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CASE STUDY

FROM ATHR TO AKTHR: GROWING SAUDI'S PREMIERE ART GALLERY

This case study is part of a project focusing on Investing in Culture, which is a collaboration of MBSC Case Centre and the Ministry of Culture. The case was developed by Dr Larissa von Alberti-Alhtaybat, Associate Professor of Accounting and Vice Dean at the Prince Mohammed Bin Salman College of Business & Entrepreneurship. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management or administrative situation.

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FROM ATHR TO AKTHR: GROWING SAUDI'S PREMIERE ART GALLERY

Abstract

Athr Gallery is a Jeddah-based art gallery founded in 2009 by Hamza Serafi and Mohammed Hafiz. This case focusses on the support structures that a gallery provides to the visual arts talent and outlines the journey of the gallery's founders to sustain and grow the gallery, as art remains their passionate interest. Athr Gallery has been focusing on the contemporary art scene in Saudi Arabia. It maintains an active portfolio of Saudi and regional artists, for which it provides a platform to exhibit but also supports beyond providing space with managing access to international platforms, like art fairs, funding and education. Artist selection is subject to rigorous quality criteria, ensuring that their works reflect the gallery's portfolio and reputation and that their work can have an impact in the global art market. With the recent investment in and expansion of the cultural sector, how does Athr Gallery capitalize on this development?

Case Study

During the Frieze Art Fair in London in October 2022, Athr Gallery showcased the works of nine artists, including renowned contemporary artists like Sarah Abu Abdallah, Ayman Yossri Daydban, and Ahmed Mater, the latter considered one of the most influential contemporary artists and cultural figures in Saudi Arabia. Athr Gallery is the only gallery representing him in the country.¹ The art scene in Saudi Arabia has been gaining attention since the launch of the Ministry of Culture in 2018, and it is now a well-supported sector thanks to organizations like the Diriyah Biennale Foundation and the Visual Arts Commission. In a conversation with Athr Gallery's co-founder, Mohammed Hafiz, he indicated that the growth of the art scene in Saudi Arabia is a recent development.

"We will be opening our fourth location later this year in Riyadh," Hafiz contemplates the art industry's growth overall, specifically Athr Gallery. Initially a passion project between Hafiz and his partner, Hamza Serafi, Athr Gallery has since 2009 evolved into a thriving business. Thanks to the Ministry of Culture's efforts to promote art, Athr Gallery has expanded from Jeddah to Riyadh and the heritage location of Al Ula.² This success story highlights the importance of art institutions like galleries in developing the Saudi Arabian art sector.

¹ Athr Gallery website.

² Conversation with the co-founder Hafiz.

Saudi Arabia: Developing Visual Arts Sector

Athr Gallery plays a role in the latest advancements supported by the Ministry of Culture's strategy. The Visual Arts Commission has unveiled a plan to intentionally promote the sector's growth, motivating artists and galleries to enhance their abilities and expand their talents. *"Moreover, it reinforces the art market where Saudi galleries and freelancers generate revenues through Saudi and international buyers."*³ The Diriyah Biennale Foundation, founded in 2020, significantly offers a platform to galleries and their artists. *"The Diriyah Biennale Foundation is a catalyst for global dialogue between the growing, diverse art communities in Saudi Arabia and worldwide. Inspired by the changes in Saudi Arabia, the Diriyah Biennale Foundation assumes a pivotal role in nurturing creative expression and instilling an appreciation for culture, the arts, and their transformative power."*

*"Established in 2020 by the Ministry of Culture, the Diriyah Biennale Foundation produces Saudi Arabia's first-ever art biennales: the Diriyah Contemporary Art Biennale, held in the JAX district of Diriyah, and the Islamic Arts Biennale at the Western Hajj Terminal in Jeddah. The Diriyah Biennale Foundation catalyzes discovery and serves Saudi Arabia's communities by offering opportunities to engage with the burgeoning local art scene."*⁴

Although commissions play a role in growing the local art industry, Athr Gallery has been critical in nurturing the Saudi art scene from its inception.

Athr Gallery: Inception and Operations

Athr Gallery in Jeddah primarily showcases contemporary art from Saudi Arabia.

*"Since its inception in Jeddah in 2009, Athr Gallery has played a pivotal role in building the contemporary art scene in Saudi, valuing experimentation and the exploration of new ideas, disseminating the artists' role in the creative process and the impact they can have on societies."*⁵

Hamza Serafi and Mohammed Hafiz share a deep passion for art. Before the cultural sector and its sub-sectors, such as visual arts, were established and developed, artists, patrons, and galleries operated within a closed circle. Serafi and Hafiz recognized the importance of supporting art and nurturing artists. They established Athr Gallery to serve as an advocate and supporter, working to create a local and international network that would benefit their artists.

³ Visual Arts Commission website.

⁴ Diriyah Biennale Foundation website.

⁵ Conversation with the co-founder.

Athr Gallery is a platform for Saudi and regional artists to showcase their work and receive support in various aspects, such as access to international platforms, funding, and education. They currently work with 27 artists,⁶ both established and upcoming, and have strict quality criteria to ensure that their creations align with the gallery's reputation and have potential in the global art market.⁷

Athr collaborates with renowned artists like Ahmed Mater, Ahaad Al Amoudi, Ayman Yossri Daydban, Moath Alofi, Sultan Bin Fahad, Sarah Abdou, Daniah Al Saleh, Dana Awartani, Mohammed Shono, Zahrah Al Ghamdi, and the Random International art group. It has achieved significant success by exhibiting at major international exhibitions, including Art Basel, Art Sima, Frieze London, and Art Dubai. Many artworks by artists represented by Athr are displayed in prestigious permanent collections, such as the Guggenheim Museum in Abu Dhabi, the British Museum in London, and the Centre Pompidou in Paris. Recently, Ahmed Mater's work was auctioned off at a significantly higher value than the original estimates – auction price was £189,000 and estimated value was £50,000 – £90,000⁸.

Exhibit I
Ahmed Mater's "Magnetism (Triptych)"



Source: Artsy.net, sold at a Christie's auction in June 2023

⁶ Athr Gallery website.

⁷ Conversation with the co-founder.

⁸ <https://www.artnews.com/art-news/market/christies-london-evening-sales-june-2023-1234672810/>

Athr has recently introduced Biet Shoaib, the first artistic program in one of the historical houses in Jeddah. It also launched the Athr Foundation to support upcoming artists significantly, by launching Young Saudi Artists program "YSA" which helped in discovering many new talents in the last decade such as: Dana Awartani, Sarah AlAbdali, and Nasser AlSalem. It has also facilitated the artists' attendance at the Volta Basel 2022, an international art fair. *"The selection examines artmaking as a modality of material culture through which our precarious elusive realities are translated, interpreted, and disseminated across time and space, revealing the emotive and poetic as language and impetus in mapping out truths in our contemporary times."*⁹

The featured artists include Aisha Zakiya Islam, Alaa' Trabzouni, Asaad Badawi, Fahad Naif, Lujain Faqerah, Nujood Alsudairi, Obadah Aljefri, Rajaa and Yasmeen, Sahrish Ali, Sara Brahim, Zahra Bundakji and Zena Amer.¹⁰ They are artists in the early stages of their careers and have been fostered by the Athr Foundation.

Although Athr Gallery has been making significant efforts to expand and support artists and the art industry, it initially started as a grassroots movement within the art community. *"We used to have only a couple of employees, and we would continue our day jobs. The gallery was and is a passion project,"*¹¹ muses Hafiz. The Athr Gallery has been steadily expanding for years, with a commitment to sustainability. The founders have reinvested any surpluses, and their passion for supporting the art community has contributed significantly to the gallery's success. *"Both of us have business experience, managing retail and real estate companies. We did not get a salary or profit distribution for many years from the gallery – we re-invested everything."*¹² Taking a sustainable approach to growth is a wise decision that involves investing the available funds and dedicating time to it. *"It took us a decade to grow, running a tight operation, not paying ourselves a salary, we had a grace period for rent – but we came notable over that period."*¹³ And the gallery's founders managed the journey themselves. *"Until recently, we did not need external investment. We started with a small capital and applied much hard work"*¹⁴

Over the years, various projects have played a role in their financial performance: *"Our strategy during the early years was fluid and agile – we were reactive to the market and going where the market took us. We took big projects, like for hotels, and worked with individual investors."*¹⁵ Their

⁹ Athr Gallery website.

¹⁰ Athr Gallery Press Release.

¹¹ Conversation with the co-founder.

¹² Conversation with the co-founder.

¹³ Conversation with the co-founder.

¹⁴ Conversation with the co-founder

¹⁵ Conversation with the co-founder.

approach was to pursue business opportunities rather than sticking to a rigid plan. This pragmatic approach involves adapting to the market and prioritizing clients' objectives when running a gallery.

Athr Gallery played a crucial role in establishing the art sector in Jeddah by collaborating with fellow art enthusiasts, private foundations, and the local municipality. *"We have always had the patrons on the scene interested in supporting artists like we do,"* adds Hafiz. The Saudi art scene has grown from a grassroots movement led by artists and benefactors to a government-supported sector. However, this has also brought international competition to the Saudi art market. Galleries and dealers worldwide have noticed the recent growth and development in the Saudi art sector, making the art market highly competitive.

Art Market Overview

Global Art Market

The global art market revenue in 2021 was approximately US\$65 billion. The United States had the largest market share, with around 43%, followed by China with 20%, and the United Kingdom with 17%. Other individual countries had percentage distributions ranging from 2% to 7%, while a final category of "others" accounted for 8%.¹⁶

Although COVID-19 has impacted trading volume¹⁷ and revenue¹⁸, the art market remains active and valuable. Galleries are essential to this market, with 47% of revenues generated by the major auction houses and 53% through dealer sales. Galleries account for half the dealer sales and directly link artists and art buyers. The global art dealer market comprises 290,000 small gallery businesses operating in one market.¹⁹ More extensive galleries hold a larger market share and are more successful.²⁰ Profitability is crucial for galleries to sustain their operations and expand their outreach to other geographic regions for new business, such as through art fairs, which are critical sales channels²¹ that connect galleries with existing and new buyers, with 77% of buyers being local and international individuals and only 11% being organizations like museums.

Some major art fairs around the world include Art Cologne (the oldest), Art Basel (the largest), Art Basel Miami Beach, New York Art Week, Zona Maco, Frieze (held in New York, Los Angeles, Seoul, London, and Taipei Dangdai), and Art Dubai. These events are crucial for galleries and artists to gain

¹⁶ Report: The Art Market 2022.

¹⁷ Statista Global art market volume transactions.

¹⁸ Statista Sales value of the art market worldwide.

¹⁹ Report: The Art Market 2022.

²⁰ Report: The Art Market 2022.

²¹ Report: The Art Market 2022.

exposure. Athr invests in its artists by supporting their attendance at these fairs providing space and travel expenses.²² Athr's artists have attended notable fairs, such as Art Basel, Art Dubai, The Armory Show, Abu Dhabi Art, and most recently, Frieze London.

Saudi Art Market

In 2021, the MENA region invested US\$27 million in art,²³ a substantial increase compared to the US\$21 million invested in 2020. Saudi Arabia's art market has grown steadily and was valued at approximately US\$8.6 million in 2019.²⁴ With the Ministry of Culture launch, this figure is expected to continue to increase in the coming years. Moreover, following the COVID-19 pandemic, younger generations have become more interested in collecting art and participating in significant art auctions.²⁵

Saudi Arabia is buying art and exporting it to the global market. Sotheby's has identified Ahmed Mater as one of Saudi's significant contemporary artists,²⁶ which highlights Athr Gallery as one of the significant art galleries in Saudi Arabia. The value of Saudi art exports is expected to increase by 1.5% year-on-year over the next few years.²⁷

From Athr to Akthr: Growing with the Arts Sector

Athr Gallery has taken advantage of the increasing growth in the art sector. The Ministry of Culture and its commissions have played a vital role in promoting this growth. Successful organizations like Athr have utilized their experiences and market knowledge to develop the arts sector further.

Athr Gallery has opened a new location, Akthr, in Hayy Jameel, a cultural complex in Jeddah, to complement its flagship store in the same city: *"ATHR's response to the growing need for a space for experimental contemporary art practices has been to establish a dedicated space, AKTHR."*²⁸

This area explicitly provides opportunities for emerging art forms incorporating technology, sustainable materials, and installations, allowing new artists to explore and grow.

²² Conversation with the co-founder.

²³ Arab News: 'Buy what you love and love what you buy': Young buyers drive Saudi art market.

²⁴ Statista Visual Arts Market Value.

²⁵ Arab News: 'Buy what you love and love what you buy': Young buyers drive Saudi art market.

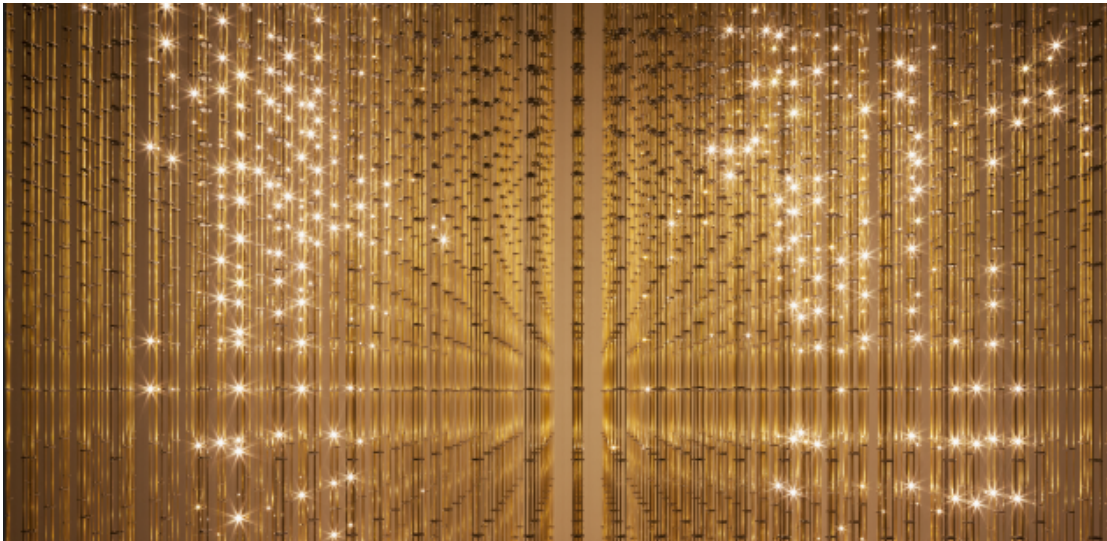
²⁶ Arab News: 'Buy what you love and love what you buy': Young buyers drive Saudi art market.

²⁷ <https://www.reportlinker.com/clp/country/524851/726409>.

²⁸ Hayy Jameel's website.

Exhibit II

Random International Exhibition



Source: Current AKTHR exhibition, courtesy of Mohammed Iskandarani

In addition, Athr has a gallery space in Al Ula, recognized as Saudi Arabia's latest tourist destination, and is well-known for its historical and cultural significance. A new space in Riyadh will also open in 2023 in the new cultural JAX district.²⁹ Al Ula is a UNESCO World Heritage site³⁰ and is a significant tourist location that offers a variety of cultural exhibitions and experiences. Due to its importance, Athr has extended its presence to participate in the cultural activities of Al Ula.³¹

To expand its format, Athr had to invest in its business. It now has 35 employees in four different areas. The Ministry of Culture and the Diriyah Biennale Foundation have influenced its new strategy, which includes managing artists and their careers and large cultural spaces to promote art. It has developed a proactive and deliberate growth plan, considering the necessary resource planning. Athr Gallery now manages multiple business streams, including the gallery itself. This agency supports artists under contract, a foundation supporting new artists, identifying educational opportunities for young Saudi artists, and offering an immersive art experience in various locations. To keep these new initiatives going, they require additional investment. The Diriyah Biennale Foundation has contributed to the gallery's expansion and diversification as a development catalyst, in addition to the continuous support from entities such as The Royal Commission for AlUla, and The Royal Commission for Riyadh City through its program Riyadh Arts.

Opportunity Accompanied by Risk

²⁹ Art Basel's Gallery Catalogue: Athr Gallery.

³⁰ <https://experiencealula.com/>.

³¹ Interview with the co-founder.

The art market in Saudi Arabia is still in its early stages of development, transitioning from a grassroots and opportunity-led scene to a more established sector with a defined strategy for growth. While local galleries are creating a competitive market, there are concerns about prominent international players entering the market with their expertise and established legacies.³² Hafiz recommends supporting the local sector to grow, in the face of growing international competition.³³ The Ministry of Culture can play a critical role in this process. Building expertise and capacity in the private sector takes time, and galleries must take risks to seek out opportunities in the market. If they make the wrong decisions, they risk losing their investment, but these experiences can also provide valuable lessons for further growth and development. The local art sector must provide opportunities for private businesses to build capacity.

³² Conversation with the co-founder.

³³ Conversation with the co-founder.