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# Luxury Brands and Art Collaborations as a Leverage on Brand Equity and Art(Ist) Equity

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**Abstract –** In 2020, a year of turbulence, seismic in scale and rapid in impact, luxury brands strengthen their relationship with art. While the world is still processing the effects of the last decades (digitalization, sustainability, diversity), luxury brands and art collaborations are used as a strategic tool in luxury brand management to create value. As the pandemic1 and broader social outrage exposed fault lines in society, even more luxury brands open flagship stores designed in collaboration with archistars (famous architects). Luxury brands establish foundations where art is exhibited and promoted. Culture funds become the new patrons of art. Limited art editions of iconic luxury products turn to revenue boosts. This research focuses on a case study of luxury brand and art collaborations. The ten most valuable luxury brands are used to analyze luxury brand and art collaborations as a leverage on brand equity and art(ist) equity. The bleeding of personal luxury good brands as well as contemporary visual arts are focused. The study identifies particularly positive effects deriving from art in the creation of equity value. The core issue discussed is whether contemporary art may represent a possible strategic tool for competing and differentiating in the global luxury industry up to 2030. The research investigates two main concepts that represents the theoretical framework: art and luxury. Literature research deductively links this case study with appropriate theories on brand equity and art(ist) equity. During this, a time horizon between 2019 and 2021 is chosen to address the latest insights in luxury brands and art collaborations. The topic is investigated explorative and qualitative with expert interviews. To tackle the research topic all-encompassing, the following groups of recognized stakeholders have been interviewed: (1) luxury brands, (2) artists, (3) art galleries, (4) trend and market researchers, (5) luxury customers and (6) city. Finally, managerial insights on the implementation of artistic collaborations are derived and suitable strategies for luxury brands who plan to be involved in such collaboration agreements are suggested. The sticking point in former academic research has always been concrete proof that luxury brands and art collaborations lead to an increase in equity beyond a short-term social media buzz or press coverage. This is the reason why this paper develops an S-O-R equity model to show the causality effects of such collaborations.

**Keywords –** Art Equity, Brand Equity, Luxury Brand Management, Equity Value, Brand Strategy

# 1 Introduction: Luxury brands and art(ist) collaborations as a strategic tool for luxury brands

The collaboration between art and luxury is not an entirely new phenomenon *(cf. Chailan, 2018, pp. 414-423).* Luxury brands and art collaborations yields strong emotional and symbolic values for consumers such as aesthetic pleasure, feelings of being an art connoisseur and being part of a global culture elite *(cf. Ochkovskaya, 2018, p. 241-243).* Art can enhance the perceived value of a luxury brand by evoking positive emotions, creativity and imagination in consumers who are sensitive to art *(cf. Estes, 2018, p. 296405).* Since centuries, art represents emotions, high quality, exclusivity, and individuality. Art and culture conclude the strength to take their time in creativity, because, unlike the luxury industry, they do not have to operate under such a high economic torque. For this reason, art is a leverage factor to bring back to luxury brands what has been lost: Novelty. Luxury goods and artworks are both sold at extraordinarily high prices. Both industries cater to the wealth of the world‘s richest customers to fuel profits at the top end of the market. As a result, both concepts serve as powerful means of distinction and strong social markers that bestow upon their consumer status, prestige, and high levels of attention within their reference groups *(cf. Lasslop, 2005, p. 475).*

2022, a year of turbulence and crisis has reshuffled the cards of the luxury economy. As rising expectations dissolve into anxiety, people are demanding more of the businesses they buy into. There is a growing sense of human disempowerment, a growing awareness of the power of brands, and consumers are beginning to see their consumption choices as votes of confidence. At a time of deep reflection, the deepest form of relevance is increasingly being driven by an uncompromising approach to fundamental human issues. Businesses that do not yet know which constituents they are systematically disadvantaging are at risk because in this hyper transparent world, the truth will out, and customers will cancel. Luxury businesses that cannot serve value for their prestige clients and luxury brands that fail to gain the consent of customers will not stay ahead of their constantly renewing expectations *(cf. Interbrand, 2022).*

World changing artistic, scientific, and technological achievements created immense opportunities. But equally, shattered structures, ignited divisions, and upended social order. From these extreme tensions, a new world emerged. History does not repeat itself, but often rhymes. If we step back from the immediacy of the current crisis and place it in a broader context, we may find that we are navigating the storms of renaissance, where once again human creativity, resilience and achievements can create a new decade of possibility. Over the next hundred years, we may be experiencing twenty

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thousand years of technological advancement, changing substantially the way we live. Accelerated by exponential transformation and immediate propagation, radical change, ideas, movements, technologies, growth, habits are simply happening at a speed and scale never seen before *(cf. Interbrand, 2022).*

In those times luxury brands are struggling to remain their USP. Online platforms lead to a decrease of exclusivity, craftmanship and scarcity. Global growth has led to luxury brands now producing in largescale factories rather than in small manufactories. As a result, the high quality that luxury brands once stood for is suffering and reason for existence. Faster is a word that has no *raison d'être* or acceptance for craftsmanship. High-quality things need time in their creation process. This is contrary to the rapidly increasing digitalization. The customer wants his product preferably within twenty-four hours *(cf. Interbrand, 2022).*

Luxury brands must assess significant changes in consumer behaviors and a new challenging landscape. New phenomena have devalued the notion of luxury. The development of emerging markets, the confusion over the definition of luxury, digital transparency as well as the transformation of consumer needs. In developing countries urbanization creates fierce competitive environments. Individuals become aware of the need to better define their identities in terms of how they want to perceive themselves and be perceived by others *(cf. Kapferer, 2014, p. 371-380).*

Globalization reshapes the luxury market in different ways. The primary intangible asset of this market, exclusivity, is no longer sufficient to add value to the luxury brand or to make it grow. Today´s luxury consumers are not inclined to accept high prices as the sole symbol of luxury and may be attracted to a brand for other reasons. Moreover, they are searching for truly experiential, meaningful, genuine, and intangible luxury. In order to meet these new challenges, luxury brands are able to find strategic opportunities in art (*cf. Codignola, 2016, p. 51).*

## 2 Literature review and hypothesis development

The research question is descriptive. It addresses the *Digital Age* and therefore needs further academic attention.

The relevant literature is reviewed. With the help of this literature review, the respective equity drivers are identified. On these insights a luxury brand and art collaboration equity model framework is conceptual developed. Moreover, the following hypothesis are generated that are examined during the qualitative research study.

*(1) The better the match/fit of image between the artist and the luxury brand, the higher the increase in value on BE and AE through a collaboration.*
*(2) The higher the creativity of the luxury brand and art collaboration, the higher the increase in perception of luxury value on BE and AE.*
*(3) The higher the innovative performance of luxury brand and art collaborations, the more positive the image (spill over) on BE and AE.*

(4) *The higher the innovative seeking mindset of the luxury customers, the higher the acceptance of luxury brand and art collaborations.*

The period of the qualitative research is 10/2020 until 03/2020. The research design contains primary research (expert interviews) and secondary research (study of the ten most valuable luxury brands).

The secondary research involves an in-depth analysis of the ten most valuable luxury brands. The luxury brands are defined by the yearly published brand equity rankings of the most prominent global trend and market research institutes *Interbrand* and *BrandZ®.* In total ten luxury brand and art collaborations within the years 2019 and 2020 are analyzed. These insights are related to an increase or decrease in brand equity within the same period. This methodology is chosen to analyze the impact of luxury brands and art collaborations on the financial-oriented brand equity (€) as well as to draw conclusions about which form of collaboration shows the biggest leverage on brand equity. The artist equity is not published, so there is no statement on this for the time being. *If, and if so how, are luxury brand and art collaborations a leverage on brand equity and art(ist) equity?*

## 3 Research Methodology

Regarding the problem of the *Digital Age* for luxury brands, the following research question arise: If, and if so, how much luxury brands and art collaborations serve as a leverage on brand equity and art(ist) equity?

To discuss the issue in an even more contemporary way, the research question has been placed in the overarching context of the trend re-localization. The research thus provides a practical solution approach for luxury brands as well as metropolitan cities.

The objective is to analyze the impact of luxury brands and art collaborations towards a value creation for luxury brands and visual artists. Thereby, the increase in brand equity and art(ist) equity is verified through a self-developed equity model that is qualitatively validated through explorative expert interviews. In addition to evaluating the equity model, experience values, pitfalls, success factors and possible tracking and measurement methodologies are elaborated based on expert interviews.

*Secondary research* is conducted to look at the top ten luxury brands 2020 to draw in-depth conclusions on possible success factors of the art collaborations carried out in this period based on an increase or decrease in brand equity.

The research is carried out in the metropolitan city of Munich as the consumption of luxury brands in Germany is mainly concentrated in this city. As part of a current case study on fashion makes art, a Munich artist is being virtually accompanied for six months to generate deeper insights into how global luxury brands approach local artists for metropolitan cities.

The research topic luxury brands and art collaborations is still little investigated in academic literature. Thus, an analytical and comprehensive literature review provides insights into the current state of scientific research. On the one hand, the characteristics, forms, and advantages of those art collaborations are elaborated. On the other hand, those are linked to the relevance of the trend re-localization.

Further, an investigation of this is aimed at based on contemporary problem areas. Finally, relevant levers and variables for the value creation on brand equity and art(ist) equity is elaborated. The study contains both, a secondary and primary research.

First off, the core research topic is explored on a scientific literature review. To dive deeper into the concepts, characteristics and benefits, interviews and reports of renown luxury brands are considered. Since there is a lack in academic research according to the available sources of data on those art collaborations, theoretical references and documentations based on articles, reports and books are used. Meaningful scientific journals, papers and newspapers are reviewed. Besides, other context related literature, monographs, manuals, and Internet sources are used to explore the impact of the research topic from various angles.

Based on the carefully reflection and gained Insights an adequate behavioral-oriented, qualitative equity approach for luxury brands and art collaborations, considering the trend of re-localization, is designed.

### 3.1 Research Design

Due to the differentiation according to *Yin (2013),* there is a holistic approach. Suitable cases through academic research papers are selected in advance by means of a theoretical sampling, which is carried out according to concrete content criteria.

The primary research involves 30 expert interviews. With the help of those interviews the data for later evaluation is obtained. This methodology is chosen to analyze the impact of luxury brands and art collaborations on customer-oriented brand equity. The expert interview partners are attracted online through *LinkedIn* and professional networks. The artists are attracted offline at the art fair *ARTMUC* on 10/2020 and contacted afterwards via E-Mail to make an appointment. Due to the explorative orientation of the study this procedure is regarded as an acceptable form of sample selection as the disclosure of the selection criteria makes it possible for third parties to understand the data.

The expert interviews are conducted within one month from 11/2020 until 12/2020. To identify the mechanisms behind the identified influencing factors (variables) in academic literature of brand equity and art(ist) equity, it is necessary to give experts room for their individual and differentiating point of view than quantitative surveys usually allow. A qualitative, explorative study provides information about the correlations in terms of cause and effect and enable a holistic view on the research topic. There is the potential to draw conclusions from overlapping points and areas of conflict. A pre-test is conducted to doublecheck the comprehensibility. Following stakeholder groups are interviewed online via Zoom. The expert interview guide was sent beforehand. Each interview takes 45-60 minutes and comprises 25-30 questions.

It must be noted that the artist perspective is currently still completely neglected in the available empirical academic literature research. Consequently, the present study for the first time, brings this group of participants to the forefront of the collaboration's effectiveness research. To capture the perception in the context of conducted luxury brands and art collaborations, the success factors and learnings are of particular interest. Commonalities and differences are reflected in the causal attributions of luxury brands and artists. It important to identify similarities and areas of conflict. In the sense of the participatory approach of the research, the present work explicitly asks for approaches towards improvement potential from the perspective of those affected.

The first set of questions is concerned to experiences and learnings as well as with approaches to suggest improvements for luxury brands and art collaborations on an individual level.

(1) Luxury brand (L)
(2) Artist (A)
(3) Gallery (G)
(4) Trend and market research (T)
(5) Luxury customers (C)
(6) Munich city (M)

The second set of questions refers to the trend re-localization and deals with approaches to improve cooperation with local artists, the responsibilities of metropolitan cities, and possible advantages around strengthening the factor of arts and culture. In the sense to evaluate the conceptual framework of a future equity model for luxury brands and art collaborations, the third set of questions analyzes its comprehensibility, value, and possible areas of application.

### 3.2 Sampling

The sample conducts following stakeholders to give a fully perspective to enhance the quality of the research. In general, 30 expert interviews are conducted. 24 participants are female, 6 participants are male. The interviewees are between 35 to 65 years old. The average experience in profession are 11 years. 21 participants are experienced with luxury brand and art collaborations, 9 participants show no experience. 5 participants already implemented a luxury brand and art collaboration, 18 participants have not implemented art collaborations before.

The acquisition of the top ten most valuable luxury brands *(Louis Vuitton, Chanel, Hermès, Gucci, Rolex, Cartier, Dior, Yves Saint Laurent, Burberry, Prada)* take place by direct messaging on LinkedIn, he social media platform for jobs and career. A total of 20 positions are contacted and informed about the topic of research study. As incentive the study results are offered. The participants require a position in brand strategy, brand or event management. The result of *LinkedIn* is sobering, therefore the number of originally planned interviews with the top ten most valuable luxury brands are reduced to three *(Louis Vuitton, Chanel, Cartier).* To increase representation, five more luxury brands *(Porsche, Tesla, Eres Group Chanel, Renesim and Richemont)* are acquired on personal network. In general, seven luxury brands participate.

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The acquisition of the artists and (3) gallery takes place in person at the art fair *ArtMUC* on 10/2020 in Munich. In general, 40 artists are informed about the aim of the study. To reflect the megatrend re-localization, a cross-section of local and internationally artists is formed. All artists are contacted afterwards by E-Mail. All artists met the quality criteria for admission at the *ArtMUC* and therefore represent at least five years of experience in profession. Further selection criteria are novelty and a unique method of artistic practice. The art direction includes visual arts. In general, 10 artists participate the interview.

The acquisition of trend and market research experts take place by direct messaging on the social media platform for jobs and career, LinkedIn, as well as on personal networks. A total of 7 positions *(Interbrand, Batten & Company, McKinsey, Bain & Company, Boston Consulting Group, Accenture, University of Cambridge)* are contacted and informed about the study. The participation requires at least 2-5 years of experience in the field of market research with luxury brands. In general, 4 market and trend research experts participate the interview.

The acquisition of luxury brand customers, high net worth individuals *(HNWI),* is carried out as a sales associate at the boutique *Eres Group Chanel* in Munich. 15 customers are asked in person after the official sales talk, whether they would like to take part in the interview privately. Due to Corona and the Munich lock-down the *Eres* boutique is closed temporary. This is the reason, why only 7 luxury customers participate. An online survey is not carried, as it would not have done justice to the exclusive customer approach of *Eres Group Chanel*.

All Interviews are conducted and recorded online via the video conferencing software app Zoom. All participants receive the expert interview guidance in advance by E-Mail. In general, 88 experts in the field of luxury and art are acquired to participate. 30 expert interviews are conducted.

## 4 Summary and Discussion

After the individual variables are edited on an intensive literature research and readjustments based on the expert interviews, overlaps between the variables are identified. Because artists are brand personalities, brand models are transferable 1:1 to the artist (cf. Batten & Company, 2010).

Finally, metropolitan cities have an important role to play in this equity model. They act as an enabler and bridge builder, moderating between the two stakeholders, luxury brand and artist, by creating mutual understanding in the collaboration. This is accompanied by the trend re-localization and thus the aspect of increased cooperation with local artists.

The analysis shows that both awareness and quality are the two common drivers of brand and art(ist) equity. Accordingly, these two parameters are added on the refined equity model. Furthermore, the qualitative expert survey also revealed that awareness and quality are both decisive factors for a match/fit to be made between the luxury brand and the artist. Accordingly, quality and awareness are chosen as the core valuables in the revised equity model to enable as a fit between the luxury brand and the artist. Further, the insights of which variables are increased because of a luxury brand and art collaboration show that awareness and image are mentioned most.

Brand and art(ist) image are measured according to quality and awareness. The better the match/fit of quality and awareness between the luxury brand and the artist, the better the image. The better the image, the more successful the art collaboration. This means as conclusion, the better the match/fit of quality and awareness, the higher the impact on brand and art(ist) equity.

Accordingly, Image is chosen as response (R) in the S-O-R principle of revised equity model. A response (R) can be either a behavior or an attitude. The co-branding of brand and artist influences the organism. The organism (O) is processing the information and an attitude (Image) is developed. The customer is the most important stakeholder because he decides finally whether the luxury brand and art(ist) collaborations are successful or not. The Fischbein and Eisen model states that the relationship between attitude and behavior is only 5 to 10%. Despite this, the organism (O) shows a behavior response, by expecting further luxury brand and art collaborations according to the Psychology of Novelty Seeking, Creativity and Innovation according to Schweizer, 2006.

This phenomenon can be seen, for example, at Louis Vuitton, which already shows artist collaborations in almost every collection they launch, to meet the novelty seeking behavior of their luxury customers. This aspect can be used to turn your luxury customers to loyal fans by educating them to become collectors of i.e., limited art editions due to their low-price sensitiveness. In order not to risk becoming an ordinary behavior, a luxury brand should make sure that it maintains a corresponding rarity and do not overstretch collaborations with artists.

Based on the gained insights of the literature research, secondary research and primary research, the following equity model is developed as a core output of this research. This incorporates all the thematic approaches for improving the equity model based on the experts' opinions.

The experts' estimates are an increase of 11.4 (11%) for brand equity and 22.9 (23%) for art(ist) equity. The higher the equity, the higher the sales price. The higher the sales price, the higher the revenue while keeping the same amount of sold items.

Luxury represents wealth, sophistication, desirability, and influence. It leads by attraction. It makes people want to imitate those who possess it. For this reason, luxury is a powerful social and cultural force (cf. Pinkhasov and Nair, 2014, pp. 8-15).

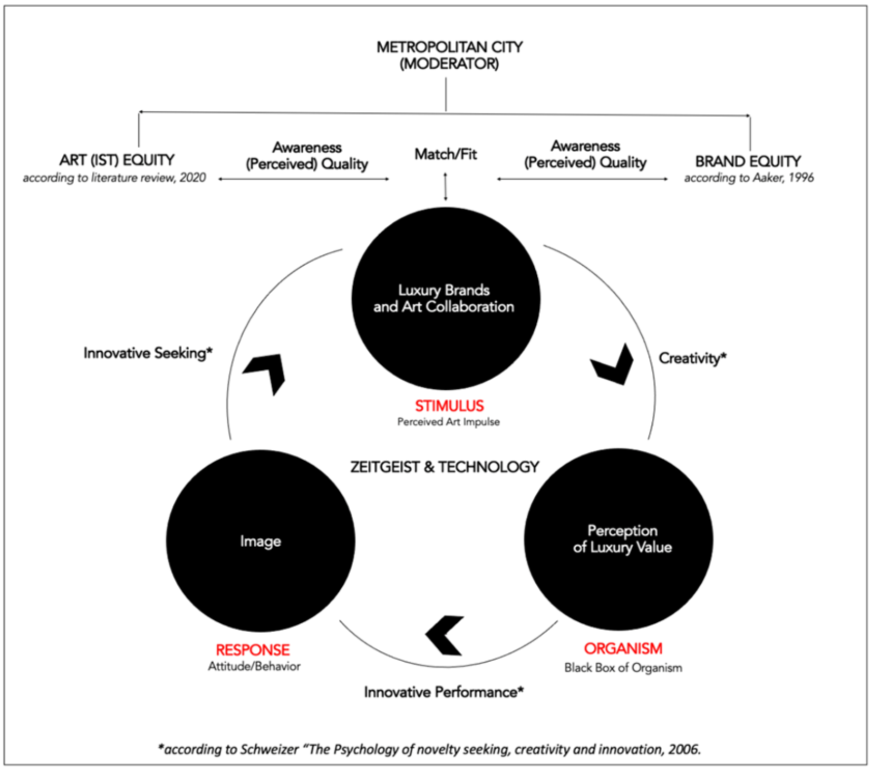


Figure 1: Equity model of luxury brands and art collaborations

From an economical perspective, in 1990 the luxury retail sector begins to transform towards mass marketing based on an intensification in (1) distribution methods. The reason is an increased number of store openings, development of online businesses and openings of shop-in-shops in duty-free areas. A changeover from craft production to mass production leads to an evolution in (2) production methods. A modification in the structure of (3) inventory turnover, depending financially on the marketing of personal luxury accessories such as handbags, perfumes and cosmetics targeting a wider public. While the art is free from any restrictions, the luxury industry and especially the sector of fashion is bound to the demands of a fast-paced industry. The luxury sector has become industrialized to the extent that global brands emerged and developed sizeable retail networks to provide the necessary support. It is a microeconomic sector that has grown over the past twenty years, slowly extending its customer base beyond the few to the many, the so-called middle class. This is the reason why this sector is growing fast and captures so much corporate and media attention.

Thus, luxury brands must educate consumers to regain their undisputed symbolic authority, the basis of price premium. To do so, luxury brands are forced to remind consumers of their legendary roots, the mythical history that sets them apart. In the past, luxury companies are family businesses, mostly local, with a central focus on the core product. Today, luxury is managed by groups, fully global, with a focus on retail and a commitment to expand the

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brand's range and diversify, thus abandoning rarity and some-times even re-locating (cf. Karpik and Scott, 2010, pp. 175-243).

The problem of growth for luxury brands is that supply should always be below demand. According to Benjamin (2002) those effects of mass reproduction reduce perceptions of exclusivity, aesthetics, technical superiority, distinction, and singularity. Thereby mass marketing strategies threatening the luxury brand legitimacy (cf. Dion and Arnould, 2011, pp. 501-520).

From a managerial perspective, in recent years, the proliferation of the number of luxury brands and the intensification of competition worldwide makes it rather difficult for marketers to differentiate their luxury brands only based on functional attributes such as quality and performance. Consumers are thought to prefer luxury brands with personalities that are consistent with their self-concepts. The consumer purchases luxury brands not only to express their actual selves, but also to display a variety of social identities such as ideal-, possible-, desired and social selves (cf. Sung et al., 2015, pp. 121-132).

At the FT Business of Luxury Summit, the experts agree that luxury is becoming even more about doing and being and less about having. One speaker refers that true luxury is about creating a compel-ling, authentic, and unique experience, provoking emotions which remain in our memories and are hard to replicate (cf. Petermann and Kent, pp. 146-215). The luxury industry enters a new phase, called new luxury, shifting from conspicuous consumption towards meaningful luxury experiences and lifestyle branding to offer cognitive, sensory, rational, and emotional values for consumers (cf. Atwal and Williams, 2009, pp. 337-346). Retail establishments which provide access to the luxury brand´s world are crucial (cf. Wilson and Yilka, 2018, pp. 195-225). To create a strong and lasting USP, luxury brands need to utilize emotional communication through experimental marketing (em) and experimental branding (eb). It is the creation of multi-sensual, astonishing experiences and luxury products that are designed to allow consumers to explore something unique and enthralling, rather than just using visuals to encourage sales. Luxury brands adopt the use of art in such experiences to gain the maximum amount of emotional communication (cf. Dion and Arnould, 2018, pp. 212-222).

To capture mounting demands, not only from extraordinary people, but also from ordinary individuals, luxury brands enact virtual rarity tactics, construct themselves as art, and adopt a new business model while de-emphasizing exceptional quality and country of origin. Rarity of ingredients or craft has been replaced by qualitative rarity (cf. Kapferer, 2012, pp. 453-462).

Luxury is engaging in a subtle process of artification, the transformation of non-art into art. The luxury industry aims to be perceived as a creative industry. The artification process thus is timely for a sector that is becoming increasing less artisanal. Artification helps this sector downplay the social stratification motivation of consumer demands. It fosters more humanistic motivations, such as the elevation by objects that condenses highly talented artists' work, tradition, and culture. Art reinforces the symbolic authority of luxury. In addition, being associated with conspicuous consumption alienates the creative elite, the influential consumers, and the people designing the future. It is important to demonstrate that the luxury brand does not segment only based on

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money, but also considers culture, intelligence, and the ability to value art (cf. Kapferer, 2014, pp. 371380).

Luxury becomes a reference to which future generations look for inspiration and knowledge. It is always at the forefront of creativity and innovation in pursuing the highest standards for knowledge and behavior as much as for product quality and refinement. Haute Couture seems to be correlated and often regarded as art; however, it is produced within the luxury fashion system and not within the art world (cf. Jelinek, 2018, pp. 294307).

One of the main benefits of art is to gain brand distinction in terms of ennoblement. According to

Kapferer (2015), art takes people to a higher level of meaning (cf. Kapferer, 2015, p. 74). The disruptive creativity and originality of art collections show aesthetics of cutting-edge, avant-garde and ingenuity. According to Berghaus (2014) art moves the exclusivity associated with luxury to a higher, more inaccessible level.

Etymologically, the word art derives from the Latin term ars, the latter being equivalent to the Greek word techne, and is translated with skill, craft, or craftsmanship (cf. Morhart, 2020, pp. 171-190). The fundament of art is creativity. It is the ability to create something new out of something non existing. It is the ability of humans to discover potential solutions during problem solving processes and to flexibly produce unusual but meaningful ideas in different areas of life (cf. Kastner, 2014, pp. 76-78). In the art industry, the term of art genius is used. This means, an outstanding creative talent for unforeseen ideas in a way of an extremely creative person. This person shows originality in a way to create something that has been never there before. To establish art collaborations with an art genius is the overarching aim of a luxury brand. The reason is an underlying halo or spill-over-effect. In this matter, the privileged artsy image of an art genius is transferred on the luxury value perception and image of the luxury brand (cf. Chailan and Valek, 2014, p. 34).

The enabler of any creative work is inspiration. That means a creative idea, thought or sudden realization. Creative artwork in return allows invention that leads in further course to innovations. This indicates one of the reasons, why in recent years, luxury brands intensified their collaboration with different forms of art and culture (cf. Codignola, 2016, pp. 247-248). Art inspires luxury brands. Conversely, luxury brands are making a splash in the art world. The art, artists and artistic techniques gain customer insights and a deep understanding of the past, present and future. Art represents a broader conceptualization of aesthetic properties that focuses on trans-historical and pan-cultural features (cf. Codignola, 2016, p. 76).

Contemporary art is today’s art, produced by artists who are living in the twenty-first century. It helps to observe and understand the contemporary society, which is globally influenced, technologically superior, and culturally varied. For example, kinetic art is a disruptive art form that places the spectator´s perception at the center of the piece to question the purpose and status of the artwork (cf. Haute Horlogerie, 2020). Intensive, knowledgeable, and continuous monitoring of the seismographic trends in con-temporary art provide luxury brands with valuable information on trends and value changes. For example, the observation of street art supply brand strategists with many critical works on brands and consumer society (cf. Baumgarth and Kastern, 2017, pp. 357-379). Similarly, concrete collaborations between luxury brands and artists can help in developing forecasts, vision, and positioning. Another focus is on the impact of arts on the fundamental element of the luxury brand, its identity. That is not an isolated, controlled out-put of management decision-making, but rather an aspect of interactive corporate culture. The integration of arts into change management and corporate culture is a relevant issue to establish towards a successful luxury brand management (cf. Baumgarth, 2018, pp. 237-248).

Luxury brands are usually associated with rather conservative values such as tradition, heritage, and timelessness and thus, fight even harder to be perceived as bold and original brand personalities (cf. Kapferer and Bastien, 2012, p. 34). Joining forces with the arts offers various opportunities. Art collaborations encourage luxury brands to regain their lost distance towards competing (masstige) brands and non-targeted middle market customers by building on the strong demarcation function of art (cf. Ehrensperger, 2017, pp. 12-24). The art world is commonly not readily accessible for the average consumer. Luxury brands affirm a distinctive connoisseurship and emphasize their belonging to elitist networks (cf. Meffert and Lasslop, 2004,

p. 940). In this way the exclusive image and scarcity character for luxury brands re-increase (cf. Catry, 2003, p. 13).

Through the arts, luxury brands can strengthen their engagement with consumers without undermining the exclusivity of their luxury products. Numerous attempts of engagement in the luxury fashion domain, online and offline, are authorized. Online through dedicated platforms for content co-creation and offline through alternative brand experiences. Luxury brands have built a new art-related paradigm, detached from the mechanical execution of mere product performances (cf. Chailan, 2018, pp. 414-423).

In 2005, it took twenty to thirty craftspeople eight days to produce a Louis Vuitton bag. The high price for the item could perhaps have been justified based on its skilled craft production, and consumers undoubtedly bought into the concept of the value, aura, and singularity of artisan production (cf. Aspers, 2010, pp. 196-201; Karpik, 2010, pp. 175-243). This valorization of commodities and consumers' visuality become altogether more problematic when the luxury brand shifts towards mass production. This is accompanied by front-page headlines such as Louis Vuitton tries modern methods on factory lines (cf. Wall Street Journal, 2006). As one means to justify the high price of mass-produced luxury goods, Louis Vuitton's collaborations with a range of renown artists is undoubtedly an aesthetic investment in the immaterial and symbolic definition of the luxury brand. Many of these collaborations have themselves become iconic and are consumed by some as investment pieces that will accrue value through their lifetime and become collect-able luxury pieces (cf. Crewe, 2016, pp. 511-529).

The most active sector in luxury brands and art collaborations is fashion, followed by financial services, watches and jewelry, automotive and distilled spirits. Many luxury designers look for fresh inspiration from the arts. They often use visual art to make their fashion shows memorable events or to influence their collections. It is an aim of theirs to transform luxury goods into art.

The re-appropriation of an artwork into a wearable luxury product is nothing new. What is innovative is the power that luxury brands associate the luxury item with an art gallery or a museum experience (cf. Codignola, 2016, pp. 66-67).

In the literature, luxury and art is ascribed to a structural proximity between both concepts (cf. Kapferer and Bastien, 2012, p. 107). Kapferer (2012) states the usage of art, artification, as a key strategy for luxury brands and speaks about the conscious artification as a strategy, integrating art in every act of the value chain. According to Kapferer (2014), the concept of artification is:

"[...] a process of transformation of non-art into art, to circumvent the volume problem. It requires the active collaboration of art authorities and renowned artists. The goal is to change the status of the luxury brand, of its founder and luxury products, and in so doing, to reinforce the idea of a better-than ordinary luxury brands whose price and symbolic power are undisputed (Kapferer, 2014, p. 371)."

Until now, no uniform terminology emerges that would cover all empirically observable forms of luxury brands and art collaborations and simultaneously refer to a specified underlying strategy or clear-cut concept. The only initiative in this regard represents the approach by the French brand strategist Boche, who coins the term Marketing to address the collaborations between luxury brands and the art.

These increasingly symbiotic relationships are fed by an enduring appetite for artfully erudite luxury couture. Louis Vuitton collaborates with Jeff Koons, Dior with young artists, Stella McCartney with Ed Ruscha, Calvin Klein with Andy Warhol foundation and Coach with Keith Haring. One of the earliest examples of the artistic cross-pollination is Elsa Schiaparelli and Salvador Dali, the Italian couturier´s exquisite surrealist evening gown featured a large Daliesque lobster painted across the crotch area as an exploration of sexuality. Yves Saint-Laurent inspired in 1965 by the work of Dutch painter Piet Mondrian presented a dress at the Georges Pompidou Art Gallery in Paris. Andy Warhol´s is the lux-ury fashion´s favorite artist. Beyond Warhol´s enduring influence, other luxury brands have continued to call upon lesser-known artists to enhance their creative process Louis Vuitton is leading the charge in artist collaborations (cf. Business of Fashion, 2021).

During his time as creative director at Louis Vuitton, Marc Jacobs helps to establish a tradition of partnerships between the French house and global artistic talents. He commissioned Stephen Sprouse to reimagine its monogram print in graffiti form in 2001 and went on to forge a thirteen-year relationship with Takashi Murakami. The Japanese artist introduces the multicolor monogram bag. Marc Jacobs works with provocateur Richard Prince in 2008. Nicolas Ghesquiére, the current creative director continued to build on this heritage giving Jeff Koons unprecedented freedom to play with the house´s signature canvas. The former Louis Vuitton menswear designer Kim Jones begins to establish a similar culture of artistic collaboration at Dior Men when teaming up with New York based contemporary artist KAWS for his debut collection. When creative designers directly work with artists, truly extraordinary and original work is created (cf. Business of Fashion, 2021).

Yet, also in non-fashion luxury areas art takes hold. Ruinart, the champagne brand, is known for its consistent long-standing relationship with art, patronizing contemporary art and design perfectly matching the luxury brand´s image. Veuve Clicquot introduced its Veuve Clicquot window series as a contribution to the art world partnering with the creative and arts communities. Dom Pérignon pursuits its annual art projects launching its limited-edition champagnes in collaboration with artists such as David Lynch, Jeff Koons, Iris van Herpen and most recently Michael Riedel creating display boxes, packaging, la-belling and artistic events (cf. Berlin Art Link, 2016). Both industries, luxury, and art, continue to collaborate to forge deeper creative conversations. Thus, painters, illustrators and photographers become important contributors to the luxury industry (cf. Fast Company, 2021).

According to academic literature, a significant shift taking place is the scarification of creative designers. Unlike artisans, who are famous for their crafts, designers now beg for recognition as creative beings. Some, such as Karl Lagerfeld, demonstrate that they have even other talents such as photography. John Galliano presents himself as a piece of art, staging the typical figure of the romantic artist. Gradually, art is pervading commerce, especially in the luxury sector. Luxury appreciates to be associated as intemporal art. To position luxury products as authentic pieces of contemporary art, each one is blessed by the hand of the designer. By doing so, luxury brands de-emphasize craftsmanship that requires time and effort and is not compatible with high volumes (cf. Catry, 2007, pp. 49-63).

The association with art enhances a luxury brand's extensibility beyond its core products. Thus, the transformation of luxury fashion designers as art icons is a consequence of the search for growth through democratization. Designers who succeed in the luxury sector are those who have personality and can create followers and emotional bonds among larger audiences. Such designers are avant-garde, per-haps even polarizing, and they purposefully do not appeal to everyone, creating a cultural elite of followers (cf. Hagtvedt and Patrick, 2008, pp. 212-222).

The creative directors John Galliano (Maison Martin Margiela), Marc Jacobs (Louis Vuitton, Marc Jacobs) and Karl Lagerfeld (Chanel, Fendi) are presented as art lovers or artists underscoring their links to the world of art and an aesthetic vision. Marc Jacobs is described as a friend of many contemporary artists. He is an art collector who knows how to persuade the sharpest talents to work with him. By others he is recognized as an artist itself. Chanel directly asserts Karl Lagerfeld´s artistic status by presenting his fine art on the website of Chanel. They are no longer titled couturier but artistic director. The artist creates new things. In the quest for novelty seeking the artist moves towards the unknown. An artist transgresses prevailing aesthetic norms and regenerates them. Louis Vuitton collaborates a lot with the art world be-cause art is at their origin of creation. What is interesting in art, is its experimental universe and the artistic way it is created. Together with art, luxury creates the unforeseen (cf. Dion and Arnould, 2011, pp. 501520). The values contemporary art transfers to luxury brands are experimentation, uniqueness, and radical difference (cf. Dion and Arnould, 2011, pp. 501-520). Galliano is a reference for the characteristics of contemporary art: eccentricity, inventiveness,

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questioning, explosion, the evocation of the renaissance, highpoint of artistic innovation. Those values the consumers seek to associate with the world of luxury. Also, TAG Heuer introduces Alex Monopoly in the role of art provocateur.

With an art provocateur there is the chance to connect a luxury brand with younger buyers, i.e., Millennials. It opens new areas of expression from luxury products to marketing, communication, and sales (cf. Bastani, 2020, pp. 185-201).

After high-profile co-creations with Moncler, Ladurée, Louis Vuitton and Chanel, the singer songwriter producer Richard Mille and Pharrell Williams provide innovation for the RM 52-05 luxury watch (cf. HauteHorlogerie, 2020). Murakami introduces new techniques that are incorporated into the production system of Louis Vuitton. A more playful store atmosphere and a broader product range are further developments through art (cf. Ozuem, 2020, pp. 107-129).

In emerging and new economies, the purchase of contemporary artwork acquires a cultural lifestyle and economic significance. Buying art is fashionable. The new high net worth individuals (HNWI), hopping from galleries, auction sales and art fairs. The world over, transforms the contemporary art market into an increasingly high-end market. As one of the main economic peculiarities of this market is basically the supply-drive. Increasing demand cannot automatically augment supply, and thus raises prices of con-temporary artworks. As a result, only the wealthiest segment of buyers or investors (i.e., corporate collectors) are able to afford purchasing works of contemporary art. In this framework, luxury brands are real profitable investors and play a crucial role in the sustainment of the present contemporary art world (cf. Codignola, 2016, p. 64). The Art market has become a luxury goods business, being cited in luxury indexes such as the Knight Frank Wealth report quotes high numbers of HNWI seeking to invest in artworks (cf. Featherstone, 2017, pp. 108-127).

To crack the secret to attract Millennials who tend for novelty and are driven by emotions and personal connections, luxury brands embrace art and digital technologies to sell excitement and form a creative identity (cf. Medium, 2019).

Limited editions capture media attention and uphold desirability of the brand through ephemeral rarity. A lever for creating an aura of privilege is selective. If luxury brands become too mass-marketed through a democratization of luxury, they lose their cachet. Western Millennials adopt luxury brands by mixing and matching luxury accessories with casual clothing. Only consumption remains in its highest form through hedonistic luxury goods. Against this background of the democratization of luxury, Rodrigues and Borges (2021) demonstrate that the elite are ready and willing to pay even more to reduce the number of followers. Hence, collaborations with contemporary artists help to reposition a luxury brand´s im-age and attract even wealthier and younger consumers which are often drawn to contemporary art (cf. Codignola, 2016, p. 66).

At the same time, the limited availability of the product line continues to draw luxury brand loyalist. Effectively, luxury brands which are associated with contemporary art and artists, bridge gaps in generations by simultaneously

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appealing to a wider audience without diminishing the brand´s aura (cf. Codignola, 2016, p. 66).

## 5 Conclusion

A central finding of the research is that art market segment of contemporary art may be fruitfully used to increase a luxury brand´s value and improve consumer´s luxury value perception. This vision has significant implications regarding the employment of contemporary art to gain a luxurious brand´s image and a more exclusive brand. With art, luxury brands can move their brand image from that of the ephemeral to a one that is defining culture. Alliances and collaborations with contemporary art should be considered by luxury managers and marketers as strategic tools to reinforce and increase the cultural value of the brand. Today a luxury brand´s value cannot be generated only in relation to high traditional standards of excellent manufacturing quality, but it must be created mainly in relation to the intangible features of the luxury product. Contemporary art conveys innovative intangible features. Luxury brands and art collaborations with contemporary art must be considered by managers as a modern future-oriented strategy through which to create and increase brand value whilst transmitting an aura of exclusivity, quality, rarity, aesthetics, and extraordinaries.

In addition, the public nowadays raise high importance for art. For instance, Brian Donelly, known as

KAWS, started out as a graffiti artist, today is riding the increasingly blurry line between commercial and fine art (cf. New York Times, 2021). With 3.2 Mio Instagram followers he is a reference that the public is more than important to reach international success. Luxury and art represent a new strategic player that can reshape markets. Contemporary art stimulates creativity and imagination (cf. Barone and Eisner, 2012, pp. 187-198). Artists can provide input and guidance at all states of value creation (cf. Codignola, 2016, p. 67). Qualitative art always shows a highly conceptual component.

Equity value is created through contemporary art driven strategies as:

- by perpetuating of the luxury brand as innovative cultural representative.
- by creating perpetually challenging and stimulating fresh brand image.
- by keeping the brands linked to cultural values and traditions.
- by differentiating from competitors.
- by addressing the expectation of rarity.

Overall, it can be observed that luxury brands are gaining more and more shares in the art market and have the financial means to promote art. There are many talented young artists who have not yet been discovered by galleries and show huge potential. The success lies in distinguishing a flash in the pan from a talent. The task of the art world is to shield itself from functional and commercial use. In contrast, the art market is highly capitalistic. The brands who understand this will emerge as the winner from a mass of upcoming new digital competitors. There is the opportunity that the balance of power is shifting in the future about who is deciding about what is art and what is no art. Prada and Louis Vuitton already build own art foundations as a kind of the modern Medici family.

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They carry the names of the luxury houses but are fully-fledged art galleries. Besides investing in art and holding exhibitions of established artists, both foundations are commissioning new work. The two luxury houses clearly understand the enormous power that art, and culture in general can wield in a commercial and even political context (cf. Thailandtatler, 2020). Against this background, completely new business cases arise:

BM (1): Replacement of curators and galleries through luxury brands.
Luxury brands have the financial opportunities to screen upcoming talents on the art market. Through art mentoring programs the talents receive the opportunity for seeking global awareness and attention. As newcomer, the promotion can be run through the luxury brand´s marketing channels to achieve a positive spill-over. The result is on the one hand the rejuvenation of the luxury brand through modern con-temporary art (see artist Leon Löwentraut). On the other hand, there is a novelty value and innovative spirit of young talented artists that can have an impact on the luxury brand value.

BM (2): Complementary instance to art experts as the new as art critics
Luxury brands are gaining increasing power as the new intermediaries and art critics on the art market. With their power in equity, they can shape, destroy, or promote art careers. They are able to turn to an authority and decision-making power of art and culture.

Luxury brands can take the role of disruptors and innovators, using their commercial brand power to bring more people to art. There is the chance to transform through luxury brand and art collaborations the very old-fashioned, traditional luxury brands as well as many museums and galleries to a more modern lev-el. By trying new things to engage the public, art collaborations rejuvenate luxury brands to win the game of the future. To gain in-depth knowledge and understanding to develop and program new art partnerships and collaborations the thesis provides an overall conglomerate of valuable insights.

Further research seeks to examine in depth multiple cases and data sets related to specific equity models. Additional investigation must analyze how luxury brands conversely influence the art market and its components will offer additional insights. Even if luxury goods and artworks have constantly been entangled, recent times have shown that current features of luxury and contemporary artworks such as rarity, quality, symbolism, aesthetics, are merging with the intangible features of experience, emotions, senses, and aura.

Therefore, since they comprise compatible features and resources, to add value, luxury brands may strategically use contemporary art to avoid the commercialization of luxury and turning back to genuine-ness.

The findings provide insights into the Digital Age and thus the returning to the research question. Digitalization is the essential jumping-off points for successful luxury brands and art collaborations and are therefore at the core of the developed future equity model.

Regarding the potential for improvement of luxury brands and metropolitan cities, 28.57% of the brands surveyed like to see a digital state-of-the-art platform. Time is a scarce factor. A LinkedIn for art collaborations with the possibility to quick and simply get insights on hard facts of local artists including vitae and artworks. Experience and know-how about art collaborations are exchangeable at the platform as well. A visual aesthetic appeal, intuitive and innovative handling is necessary.

The registration process must be free of charge and undergo a quality funnel gate to ensure the counteracting of hobby artists. A pre-selection by art historians, galleries or art advisors has to be considered. Metropolitan cities serve as enabler in terms of promotion. The pandemic shows the relevance of online platforms. This is evident to the Art Basel Hong Kong´s online viewing rooms, where at Zoom rooms six galleries set up walk clients through their booths.

Yet, artists predict a danger of objectification and thus limitation of the artistic position through digitalization. Emotions connect luxury brands and artists. The economic mindset and actions differ from each other to some extent depending on vitae and international market maturity. The vision of expert is that after the pandemic, galleries, museums, and art fairs reopen and art lovers show an immense pent-up desire to observe art. So, the art world establishes a new modus and new migratory patterns (cf. Sanderson, 2020, p. 19).

A physical meet-up with the artist is considered as important by 71.42%. The idea of luxury brand days with one-to-one private appointments between the luxury brand and the artist is approved. Getting to know the personality of the artist (soft facts. i.e., sympathy) is an important decision criterion for cooperation. The work of an artist is only fully grasped in real life. Variables such as materiality, brushstroke and artistic practice play a key role. In general, the luxury brands like to see greater proactivity on the part of local artists. A possible first contact can be made in the boutiques, which is followed by a recommendation to the headquarters. In return, artists would like to have more financial support for optional prototype developments. Personal contacts, networking, cultivation, and anchoring of luxury brands in the international art scene is an important component.

Luxury companies are encouraged to engage proactively with the arts. This can be done online through platforms such as Artsy or offline through consulting by art advisors, art historians, curators, or galleries. The art market resembles a non-transparent stock market business, but it is nevertheless important not to drift into solely product management. Long threatened by a consolidating market, young and mid-level galleries are highly active online and thereby extend their base, among the next generation of collectors. Deploying a new toolbox of digital skills, galleries and museums are best positioned (cf. Sanderson, 2013, p. 19).

The Amazon art world is a world with no power to move our souls. The Financial Times (2020) mentioned that is not the Amazon art world. It's a hybrid landscape, where digital and physical are intermeshed rather than disconnected, creating a broader ecosystem of people all over the world engaging as artists, gallerists, and patrons of culture.

Yet, regarding the opinion of futurists, the locked-down art market is not dead. In many cases, galleries surprise at the sort of sales they make via Zoom rooms, FaceTime, and Social Media campaigns. Finally, art world events have an important function for the market, since the players use them as venues for rapidly discovering new artists, tracking the evolution of prices in real time, trading in the information that underpins the market and forging new alliances. None of which means that once the crisis passes it will return to the traditional art market. The skills that gallerists developed under duress are not unlearned, nor their investments in online operations is abandoned. Through Corona the art world rapidly innovates (cf. Sanderson, 2013, p. 19).

The current lock-down offers the cultural sector a positive push to bring digitalization forward. True to the motto the good things take them with you, the culture and art scenery has to establish digitalization in their daily doings. This is the reason why especially for luxury brands and art collaborations the omnichannel approach takes relevance.

(1) How does digital versions of art collaborations could look like?
(2) Am I able to match them with the latest state-of-the art technology?

At the same time, luxury brands must remain true to their origins. Luxury as well as art stand for high quality, craftsmanship, heritage, exclusivity, emotions, scarcity, and dreams.

Analogue art collaborations are becoming increasingly important to create meeting points and a shopping experience for customers, retailers, and artists that they cannot experience online. To combine the offline with the online world will become an indispensable hygiene factor. Hybrid formats of luxury brands and art collaborations are state-of-the-art.

In his latest book Dirk Boll, experienced art dealer and broker mention that seeing, hearing, and feeling art is one side of the coin; knowing how art is distributed, traded, and appreciated is the other. For whether on the stock exchange or the museum floor, both share a closely interwoven history. Every ten years, the art and business markets undergo a profound shock or transformation. Whether it's the economic crises of 1990 or 2010, the bursting of the first internet bubble in 2000 or the Corona crisis, each decade finds its own way of assessing art. This is especially true in the context of digital development, from the virtual viewing room to new distribution possibilities, through which the art world is currently experiencing its most lasting changes. High time, then, to take stock and see art with new eyes.

Driven to drastically rethink how to engage with their audiences, some cultural institutions resorted to acts of care. In the spring of 2020, for instance, Officine Grandi Riparazioni (OGR) in Turin offered its monumental industrial spaces to the city to build a Covid-19 hospital, which was set up in record time and operated on site for 100 days. When the venue was reopened as an exhibition space in autumn 2020, OGR changed its ticketing policy to grant free access to all visitors and expand safe public space. Carolyn Christov Bakargiev, launched Digital PTSD', an online program of talks and artworks that, over the coming months, will explore the traumatic consequences of the sudden increase in virtual activities. Others realized to cross-pollinate their art worlds with others and expand the areas where different communities could intersect. During the summer, the museum's courtyard hosted open-air events, conversations, plays, concerts, which were broadcast live. By adopting this hybrid form of information dissemination and entertainment, the museum has reached new audiences (cf. Frieze, 2021). The aspect of sustainability is also becoming increasingly important in art. An example for such a working mechanism is shown in the smart approach of the Brooklyn-based collective MSCHF that is presenting the Birkenstock sandals made from destroyed Hermès Birkin bags.

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