a numerical sense. Similar approach can be done by what Christie's demonstrate above; however, it would be more practical to follow the mind-set of the target clients. For instance, first to explain why the work by the artist is expensive and what is the possible return in investing the work then, to provide public data in proving how valuable of the artist in a numerical sense. Lastly, if the collector is interested then, it is the time to tell the story of the artist's development.

### **5.3 Future Project**

One future study in 2019 can be as an extension of the current thesis upon the graduation of Executive Master in Art Market Studies at the University of Zurich. The China's market demand for Western works of art is obvious. This is demonstrated by the alliance of Poly Auction and Huayi Brothers Entertainment Company in hosting the first auction of Western art in China in 2016. With reference to Bill Zhou, Managing Director of Beijing Poly Auction Ltd., he confirms confidently during the interview that Chinese government no longer restricts in promoting and selling Western works of art in China. Auctioning Western art will continue in Shanghai by the alliance. For this reason, it will be interesting to study how Chinese collectors integrate their collections between Eastern and Western art. As suggests by Sigg, it is complex to create a network of meaning between each pieces. Possibly, Chinese collectors may or may not integrate their collection or simply remain at the stage of 'I like; therefore, I buy'.

#### **5.4 Limitation of The Study**

The first limitation is that in a qualitative research design, a non-probability sampling technique is selected over a probability sampling technique. Data contributed to the finding is based on interviews; therefore, it is from a subjective point of view. In addition, due to unavailability of two interviewees, the questions of the interview are filled directly hence, in-depth information is limited.

The second limitation is that most of the interviews are recorded in Chinese and translated into English. Every language has a unique structure and idiomatic expressions can be misleading. In order to resolve this limitation, it is possible to have second opinions for the accuracy of translation.

The third limitation is that a greater number of interviews is needed in order to collect more insight from experts. Interviewing collectors can be one possibility for a future study. The week spent in China for the interviews was a public holiday period; therefore, one collector from Shanghai made last minute plans and not able to attend the interview.

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# Appendix

## **Appendix 1: Transcript of Interview with Daniel Kwok (DK), [Filled as questionnaire] Senior Specialist of Chinese Antique and Ceramic, Hong Kong Poly International Auction Ltd.**

### **ZK: What has been your experience working with Chinese clients?**

**DK:** I am currently working in an auction house in Hong Kong. More than half of our clients come from mainland China. We organize exhibitions and auctions at least twice a year to find suitable buyers. We also request consignment from these Chinese clients as well to maintain the business. So we need to trust each other very much on every decision and maintain a good long-term relationship.

### **ZK: What are their professions?**

**DK:** They are usually the owner of a factory or company in real estate or financial sector.

### **ZK: Have they studied abroad?**

**DK:** No, I do not think so. They do not even speak or write English. They grow up and start up their career all in Chinese region.

### **ZK: Do you have an age group for your Chinese clients?**

**DK:** I think they are between 40-60. They mostly have a family and kids while they are still young and healthy enough to hang round in so many arts events.

### **ZK: What are the top 3 questions are being asked when your Chinese clients come to you?**

**DK:** 1. What is the provenance of this item? Or was this item published? 2. What is the condition of this item? Was it restored? 3. Is there any similar item that was sold in the market as a reference for a reasonable price?

### **ZK: How do your Chinese clients finance their purchases?**

**DK:** They purchase the items by using their own money in bank. They earn their money through their own company business. As I know, they avoid crediting money from the bank because the items in our company are luxury goods. It is unreasonable to buy an artwork which they are unaffordable.

### **ZK: If the funds of collecting artwork comes from a family fund or being financed by the parents, who made the decision to buy and what influences the purchase?**

**DK:** In such case, I think the elder person in this fund or family would have a greater influence on the decision. Through the wider network of this person, he or she could gather more information on how good is the artwork. He would know who is the best person he could ask and trust. If he is experienced enough, he can even make the decision directly without consulting any other body. I think indeed the younger one in the family fund would not have such bargaining power to make any important decision.

**ZK: Any groups of characterizations respond to certain kind of art they buy?**

**DK:** 95% of our clients are male and they are all buying Chinese antiques and paintings e.g. ceramics, scholars objects, imperial objects. Only a handful of female would get in touch with Buddhist arts due to their religious belief.

**ZK: Are there any difficulties working with your Chinese clients?**

**DK:** I think the delay of payment is the greatest problem in our company. The clients are rich enough to buy anything they want but they are only rich in China, not in Hong Kong. They need time to move their money out from China to Hong Kong to settle the payment. Otherwise, they are very good clients and are very generous to the commission. The only way they can settle the bill immediately is swiping credit card of Union Pay. But we are not sure whether the Chinese government would set constraint to it in the future or not.

**ZK: What do you think of their motive in collecting?**

**DK:** They have a preliminary interest in arts and culture first. But I think they have larger motive in investing their money in our arts circle and diversifying their wealth. They do not necessarily need any fame or to gain social status. They just want to keep the market value of their items.

**ZK: Are investment value and possible return from investing in art important for your Chinese clients?**

**DK:** Yes. I would say this is the most important value in their mind.

**ZK: Do your Chinese clients collect Asian works of art alongside with Western works of art? If yes, what do you think their motive of going over this boundary?**

**DK:** My clients do not collect Western artworks at this moment. So it is hard to say their motivation. But if you need me to guess, I think they would buy them only because the price is still low and could generate greater return while the price of Asian works is fetching up too high and saturated.

**ZK: What do you think the motive of opening private museums by the Chinese collectors?**

**DK:** They treat it as a cultural industry to build up their network of buying and selling. The museum itself becomes a platform to gather information and help in brand-building of the owner's mother company instead of helping the historical research or achieving academic reward.

**ZK: Any advises for building relationship with Chinese clients?**

**DK:** They need to be introduced through some other clients or organizations. So it is always good to attend some arts fair or event if possible. They would not talk to you if they think you have no social status or social position. At least, you should work in an international arts business company to draw their attention if you want to make a deal with them and gain their respect.

**Appendix 1.1: Transcript Summary of Interview with Daniel Kwok (DK)**

Chapter 3.2 The Art Market in China	Chapter 3.3 Characteristic of Collectors
<p><b>Reason of opening private museums:</b></p> <ul style="list-style-type: none"> <li>• Network in trading artwork</li> <li>• Brand building of owner’s company</li> <li>• (X) Helping in historical research</li> <li>• (X) Academic reward to artists</li> </ul>	<p><b>Clients background:</b></p> <ul style="list-style-type: none"> <li>• Age: 40 to 60-year-old</li> <li>• Mainly male</li> <li>• Chinese antique (painting, ceramic, imperial objects)</li> <li>• Professions: real estate or finance</li> <li>• No English skills</li> <li>• Grow up and base in China</li> <li>• Currently, do not collect Western works of art</li> </ul> <p><b>Payment methods:</b></p> <ul style="list-style-type: none"> <li>• Self-finance</li> <li>• Avoid crediting from banks</li> </ul> <p><b>3 common questions:</b></p> <ul style="list-style-type: none"> <li>• Provenance</li> <li>• Condition</li> <li>• Reference of market price</li> </ul> <p><b>Difficulties:</b></p> <ul style="list-style-type: none"> <li>• Delay of payment</li> <li>• Time to transfer money from China to HK</li> <li>• Credit card of Union Pay (immediate)</li> </ul> <p><b>Reasons for collecting:</b></p> <ul style="list-style-type: none"> <li>• Interest in art</li> <li>• Investment (maintain market value)</li> <li>• Diversifying wealth (1<sup>st</sup> purpose)</li> <li>• (X) social status</li> </ul> <p><b>Advice in building relationship:</b></p> <ul style="list-style-type: none"> <li>• Introduce by known individual</li> <li>• Minimal: work in an art industry</li> </ul>
<p><b>Chapter 4. Discussion (Result)</b></p> <ul style="list-style-type: none"> <li>• Most traditional form of Chinese art collector</li> <li>• Government policy influences payment</li> <li>• High power distance culture</li> </ul>	



**Appendix 2: Transcript of Interview with Thomas Stauffer (TH),  
Founder and Advisor at Gerber Stauffer Fine Art**

**ZK: What are their professions?**

**TH:** It is quite a mix. Some are entrepreneurs; for example, one is a real-estate investor, another one has a fast food chain, others are in insurance sector. Some are kids from wealthy parents, it is hard to describe if they have a profession or not, they just come to us and buy art.

**ZK: Have they studied abroad?**

**TH:** Some yes and some not. I would say 50/50.

**ZK: Do you have an age group for your Chinese clients?**

**TH:** The younger ones, most of them have experiences abroad and mainly studying abroad in England but then, often they go back home in China after their study. The older group of client, let's say 40+, they mainly based and grown up in China.

**ZK: For your Chinese clients, they are separated into two groups. One is above 45 years old and their very much grown up and based in China. Another group is those one that study abroad and around 30 something years old.**

**TH:** Yes, exactly.

**ZK: What are the top 3 questions are being asked when your Chinese clients come to you?**

**TH:** First of all, they need to understand what we do, we are art advisors and we are art dealer so we have to make them understand what we do. Unfortunately, art advisory in Asia is not a common practice. People are not happy to pay for advise so we have to make them understand the added value that we provide. Basically, they would ask what we are doing. If it is investment terms related and they often ask what is good investment. Asian audiences much more into buying art for an investment perspective.

**ZK: If the funds of collecting artwork comes from a family fund or being financed by the parents, who made the decision to buy and what influences the purchase?**

**TH:** No, not really, we had an experience with our younger clients. It was very obvious that they don't have the money to afford or to buy an artwork through us. But somehow they had to get the permission of the parents and somehow the parents acknowledge that our client was allow to purchase it. So the decision that made to buy an artwork from the younger Chinese clients (not all of them) who are still dependent on their parents is often family based decision on what they should purchase or not.

**ZK: The final decision making even the parents finance it, the parents have the choice to choose the artwork that they like?**

**TH:** Not really, the lead of buying an artwork is still based on the kid or the collector who initiate and make the effort to propose the artwork to their parents. I think that 95% of these cases, the proposed artwork found its way to the client's collection with the agreement of the parents. We rarely come across that the parents say no, the work is not good and we don't like the colours. The parents trust their children of what they proposed by the advice from us which is a good



purchase. Because they don't know this kind of field so they rely on the child and on the professional advice.

**ZK: Any groups of characterizations respond to certain kind of art they buy? (e.g. Age, Gender, Prices, Style of art)**

**TH:** The price up to USD 100'000 is very accessible. If you propose an artwork up to 100'000, the barrier not buying is very low. Most of the case if they like the work that we proposed for them under or up to USD 100'000, they make the decision quite quickly. Let's say the age group suitable up to USD 100'000 is up to 35 years old. When it's more than USD 100'000, we have the experience that higher price items are more something for the older age group of our clients who are 35 years old upward.

**ZK: For female and male clients, do they have a preference of certain kind of style of art or medium they prefer?**

**TH:** In terms of medium for our Chinese clients, we have sold mainly painting of Western artist in establish contemporary art or American post-war. As you know, painting is the most common trading currency in the art market. It is also the easiest tradable medium of artwork. Imagine to resell a 10-meter-tall scripture is much more difficult than you sell an artwork so 95% of the time we sell to our Chinese clients are paintings.

**ZK: Are there any difficulties working with your Chinese clients?**

**TH:** Yes, of course the trust. We are not a big brand like Christie's and Sotheby's in Asia and we are a small boutique firm advisory. We have to build trust through our regional director. That means that the language barrier is no longer a problem. Through our regional director who speaks the same language that helps a lot. Of course trust building is a big issue. Often our clients are friends and family relative of our regional director so trust often is already there which is very helpful. These are the two main issues, getting trust and language barrier. On top of it, the payment terms, we experience that so far every artwork we invoiced, we got paid but sometimes our experience is that we have to wait a bit longer for being paid. Sometimes, we had to wait up to three months from our Chinese clients.

**ZK: What do you think of their motive in collecting?**

**TH:** Yes, that's kind of a mix. I would say partly, it has to do with social recognition, social status to impress their peers, family members and their social circles. It is also about diversification of wealth. Collecting art and to invest in art for the last 15 years became a very attractive alternative asset class. It is also about distinction. It differentiated themselves from their social circle and friends that they can say that they have an Andy Warhol at home. Their friends admire them. It is also about Western lifestyle. Collecting artwork in China was not a tradition and it is a communist country. Museum didn't exist until early 90s in China. Factors that make collecting art became popular could be the participation of Western lifestyle. It is also very fashionable.

**ZK: Do your Chinese clients collect Asian works of art alongside with Western works of art?**

**TH:** Yes, mainly they started buying Asian art then, they want to blend in and mix Western art in order to make their collection more interesting and more divest to create dialog between Asian

artwork that they have in their collection with artwork from the West. 90% of our Chinese clients now they buy Western art.

**ZK: You mentioned that going over this boundary was making the collection even more interesting. Do you think this is related to trends which other collectors are doing or it is just a personal interest? What are the factors influencing them?**

**TH:** Due to date, the biggest art market is still in the West and the biggest fraction of the art market is still Western art so for a collector perspective's, it is completely make sense also to participate the strongest market to date, which to have some shares in Western art. To blend Western art into their collection, if they do it in a smart way, it increases the value of the collection if they make their collection much more divers by brighten it up with different regional artists.

**ZK: What do you think the motive of opening private museums by the Chinese collectors?**

**TH:** The lack of having museum in China is still a driving force. Nowadays, museums in China like popping up mushrooms thanks to these private initiatives which is very admirable and good. I see part of the reason why the collectors to set up private museums. In addition, it is to get public recognition to be acknowledged to what they have been achieved. It is also about sharing to the public what they have acquired in terms of art. Last but not least, it also shows the greed of passion of these collectors must have in order to find their way to open art museums. They don't open a private art museum because they are bored and not engaged enough. I believe that they are very convince that they have a mission and a message to provide and they have to be really passion about art in order doing so. The amount of private museums in China that they are now many new passionate and powerful wealthy art collectors which is great because the public sectors in term of museum is still quite weak. Unlike every major city has art museum with international standard and to provide art education to the public. These private collectors help to increase the profile of culture and art to the Chinese society and to education the society as well. It is a very valuable and honourable that what they are doing.

**ZK: Any advises for building relationship with Chinese clients?**

**TH:** I think the gate way to be successful in China is to have a local person install who knows the social culture and background such as knowing how to have a dialog with the Chinese people and how to deal with them. It is a lot about psychology. So to be successful in China, I think it is essential install locally someone who knows the language and the culture. It is also give the company much more trust and accessibility to this market. It ensures that we have someone working and building the Chinese business, it helps so much because it seems very professionally done and it is dedicated. If it is just simply operating from Europe and try to attract a few Chinese clients, it would just simple don't work. The key to success is to building the bridge between Westerns and Eastern with someone who is from there.

**Appendix 2.1: Transcript Summary of Interview with Thomas Stauffer (TS)**

Chapter 3.2 The Art Market in China	Chapter 3.3 Characteristic of Collectors
<p><b>General Views:</b></p> <ul style="list-style-type: none"> <li>• Art advisory in China is not common</li> <li>• Not happy to pay for advise</li> <li>• Explain what is the added value</li> </ul> <p><b>Reason of opening private museums:</b></p> <ul style="list-style-type: none"> <li>• Lack of public museums in: Chinese modern art</li> <li>• Public recognition</li> <li>• Willingness to share with the public</li> </ul>	<p><b>Clients background:</b></p> <ul style="list-style-type: none"> <li>• Profession: Entrepreneurs, Real-estate, insurance, Children of wealthy family</li> <li>• 50% Study abroad</li> <li>• Mainly painting (most common currency)</li> <li>• 95% to Chinese clients are painting</li> <li>• Established Western contemporary art</li> <li>• Italian Arte Provera</li> <li>• American post-war</li> </ul>
<p><b>Chapter 4. Discussion (Result)</b></p>	<p><b>Younger group (around 30 years old):</b> have studied abroad and back to China</p>
<ul style="list-style-type: none"> <li>• Younger group -&gt; 'New &amp; Cool'</li> <li>• Older group -&gt; 'Symbolic &amp; Traditional'</li> <li>• Children are highly supported by the family in decision making</li> <li>• Parents are willing to accept new ideas</li> <li>• Secondary market: Immature</li> </ul>	<ul style="list-style-type: none"> <li>• Work costs under USD 100'000 is very accessible and quick decision</li> <li>• <b>Older group (above 45 years old):</b> grow up and base in China, above USD 100'000</li> </ul> <p><b>3 common questions:</b></p> <ul style="list-style-type: none"> <li>• Background information</li> <li>• Good investment options?</li> <li>• Highly investment perspectives</li> </ul> <p><b>Decision making in a family fund for art:</b></p> <ul style="list-style-type: none"> <li>• Younger group -&gt; permission from parents (fund provider)</li> <li>• Family base decision</li> <li>• Final decision making is the collector who initiate the deal</li> <li>• Parents trust the children's decision</li> </ul> <p><b>Difficulties:</b></p> <ul style="list-style-type: none"> <li>• Trust building</li> <li>• Language barrier</li> <li>• Payment terms (longest at 3 months and mainly transferred from HK)</li> </ul>

**Appendix 3: Transcript of Interview with Zhao Neng (ZN),  
Chinese student coordinator at Sotheby's Institute of Art and The New York Times**

**ZK: What has been your experience working with Chinese clients?**

**ZN:** In general, they are getting better in everything. China is opening up to the world and Chinese clients are getting mature and better. They get to know more about international standard and very willing to learn. Of course, they have some bad habits but they are in the process of changing and perfecting themselves.

**ZK: What sort of bad habits do you think?**

**ZN:** The market and clients are not mature enough comparing to the international standard. For example, they may bid for a work of art then, they regret it. Or, they start bargaining. These what I meant bad habits. That's why the past few years, most auction houses internationally created deposit system among new Chinese buyers especially. Only because too many Chinese buyers start bidding and they didn't pay afterward.

**ZK: What are their professions?**

**ZN:** Property developers, e-commerce, insurance, finance, actually there are a lot of different kind industries.

**ZK: Any groups of characterizations respond to certain kind of art they buy?  
(e.g. Age, Gender, Prices, Style of art)**

**ZN:** Let's put it this way. For example, young collectors, we may distinguish them based on age group or we can distinguish them by being the second generation rich. I mean no matter whether they are under or above 30 years old, if they have overseas experience, they are not only more open to Western art in general. They can be also quite open to Western contemporary art even Chinese contemporary art. Somehow they tend to be more mature than their parents because they know international standard and practices. They also accept conceptual art much better than their parents. Whereas the parents' generation understands better the Chinese market and they tend to buy more antiquities and craftsmanship. The parents' generation quite keen with the idea of royal palace items which collected back to China. Whereas their children generation is more knee on international cool conceptual art.

**ZK: If the funds of collecting artwork comes from a family fund or being financed by the parents, who made the decision to buy and what influences the purchase?**

**ZN:** I think it really depends on what kind of family and they kind of style they have. Sometimes, the parents can be quite pushy, strong and tend to control. Even the parents set up the art fund, they tend to collect larger proportion of Chinese traditional art. Sometimes, they can also be quite open too. Maybe everybody knows there are young collectors who are very proactive in the art market. For example, the founder of K11 Art foundation, Andria Zhen, he is in the family business leadership and he collects contemporary art globally. He is also the most recognizable Chinese young collectors in the world. He sponsors many young artists in many areas such as residential projects. His K11 foundation to many different collaborations between museums so basically I think really depends the kind of family style and parents style. It also depends on the whole family educational background.

**ZK: What are the top 3 questions are being asked when your Chinese clients come to you?**

**ZN:** 1. Why should I buy this? 2. Is this artist famous? 3. Can this artist double the price in the next few years?

**ZK: Are investment value and possible return from investing in art important for your Chinese clients?**

**ZN:** Yes, it is quite important but is getting less important. Many people try to appreciate the beauty of the art itself but still investment aspect is still quite strong. I believe they want to make sure the artist won't die out in a few year times.

**ZK: Actually I read some articles mentioned that some Chinese collectors started with thinking purely investment aspect but over the times, the more they collect and they develop a taste and an interest really appreciating art.**

**ZN:** I think this is a learning curve for everybody. I mean people start buying as for investment from the beginning, maybe they are not sure about their knowledge because they are beginner so of course they want to buy something which can be resold so they appreciate more in terms of the value of the work. During the process, they get to know more the art itself, the artist of the works which they bought. I am sure the art itself is full of creativity and people are inspired by it. The collectors may get touched by the art and they go deeply into their collections or try to broaden their collections from different artists from different age group so I am sure this is going to happen as in a general trend but it may take sometimes.

**ZK: What do you think the motive of opening private museums by the Chinese?**

**ZN:** Let's put it this way. A lot of private museums are opened the last 5 years and especially in Shanghai or even tier 2 cities such as Chengdu. I think most of them or 90% of them has a property developer background. In this case, for them are quite easy to build another site no matter is a house for residence or a house for art. Basically, building a museum itself is very easy, I mean is like build another building. But, the museum itself, the software is more important that's why not many talents in China to operate the museum, you can see a lot of empty building with a lot of less interesting art program. For example, 2-3 years ago, I went to Hangzhou and it was a very nice private museum along the Westlake and the first opening exhibition is Alberto Giacometti and lots of its scriptures and sketches. It was well curated by a French-Chinese person but after that, there is no more art program for the public. It is quite pity because they had a grand opening but after that, it disappeared in the museum world, so right now, a lot of museum concentrates on grand opening of their art museum for get people knowing. Building up a museum is a hard work, you need a whole team of professional people to manage and to provide interesting programme and to be very creative and to analyse. The museum itself is not only about exhibitions but also the educational function and other functions in order to lift up the whole community and to build up an aspiration for people to go there and become a destination, which this will take a long time. Everything happens in a rush over the past few years. I don't think a museum can be well established in such a short time so normally now, most museums don't have permeant collections and a very good systematic collection. They normally invest guest curator and to curate their famous show. Then afterward, it disappeared. It is more like a temporary or 'touring' exhibition unlike the European and international museums.

Anyhow, the exhibitions in these Chinese private museums are relatively quite good. For example, at Long museum in Shanghai has James Turrell but these are kind of like a 'touring' exhibitions and stopping for one stop only unlike a permanent exhibition.

**ZK: Any advises for building relationship with Chinese clients for Western art seller?**

**ZN:** I think the long-term approach is try to be yourself. For a short-term approach, I think some Western art sellers such as gallery and dealer, they try to cater for 'Chineseness' in order to fit into Chinese collectors' taste but I don't think this is going to be a long-term approach. For the long-term approach, it will be better if you keep your own taste and features and to be yourself to attract the Chinese collectors. Chinese are very good at learning and they are fast learner; therefore, give them sometimes, they will learn but it has to be some motivations such as peers' competitions. Sometimes, it is very funny that they may not have their own taste and maybe they are not too sure what they should buy. They trust their friend's taste or choice. Especially, those very establish friends' choice and they may follow that trend. But I believe in the long-term or in a few years, it will get better, the market itself will support the general scene which to grow. Of course, the Western sellers want to conquer this market but is not that easy. For example, there are some Western sellers might say that oh, China has 1.5 billions of people and what if I make profits of 1 dollar out of 1 person and I will be a billionaire. However, the market is not like that. I would suggest that these Western art sellers really do their study and really get into the market and get to know Chinese people. Then, they start getting to be recognized their value and to be more open to accept their advice.

**Appendix 3.1: Transcript Summary of Interview with Zhao Neng (ZN)**

3.2 The Art Market in China	3.3 Characteristic of Collectors
<p><b>General Views:</b></p> <ul style="list-style-type: none"> <li>• Great improvement in all aspects</li> <li>• Got expose to international standard</li> <li>• Chinese clients are fast learner</li> <li>• <b>Bad habits:</b> in process of changing</li> <li>• Art market in China still not mature enough to the international standard</li> <li>• bid a work -&gt; regret -&gt; do not pay</li> <li>• International auction house created deposit system among new Chinese clients</li> </ul> <p><b>Is investment value important?</b></p> <ul style="list-style-type: none"> <li>• Getting less important</li> <li>• Tend to appreciate art itself</li> <li>• But Investment aspect still quite strong</li> <li>• Make sure the artist won't die out in the market in a near future</li> </ul> <p><b>Reasons of opening private museums:</b></p> <ul style="list-style-type: none"> <li>• 5 years</li> <li>• Shanghai and 2 tier cities e.g. Chengdu</li> <li>• 90% of: a property developer background</li> <li>• <b>Hardware:</b> Building a site is easy</li> <li>• <b>Software:</b> Need to have the knowledge to run it. Not many talents in China</li> <li>• A grand opening but no more continue programmes in order to become an 'destination' for the public</li> <li>• (X) Not enough permeant collections</li> <li>• (X) No systematic collections</li> </ul> <p><b>Chapter 4. Discussion (Result)</b></p> <ul style="list-style-type: none"> <li>• Younger group -&gt; 'New &amp; Cool'</li> <li>• Older group -&gt; 'Nationalism &amp; Symbolic'</li> <li>• Investment aspect: still important</li> <li>• A learning curve for everybody</li> <li>• Lack of talent to run museums</li> </ul>	<p><b>Clients background:</b></p> <ul style="list-style-type: none"> <li>• Profession: Real estate, e-commerce, insurance, finance</li> <li>• <b>Younger group (International conceptual art):</b> 2<sup>nd</sup> generation rich, around 30 something years old, open to Western and Western contemporary art, Conceptual art, overseas experience, better practice in buying art, understand international standard</li> <li>• <b>Older group(Nationalism):</b> Parent's generation, keen on idea of national heritage from royal palace, antiquities and craftsmanship, have better understanding of Chinese market.</li> </ul> <p><b>3 common questions:</b></p> <ul style="list-style-type: none"> <li>• Why should I buy?</li> <li>• Is the artist famous?</li> <li>• Possible to double the price in a few years?</li> </ul> <p><b>Decision making in a family fund for art:</b></p> <ul style="list-style-type: none"> <li>• Depends on the family and its education</li> <li>• Larger proportion: Chinese traditional art</li> </ul> <p><b>Investor' becomes 'collector'?</b></p> <ul style="list-style-type: none"> <li>• <b>For beginner:</b> Start buying art as for investment because their knowledge is limited. If the artwork can be resold, it increases the value of artwork for themselves.</li> <li>• <b>During the process:</b> As the collectors learn and be inspired by art and its creativity, they become real appreciator.</li> </ul>

**Appendix 4: Transcript of Interview with Bill Zhao (BZ),  
Manging Director at Beijing Poly International Auction Ltd.**

**ZK: How has been the market development in selling Western works of art in China?**

**BZ:** Western works of art in china has been especially popular this year in China. I believe Chinese collectors are opening themselves in accepting Western works of art. In my opinion, the older collectors will never change its passion for traditional Chinese works of art and love towards China in general. Born after 1975s (under age 42 years old), this age group seem to show a larger proposition of passion towards Western works of art. This is also a hope for the Western works of art in the Chinese market. Within this age group, they are CEOs of IPO company or entrepreneurs in finance and investment and most of them are in e-commerce industry. For this group of collectors, collecting Western works of art and emerging and young Chinese artistes are their preference. Market for Western works of art is no longer restricted by the government for Chinese auction. For instance, impressionist, post-war, and Western contemporary works of art have been publicly promoted in China. What the collectors consider is only the selling price and if it is reasonable for the market. I would say for these collectors are the new power in collecting Western works of art.

**ZK: Why there is a development of popularity in Western works of art in the Chinese market?**

**BZ:** Chinese modern art is influenced by Western works of art. The style tends to be more internationalize and the major use of medium is oil painting. Creativity, oil painting, drawing are the similar kind of characteristic of Chinese modern art and Western works of art. In addition, market and price for Western works of art are stable. Especially works from post-war section is the favourite for collectors who begin to collector Western works of art.

**ZK: Are you satisfy with the result of first time hosting Western post-war and cotemporary auction in Shanghai which collaborated with Mr Wang Zhongjun, founder of Huayi Brother Media Corporation? Will you continue?**

**BZ:** It was quite good since that was our first experience hosting an auction in this category. We are also happy with the result. There were new clients bidding at our auction and average age of our clients seems getting younger. Our plan for the near future for this category will be in Shanghai.

**ZK: If the funds of collecting artwork comes from a family fund or being financed by the parents, who made the decision to buy and what influences the purchase?**

**BZ:** Nowadays, collectors are rather cautious and they don't spend lavishly. Those who open private museums most of them are the wealthy second generation; however, when comes to collecting, they don't spend huge amount of money. Building a private museum, what the collectors spend doesn't define all. The most important is how top the artworks are included and how coherence between each works of art.

**ZK: What are the top 3 questions are being asked when your Chinese clients come to you?**

**BZ:** 1. If the price of the artwork overpriced or reasonable. 2. if the art is real or not. 3. If the artwork has great investment potential.



**Appendix 4.1: Transcript Summary of Interview with Bill Zhao (BZ).**

3.2 The Art Market in China	3.3 Characteristic of Collectors
<p><b>General Views:</b></p> <ul style="list-style-type: none"> <li>• 2016: Western art became popular</li> <li>• General trend: Chinese are opening up themselves in accepting Western art</li> <li>• Government no longer restricted in promoting Western art: impressionist, post-war, Western contemporary</li> <li>• Major consideration by Chinese collectors is the price not the market itself</li> </ul> <p><b>Development of popularity in Western art for the Chinese market:</b></p> <ul style="list-style-type: none"> <li>• Chinese modern art influenced by Western art</li> <li>• Major medium: oil painting</li> <li>• Western art: stable market and predictable</li> </ul>	<p><b>Older group (Nationalism):</b></p> <ul style="list-style-type: none"> <li>• Never change passion for traditional Chinese art and love for the country</li> </ul> <p><b>Younger group:</b></p> <ul style="list-style-type: none"> <li>• (b. after 1975s, under 42 years old)</li> <li>• Great interest with Western art and emerging Chinese artists</li> <li>• Major buyers</li> <li>• New power for Western art</li> <li>• Profession: finance, investment, e-commerce,</li> <li>• Begin to collect: Post-war is the favourite</li> </ul> <p><b>3 common questions:</b></p> <ul style="list-style-type: none"> <li>• Price of work: overprice or reasonable</li> <li>• The artwork is real or a counterfeit</li> <li>• investment potential</li> </ul>
<p><b>Satisfaction by the result of hosting Western post-war and contemporary auction in Shanghai?</b></p> <ul style="list-style-type: none"> <li>• Very good in terms of first time approach</li> <li>• New clients</li> <li>• Average age: getting younger</li> </ul>	<p><b>Chapter 4. Discussion (Result)</b></p> <ul style="list-style-type: none"> <li>• Government policy is highly influences the future of China (planned economy)</li> <li>• Increased ‘true’ appreciation of art</li> <li>• Increasing amount of new entrepreneur</li> <li>• The younger group of collector is no longer supported by 2<sup>nd</sup> wealth generation</li> <li>• Sensitivity of counterfeit issue</li> <li>• Trust and credibility of the firm: Critical</li> </ul>

## **Appendix 5: Transcript of Interview with Kai Yang (KY), Founder of 99ys.com and K-gallery**

**ZK: Most of your clients who collect Chinese modern and emerging art artists, did they also collect other period of art? (e.g. Traditional Chinese art, Western modern and contemporary art etc.?)**

**KY:** Yes, they do because the market for Chinese modern art started after year of 2000. I would say the market got mature is from around year of 2005. If the client has been collecting for years, most of them started with traditional Chinese art such as calligraphy and/or ceramic. In some cases, some of my clients who came from collecting traditional Chinese art would prefer to move on to Chinese modern calligraphy instead of moving into Chinese modern art with acrylic or oil paint on canvas.

There is also a group of clients who enjoy to collect specifically Chinese modern art with acrylic or oil paint on canvas. These clients tend to be the younger group who pursue modern thinking and new ideologies. They are love to collect overseas artists such as Western works of art and Japanese and Korean artists such as Takashi Murakami and Yayoi Kusama.

**ZK: What do you think the motivation of Chinese collectors collect internationally? Did your clients begin with Japanese and Korean artists then, move onto collecting Western works of art?**

**KY:** Not really, those who collect modern and contemporary works of art specifically and when they begin to collect internationally, they started with classic Western works of art such as Renaissance. However, since beginning of 1990s, Chinese collectors began to collect Western impressionism.

**ZK: Where did these Chinese collectors purchased impressionism works of art?**

**KY:** They bought these works overseas in auction houses such as New York and London.

**ZK: Since when the market demand in works of art by Chinese collectors become much more obvious?**

**KY:** Starting from year of 2000, the market demand by Chinese collectors got much more active. The flow of collecting would start with Renaissance then, impressionism and finally Western modern and contemporary. Whereas, modern and contemporary works of art from Japanese and Korean only became popular rather recent, I would say 4-5 years ago.

**ZK: You just mentioned that starting around 1990s, Chinese collectors began to collect Western works of art, how did they learn about the artists and find resources?**

**KY:** Western Renaissance and impressionism have been well promoted in China. Especially for impressionism was the major part of Western history of art which would be included at school or even in Chinese publication. Collectors are familiarized with the impressionist such as Van Gogh and Picasso. In the early days, the wealthy Chinese who lived abroad or simply by travelling, exhibitions of impressionism were rather common and easy to access such kind of educational material. I also know personally many Chinese collectors who collect impressionist works of art.

**ZK: However, in China, there aren't many exhibitions of Western artists (impressionist and post-war) in this case, Chinese collectors rely solely on books and publications in order to learn about these artistes?**

**KY:** Yes, for Chinese collectors, they are a very important period of art and has high value to them. Until world war II, Western works of art came to the peak of historical moment. This period of art highly influenced the development of modern Asian art such as Zao Wou-Ki, Wu Guan-Zhong, Sanyu and Chu Teh-Chun.

**ZK: What do you think the motivation of going over the boundary from collecting Asian works of art alongside with Western works of art?**

**KY:** It can be several reasons in a general sense. Firstly, in the old days, Chinese collectors got exposed to Western artists (impressionist and post-war) mainly through publication and it was not that easy to collect their works. For instance, market wise, it was not able to find their work unless going abroad in the West. I believe nowadays collecting a piece of Western master works of art is much less constrained; therefore, being able to collect these work can be a source of emotional satisfaction for Chinese collectors. Secondly, it is for investment purposes, art market in the West is much more stable than Chinese art market.

However, nowadays, I think the purpose of collecting Western works of art for Chinese collectors can be two. Firstly, it can be simply a passion in collecting. Secondly, it is for investment purpose, I believe this is the same for everyone including Western art collectors. Imagine spending millions on a piece of art, Chinese collectors do not hope the price of the artwork may decrease in a-few-year-time and in a long-run, they hope that it increases its value.

**Appendix 5.1: Transcript Summary of Interview with Kai Yang (KY)**

Chapter 3.2 The Art Market in China	Chapter 3.3 Characteristic of Collectors
<p><b>Timeline for Market demand of art:</b></p> <ol style="list-style-type: none"> <li>1. <b>Beginning of 1990s:</b> Renaissance and Impressionism, bought overseas at auction (e.g. New York and London)</li> <li>2. <b>Since 2000:</b> Beginning of market for Chinese modern art and Chinese collectors got much more active</li> <li>3. <b>Since 2005:</b> Art market got mature in China</li> <li>4. <b>Around 2005:</b> Western modern and contemporary art</li> <li>5. <b>From 2012:</b> Japanese and Korean modern and contemporary art</li> </ol> <p><b>Western art influences Chinese modern art?</b></p> <ul style="list-style-type: none"> <li>• Highly influenced modern Asian artist who lived abroad such as Zao Wou-Ki, Wu Guan-Zhong, Sanya, Chu The-Chun</li> </ul>	<p><b>Clients background:</b></p> <ul style="list-style-type: none"> <li>• <b>Older group:</b> started with traditional Chinese art (e.g. Calligraphy, ceramic) moved on to Chinese modern calligraphy</li> <li>• <b>Younger group:</b> collect Chinese modern art (oil painting specifically), pursue modern thinking and new ideologies, love to collect international artists both Western and Japanese and Korean</li> </ul> <p><b>Why collects Western works of art:</b></p> <ul style="list-style-type: none"> <li>• <b>Source of emotional satisfaction:</b> in the old days, difficult to collect their work (limited supply in China), must travel abroad</li> <li>• <b>Investment purpose:</b> much more stable and predictable market</li> <li>• <b>Expectation:</b> price value won't decrease and in a long-run hoping to increase its value</li> </ul>
	<p><b>Chapter 4. Discussion (Result)</b></p> <ul style="list-style-type: none"> <li>• Great interests in Western art since 90s</li> <li>• Western culture has highly influenced China</li> <li>• Older group -&gt; 'Traditional &amp; Slowly'</li> <li>• Younger group -&gt; 'New &amp; Modern'</li> </ul>

**Appendix 6: Transcript of Interview with Felix Kwok (FK), [Filled as questionnaire]  
Senior Specialist of Modern Asian Art, Sotheby's Hong Kong**

**ZK: What has been your experience working with Chinese clients?**

**FK:** In 2012, when I joined my current company which is an international auction house with heavy input of market development in China.

**ZK: What are their professions?**

**FK:** Entrepreneurs, capitalists, senior managers, professionals etc.

**ZK: Have they studied abroad?**

**FK:** Most of them travel a lot all over the world, but not sure about their education background in particular.

**ZK: Do you have an age group for your Chinese clients?**

**FK:** 30-70 years old.

**ZK: What are the top 3 questions are being asked when your Chinese clients come to you?**

**FK:** 1. How should I start collecting? 2. Where can I buy books / attend classes to learn about art market? 3. Did you study fine arts at school?

**ZK: How do your Chinese clients finance their purchases?**

**FK:** (No Comment)

**ZK: If the funds of collecting artwork comes from a family fund or being financed by the parents, who made the decision to buy and what influences the purchase?**

**FK:** (No Comment)

**ZK: Any groups of characterizations respond to certain kind of art they buy?  
(e.g. Age, Gender, Prices, Style of art)**

**FK:** Difficult to characterize in this way, China market is rapidly growing and the interests of clients are very diverse.

**ZK: Are there any difficulties working with your Chinese clients?  
(e.g. Trust, language barrier, commission, delay of payment)**

**FK:** Personally I have no language barrier as I am a native Mandarin speaker, but mainland Chinese clients may need extra assistance while going through the official documents issued by the company which are mainly English.

**ZK: What do you think of their motive in collecting? (e.g. Growing interest in art, diversification of wealth, social status)**

**FK:** A genuine love in collecting art.

**ZK: Are investment value and possible return from investing in art important for your Chinese clients?**

**FK:** These are common concerns, not particularly in specific markets.

**ZK: Do your Chinese clients collect Asian works of art alongside with Western works of art? If yes, what do you think their motive of going over this boundary?**

**FK:** It's a natural trend to collect items with true beauty and value, regardless of culture and national boundary. Collectors expand their scope of collection when they learn more.

**ZK: What do you think the motive of opening private museums by the Chinese collectors?**

**FK:** (No Comment)

**ZK: Any advises for building relationship with Chinese clients?**

**FK:** Be modest, be friendly, be patient

**Appendix 6.1: Transcript Summary of Interview with Felix Kwok (FK)**

Chapter 3.2 The Art Market in China	Chapter 3.3 Characteristic of Collectors
<p>(Not Mentioned)</p>	<p><b>Age group:</b></p> <ul style="list-style-type: none"> <li>• 30 to 70 years old</li> </ul> <p><b>Clients background:</b></p> <ul style="list-style-type: none"> <li>• Profession: entrepreneurs, finance capitalists</li> </ul> <p><b>Overseas experience:</b></p> <ul style="list-style-type: none"> <li>• Majority travel a lot (all over the world)</li> <li>• Unsure educational background</li> </ul>
<p><b>Chapter 4. Discussion (Result)</b></p>	<p><b>3 common questions:</b></p> <ol style="list-style-type: none"> <li>1. How should I start collecting?</li> <li>2. Where can I buy books/ attend classes to learn about art market?</li> <li>3. Did you study fine arts at school?</li> </ol>
<ul style="list-style-type: none"> <li>• Very broad information; therefore, difficult determine assumption</li> <li>• ‘Passive’ information</li> <li>• Interviewee mentioned that some questions were not comfortable to answer</li> <li>• Learning curve for collectors</li> <li>• Great passion in art</li> </ul>	<p><b>Difficulties:</b></p> <ul style="list-style-type: none"> <li>• Extra assistance going through official documents (mainly in English) issued by the company</li> </ul> <p><b>Reasons for collecting:</b></p> <ul style="list-style-type: none"> <li>• Passion and love in collecting art</li> </ul> <p><b>Collect Asian works along Western works:</b></p> <ul style="list-style-type: none"> <li>• Natural trend</li> <li>• Expand scope of collection as they grow (learning curve)</li> </ul> <p><b>Advice in building relationship:</b></p> <ul style="list-style-type: none"> <li>• Be Modest, friendly, patient</li> </ul>

## **Appendix 7: Transcript of Interview with Lilian Wu (LW), Gallerist at ShanghART Gallery**

### **ZK: What has been your experience working with Chinese clients?**

**LW:** During the past 3-5 years, Chinese collectors have improved a lot. Especially, collectors who have been collecting for years, they spend what they earn from their professional carrier and some of them are business owners. Therefore, they are older, around 50 years old and they focus on buying oil painting. When they first started collecting, most of them bought from auction house. Then, these collectors found out that the work they bought from auction house, the artist is being represented by our gallery. In short, most of our clients come to us by tracing back from their purchase from the auction house.

In general, these clients mainly bought works of established artists and found them out by seeing successful auction result. I would say auction house in China has a function of giving a significant value to artists. In our case, Chinese collectors come to our gallery for artists such as DING Yi (b. 1952), YU Youhan (b. 1943) and ZHANG Enli (b. 1965).

### **ZK: What is the characterization of the younger group of Chinese collectors?**

**LW:** The past few years, the market demand in works of art in China has been relatively positive. There are new collectors appear in the market. Most of them are second wealth generation. They have studied abroad and return back to China. They are relatively open-minded and prepare to accept 'newness' such as video art, photography, decorative art. This group of collectors like to collect different category of artwork compare to the older generation.

### **ZK: What is the characterization of the older group of Chinese collectors? How do they select modern Chinese art?**

**LW:** Most of them coming from a background in collecting traditional Chinese calligraphy. Then, they move on oil painting. However, the subject matter of the oil painting has the similarity like the Chinese calligraphy which we normally find e.g. landscape, people, flowers, and animals. Little by little, they grow to accept modern Chinese painting in oil which with more abstract theme. It also depends how open-minded of these Chinese collectors; some are more open accept an abstract theme. Whereas, some said hard to understand Chinese modern art, therefore; they prefer the Chinese modern art with a theme related which this is actually the characteristic in traditional Chinese art.

In the collectors' point of view, most Chinese modern art artists are still alive and the risk of buying a fake piece of artwork does not exist. Whereas, it is relatively common that a counterfeited artwork in the category of traditional Chinese calligraphy. In addition, Chinese collectors follow the trend which created by the auction result. I would say auction house in China has the power in promoting and a valuable status for artists. It gives a standard value to the Chinese artists. If the collectors didn't get the artwork by bidding at the auction house, they would come to our gallery and ask if a similar piece of work available at the gallery. In collectors' point of view, gallery is a second option. However, gallery is the premier market; therefore, we offer a better price and this is the major reason that collectors come to us after knowing the price value of the artwork can fetch in auction. This practice is very common for the 1<sup>st</sup> generation (the older group) of Chinese collectors.



**ZK: Do you think Chinese collectors are fast learners in general?**

**LW:** Yes, definitely they are fast learners and they are open to accept new things even the older group of collectors.

**ZK: We just talked about 1<sup>st</sup> and 2<sup>nd</sup> generations of Chinese collectors. Do your Chinese clients collect Asian works of art alongside with Western works of art? If yes, what do you think their motive of going over this boundary?**

**LW:** It is actually the learning process that Chinese collectors going over the boundary and collect internationally. For instance, Chinese modern art artists are highly inspired by Western works of art. The origin of the inspiration is all from the West. For instance, one of our represented Chinese artist DING Yi is inspired by Sean Scully; therefore, the work itself can be traced.

If the Chinese collectors himself/herself is willing to study the Chinese artist and their inspiration, they can trace back the inspiration from which Western artists specifically. A lot of Chinese collectors begin to collect Western modern artwork by going through this systematic study. For the case of DING Yi, Chinese collectors got to know Sean Scully then, from there, they study horizontally of abstract artists in the same period of Sean Scully. Out of this process, Chinese collectors got to know many more Western artists.

In the case of Japanese and Korean artist, this is heavy due to the market trend and education provided in the market. Geographically, Japan and Korean are very near to China; therefore, exhibitions in galleries and exchange opportunity between artists are much more common in China. In addition, Japanese and Korean influences China in many other ways such as films, music, fashion, cartoon, animation and food are very popular in China. This is why, in general, Japanese and Korean art are easier to be accepted by Chinese collectors.

**ZK: If the funds in collecting artwork comes from a family fund or being financed by the parents, who made the decision to buy and what influences the purchase?**

**LW:** Most definitely, the fund provider such as the parents, got a strong influential power in decision making. However, it depends on family and how much they support their kids. It seems that at the beginning of using the family funds in collecting artwork, the parents and the children need to come to a win-win situation. Very likely, to begin with, the purchasing decision depends on the taste of the fund provider such as the parents. But over the time, if the selected works by the children has increased the price value in a few years, the parents will be convinced by the taste of their children in Chinese modern art. Little by little and gradually, the parents develop a full confidence in decision making by their children.

**ZK: What are the top 3 questions are being asked when your Chinese clients come to you?**

**LW:** 1. Who are the most famous artist represented by the gallery and how much do they cost?? 2. Has this artist been to auction and what's their auction result? 3. Has this artist had recent exhibition in other gallery or museum and background information about the artist such as age and where they graduated?

**ZK: Are investment value and possible return from investing in art important for your clients?**

**LW:** They became much more rational than years before and they also learned that art is a long-term investment not a speculative commodity. They learn to understand that it can't be a high return of investment in 3 to 5 years-time. In addition, works of art has much less liquidation possibility than other commodity such as stocks and property. Nowadays, art is seemed rather more a long-term investment e.g. retirement plan or as the gift for the next generation. In addition, the speculators who hope to flip art in 3-5 years-time are getting much less common.

**ZK: When your Chinese clients buy works from ShanghART, did they consult professional adviser or dealer beforehand?**

**LW:** The 1<sup>st</sup> generation (the older group) of Chinese collectors definitely has a social circle with art experts. Very often they go to auction house and consult the staff's opinions. In addition, advice from auction house's staffs can highly influence the purchase decision of Chinese collectors. In order for artists to have a successful carrier, being fetched a high price at auction house is an important move. After purchasing at the auction and if the Chinese collectors want to learn more and collect even more from the same artist, they will consult dealers. Dealers have different function in the Chinese sense comparing to the Western world. Dealers in China guide collectors a direction of what to collect. If the Chinese collectors know well the market, they won't consult a dealer anymore and they will buy at the gallery directly. Unlike, a dealer in the Western market provides 1-1 service and help the collector to collect systematically.

**ZK: Do art dealers in China sell work directly from artists or how do they introduce artwork to their client?**

**LW:** In our case, ShanghART doesn't give commission to dealers even they introduce new clients. Normally the price of art work is fixed for everyone. Dealers only ask their clients for commission. The only flexibility in terms of price is that the dealer buys work from our gallery but whether the dealer will sell the work later to their clients, we don't know.

**ZK: In China, secondary market is mainly based on auction house. Art dealers and art consultants aren't common so how do Chinese collector resale their artwork except going to auction house?**

**LW:** Actually in China, art dealers and art consultants aren't that common and aren't mature. In this case, sometimes our gallery also provides the service what dealer can do. For instance, if our Chinese clients bought works 10-20 years ago from us. They would like to sell their collection without going through auction house, they may ask if we have clients who would like to buy the early works of our represented artist. Of course, gallery doesn't focus in such kind of dealing but from time to time, we have clients also come to us and ask where they could buy the early works from our represented artists. If there is a good match, we will put through the deal and that's what I meant gallery also acts as dealer sometimes.

## Appendix 7.1: Transcript Summary of Interview with Lilian Wu (LW)

Chapter 3.2 The Art Market in China	Chapter 3.3 Characteristic of Collectors
<p><b>General Views:</b></p> <ul style="list-style-type: none"> <li>• Great improvement (last 3-5 years)</li> <li>• Positive market demand in art</li> <li>• New collectors</li> <li>• Open to accept new things</li> </ul> <p><b>Auction house in China:</b></p> <ul style="list-style-type: none"> <li>• Auction house: power in promoting</li> <li>• Auction result: give value to artistes'</li> <li>• Staffs at auction: highly influential</li> </ul> <p><b>Art market trend in China:</b></p> <ul style="list-style-type: none"> <li>• Western art influences Chinese art</li> <li>• trace the origin from the West</li> <li>• DING YI inspired by Sean Scully</li> <li>• Collectors begin to collect Western works by going through this systematic approach</li> </ul> <p><b>Practice of art dealer/consultant in China:</b></p> <ul style="list-style-type: none"> <li>• Aren't common/mature</li> <li>• Guide a direction instead of helping to collect systematically</li> <li>• If collectors know well the market, won't consul a dealer</li> </ul> <p><b>Gallery acts as dealer:</b></p> <ul style="list-style-type: none"> <li>• Clients who wants to sale the collection</li> <li>• Without going through auction house</li> <li>• Gallery knows who wants to buy</li> </ul> <p><b>Japanese and Korean artist:</b></p> <ul style="list-style-type: none"> <li>• Influence by (music, food, animation, fashion etc.)</li> <li>• Exchange opportunity: High</li> <li>• Close geographical location</li> </ul>	<p><b>Clients background:</b></p> <p><b>Older group</b></p> <ul style="list-style-type: none"> <li>• Self-finance, business owner</li> <li>• Around 45- 60 years old</li> <li>• From traditional Chinese calligraphy</li> <li>• theme and subject matter</li> <li>• Focus on oil painting</li> <li>• Auction House: 1<sup>st</sup> &amp; Gallery: 2<sup>nd</sup></li> <li>• After its purchase, realized artistes are represented by gallery</li> <li>• Prefer to buy established artists</li> <li>• No issues of counterfeit work</li> <li>• Follow the trend of auction result</li> </ul> <p><b>Younger group</b></p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> wealthy generation</li> <li>• Studied abroad and return back to China</li> <li>• Open-minded &amp; accept 'newness'</li> <li>• Video art, photography, decorative art</li> <li>• Collect different category of artwork</li> </ul> <p><b>3 common questions:</b></p> <p>1.Who &amp; how much is the most famous artists? 2.Has been to auction and auction result? 3.Recent exhibition at other gallery or museum?</p> <p><b>Decision making in a family fund for art:</b></p> <ul style="list-style-type: none"> <li>• Fund provider (e.g. parents): strong influential power</li> <li>• Depends on family background</li> <li>• <b>Beginning:</b> Compromise a decision between parents and children</li> <li>• <b>End:</b> parents got convinced</li> </ul> <p><b>Is investment value important?</b></p> <ul style="list-style-type: none"> <li>• Became more rational &amp; cautious</li> <li>• Art: less liquidation than stocks &amp; property</li> <li>• Realized art is a long-term investment</li> <li>• Speculator to flip art: less common</li> <li>• Art as retirement plan</li> </ul>
<p><b>Chapter 4. Discussion (Result)</b></p> <ul style="list-style-type: none"> <li>• Learning process for everyone</li> <li>• Older group: 'Traditional &amp; Symbolic'</li> <li>• Younger group: 'New &amp; Cool'</li> <li>• Power of auction house</li> </ul>	

