



DIGITAL TRANSFORMATION: REDEFINING CATY CUCALÓN'S
CONTEMPORARY ART BUSINESS

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1 Abstract

Colombian contemporary artist Caty Cucalón has a renowned career in plastic arts and has been running her art business for years. Nevertheless, she has not been oblivious to changes that have happened in the aftermath of the pandemic. The digital transformation of the artist's traditional art business is the innovative proposal for this business plan. Concepts like art industry, business model innovation and digital transformation are examined in a literature review to set the structure of the project. Market, competitive and internal analysis are held to better understand the context in which the project will develop and to survey the latest trends in this field. Following these, objectives are established along with a marketing strategy. Then the business idea is tested through an MVP, providing significant insights from users, potential customers and business operations. This innovative business plan carefully considered the market potential, target customers, necessary processes, technological requirements, human capital and marketing and promotional online activities to will allow the business to participate in the international online art market. A financial plan and its valuation are prepared, concluding the project's feasibility. Aggressive sales forecast will be achieved by following a strong marketing and sales strategy. This new online business aims to create new sales channel that enable the artist to reach new markets and customers in a much shorter time and allows her to expand her traditional art business.

Key Words: Digital transformation, Online Art Selling, Business Plan, Digital Technologies, Artist's website, Contemporary Art.

2 Sumário

A artista contemporânea colombiana Caty Cucalón tem uma carreira de renome nas artes plásticas e dirige o seu negócio de arte há anos. No entanto, ela não tem estado alheia às mudanças que ocorreram no rescaldo da pandemia. A transformação digital do negócio de arte tradicional da artista é a proposta inovadora para este plano de negócios. Conceitos como indústria da arte, inovação do modelo de negócio e transformação digital são examinados numa revisão bibliográfica para definir a estrutura do projecto. São realizadas análises de mercado, competitivas e internas para melhor compreender o contexto em que o projeto se desenvolverá e para estudar as últimas tendências neste campo. Na sequência destas, são estabelecidos objectivos juntamente com uma estratégia de marketing. Em seguida, a ideia de negócio é testada através de um MVP, proporcionando uma visão significativa dos utilizadores, potenciais clientes e operações comerciais. Este plano de negócios inovador considerou cuidadosamente o potencial do mercado, clientes alvo, processos necessários, requisitos tecnológicos, capital humano e actividades de marketing e promoção em linha para permitir que o negócio participe no mercado internacional de arte em linha. Um plano financeiro e a sua avaliação são preparados, concluindo a viabilidade do projecto. As previsões de vendas agressivas serão alcançadas seguindo uma forte estratégia de marketing e vendas. Este novo negócio online visa criar um novo canal de vendas que permita à artista alcançar novos mercados e clientes num tempo muito mais curto e que lhe permita expandir o negócio de arte tradicional.

Palavras-chave: Transformação digital, Venda de Arte Online, Plano de Negócios, Tecnologias Digitais, Website do Artista, Arte Contemporânea.

3 Promoter and Innovative Proposal

Caty Cucalón is a contemporary artist focused in plastics arts. Over time, her passion and works has consolidated into a business by attending exhibition in galleries, museums, art fairs and events in Colombia, United and Europe. She has built recognized career, making her way in local and international art markets and she has recently been awarded as one of the most influential artist in her home country.

Like many other artists and entrepreneurs, Cucalón has experienced the threatening consequences of a pandemic, therefore being challenged to reinvent her art traditional art business. The innovative business idea for this project was developed after experiencing a sudden stop in traditional art business activities like participating on events, gallery and museums exhibitions, which were forced to close down to due Covid-19. To extend her current business into a digital one will allow the artist to enter the online art market and have access to a world of new opportunities.

www.catycucalonart.com is an online business proposal develop by the author of this project for Caty Cucalón Art Business. This project is formulated to create new sales and communication channels that will be significant profit drivers to Cucalón's art business. The project will be shaped following the recommendations on business model innovation through digital transformation and technological tool implementation, plus taking into consideration the latest trends on digital marketing. Furthermore, this exploration can serve as an example to other artists and entrepreneurs.

4 Literature Review

The following literature review aims to present the key themes and concepts involved around Caty Cucalón's art business reinvention through digital transformation. To begin with the definition and practices of contemporary art are examined. Afterwards, art business models and artist types and careers are reviewed, followed by the analysis and implications of business model innovation and digital transformation for a contemporary art business. Assessing all of the concepts above are stepping stones towards the implementation of an innovative business plan and the development of www.catycucalonart.com.

4.1 Contemporary Art

Art can be described as an expression of human response to the environment which continuously affects the society (Rani, 2018). Art cannot be confined to some boundaries and it continues to change progressively to develop form and idea (Rani, 2018). It is suggested that art as a source of human emotions can play a fundamental role in rebalancing and harmonizing human-nature relations. Art also offers confrontational and progressive messages about social and environmental change (Shrivastava, 2012, as cited in Zsolnai & Wilson, 2016).

The term contemporary art refers to precise conditions of artistic production created during the late 20th and early 21st centuries (Esanu, 2012). It is described as the "art of the present day" with an innovative and avant-garde nature (Tate, 2021). This type of art has its own approach or style that distinguishes it from others, even though it is not particularly uniform and it includes a wide selection of media, materials, concepts, themes and subject matter (Diamond, 2016). Contemporary art is considered to be important to society because of its mean to express oneself as a way to deliver a social and cultural commentary (IESA Art & Culture, 2021). Contemporary artists explore personal or cultural identity through their artwork, as well as offering critiques of social and institutional structures, or even building an attempt to redefine art itself (Walker, 2021).

Furthermore, embedded in the contemporary arts, plastic art works (painting and sculpture) represents modern and late art which "offer powerful images which are not only significant but also representative of time conception and which have an ontological, ethical, political, esthetic and sociological scope" (Roche Cárcel & Carretero Pasín, 2020, p.536).

4.1.1 Contemporary Artist as a Creative Entrepreneur

Entrepreneur is defined as “as one who starts his own, new and small business” (Drucker, 1985, p.21). The term entrepreneur encompasses multiple roles of innovators, decision makers, organizers and coordinators of economic resources, amongst others. As a result, entrepreneurs look for opportunities to sell, innovate and create value to be delivered through products and services (Hébert & Link, 1989).

Moreover, Bujor & Avasilcai (2016) describe the “creative entrepreneur” as the type of entrepreneur concerned with the creation and utilization of creative or intellectual capital, in which he or she is an investor in his or her talent. Eventually, artists are entrepreneurs by default, and embracing the non-creative aspects of their art business is vital to their growth and success (Winter, 2020). The real challenge for those who dare to engage in a creative business is the need to find balance between the artistic side and the financing and business development side (Bujor & Avasilcai, 2016).

4.2 Art Business Models

Art business models comprehend an extensive variety of artistic careers, art styles and approaches. Moureau & Sagot Duvaurox (2012) conducted a study among French artists, resulting in the suggestion of four different art business models and four artist profiles and career types.

4.2.1 Business Models Centered on Innovative Art

In this business model, works by artists representing researched, innovative art are the most encouraged. In addition, the figure of the expert network - who are constituted institutions dedicated to contemporary art (museums, art institutions etc.) has important presence. The expert network promotes and supports innovative practices. Schools of fine art in particular, play a crucial role as they are places of innovation where artists are skilled to create art works that will fill exhibitions. There is a high level of collaboration between artists and this expert network. Nevertheless, non-local and international connections are less strong and rely on mediation of strategic figures (Moureau & Sagot-Duvaurox, 2012).

4.2.2 Business Models Centered on Traditional Art

In this model the figure of the dealer network is introduced. This network, which is not linked to the expert network is formed by galleries. These have a unstated local exclusivity agreement with their artists and therefore can offer artworks to local clients. In addition, in this model artists preserve the

tradition (technique) of artisan and work independently from institutions. Galleries hardly collaborate with each other, and have very few connections with institutions (Moureau & Sagot-Duvauroux, 2012).

4.2.3 Business Models Centered on Artwork

In this business model, art galleries are the epicenter of the art economy and they work as intermediaries among artists and buyers whether they are private art collectors or institutions. The price of an artwork is determined by the gallery according internal and external features, such as the technique, size, the artists reputation and the originality of the art piece. Art fairs, salons and auction house become alternative or complementary sales channels when artists don't want to limit selling directly from his or her studio. This model can work with three types of galleries. The point-of-sale galleries which host art exhibitions and openings and they serve as intermediaries in art exchanges. The promotions galleries which support exclusively researched, innovative art. And the spring-board galleries are mostly non-commercial, they work on supports from collectives (Moureau & Sagot-Duvauroux, 2012).

4.2.4 Business Models Centered on the Art Project

Contrary to artworks economy which is based on tangible art pieces, the projects economy evaluates the approach and the process rather than a final object. The main challenge is to obtain sponsoring and financing needed for artists to dedicate themselves completely to the project, instead of being challenged by the sale. In this type of models artists must be able to design and suggest projects that are tailor-made to the clients' needs. Artists must participate of different networks to succeed and must also build interpersonal connections to assure visibility and employability. As an advantage, in this model, artist can combine freelance work with their own work (Moureau & Sagot-Duvauroux, 2012).

4.3 Artist Types and Careers

4.3.1 The Salon Artist

The salon artist creates traditional art (techniques), mainly painting and sculpture. They are very experienced in their exclusive area of specialization. Consequently, their work gain value within point of sale galleries and exhibitions and their essential revenue comes from artwork sales. The artist career success and recognition is based on his or her ability to sell and exhibit in a numerous amount of national and international galleries (Moureau & Sagot-Duvauroux, 2012).

4.3.2 The Artisan- Entrepreneur Artist

Regularly artisan-entrepreneurs are self-taught artists whose work can be cataloged within the framework of the urban landscape. They seek sources of funding before they start to work and their income sources involve payment for orders. Some artisan entrepreneurs can gain addition work by associating with architects or public relation agencies and offering private classes (Moureau & Sagot-Duvauroux, 2012).

4.3.3 The 360° Artist

Like the previous career types, 360° artists participate in project and commissions. It's work is not limited exclusively to painting and sculpture, but can also combine performance, installation, artistic representation, or audiovisual media presentation. Furthermore, this artists may provide different services such as website design and exhibition management. They had art training from a well-known art school and are involved with innovate art. His or her works can be distributed in galleries, businesses, public spaces, etc. (Moureau & Sagot-Duvauroux, 2012).

4.3.4 The Art Fair Artist

Finally, the art fair artist basically produces art pieces that are engaging for institutions and art collectors. Participating on prestigious international art fairs represent an important step to their career as it helps them to build their recognition. Art fair artist's success rely on sales record, as well as their presence on recognized museums and collections, participation on auctions and art fairs and curators reviews (Moureau & Sagot-Duvauroux, 2012).

Implications When Adopting An Art Business Model: 'Pros and Cons'

After reviewing the different art business models and the diverse types of artist profiles, pros and cons are derived. According to the Art Business Institute (2017), how to sell art has a lot do with the way and the amount artist will be paid for their works. Artists who chose to work with business models where they consign their art works in galleries have an advantage of saving the time and expenses resulting from the work of marketing and selling their artworks. Yet with this option, artists receive approximately half the sum of the sales price and will only get it when the art piece is sold. Besides, they lack control of how their artwork is exhibited to be sold (Art Business Institute, 2017).

On the other hand, artist who chose to retail their artworks, have the advantage of getting the total purchase price out of each sale. This option brings abundant opportunities to artists who are ready to create

their originals, hold a production inventory and travel to art fairs to sell in person, enriching their network connections. Thus, this generate high expenses, plus the cost of being out of the studio creating artworks. This can be fruitful if the artis keeps cautious track of the fairs and events which are indeed profitable and the ones that are not (Art Business Institute, 2017).

For artists who choose to wholesale their artworks, every art piece will earn the artist more or less half of the retail price. Building close relationships with retailers can push continuing orders and repeated sales. This can be even more profitable than retailing but it might not suit every artists' work scheme. The characteristics and techniques used in the art works determine whether the artist can fulfill the orders (Art Business Institute, 2017).

4.4 Business Model Innovation and Digital Technologies

4.4.1 Business Model Innovation

The starting point to discuss business model innovation is to understand what a business model is. "A business model describes the rationale of how an organization creates, delivers and captures value" (Osterwalder & Pigneur, 2010, p. 14). It explains how a business generates profits now and in the future, how it will create sustainable competitive advantages, and determines how objectives, efforts, activities and resource allocation are defined. A business model can de described through the following nine building blocks that demonstrate the logic of how an organization intends to gain a profit: 1.Customer Segments, 2. Value Proposition, 3. Channels, 4. Customer Relationship, 5.Revenue Streams, 6. Key Resources, 7. Key Activities, 8. Key Partnerships and 9. Cost Structure. Each of these blocks have to be considered and analyzed for a strategy to be implemented through all organizational structures, processes and systems (Osterwalder & Pigneur, 2010).

Moreover, BMI is defined as a change in a company's BM, resulting in noticeable variations in the organizations practices towards customers and partners. Innovation activity in businesses is described as all the activities undertaken by a business to create and add value to its product and services (Bouwman et al., 2018). In addition, as stated by Zott & Amit (2010), the consideration of business model innovation (BMI) is growing in both the entrepreneurial exercise and research. Advanced technologies specifically the ones regarding digital platforms, social media and big data are considered to play a crucial role in BMI and digital transformation in most small businesses and entrepreneurs (Bouwman et al., 2018). Furthermore, according to Hellmanzik (2009), the use of innovative technologies in the artist's creative process, instead

of just incorporating conceptual innovation to their art works, is a key factor that eventually leads to recognition and fame.

Additionally, digital technologies have enabled business model innovation by providing new ways of creating and capturing value and offering new exchange mechanisms and transaction methods. Digital technologies have changed business models by facilitating *AET- Automation, Extension and Transformation* of different constructs (Li, 2017).

Automation refers to the adoption of digital technologies to automate or enhance existing activities and processes like supporting communication and displaying information. For instance, businesses which produce incomes through traditional physical means, use digital technologies, for example a website, as a new channel for information or to facilitate communications and interaction with customers. They are used to automate and enhance, rather than to transform their business models (Li, 2017).

Extension refers to the use of digital technologies to support new ways of conducting business which supplement, but not replace existing activities or processes. Digital extension of traditional business models generate additional revenues and increase the reach and impacts of their products, even if their core business are largely preserved. For example an art studio exhibited online art portfolios for independent artists, which allowed potential customers to buy or rent originals or customized artworks. The online portfolios' main purpose is to serve as an additional channel for independent artists to reach customers, along their own traditional channels. Digital portfolios also add new revenue streams and generate new customer relations (Li, 2017).

Furthermore, even when a product can't be easily digitalized (for example live concerts or fine art expositions), it can often be digitally extended (live stream of the event), and the interaction with the audience are digitally transformed. In addition, digital technologies are used to add value to core services by extending and enhancing user experience in existing markets. For instance, a mobile app, can be used to complement exhibitions of oil paintings as they can display the different layers of paint in the canvas and allow the user to examine the painting process of the artwork over time (Li, 2017).

Lastly, *transformation* refers to the use of digital technologies to enable new ways of conducting business to replace traditional ones. Digital technologies are used to renovate business models by transforming the product offering, the revenue model and the customer relationship management. However,

it is important to underline the high risks involved when completely replacing the traditional business model with new digital technologies (Li, 2017).

In addition, digital technologies in business model innovation enables *exclusivity through personalization*, transforming customer relations and value sensing. Digital technologies are used to enable customer to personalize products to various degrees, and pay different prices depending on the levels of exclusivity. In this case, value proposition is transformed in terms of product offering (exclusive and personalized). Besides, traditional businesses who adopt business innovation experience changes in their main income sources, from physical stores to online sales and their customer bases are extended from local markets to international markets (Li, 2017).

4.5 Digital Transformation in A Challenging Fast Changing World

The digital acceleration over recent years and more notably with the pandemic, have served as a trigger for digital transformation that is unlikely to have been originated in normal circumstances. It has forced all types of organizations to stretch beyond traditional existing business strategies, adapting to new ways to endure the crisis (Heinonen & Strandvik, 2020).

Digital technologies have become all- inclusive in our daily lives and so has our participation in an on-growing digital culture (López, 2012). There is an increasing digital culture consisting on the integration and adaptation of computer technologies, for creative, practical and connective practices. The extensive usage of new technologies and computer tools has changed communication, cognition and behavioral ways (Carlton, 2014). Plus, the development of new technologies nowadays brings everyone together in a global marketplace (Li,2020). The world has becomes more interconnected, smartphones and social media being the catalysts and as a result, increasing number of users are joining the global art market (Diamond, 2016).

Digital transformation is defined as the integration of digital technology into business that result in, changes in business operation and delivery of value to customers (Mičić, 2017). It also refers to the transformations driven by the broad adoption of digital technology that generate, share, process and transfer information. It builds on the evolution of multiple technologies such as software engineering, computer technologies and telecommunication networks (Aly, 2020). The fast development and evolution of digital technologies has enabled deep changes in the operations and strategies across different business sectors and

industries. And certainly, digital transformation embodies a fundamental restart of a business with the objective of reaching significant improvement in performance while shifting the business' future track (Li, 2020).

4.5.1 Digital Transformation in the Art Business: Selling Art Online

The technological advances have created quicker and faster ways to research, connect, share information and ultimately buy and sell art. The online world offers a platform that rapidly connects artists, buyers, institutions etc., and accelerates the process of contemporary art interchange. As a result, artists show interest by experimenting with different mediums and technologies to be used in the production, communication and selling process of their artworks. Galleries, art fairs, and auction houses are not left behind as they are also turning into the digital sphere by share their entire exhibitions online (Diamond, 2016).

The 21st century experienced a dramatic change regarding selling or buying products, and now there is a growing cultural tendency to go online for almost every purchase (Rani, 2017). With the settlement of a digital era, artists can now choose to sell their art online through many different mediums (Art Business Institute, 2017). Likewise, the E-commerce of art is an emerging practice which consist in buying and selling art on the internet, without the need of any physical contact with the art piece (Vergès, 2015).

Additional advantages of online art selling include the democratization and liberation of art and its global impact, as well as building a community to connect, engage more easily and give recognition to upcoming artists (Chan, 2020). Nowadays, young artists believe it is better to sell their art online rather than calling for an exhibition. An evolving online market gives the opportunity to small town artist to display their artworks and therefore through online websites artists can be showcased and sell their art anywhere (Rani, 2017). For example, Solomon R, an artist from Trichy in India, travelled to all major cities in his country to exhibit his paintings, but ended up with no buyers. He then registered to sell his paintings online and saw a quick result acceleration. By embracing the online ecosystem, the artist is now selling his artworks faster than ever (Rani, 2017).

Another favorable touch point of online selling is that art lovers who buy art and other collectibles to be included in their wealth records, can simply go online to search, find and purchase their preferable art piece easily (Rani, 2017). Online art buyers usually read blogs and follow galleries' websites and choose it's favorite artwork among the research before buying (Saini & Gupta, 2016).

The digital age has opened up access and opportunities for artists to sustain a creative career. However, for artist to capitalize these opportunities, they must do more than produce an artwork. Artists must understand the market of art collectors and potential buyers. Important questions arise such as what are their motivations? Where do they live? How is the artist going to stand out in the competitive online art market? There is no single path or step-by-step plan that will guarantee the success of an artist selling their artwork. Similarly, understanding the art business, the tools available and the journey required to sell online, will help the artist find a path to selling their works successfully (Artrepreneur, 2019). In addition, due to the growth of the online art market, artists need to decide where and how to sell their artworks online. Artists must decide to sell through their own online store or through an online supplier or consider both opportunities (Stokes Barron, 2021).

4.5.2 Selling Artworks Online: Online Art Marketplaces vs. Personal Online Store

There are two fundamental ways to sell artworks online. The first one is through a personal online store (artist's website). The second option is to join online art marketplaces where the artist is one of thousands of artists selling artworks. Artist would probably prefer to sell from their own website since they would keep all the profits as there are no commissions on sales, plus they have control over how their website's operations. Though, with a personal store, the artist is responsible to ensure that all parts of the buyer's transaction work out properly (Artrepreneur, 2019).

On the other hand, online art marketplaces can have high commissions on sales, averaged around 40%, even though commissions can vary dramatically and will have great competition. However, these art selling platforms are usually more simple to set up and operate in comparison to a personal website and ecommerce. Additionally, joining an online art marketplace could increase the artists' awareness among art buyers and collectors which will be harder to achieve with the personal website (Artrepreneur, 2019).

Artrepreneur (2019), suggests that artists must examine the following key points before deciding to sell their artworks through a personal website, an online art marketplace or both.

- **Development time and costs:** to develop a personal website can be expensive and take a significant time to get up running properly, plus it requires the artists to have the necessary skills to build the website by itself otherwise will have to hire a web developer and many of them will charge a

monthly maintenance fee. On the other hand, an online marketplace will make the process much faster to get the artist works out for sale and charge minimum setup fees, but some online art marketplaces may have high sales commissions and sometimes only allow artworks over certain prices.

- **E-commerce features:** There are numerous ecommerce solutions to build personal website and ecommerce stores. The essential ecommerce features are shopping cart, different payment method integration, inventory management, customer service, and additionally provide marketing services like SEO, social media integration and email campaigns.

When deciding on which platforms are best to their art business, it is recommended for artist to make a list of the features from platform and mark the ones that they consider to be critical, nice-to-have or the ones that are not needed for selling art online. It is also recommended to consider the amount of artworks the artist initially expects to sell through its website, and how much additional inventory will be adding regularly. Finally, artists should be sure that they can add detailed information to their artworks and portfolios before joining an art marketplace or choosing an ecommerce platform to build a personal website (Artrepreneur, 2019).

Alternatively, some selected well-known art marketplaces are: ArtViatic, primarily for the high-end market, Expertissim, concentrated on the middle market and Ebay, a platform essentially for low-quality artworks. Several of these art ecommerce players have developed strategies such as the reduction of the dealer's commission fees for example Artviatic takes only 3% and Expertissim 15% while traditional dealers may take up to 40% commission (Vergès, 2015). According to Chan (2019) the best online art-selling websites are Etsy, Artfinder, Saatchi Art, Artplode, Redbubble. And on the other hand, some recommended website builders with integrated ecommerce platforms are: WooCommerce, Wix, Shopify and Squarespace.

Furthermore, *Search Engine Optimization (SEO)* must be considered to build an audience organically and directing traffic to the website. Generating traffic to the website is critical in the selling process. One of the biggest challenges in selling art online is to drive new customers to the artwork pages. The artist's main goal for SEO strategy is to have ranked for any searches in which their artwork is the most relevant answers, but not for every search related to art. For a personal website SEO can be difficult, time consuming and demand a high resource allocation. An online marketplace has a clear advantage over a personal website as they have higher indicator that search engines use to decide on ranking such as visitor traffic and number

of pages on the site and how long the visitors spend to consider a few. In addition, a marketplace will have significantly more resources dedicated to a SEO strategy than an artist website (Artrepreneur, 2019). It is essential to denote that search engines such as Google and Bing do not see the content of an image. It considers the information available on the page such as the descriptions or titles. Therefore to make good use of SEO artists should provide their websites with as many details as possible about themselves and their artworks and select an specific pool of keywords to be drawn from these (Artrepreneur, 2019).

Additionally, Rani (2017) suggests that positioning an online art selling website should lean towards creating customer experience which could eventually have an impact on the purchase of an art piece. Furthermore, to enhance the customer experience on the artist personal website, the following powerful conversion-boosting features should be adopted to make the art sales happen (Artstorefrontsblog, 2020).

- **3D preview or 360° overview:** Using this features to display the artworks available for sale is highly recommended as it stimulates interest and attracts customers to make a purchase.
- **Wall preview tool:** This tool allows the customer to see a preview of the painting on the wall in different room settings. Even further, it allows to change the wall color to match the wall of the specific place the customer wants to hang the painting.
- **Live framing previews:** Showing the live 3D preview of the painting with a frame will be very useful to sell the artwork and will also be an opportunity to gain additional profit by selling the frame.
- **Single page checkout for guests:** The fewer steps and fewer clicks artist requires their prospect clients to go through in order to checkout, will lead to less shopping car abandonment and a higher conversion rate.
- **Email a friend tool:** This tool allows the potential client to share the image of the painting by email to another decision maker, for example one of their relatives, before they can complete the purchase.
- **Chat tools:** A chat tool will help the artist interact with the potential clients addressing their questions and concerns immediately. Usually people don't complete a purchase because they have questions to be clarified. Managing this will help increase the conversion rates.
- **Minimalist design website:** The concept "Less is more" is crucial in the art industry. Using a minimalist design allows the painting take the center stage, with no other elements competing for attention.
- **Mobile & Tablet ordering:** Nowadays, mobile and tablet ecommerce capability is required to retain potential sales as there is an increasing number of shoppers using this type of devices.
- **Save to favorites button:** Saving the painting of interest to their "favorites" allows the visitor to easily and quickly view or buy it later.
- **Social media profile:** Social media plays and important role in driving future online sales. It is a powerful way to increase the audience and build sales over time from the social media presence.

4.5.3 The Use of Social Media on Art E- Promotion

Today, traditional physical art experiences are drifting in to a more web-based environment and art enters into the age of social media (Kang et al., 2019). The development of social media networks has made it possible for artist to interact and communicate with many social media users and at the same time promote their artworks among art lovers (Saini & Gupta, 2016). Social media allows people across the world to virtually share information, pictures, videos, ideas, opinions, and has become a powerful marketplace tool (Saini & Gupta, 2016). Therefore, having social media presence is an effective method to increase the artist brand awareness and promote its online store. Nevertheless, artists should keep in mind that they don't have to be present in all social media platforms available but select the ones that best fit their art business (Stokes Barron, 2021).

Artist can take advantage of the use of social media to articulate their vision, present their talent, gain visibility and awareness, therefore finding success in promoting their artwork through this channel (Saini & Gupta, 2016). Likewise, social media gives artists the power to control the way their story is told and reach target audiences that want to hear from it (Kang et al., 2019). According to Saini & Gupta (2016), constructs on social media marketing (SMM) derive activities such as customization, entertainment, trendiness, word of mouth an interaction, which indicate a positive and significant effect on E-art promotion. Artists can work with different features made available by the platform for example they can mix images, texts post and videos to keep their accounts engaging. In addition they can include post with the behind-the-scenes, sneak peeks, sales announcements, special offers, and engage with their audience through surveys and 'ask questions' activities (Stokes Barron, 2021).

Due to its highly visual nature, Instagram is the most popular platform among artists (Stokes Barron, 2021), and it is redefining the way the art world does business (Kang et al., 2019). Instagram provides an efficient method for promoting art. It enables artists to create shoppable posts that allow followers to click through and be directed to the personal store to make a purchase. Furthermore, the features like Stories, Lives and IGTV video are a great way to communicate and engage with their followers and it also useful for artists to showcase and display details about different artworks available (Stokes Barron, 2021). Before the rise of internet, art critics determined the value of art and today Instagram has become a remarkable way to discover promote as well as critique art (Walmsley, 2016). The platform features such as likes and comments greatly influence interaction, being curiosity and confusion strong reasons to engage (Kang et al., 2019).

4.5.4 Other Digital Technologies Being Used in Art

Now a days, more contemporary artist are embracing the use of new and different types of digital technologies and media to create their art pieces, extending the limits of traditional practices (Taggart, 2019). Digital technology represents not just a tool to create art in different forms but it also provides a new form of mass communication (Rani, 2018).

Digital technologies are being used to create breathtaking experiences that prove to amaze visitors and art lovers. In 2019, *The Starry Night Exhibition* by Culturespaces brought Vincent Van Gogh's paintings to life. An ordinary exhibition space was turned into an immersive digital exhibition, transforming it into a living painting that made it feel as though visitors were physically immersed into Van Gogh's paintings (Taggart, 2019).

In addition, Augmented Reality (AR) referred to as “a technology that enhances the user's sensory perception of the real world with a computer-assisted contextual layer of information” (Azuma, 1997, as cited in Di Serio et al., 2013) is now being used in art experiences. Azuma et al. (2001) describe AR systems to be characterized by three properties: Combine real and virtual objects in a real environment, Align real and virtual objects with each other and run interactively, and in real time. The AR visualization process include: image acquisition, calibration, tracking, registration and display. In order to use AR to view and display artworks, the artist (himself or through a programmer) must digitalize the painting and get its digital model (Blanco-Pons et al., 2019).

With the use of Mobile Augmented Reality technology (MAR), the real world is enhanced with different kinds of virtual content like 3D models, 2D images or text information, which are located in real position in real-time and are presented through the device display (Blanco-Pons et al., 2019). AR is being used in museum tour guides, contributing on the visitor art engagement experience. Visitors are able to review the live augmentations by pointing a device (tablet) at the painting to activate the information layer. As a result this AR application indicate an advantage in the user art learning experience (Aitamurto et al., 2018). Moreover, information technologies (IT) are considered as part of the toolkit that supports the visual object of modern arts. The Internet of Things (IoT) and cloud computing technologies can be used as well to collect and analyze data about the opinions and feelings of a visitor or group of visitors from different cities and countries (Golembowska et al., 2019).

5 Methodology

The following methodology consists of a step-by-step framework to create a business plan that expects to maximize Caty's Cucalón business objectives through digital transformation. It presents a series of phases that addresses business plans components, each of which are necessary to complete before proceeding to the implementation of the project. The business plan must follow this methodology to avoid common mistakes such as skipping critical early analytical and strategical phases, and going straight to implementation phases, which can end up in a disjointed business plan.

In the first phase, the innovative proposal for the business plan is introduced, then followed by the second phase that presents a literature review that explores key concepts involved in the art business's digital transformation process. Secondary sources like scientific papers, journal articles, books, academic magazines and dissertations are included this exploration. Additionally, various technologies, digital platforms, and tools available are examined in order to set up the options that best fit the artist's website and ecommerce.

Afterwards, the methodology continues with a component analysis. This third phase presents the market, internal and competitive analysis. The first one studies and evaluates the market in which the new art business approach plans to compete in and aims to define the art markets' current and future attractiveness for the business. It gives an overview of the global art market, subsequently focusing on the online market, describing the market size, segments, growth, profitability, selling channels and trends. The internal analysis examines the business's strengths that will support a development strategy and the weaknesses that must be addressed to overcome challenges. To consider both will help define an strategic direction for the business. Furthermore, a competitive analysis explores the external context and defines the competitive landscape, outlining direct and indirect competitors such as other contemporary artists and art selling online platforms. This analysis also exposes business opportunities and threats that must be considered to structure an effective business plan.

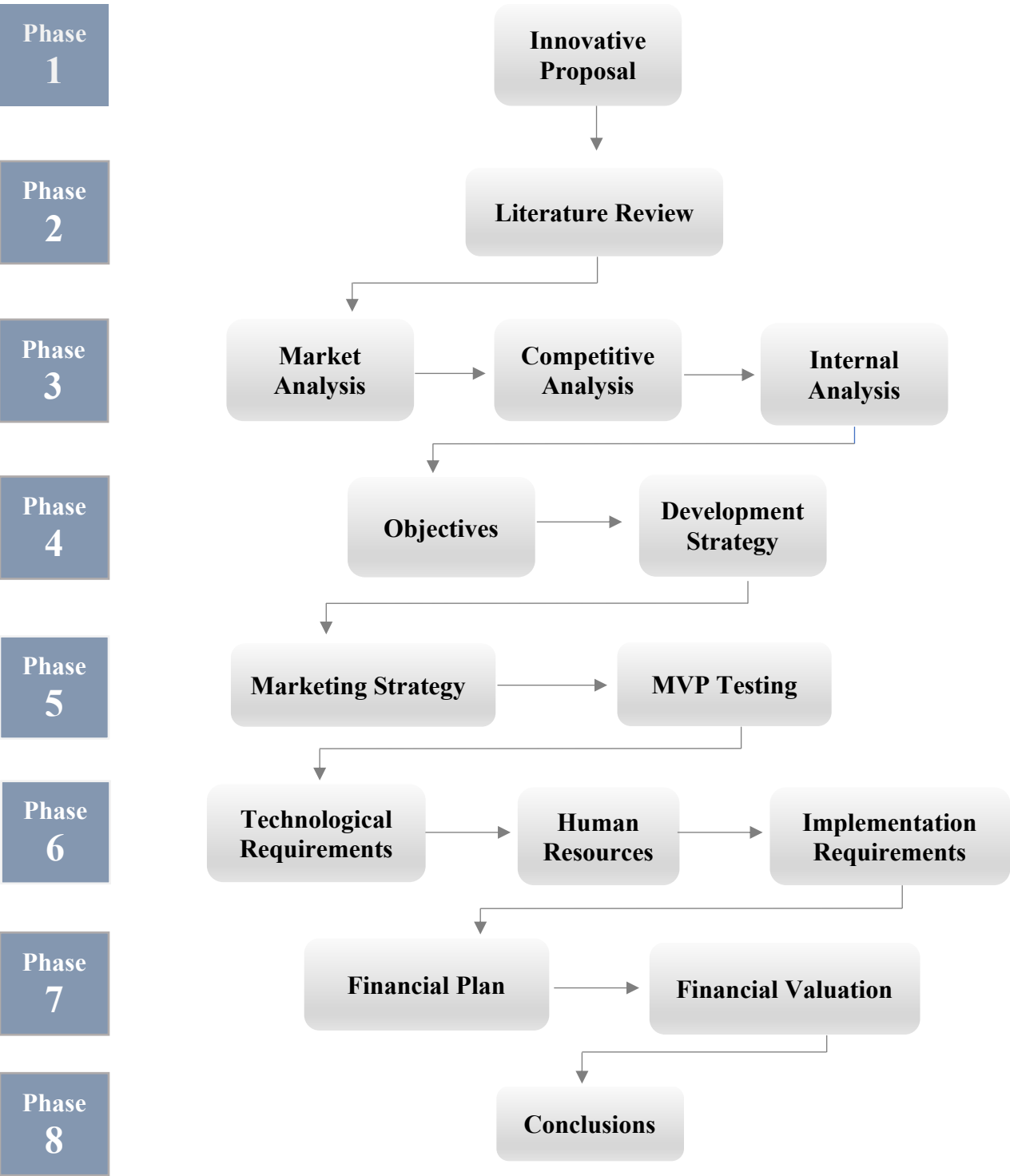
The evaluation of all components will help to effectively determine the target market and market segments, and identify an strategic positioning and competitive advantage. These will be the foundations to determine, marketing, sales and business development strategies. The fourth phase considers all previous phases to define the business objectives and the development strategy.

Phase five outlines the marketing strategy which includes the segmentation, targeting and positioning, the unique value proposition and the marketing mix. Then the business concept is tested with an MVP- minimum viable product- the artist's personal website (www.catycucalonart.com). The MVP is tested through a launching campaign on Instagram, that will redirect traffic to the website. The campaign includes a promotional video and a set of artwork images posted the artist's profile and shared through stories as well. These activities aims to reach target audiences and potential customers and direct traffic to the website. Google Analytics is installed by adding a GATC code (Google Analytics Tracking Code) to each page of the website. This enables to track key statistics such as: visitor statistics, traffic sources, content overview, real-time reporting and page conversions. Google Analytics is a key to test online business concepts and to assess the success of any website, thanks to the information it provides, decisions can be made about the future of the business.

Phase six frames the technological requirements, human resources and implementation requirements for the project considering the learnings and adjustments from the results of the MVP Test. The technology requirements include the web and e-commerce solutions and all its derived components. The human resources requirements explores the outsourced services needed to get the business going and the implementation requirement which include operational, technical and legal documentation that is required by the business.

Phase seven describes the financial plan that depicts all cost involved in the implementation of the business and concludes with the project's valuation. This assessment takes into consideration key financial indicators to determine the feasibility and profitability of the business. And the last phase provides final conclusions from the development of the business plan to take into considerations when implementing the project.

Figure 1. Business Plan Methodology



Source: Self elaboration.

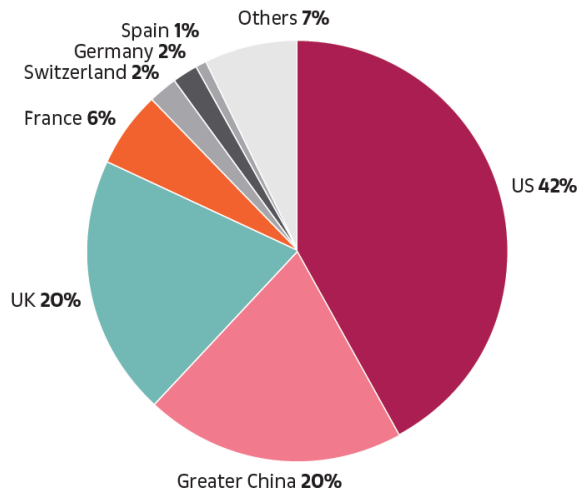
6 Market Analysis

The development and growth of any business depends on its ability to interact with its macro environment. Businesses must recognize and know how to react to constant market evolution which might present significant opportunities as well as threats. A deep understanding of the current characteristics, behaviors and situations happening around the global art market, with an specific focus on the online market is essential for the elaboration of this business plan.

The following market analysis is based on the findings from The Art Basel & UBS Art Market Report 2021 prepared by Dr. Clare McAndrew founder of Art Economics, leading exponent and authority on the global art market. The report presents the results based on data gathered and analyzed by Art Economics from art collectors, art fairs, auction houses, dealers, art and financial databases and industry experts involved in the art market trade in 2020. Furthermore, the performance of different sectors, market value segments and regions is analyzed. In addition, the report assess the impact of COVID-19 on art sales and exposes key trends on global online art trade.

Global sales of art and antiques reached \$50.1 billion approximately in 2020, 22% less than 2019 and 27% from 2018. The US, the UK and Greater China (mainland China, Hong Kong, Macau, and Taiwan) are confirmed as the three major art hubs, all of which have faced a decline in sales in 2020, but still continue to be accountable for 82% of the global art sales. The US kept the biggest share of 42%, and the UK and Great China followed each with 20% share (McAndrew, 2021).

Figure 2: Global Art Market Share by Value in 2020



Source: The Art Market Report 2021 Art Basel & Art Economics (2021).

The global art and antiques market in 2020 had around 305,250 operating businesses, which employed about 2.9 million people, where 2.6 million people were employed worldwide in the dealers and gallery sector. In 2020, approximately 14,250 businesses (including both online and offline companies) were operating in the auction market (McAndrew, 2021).

During 2020 Art Fairs were forced to cancel and challenged to adapt to the extensive restrictions due to COVID-19 pandemic. Approximately 365 global art fairs were scheduled to take place in 2020, but 61% were cancelled. In order to adapt and cope with the crisis, 37% of art fairs held live events and just 2% of them held alternative events. A survey conducted with 138 art fairs exposed that 62% of them presented digital versions of their fairs or online viewing room (OVR) to get through the crisis. Although efforts were made, the share of art fair sales coming from live events decreased drastically, accounting for only 13% of dealer's total sales. Nevertheless, a favorable aspect to point out was the additional 9% of share coming from the online viewing rooms offered by art fairs (McAndrew, 2021).

Art Collectors

Art collectors are crucial participants in the art market, who expressed active participation in the art trade regardless of the economic crisis. A survey conducted to 2,569 high net worth (HNW) collectors revealed that 66% of them indicated COVID-19 pandemic had boosted their interest in art collecting, and 32% of which reported in fact to have acquire an artwork. And even though events were cancelled, 45% HNW collectors surveyed reported making a purchase through an art fair's online viewing room (McAndrew, 2021).

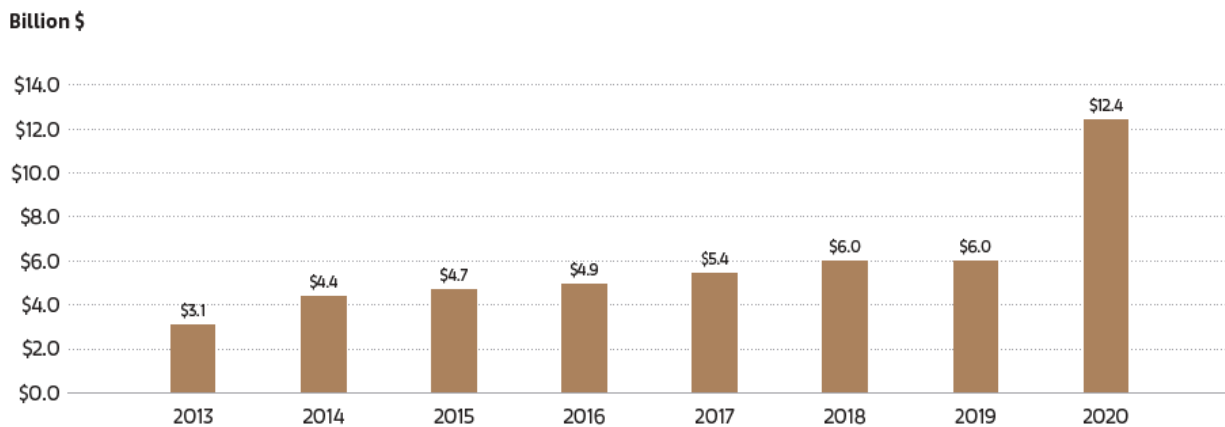
The Online Art Market

During 2020, the growth of online sales was the most important advance in the art market. Online art sales showed an increasing advance even prior to the COVID-19 crisis, due to technological advances such as the rise and expansion of ecommerce, and the growth of global number of buyers . The internet had already transformed communications, permitting the constant access to information and art. Online sales included sales by online galleries, dealers, auction houses, art fairs and galleries' viewing rooms, artist's websites, email, third-party platforms, online-only art businesses and art marketplaces. Additionally, it includes sales made by traditional offline dealers and auction houses who were enforced to use online means due to the pandemic (McAndrew, 2021).

As a result, art dealers and auctions houses, traditional galleries continued to bet on digital transformation by investing more resources on information technologies that offer an option to maintain liquidity. In addition to the shift to ecommerce, art fair’s online viewing rooms (OVRs) and other third-party online platforms have also extended the range of digital options to sale within the art market (McAndrew, 2021).

The following figure exposes the growth of the online art market over the last years.

Figure 3. The Online Art and Antiques Market 2013-2020



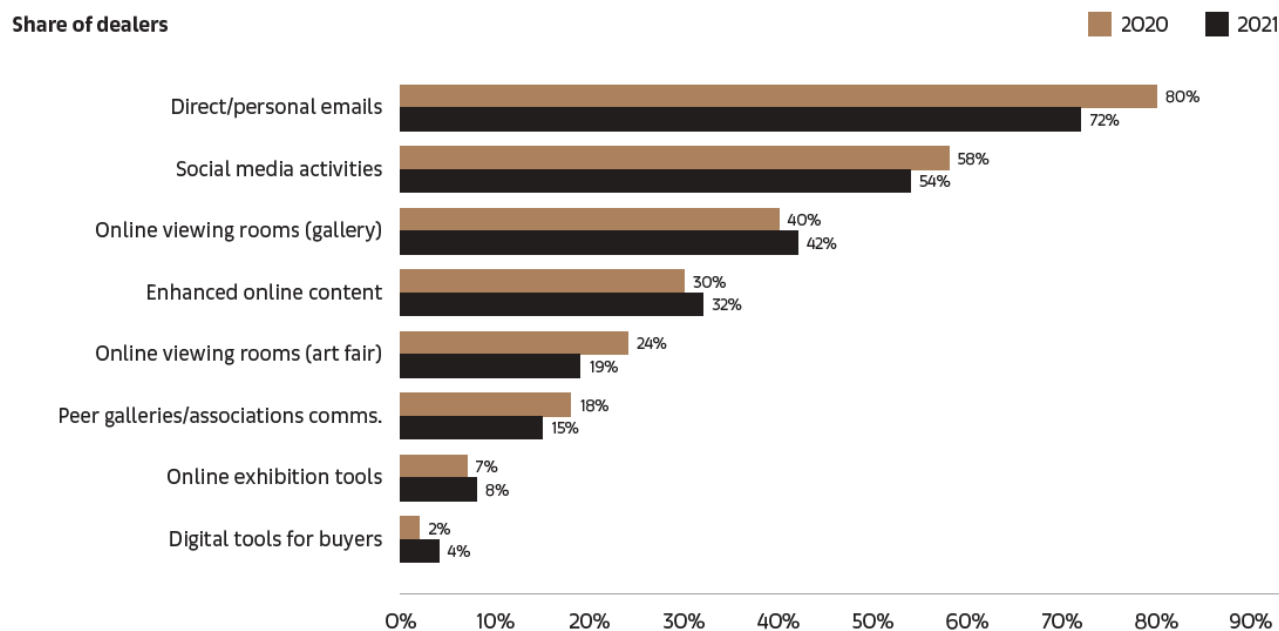
Source: The Art Market Report 2021. Art Basel & Art Economics (McAndrew, 2021).

Even though sales in the global art market experienced a significant decline, during 2020 online art sales reached a record of \$12.4 billion, which doubled the value of 2019, having a record share of 25% of the market’s value vs 9% share in 2019. As events and travel were closed or restricted when the pandemic hit in 2020, the boost of online communication, exhibitions and sales became crucial in order for businesses to survive. In addition, the online sales component of art dealers in different levels, experienced substantial growths. The dealer sector’s online sales share, containing art fair OVRs, tripled its value in 2020 to 39% vs 19% registered in 2019. Likewise, in the fine art auction sector in 2020, online- only sales conformed 22% of the lots sold, which was twice the share in 2019 (McAndrew, 2021).

Participants in the art market have used a wide range of online strategies as an effort to boost sales and nurture relationships with collectors. A survey conducted to contemporary and modern art galleries in mid-year 2020, showed that galleries were very active in their efforts to enhance online content for their OVRs and websites. Content included artist interviews, virtual exhibitions, editorial content, webinars, and a significant increase in social media presence. The following figure displays the most helpful online

strategies ranked by dealers during 2020, and those considered will still be useful in 2021 (McAndrew, 2021).

Figure 4. Most Helpful Online Strategies for Art Dealers in 2020 and 2021



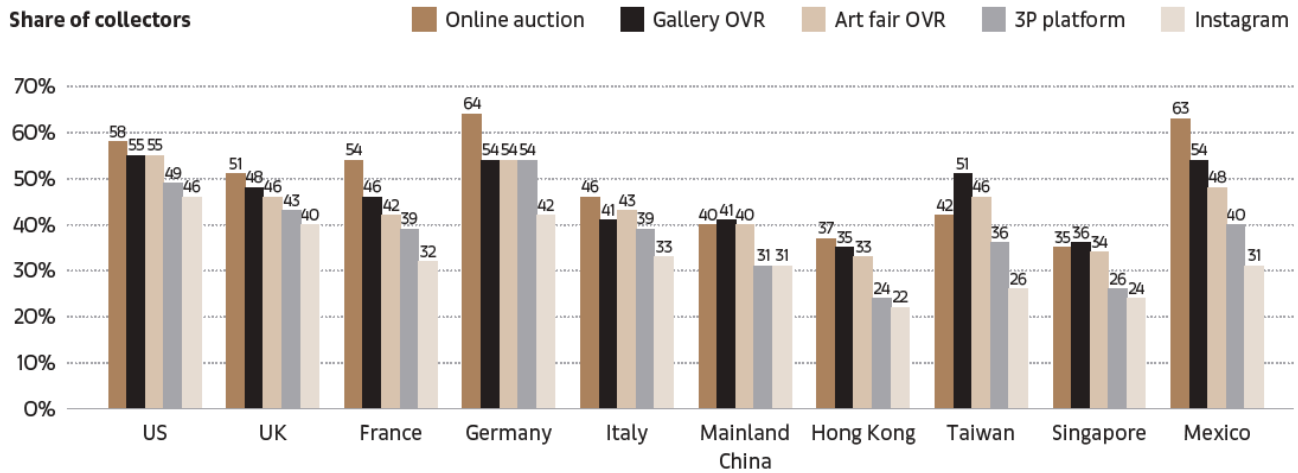
Source: The Art Market Report 2021. Art Basel & Art Economics (McAndrew, 2021).

Direct/ personal emails sent to existing clients and social media activities are considered the most helpful strategies for dealer’s businesses. There has been many discussions on how new technologies and digital tools can be used to enhance art viewing and collectors’ online experiences. Findings indicated that only a small share of dealers rated online exhibition tools such as augmented reality (AR), Virtual Reality (VR) and 3D tools as helpful. Some dealers manifest to feel that the use of these tool (in their current form) didn’t do enough to enhance the collector’s experience to warrant a purchase, but didn’t close the door to their future use to enhance exhibitions as technologies development continue to advance. In addition during 2020, 90% of HNW collectors surveyed attended a gallery or art fair OVR and 72% of them expressed it essential or highly important to have a price displayed when browsing artworks for online sale (McAndrew, 2021).

Art Collectors and Buying Online

Despite the unprecedented events of 2020, collectors were still very active in the art market. Online channels were the principal or only means collectors had to access and communicate with galleries, fairs, artists and auction houses. NHW collector showed significant activity using a varied range of online platforms to go from browsing information to completing purchases online. Figure 5 indicates the share of collectors purchasing online by region and channel (McAndrew, 2021).

Figure 5. Share of Collectors Purchasing Online by Region

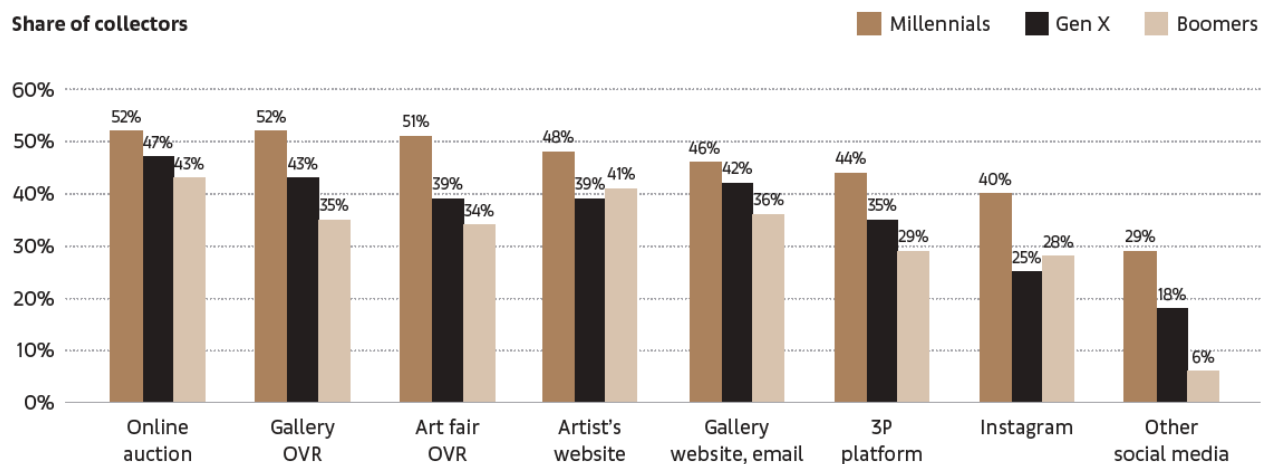


Source: The Art Market Report 2021. Art Basel & Art Economics (McAndrew, 2021).

In 2020 the channel mostly used to buy art online was online auctions used by 49% of the sample, being Germany (64%), Mexico (63%), and the US (58%) the most engaged participants. On the other hand, Asian markets (Taiwan, Mainland China and Singapore) were the lowest among all regions. A majority of art collectors in Mexico, US and Germany used a gallery OVR to buy artworks in 2020. Instagram was the most used social media channel for purchasing art in 2020. Collectors bought artworks directly or through a link on Instagram to an artist, gallery, or other seller. The US (46%), Germany (42%) and the UK (40%) were the countries who used Instagram the most to buy art. This demonstrates a meaningful increment and decisive participation of social media in the online art market (McAndrew, 2021).

Furthermore, Figure 6 provides information on collectors online purchasing share by generation.

Figure 6. Share of Collectors Purchasing Online by Generation

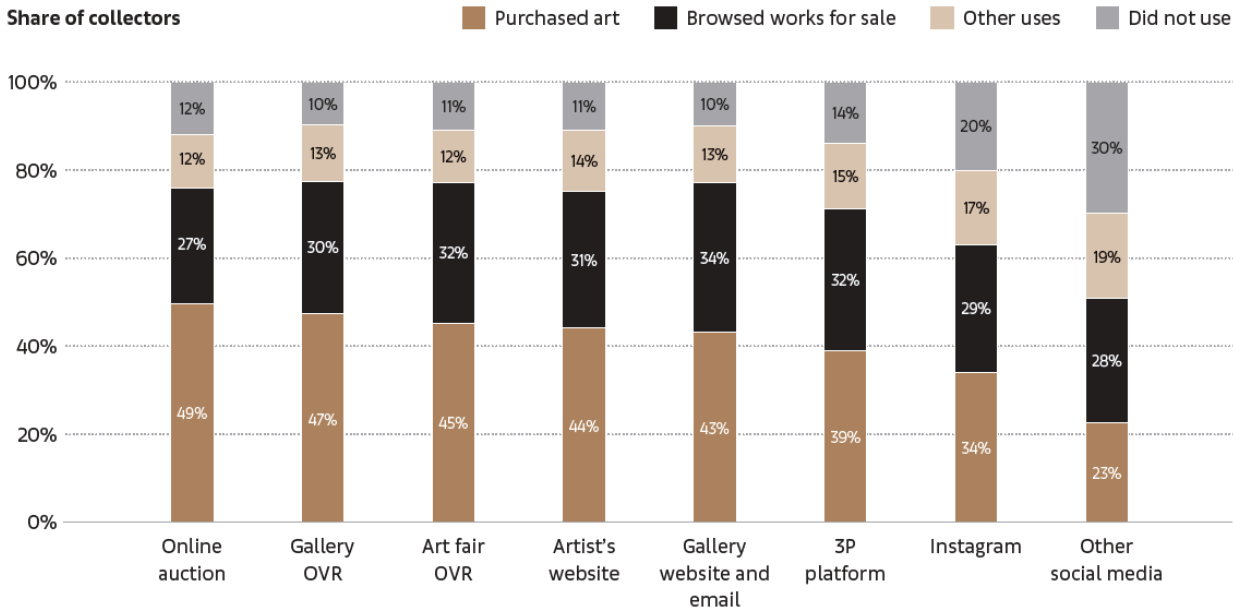


Source: The Art Market Report 2021. Art Basel & Art Economics (McAndrew, 2021).

Findings suggest that younger generations of art collectors such as Millennials are more present and active online, being the generation more likely to have used all platforms the most. Although the usage of online platforms did increase in 2020 this was not necessarily as result from the pandemic. Millennials had a significant use of Online auctions (52%), Gallery OVRs (52%) and Art Fairs OVRs (51%) to purchase art online (McAndrew, 2021).

In addition, figure 7 illustrates that a high percentage of collectors used online means to purchase art works, reinforcing the fact collectors are actively purchasing art online in 2020.

Figure 7. Use of Online Platforms During 2020

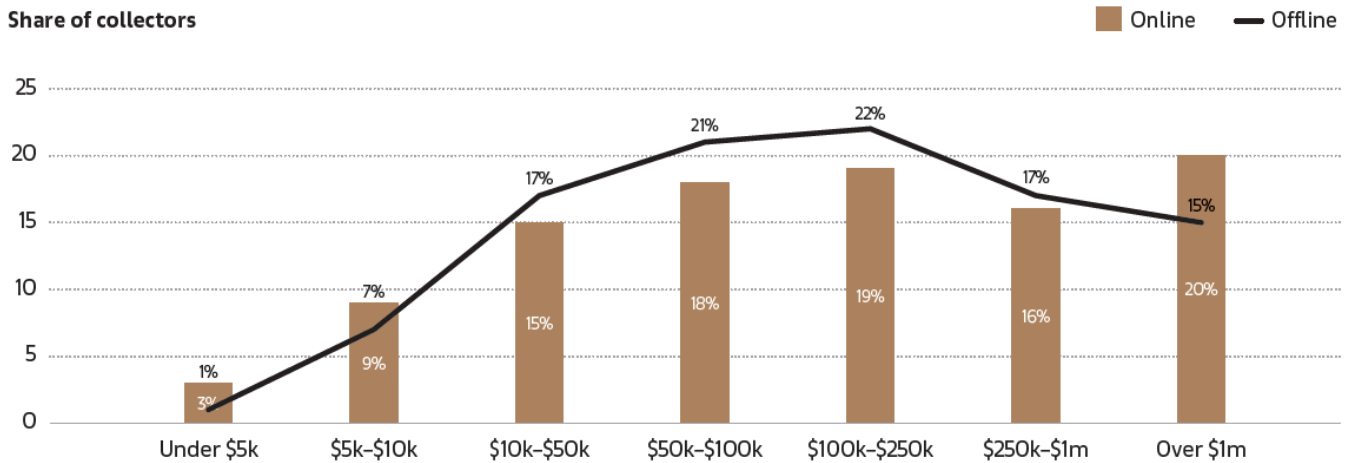


Source: The Art Market Report 2021. Art Basel & Art Economics (McAndrew, 2021).

Even though not all collectors bought artworks online, a significant percentage used online platforms to browse artworks for sale such as read content and search for additional information. The lowest level of used platform (but still a high majority) was other social media with 30% of collectors manifesting not having used them at all during 2020 (McAndrew, 2021).

Moreover, the report presented a survey which compared online vs offline art purchases in 2020.

Figure 8. Price Range Most Often Used to Purchase Art (Online vs. Offline) in 2020



Source: The Art Market Report 2021. Art Basel & Art Economics (McAndrew, 2021).

The survey showed that across all generations of collectors, spending by price was not significantly different offline vs online in 2020. The lowest share spending was under \$5k online having 3% and offline 1%. Those spending over \$1m online were larger with 20% and the share spending offline was of 15% (McAndrew, 2021).

Website Traffic and Social Media

As online sales continue to grow, a critical issue that dealers, auction houses and artists must address is attracting traffic to their websites. The survey conducted shows a solid reliance on established clients for online sales, underlining the importance of maintaining relationships with existing collectors. Nevertheless, another top priority is expanding their reach to new buyers in different regions and demographic segments through online and digital marketing. Driving traffic to their websites, encouraging visits and getting longer retention rates are also key goals for the art market participants for 2021 (McAndrew, 2021).

(Review appendixes for website metric of global ranked selection of companies involved in the art and antiques market in 2020 such as online-only, online and offline galleries, third party retail marketplaces/platforms, auctions, third party platforms and art fairs).

7 Competitive Analysis

7.1 Direct Competitors

Entering the online market implies worldwide competition. The internet brings down physical and geographical barriers which enables art market participants to join the global network. Cucalón's online art business will encounter with direct competitors such as contemporary artist's that have a personal website, an online shop and social media profiles (Instagram in particular).

A way to categorize direct competitors in the vast global online art market is by segmenting offerings by art type, technique, artist trajectory and selling prices. Following the previous guideline and having in mind that every artwork is unique, Cucalón's competitors can be classified as: contemporary plastic artist's, using techniques such as oil on canvas, concrete, tin, among others, having artwork selling prices that go up to 10,000 USD. Some of this artists are:

- Rose Datoc Dall: Filipina-American contemporary figurative artist.
<https://www.rosedatocdall.com/store-2020/> Instagram: @rosedatocdall
- Ramon Martins: Brazilian Plastic Artist
<https://www.ramonmartins.com.br/> Instagram: @ramonmartins
- Piero Manrique: Peruvian designer, artist and sculptor.
<https://pieromanriqueart.com/> Instagram: @ pieromanriqueartist

7.2 Indirect Competitors

Indirect competitors are all those participants that sale contemporary in the online art market such as online galleries, online auctions, art fair OVRs, gallery websites, art marketplaces and third party marketplaces/ platforms. Some of these are:

- **Online-only & online - offline galleries:** saarchiart.com, art.com, singularart.com, bluethumb.com, kazoart.com.
- **Third-Party Retail Marketplaces/Platform:** amazon.com, ebay.com, etsy.com, 1stdibs.com, rubylane.com, artfinder.com, artspace.com.
- **Auctions (Bricks-and-Clicks):** ha.com, sothebys.com, christies.com, bukowskis.com, bonhams.com
 - **Online-Only:** catawiki.com, artnet.com, artprice.com expertissim.com, astaguru.com

- **Third-Party Platforms:** liveauctioneers.com, invaluable.com, auctionzip.com, artsy.net, auctioned.com.
- **Art fairs:** artbasel.com, frieze.com, arco.com, affordableartfair.com, tefaf.com.

However, it is important to point out that some of these indirect competitors could also become business partners and additional sales channels for Cucalón, despite the opportunity cost implicit on their sales commissions.

8 Internal Analysis

8.1 Artist's Career

Caty Cucalón is a Colombian contemporary plastic artistic. Her career began back in 1994 in her hometown Cali and soon after began to exhibit her art in other Colombian cities such as Medellín and Bogotá. Since then, Cucalón has positioned herself as an international renowned artists. Her works have been exhibited in galleries, museums and art fairs in the United States and Europe. Some of these are the Art Museum Latin American Art Museum Miami, Flo, Civic Museum Di Abano Terme-Italy, Art Basel - Miami, Florida, and Museo Nazionale di Villa Pisani Venice-Italy, Florence Biennale – Firenze, Italy – MEAM – Museu Europeu d'Art Modern -International Biennial of Art Barcelona – Barcelona, Spain – “Art et Confrontation Globale” – Paris, France - among others.

The artist has been awarded with various prizes and distinctions such as the First Prize for Figurative Art in 2013 - III Biennial Art in Valle del Cauca, Mention of honor "I Grau Award to the Arts 2014", Artist Brand Country Colombia 2015, selected as one of the 100 Characters in the Centennial of Valle del Cauca, International Prize Caravaggio – Great Master of Art 2018 – Milan, Italy, Prize Eccellenza Europea delle Arti – European Community 2019 – Barcelona, Spain.

8.2 Portfolio

Cucalón dabbles in the artistic discipline of fine arts, catalogued as plastic arts. Throughout her career, she has experimented with different materials, techniques and concepts. Her portfolio includes multiple mediums such as paintings, sculptures, drawings and ceramics that now encompasses over 740 art pieces.

8.3 Traditional Art Business

Cucalón's talent has been transformed into a personal business and her way of living. Her name and artwork style came together to create the brand, *Caty Cucalón Art*. She has positioned her personal brand as an innovative and influential exponent of contemporary art, with a renowned trajectory of over 30 years. Since her beginnings, her art business worked as a traditional retail business. It's core operations and sales channels relied on selling art by participating on art events and exhibitions as well as having her artworks showcased in different galleries in Colombia, United States, Spain, Italy and France.

8.4 Sales History

Before 2020, around 20% of her works were sold in galleries, with a 40% commission charged over every piece sold. Art fairs and events comprised 45% of the sales, with commissions varying on agreements with each institution or in some cases having no commissions on sales charged. The remaining 35% of sales were the artist' direct sales to existing clients and referrals, with no commissions on sales nor participation fees. Cucalón regularly attended 3-5 events and fairs per year, had approximately 20 artworks exhibited in galleries and her annual sales ranged from \$40,000 to \$60,000.

8.5 COVID – 19 Impact

For an intermittent period of a year and half, art fairs, events, galleries, exhibitions and even museums were closed and activities suspended. This affected the art business industry as a whole and consequently Cucalón's business agenda was crushed. This meant that the artist's main sales channels, which constitute approximately 65% of the regular sales, were completely close down. To top it off, there was economic impact on client's purchasing power causing an additional aggravating factor to the artist's direct sales. During this time, her business has been at a complete standstill, she has not made any business trips since 2019 and her sales decreased in 95%.

8.6 SWOT Analysis

The following SWOT analysis examines strengths, weaknesses, opportunities and threats, considering internal and external factors that can affect the art business.

S Strengths

Artist's trajectory, distinctions and recognition.

Experienced traditional art business owner- operator .

Colombian government support to contemporary artists. Cucalón was awarded with the distinction "Marca País".

Large customer base of 200+ which is bonded with the brand + High customer loyalty.

Unique and high valued products +Artworks with a very high gross margin.

High engagement on the artist's social media . platform (Instagram).

Flexibility over customer payments, regarding terms and payment methods.

W Weaknesses

Lack of know-how on an online art business management.

Lack of digital and technical knowledge on website design and management.

Limited knowledge on digital marketing strategies + SEO and SEM strategies.

Potential difficulty to drive traffic to the website when starting an online business.

Disadvantage over online art selling platforms have significantly higher resources and budgets for advertisement.

O Opportunities

Growing online art market due to pandemic.

Increasing digitalization to traditional sectors like arts.

Increasing brand awareness through online activities.

Artists worldwide are selling artworks online through personal websites.

Artists are also joining online galleries, art marketplaces, and third-party platforms to sell their artworks.

Online platforms offer easy to set up templates to create an art e-commerce. Ex. Wix.

Low fixed operational costs for an online business.

Using trends of customization /personalization of artworks.

Development of proprietary products (originality extremely valued).

T Threats

Lots of new competitors (other contemporary artists) with similar business models.

High competition when joining online art marketplaces.

Risk of original artworks being quickly copied.

Changes in online business regulations could impact the business .

Although online art sales growing exponentially, artists' personal websites are not art collector's main purchasing channel.

Transportation and insurance when shipping artworks could increase depending on currency exchange.

9 Objectives

This Innovative Business Plan aims to transform contemporary artist Caty Cucalon's art business through digitalization. Applying the S.M.A.R.T method (Doran, 1981), the following objectives are established for Cucalón's new online business approach. The objectives must be specific, measurable, achievable, relevant and have a time bound.

- Showcase artworks worldwide through online means by developing a personal website by the end of the Q4, 2021. This objective will be measured with the launch of the website.
- Build awareness by driving traffic to the website. (Measured by # of users)
- Increase awareness on her Instagram profile by 30%, by the end of Q1, 2022. (Measured by: # of new followers).
- Grow her existing art business by means of the online sales channels, generating online sales starting 2022. (Measured by: # of online sales).
- Receive invitations and offers from galleries, dealers, art fairs and exhibitions to participate on their online art events.

10 Development Strategy

The development strategy describes business activities that will be used to accomplish the objectives previously mentioned. Caty Cucalón's traditional art business has operated for over 30 years primarily through an offline channel. Now with the digital transformation, she will be able to showcase and sell her art worldwide through her personal website, online shop and online art marketplaces

The new online approach becomes a business extension that will support new ways of conducting businesses and generating revenue. Therefore, business development focuses on the following strategies.

- **Market Development:** Enter the online art market to sell her current artworks.
- **Marketing Strategy:** Attract prospects and build engagement. This will require to connect and engage with potential collectors and art lovers worldwide. As part of the marketing strategy, communication activities such as SEO strategy and online promotion will be crucial to reach the target of audience, to drive traffic to the website, create an experience and nurture relationship with clients.

- **Promotion Strategy:** Turn opportunities into clients and sales. All website and e-commerce functionalities are determinant on the whole customer experience, so its correct performance must be ensured.

11 Marketing Strategy

11.1 STP

11.1.1 Segmentation

A personal website, Instagram account and online art marketplaces are the means through which the artist participates in the online art market and will enable her to reach potential buyers and art lovers from all over the world. Nevertheless, segmentation is mandatory when it comes to reaching the right target. Taking into consideration the findings on the online art market analysis, plus Cucalón's selling trajectory, segmentation will focus on the US online art collectors, specifically in the cities of Miami, New York City and Savannah. In the European market she will aim to reach collectors in London, Madrid, Barcelona, Milan, Florence and Paris. And eventually, the German and Asian market will also be included. It is necessary clarify that not all of them will be target at the same time, nor by the same advertising campaigns.

11.1.2 Target

The target for Cucalóns' online business are art collectors, who cherish contemporary art and are passionate about the expressions of art pieces that evoke feelings and emotions. These are men and women, ages 30 + with a high level income, who have previously purchased or are interested in buying an artworks online. Usually they attend galleries, art fairs and exhibitions but now due to restrictions, they have shifted to online channels such as galleries OVRs and online exhibitions, to appreciate and buy artworks. They are digital adopters who regularly use search engines to buy online. They have an Instagram account which is accessed on a daily basis, in where they follow different art related accounts. And finally, these art collectors recognize the value of contemporary art and see the purchase of an artwork as an investment.

11.1.3 Positioning

Caty Cucalón is an edgy and renowned contemporary artist who stands out for creating new concepts that challenge what is commonly accepted and established in society. She is considered as an innovative, groundbreaking artist, who disrupts the conventional. Cucalón dares to explore and give value what others

think is trash. She mostly uses recycled materials in her works, which in the eye of society have already lost its useful life. With these pieces, the artist produces unique art pieces, full of color, texture and gives life to mystical characters with amazing stories to tell. Cucalón is also well known for incorporating language as a distinctive element in her work. She uses a play on words in her titles, which reinforce the stories visually told and make them take on more meaning.

With a renowned carrier on the traditional offline art market, with a new online approach to her business, Cucalón now aims to showcase her portfolio worldwide, build awareness, and ultimately become a top online selling artist. She intends to position herself in the online art market as an outstanding exponent of contemporary plastic art, dabbling in a digital art market and looks forward to been recognized as influential artist worldwide, with a unique art style, overflowing imagination and creative reflections.

11.2 Unique Value Proposition

The passionate expressive intensity in Caty Cucalóns' artworks manifests itself not only in the faint humanity of her characters, but in the intimacy of the environments in which they are inscribed and where they interact. Her attitude towards the matter is carried out on her canvases and tins, creating delightful sensations and provoking an emotional encounter with her artworks. Stains, textures, sgraffices, blurs and other free "accidents" are inherent in the initial structure of each work. The artist plays with the narrative intention, which causes a convergence between the title of her artwork and the image. The elements involved in the canvas acquire a universal value, establishing a relationship with the audience from the materiality that invites us to interpret the keys of their rich and productive imagination.

Her recent portfolio has been inspired by recycled materials, from which she has created her own artistic concept "the lost matter". The concept comes from a metamorphic process of transforming objects that are thought to be 'lost' and turn them into pieces of art that tell stories, deliver messages and illustrates her style. Around 80% of materials she used are recycled. The artist affirm "objects continue to have a useful life despite having fulfilled their original function and finished their initial life cycle. I take these objects and use them as the base raw material, to which I add my vision of the world and transform them into artistic pieces with a new life" (Cucalón, 2021). Her challenge is to say something beyond what its shown, through the iconic and the plastic.

Through a minimalist design, enriched with visuals and an easy to navigate system, Caty Cucalón Art delivers a remarkable online experience for art lovers from all over the world. Her personal website is a reflection of her view of the world. In it, every art piece stands out on the screen to tell a story. White backgrounds, symmetrical layouts, clean cuts, fonts, transitions, animations and even the choice of menu pages are combined to portray the artist's style and exalt the artworks. Detailed descriptions, along with experts reviews, come together to depict on the messages expressed by artist. Visitors who fall in love with any of the works, can purchase through her online shop in just a few clicks. Different payment methods and adaptable payment options are available as well as shipping and ensure. Even further, visitor can even choose to contact the artist for a customized works. To get in touch, a chat box is always available to instantly chat directly with the artist. The website also provides widespread customer service to solve any kind of inquiries in the purchasing process. A blog page and subscription box to a weekly newsletter are also available know more about Cucalón and engage with her personal stories and sources of inspirations.

11.2.1 Business and Revenue Model

Cucalón's website + ecommerce and online art marketplaces profiles will operate as new sales and revenue channels which are focused on generating financial income from selling artworks. Therefore, this online business will follow an ecommerce business model, in the B2C sector (Chaffey, 2011).

11.2.2 5S's of communication

The 5S's of communication (Sell, Speak, Serve, Save, Sizzle) are considered to define the website's communications strategies (Chaffey & Ellis Chadwick, 2016). The website focuses on three specific ones:

- **Sizzle:** To build brand awareness around her personal brand (Caty Cucalón Art) and her unique style artworks. All digital extensions of her art business must be consistent to her brand. The 'look and feel' and messages will be carefully design to match her style.
- **Speak:** To connect and engage with consumers by publishing content that expresses the meaning behind her art. Through her website and Instagram account, Cucalón will tell the story behind each of her artpieces, looking towards creating content to engage with her audience.
- **Sell:** Cucalón will sell art pieces and experiences at the same time. Different artworks are available for sale through her ecommerce and services like online art classes and workshops could be considered to be offered through the website in the near future.

11.2.3 Story Telling

Content in all sales and communications channels is one of the main pillars for an online business. It has to consider the different audiences and sales objectives. The artist website is designed considering three possible audiences: new audiences, who don't know about her yet, people who are aware her works and have followed career, and existing clients, who have bought her artworks already. The way to reach each audience requires different communication messages.

Having this in mind, to address the first group the artist will incorporate a testimonials section in her website, with art reviews from art experts and curators. Concerning the second group, it is all about telling stories behind each artwork, her inspirations, the messages and even the context in which it was created. To achieve this, a personal blog is included, as it enables the artist to share ideas and concepts and provide more personal insights that build emotional connection with an audience who is curious to know more about her works. And to reach existing clients, Cucalón will include a monthly newsletter with new artworks available and information on her latest exhibitions. This type of audience is demanding and is much more informed about the artist and her works. Her objective is to maintain a close relationship with them and to do so, she will create an events like an 'open house' and invite her existing customers to her studio.

11.3 Marketing Mix- 7P's

11.3.1 Product

Caty Cucalón concentrates on the elaboration of unique contemporary artworks. Every piece reflects a story and has a message to share to an audience. Her recent works incorporate oil techniques over multiple materials such as industrial tins, canvas, concrete and fabric. These works are a reproduction of a concept she created and named "the lost matter", where 80% of the materials used to create this art pieces are recycled. She has a current a collection of 60 artworks available for sale. These are divided into 4 categories based on the following techniques: Oil on industrial tins, oil on canvas, oil on concrete, and oil on fabric (chiffon) and each category has multiple references according to the artwork dimensions.

The following table shows the different artworks, categorized by technique (oil on tin, canvas, concrete and chiffon), and referenced according to dimensions.

Product References

Artwork Technique	Reference	Dimensions (cms)
Oil on tin	Ref. 1	Diameter 60
	Ref. 2	90x 90
	Ref. 3	90x 170
Oil on canvas	Ref. 4	50x 50
	Ref. 5	90x 90
	Ref. 6	150x 150
	Ref. 7	120x 170
	Ref. 8	140x 210
	Ref. 9	170x 200
Oil on concrete	Ref. 10	200x 210
	Ref. 11	30x 20x 10
Oil on chiffon	Ref. 12	40x 30x 20
	Ref. 13	120x 140

Source: Self Elaboration

Additionally, in the near future, the artist plans to offer services such as individual painting classes or group workshops in a near future. In this way, the artist could incorporate an additional source of income.

The following are original photos from artist Caty Cucalón's artworks.



Source: Caty Cucalón. Reference: Oil on canvas



Source: Caty Cucalón. Reference: Oil on canvas



Source: Caty Cucalón. Reference: Oil on canvas



Source: Caty Cucalón. Reference: Oil on concrete



Source: Caty Cucalón. Reference: Oil on concrete



Source: Caty Cucalón. Reference: Oil on tin



Source: Caty Cucalón. Reference: Oil on tin



Source: Caty Cucalón. Reference: Oil on fabric



Source: Caty Cucalón. Reference: Oil on fabric

11.3.2 Price

Understanding how to price an artworks is essential. This process requires to set a price for every available artwork which is aligned with a positioning strategy. Like all businesses, cost plus pricing model is initially used to price Cucalón's artworks (Popescu & Wu, 2007). It helps to calculate the monthly fixed expenses and variable costs. Plus, it determines the artists hourly wage, adds a markup percentage and determines the number of hours spent to create each artwork. Prices vary depending on the materials, dimensions and techniques used. Moreover, the most significant aspect when pricing Cucalóns artworks are intangible factors such as her trajectory, recognition, awards and distinctions, style, concepts, exhibition history, previous clients and sales records, which each represent a noteworthy value. Prices in artworks can be adjusted for specific buyers and sales channels. And finally, comparing prices with other artists works, would be considered as selling in the online art market can be much more competitive, but it won't be the main pricing strategy.

Moreover, to set a pricing strategy for her online art business, Cucalón keeps the intangibles in mind. Customers are not just buying a tangible art product but also an emotional encounter, and the artists career stage and reputation. In addition, since artworks share many characteristics with luxury goods, their pricing strategies can behave very similarly. Therefore, Cucalón's works adopts a prestige pricing strategy. Artworks are products which customers perceive as prestigious, that have an emotional value, and a symbolic status which in turn delivers uniqueness and exclusivity. Consequently, the artwork's prices reflect distinctiveness, authenticity, originality and exclusiveness.

A challenge to pricing Cucalón's artworks for online sales is that digital platforms are limited to tactile, visual and auditory stimuli. In order to justify higher prices on the artworks without tactile proof, the artist needs to provide exceptional quality photos and digital tools with which potential buyers can detail the artworks to the maximum extent possible.

Considering all the above mentioned, Cucalón's artworks have the following price range:

Product Prices

Artwork Technique	Product Ref.	Dimensions	Available Units	Sales Prices catyucalonart.com	-20%	Sales Prices Art Market Places
PRODUCT A Oil on tin	Ref. 1	Diameter 60	13	\$2,800.00	\$2,240.00	\$3,734.00
	Ref. 2	90x 90	2	\$2,000.00	\$1,600.00	\$2,666.00
	Ref.3	90x 170	17	\$3,800.00	\$3,040.00	\$5,067.00
PRODUCT B Oil on canvas	Ref. 4	50x 50	2	\$1,800.00	\$1,440.00	\$2,400.00
	Ref. 5	90x 90	4	\$3,500.00	\$2,800.00	\$4,667.00
	Ref. 6	150x 150	2	\$5,800.00	\$4,640.00	\$7,734.00
	Ref. 7	120x 170	3	\$6,700.00	\$5,360.00	\$8,934.00
	Ref. 8	140x 210	3	\$8,500.00	\$6,800.00	\$11,334.00
	Ref. 9	170x 200	1	\$9,000.00	\$7,200.00	\$12,000.00
	Ref. 10	200x 210	3	\$10,000.00	\$8,000.00	\$13,334.00
PRODUCT C Oil on concrete	Ref. 11	30x 20x 10	2	\$350.00	\$280.00	\$467.00
	Ref. 12	40x 30x 20	7	\$500.00	\$400.00	\$667.00
PRODUCT D Oil on chiffón	Ref.13	120x 140	1	\$3,000.00	\$2,400.00	\$4,000.00

Source: Self Elaboration

Currently she has an inventory of 60 artworks that has not been able to sell due to the incidents caused by the pandemic. Which is why, and for this time only, a 20% discount will be applied to its existing artworks in the inventory in order to accelerate their sale and allow the production of new collections of artworks.

It is important to clarify that the online store will display prices without shipping, packaging, insure costs and export documentation. Once the client decides to buy an artwork, all of these cost will be calculated depending on multiple factors such as the client's shipping address (city and country) and afterwards added in the sales contract and bill. Artwork prices available in online art market places and third party platforms will after be deducted a commission on the sale (usually 40%). Cucalón's ecommerce will be integrated with PayPal, which charges 2.9% + 0.30 USD per transaction.

11.3.3 Place

As mentioned previously, Cucalón's online art business will operate within the global online art market. However, as it is such a large market that can be accessed anywhere, digital marketing efforts will be specifically segmented to a target audience of art lovers and collectors located in the US, in cities of

Miami, New York City and Savannah. In Europe, in London, Madrid, Barcelona, Milan, Florence and Paris and Berlin. And in Asia, Tokio.

To widen her online presence, visibility, brand awareness and sales, Cucalón will also join the following online art market places and third party platforms, that target potential clients in United States, Europe and Asia, which are align to her business objectives.

- [Artsy](#): The world's largest online art marketplace, which has over 1 million artworks by iconic and emerging artists from 4000+ galleries and top auctions.
- [Saatchiart](#): An online art marketplace where artists of all mediums can sell their works. It's free to sign up to sell. Saatchi takes a 35% commission on each piece sold, + handles shipping — the artist pays for the packaging.
- [Artfinder](#): Curated online art marketplace that sells original art only. It requires an application to join, in which artists have to send over multiple examples of their art work to be considered. There are a variety of sales plans available with different commissions on sales depending on the plan chosen.
- [Singularart](#): Another curated online art gallery where thousands of artists join to sell their works. To join artists must apply and decision will favor artist who already have some level of recognition. It provides digital sales tools to help artists handle payment, insurance, shipping and delivery.
- [ArtPal](#): A popular, free gallery to sell art. No membership fee or commissions on sales charged. Artists can sell originals, prints and also use the free print-on-demand service for custom prints. They also guide the artist through marketing their art and getting more sales.
- [TRiCERA Art](#): An online gallery for painting, photography, sculptures and more. Targets a Asian target, specifically Japan. It features +33.000 artworks by young artists from over 80 countries. New artworks are added daily, the originality of all artworks is guaranteed, plus free worldwide shipping is available.

11.3.4 Promotion

A promotional plan is a method used by businesses to advertise, promote and sell their products. It includes critical activities to increase the products awareness and thereby increase sales. A promotional strategy in the artist's website consist on leaving some of the artworks with no prices. Instead of showing prices, it is mentioned that prices are available upon request to the artist. This gives the chance to collect

leads of potential customers by having a direct contact via email or WhatsApp or even a phone call. Cucalón could even invite potential clients to see the piece of art at a gallery or at her studio.

Furthermore, online advertisement on Instagram, search engine optimization and e-mail campaigns are other strategies included in the promotional efforts for Cucalón's online business transformation. The following communication objectives will help craft the messages and evaluate the results afterwards.

- **Traffic** building: Drive traffic to www.catycucalonart.com, and Instagram account @catycucalonart.
- **Awareness**: Who is Caty Cucalón? What makes her stand out from other contemporary plastic artists? Developing brand recognition and awareness when thinking of contemporary plastic artists.
- **Engagement**: Get interactions such as comments, messages and any other form of contact with potential clients or business partners such as art dealers and galleries.

Promotion and communication strategies are a great way to effectively reach the online audience and achieve business objectives. To do so, the integration of multiple promotional tools and advertising platforms such as SEO & SEM strategy, Instagram Ads and e-mail marketing campaigns are explained.

11.3.4.1 SEO & SEM Strategy

Digital transformation for Cucalóns art businesses will require SEO (Search Engine Optimization) and a SEM (Search Engine Marketing) strategy. When performing a SEO Strategy the following aspects are to be considered:

- **Quality of traffic**: the objective is to attract visitors who are genuinely interested in purchasing artworks.
- **Quantity of traffic**: more traffic is better once having the right target clicking through from those search engine results pages (SERPs).
- **Organic results**. Ads make up a significant portion of many SERPs. However, organic traffic will be key and will be greatly valued.

Initially, SEO will be done through Wix, as the business plan offers the option to easily start working on it by determining Keywords and Key phrases. Wix also offers the integration with Google Analytics which will be essential to track the website's activity and obtain important insights. In more detail, for a correct SEO implementation, a relevant domain and URL address for the website is needed. It must be the artist personal brand, in this case www.catycucalonart.com, to continue building on brand awareness

efforts. In this way both the name of the artist but also the important search term “art“ will be valued high by Google.

In addition to the domain, there are a bunch of important key words and phrases that could likely achieve a high ranking in Google. Those keywords are therefore crucial for the website and have priority when it comes to on-page optimization. The focus for these keywords will be on building internal and external links. For internal linking there will be links to contents inside the website in order to increase consistency of the keyphrases. Regarding external linking, Cucalón’s content on art market places, online galleries and events will increase exposure and visibility in search engines. Plus, content on her social media pages like Instagram will also contribute to SEO activity. Moreover, the images used in the website, specifically all photos of the artworks must be named correctly with each title accordingly. (Review Appendix for SEO KPI’s).

The artist’s website must include relevant key phrases that should be repeated at least 10x in bold for every 2000 words. which must be located close to the beginning of the page, present in the page title tag and meta description. The initial set of keywords for a SEO strategy are the following. A digital agency or freelance SEO expert will further on be required to optimize the website content.

Key Words

catycucalonart.com, art caty cucalon, caty cucalon art, caty cucalon, artist caty cucalon, colombian artist, colombian contemporary artist, lost matter, art works recycled materials, buy artworks online, buy art online, original artworks.

11.3.4.2 Instagram Ads

Having Instagram account is crucial for Cucalón’s online art business because of multiple reasons. First, it serves as a portfolio and having a beautiful and impactful feed is essential in order to build up online presence and awareness. Plus, through Instagram, the artist could cooperate with art influencers to promote her content and even create partnerships and collaborations. In addition, implementing ad campaigns through this platform could not only increase awareness but it could also have an indirect impact on sales. Instagram Ads are based on CPC (cost-per-click) and CPM’s (cost-per thousand impression) models. Budget allocation can be chosen between a daily budget which limits the amount spend per day, or a lifetime budget which is set up for a length of time to run the ads until the budget is depleted. Instagram

Ads in 2021 have a CPC bid range between 0.60 - 2.00 USD per click (bidding can be manual or automatic) and average 7.00 USD per 1000 impressions. Both types of ads will be implemented within a 350.00 USD monthly allocated ad budget.

An objective when using Instagram Ads is to drive traffic to the website's homepage or any other specific landing page. CTA (call-to-action) messages with click-through-links will be applied to direct the target audience her website and online shop. Moreover, Instagram will be used as a retargeting tool to impact those who visited the website.

An additional key goal for the artist's Instagram profile is to build an striking feed, which displays her works, depicts her art style and attracts art lovers and collectors worldwide. A weekly posting plan is executed to upload photos and videos of her recent works. Moreover, to establish strong relationship, Cucalón aspires to engage with followers by creating interactive Stories. She can use countdown stickers to announce the release of new artworks and go live to interact with followers in real-time, while showing them how she works on an art piece. She can even host a Q&A session, poll her followers to learn what type of her works they like the most.

11.3.4.3 E-mail Marketing

E-mail Marketing campaigns will be sent to visitors who have subscribed through the website and to existing clients. The available channels for collecting leads through the website are a) sign-up form b) pop-up window. The E-mail marketing strategy consists on sending a monthly newsletter that provides information on her latest works, fragments of the blog, artworks for sale and any other news she wants to communicate to her subscribers. E-mail campaigns are effective to keep customers updated and allows the artist to keep in touch with them, collecting feedback when necessary. E-mail campaigns will be provided using Wix email campaign feature.

11.3.5 People

Defining the personnel needed for the business is a fundamental component in the marketing mix. This business will require personnel that will be involved in the processes and operations of the art online business and that will represent the artist's brand. Running an ecommerce in the website is vital for the operation of the online business and must be properly managed. To do so, the artist will lead this part of the business operations, assuming the role of manager and sales person. She will be in charge of receiving,

preparing and dispatching artworks to customers. She will be the head of the business, yet she will have support from the webmaster, who knows the specific requirements for the operation of an ecommerce and will help her manage inventory and monitor sales.

Cucalón will also be in charge of customer service and have a constant communication with clients which critical to build customer loyalty. Customer service is crucial in an online setting when interactions are not physical. This online store will use chat software to connect clients immediately with the artist or the webmaster in case she is not available for any reason. Cucalón has been running her traditional art business for years and has gained experience in managing customer relationships. With this in mind, she can provide excellent customer service that will deliver remarkable experiences for clients. In turn, existing customers may spread the word about an excellent service, winning positive referrals. The online business will additionally need outsourced personnel, who will be in charge of different aspects of the business such as accounting, legal aspects, design and online promotion.

11.3.6 Processes

The processes for the online business defines the needed procedures (from start to end) in order to successfully and optimally deliver products and experiences to clients. The processes involved in delivering products and services to customers will follow an ‘easy to do business with’ scheme. The objective is to turn buying art online into a fantastic experience for clients. Each event will require a set of activities that must be taken care of to ensure the correct functioning of the business. Having this processes set and going, enables the business to work under standardized activities that will repeatedly deliver excellent customer experiences. In addition, these processes help to maintain order, and save time and money by increasing efficiency. The processes will include order fulfilment, order generation, sales generation, financial control, IT and Web changes + business processes, e-integration, customer service and consumer behavior. The last point is divided into three mayor events, pre-purchase, purchase and post-purchase behavior, that are determined by the consumer decision making process.

In the pre-purchase behavior consumers realize their need and go in search of information about the artist and her artworks. The ways to gather information will vary as they can include internal and external sources. Then, it is essential for the artist to have as much information about the artworks and her experience available in her website and social media platforms, to help the consumer in this stage of the decision making process. Next, the purchase behavior will involve all processes and steps to successfully complete

the purchase of an artwork through the website and impeccably deliver the product to clients. Finally, the post-purchase includes all the happenings and experiences that follow purchase. These activities involve customer service, the artist's personal interaction with the buyer to ensure the correct and satisfactory delivery of the artwork and as a last step asking the client for a review. In addition, as part of customer support, the artist can mention and highlight important characteristics and attributes of the artwork to address and answer doubts if any.

The better the process in website, the more prepared the artist business is at scale. Documenting every step increases the chances of understanding the health of a business through the lens of online marketing. Process optimization will rely on collecting data and determining key performance indicators (KPI's), plus measure customer satisfaction as well. This tracking allows to detect and correct errors and prevent any significant failures that can occur.

11.3.7 Physical Evidence (Online Evidence)

The physical evidence in this case the online evidence, refers to different elements of the entire service experience. The digitalization of the physical evidence will be focused on the online brand awareness across various channels like the artist's website and social media. The online evidence must be appealing to customers, should reflect the Cucalón's style and how she wants to be seen by her customers. The website's design and layout are essential online evidence as they need to create a simple yet engaging customer experience. The website will have a minimalist design, with light text and high resolution images of the artworks. Descriptions and data sheets on every art piece will be displayed. If clients struggle in one of the parts of the process they will most likely leave the website and abandon the purchase. Therefore, all functionalities will be synchronized to have an easy to navigate and positive customer experience. In addition to the online evidence, an important physical evidence would be the shipping packaging that will have extra branding elements like having the artist's signature in the regular packaging materials and include a personal letter in each of her clients' purchases.

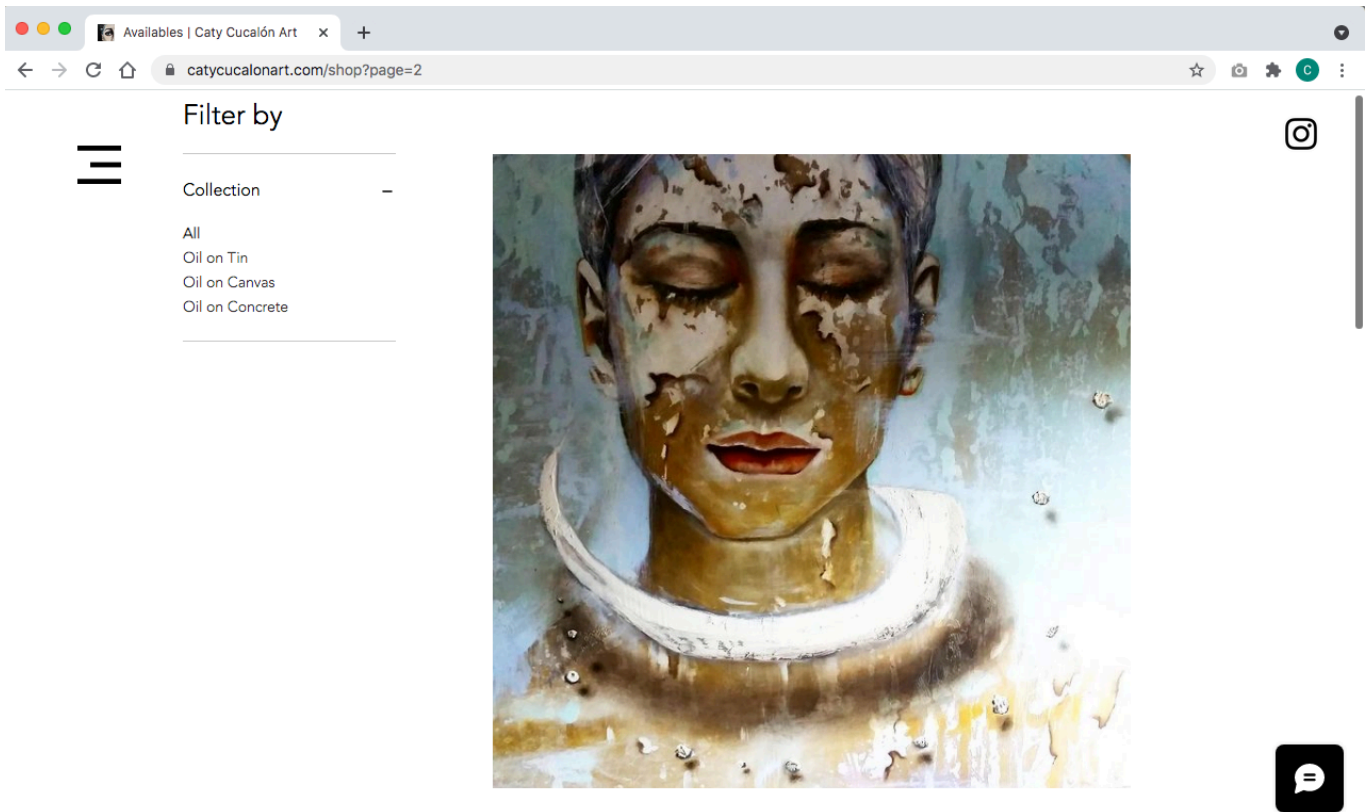
12 MVP Testing

Cucalón's online business was tested through a Minimal Viable Product (MVP). The idea was to create a functional prototype of the artist's website, which is essentially a beta version that was launched, aiming a target of art lovers and potential customers. The MVP testing gives the opportunity to assess the feasibility and viability of the business plan. It allowed to gather significant information on user's experience, how the user interacts with the content, functionalities and services, and provided insights on the user's perceptions of utility, navigation and efficiency. The MVP was created using a Wix template. It has a menu with 6 different pages: Home, Caty Cucalón, + Collections, Availables, Studio, and Contact, each one with an specific function. For instance, Caty Cucalón page displays the artists biography and Available, show the artwork for sale. The MVP did not have the ecommerce function configured. In case any visitor was interested in buying an artwork, there was a message with the contact information to reach out directly to the artist.

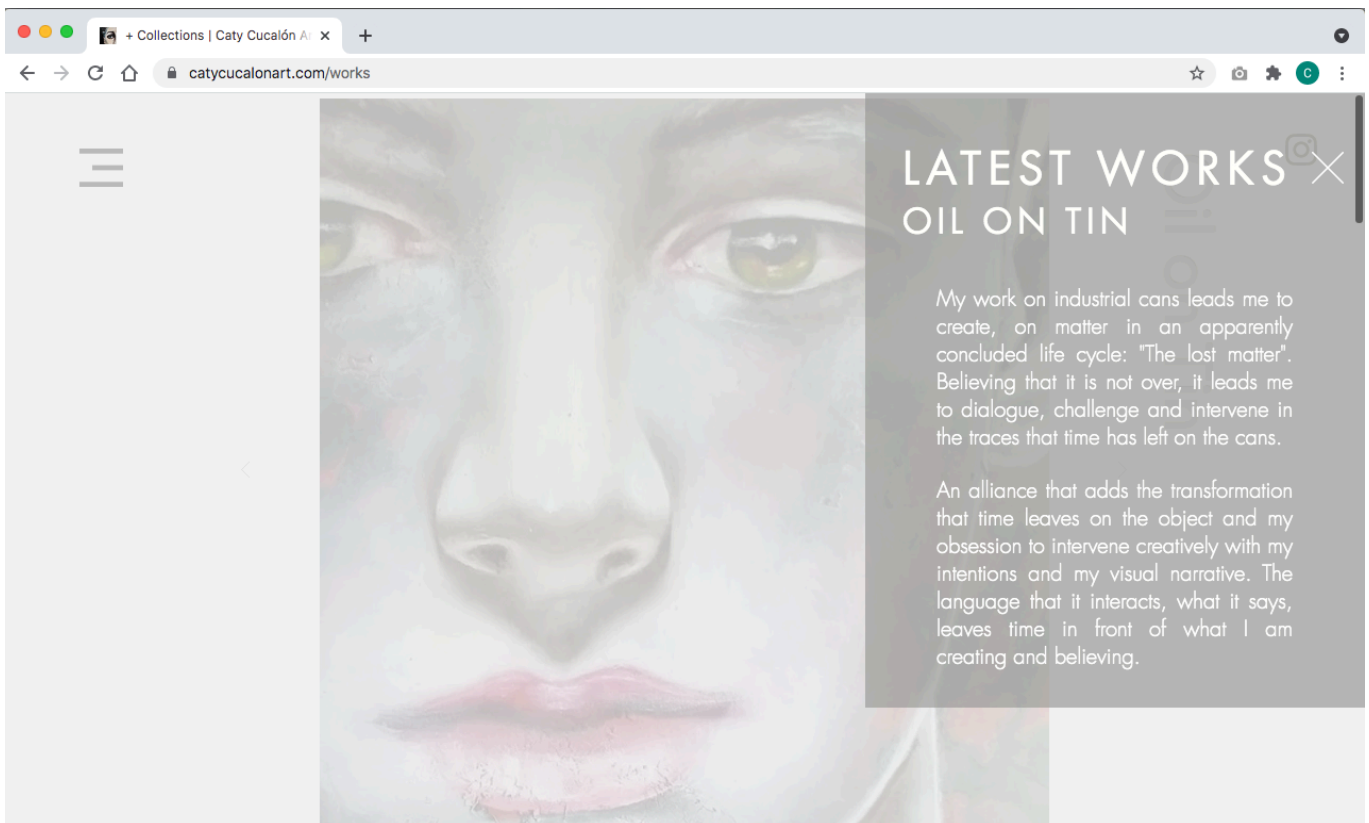
The following pictures are screenshot obtained from the website's MVP (www.catycucalonart.com)



Source: Self Elaboration. www.catycucalonart.com/home



Source: Self Elaboration. www.catycucalonart.com/shop



Source: Self Elaboration. www.catycucalonart.com/works



For more information about my work

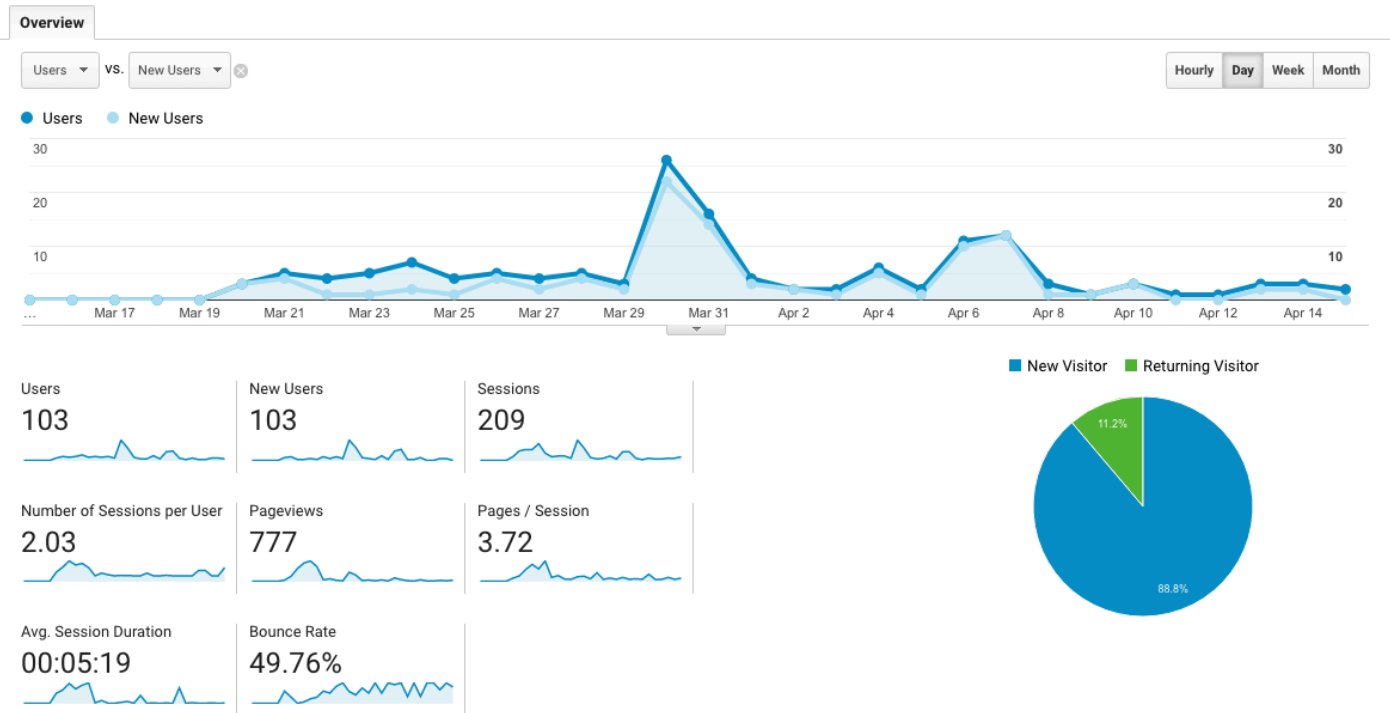


© 2021 by Caty Cucalón Art CALI , COLOMBIA Mobile: + 57 3152565677 catycucalon@gmail.com

Source: Self Elaboration. www.catycucalonart.com/caty-cucalon

To test the MVP, a launch campaign was carried out through the artist's Instagram account. Cucalón has a short trajectory in this social network, with a little less than a year since she began to generate content regularly. She has 760 followers, nevertheless has had a great engagement with her audience. The campaign included of 20 second promotional video and several Instagram stories, that were posted through her profile and had a 25 USD advertising budget allocated to each. The video showed a couple of her artworks, plus a message with a personal statement of the meaning of art. At the end, the video had a call to action that invited the audience to visit www.catycucalonart.com. In addition, 3 photo posts and 6 stories were also included in the website launch campaign. Google Analytics was configured and used to track and pull all kinds of information from visitors, user, sessions, bounce rate, countries and several others.

The following graphs show the results obtained from the launch of the MVP within a time frame (March 15, 2021 - April 15, 2021).



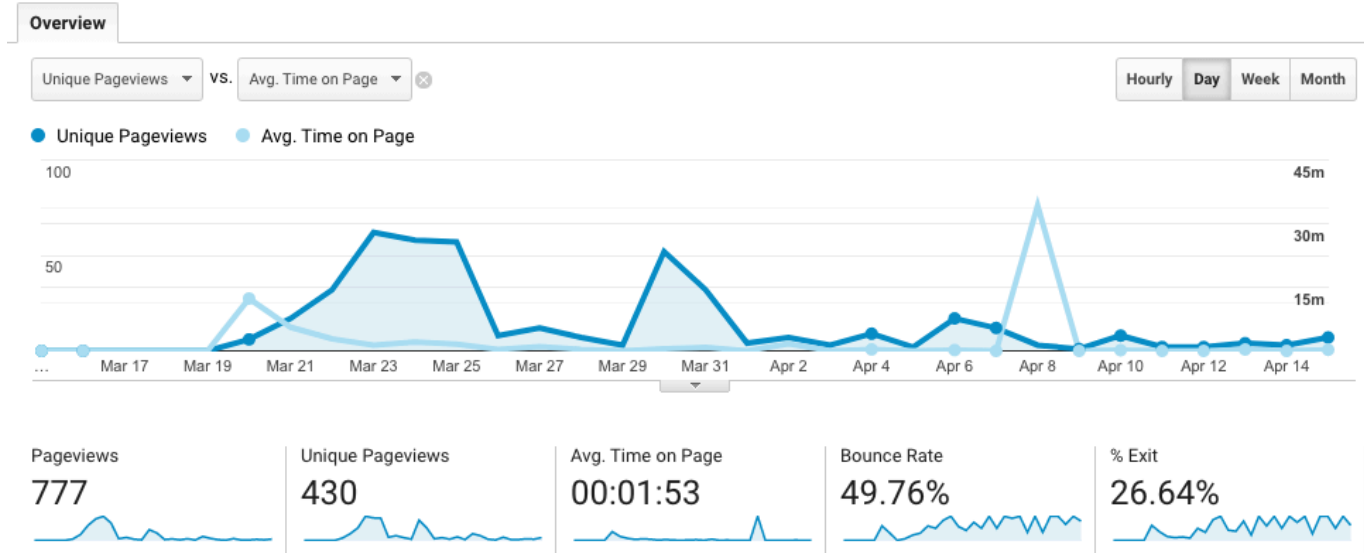
Source: Google Analytics www.catycucalonart.com

Within a period of 1 month, after the launch, the MVP received 103 new users, 209 sessions, 777 pageviews, a bounce rate of 49.76% and an average session duration of 05:19.

Country ?	Acquisition			Behavior			Conversions		
	Users ? ↓	New Users ?	Sessions ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?	Goal Conversion Rate ?	Goal Completions ?	Goal Value ?
	103 % of Total: 100.00% (103)	103 % of Total: 100.00% (103)	209 % of Total: 100.00% (209)	49.76% Avg for View: 49.76% (0.00%)	3.72 Avg for View: 3.72 (0.00%)	00:05:19 Avg for View: 00:05:19 (0.00%)	0.00% Avg for View: 0.00% (0.00%)	0 % of Total: 0.00% (0)	\$0.00 % of Total: 0.00% (\$0.00)
1. Colombia	67 (64.42%)	67 (65.05%)	171 (81.82%)	44.44%	4.05	00:05:45	0.00%	0 (0.00%)	\$0.00 (0.00%)
2. United States	20 (19.23%)	20 (19.42%)	20 (9.57%)	65.00%	1.90	00:00:15	0.00%	0 (0.00%)	\$0.00 (0.00%)
3. Brazil	4 (3.85%)	4 (3.88%)	4 (1.91%)	75.00%	1.75	00:00:16	0.00%	0 (0.00%)	\$0.00 (0.00%)
4. Germany	4 (3.85%)	4 (3.88%)	4 (1.91%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
5. Spain	2 (1.92%)	2 (1.94%)	2 (0.96%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
6. Ireland	2 (1.92%)	2 (1.94%)	2 (0.96%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
7. Canada	1 (0.96%)	1 (0.97%)	1 (0.48%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
8. France	1 (0.96%)	1 (0.97%)	1 (0.48%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
9. Italy	1 (0.96%)	1 (0.97%)	1 (0.48%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
10. Portugal	1 (0.96%)	0 (0.00%)	2 (0.96%)	0.00%	13.50	01:01:11	0.00%	0 (0.00%)	\$0.00 (0.00%)

Source: Google Analytics www.catycucalonart.com

User came from different countries, the majority from Colombia and the United States. It also had user from Brazil, Germany, Spain, Ireland, Canada, France, Italy and Portugal.



Source: Google Analytics www.catycucalonart.com

There were 777 pageviews from which 430 were unique page viewers.

Site Content	Page	Pageviews	% Pageviews
Page	1. /	254	32.69%
Page Title	2. /works	176	22.65%
Site Search	3. /shop	101	13.00%
Search Term	4. /caty-cucalon	90	11.58%
Events	5. /contact	35	4.50%
Event Category	6. /product-page/untitled-1	14	1.80%
	7. /cart-page?appSectionParams={"origin":"product-page"}	12	1.54%
	8. /book-online	6	0.77%
	9. /product-page/untitled-2	5	0.64%
	10. /product-page/untitled-3	5	0.64%

Source: Google Analytics www.catycucalonart.com

In terms of page visits, the most visited page was expectedly the home page. The works available page and the shop were the pages that followed in number of visits which shows interest from potential clients.

Having built and tested the MVP of the artist's website allowed to have a real approach to customers in the online art market and to have a better understanding of the customers' interests about the art pieces, without fully developing the product. Even though it was just a test and the budget spent in ads was low, the target customers in fact visited the website and 2 potential clients reached out to the artist to ask her about her works. In addition, a very positive result that came out from the MVP testing was the strategic connections made. Several art platforms and galleries from Spain, Japan and Italy, contacted Cucalón to offer her to join the platforms as her works were very attractive to them. This results confirms that the artist works are appealing to customers and the digital approach is a right decision and next step for the artist's art business.

The MVP testing also provided good feedback on what has to be changed in order to attract and retain more potential customers in the website. For example the website must have more engaging content like a blog which has already been suggested and more video content that will increase the average time on page and reduce the bounce rate. In a near future, before the official launch of the website, the ecommerce feature must be tested to get insights of the potential customers' behaviors and make all necessary adjustment in order to ensure the correct operation. In addition, an important learning to be implemented in the website is having buttons on the different pages of the website that direct to the online shop to make it easier for potential clients to navigate directly to the ecommerce and have increase sales opportunities.

13 Technological Requirements

In the digital transformation process, technological implementations make up an extension of the core business. As mentioned before, a personal website and Instagram are designated as new sales and communications channels. These can build awareness and generate profit, while establishing presence on the online art market. To get started, there are several robust web and ecommerce solutions from which to choose. WordPress and WooCommerce (it's ecommerce feature) are one of the leading solutions, filled with useful features and complementary add-ins that enhance the user experience. However, this option can be harder to implement than other prebuilt templates and has longer development time and costs, for example having to hire a web developer. On the other hand, Wix is a solution that offers a wide variety of templates that are easy to customize and maintain. Taking into account the above, Wix is the option that best fits the artist's current business needs, since very complex functions that require coding are not needed at this point.

13.1.1 Web & E-Commerce Solution

Wix offers different plans in two different categories: Website Plans and Business & eCommerce Plans. As one of the main objectives is to sell artworks online, the Business Basic Plan from the Business & eCommerce category supplies the business requirements. It includes the following services:

- Accepts online payments.
- Free domain, as well as it allows to connect with existing domains.
- Unlimited bandwidth, 20 GB storage and 5 video hours.
- 5,000 individual emails per month (up to 3 campaigns)
- Connects with Google Analytics.
- 100% commission free.

13.1.2 Hosting Service

Wix provides hosting service in the Business Basic Plan. This makes it even more simple for a user who has few experience on web development and it doesn't require complex integration processes.

13.1.3 Domain

Domains are key assets to build identity and positioning, plus they are essential for SEO and SEM. Even though a free domain is included in the business plan, if the artist decides to cancel or no longer use Wix as the website provider, the given URL for the website will revert to the free Wix URL, which means the artist ultimately doesn't own the domain. To have control over this important asset and as a precautionary measure, domains are purchased from GoDaddy.com. www.catycucalonart.com will be the principal domain and www.catycucalon.com will be connected to redirect traffic to the website.

13.1.4 Features & Functionalities

Wix templates allows to be creative and gamble with design without having to program complicated codes. This is an advantage for the artist as she can experiment with design while having full control of its look and feel. Moreover, the process of adding and removing available artworks is simple and can be done directly by the artist without the need of a developer. The following are the features and functions that will be implemented (Artstorefrontsblog, 2020).

- Ecommerce (shopping cart), with single page checkout

- Multiple payment options
- Minimalist and adjustable design template
- 100% mobile responsive (with mobile ordering option).
- Product visualizer: Multiple high quality pictures and videos of the artwork.
- Product description section
- Chat tool: ChatBot + multiple communication channels: the artist has immediate access to potential clients' messages, to ensure quick handling and fast response.
- Subscription box "Get in touch"
- Inventory management
- Email campaign service
- Save to favorites button
- Share with a friend tool

The correct performance of all functionalities must have ensured, in particularly the e-commerce in order to deliver a flawless customer experience. Furthermore, to enhance the experience in the website, every artwork must have high quality photos and a zoom functionality, that allows to view the detail of the artworks (colors, materials and even textures).

13.2 Human Resources

13.2.1 Outsourced Services

In addition to the technological resources, the following outsourced services are required to ensure the correct online business operation.

- Professional Photographer: To take high quality photographs of all the available artworks that will be uploaded on the website.
- Web Designer + Webmaster: would be the person in in charge designing the website, implementing new add-ins or features, and managing operations with the help of the artist.
- SEO & SEM Expert: to create and deliver a SEO strategy.
- Attorney: To create legal documents to ensure all adequate and mandatory requirements of the art selling process.
- Accountant: To keep financial records.

14 Implementation Requisites

The implementation of the online business have the functional, legal and technical requirements.

14.1 Payment Gateway

The online shop requires a payment gateway that offer both online payments processes and a merchant account to receive the funds. Cucalón's ecommerce will be integrated with PayPal since it offers both services and it is a suitable option to set up for small businesses. In addition it is highly recognized among online buyers worldwide and guarantees security in customers transactions. In 2021, current rates are 2.9% + 0.30 USD per transaction. When a transaction is completed, the money is credited to the PayPal balance and afterwards the artist can transfer the money to its bank account.

14.2 Legal Documents

14.2.1 Copyright Registration

Digital images of the artworks can be easily copied and used without the artists permission and compensation. To protect her artworks displayed online, Cucalón will registered her works at Colombia's Copyright Office (SIC: Superintendencia de Industria y Comercio). The registration provides Cucalón the exclusive right to:

- Reproduce her artworks (make copies such as prints or lithograph).
- Distribute copies
- Display artworks publicly
- Alter or build upon her works

14.2.2 Terms & Conditions

Terms of Service, Terms and Conditions and Terms of Use will be included in www.catycucalonart.com, as they are considered a contract between the user and the website's owner. They will be useful to protect both the artist and buyer's rights. Other legal documents that must be included are the Privacy Policy and Personal Data Treatment Policy.

14.3 Sales Documents

14.3.1 Sales Contract

Appropriate sales documentation such as a sales contract and a bill of sale signed by both (Caly Cucalón and the buyer) are mandatory for all sales. A sales contract works as an insurance. It lays out the details of the artwork being sold, the price and its payment method. This document helps solve problems regarding, return and money back policies, damages on the art work caused by the shipping company or the buyer and other things that could go wrong. The more detailed the contract is, the less likely it is to have dissimilar assumptions that can cause misunderstandings. It is especially important for online sales that both the buyer and the artist agree to the terms before the transactions is made and the artwork is shipped.

Sales contract must include: Title, description of the artwork (technique and dimensions), Place of Sale, Price, Terms of Payment and Return Policy. Cucalón will additionally include a Copyright clause. When selling an original (physical) artwork, it doesn't necessarily mean to sell the copyright. The physical work doesn't have a copyright, the copyright is in a image itself. The buyer will only receive rights related to that physical work unless artist chooses to grant additional rights like making copies. Therefore, Cucalón must decide on what rights the buyer will receive when purchasing any of her works.

14.3.2 Bill of Sale

A bill of sale is also required as a mandatory record that confirms the buyer has received the artwork agreed in the contract, and that it has arrived undamaged in the perfect conditions. After receiving and accepting the delivery of the artwork, the buyer is asked to digitally sign the Bill of Sale and it send to the artist. This document should contain the following information: date, contact information from both parties (artist & client) prices, payment method and restate any relevant details mentioned in the sales contract.

14.4 Shipping & Packaging

Once both parties have signed the sales agreement document, the artwork will be shipped to the client. To warrant delivery of her artworks worldwide, shipping will be done using Airseatrans, a company the artist has previously worked with. This company takes care of legal documentation required by the Colombian government when exporting high value articles (Circular 170 DIAN: Dirección de Impuestos y

Aduanas Nacionales). In addition, following packaging guidelines, Airseatrans adapts transportation packaging for each artwork to ensure perfect conditions when delivering to the client. Shipping cost will depend on the country and city of destination, and the artworks' dimensions and weight. Other global shipping carriers such as DHL, FedEx and UPS could also be considered depending on the sales agreement with the client. For local purchases, Cucalón will use local shipping carriers ServiEntrega and Coordinadora. The tracking parcel numbers are crucial in order to verify the delivery.

14.5 Insurance

Shipping carriers for example FedEx permits declared value up to 1,000 USD for artwork and others companies offer insurance that will cover just a few hundred dollars. For high value artworks, additional insurance policy (besides the one from the shipping company) would be recommended to the buyer before signing the sales agreement.

15 Financial Plan

15.1.1 Cost Analysis

Working Capital

The table below shows the products available for sale which sets the start for the financial plan.

Product References

Artwork Technique	Reference	Dimensions (cms)	Average Labor (Hours)
Oil on tin	Ref. 1	Diameter 60	53
	Ref. 2	90x 90	65
	Ref. 3	90x 170	160
Oil on canvas	Ref. 4	50x 50	53
	Ref. 5	90x 90	65
	Ref. 6	150x 150	180
	Ref. 7	120x 170	180
	Ref. 8	140x 210	200
	Ref. 9	170x 200	200
Oil on concrete	Ref. 10	200x 210	220
	Ref. 11	30x 20x 10	16
Oil on chiffon	Ref. 12	40x 30x 20	16
	Ref. 13	120x 140	120

Source: Self Elaboration

The financial plan starts by considering an the implementation requirements previously discussed and taking into consideration the existing initial inventory of 60 artworks available for sale. These works are classified according to the types of materials they are made of, the techniques used and their measurements. Additionally, the average time of labor used for the elaboration of each of the pieces is detailed.

The following table shows the costs attributable to each of the product references available for sale.

PRODUCT COST	PRODUCT A OIL ON TIN			PRODUCT B OIL ON CANVAS						PRODUCT C OIL ON CONCRETE		PRODUCT D OIL ON CHIFFON	
	Ref. 1	Ref. 2	Ref.3	Ref. 4	Ref. 5	Ref. 6	Ref. 7	Ref. 8	Ref. 9	Ref. 10	Ref. 11	Ref. 12	Ref.13
Direct Product Cost (Prime Costs)													
Direct Materials	\$190.00	\$220.00	\$280.00	\$170.00	\$230.00	\$300.00	\$330.00	\$400.00	\$480.00	\$550.00	\$40.00	\$50.00	\$380.00
Direct Labor	\$530.00	\$650.00	\$1,600.00	\$530.00	\$650.00	\$1,800.00	\$1,800.00	\$2,000.00	\$2,000.00	\$2,200.00	\$160.00	\$160.00	\$1,200.00
Direct Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Product Costs (Manufacturing Overhead)													
Indirect Material	\$ 8.00	\$ 8.00	\$ 8.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 10.00
Indirect Labor	\$ -	\$ 30.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Product Cost	\$728.00	\$908.00	\$1,918.00	\$710.00	\$890.00	\$2,110.00	\$2,142.00	\$2,412.00	\$2,492.00	\$2,762.00	\$212.00	\$222.00	\$1,590.00

Source: Self Elaboration

The table above describes the costs of the initial inventory available to the project, since it is necessary to recognize the cost of production of this inventory, which in turn is the artist's working capital.

In order to obtain these values, the following is a list of the costs incurred by the artist in the production of the works, taking into account direct and indirect costs.

Direct Materials

Item	Cost
Second hand Industrial tins	\$50.00
Oil paint	\$10.00- \$35.00
Oil Paint Brushes Set	\$34.00
Varnishes	\$15.50
Turpenoid	\$23.00
Canvas Rolls (64-1/2" W × 3 yd)	\$70.95
Canvas Pliers	\$15.23
Gessos and primers	\$12.59
Frames	\$48.00
Sand	\$5.00
Chiffon	\$35.00
Mold Maker Silicone Rubber	\$42.99
White cement	\$12.00
Thinner / dissolvent	\$14.92
Other materials	

Indirect Materials

Item	Cost
Painting palettes	\$19.00
Paint Brush Holder	\$12.59
Painting Spatulas	\$17.00
Palette Painting Knives	\$17.00
Acrylic Remover	\$10.14
Precision art knife	\$8.26
Blades	\$3.74
Arrow Staple Gun	\$23.00
Staples	\$2.00
Paint Brush Cleanser	\$5.55
Cutting of tin according to design	\$30.00

Source: Self Elaboration

Source: Self Elaboration

Now, as the project initially has a duration of five years, the sales forecast is made taking into account the sale of most of the initial inventory of 60 artworks, within the first three years. The table below shows the sales projection in units as well as in dollars for the five periods. Since the artist is going to enter the online global art market, the currency used for sales is the US dollar.

Sales - Quantities

Y 1	Y 2	Y 3	Y 4	Y 5	TOTAL	ARTWORKS TO BE PRODUCED
2	2	3	4	4	15	2
1	1	2	3	3	10	8
4	5	5	7	7	28	11
1	1	2	2	3	9	7
1	1	1	2	2	7	3
1	1	2	3	4	11	9
1	2	2	2	2	9	6
1	2	2	2	2	9	6
1	1	2	2	2	8	7
1	2	2	3	3	11	8
1	1	2	2	2	8	6
2	2	2	3	3	12	5
1	1	2	2	3	9	8
18	22	29	37	40	146	86

Source: Self Elaboration

Sales - \$

Y 1	Y 2	Y 3	Y 4	Y 5	TOTAL
4,480.00	4,480.00	6,720.00	8,960.00	8,960.00	33,600.00
1,600.00	1,600.00	3,200.00	4,800.00	4,800.00	16,000.00
12,160.00	15,200.00	15,200.00	21,280.00	21,280.00	85,120.00
1,440.00	1,440.00	2,880.00	2,880.00	4,320.00	12,960.00
2,800.00	2,800.00	2,800.00	5,600.00	5,600.00	19,600.00
4,640.00	4,640.00	9,280.00	13,920.00	18,560.00	51,040.00
5,360.00	10,720.00	10,720.00	10,720.00	10,720.00	48,240.00
6,800.00	13,600.00	13,600.00	13,600.00	13,600.00	61,200.00
7,200.00	7,200.00	14,400.00	14,400.00	14,400.00	57,600.00
8,000.00	16,000.00	16,000.00	24,000.00	24,000.00	88,000.00
280.00	280.00	560.00	560.00	560.00	2,240.00
800.00	800.00	800.00	1,200.00	1,200.00	4,800.00
2,400.00	2,400.00	4,800.00	4,800.00	7,200.00	21,600.00
57,960.00	81,160.00	100,960.00	126,720.00	135,200.00	502,000.00

Source: Self Elaboration

An annual sales volume is established, taking into account the historical record of annual sales provided by the artist. It is intended to achieve this sales volume by generating sales through its personal

website and additionally selling through online art marketplaces and online galleries. To achieve these sales it is intended to apply marketing and sales strategies focused on online channels. The sales of the initial inventory that she currently has as a result of the pandemic, will be distributed between her own website and online art marketplaces, testing which is the sales channel that best suits the artist's objectives. The first year, the artist expects to have a total sales of \$57,960 and a total of \$502,000 by the end of the first 5 years.

The total costs attributable to these sales are as follows.

Total Sales Costs

Y 1	Y 2	Y 3	Y 4	Y 5	TOTAL
1,456.00	1,456.00	2,184.00	2,912.00	2,912.00	10,920.00
908.00	908.00	1,816.00	2,724.00	2,724.00	9,080.00
7,672.00	9,590.00	9,590.00	13,426.00	13,426.00	53,704.00
710.00	710.00	1,420.00	1,420.00	2,130.00	6,390.00
890.00	890.00	890.00	1,780.00	1,780.00	6,230.00
2,110.00	2,110.00	4,220.00	6,330.00	8,440.00	23,210.00
2,142.00	4,284.00	4,284.00	4,284.00	4,284.00	19,278.00
2,412.00	4,824.00	4,824.00	4,824.00	4,824.00	21,708.00
2,492.00	2,492.00	4,984.00	4,984.00	4,984.00	19,936.00
2,762.00	5,524.00	5,524.00	8,286.00	8,286.00	30,382.00
212.00	212.00	424.00	424.00	424.00	1,696.00
444.00	444.00	444.00	666.00	666.00	2,664.00
1,590.00	1,590.00	3,180.00	3,180.00	4,770.00	14,310.00
25,800.00	35,034.00	43,784.00	55,240.00	59,650.00	219,508.00

Source: Self Elaboration

To achieve this number of sales, it is necessary to start producing units from the second year for some references, based on the sale of the initial inventory. The following table establishes the number of units to be produced for each of the references in the event that the initial inventory is depleted in each of the periods.

Artworks units to be produced

Artwork Technique	Product Ref.	Y 1	Y 2	Y 3	Y 4	Y 5	TOTAL
PRODUCT A	Ref. 1	0	0	0	0	2	2
	Ref. 2	0	0	2	3	3	8
	Ref.3	0	0	0	4	7	11
PRODUCT B	Ref. 4	0	0	2	2	3	7
	Ref. 5	0	0	0	0	3	3
	Ref. 6	0	0	2	3	4	9
	Ref. 7	0	0	0	3	3	6
	Ref. 8	0	0	0	3	3	6
	Ref. 9	0	1	2	2	2	7

	Ref. 10	0	0	2	3	3	8
PRODUCT C	Ref. 11	0	0	2	2	2	6
	Ref. 12	0	0	0	2	3	5
PRODUCT D	Ref.13	0	1	2	2	3	8
		-	2	14	29	41	86

Source: Self Elaboration

According to the table above, it is necessary to produce 86 units among the different references of works during the 5 years.

The following table shows the costs that must be incurred to produce the 86 works in order to meet the sales projection.

Artworks to be produced - Production Cost

Artwork Technique	Product Ref.	Y 1	Y 2	Y 3	Y 4	Y 5
PRODUCT A	Ref. 1	-	-	-	-	1,456.00
	Ref. 2	-	-	1,816.00	2,724.00	2,724.00
	Ref.3	-	-	-	7,672.00	13,426.00
PRODUCT B	Ref. 4	-	-	1,420.00	1,420.00	2,130.00
	Ref. 5	-	-	-	-	2,670.00
	Ref. 6	-	-	4,220.00	6,330.00	8,440.00
	Ref. 7	-	-	-	6,426.00	6,426.00
	Ref. 8	-	-	-	7,236.00	7,236.00
	Ref. 9	-	2,492.00	4,984.00	4,984.00	4,984.00
	Ref. 10	-	-	5,524.00	8,286.00	8,286.00
PRODUCT C	Ref. 11	-	-	424.00	424.00	424.00
	Ref. 12	-	-	-	444.00	666.00
PRODUCT D	Ref.13	-	1,590.00	3,180.00	3,180.00	4,770.00
		-	4,082	21,568	49,126	63,638

Source: Self Elaboration

15.1.2 Expenses

The online business also expects to be able to increase consumer awareness and its customer base to maintain a constant level of growth over the next several years. This will be made possible through online advertising, as low operational expenses. Digital tools optimize the business efficiency of operations, helping it increase its profits. Nevertheless, it will require the artist full time dedication and commitment, since she will initially have to carry an increased administrative workload. Though, for year 1 the artist

won't have to dedicate time on creating artworks as she counts with an initial inventory of artwork available for sale. Therefore, this situation will ease off the production overload and she will be able to focus on marketing, sales and administrative activities.

EXPENSES	Description	Supplier	Cost
Payroll	Artist wage	Caty Cucalón	\$19.200/ year
Energy & Utilities	Atelier expenses	Public services company	\$1.800/year
Website and e-commerce Expenses			
Website and e-commerce template	Business basic plan	wix.com	\$114/year
Hosting	Allocates space on webserver	wix.com	Included in Business basic plan
Domains	catycucalonart.com catycucalon.com	godaddy.com	\$34/year
Plugins + Graphics	Additional functionalities + Graphics	Software providers	\$900/year
Marketing Expenses			
Instagram Ads	Instagram Ad Manager	Instagram	\$6.000/year
SEO & SEM	SEO & SEM Implementatio Strategy	Digital Marketing Agency	\$5.400/year
Email campaing	Email Campaing	Wix.com (Included in the Business Basic Plan)	Included in Business basic plan
Additional Expenses			
Trade Market Registration + Export Licenses	Trade Market Registration + Export Licenses	SIC (Superintendencia Industria Comercio) + Colombian Regulatory Entity (DIAN)	\$650/year
Artwork photos + Videos	Product photos + promotional videos	Freelance contract	\$1.800/year
Web design + Web master	Website design + website management	Freelance contract	\$3.840/year
Attorney	Terms & Conditions, Sales Contract, Privacy Policy and Personal Data Treatment	Freelance contract	\$3.000/year
Accountant	Bookkeeping & Taxes	Freelance contract	\$960/year
TOTAL			\$43,698.00

This online business looks forward to becoming a very profitable business as it requires rather low operational cost and personnel. At a starting point, the artist's online business does not yet require full-

time, fixed term employees, which reduces wage costs and it can rely on outsourced services provided by external suppliers, for example web designer and web master, photographer, attorney and accountant.

15.1.3 Fixed Assets

In order to develop the production activities by the artist, it is necessary to acquire the following equipment, which are classified as fixed assets. In addition, the annual depreciation by the straight-line method is also related.

FIXED ASSETS

Property, Plant & Equipment

Assets	Reference	Classification	Cost	Useful Life (Years)	Depreciation (anual)
Computer	Mac Desktop	Computer Equipment	1,700.00	5	340.00
Printer	Epson Workforce WF-2830	Computer Equipment	127.00	5	25.40
Profesional Camara	Canon EOS Rebel T7 DSLR	Computer Equipment	599.00	5	119.80
Set of Lights	Linco Lincostore AM169	Computer Equipment	135.99	5	27.20
Total Assets			2,561.99		512.40

Source: Self Elaboration

Other Expenses

Expenses to be incurred by the project are as follows:

EXPENSES

Current Expenses	Monthly	Yearly	
Payroll			
Artist Wage	\$ 1,600.00	\$19,200.00	
Energy & Utilities			
	\$150.00	\$1,800.00	
Website/ e-Commerce Expenses			
		1 Year	2 Year on
Website/ e-Commerce Template	\$ 9.50	\$ 114.00	\$ 114.00
Hosting	\$ -	\$ -	\$ -
Domains	\$ 2.83	\$ 34.00	\$ 34.00
Plugins + Graphics	\$ 75.00	\$ 900.00	\$ 1,020.00
Total Website Expenses	\$87.33	\$1,048.00	\$1,168.00
Marketing Expenses			
Instagram Ads	\$ 500.00	\$ 6,000.00	

SEO & SEM	\$ 450.00	\$ 5,400.00	
Email Campaigning	\$ -	\$ -	
Total Marketing Expenses	\$950.00	\$11,400.00	
Other Expenses		1 Year	2 Year on
Trade Mark Registration + Export Licenses	\$ 54.17	\$ 650.00	\$ 650.00
Artwork Photos + Videos	\$ 150.00	\$ 1,800.00	\$ 1,800.00
Web Design + Webmaster	\$ 320.00	\$ 3,840.00	\$ 3,840.00
Attorney	\$ 250.00	\$ 3,000.00	\$ 850.00
Accountant	\$ 80.00	\$ 960.00	\$ 960.00
Total Other Expenses	\$854.17	\$10,250.00	\$8,100.00
Total Expenses	\$ 3,641.50	\$43,698.00	\$30,268.00

Source: Self Elaboration

Hourly Rate	Average Labor Hours x Month
Artist \$ 10.00	160
Plugins + Graphic Designer \$ 15.00	5
Accountant \$ 8.00	10
Attorney \$ 25.00	10
Web Design + Webmaster \$ 10.00	10

Source: Self Elaboration

The artist's yearly wage of \$19,200 and marketing activities of \$11,400, accounting for the biggest expenses of the online business. Total expenses for year 1 will be \$43,698. In the first year of operations some essential start-up expenses are required, which will be higher in this first period but decrease from year two onwards. For example, the payment to the attorney who has to create all documents to start operations such Terms & Conditions, Sales Contract, Privacy Policy and Personal Data Treatment, but doesn't have to draft them all over again on year two.

15.1.4 Financial Statements

The financial plan includes three major views on the financials: an income statement, a balance sheet and a cash flow statement. The income statement is used to consider revenue sources and expenses for the 5 years of operation project of the business. The balance sheet offers a look at the business's asset and liabilities

and specifies the company's equity. And the cash flow statement will shows the business growth projections for the following years. With all the information described above, the following income statement was prepared.

INCOME STATEMENT

	Y 1	Y 2	Y 3	Y 4	Y 5
Sales	57,960.00	81,160.00	100,960.00	126,720.00	135,200.00
Cost of Goods Sold					
Total Product Cost	25,800.00	35,034.00	43,784.00	55,240.00	59,650.00
Cost of Sales	1,681.14	2,353.94	2,928.14	3,675.18	10,638.40
Total Cost of Goods Sold	27,481.14	37,387.94	46,712.14	58,915.18	70,288.40
Gross Margin	30,478.86	43,772.06	54,247.86	67,804.82	64,911.60
<i>Gross Margin %</i>	<i>0.53</i>	<i>0.54</i>	<i>0.54</i>	<i>0.54</i>	<i>0.48</i>
Operating Expenses					
Payroll	19,200.00	19,200.00	19,200.00	19,200.00	19,200.00
Website/e-Commerce	1,048.00	1,168.00	1,168.00	1,168.00	1,168.00
Marketing/ Advertising	11,400.00	11,400.00	11,400.00	11,400.00	11,400.00
Utilities	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00
Rent	-	-	-	-	-
Payroll Taxes	-	-	-	-	-
Other	10,250.00	8,100.00	8,100.00	8,100.00	8,100.00
Total Operating Expenses	43,698.00	41,668.00	41,668.00	41,668.00	41,668.00
EBITDA	- 13,219.14	2,104.06	12,579.86	26,136.82	23,243.60
Interest	-	-	-	-	-
Taxes	-	-	-	-	-
Depreciation	512.40	512.40	512.40	512.40	512.40
Amortization	-	-	-	-	-
Net Income	- 13,731.54	1,591.66	12,067.46	25,624.42	22,731.20

Source: Self Elaboration

The reason why there is a negative EBITDA, but a cash balance, is because although no actual production costs are incurred during the first three periods for some products, it is necessary to acknowledge the cost in the statement of profit and loss, since an initial inventory is being recognized, and for this reason, this difference is present for this first year.

BALANCE SHEET

	Y1	Y2	Y3	Y4	Y5
Assets					
Current Assets					
Cash in bank	10,018.87	43,074.93	77,870.79	110,121.61	129,377.21
Inventory	55,294.00	24,342.00	2,126.00	- 3,988.00	-
Accounts Receivable	-	-	-	-	-
Total Current Assets	65,312.87	67,416.93	79,996.79	106,133.61	129,377.21
Property, Plant & Equipment					
Equipment	2,561.99	2,561.99	2,561.99	2,561.99	2,561.99
Accumulated Depreciation	- 512.40	- 1,024.80	- 1,537.19	- 2,049.59	- 2,561.99
Total Long-term Assets	2,049.59	1,537.19	1,024.80	512.40	-
Total Assets	67,362.46	68,954.12	81,021.59	106,646.01	129,377.21
Liabilities					
Current Liabilities					
Accounts Payable	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-
Subtotal Current Liabilities	-	-	-	-	-
Long-term Liabilities	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Share Capital	81,094.00	81,094.00	81,094.00	81,094.00	81,094.00
Retained Earnings	-	- 13,731.54	- 12,139.88	- 72.41	25,552.01
Earnings	- 13,731.54	1,591.66	12,067.46	25,624.42	22,731.20
Total Equity	67,362.46	68,954.12	81,021.59	106,646.01	129,377.21
Total Liabilities + Equity	67,362.46	68,954.12	81,021.59	106,646.01	129,377.21

Source: Self Elaboration

This online business doesn't require an initial loan and doesn't have long term liabilities. The business equity tells how much the artist business is worth. In the first year, the business will have a total equity worth of \$67,362 and in year 5 expects to have an equity of \$129,377.

CASH FLOW

	Y 1	Y 2	Y 3	Y 4	Y 5
Cash Inflows					
Income from Sales	57,960.00	81,160.00	100,960.00	126,720.00	135,200.00
Cash Outflows					
Commissions on Sales	1,681.14	2,353.94	2,928.14	3,675.18	10,638.40
Purchase of Materials	-	4,082.00	21,568.00	49,126.00	63,638.00
Purchase of Assets	2,561.99	-	-	-	-
Artist's salary	19,200.00	19,200.00	19,200.00	19,200.00	19,200.00
Website/e-Commerce	1,048.00	1,168.00	1,168.00	1,168.00	1,168.00
Marketing/ Advertising	11,400.00	11,400.00	11,400.00	11,400.00	11,400.00
Energy & Utilities	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00
Other Expenses	10,250.00	8,100.00	8,100.00	8,100.00	8,100.00
Total Cash Outflows	47,941.13	48,103.94	66,164.14	94,469.18	115,944.40
Net Cash Flow	10,018.87	33,056.06	34,795.86	32,250.82	19,255.60
Cash at the start of the period	-	10,018.87	43,074.93	77,870.79	110,121.61
Cash at the end of the period	10,018.87	43,074.93	77,870.79	110,121.61	129,377.21

Source: Self Elaboration

The online art business expects to operate with a positive cash inflow, having \$10,018.87 in cash at the end of year 1. In year 5, the business expects to have \$129,377.21 in cash at the end of year

16 Financial Valuation

To evaluate the feasibility of the online art business project, the Net Present Value (NPV) and the Internal Rate of Return (IRR) were calculated. The following is the calculation of the NPV, according to a discount rate of 11.60% corresponding to the market average. For the discount rate, the cost of capital information in wacccalc.xls from Damadoran, global industry averages for retail (online) available at <https://pages.stern.nyu.edu/~adamodar/> retrieved on September 15, 2021 was used.

Discount Rate	11.60%		
	Year	Cash Flows	Present Value
	0	- 81,094	- 81,094
	1	10,019	8,977
	2	33,056	26,541
	3	34,796	25,034
	4	32,251	20,791
	5	19,256	11,123

Source: Self Elaboration

NET PRESENT VALUE	11,374
INTERNAL RATE OF RETURN	17%

The NPV is used to analyze the profitability of the project. According to the NPV calculation, the project has a positive NVP indicating its feasibility. In addition, the IRR, is also used to evaluate the projects potential for profitability. Based on the positive IRR, the project is accepted and attractive.

17 Conclusions

Entering the online art market today is undoubtedly a priority for contemporary artists like Caty Cucalón. The importance of adopting digital sales channels is indispensable for all types of businesses, from micro businesses to major global exponents. The events occurred due to the pandemic, evidenced the significance and exponential acceleration in digitization processes for traditional businesses.

For artist Caty Cucalón, extending her traditional art business by creating new digital sales channels, such as her personal website, social media platforms and joining different online art marketplaces, represents a significant opportunity to increase her exposure, visibility and awareness in the global art market. Recent studies have shown that the purchase and sale of art through digital media is gaining momentum, and it is the perfect time for artists to adopt this type of business model. For Cucalón, who is an artist with more than 30 years of experience in the contemporary art market, the digital transformation of her traditional art business will bring a universe of new opportunities, as it allows her to participate in the global art market with just a few clicks. www.catycucalonart.com will display exclusive, mind-blowing artworks, through a minimalist, yet eye catching design. Art lovers worldwide will be able to immerse in the passionate and expressive intensity of Caty Cucalón's creative world. 3D previews and high quality photos reveal stains, textures, sgraffices, blurs and other free "accidents" that transmit strong messages, sensations and emotional encounters.

This project exposes the business potential of implementing a new digital approach to the artist traditional art business. Production costs are relatively low compared to sales revenues, plus having an initial inventory is a great advantage as the artist can start selling without production time and costs. The cash flow is projected to be positive from the start and a positive net income from year 2 on is also expected. This online business does not require a high investment in fixed assets, nor monthly expenses in salaries, since most of the services can be outsourced. Additionally, resources spent on marketing will be focused on promotional online activities, online advertising and SEO strategy to generate visibility and build brand awareness which will consequently translate into sales. Following the completion of a financial plan, with 5-year projections and the assessment of the financial indicators for the valuation of the project, it can be concluded that the project is viable, and that the execution of the business plan is convenient for the artist.

After reviewing the financial valuation the artist is confident that the online art business can achieve its aggressive sales forecast by implementing the proposed marketing strategy, generating total sales of

approximately USD \$ 100,960.00, \$126,720.00 and \$ 135.200.00 (year 3, 4 and 5 respectively). In addition, the business plan has carefully considered its market, potential customers, processes, technological requirements and marketing promotional activities focused on the online development to grow its sales and compete in the international online art market. The digital business approach has the potential to provide profitable return to the artist as it will generate a net income of USD \$12,067.46 \$25,624.42, \$ 22,731.20 on years 3,4, 5 accordingly. Building a new sales channel by entering the global online art market enables the artist to reach new markets and customers in a much shorter time and allows her to expand her business and not depend on a unique sales channel as it has done before.

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Annexes

Annex A

Website Metrics: Selected Companies in 2020

Source: The Art Market Report 2021. Art Basel & Art Economics (McAndrew, 2021).

	Global Rank 2020	Visit Duration (mins)	Twitter Followers	Instagram Followers	Facebook Likes
a. Online-Only and Online-Offline Galleries					
saatchiart.com	19,923	04:09	222,800	784,000	438,373
art.com	21,052	02:35	29,400	45,300	443,028
singulart.com	35,738	03:49	349	67,200	112,069
bluethumb.com.au	85,308	06:36	1,637	54,100	57,129
kazoart.com	180,578	01:57	1,989	14,700	112,960
hauserwirth.com	230,012	01:30	78,700	561,000	44,694
gagosian.com	231,729	01:05	386,700	1,300,000	175,579
davidzwirner.com	250,305	01:44	82,600	628,000	37,238
lumas.com	258,837	02:05	8,293	57,100	186,249
theartling.com	328,937	01:08	1,239	43,600	47,734
riseart.com	355,633	01:27	66,300	39,900	47,965
pacegallery.com	426,540	01:32	133,300	979,000	37,893
ideelart.com	451,844	00:28	1,803	58,700	7,413
whitecube.com	530,952	01:15	121,200	766,000	60,705
victoria-miro.com	583,116	00:47	23,400	328,000	27,409
kunzt.gallery	737,151	08:34	377	11,700	7,272
zatista.com	789,309	02:29	1,319	1,591	5,938
artstar.com	870,566	00:58	no	25,500	3,132
degreeart.com	1,257,505	01:15	7,452	15,200	9,858
ropac.net	1,360,900	03:44	10,100	213,000	44,492
	Global Rank 2020	Visit Duration (mins)	Twitter Followers	Instagram Followers	Facebook Likes
II. Third-Party Retail Marketplaces/Platforms					
amazon.com	11	07:11	3,500,000	1,695	29,635,167
ebay.com	28	06:41	735,800	1,000,000	11,040,798
etsy.com	60	06:18	2,400,000	2,600,000	3,938,544
1stdibs.com	10,605	03:42	19,900	622,000	121,306
rubylane.com	25,132	04:45	10,500	18,600	251,604
artfinder.com	44,079	06:28	97,700	66,000	266,013
artsper.com	75,137	03:12	9,625	77,600	374,327
ocula.com	162,605	00:38	5,237	131,000	55,470
artquid.com	175,747	02:58	2,526	2,056	30,014
artspace.com	185,641	00:58	208,500	393,000	102,060
goantiques.com	396,931	00:28	171	22,700	7,662
artweb.com	511,688	01:59	29,800	n/a	25,209
artrepublic.com	604,640	00:53	6,849	59,800	17,171
kooness.com	912,944	00:59	289	44,800	12,730
artplode.com	1,365,622	01:48	40,700	2,211	2,511
fineartmultiple.com	1,389,822	01:04	223	3,152	4,533
newbloodart.com	1,945,595	03:41	1,718	5,548	2,629
masterart.com	2,534,564	01:00	1,173	n/a	7,324
artlead.net	2,778,518	01:01	265	5,295	3,928

	Global Rank 2020	Visit Duration (mins)	Twitter Followers	Instagram Followers	Facebook Likes
b. Auctions					
i. Bricks-and-Clicks					
ha.com	17,201	03:57	55,100	15,900	85,216
sothebys.com	20,942	02:33	121,600	1,300,000	663,750
christies.com	23,163	02:46	126,300	892,000	314,279
bukowskis.com	32,525	03:11	1,082	61,300	20,228
bonhams.com	33,328	02:24	45,300	85,600	50,619
lauritz.com	33,686	04:48	n/a	29,600	35,611
dorotheum.com	44,442	04:19	1,917	21,700	25,742
phillips.com	62,685	01:58	42,900	245,000	64,021
Artcurial.com	155,228	02:35	11,000	74,700	21,742
saffronart.com	651,427	05:52	2,559	21,400	30,521

ii. Online-Only

catawiki.com	11,091	04:05	4,102	30,700	882,638
artnet.com	15,728	01:36	1,900,000	1,100,000	376,876
artprice.com	42,341	04:11	29,900	3,497	4,969,486
expertissim.com	366,896	01:10	2,002	1,182	4,643
astaguru.com	1,323,395	04:19	5,161	88,200	295,042
hihey.com	3,053,875	00:40	20	319	159
artscoops.com	3,597,391	03:58	n/a	14,300	3,817
aucart.com	4,057,980	02:31	n/a	26,000	1,323
thirdman.auction	9,535,822	00:15	72	139	204
	Global Rank 2020	Visit Duration (mins)	Twitter Followers	Instagram Followers	Facebook Likes

iii. Third-Party Platforms








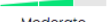


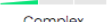

liveauctioneers.com	8,376	05:08	3,008	8,917	19,356
invaluable.com	11,640	03:24	5,587	7,283	61,742
auctionzip.com	11,898	05:47	4,636	155	40,239
the-saleroom.com	12,343	07:28	6,968	3,467	7,825
artsy.net	15,764	02:19	1,700,000	1,300,000	892,866
auctionet.com	26,860	05:16	85	11,000	28,332
drouotonline.com	43,284	10:45	11,900	52,200	102,152
bidspotter.com	56,466	07:42	1,170	432	5,116
auction.fr	60,491	03:03	788	1,918	5,436
lot-tissimo.com	60,576	07:20	40	n/a	912
bidsquare.com	137,776	03:04	876	3,114	5,391
epalive.com	175,631	02:01	950	1,158	208
igavelauctions.com	266,218	02:40	888	2,475	1,748
barnebys.co.uk ⁵⁷	281,276	00:44	4,790	20,100	36,638
plazzart.com	359,351	02:33	369	617	5,018
lofty.com	720,020	00:16	1,347	504	15,914
interencheres-live.com	1,921,256	04:08	3,489	11,700	57,170

	Global Rank 2020	Visit Duration (mins)	Twitter Followers	Instagram Followers	Facebook Likes
c. Art Fairs					
artbasel.com	149,200	02:03	743,200	2,100,000	463,823
frieze.com	152,816	01:35	277,000	577,000	140,951
Arco	180,883	02:22	40,800	88,900	50,811
affordableartfair.com	225,328	02:51	16,600	84,800	43,984
tefaf.com	320,439	05:24	14,100	85,400	60,409
parisphoto.com	1,590,953	01:26	40,800	189,000	132,276
thearmoryshow.com	1,631,759	01:48	74,800	186,000	38,999
kiaf.org	2,214,447	06:00	n/a	17,600	4,123
art021.org	2,288,472	05:23	n/a	10,700	1,599
fiac.com	2,755,240	01:31	32,800	166,000	114,133
1-54.com	3,221,171	00:17	7,405	97,100	21,590
artrio.com	3,998,303	07:13	2,383	51,800	109,335
zsonamaco.com	4,229,111	01:56	53,800	138,000	83,122
brafa.art	4,352,428	01:23	4,255	20,700	22,899
contemporaryistanbul.com	4,506,993	03:22	26,000	119,000	27,666
artcologne.com	5,045,936	02:30	1,310	23,600	13,172
expochicago.com	5,520,083	00:51	5,690	18,800	13,723
masterpiecefair.com	5,670,997	01:47	10,700	42,800	12,757
artbrussels.com	11,916,861	04:53	13,500	52,800	29,069
artbeijing.net	26,054,469	03:05	138	269	n/a

Annex B

Website Builder Comparison 2021

Source: Webcreate (2021). https://www.webcreate.io/website-builders-comparison/?edgetrackerid=100491305439270&gclid=Cj0KCQjw1P5DBhDbARIsAPeTqrelqoCW0oyLA4UqtIIN4Q5K6_tBEPKMHK14EYuK_Ca0UgynqrNHuTwaAn-NEALw_wcB

#	Website Builder	Plans	Ease of Use	Support	Score	Main Advantages	Get Started
1	 WIX	Free Account \$4.50 – \$24.50 a month More Info ▼	 Simple		9.8 Review	<ul style="list-style-type: none"> Over 500 Designer-Made Templates Great Social & Marketing Tools No Technical Knowledge Needed! 300 Popular & FREE Web Apps 	Visit Site
2	 SQUARESPACE	No Free Account \$12 – \$40 a month More Info ▼	 Complex		9.5 Review	<ul style="list-style-type: none"> HTML & CSS Access 3rd-Party Apps & Integrations 	Visit Site
3	 SITE123	Free Account \$10.80 – \$28.80 a month More Info ▼	 Moderate		9.2 Review	<ul style="list-style-type: none"> Multilingual Website Tool 24/7 Live Support 	Visit Site
4	 WordPress.com	Free account \$4 – \$45 a month More Info ▼	 Complex		8.9 Review	<ul style="list-style-type: none"> Simplified WordPress CMS Includes Hosting, Domain & Plugins 	Visit Site

Annex C

Payment gateway comparative chart

Source: Wufoo (2021). <https://www.wufoo.com/payments/payment-gateway-comparison/>

Gateway	stripe	stripe Subscription	Square	Authorize.Net	Braintree PayPal.com	chargify	FRESHBOOKS	PayPal	PayPal Payments Pro	PayPal PayFlow Pro	USAePAY	worldpay
Monthly fee	\$0	\$0	\$0	\$25 ?	\$0	Varies	\$0	\$0	\$30	\$25 ?	Depends on reseller	\$0
Per-transaction fee	2.9% + \$0.30	2.9% + \$0.30	2.9% + \$0.30 (US/CA), 2.5% (UK), 2.2% (AU), 3.6% (JP)	2.9% + \$0.30	2.9% + \$0.30	Depends on reseller	2.9% + \$0.30	2.9% + \$0.30	2.9% + \$0.30	\$0.10 + merchant account fees	Depends on gateway or merchant account	Debit & Credit: 1.65% + £0.20; Int'l transactions: 2.75% + £0.20
Merchant account included	✓	✓	✓	✓	✓	-	✓	✓	✓	-	Depends on reseller	✓
Multi-currency support	✓	✓	✓	USD	✓	✓	✓	✓	✓	✓	USD	✓
Countries	9 ?	9 ?	5 ?	190 ?	46 ?	Varies ?	2 ?	203 ?	3 ?	4 ?	1 ?	1 ?
In-form payments	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓
Recurring billing	-	✓	-	-	-	✓	-	✓	-	-	-	✓

Annex D

Measurements for SEO & SEM

- Keyword Rankings
- Backlink Quantity and Quality
- Organic Traffic & paid traffic
- Time Spent on Page - Bounce Rate
- Mobile Traffic
- Click-Through Rate (CTR)
- Domain Authority - Returning vs. New visitors