

THE POWER OF COMMU NICATION AND THE GALLERY

JITKA ČERNÁ
MIRIAM MARGALA
JANA BOUČKOVÁ
OLGA TRČKOVÁ





Authors: Jitka Černá Miriam Margala Jana Boučková Olga Trčková	The book came about as an initial project for international academic cooperation between two prestigious universities:
Prague 2017	University of Massachusetts Lowell, USA (UMASS)
Katalogizace v knize – Národní knihovna ČR	In 2017, the Fine Art Department at the University of Massachusetts Lowell ranked first on the PayScale.com - as the best art school promising a healthy return on investment; i.e. its graduates find well paying art-related jobs nationally and/or internationally.
Černá, Jitka The Power of Communication and the Art Gallery / Jitka Černá, Miriam Margala, Jana Boučková, Olga Trčková – 1. vyd. – Praha: Ekopress, 2017. – 120 s.	University of Economics, School of Business Administration, Prague, Czech Republic (VŠE).
Český a anglický abstract	The Accreditation Commission of the European Foundation for Management Development (EFMD) awarded the EQUIS accreditation; which is conferred only upon the best management schools and colleges; to the FBA. Worldwide, only 168 schools/colleges, out of a total of 15,000 business schools, have received the EQUIS accreditation.
ISBN ... 316.7*316.7:658.8*658.8:005*658.8:005.52 (437.3) (upřesní vydavatel)	A gallerist, a partner of the DSC Gallery and a lecturer at the University of Economics in Prague (VŠE) were also invited to cooperate in view of the expert nature of the book.
- marketing umění - marketingový management - marketingový výzkum - kolektivní monografie	
Vzor citace	
Černá, J., Margala, M. a kol. (2017) The Power of Communication and the Art Gallery. 1. Vydání. Praha: Ekopress, 2017. ISBN	
©Jitka Černá, Miriam Margala a kolektiv, 2017 ©DSC gallery (photos) ©Ekopress, 2017	
ISBN ...	
Journal of Economic Literature classification: Z1, Z11, L2, L33, M31, O52, P43. (upřesní vydavatel)	

THE POWER OF COMMUNICATION AND THE DSC GALLERY

JITKA ČERNÁ
MIRIAM MARGALA
JANA BOUČKOVÁ
OLGA TRČKOVÁ

REVIEWERS

The publication has been peer-reviewed.

Tomas Vu is an American artist whose primary media are painting, printmaking, and installation art. He was born in 1963 in Saigon, Vietnam and moved to El Paso, Texas at the age of ten. He received his BFA from the University of Texas at El Paso in 1987, and his MFA from Yale University in 1990.

Tomas Vu has exhibited in the U.S., Europe, and Asia. He is the LeRoy Neiman Professor of Visual Arts at Columbia University and the artistic director of the Neiman Center for Print Studies. He also has taught at Bennington College, Brandeis University, and Massachusetts College of Art.

Tomas Vu received many prestigious awards; for example, in 2002, he received a Guggenheim Fellowship and in 2003 he received the Joan Mitchell Foundation Grant.

He has also exhibited under the names: Tomas Vu-Daniel, Tomas Daniel, and Thomas Daniel.

Jack M. Wilson is an American educator and entrepreneur presently serving as President Emeritus of the University of Massachusetts and Distinguished Professor of Higher Education, Emerging Technologies and Innovation at the University of Massachusetts Lowell. Dr. Wilson has served as a professor and an administrator in several research universities over his 40 year long career. An entrepreneur, he founded and led a private sector company, the ILinc Corporation, as President and Chairman of the Board. He served as Chair of the U.S. Department of Education FIPSE Advisory Board appointed by President Obama, The Board Chair of the National Center for Academic Transformation, and the President of the Edward M. Kennedy Institute for the United States Senate, among many others. The

University recently named the Jack M. Wilson Center for Entrepreneurship for him in recognition of his service and his generous donations to student scholarships. He also traveled and collaborated with organizations in Europe, Latin America, and Asia, including extensive travel in Eastern Europe from 1982 until the present.

Steve ...

Editor ...

About the authors

Doc. Ing. Jana Boučková, CSc.

Doc. Bouckova graduated from the University of Economics in Prague in Industrial Economics at the Faculty of Industrial Economics. She also studied at the European University Centre (Centre Européen Universitaire) in Paris. She was awarded her academic title after returning to the University of Economics in Prague and a degree of senior lecturer with a thesis on International Marketing and the Phenomenon of Globalization. She was one of the founding figures of the Department of Marketing, which she later managed for a long time. Doc. Bouckova still lectures there and contributes to the research. She specializes in international marketing and specific problems associated with the implementation of marketing in the international and global environment. She is the author and co-author of university textbooks, scholarly articles in Czech and foreign journals and proceedings.

Ing. Jitka Černá, Ph.D.

Dr. Cerna is a graduate of the University of Economics in Prague (Internal Commerce), the Faculty of Commerce. As part of her doctoral studies in Economics and Management, she was engaged in marketing as a specialisation. She worked for a long time in the field of economics and marketing, later specializing in marketing communication and art marketing. Currently, she

lectures and contributes to research in art and cultural heritage at the Department of Marketing at the Faculty of Business Administration in Prague. She is the author and co-author of a series of monographs and articles focusing on marketing and marketing communication in art.

Miriam Margala, Ph.D.

Dr. Margala earned a dual doctoral degree from the University of Rochester, NY, USA. Broadly speaking, her specialty is communication as related to multilingual environments and multidisciplinary research. She has researched in the field of art representation and meaning in both literature and visual arts. On this topic, she has published and presented at international conferences. Dr. Margala also teaches and lectures at the University of Massachusetts Lowell. As a board member of the Board of Trustees of the Whistler House Museum of Art in Lowell, Massachusetts, she is actively involved with art through art exhibitions, fundraising and other art marketing and educational activities.

Mgr. Olga Trčková, Ph.D.

In her 13 years of experience in the art world, Dr. Trčková has collaborated with a wide range of artists as both a gallerist and a collector. She graduated from the Faculty of Philosophy at Charles University, Prague. Before starting her own company, she worked for a couple of years in the international auction house Dorotheum in Prague and Vienna. Being a longtime advocate for contemporary art, Dr. Trckova earned her Ph.D. at the Faculty of Business Administration at the University of Economics, Prague. In 2008, she co-founded (partnering Petr Šec) a private company DSC (“Dvorak Sec Contemporary”) - an advisory service for the purchase and selling of contemporary art.

INTRODUCTION

During Lorem ipsum dolor sit amet, consectetur adipiscing elit. Nulla a elementum ipsum, a gravida ante. Proin ac molestie elit. Sed vel risus eget turpis ultricies porta in sit amet mi. Maecenas convallis tincidunt pulvinar. Cras venenatis mattis ante, quis porttitor risus condimentum placerat.

Vestibulum vestibulum sapien ac sagittis gravida. Etiam id nisi ornare, facilisis dui ut, tincidunt eros. Proin ut tempor dui, vel maximus felis.

Ut massa mi, vulputate nec tempus sit amet, tristique quis nulla. Nulla egestas nisi nisi, ac mattis massa luctus eget. Aliquam porttitor, nisl sit amet tempor placerat, tellus nunc varius ante, nec ullamcorper eros neque nec quam. Pellentesque et interdum augue. Fusce id justo non neque rutrum dignissim sed et lorem. Maecenas mattis dapibus congue. Nam suscipit viverra lectus a faucibus. Sed vestibulum nunc eget augue commodo fermentum. Ut ornare, elit a aliquam dignissim, turpis orci tincidunt nunc, viverra facilisis sem quam mollis magna.

Ut vehicula, sem vel bibendum mattis, erat nisi laoreet elit, at maximus elit odio id nulla. Praesent at tortor sed mauris sodales pretium. Phasellus a vulputate eros. Aenean ut vestibulum ligula, id vehicula augue. Ut pellentesque, quam vel fermentum auctor, tellus quam bibendum nunc, vel tincidunt ante lacus in sapien. Aliquam iaculis eget turpis non tincidunt. Maecenas egestas lacus ac turpis aliquam lobortis. Duis quam sem, egestas eget est nec, facilisis scelerisque eros. Etiam faucibus est ut porta molestie. Vestibulum sed faucibus erat, at posuere dui. Donec risus velit, volutpat eget magna vel, dictum aliquam libero.

Cras faucibus quam ex, et facilisis nunc venenatis sit amet. Sed venenatis ante a convallis posuere. Phasellus non nunc nulla. In at augue congue, fringilla tellus ac, venenatis velit. Aliquam id eros libero. Donec in aliquet nisl. Praesent et nunc sit amet massa malesuada tempus et at odio. Aenean id orci vitae mauris faucibus pretium. Quisque metus est, dapibus at sollicitudin in, finibus iaculis diam. Quisque eu vehicula libero, quis hendrerit dui. Phasellus et interdum enim. Ut dictum at urna a elementum.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Nulla a elementum ipsum, a gravida ante. Proin ac molestie elit. Sed vel risus eget turpis ultricies porta in sit amet mi. Maecenas convallis tincidunt pulvinar. Cras venenatis mattis ante, quis porttitor risus condimentum

placerat. Vestibulum vestibulum sapien ac sagittis gravida. Etiam id nisi ornare, facilisis dui ut, tincidunt eros. Proin ut tempor dui, vel maximus felis.

Ut massa mi, vulputate nec tempus sit amet, tristique quis nulla. Nulla egestas nisi nisi, ac mattis massa luctus eget. Aliquam porttitor, nisl sit amet tempor placerat, tellus nunc varius ante, nec ullamcorper eros neque nec quam. Pellentesque et interdum augue. Fusce id justo non neque rutrum dignissim sed et lorem. Maecenas mattis dapibus congue. Nam suscipit viverra lectus a faucibus. Sed vestibulum nunc eget augue commodo fermentum. Ut ornare, elit a aliquam dignissim, turpis orci tincidunt nunc, viverra facilisis sem quam mollis magna.

TABLE OF CONTENTS

FOREWORD 10

I. COMMUNICATION POTENTIAL OF ARTWORK CONTENT 15

II. MARKETING ARTWORK ATTRIBUTES 21

- Artwork as an object 5
- Contemporary vs. Modern art 5
- Art economics 5
- Fine art as a specific product 6
- Artwork novelty concept 6
- Non-standard character of artwork 7
- Price of artwork 8
- Quality of artwork 9
- Potential of artwork 10
- Art dealing 10
- Transparency of the art market 13

III. INSTITUTIONS AND COMMUNICATION TOOLS IN THE ART MARKET 14

- Auction houses 14
- Private galleries 16
- Role of the gallerist 16
- Gallerist vs. Art dealer 17
- Fine art fairs 18
- Art object funds 19
- Institutions – art museums and public galleries 21
- Collectors 23
- Curators 24
- Media, mass media 24

IV. GLOBALISATION OF THE ART MARKET 24

- From internationalisation to globalisation 24
- The globalisation process and its consequences 25
- Possibilities of promotion of local artists in the global market 25
- Polish example 26
- Hungarian example 26
- Austrian example 26
- Interconnection of the global and local markets 26
- Czech art market 27
- Trends in the czech market 28
- Art ranking in the czech republic 28
- Art banking in the czech republic 29

V. RESEARCH OF ART MARKET INSTITUTIONS 30

- Research methodology 30
- Main groups of fine art market institutions 31
- standardised questions for expert interviews 31
- Pilot research 32
- Expert interviews and their analysis 33
- Research conclusions and recommendations 36

VI. COMMUNICATION AND COMMUNICATION STRATEGY OF THE PRIVATE ART GALLERY 37

- Generic product strategy – original artwork 37
- Generic art gallery strategy 38
- Generic product line strategy – contemporary art 38
- Conceptual collection management strategy 38
- Unified art lobbying strategy 39
- Art guild strategy 39
- Unique proposition strategy, unique art gallery function 39
- Brand image strategy 39
- Mental niche strategy 40
- Resonance strategy 40
- Emotional strategy 41
- Information strategy 41

FOREWORD

The Czech Republic- which is described as the “centre of Europe”- has many talented artists comparable in quality with foreign artists. But these Czech artists are unable to establish themselves on the international art market. Is the core of this problem the inability of artists to communicate with the market? In terms of unexploited communication potential and the broader context, interesting questions arise aimed at defining and characterising the specific nature of the global contemporary fine art market, including defining the institutions in this market. The key to unpacking the communication problem could be the analysis of this relevant information, which will also provide inspiration for trends in the contemporary fine art market in the Czech Republic, and encourage local artists to represent themselves better on the international market. One of the barriers to communication is the fact that commercial art institutions are mostly controlled intuitively here. There is no mechanism for direction in the increasingly more complicated practices of the global market, unlike in other areas of business. The quality of the product in the artistic environment is determined by selected experts and authorities based on their own professional judgement. None of the previously established methods have been successful in quantifying quality in contemporary art, in view of the abovementioned reasons. Experts on the contemporary art market look for answers to the following questions: “What is used to decide which artist will establish himself on the market? What attributes does his work contain that could influence an increase in sales for the artist concerned?” Nobel Prize winner Douglas C. North called the evolutionary models of these selection processes “path dependency”.⁵² During these processes, a small starting advantage can become a strong competitive leap (competitive advantage), given that future results are affected by past and future events. Also, the concentration of demand only for some artists depends on social processes where a

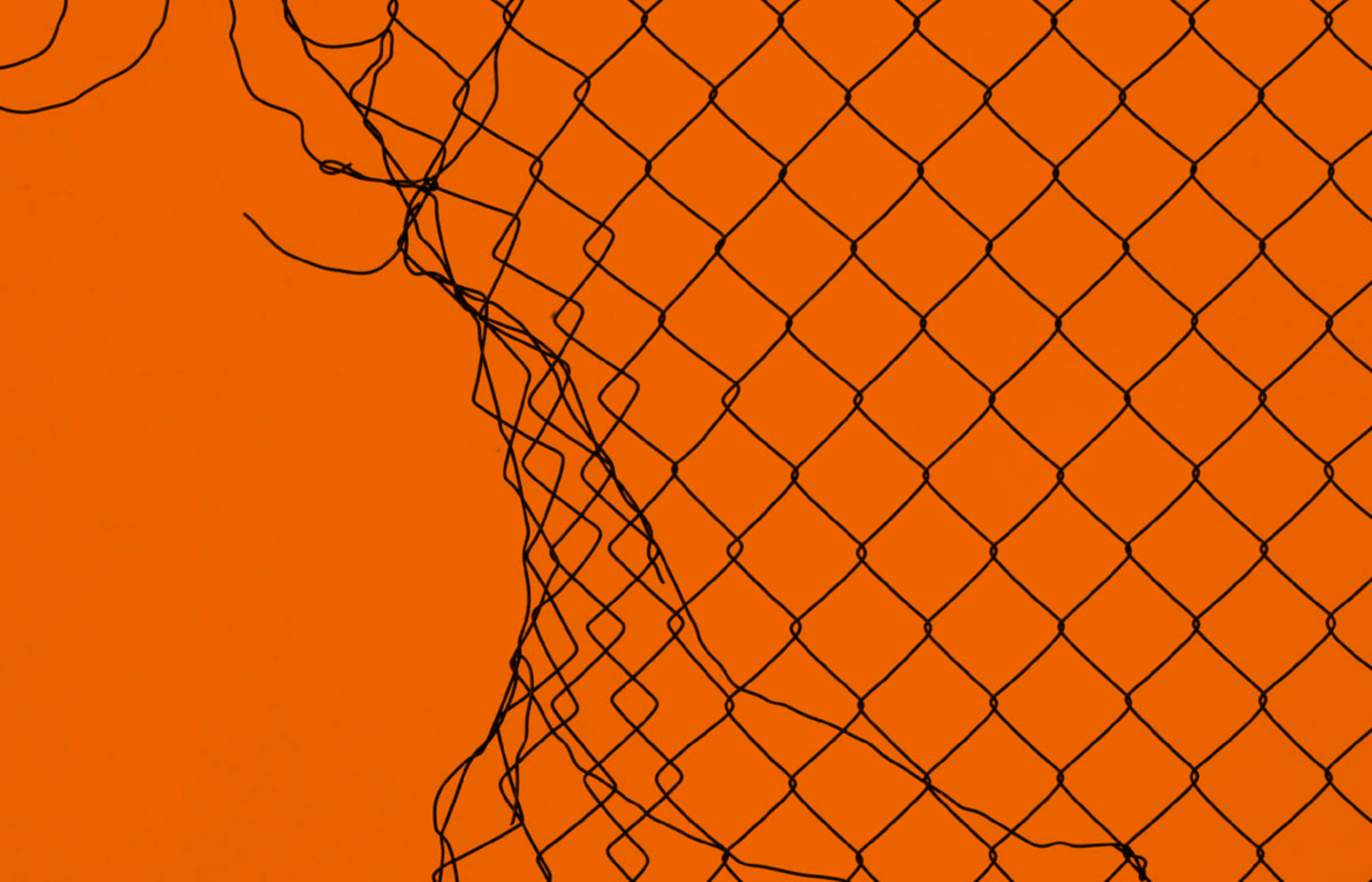
past decision affects the result. At the same time, several mechanisms contribute here which act in synergy, e.g. high starting costs, coordination effect, effect of learning, and matching of expectations. These facts can determine purchase decisions. If we are going to apply the ascertained contexts in accordance with the opinions of authorities from the international art world, then by using this approach, we can help to raise the profile of contemporary Czech artwork, with a view towards it playing a more active role in the world art market. A complex and interdisciplinary approach is important in art marketing, particularly during the global market penetration process. The following text focuses on the specific behaviour of the global art market, and the book provides- among other things- effective support in the creation of the communication strategies of private galleries, whose objective is to present local contemporary fine art on the global forum.

Today, Czech art is represented at international auctions only to a minimal and inadequate extent. It is not even presented in international art magazines, and curators of international exhibitions in most cases are not interested in Czech artists. Local galleries do not attend international fairs to an adequate extent and as a result foreign collectors do not show any interest in contemporary Czech artwork. This is a highly unfavourable situation for the Czech author. In view of this fact it would seem that Czech art is not of high quality, or is not capable of facing up to talented competition. But this is not a true assertion. Art in the Czech Republic is at least of the same quality as everywhere else, for example in English-speaking countries. This unfavourable situation is mostly the result of considerably difficult or long-term underestimated marketing communication on the global market.

The entity that influences the fine art market and decides about the presentation of a certain artist therefore is not the ordinary customer, but an international forum of independent experts consisting of curators of the biggest and most prestigious museums, contemporary biennials, and the most successful auction houses, art gallery owners, critics and collectors. These authorities and institutions decide whether the artist will succeed.

The text of this book could contribute to the education of small local markets, represented by a mixed spectrum of art market players, from the perspective of a private art gallery and its communication strategies. Its objective is not to fully characterise and analyse the art market as such, or a specific market or art gallery attendance. Its contribution, among other things, involves a different point of view of the contemporary Czech art market. There are many talented artists here comparable in quality with foreign artists who cannot reach- let alone become established- on the international market. The secondary research- based on a search of notable authors on which the text relies- offers a starting point for drawing up marketing strategies which could help talented Czech authors to reach the international art market. It is a complicated matter to look for a mechanism to determine the quality of a product if the product is a work of contemporary fine art; this is usually determined by the subjective judgement of selected authorities in this market.

Research questions were asked as part of individual in-depth interviews with international authorities: directors of prominent international museums, heads of international art funds, key curators of international auctions, heads of international art magazines and journals, key gallerists in New York and London, university authorities in the field of art, collectors and heads of international fairs. The answers obtained can prove to be an incentive for the professional public, therefore significant room has been set aside for them in the following text.



1. COMMUNICATION POTENTIAL OF ARTWORK CONTENT

Provocation, entrepreneurship and the art market: connection and communication between art and business

September 2008 will always be associated with the historic collapse of the American financial firm Lehman Brothers, and the beginning of the global financial and economic crisis. But at the same time, a record-breaking sale of art took place. Damien Hirst auctioned off more than 200 of his new works for 111 million British pounds (143, 067, 900 US Dollars as of May 2017). Only five years later, in 2013, Jeff Koons' orange *Balloon Dog* was sold for \$58,405,000. Koons oftentimes produces his art pieces as part of a series, usually in groups of three, to increase his presence at exhibitions and in galleries, showing his series concurrently in different locations while fully aware of the commercial advantage of such an arrangement: "I love the gallery, the arena of representation. It's a commercial world, and morality is based generally around economics, and that's taking place in the art gallery."¹⁰⁵ Another example of the artist as a businessman and entrepreneur is Takashi Murakami, a very successful contemporary Japanese artist whose sculptures and paintings sell for millions. He reproduces his own works to be widely sold. In addition, he collaborated for more than ten years with Louis Vuitton as a designer of Vuitton bags. At his solo exhibition at the Los Angeles Museum of Contemporary Art (2008), Louis Vuitton had a store selling their products while the exhibition was on. Indeed, to use Andy

Warhol's words: "Making money is art and working is art and good business is the best art."⁵ Warhol is a great example of building a 'brand' around his art, business, and persona. His media presence and works mixing artistic expression, celebrity, and advertising made him the leading figure of the pop art movement, as well as a very successful artist and businessman. Hirst, too, combines art and business, very profitably- his shop, Other Criteria, sells various brand products bringing in \$12 million a year. ⁵

The issue at hand is not a theoretical, artistic and aesthetic analysis or critique of the works selling for mindboggling amounts of money. There are those art critics who may bemoan an orange balloon dog being sold for more than, say, the works of the old masters, and who criticize profit-centric attitudes toward creativity. There are those who defend, explain, and endorse contemporary artists and all they represent. Indeed, the interlacing and intermingling of art, artistic expression, entrepreneurship, and success will be examined through examples more or less chronologically introduced.

There are some who do not shy away from an even stronger language, describing their endeavours as exploiting their own talent and creativity to gain attention, garner demand, and make a nice profit. One of the most successful and wealthiest living British artists, David Hockney, is truly an entrepreneurial artist. He has never shied away from "exploiting" his own talent, and always looked for lucrative commercial opportunities. By the time he was twenty-five, he was very well-known. He understood publicity and notoriety and has always known how to use it to keep his name out there and secure for himself continued commercial success as an artist. He bleached his hair, started wearing designer clothes and oversized glasses. He used the media to make him a celebrity- just like the other bleached, large-spectacles-donning celebrity artist, Andy Warhol. In addition to being a successful entrepreneurial artist, Hockney is also a researcher, specializing in medieval and renaissance artists and their techniques. He researched extensively the works of Caravaggio, Van Eyck, and Velazquez, and demonstrated how these old mas-

ters were able to reproduce fine and exact details in their works – using optics (mirrors and lenses) to project the images they wanted to paint. They then simply traced the subjects of their paintings to render the finest detail. Hockney comments on their entrepreneurial thinking and methods: “this does not diminish their skill [...] it reveals their technical expertise and creativity as being even more extraordinary.”⁸³

Through his research, Hockney exposes the inventive methods of the old masters. But the entrepreneurial attitudes of the old masters go far beyond just their techniques; the phenomenon of the artist as an entrepreneur is indeed not recent. There are many examples of artists – the quote unquote old masters - who in addition to using inventive techniques were shrewd businessmen and successful entrepreneurs. Michelangelo, as a case in point, became a legend during his lifetime. When he died, he was worth millions. He was apprenticed by the time he was 13 years old, at which time he also came under the patronage of the powerful Medicis. Michelangelo was very much aware of the importance of the patronage of such a wealthy and influential family, and took great care to nurture this relationship. Through this patronage, he was able to procure the commission from Pope Julius II to paint the ceiling of the Sistine chapel. He was also very much aware of the power to shake things up through artistic expression. If an artist wants to be provocative, then sacral themes are extremely conducive to audacity. His *Last Judgment* earned him the wrath of Catholic officials and authorities. Michelangelo decided to depict sacral themes along with images of naked and profane human bodies. After Michelangelo’s death, Pope Paul IV had the naked figures covered – by hiring one of Michelangelo’s apprentices, Daniele da Volterra, to paint clothing on the naked figures. In terms of Michelangelo’s professionalism, he was very much involved in every aspect of his own work. For example, for his world-famous statue of David, Michelangelo oversaw and directed the excavation and transport of the marble block chosen for the statue. He understood the value of good connections, a good reputation and a recognizable name, so that he could be in control of all aspects of his artistic work.

The artist Diego Velazquez showed his entrepreneurial spirit especially in terms of his ability to negotiate his role and influence at Court. He also understood the value of networks and, being born of nobility, used his family contacts to obtain the patronage of the royal family, earning their full trust. When he painted his famous *Las Meninas*, a portrait of the royal family including the royal dog, he put himself in the portrait as – himself, featured quite prominently with a brush and a palette in his hands, in front of an easel. His entrepreneurial spirit was highly commended when the BBC called Velazquez’s brazen inclusion of himself in the royal portrait “the world’s first photobomb”. The obvious anachronism here expresses the highest praise. Later, Velazquez succeeded in persuading King Filipe IV to put him in charge of the acquisition of paintings for the court. This came with many benefits, and he was well paid for this job. Thanks to the travel allowance that came as a perk, he was able to go to Italy and study the techniques of his contemporaries working and creating in Italy under the patronage of various wealthy and influential families. He was not only in charge of acquisitions but also able to set benchmarks thanks to the opportunities to educate himself and learn as he traveled through Italy.

Another artist using his art to provoke when provocation could easily mean losing patronage and commissions- i.e. risking it all in hopes of eventually gaining profit- was Caravaggio. His painting *The Death of the Holy Virgin* was commissioned for a family chapel in Santa Maria della Scala in Trastevere (in Rome), and it was rejected because Caravaggio painted the Virgin Mary in death as, well, a very realistic corpse. That was beyond provocative - it was considered blasphemous. Another artist who depicted sacral themes realistically, thus becoming both blasphemous and infamous, was Bernini. His sculpture of Saint Theresa in the Cornaro Chapel in Rome is a likeness of the saint in mystical ecstasy, a state both mental and physical for which she was very well known. One does not need to ponder the artistic representation for too long to realize that the ecstasy is, in fact, quite sexual. In contrast to the corpse of the Virgin Mary by Caravaggio, Bernini sculpted the body of a very much alive woman, trembling in ecstasy.

Both the sculptures and their artists are still admired today, bringing in money from a public interested in their work.

Probably the most illustrative example of the artist as an entrepreneur is an artist oftentimes described as the greatest figure of the northern Renaissance – Albrecht Durer. At a time when patronage was tantamount to “job security”, prestige, and success, Durer fiercely held onto his independence. He did not belong to any guild – there were no guilds in Nuremberg, where he lived at the time. He was an artist and a businessman; independent, making money from his art for himself. He made business trips during which he was selling his work. He made hundreds of copies of his wood or copper plates, and sent them ahead to the places he travelled so that by the time he arrived they had been sold, thus building excitement and anticipation, and ensuring his own reputation as a renowned artist. Some of his engravings, notably his ‘St. Jerome’, attained the status of bestsellers. People – his fans – bought from his shop directly, but because he realized his own popularity and his value as an artist, he branched out and used agents to represent him elsewhere in Europe.

He recognized that engravings are far easier and faster to create and then replicate, and thus more profitable than paintings: “I shall stick to my engraving, and if

I had done so before I should today be a richer man”.⁷⁶ Durer definitely knew his value; he was fully aware of his popularity as an artist, and projected confidence and self-assurance. His famous self-portrait certainly looks like promotional material for a rock star. He looks directly at his audience; it is the look of a very strong, confident man. He has long, rich, curly hair, with a beard and moustache that could easily fit into the 21st century; long, straight nose, and bold eyes. All in all, a very attractive, self-assured man; Jesus Christ, Superstar comes to mind. Indeed, he attained the status of an international celebrity as an artist, which was very new in his time. When he traveled, he was wined and dined and treated with respect and honor. He described this when reminiscing about one of his trips: “everything was of silver [...] as I was being led to the table, everyone on both sides stood up as if I was some great lord.” (ibid.)

Some 500 years before Andy Warhol, Durer expresses a very similar attitude: “A wonderful artist should charge highly for his art. No money is too much.” (ibid.) Even if his

ego and self-confidence were very strong, he based his self-evaluation on the fact that he truly was a great master as an artist. Durer simply had no qualms about exploiting his artistry and managing his professional/artistic life like a business. He understood that he needed to be entrepreneurial to make profit. He was proud and very protective of his work. His engravings became so popular that there were pirated copies being sold as his original work. Durer put his name or at least his mo-

nogram- “AD”- on every piece, at a time when signing one’s work was not the usual practice. What’s more, he showed his ingenuity even when monogramming his works. He was not satisfied with merely signing his name in the corner- his “AD” appears on the tree of Good and Evil; or, when Gabriel appears to the Virgin Mary to announce that she would bear a child – the son of God- the “AD” is scratched on the floor of the room. Durer goes even further and puts his trademark on Christ’s stone tomb. When he depicts Christ nailed to the cross, Durer definitely provokes by placing his monogram on the nail heads piercing Christ’s hands. He may not have been as obvious as Velazquez, who brazenly painted himself in the royal portrait, but he certainly made himself a part of sacred and biblical scenes in a very provocative – even shocking – manner. In addition, he did not wish his good name to become undermined. Durer fiercely protected his authorship and went to court twice to protect his trademark (once in Nuremberg, once in Venice). He won both cases.

Durer exemplifies an artist who understands and values his own artistry and realizes its power. A fiercely independent entrepreneur and businessman, he used technology to make his art accessible to the public, selling copies of his own work. While his other contemporaries were entrepreneurial enough to realize and actively use their networks of patronage to get more commissions and make more money, Durer took it to another level and, in the 1500’s, became a celebrity through his keen awareness of the value of publicity. The provocative use of his signature was effective in building his brand- as the circulation of pirated works proves- and when he died, his wife was left a large inheritance. Much of the above description could easily be used to describe an artist as an entrepreneur and successful businessman in the 20th and 21st centuries.

Going back to the 17th century and Caravaggio’s art: what was considered by church authorities to be the desecration of sacred figures marked also the beginning of change, and the evolution of Western art courtesy of Caravaggio’s ‘provocation’. The idea of depicting real bodies, of projecting realism, however shocking, slowly became the working method for more and more

artists. Provocation garners attention and, fast forward to 1819, Theodore Gericault got plenty of attention thanks to his realistic depiction of the sinking of the frigate Medusa- with all of the castaways and survivors. It was not only the realistic depiction of the dead, misshapen and distorted bodies that scandalized the esthetic sensibilities of the public. Gericault’s inclusion of a black castaway completely disrupted the political status quo, and was perceived as a protest against slavery (the Medusa sank near the Senegalese coast).

Less than 50 years later, a work of art which was actually rejected by the Salon garnered much attention. Edouard Manet’s painting, *The Luncheon on the Grass*, was considered by the critics at the time to be provocative, even scandalous, due to its theme and technique. However, thanks to an entrepreneurial idea that Napoleon III came up with, the painting became very famous. The emperor decided to open a salon for those who were rejected by the “official” Salon, and called it The Salon des Refuses. Manet’s painting became a huge attraction – the public was not ready for a painting in which, among fully clothed men – in decidedly fashionable clothes of the time – there was a naked woman. The technique itself was criticized (contrasting brushstrokes signaled the beginning of an era free of conventions) but more importantly, in terms of art history, this rejected painting became a seminal work opening the door to Impressionism and, more generally, Modern Art.

And it is the modern era that is most often associated with provocation, blasphemy, and scandal, even though all three aspects are not difficult to identify throughout the course of art history. In the social and political instability of the end of the 19th and beginning of the 20th centuries, the horrors of the First World War instigated and accelerated the purposeful aim of artists to provoke, shock, and scandalize as a form of protest and rebellion against the old and traditional ways that were clearly falling apart, bringing nothing but insecurity, war, poverty, and misery to many. The movement which manifestly rejected everything the 19th century represented- mainly Rationalism, and the political climate that led to the horrors of the First World War- was

the Dada movement, of which one of the main founders was Marcel Duchamp.

This is another example of a rejected piece of art (by the Society of Independent Artists’ Salon in New York) that has become iconic. Duchamp’s urinal is, in fact, far more recognizable than many paintings considered pioneering, iconic and innovative. Duchamp boldly demonstrated his entrepreneurial spirit when he defied everything that was believed at the time to be ‘art’, and bet on risk: he took a urinal, put it upside-down, and called it *Fountain* – a word which to more art-inclined minds may conjure up images of calming water, aesthetically pleasing ambiance, or a lovely palette of pastel colors. To add more to the disruption that Duchamp’s art piece embodies, he signed it “R. Mutt, 1917”- thus turning upside-down (just like the actual urinal) the idea of authorship and artistic creation and, ultimately, the idea of what constitutes art. His use of “readymades” went far beyond just realistically depicting human experiences; Duchamp actually used ordinary, “existing objects from real life [which he] modified or re-contextualized to function as works of art. The idea at hand, of art primarily as a *concept* rather than an object, is what would make *Fountain* arguably the most intellectually captivating and challenging art piece of the 20th century.”⁷⁹

Two years later, in 1919, Duchamp provoked again. He drew a moustache and beard on the revered and iconic painting of *Mona Lisa* – calling it an “assisted ready-made”. To add insult to injury, Duchamp also added the inscription L.H.O.O.Q. which in English means: “She has a hot ass.” A joker, a provocateur, and iconoclast whose “attack” on an icon of Western art and painting was not only amusing but entrepreneurial and definitely disruptive. His risk-taking, and what started as rejection, led to conceptual art; his work and ‘artistic’ disruptions utilized ordinary, ready-made, inexpensive, accessible objects which, in terms of art history, certainly disrupted all preconceived traditional notions and beliefs about art and what it stood for. The ‘profit’ of an artist’s entrepreneurial attitude may be seen in terms of prestige, fame, historical importance, or money. The salient fact is that those who do risk and

disrupt are more likely to be recognized. According to Merriam-Webster, an “*entrepreneur* is one who organizes, manages, and assumes the risks of a business or enterprise.” The adjective form *entrepreneurial* is, according to the Cambridge English Dictionary, “used to describe someone who makes money by starting their own business, especially when this involves seeing a new opportunity and taking risks.” *Disruption*, or more precisely *disruptive innovation*, was defined by Clayton M. Christensen and his colleagues at Harvard Business School in 1995 to describe “an innovation that creates a new market and value network and eventually disrupts an existing market and value network, displacing established market leading [entities].”⁹⁰ To define art is extremely difficult.

Broadly put, the subject of this book is not the entire category of the visual arts, which covers a very wide range of sub-categories. For the purposes of this book, only fine art, modern art, and contemporary art (without the categories of filmmaking, music, animation and video art) are considered.¹²⁷ In this more narrow sense, art as a product is non-standard – it is not utilitarian, it has no specific ‘use’, is oftentimes expensive, and it is not an object for daily consumption; it is not mass-produced and it is not mass-consumed. Uniqueness and originality are its specific characteristics. Even if art is non-standard, the art market constitutes a large part of any economy, as illustrated at the beginning of this chapter. It is a market; therefore, there is fierce competition. Today, art is a commodity- even if non-standard- traded by banks, auction houses, art dealers, gallery owners and representatives, art magazines etc. At the end of the day, it is the market that will decide how much money an artist will be paid for his art. This simple truth was recognized by Renaissance artists - they realized there was a market where they had to succeed (either through patronage or, like Durer, as a businessman representing himself; a self-employed entrepreneur using business and marketing networks). The difference today is the very fiercely competitive art environment. Those who want to succeed in the market understand that being a successful artist means being creative, business savvy, and entrepreneurial.

It is not easy at all to become a recognized artist today. The democratization of access to art- thanks to available technology- has led to the democratization of taste and, consequently, to the democratization of creativity. It seems that almost anyone today can ‘create’, but there are only a few whose names become recognized, who sell and become successful. To find the answer to how to get one’s name out, to get noticed, has become the entrepreneurial challenge for many artists. Even if provocation during the Renaissance may seem very timid now, scandal, controversy, and blasphemy have always been part of entrepreneurship and the marketing of art. To use any or all of the above, which oftentimes means incurring significant risk, may lead to becoming noticed, getting attention, and putting one’s name on the art market. A great example of pushing the envelope and testing limits to become successful and influential- both artistically and financially- is the highly controversial Viennese artist Otto Muehl. He was dubbed a radical provocateur and a disruptor of taboos.⁹⁹ In the 1970s, he was the first artist to depict a sexual act in his art, which was mostly cartoon-like. The attitudes expressed in his art were also expressed in his private life. He founded and led a commune in Vienna which was all about the creation of art, but its everyday life was based around sexual liberation. He became very controversial and was even imprisoned for a sex crime, but he also became a leader in the art world, who was so commercially successful that he was able to buy more land and property to open more communes. Sex provokes and shocks, and- it sells, which was further demonstrated at the International Art Fair in Paris in 1977, where the artist Orlan not only shocked with her openly sexual art exhibit, but presented her art as an interactive performance. Her *Artist’s Kiss (Le baiser de l’artiste)* was set up outside the Grand Palais. She exhibited a life-sized photo of her torso as a slot machine. Viewers could insert a coin which would then descend to the groin after which the viewer received a kiss from Orlan, who had a pedestal behind ‘her’ groin where she stood. Robert Mapplethorpe was another artist who became very well-known because of his provocative, shocking, and very sexual art. The explicit nudity in

his photographs disrupted traditional ideas about decorum and morality, and pushed the bounds of decency in order to catalyze the evolution of cultural attitudes. Also, to this day, his photography draws in curious and interested crowds. For some, he pushed the envelope of decency and political correctness so far that there was a congressional probe into his photographs depicting in detail a black man’s penis. On some of them, the photograph does not capture the head of the man – only his torso and the exposed penis. In one photograph, the man holds a pistol right above his erect penis, shadowing the form. In another, we see the form of a man from breast to groin, dressed in a very formal suit, wearing a vest as well, but with his fly open and his large, semi-erect penis out. His hands are visible too, just about at the same level as his exposed penis. It is this photograph, titled *Man in Polyester Suit*, that was the subject of the congressional probe. It also sold for almost half a million dollars in 2015.

These artists are just a very small sample of those who decided to provoke and shock – and eventually profited as they became notorious and successful in the narrower- but vital- sense of entrepreneurship and business. In the larger context of art history, their disruptive ‘innovations’ created a new value network and a new market, and either eventually or more instantaneously, displaced the values, methods and ethics of the established system. In the case of contemporary art, artists demonstrate how the value of artwork today is not constrained by aesthetic considerations, but are open to varied interpretations. In addition, and very importantly in the context of the non-standard, subjective world of art, they have a lasting power. So much so, in fact, that contemporary artists still explore the questions that Duchamp raised with his ‘ready-mades’:

Among the contemporary artists that have explored these questions by riffing on Duchamp’s work is Mike Bidlo, with his *Fractured Fountain (Not Duchamp Fountain 1917)* (2015). Made as an edition of eight works that directly reference Duchamp’s “original,” the work provides a perfect example of the way in which Duchamp

exploded everything that came before.⁷⁹

Another contemporary artist riffing on Duchamp’s work, and paying homage to him, is Sherrie Levine whose *Fountain (Madonna)* (1991) is a bronze cast after the original *Fountain*. Levine, prompted by Duchamp’s questioning of authorship by signing his *Fountain* with R. Mutt, further explores this question; does it matter and does it change anything in terms of the artistic value of both works- the original, and the cast that a woman (almost 80 years later) decided to reproduce in bronze? The answer, or answers, are not easy to come up with, nor are they the subject of this book. The point is Levine’s and Bidlo’s entrepreneurial idea, which, in this case, happened to work – both artists have gained their place in the art market and have remained relevant.

“Marketing provocation” worked very well when the Royal Academy put on a retrospective of the Saatchi collection, himself a very successful entrepreneur – an advertising giant, art collector and dealer. The exhibited art certainly classified as shocking: Damien Hirst’s animal corpses in formaldehyde, or Chris Ofili’s Black *Holy Virgin* which is a mixed-media, collage painting; the background of the image of the Virgin Mary has vulvas cut out from porn magazines decorated with elephant dung. The exhibition was an extremely popular success. It has proven that if art is shocking enough, if enough critics show their interest, a large number of people will want to see it. Visual provocation and the shock factor clearly sell.

The value of provocation does not lie in its aesthetic merit or analysis when artistic entrepreneurship and artistic disruptive innovation are considered. Jean-Jacques Aillagon- whose professional CV includes the post of the French Minister of Culture, Chairman of the Georges Pompidou National Centre of Art and Culture, and President of the Domaine National de Versailles, among many other posts of various leading cultural and art institutions in France- commented on contemporary art and its provocative and shocking aspect, and the controversy this art oftentimes stirs: “We do not choose the works to shock or to hurt, but rather provoke the public’s reaction, to arouse debate and reflection.” He believed that “in the framework of traditional heritage, the presence of these works would necessarily prove enriching to the visitors.”⁷⁷ Even when considering art only within the entrepreneurial and business context, provocation, shock, and controversy can go only so far. When everyone seeks to shock, then the original intent to shock becomes diluted. Furthermore, there is a difference between grabbing attention and rewarding attention. In other words, while shock may have become par for the course in contemporary art, only artists who understand that if the goal for the artist is to ‘make it new’ and disrupt whatever it takes, the idea of innovation will catch up with innovation itself. Those artists who will be rewarded- with recognition, popularity, and financial profits- will find a way to be challenging, relevant, and impactful. Aillagon’s comment is right on. Art absolutely can rattle the cage, push the envelope, challenge, question, and critique – but it really becomes impactful and relevant when the public is engaged. Orlan’s *Artist’s Kiss* is a good

“We do not choose the works to shock or to hurt, but rather provoke the public’s reaction, to arouse debate and reflection.”

example. Back in the late 60s and early 70s, Joan Jonas certainly disrupted the art world, and market, with a series of performance/art exhibitions where she stood naked in front of her audience, inspecting her entire body with a mirror. While Jonas in a very overt, direct way examined not only her own body but also the question of women’s body objectification and fixation with their self-image, she also brought in a large audience.

Art exhibitions where audiences are fully engaged have proven to be very popular and successful, bringing in visitors and profits. The provocation or controversy does not need to stem from nudity, sex, or from pushing the limits of decency. Political and social issues are also explored. In 1995, James Montford, a multimedia and conceptual artist, staged an exhibition titled *Throw Away Words*. He invited visitors to engage – to write racial slurs on a piece of paper, crumple it, and then throw it on the floor into a pool of other racial slurs, written and crumpled by previous visitors. In addition, visitors could also pick up these crumpled papers and read the slurs others had written. At the time, one of the negative criticisms stated that the project was “stacked and manipulative”. Indeed, it was controversial – but the exhibition did generate a lot of interest. Montford assured his place in the art world and on the art market. Its lasting relevance and impact has been recently validated. Curator Vera Ingrid Grant, director of the Ethelbert Cooper Gallery of African and American Art at Harvard, re-created this exhibition for Montford’s retrospective in Boston in 2015.¹¹⁷

And then – there is also simple enjoyment; curiosity, wonder, joy and pure fun. These also sell, and there are artists who are entrepreneurial and imaginative enough to create art which engages the viewer just to experience joy and pleasure. These installations and exhibitions offer their viewers a very personal experience of the exhibited art. The “mirror” art of the ingenious artist Daniel Rozin embodies engagement and an interactive experience of art. His artistic entrepreneurship underlines all of his activities:

Daniel is an artist, educator and developer working in the area of interactive digital art. As an interactive

artist, Rozin creates installations and sculptures that have the unique ability to change and respond to the presence and point of view of the viewer. In many cases, the viewer becomes the contents of the piece, and in others the viewer is invited to take an active role in the creation of the piece. Even though computers are often used in Rozin’s work, they are seldom visible. As an educator, he is an adjunct professor and the Director of Research at ITP. As a developer, Rozin owns Smoothware Design, a software company that creates tools for the interactive art and multimedia authoring community. He was born in Jerusalem and formally trained as an industrial designer. His work has been exhibited widely and featured in publications such as *The New York Times*, *Wired*, *Spectrum*, and *USA Today*, and has earned him numerous awards including Prix Ars Electronica, ID Design Review, and the Chrysler Design Award.⁸⁹

A personal side note: I myself experienced and interacted with Daniel’s ‘mirrors’ in the DSC Gallery (see the chapter ‘The Story of a Gallery’) where I was fortunate enough to be alone, in front of a large screen of small mirrors, like pixels which, when turned on, would move and change their position according to my, or the viewer’s, movements. Daniel incorporates engineering and his own algorithms in his mirror art so that they change, move and respond to the motions of the viewer. First, I just raised my hand – and the mirrors moved, precisely copying my movement. In the quiet of the gallery, I found the clicking of small mirror-pixels quite soothing. Then, I moved both of my hands; then I wiggled. Then I made a few dancing moves – the mirrors sped up their own movements, and the reflection of me and the surrounding lights cast back from the moving mirrors was at once disorienting and somehow familiar. Pretty soon, I was moving wildly, dancing, jumping, and running in small circles. I became fascinated by the precise corresponding moves of the mirrors. By then, the clicking sound became quite noisy; as my movements became progressively more energetic, the entire mirror installation came alive not only due to all the movements and changes, but also due to the reflection of light and the clicking sound. I became so engrossed that I did not want the ‘session’ to end. When my friend, the gallery owner, turned off the installation,

it did not actually mean an end. Daniel uses a program that records all the movements of all the viewers. At any point in time, one can simply turn on the mirror art piece and let ‘play’ all the movements the installation’s program recorded. It was absolutely fascinating – not only to watch the dance and hear the clicking of the entire piece - but to be aware of adding to the “authorship” of the piece and realizing that many others co-authored this performance was something I, and many other viewers, had never experienced before.

Rather than shock, provocation and controversy, Daniel’s artistic entrepreneurial idea is based on eliciting reactions from viewers, who interact with his art pieces and become part of the larger experience of sharing in something we have in common. In addition to aesthetic, conceptual, and more theoretical considerations, he became an established artist, attracting large crowds, because his art offers experience, immediacy, wonder; something the audience can always enjoy – strangers interacting, sharing in the joy and fun of art. In Daniel’s case, it has proven to be a selling point.

Still other artists use humor and irony to address larger political, social, and cultural issues. Especially today, to attract crowds using political irony and sarcasm, where all of us are exposed to everything happening anywhere instantaneously - means to stand above all the background noise, to demonstrate great ingenuity and take risks. David Cerny, a Czech artist who uses wit, jest and irony to elicit a dialogue between viewers and critics- and ultimately, to engage as many people as possible in current political and social issues- has become a noted and successful artist despite him living and working (mostly) in a small country not necessarily known for producing many renowned artists. It is a somewhat unexplored artistic environment from which it is very difficult to posit oneself within a larger art market context, either European or even global. David became very well-known and sought after as an artist in his home country for his fast, witty reactions to everyday politics in the Czech Republic (see the following chapters for more details). In 2009, the Czech Republic presided over the Council of the European Union, and to mark this occasion, David Černý was asked to crea-

te a sculpture that would be exhibited for the duration of their presidency in Brussels. The Czech European Union Presidency’s motto was “Europe without barriers” – certainly a very noble concept. David named his sculpture *Entropa* (his wit and irony already employed rather entrepreneurially). David’s art piece explores prejudice, stereotypes and the ‘tribalism’ of people’s perceived identities, even as the work celebrates a borderless Europe. The sculptor represents a map of Europe that, according to David, was intended as an ironic representation of the still-existing stereotypes associated with the member countries which, metaphorically and literally, are still barriers within Europe. David subtitled his sculpture “Stereotypes are barriers to be demolished”. Alas, the particular stereotypical images the artist chose to represent the member countries deeply outraged quite a few of them, and he became known for his irony and sarcasm all over the world (see ¹⁰⁸ as only one example of many; a simple google search will provide a plethora of sources to read). Bulgaria’s representation, a set of squat toilets, enraged Bulgarian EU officials. Slovakia was depicted as a sausage wrapped in the tricolors of Hungary, which promptly resulted in a formal protest. France is draped in a banner saying “GRÈVE!” (Strike!), Luxembourg is a gold nugget with a “For Sale” tag and, in probably the most ‘innocent’ jest, is Sweden’s depiction. It has no outline; instead, it is represented as a large IKEA-style self-assembly furniture box. Some less offensive representations are those of Belgium, as a partially-eaten praline chocolate box, Denmark as Lego bricks, and Romania which boasts – what else? – a Dracula-themed park. Germany cannot get away from its history, even as the artist seemingly praises their technological advances. It is depicted as a system of autobahns, crisscrossing. The image of interlocked autobahns resembles a swastika. The artist, fully aware of the theme of dismantling these stereotypes, chose to flagrantly show them off – which, from the entrepreneurial point of view, was his risky bet to gain attention, bring people to view his work, and elicit a dialogue and interest in his art. Since then, David has certainly garnered attention in the art world and has been invited to exhibit his art globally. In Prague, he created various sculptures (street, public art) that have become very well-known and in demand as part of any

tours of Prague.

Even though the purpose of this chapter was only to introduce the topic by using a handful of examples, it should provide enough evidence, in conjunction with the resources listed in the bibliography, that entrepreneurial thinking and marketing have always been part of the art world. These two worlds should never be posited as being at odds (the lofty position of art versus the pragmatic, profit-driven business world). They can inform, co-exist, and profit from each other. While art is not the typical example of a commodity due to its non-utilitarian, aesthetic and subjective nature, it can bring record-breaking sales to the art business world. The two worlds could even learn from each other – artists do need to attract customers, and they can only benefit from adopting effective entrepreneurial and business methods. Similarly, entrepreneurs can learn from artists – in 2012, Fortune magazine published an article noting that “a number of business thinkers and leaders have begun to embrace the arts [...] as an integral part of business – from the management team to operations to customer service. More than that, experts predict that “artists will emerge as the new business leaders”: Joe Gebbia and Brian Chesky, co-founders of Airbnb and graduates of the Rhode Island School of Design, were used as prime examples. In fact, the World Economic Forum has been inviting artists and cultural leaders to its events for quite a few years. The article lists and shortly explains various characteristics which are innate to artists and would certainly be beneficial for any entrepreneur and business person; e.g. artists are ‘neophiles’, humanists, craftspeople, intuitive, comfortable with ambiguity; they are holistic, interdisciplinary thinkers, contrarians, etc.¹⁰⁶ When these two worlds co-exist and join forces, it can reinvigorate both – the world of art and the world of business, as the examples used in this chapter demonstrate. A simple online search can bring up fascinating examples every day. On May 17, 2017, an online article in the BBC Business section discusses the global sales in art market:

“It’s just a crazy time at the moment,” says Alex Rotter, chairman of post-war and contemporary art at auction house Christie’s, apologising for his late call.

We manage to speak just days before he kicks off the auction house’s New York sale of 26 contemporary art works from husband-and-wife property development duo Jerry and Emily Spiegel. This kind of single-owner collection “gathered with one breath”, as Mr Rotter describes it, is rare. The sale includes famous works by Christopher Wool and Sigmar Polke. With these two pieces valued at \$20m (£15.5m) each, the 26 works are expected to raise \$100m in total.¹⁰⁰

The article also noted that global art and antique sales totalled \$57bn in 2016. The US dominates the art marketplace and is closely followed by the UK and China.

At the time of putting finishing touches on this chapter, the BBC online news service informs its readers about a Basquiat painting breaking all records at \$110.5m at an auction in New York. In fact, this sale has broken even more records: it has become the most expensive work by any US artist and it has sold for the highest price of any work by a black artist. The fact that it was sold to Yusaku Maezawa, a Japanese fashion entrepreneur who plans to set up a museum of his collection and make it accessible to public, further demonstrates the beneficial comingling of art, entrepreneurship, and business.⁸²

As has already been discussed, provocation, shock, and controversy can help an artist to become known, popular, and sought after in the art market. But in today’s world where everybody shocks and provokes, only those artists who use provocation in a way that makes their art relevant, lasting, and impactful will survive. The artists used as examples in this text all benefitted greatly from the network of people around them – be it the Renaissance brand of patronage, or other ways of marketing and representing the artist – and from the network of museums putting on their exhibitions, their representatives or galleries and gallery owners, auction houses etc. To become a successful artist, one needs a great network of people, just like in any other business. This network can help in guiding the artist’s ideas and work, and, particularly in the case of galleries representing artists, nurture the artist’s talent and steer the artist’s expression, however provocative or controversial, ironic or sarcastic, or anything else the

artist may choose as his or her method, in the direction of impact, relevance and demand. The power of this network is clearly demonstrated in the case of one of the most notorious and unorthodox artists – even as his identity has been kept a mystery. The British street-graffiti artist Banksy has successfully kept his identity secret while making his work an example of the most public form of art – street art, available and accessible to anybody. He is worth millions of dollars, his art is very much in demand, and he successfully sells it (in 2008, one of his paintings sold for more than a million dollars). He has been sued for various misdemeanors related to his graffiti paintings on many buildings and walls around the world, but particularly in his country – all very public acts and events which would not be possible without a strong network.⁷⁵

Banksy also continues to work on commissioned art – in March 2017, a small Palestinian hotel opened, advertising itself as “the Walled-Off Hotel- the hotel with the worst view in the world.” The hotel looks directly at the West Bank Wall which is decorated with the work of various artists (Banksy included). The hotel owner commissioned Banksy to decorate all the hotel rooms:

The hotel is awash in the trademark satirical work of the mysterious artist. The highlight is room number three, known as “Banksy’s Room,” where guests sleep in a king-size bed underneath Banksy’s artwork showing a Palestinian and an Israeli in a pillow fight. The hotel also features a presidential suite and a museum with the artist’s politically-charged work.⁸¹

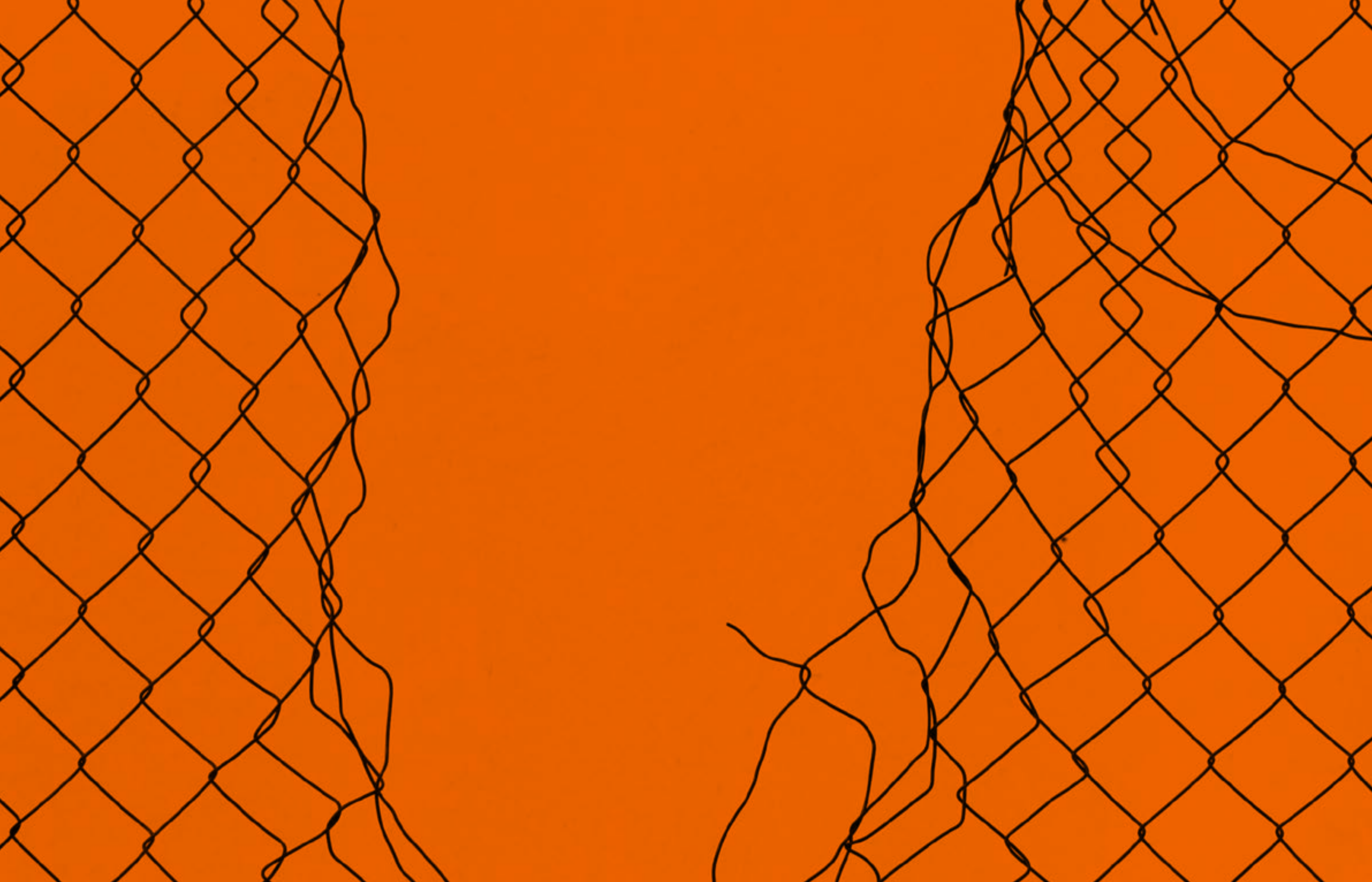
The artist, who remains elusive and mysterious, is very flagrantly on the market, garnering a whole lot

of attention, drawing large crowds and being commissioned globally. His trademark, or *modus operandi*, remains relevant and impactful through swift reaction to current political and social issues, and the speed at which his work appears. On May 08, 2017, as Britain was getting ready for Brexit, the inhabitants of Dover (specifically Dover’s ferry terminal in Kent, England) woke up to a new Banksy work – the mural shows a star being chiselled off the EU flag by a workman. The mural also shows cracks running through the image of the EU flag. As expected in the world of art, especially in the case of Banksy, the work elicited great reaction and many comments. While the mural is both criticized and praised in terms of its aesthetic and artistic consideration, with regard to entrepreneurial marketing tactics, it has nonetheless been effective.⁹³

The following chapters explore in detail the network behind the artist; its potential and influence in terms of representing the artist, guiding the work of the artist, nurturing the entrepreneurial spirit and the disruptive artistic innovation to help the artist to become successful. More specifically, the role of galleries and gallery owners is discussed, especially as it relates to representing artists from smaller artistic environments and underrepresented countries. This is as good a place as any to tie everything

together and conclude by circling back to Andy Warhol’s proclamation that “making money is art and working is art and good business is the best art”.

The following chapters explore in detail the network behind the artist; its potential and influence...



ANDREJ DUBRAVSKÝ



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections





ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections





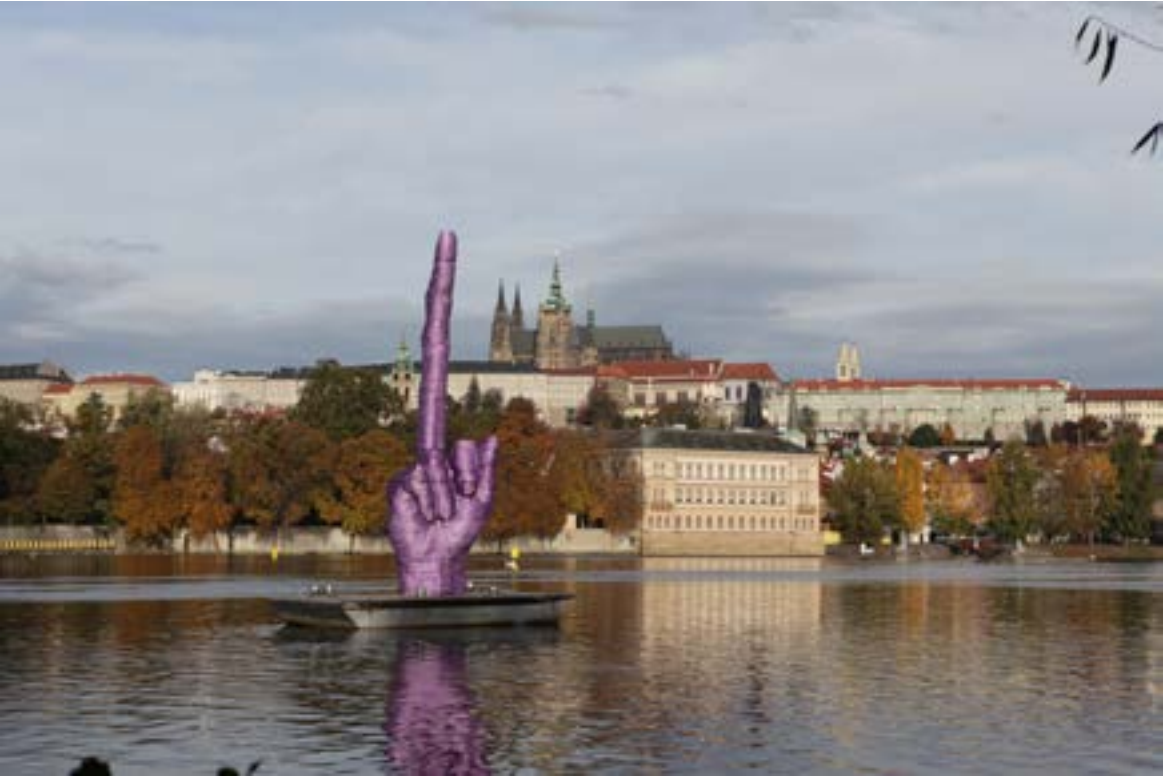
ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

DAVID ČERNÝ





ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections





ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



JAKUB JANOVSKÝ



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

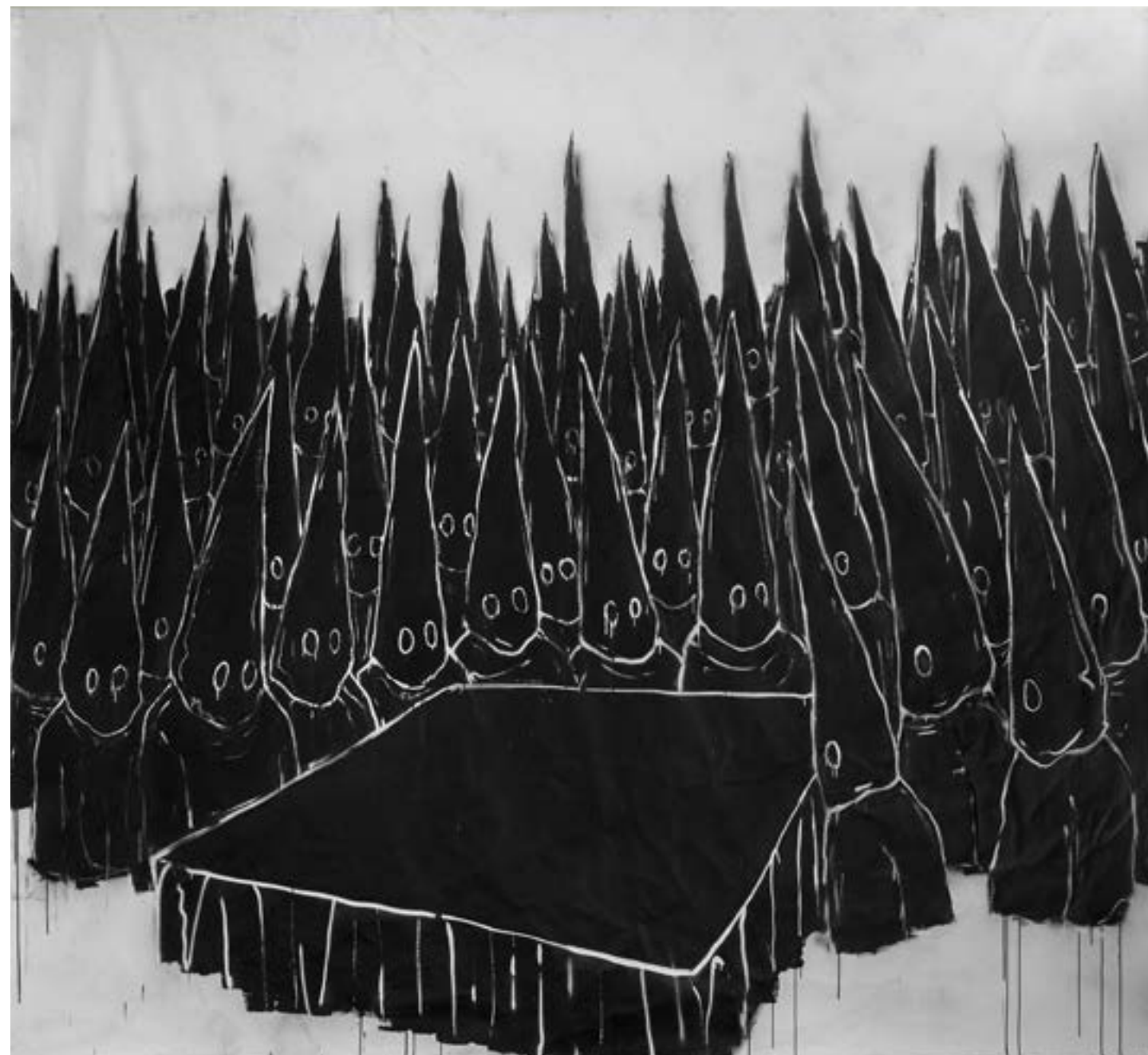
ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections





ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

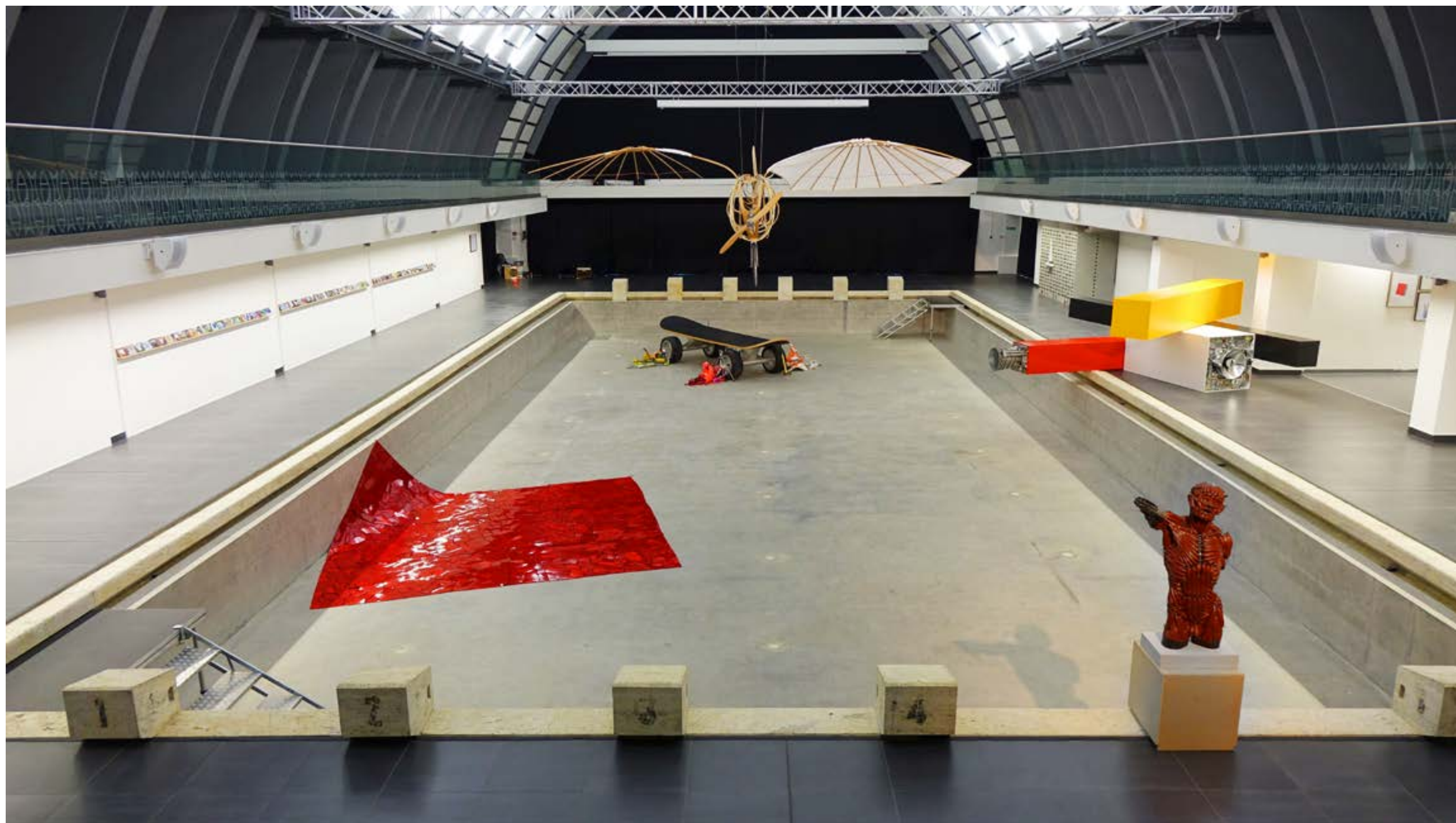


JIŘÍ ČERNICKÝ



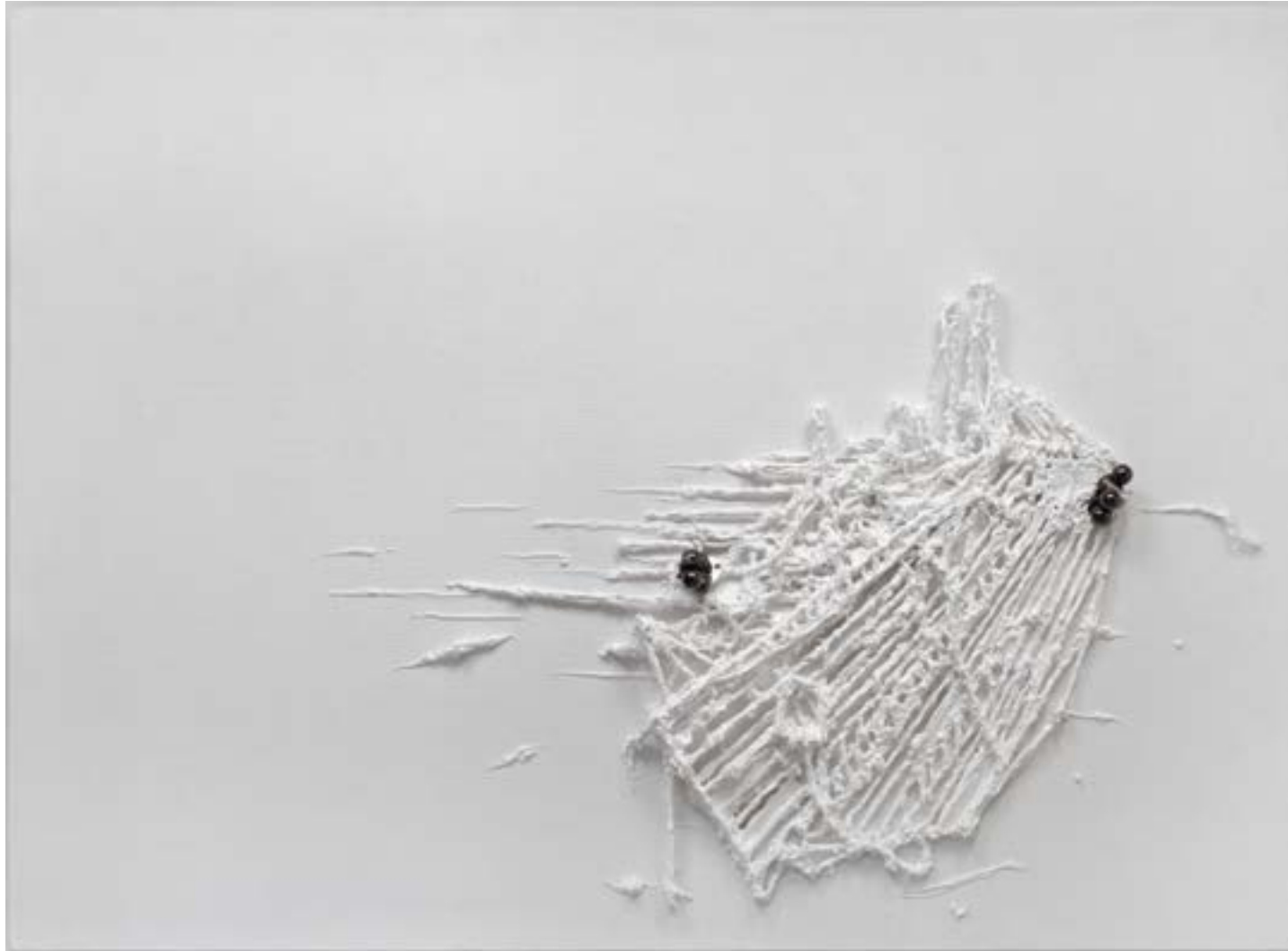
ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

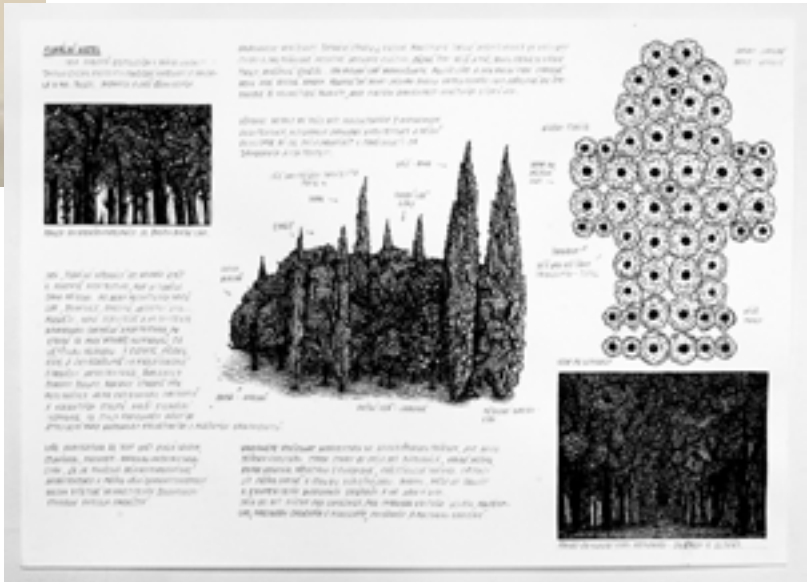
ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections





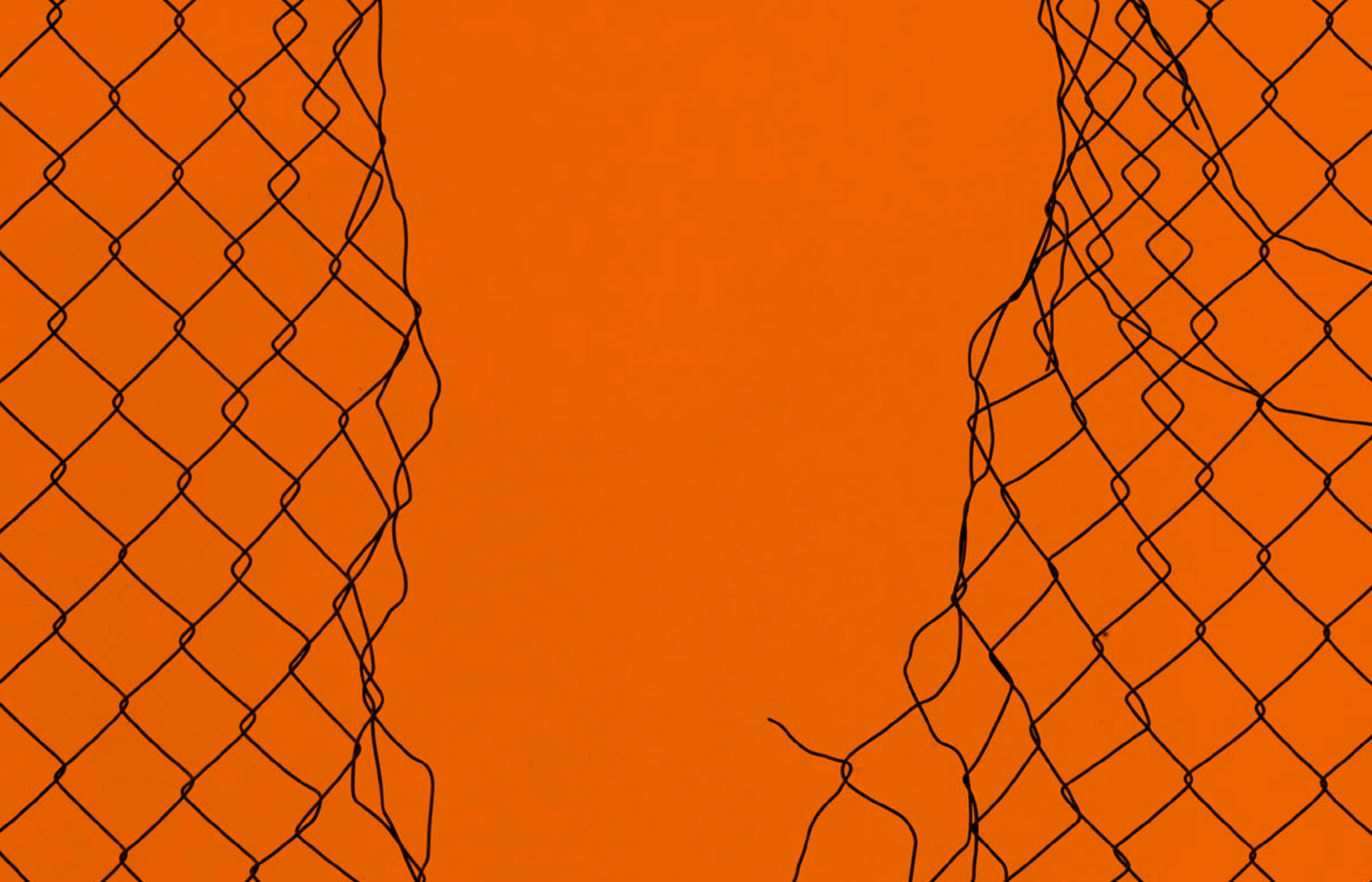
ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



II. MARKETING ARTWORK ATTRIBUTES

Individual conceptual categories will be explained in the following text to provide a marketing understanding of an artwork for its incorporation into the market.

artwork as an object

An artwork can be characterised as an object that is intentionally created by a person and its basic function is to arouse aesthetic pleasure. The distinguishing mark of any form of artwork is its decidedness and autonomy. Every artist creates with a specific goal to produce an organoleptic object, which is not defined as being for specific use. The value of artwork does not normally stem from political or religious importance, but is the embodiment of the artist’s creative force and the representation of the central idea of our culture of freedom of the individual. Even in this case the market environment can be characterised as a place for the barter of goods in which things acquire their value by the act of exchange.⁴² According to this definition, it can be assumed that the value of an artwork on the art market will be reduced to a sum of money which the buyer is willing to pay for a certain work at a certain time.⁶ The unique nature of artworks lies in the fact that they maintain their value even if not subject to business dealings or placed in a market environment. Generally speaking, art objects are perceived as exclusive products which offer their consumers more than just an ordinary consumer function.

contemporary vs. modern art

The terms “contemporary” and “modern” fine art are occasionally confused. The terms “modern art” and “contemporary art” define two different stages in the development of fine art. Their difference is founded rather on the age of individual artworks than on va-

rious art styles.¹²³ There is no single official time definition, but modern fine art is usually considered to be art whose origin dates back to about the period between 1870 and 1970.

Artists such as Edouard Manet, Vincent van Gogh or Paul Gauguin stood at the birth of **modern fine art**. The turning point as defined by the professional public is the moment when the work of artists became more subjective and artists began to experiment with new ways of thinking and the criticism of their time. Modern artists in their paintings are no longer limited to merely depicting the surrounding world- this role was later taken over by photography- but their aim was to express intangible values and spirituality through art. These values were then often reflected in their work and their innovative approach to work with various materials and themes. What is crucial for modern fine art is the departure from traditional forms of art and the desire to constantly come up with new and unique artistic concepts to find some sort of “pure” form of art. These concepts can also be described as so-called “isms”. An example can be Impressionism, Expressionism, Fauvism, Dadaism, Cubism and many others. These artistic trends significantly influenced the sphere of fine art and continue to inspire contemporary artists.⁸

Contemporary fine art is understood to be works whose origin has been dated from 1970. There is also the opinion that contemporary is all art that appeared since the end of World War Two. Like artists that are classed under the period of modern fine art, so contemporary artists are strongly influenced by external factors in society. Themes such as globalisation, sexuality, religion, and many others are projected into their work, often using a broad spectrum of untraditional techniques such as the media and performance, etc. Unlike their predecessors, today’s artists are not so engaged in the idea of the “purity of art”. Contemporary art has become a sort of stylish hybrid combining the elements of 19th century art, modern art, pop culture, design, and the media. Contemporary fine art does not merely fulfil a decorative role, but also a political and social role. Its goal is to shock, provoke and often arou-

se inconsistent public reaction.¹²³ Other approaches define the above described period as Postmodernism, and contemporary art is therefore only art that is no older than 15 years.

art economics

art economics is an internationally recognised scientific field today, which does not examine art merely through the eyes of art history, but in an interdisciplinary manner. This is an approach based on many scientific fields taking into account the specific nature of the product and the specific nature of the contemporary fine art market.¹⁵ Art economics examines why some artworks gradually become priceless,³³ why this fact only applies to a small number of artworks, why the rest are totally ignored, and who determines this selection process.³ The answer to the question how to succeed with contemporary art on a global scale is sought by many experts today, including academics at prestigious foreign economic universities where this economic discipline increasingly appears. For example, Clare Mc Andrew, who received a doctorate in economics at Trinity College Dublin in 2001, characterises art economics in her work. The author looks at art as a potential financial investment and helps to disprove various false myths concerning the art market, such as the Mei-Moses Art Indices which state that art as a commodity is a better investment than shares on a stock exchange.⁵¹

Today an artwork can be understood to be almost anything- the dead body of an animal, a nose operation, or a pink painted poodle. Almost every gesture and every object can be an artwork. An object is perceived as an artwork if artists, critics, gallerists, museum directors, curators and collectors agree that it is art.

fine art as a specific product

Fine art as a specific product can be defined as follows: it is useless, expensive, it is not a convenience good, and it is not a product manufactured in series or a product of mass consumption. Still we can rely on certain specific attributes of individual artworks.³⁸ Art and artworks in general are a specific type of chattel. Despite the fact that they meet the basic criteria of tradable chattels, the market of art objects is characteristic for its several specific attributes. The fundamental one is the fact that each artwork is an original, and a buyer needs to be found for this single product, or a person for whom this object will have such value that a situation will arise when supply will meet with demand and the transaction will be made. Of course, here we get to the core of the actual problem. Beside the fact that originality significantly contributes to the value and price of the work, there is a very narrow circle of potential buyers but only one can acquire a given painting or other artwork.

This is the biggest difference between products that are normally available in shops and an artwork. As in the case of any other product which is produced in a greater quantity than one piece, it is not usually such a fundamental problem to market, promote, and sell it. A targeted marketing strategy can be applied which if successful can address the right target group and results in growing demand for the given product. But the situation becomes more complicated if this is a product produced only in one piece. The brand alone gives the buyer the guarantee of an investment.

An increasingly greater circle of investors deals in a fine art product. Today banks, auction houses, art and investment magazines, and dealers and gallerists, of course, deal in fine art as a commodity. By their nature and position on the market artworks are equal to the classic financial product, and include everything from the conservative security of capital and risk deposits, right up to highly speculative investment. The purcha-

se of the works of an author who is already established in artistic circles and has a built-up reputation- and therefore some sort of brand- carries certain risks. Nevertheless, the most speculative investment in fine art is considered to be the purchase of young contemporary artists who do not yet have a built-up stable position in the artistic sphere. In order to disperse the risks, diversification is recommended in the sense of the theory of a portfolio, which is applied not only to financial markets but also to investments in artworks of various artists and various eras. This means that in order to maximise the value of their collection, collectors should buy works by renowned artists, but also strategically choose and invest in the art of young artists with great artistic potential in the near future.

artwork novelty concept

The novelty concept is the fundamental attribute of an artwork today. The considerable production of artists has meant that the number of collectors of contemporary fine art can grow. Collectors are constantly more often deciding to purchase contemporary authors whereas only several years ago they invested their money mainly in the artworks of old masters or in modern art. Fine art dealers in New York, who up till now focused on works of impressionist and classical modern art, are shifting their offers towards contemporary fine art. The rule of a “trained eye” and the attraction of a specific work may apply during selection; nevertheless the conservative rule of buying mainstream art applies.

The art market for its effective development needs collectors who buy what others buy. These individuals are those who keep the art market moving, and prices are rising thanks to their investments. Natural competition arises and the market is in motion. For the market players it is necessary to constantly follow events in the field and learn to envisage trends. The later the collector begins to buy artworks after the artist is placed on the market the greater the amount of money he has

to pay. Thus tension arises among buyers leading to an increase in the prices of individual artworks. Likewise, this tension positively contributes to enhancing the position of the artist on the market and strengthens his reputation. The process of envisaging trends is associated with the abilities of the main players of the art market to distinguish artists who bring something new and interesting to the market. Gallerists or auction houses can be described as so-called “gatekeepers” in the field of fine art. These experts and institutions contribute to the decision about which artists will be successful and which will not.

The biggest demand in the area of fine art is for artists with resounding names. Artists such as Damien Hirst or Jeff Koons are regularly placed at the top of the ranking of the most sold and most expensive contemporary artists and each one of their projects is eagerly awaited. In the event that the specific artist is currently attractive, the behaviour of all collectors is identical and they show the same interest in the works.²⁵ Many collectors operate on the same assumption, and because of this purchasing duels arise at art fairs between those interested in the latest works placed on the market. To have or not to have becomes the fundamental question of social status and social prestige.³⁸

Today collectors and investors above all look for the so-called “value of recognition”. There are those artists who lack this value, potential investors find them difficult to distinguish and therefore uninteresting. Many collectors look for names and themes which have potential, or artists who have already made their name in the art community and have become a famous “brand” and therefore a proven investment. There is particular demand for artists operating in leading positions of “art ranking”.

non-standard character of artwork

Non-standard character of artworks makes it difficult to clearly determine their price. The process of evaluation is highly individual and normally takes place in closed circles of the art world which are inaccessible to the lay public and quite difficult to comprehend.⁴⁶

Artworks are not regarded as common consumer goods, so determining their price is not a standard procedure. One of the factors that contributes to the evaluation of an artwork is the current economic situation, but also, for example, the material from which the work is made, or the reputation of the author or art gallery which is offering the work for sale. While the value of an artwork is the attribute which cannot be clearly determined, the price is a specific amount for which it is being sold on the market. The material or the number of hours spent creating an artwork often does not correspond to the amounts for which works are sold. The name of the author and opinion of reputable experts significantly increase the value and therefore the price of an artwork.⁴⁶ The tendency to be surrounded by art objects is a question of social prestige, and thus they are sold at auctions for a far higher sum than originally determined by experts. A similar situation can also positively contribute to the reputation of a given artist whose work will most likely be valued at a higher reserve price by experts at the next auction. The determination of prices during an auction tends to be non-transparent. Thus auction houses are accused of using fictitious auctioneers over the phone or online to achieve the highest possible profit. Various collectors also try to force up the price of an artwork to its maximum. Strategic bidding is worthwhile to collectors if they want to increase the value of their own collection in which they have works by the same author whose work is being auctioned. Gallerists resort to similar strategies if they do not want the price of the auctioned artist to be lower than that for which his work is sold in their galleries. The standard model of market legality concerning the relationship between supply and de-

mand cannot be generally applied in the art sector. An example can be a painting in a gallery which no buyer is interested in, even though the gallerist does not lower its price and waits for an investor whose personal motivation for making a purchase will be so strong that he will be willing to pay the requested amount.

As regards the value of an artwork, its market and art value needs to be distinguished. The market value is determined by the amount of money included in the purchase and sale of such a work (material, labour, transport). On the contrary, the artistic value of a work is determined by experts in the art market.¹ In other words, this involves a purely subjective evaluation which, however, can be functionally and creatively exploited when coming up with a marketing strategy and communicating with clients.

What exactly determines the price of a work? Why are huge amounts of money paid for artworks? Which works are successful and how is this predetermined? Why is one work famous and expensive and another is not? Does quality determine its price? What role does the artist play? How do the dealer and collector contribute to establishing the prices? What influence do museums have on the price? **Is the obstacle to the success of a work the fact that the author lives in Prague and not in London?**

Many investors possess considerable assets in the form of artworks. What is the price of Raphael's *The woman with the veil* or Munch's *The Scream*? Estimates of specific prices come into play only when the question arises-what could an artwork be worth for whom and when? Such questions are discussed among collectors of art and trustees of their assets. Artworks are presented in the art market as artistic values. Determining their prices is similar in many ways to the work of a banker who must often materially calculate intangible values such as good reputation, legal protection or trade name, and future opportunities on the market. Insurance and further financial advice is demanded in practice according to the material determination of the price of a work.⁴⁹This question is also a relevant matter in the event of shipment of a work abroad, its deposit in the

fund of a foundation, or administration of heritage.

As long as our society continues to place such a high value on such cultural items, people will be willing to pay high prices for them.⁵⁸ Generally speaking, art is perceived as a symbol of prestige and its prices reflect this perception. The consequence of this is that older works maintain their value. The prices of these works are only rarely affected by current trends and their value remains stable over the long-term. What is clear from the above is that the risk of purchasing older artworks with a long history and possibly a famous author is far lower than when purchasing a work classified as contemporary art. In its case the situation is different. The risk is higher and the quality of the artist or the work is not tested over time, as in the case of works by old masters. Current trends also play a big role. The financial risk is higher because there is always the possibility here that the artist will go out of fashion, which causes a fall in prices and therefore also a decline in the financial return on the given investment.

price of artwork

Prices on the fine art market do not rise just because artworks are naturally valued, but because more money is flowing into the market. The more collectors that begin investing in fine art, the more expensive this art becomes. In principle, rising art market prices are nothing other than the increasing sums which “players” on the market invest in art. There are various reasons for the inflow of cash into the art sector. An example can be the flourishing stock exchanges which contribute to investments in fine art due to the profit made from stock trading.

Two prices for the same product is a phenomenon that can best be explained using a specific example. The non-standard nature of artworks in terms of price also involves the fact that the price of a work is based on when and where it is sold. The digitally processed

photographs of German artist Andreas Gursky in three versions depict goods in a Prada brand shop; the photograph entitled Prada I was auctioned off at Christie's auction house in 1999 in New York for 173,000 dollars. A little later this photographic work cost about 50,000 dollars at the Matthew Marks Gallery. Prada II was originally offered at the Matthew Marks Gallery for 20,000 dollars, but in November 2000 it was auctioned off at Christie's auction house for 270,000 dollars. Prada III was sold at auction a year later for 310,500 dollars.⁴⁷ Similar situations are not exceptional in the art market. Gallery prices are more stable. By contrast, prices of artworks at auction houses are of a more dynamic nature and have the potential of sharp growth.³² So what are the reasons why the same work is sold for a different price at an art gallery and at an auction house? And why do galleries not respond more flexibly to supply and demand?

Sociologist Olav Velthuis,⁷¹ engaged in the problems of the art market, and explains the reason for these inconsistencies as follows. In his opinion, gallerists and auction houses are constantly on the verge between two value systems: artistic and market value, which they try to balance out as much as possible. He sees the gallerists as a party which comes closer to the artistic sphere whereas the environment of auction houses operates more on the basis of market mechanisms. Galleries represent artists and market their work. Gallerists have direct contact with artists and treat artworks like cultural goods. Auction houses specialise above all in mediating sales. This different focus and perception of fine art dealing is naturally reflected in the prices for which the potential buyer can buy art. Auction houses operate on a larger scale and only offer objects for sale whose quality is first verified by gallerists. A further reason why artworks are sold for higher prices is the principle of auction which is basically a duel between buyers which in many cases is more of a question of social prestige and the artwork as such is played down. In the environment of the art gallery this concerns expert knowledge whereas in the case of the auction it above all concerns the financial strength of the individual. Based on the prices for artworks sold at auctions, a rough estimate can be reached of how the

art market works. Information about prices of works at auctions is public, whereas sales made within an art gallery are often kept secret. This fact makes it difficult to analyse the art market and contributes to its non-transparency.³²

Prices for which artworks are sold at auctions indicate their value and the position of artists on the market. But can we say that auction prices are more objective than in galleries? According to Brett Gorvy, head of the department of contemporary fine art at Christie’s auction house, this is a democratic form of pricing despite the fact that dealing at auctions faces the highest price fluctuations.¹²⁴ The value and price of artworks remain a question mark, and any attempts at quantification are a risky business. Tobias Meyer of Sotheby’s auction house sums up the problems in the following statement: “The richest person wins; it is as simple as that.” What can be deduced from this statement is that the highest offered sum determines how expensive the artwork will be and how the artistic value of further works produced by the same artist will eventually increase. The fine art market is an autonomous and open space which is difficult to penetrate, and even more difficult to maintain a position in. Barriers not officially named are virtually just as effective as the formal control of entry into different markets. Many artists are unaware of these barriers; they clash with the harsh reality of the market environment and allow themselves to be discouraged.⁶⁶ But despite this, contemporary art is experiencing its greatest prosperity. Samuel Keller, director of the international art fair Art Basel, explains this increased interest of buyers as follows: “Contemporary art has developed a global language that is intelligible even to those not educated in the field of fine art.”¹³ Given that contemporary fine art takes on various forms, is highly diverse and often reflects our age, it is not just experts educated in the field but also a broader section of the public that is interested in it. The previous text indicates that the value and price of artworks depends above all on the human factor, and the more individuals that become interested in contemporary art the more the market will flourish.

quality of artwork

The quality of artwork as a non-standard product is not often apparent at first sight; what is decisive is the opinion of the expert as an authority in the field. Such an expert is most often a gallerist or curator.⁶¹

Demands on the quality of an artwork arise from in-depth interviews with gallerists: art must come from inner necessity, conform not just to the eye, but also to the soul and mind, and its vision should enrich humanity. If the expansion of the art market endangers these criteria, even in this case the abovementioned demands represent a potential for a work so it can maintain its position on the market.

According to Throsby⁶⁶ the fine art market may seem an autonomous and free sector which can do without any official regulations. Nevertheless, in reality there are informal barriers which are basically just as effective as the formal control of access to other markets. Many, especially young artists, are not aware of these barriers. They believe that a precondition of becoming established on the market is artistic talent and continuous work on personal ideas. However, among many artists it is a simple road of insufficient information about working conditions, and ignorance of the actions- and underestimation of the buying behaviour- of the masses which needs to be taken into account so a person can become acceptable, or even a successful player in the art market.

Art ranking is a way of determining the value and placement of an artist on the market. The basis, among other things, are the amounts paid for an artist’s sold work. The most well-known fine art ranking in Germany is called the Art Compass. This was first published in 1970 in the magazine, Capital. The following aspects were considered in the ranking using a points’ system:

where the artist has exhibited which gallerist he cooperates with which critic has written about him what prize has he won

The Art Compass is more an instrument for measuring the attention devoted to a given artist than a benchmark of quality. Many artists have foundered on similar rankings.¹⁹ At the present time, art ranking focuses above all on searching for answers to the questions: What defines the order of an artist in such rankings? Is it the quality of his work? Or is it the artist’s ability to move about successfully within the artistic system and draw attention to himself and his work? The aim of art ranking is not just to measure the attention devoted to a specific author, but also to create it.¹²

In the Czech Republic it is J&T Bank Art that draws up a similar ranking of artists and their work. The platform of J&T Banka Art is engaged in the promotion of projects that contribute to the cultivation of the individual and the general public. The bank is the general partner the Jindřich Chalupecký Award, Galerie Rudolfinum, Gallery of Fine Arts in Ostrava, Slovak National Gallery, Oskár Čepan Award and the secondary school competition Máš umělecké střevo? (Do you have a knack for art?) It is also the initiator of the J&T Banka Art Index and the project Magnus Art. (J&T Banka Art, 2015.) The Index is based on the premise that the actual value of art cannot be measured objectively, however the success of an artistic career can be rated. The list takes into account, among other things, participation

in exhibitions and biennials, art prizes, representations by galleries, published book monographs, or realisations in a public space. In total there are eight different categories. The potential of this ranking lies in the fact that thanks to it, collectors and investors can more easily find their way around current events in the contemporary Czech art scene. A top ranking does not necessarily mean that a given author is a more prominent artist than someone ranked lower, nor is it pertinent if an author has not been ranked among the first hundred at all. The Index can be regarded primarily as a report on how visible any author is and how much he exhibits in reputable institutions. Only events staged in the last ten years are included in the resulting total score.

potential of artwork

the potential of artwork with regard to placing it on the market is a further significant criterion. In a growing market, art is a product that is successful only if it draws attention in a flood of supply. A big role in the fight for attention is played by a simple message and a quick statement. Due to the demand for quick readability and the tendency to get to the point, parallels are appearing to advertising strategies. A good artwork is the only thing on a turbulent market that draws attention at first glance, since the second glance is often drawn towards something else. The concentration of demand only for several artists is the result of social processes.¹² Mechanisms contribute to this process such as high starting costs, coordination effect, the effect of learning, and adjustment of expectations. A gallerist who has invested in placing an artist on the fine art market and who begins to earn money with his work gives the artist a head start over an unknown artist, which for him would mean a new financial risk (starting costs). To reduce these costs, he cooperates with other galleries which present the same artist (coordination effect). Critics, curators, and collectors who have already learned his visual language will devote more attention to him instead of learning to recognise the character codes of a different artist whose future significance is uncertain (learning effect). Well-known arti-

sts save the search costs of potential customers, reduce uncertainty about quality, and create a sense of belonging to the majority.⁶ The fact that such processes tend to be affected by coincidences means that alternatives can be asserted regardless of the quality. Many consumers do not form their own independent judgement in markets where the quality of goods is uncertain, but rely on the evaluation of experts outside the sector.

art dealing

The “**money taboo**” is one of the defining specific characteristics of an art product on the market. The roles in the conversion of art into money are divided: the artist must believe in his art, the gallerist must sell the art, the critic must acquaint the public with the artist, the museum must provide him with a guarantee, and the collector must pay him. The discretion of money issues is an unwritten rule. Artworks that are exhibited in galleries for sale tend not to be marked with a price. Collectors that buy works separate discussions about art from conversations about money. It is as though fine art is not perceived in the sense of being a gainful activity, but as a vocation. The gallerist is regarded more like a mentor rather than a dealer. Therefore it seems that in a world of complicated and interconnected relationships on the fine art market, auctions are the most transparent and easiest to understand schema of fine art dealing. All transactions are archived, prices are public, and usually the media also contributes to sales documentation. However, it must be noted that although auction houses are a stable part of the art market today, a great majority of transactions are made up of private deals, which are less clearly documented. To understand the true nature of the art world, it is necessary to evaluate the deals as part of a whole, which at the present time is a relatively complicated process in view of how little official data is available.

Art dealing profits from the idea that art lies outside of commerce, and therefore holds a special position with regard to common consumer goods markets. A typical marketing strategy on the art market is to

deny commerce. The art market is constantly growing and becoming globalized. Art dealers stress the many advantages and opportunities that the phenomenon of globalisation allows and offers. An example can be the great simplification of searching for new artists, and the subsequent conclusion of contracts when the dealer and buyer do not have to be in real contact. A further example is the sale of artworks over the internet whenever and wherever. However, despite the many positive benefits of globalisation, there are also the risks it brings. The symbol of globalisation here is the internet and the art fair.^{7,2}

The popularity of the fair also brings risks to art dealers, in the shape of limited room and financial loss. Besides this, there is also the risk that fairs will become too commercialised, and art will lose its uniqueness and prestige.

“**Pricelessness**” is a further attribute which some objects of an artistic nature typically possess. Artworks often have a special use. For example, they are donated to a museum and it is not expected that they will one day become the subject of a commercial deal. The concept of pricelessness lies in the fact that the value of a work cannot be determined in terms of money, because this amount goes beyond the standard method of determining a price as part of supply and demand.⁵⁸

As of 1985, when the value of the Japanese yen rose greatly against the American dollar, the art market was flooded with a wave of Japanese money. This price hike was enough to cause a further hike. In 1988 more than half of the turnover of world auctions ended up in the accounts of Japanese buyers. Banks began accepting artworks as collateral in return for loans. Art began to be valued using fictitious exchange rates, and great sums of money were borrowed to buy it. Artworks also started being used as collateral for non-transparent loans. When the Nikkei Index collapsed in April 1990, this had a very harsh impact on the art market.³⁹ Many artworks bought for overestimated prices suddenly lost their value and the price paid by the buyers at the time before the crisis. An example may be the painting *Portrait of Dr. Gachet* by Vincent van Gogh. This painting

was auctioned off in 1990 by a Japanese dealer for 82.5 million dollars, and this sale became a sensation on the art market. A few years later this painting discreetly changed owners and was sold for a mere eighth of its original price.⁴¹

In autumn 1990, contemporary art auctions ended in failure. On 6 November, the painting *Anh in a Spanish Landscape* by Julian Schnabel was auctioned off at Sotheby’s in New York. This large format work was sold in 1989 in London to a buyer from Canada for 225,000 dollars. Subsequently, the painting was put on sale for 650,000 dollars, but no buyer was found for the work. Sotheby’s auction house valued the painting at the relatively low price of 350,000–450,000 dollars. However, the work was not sold at auction even when auctioneer John Marion reduced the price to 210,000 dollars. A further example can be a painting by Mark Rothko, which was estimated to be worth 2.2 million dollars and remained unsold, even though the price was reduced to 1.25 million dollars. The works of artist Eric Fischel- who was described as the “star of the decade” by auction houses- were offered for 300,000 dollars, which is about half the price estimated by experts of the auction house. As much as 56 % of artworks put on offer did not find any buyer. The favoured *Third Time Painting* by Robert Rauschenberg of 1961 was auctioned off for 3.08 million dollars only after the reserve price was reduced by one million dollars.⁴

The fundamental principles that control the fine art market remain more or less the same. Despite the fact that the market does not change, it is subject to artistic fashion and cyclical fluctuations.⁶⁰

The Mei-Moses Fine Art Index represents one of the myths that the art market is inundated with. It shows how to comprehensively monitor and ascertain revenues on the world art market. This index was construed as the difference between the price of artworks in the first and further auction sales based on 4,896 pairs of selling prices, for the period between 1875 and 2000. Gallerists inform that collectors have increased their investment sums ten times over the course of ten years from the sale and purchase of art objects, the media

inform of auction records, art magazines provide various tips for novices to the art market, online services proclaim twelve golden rules for investing into art, and reports are spread in art indices on price movements on the internet in real time. Just as on the stock market, the basic precondition for the rise of a speculative environment on the art market is public attention, because significant price movements arise only when several market players think and act alike. Art as an investment is one of the topics that is greatly discussed. Works that did not find a buyer and whose value was equal to zero are not recorded in any statistics. Not only do many auction houses not accept a great number of artworks (because they do not expect to get the corresponding selling price), but their acceptance is not a guarantee that they will be sold. A sales quota of 75% is considered a success. This also means that at least one quarter of accepted objects do not find a buyer. In addition, the transaction costs- which in the actual sale of artworks can reach as much as 25 % of the profit, and is one of the main costs- are overlooked here.²

To determine the quality and authenticity of a work, the opinions of specialists and experts in the art market are crucial. Not only do they determine trends and quality, they also decide about the authenticity, and about the degree of uncertainty and risks that prevail in the market environment.

Art dealers promote artistic trends, influence taste, and assert the buying behaviour of collectors even against established standards. The ability of dealers to identify the unique style of a specific artist is decisive in a situation when a collector buys the artist, his style and reputation, and regards all these attributes as a brand; and the actual work is only a secondary thing.³⁶ Only experts educated in the field are qualified to recognise the authenticity of a work, confirm that a work is an original, and verify the “signature”. The lay public and regular art gallery customers require the assistance of specialists for this recognition, as their word acts like the necessary guarantee and assurance of credibility.⁷¹

One of the possible solutions which could contribute to a better understanding of the various levels and

relationships within the art market lies in the generally more proactive approach of all participants in the market environment in the area of communication.⁴⁰ Not just the art market, but the entire cultural and creative sector and its players urgently need to make the process of communication and sharing of information more effective. The activity of institutions such as galleries or auction houses is based on active conversations between individual specialists, as well as on the constant survey of the art environment and market. So that these institutions can fulfil their role as intermediaries and “trendsetters”, it is important that their knowledge of the sector is always updated. This can be achieved only by the active monitoring of the environment and conversations with well-informed individuals, because only they know what is happening here and who is doing what.

“**The Winner takes it all**” means that the majority of the income is acquired only by a small amount of institutions and individuals.⁴¹ That is why buyers desire the works of a small number of internationally recognised artists, which results in disinterest in local artists on local markets. One of the attributes of this concept is the concentration of income in the hands of a few top artists, with small differences in talent and endeavour. A further attribute is so-called overcrowding. There is only a handful of star artists, and a whole number of artists that resemble them but never reach the peak of the imaginary ranking for various reasons. The focus on relative performance arouses the tendency in many individuals to enter the competitive environment, even though it is evident that not all can establish themselves. The reason for the overcrowding of the market is above all due to the inadequate self-confidence of individuals, the inability of self-reflection, the desire for better social status, or simple internal satisfaction from performing a given activity. A further attribute is the so-called feedback loop. This phrase describes a situation where being a well-known artist contributes to it being possible to maintain the position of winner and leader. An example may be a well-known director who obtains money to make another film more easily, above all based on his previous successes.

The “**existence of goods that nobody needs**”, i.e. are expendable, is artwork-specific marketing. Artworks can be considered luxury goods. “Luxury is much more of what you want than what you actually need. It is as different as people are different. What is a luxury to me can be a common affair to somebody else.”¹⁶

The time factor needs to be mentioned in terms of an artwork being regarded as luxury goods. In today’s globalised age one of the widespread trends is the reduction of time and the endeavour to most effectively avoid or limit time losses, and the ability to quickly adapt to the constant change which the dynamic market environment brings. The situation is different in the art objects market. Dealers often delay the sale of artworks and wait several years for an appropriate time to sell a work. Equally it takes far more time to become established on the market as a contemporary artist not hitherto tested by time. A different strategy from traditional marketing must be chosen to succeed in this area. These marketing differences can be summed up into so-called “luxury goods paradoxes”- such as the uniqueness of a product, high price, high costs, perfect workmanship, exclusive distribution, or limited promotional activities. It can be said that this involves the creation of a kind of illusion of scarce goods, forcing customers to do something more to acquire the dreamt of product. It is this illusion that ensures brand stability and identity, together with the fact that the product must be easy to recognise and in line with specific fashion trends.³⁴

The basic role of marketing in the art world is to create a desire for things that nobody needs, but for which a certain segment of customers is willing to pay a high price.¹⁰¹ Marketing is generally based on customer perception. In the art environment, it often focuses on the method of perception of the higher class for which even generally expensive things are financially affordable.⁶⁰

transparency of the art market

The creation of room for illegal conduct is connected with the issue of non-transparency, activities in the art market are more difficult to document and archive, since most sales take place in closed circles.

Interpol estimates the global turnover of stolen art objects at 2 to 4.5 billion dollars per year. The customs warehouse in Geneva, which is the size of 20 football stadiums and also contains the warehouses of Christie’s and Sotheby’s, even stores artworks illegally acquired or paid for using black money whose owners place their trust in the pragmatism of the Swiss and in the confidentiality of their banks. According to the estimates of experts, in Germany, 50-70 % of transactions on the art market are financed by black money.⁶⁰ The reverse side of the otherwise highly valued discretion of art dealing is its renowned non-transparency. The art market does not just exhibit but also withholds and conceals.⁴⁰ At a time when the number of fakes and forgeries in the art market is on the rise, the absence of clearly defined processes of the verification of authenticity means that in some cases the purchase of an artwork can be an extremely demanding and stressful affair. The careful and detailed analysis of artworks by experienced specialists together with carefully elaborated guarantees given during each sale can provide the buyer with at least some form of protection. The issue of attribution and verification of the authenticity of works in the past has slowed down the increase of the selling prices of works, but currently it seems that this process does not have such a great impact on the selling price of an art object.

Risk and uncertainty are topics often mentioned in many discussions concerning the market in general, and the art market in particular. In the environment of the unprecedented, unique, and constantly changing art market, its key players must be even quicker in their response to the unpredictable demand of consumers and to the uncertainty of the market. The art market is

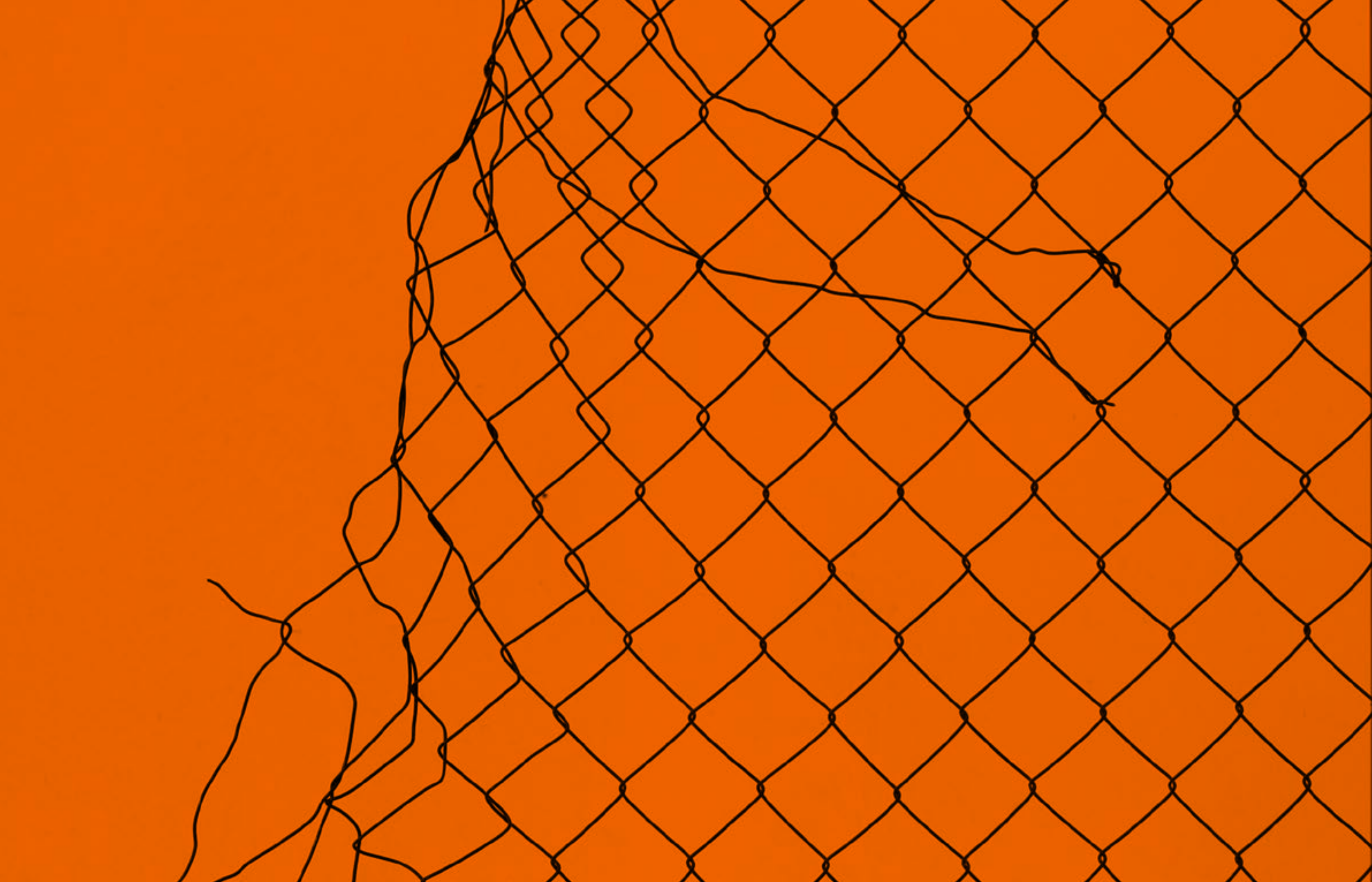
characterised as unique and somewhat unpredictable, because it focuses on artworks that are considered exclusive and precious goods.

The diverse nature of the art market has its positive and negative aspects. Thanks to its uniqueness, the market is not as homogeneous as others. This creates potential difficulties in the attempt to penetrate and understand this sector, above all for individuals who look at the market from outside and are not part of the internal circles. In the artistic sphere, the time and value aspect are of the same importance as the elementary attributes of the object being offered for sale. While dealers in other markets are driven by the endeavour of making an immediate sale, it is not unusual in the art market for a gallerist dealing with artworks to wait years before finding the right buyer, or to wait until the artist is appreciated. This process and the importance of the links between time and value are generally recognised within the entire art world. Nevertheless, this approach need not be accepted outside this environment. The fast growth of the art market in the last twenty years has seen even greater diversity, a higher quantity of art object dealing, and more territories and persons involved in each sale. This trend is considered a great opportunity, but the attempt to analyse the market still remains a relatively difficult process.¹⁸ The exclusivity of the entire market could lead to a conflict of interest, or chaos among individuals who are not that well versed in the market mechanisms.

Risk and uncertainty are closely linked with the concept of randomisation. The uncertainty of the art market is so high that there is no point in speaking about some specific risks. In this sense, we can assume that artists and other specialists in the area of creative industries only have a minimum guarantee that their works will succeed on the market. Afterwards there is a relatively great chance that the professional public will not become aware of the works, and they will also not make an impression on the lay public. Let us now concentrate on so-called star artists, in whose case the situation is very different. The degree of uncertainty and risk in the case of very famous and constantly-sold artists is easier to analyse and measure. Among other

things, also because works sold at auction for record-breaking sums receive the best documentation, and almost all research and discussion concerning the art market focuses on record sales at auctions. The issue of risk and uncertainty are usually greatly discussed topics in the event that the individual decides to invest in fine art. The research that focused on the return on investment in art objects showed that it is not only difficult to analyse and predict the market, but that it also performs worse in the long-term than bond markets. Therefore, investors that are primarily interested in a return on their investment normally invest their money in the purchase of securities. So this fact indicates that people who decide to invest in art are driven by emotional motives rather than the promise of financial yields.⁴⁹ The majority of investors that decide to invest their money in emotional assets such as art objects have a truly internal appreciation of them, and build a personal attachment to them. The continuous growth of demand for artworks- which are considered a passionate investment- points to the fact that even a relatively small financial return on these works is not an obstacle to buyers.⁵⁸





JIŘÍ DAVID





ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



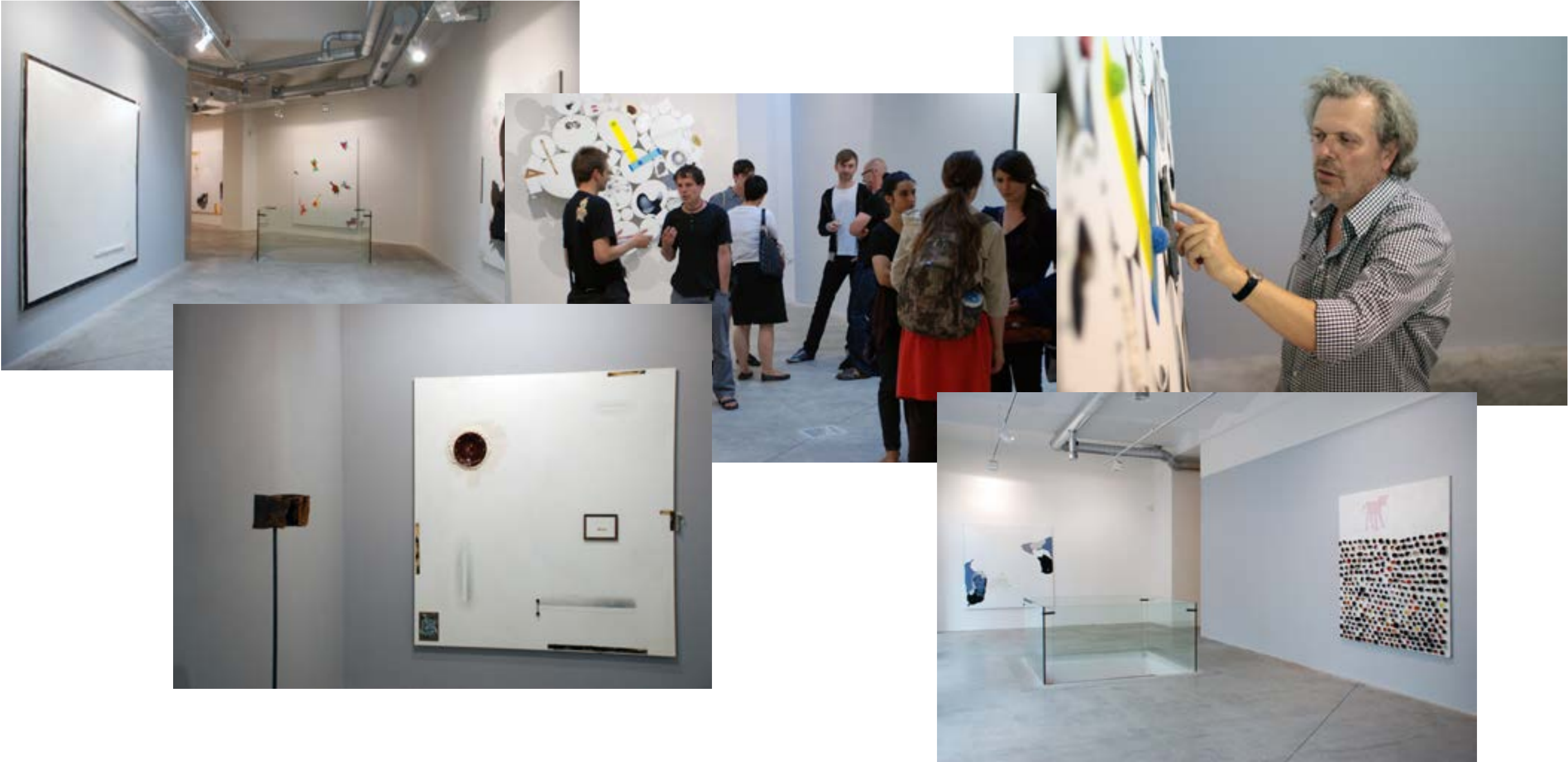
ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



**JIŘÍ
GEORG
DOKOUPIL**





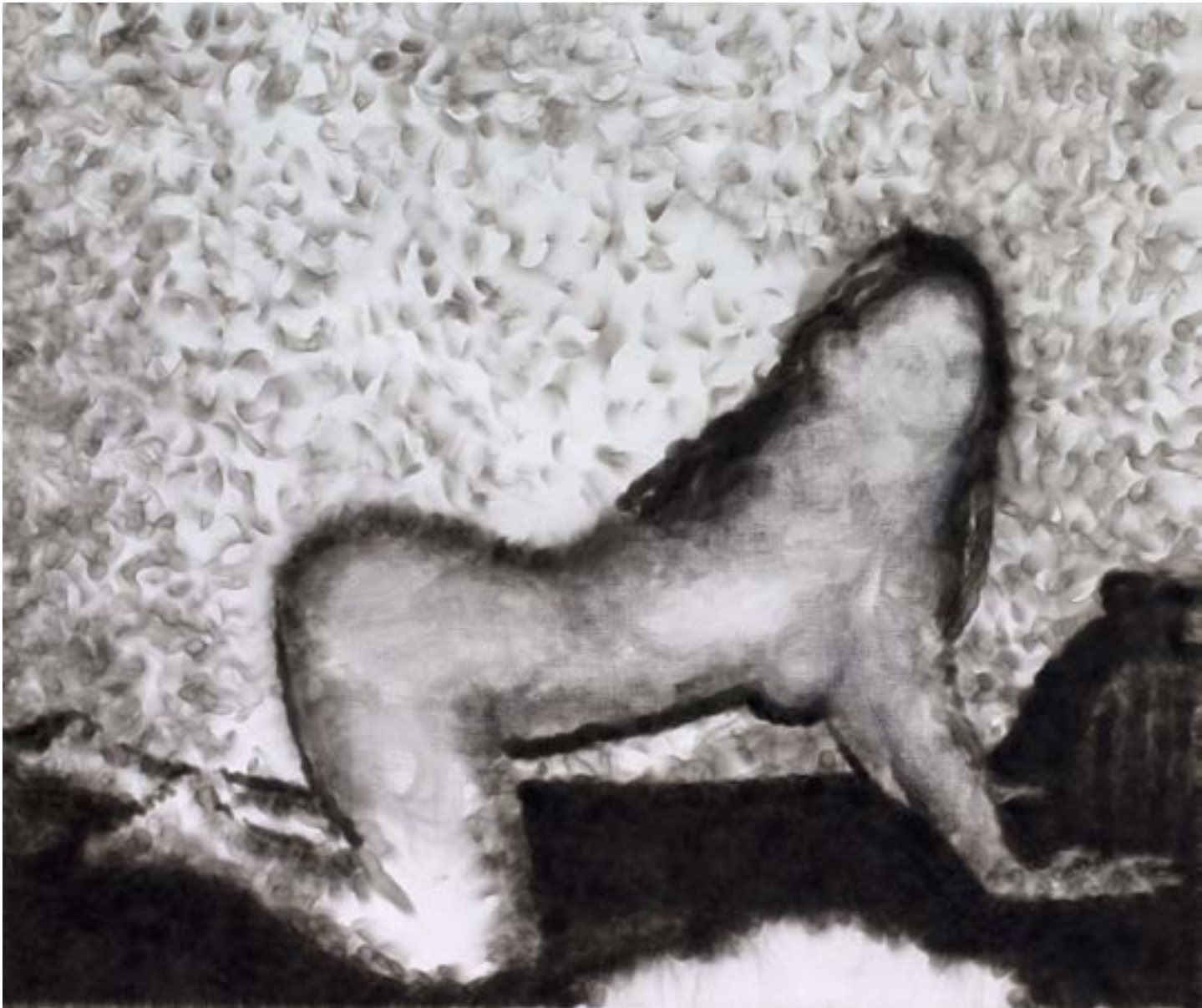
ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections





ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

JIŘÍ PETRBOK





ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections



ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

ANDREJ DUBRAVSKÝ
NÁZEV
200 x 200 x 30 (80 x 80 x 14)
Private Collections

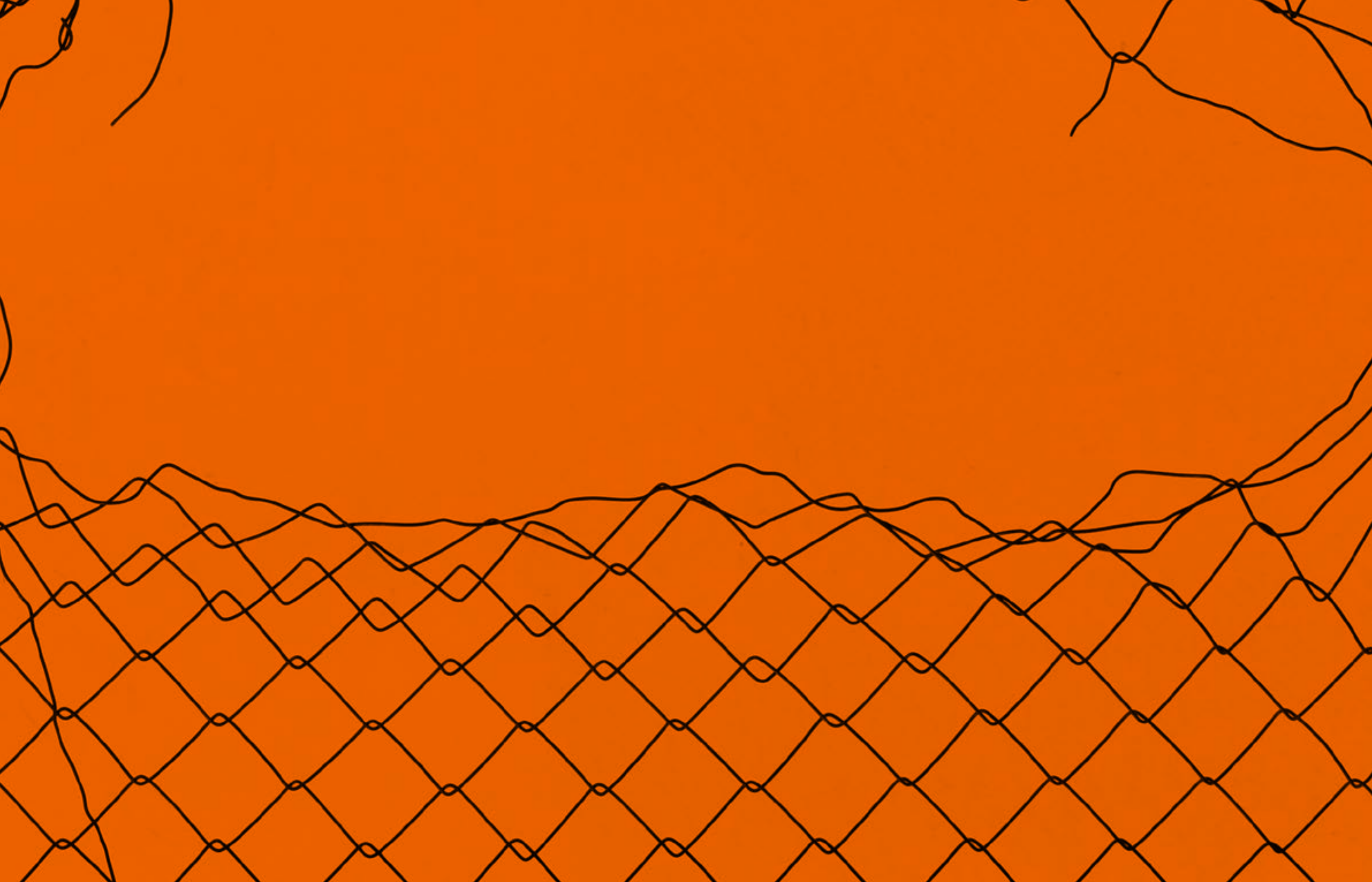




**JOSEF
BOLF**









INSTITUTIONS AND COMMUNICATION TOOLS IN THE ART MARKET

Contemporary art market institutions and the communication tools they use are presented in the following text in context with the communication of private galleries when building the position of an artist on the market. Other institutions and aspects that are also important are not a subject of interest here.

Auction Houses

an auction house is understood to mean a company that facilitates the purchase and sale of assets such as artworks and collectors’ items. The description of an auction house refers to an establishment where auctions are held, and to a specific company which owns and manages an auction house. Globally more than six hundred auction houses compete for the goodwill of buyers. In the secondary art market, they are engaged in increasing the value of artworks. Among the most prominent auction houses are: Sotheby’s, whose biggest competitor is Christie’s, and the increasingly more established Phillips de Pury&Company. These three institutions have been transformed from auction wholesalers to dealers in luxury art goods. The role they play in converting art into cash surpasses that of galleries and art dealers. Today, their importance in the global art market is the result of an expansive strategy whose foundations were laid back in the 1960s. Originally they were limited to art of past ages and to supplying retailers, then they expanded their territory to contemporary art, and finally to the art market consumers.

The one who comes away from an auction as the winner is the one who paid more than all the others were willing to pay. Auctions represent a strongly competitive environment, and there can be only one winner in this competition whose position demonstrates his social status, prestige, and his belonging to the social elite class. Economist Thorstein Veblen⁷⁰ in his theories identified the term of so-called “ostentatious consumption” which he described as the phenomenon of economic behaviour. According to him, the desire to be in the first positions of a ranking, and to be able to buy the most expensive products, is not connected with the assumption that this product is better or of better quality, but rather that by owning it the individual sends out a signal of his own success, exclusivity, refined

taste, and social status.

Auction houses tend to be accused of intentionally increasing prices using fictitious bidders over the phone. Nevertheless, this speculation has never officially been proved. Even auctioneers can strategically push up the price, especially in the case of private collectors or art funds. The aim is to increase the price of one’s own collection which contains the auctioned artist. In the case of dealers, the aim is for an artist’s works not to fall below the price for which they are sold in their galleries. Dealers can agree on a bidding strategy so a work can be auctioned off for the lowest possible price.

Art And Fashion

auction houses, an important institution in the fine art market, profit from combining art with fashion and lifestyle. In May 1998, French dealer François Pinault bought Christie’s auction house and transformed the British flagship into a private venture subject to French law. His holding company Pinault-Printemps-Redoute, abbreviated to PPR, owned not only the retail chain Printemps, mail order company La Redoute, and fashion brand Yves Saint Laurent, but also holds shares in the brands Gucci, Sergio Rossi, Alexander McQueen, and Stella McCarthy. Pinault exploited the fact that luxury brands focus on the same segment of customers. Since those who have taste and money and know how to dress elegantly will most likely buy not just expensive clothing, but also art. Soon after, Pinault’s competitor, Bernard Arnault, an important entrepreneur in luxury goods, took over Philips, the third biggest auction house in the world. As a majority owner of LVMH, Arnault controls an empire of more than 50 luxury brands ranging from Louis Vuitton, Moët & Chandon, and Christian Dior, to Marc Jacobs, Donna Karan, and Emilio Pucci. Arnault also acquired the art magazines “Art & Auction” and “Connaissance des Arts”, thereby gaining control of communication tools which help him to dominate the art market.⁶⁷

The arrival of the “kings of fashion” Pinault and Arnault in the world of art meant that this art came under the influence of the strong marketing of the fashion industry. In July 2001, the White Cube gallery in London exhibited

15 large format photographs entitled “4 days in L. A.”, produced for Versace. A successful sales strategy was responsible for combining the concepts of fashion, marketing and advertising. In contrast, auction houses exploit the fame of fashion in their lifestyle magazines to reach a new segment of buyers. According to Michaela Neumeister of the auction house Phillips de Pury & Company, many new customers buy art “for the joy of consumerism”. They change artworks like they do clothing. Fashion is no longer effective only as a principle in art, but is gradually becoming its content, as is demonstrated by a Chanel perfume bottle and a Yamamoto shopping bag by artist Sylvie Fleury, or a portrait of a model by Sarah Morris. In this context, experts in art marketing argue whether this is still art or just lifestyle and fashion.³⁹

An auction house may offer a guaranteed selling price or a “guaranteed minimum”. The aim of a similar guarantee is to provide dealers with a guarantee that the entrusted work will be sold for a specific price. Auction houses introduced similar guarantees in 1970 to support the sale of artworks. The guaranteed price is usually approximately the amount of the fixed minimum price for which a work will be sold.⁶⁵

Price Guarantee As A Competitive Advantage

“There is an extraordinary wall of money here” was the comment made in early 2006 on behalf of Sotheby’s by William Ruprecht in the Wall Street Journal about the auction market boom. Christie’s also experienced record sales. The volume of money that flows through auction markets increases the income from commissions for auction houses. The rising share of revenue comes from contemporary art dealing. The growth of final prices is also affected by auction house interests in high commissions.⁶⁷ Auction houses also compete in the bidding. That is why big auction houses in the fight for artworks have gone so far that one

is outbidding the other with the promise of guaranteed prices. This means that the price bar moves even higher. If the guaranteed price is not reached at an auction, the loss remains with the auction house. So it is even more important to reach these high amounts or exceed them. When Sotheby’s wanted to acquire Warhol’s Liz of 1963 against the competing auction house of Christie’s, Sotheby’s flew out its associate to Los Angeles, where he offered the owner of the painting a promised guarantee of 10 million dollars to make sure that the artwork would be auctioned off by their auction house. Liz was sold in May 2004 at Sotheby’s for 12.6 million dollars which included the sales commission.⁴

Since the time when there has been a market in which goods are sold for money, after good marketing it is customer credit that is the second step to a successful route of sale. Marketing creates the wish to own a product, while customer credit makes it possible to bring this wish closer. So it would seem consistent for auction houses to increasingly resemble Swiss banks and begin to attract their customers by offering credit. This has made auction deals a double source of income. Credit interest now comes with commission from an art deal.⁵⁷

The Auction House As A Swiss Bank

In the mid-1960s, Peter Wilson- who helped Sotheby’s to assume the position of leader among the auction houses of the world- embarked on the process of changing the image held up till then by the institution. The hired marketing expert considered art to be secondary, and worked on the assumption that the main nature of the customer in the art market consisted of two attributes: money and class. The results of the entire strategy were small clear graphs; Time-Sotheby’s-art indices. At first glance, these indices helped readers to understand price movements in individual sections of the auction house. This way the auction house ensured the influx of customers thanks to the seriousness of the financial statistics. Thus Wilson later compared the auction house to a Swiss bank. Apparently auction prices- just like stock quotes- could be used as a

market barometer, and thus Wilson took one of the first steps towards having art be perceived as a form of investment.¹⁹ The introduction of estimated prices turned out to be a magnet for end customers. It improved the transparency of supply, and removed collectors’ fear of direct entry into the art market in which they were not experts. Sotheby’s auction house included in its offer art courses held by experts from a number of institutions. This way the auction house began to nurture a generation of future experts, and to expand the ranks of customers. By holding wine and jewellery auctions, Christie’s auction house acquired the upper middle class, which earned money in Great Britain during the economic boom and began to lay claim to the privileges of the upper classes. The transformation of auction houses into department stores offering luxury goods had begun.

Private Galleries

Private galleries are commercial institutions which are professionally managed businesses making profit from the sale of artworks. Therefore the basic precondition for success is to choose the art and artist that gallerists believe will be successful on the market, to increase an art gallery’s reputation. So that the sale is successful for artworks which in their essence are a unique commodity, gallerists must possess special skills for their sale. Gallerists play an important role in the process of revaluation and increasing the value of an artwork because they are able to build, secure, and strengthen the artist’s reputation on which the value of his/her work is based.

As intermediaries, gallerists hold more than one role in the process of increasing the value of artworks. The first role of gallerists is in the so-called “identification” of an artwork. When signing a contract with an artist, the gallerist does not just consider his talent, but also attempts to categorise him in some way. This means that the gallerist or art dealer must take into account how the style of the given artist conforms to the present market, and whether his work can be sold for a price acceptable to both parties.¹⁸

Role Of The Gallerist

Given his position on the market, the gallerist can reduce the general uncertainty, as well as identify and reduce possible risks that are inevitably connected with the somewhat subjective value systems that define the art market.¹⁴ The value chain begins in the artist’s studio from which his work emerges, nevertheless the services of a mediating gallerist are required so the work can be correctly valued for the needs of the market. Their close cooperation is the solution. The “art for art” principle takes into account a situation when the artist, actively communicating with his gallerist, draws satisfaction only from creative work, because he does not have to deal with other activities connected with the sale of his work. So that the entire artwork valuation process is effective and successful, all parties involved must adhere to their roles and responsibilities. Thus the gallerist should not dictate to the artist what type of art he has to create, because in this case the artist loses his creative autonomy.

A system based on long-term cooperation between the artist and gallerist is beneficial to both parties. The artist can concentrate on the creative process, whereas the gallerist’s responsibility lies in marketing, promotion, and the search for suitable buyers. It can be claimed that at present, galleries and their employees play an important role in the artwork valuation process not just because they have contacts, but also because they decide “who is inside and who is outside artistic circles”. Gallerists are considered specialists who search for trends. These experts look for something new and special, i.e. for works that are exceptional and novel in some way, and also have the potential to succeed on the market.

Gallerists Vs. Academy

One of the most important milestones on the road of the gallerist from being an art dealer to the market broker in the late 19th century was their recognition of the Impressionists. The result of the efforts of gallerists was to establish the Impressionists despite Academy conservatism and the voices of the critics. It was shown that not even established academic criteria or influential critics can prevent the success of a new art style. The fact that many critics were mistaken in their evaluations of Impressionism meant that they lost their authority in the eyes of the public. The removal of binding art valuation criteria meant that the criticism of art was no longer such a well-founded assessment of value; rather, it became a risky gamble. Gallerists came out the winners from the duel for the definition of art, and they became the “managers of the careers of artists and creators of the art market” thanks to the systematic collection, promotion, and sale of artworks.

This presented example can be used by a gallerist in communication with a potential collector in order to convince him that it is good to collect the unknown and the new, and that this could mean success and a good investment in the future. Thus the conservative approach when collecting Impressionism- so popular among collectors even today- was a daring strategy, and equally financially advantageous even 100 years ago. It is up to the gallerist to present new discoveries as a possible future win....

Gallerist Vs. Art Dealer

A gallerist usually initiates meetings between collectors and an artist and his work. He explores the field, follows the entry of the artist into the art scene, compares, and selects. The difference between a gallerist and an art dealer is the invested time, energy, and money. What is important to the gallerist is the vision of the given artist, whom he accepts into his art gallery and continues to represent him. This is how he differs from the art dealer, who is satisfied merely with dealing with any kind of artworks. Legendary figures such as Paul Durand-Ruel, who helped to introduce

Impressionism to the world, Daniel-Henry Kahnweiler, the pioneer of Cubism, or Leo Castelli, the promoter of pop art, belong to this type of visionary-art dealer. “Everyone can discover an artist,” says Castelli, “but turning him into something that is prominent is a true discovery.”¹⁷ However, only a few discovered talents can maintain their long-term position on the art market. The Berlin gallery Nothelfer has exhibited 200 artists in 40 years, 120 of which it discovered. However, no more than 8 of these artists maintained their position on the art market for a longer period of time.⁶²

Picasso Phenomenon

Money also played an important role in the success of Picasso, above all due to the willingness of gallerists Paul Rosenberg and George Wildenstein, who already operated on an international scale at the time and were regarded as the most prominent art dealers.²⁰ Rosenberg specialised in 19th century art, and Wildenstein in old masters. They may have managed separate galleries, but they cooperated in financial matters. Not only did they provide Picasso with the opportunity to present his work in an art history context which was associated with the French tradition of the seventeenth, eighteenth, and nineteenth centuries, but with their considerable financial means and social contacts they were also able to outdo anything offered to him by Daniel-Henry Kahnweiler.⁵⁹ Both were convinced that their customers would turn Picasso into a prominent artist, and they divided up the Picasso market into two parts. Wildenstein took on the representation of the artist for America, and Rosenberg for Europe. The success of the “Picasso brand” is extraordinary in the history of art, and in the history of investment in art, and it is worth investigating in the context of the ambition of establishing the author on the international market.

Participation Of Two Private Galleries To Promote An Artist

An example of the strategy of cooperation and a combination of marketing forces can be the DSC gallery, which established communication and cooperation with the French gallery Dukan when representing artist Masker. In addition, they divided up the art gallery’s activity, unified the strategy of participation in international art fairs, and together are building the career of the talented artist and his/her international recognition, including the increase in the value of their works. Based on the specific features of his work and street art past, the galleries chose to present his work at the Art Miami fair in Wenhood, which is known for its strong street art scene.

So how to get out of that vicious circle when a collector buys directly from the studio? How can you explain to him that all art market players need each other to advance the artist’s work and career? How can you convey to the collector and artist that if they leave the art gallery out of the business transaction, it will not have the money for the fair, and will not be able to take and present the artist abroad? The artist is therefore undermining the position for his future career growth, and in the case of Czech galleries, their activities abroad. An artist cannot register alone at a top art fair without an art gallery.

In foreign countries it is already very rare for an artist who is represented by an art gallery to sell something outside of the art gallery. It must be said that this art gallery meets its role and is really investing in the author’s career. In this case, it is not uncommon for an art gallery to apply repressive tools against an artist for not adhering to an agreement, or to part ways with the artist and no longer represent or promote him, and so forth. This involves exclusivity, which also obliges the art gallery to take steps such as making the obligatory purchase of works for a year in case they are not sold, organising exhibitions, printing a catalogue, etc.

It must be stressed when communicating with all the players in this situation - the artist and collector- why it is good for both of them to work with the art gallery, i.e. to make the sale through the art gallery.

The potential of an artwork can be a further precondition for the success of an art gallery. In economic terms, private art galleries are one the highest business risk areas.⁷¹ The reason for this can be the uncertain pricing, the complicated relationship between the author and gallerist if based above all on mutual trust, which is often broken on both sides. The situation is different in foreign art galleries where in a contractual relationship, which is legally binding, the author undertakes to exclusively sell through one art gallery, and the art gallery undertakes to regularly buy a certain production of works from him. However, this bilateral relationship is almost exceptional in the Czech Republic. The artist does not cooperate exclusively with one art gallery, and often sells works directly from the studio outside the art gallery or to other art galleries. However, the task of the art gallery is not only to sell the artist’s work, but above all to promote it, which requires considerable effort and is a long-term and costly affair.

The professional relationship between a gallerist and artist, who together have an exclusive relationship, does not rule out the artist’s cooperation with another private art gallery. But in an ideal case, the terms and conditions, joint representation, and participation in the costs to build the artist’s career need to be pre-agreed. This includes an agreement for the division of the art gallery’s commission in the case of a sale.

The gallerist’s role is to maintain public awareness of his core author so that it is clear that the artist belongs to this art gallery and is not cooperating with any other, and so that customers are to contact the art gallery directly and not the author in person.⁵⁵ This precondition is important especially in terms of price policy, as the price of the work of up-and-coming authors is not fixed. It is altogether common that a potential buyer will bypass the art gallery and will reach a direct agreement with the author, which is typical for the market in the Czech Republic, but far less so for foreign markets. Therefore, cooperation between a gallerist and the author must be as close as possible. These

are very fragile ties and can be easily severed. The work of almost every Czech author can be purchased directly without the mediating role of an art gallery. In this respect, its work appears to be ungrateful, but nevertheless an art gallery should at least supervise the works of the artist it exhibits.

When determining prices, there may be discrepancy between the price expected by the artist and the price offered to him for his work by the gallerist. The gallerist invests his work, energy, and financial means into the presentation of artworks, often in greater volume than the artists think. There is a great difference between whether the work is only exhibited in the art gallery and whether the gallery manages to sell it. The exhibition of each work is an act that is beneficial, even if the work does not find a buyer. It is supposed that the art gallery may already have a reputation and established clientele with regard to which it is building its programme.

An important moment in the relationship between an art gallery and collector is whether imaginary guarantees can be provided by the art gallery that budding talent has a promising future, which can only be more or less conjectured in an up-and-coming author. In this respect, the art gallery needs to constantly invest considerable energy in its author; however the success of such action can be confirmed not by the number of sold works, but by the presence of the author at exhibitions in institutions which the art gallery does not organise, and only lends out the works to them. Here feedback is necessary, which at least can be used as a way to measure the possible interest in the author. It is often the case that when communicating with a collector about the importance of an author, the gallerist can mention the author's solo and collective exhibitions which the author had outside the art gallery.³⁵

Fine Art Fairs

As stated by Klamer, art fairs can be regarded as large-scale sales exhibitions. They are a venue where art market institutions can meet. The objective of attending exhibitions for dealers, artists, collectors, and curators is to draw inspiration, establish contacts, and conclude business deals. But fairs are also ostentatious visual events open to all the interested public. The most prominent are often selected by the curator, and only the best galleries get to attend these.⁴⁰

The most important fairs were still organised in large European cities in the late 20th century, but as a consequence of globalisation moved closer to their clients, i.e. to the US and Asian countries. These fairs in Miami, Hong Kong, Beijing, and Seoul threaten the former monopoly position of traditional venues organising fairs such as Basel or Cologne. As a global shopping space of the art world, fairs attract the attention of a growing number of potential customers, and also facilitate business transactions involving an increasing amount of money traded in the interval of the few days that the fair normally lasts.

Local art gallery leaders at the venue of the fair only manage a fraction of the total turnover of sold art. This explains why even prominent German gallerists who formerly attended a maximum of four, today attend about ten fairs a year. Galleries of less importance and with a lower budget present their artists at satellite fairs around the more prominent fairs. For potential art buyers, fairs are a convenient medium where they can get to know the most important work of artists that the represented galleries exhibit. The buying behaviour of collectors is subject to a certain urgency when making buying decisions, as a fair normally only lasts several days before galleries return to their home environment. For gallerists and artists alike, taking part in fairs is one of the most important ways of presenting artwork and drawing attention to oneself in an international context.

The means of communication in this area depends on the communication strategy, which can be characterised in three different categories according to the type of partici-

pation of an art gallery at a given fair, whereupon specific communication tools can be combined:

- § If a private art gallery does not participate in a fair, nor do any of the artists it represents, this can be communicated to collectors, for example as information about the status and trends of the fair concerned where the art gallery is only a visitor. In addition, a visit to the fair can be organised for its client-collectors, and the fair can be used as a possible deepening of their relationship.
- § If a private art gallery does not actively participate in organising a fair stand, and only its author is represented at the stand of a different private art gallery, this art gallery can communicate the author's participation to journalists and the media, as well as draw the attention of the art gallery's collectors.
- § If a private art gallery does participate in organising a fair stand, it is an extraordinary communication opportunity which needs to be extensively exploited within the scope of all contacts throughout the entire spectrum of art market institutions, especially the local one.

This results in the interconnection of local and global communication where the art gallery is at its centre, and it depends on how the art gallery will exploit these contacts as part of its agency activity. This also involves contacting foreign institutions and presenting the activity of the art gallery and the individual artists. Therefore taking part in an art fair is regarded by gallerists on the Czech scene as one of the most important and most effective marketing tools of the private art gallery on the route to a foreign market.

Art Object Funds

The art fund can be seen as a specific investment instrument. Art acquired thanks to the money of investors gains interest in an ideal case, and its value increases if presented at reputable institutions. After several years the fine art portfolio is sold, ideally in a planned sale at a convenient time, and through an appropriate dealer. The proceeds go to the investors.

Artworks in the capital market assume the position of a capital commodity. An artwork can be regarded as a traditional financial product and can include everything ranging from conservative capital security, risk investments, and highly speculative investments. Normally, funds communicate their activity when acquiring their clients by assessing the risks and appreciating the trends of the growth of an art commodity. Based on the communication of these funds in the acquisition of new investors (websites, brochures), it is shown that the works of old masters and Classic Modernism can be considered a conservative investment with little risk, the works of contemporary recognised artists are a potentially increasing investment, and the works of young contemporary artists are a speculative investment. To diffuse the risks, diversification is recommended in the sense of the theory of the portfolio which is practised in financial markets, i.e. to invest in the works of various artists and in various periods. Art speculation has become a daily reality of investment advisors.

Instead of curator rhetoric about the importance of an artwork, funds communicate through fixed data of a financial nature, such as company audit reports of past years and analyses of these reports. Such data also provides the economically justified trend of price movements of artworks on the market, often visually communicated by means of charts, tables and the like.

If a private art gallery wants to enter into communication with a fund when selling its artist to the portfolio of this fund, it must adjust the language of the communication of their data principle.

Art Funds And Their Development

Fine Art Fund Group

daniel Grant⁹⁸ states that since it was founded in 2001, the London Fine Art Fund Group has purchased artworks for almost 150 million dollars, and now this fund has begun to assert its position as a buyer at auctions. Since 2004, the Fine Art Fund invests two million dollars in art every month. The artworks are stored by the fund’s subscribers, who pay the lease. The Fine Art Fund Group has a team of 35 managers, marketing analysts, art specialists, art dealers, auction house managers, and art theoreticians. Their strategy is to buy a work as cheaply as possible, and sell it for the highest possible sum. The average annual revenue for the sold assets of the Fine Art Fund is about 33.5 %, which represents a good result even after the deduction of 20 % for the performance fee. In May 2011, executive director Philip Hofman, the former chairman of Christie’s auction house, declared that the Fine Art Fund Group is the only art investment group with a successful seven-year history. The value of its works since the peak in 2007 fell in two years by 30%; however, despite this, their value was 30% higher than the purchase price. In the last 4 years, it has sold more than 70 artworks for a total of 50 million dollars. Two thirds of these artworks were contemporary art, and the remaining part was equally divided between the works of old masters, Impressionists, and modern artists.

Collectors Fund

The Collectors Fund, a fund specialising in 20th century art and in contemporary art, based in Kansas City, USA, has 100 local investors. The initial investment of each of them was a minimum of 100,000 dollars, however some had invested more than half a million dollars. Thus the fund managed to amass a sum of about 30 million dollars between 2007 and 2010. In the first four years, investors gained a 40% net profit, and 60% was re-invested into the purchase of artworks. In the following years they had already gained 100% net profit. The founder of the fund, Alexander Kem-

per, was heard to say that 13% of the art fund had already been sold with an annual yield rate of 28.5 %.⁶⁰

In 2003, 12 similar funds were incorporated- beginning with the Swiss Art Collectors Fund through ArtVest, based in Geneva and New York- into the China Fund, operated by the Dutch bank ABN Amro. In the words of Bruce Taub, this is a further step towards the democratisation of cash deposits. This opens the world of painting and sculpture also to investors who do not have a background in financial stock of corporate assets amassed over generations, or rights to oil wells. Apparently more than 10 billion dollars should flow into the art market in the next ten years due to the activities of these funds. Because of bad management, the Art Dealers fund from Mutual Art.com had come to an end. Many overestimated their abilities and- like for example the American Art Fund, the New York Art Management Services of Peter Falk- they will be limited to a fraction of the planned capital in the near future. Hedge funds are also attracted to speculative opportunities on the art market. An example may be the Fernwood Art Fund, the Art Trading Fund, or the Artemundi Global Fund established in 2009 on the Cayman Islands.

History Of Art Funds

The legendary British Rail Pension Fund still applies as a business model for new fund projects. Since 1974, the fund invested a total of 40 million pounds into more than 2,400 artworks of old masters and Impressionists, as well as into books, statues, and Chinese ceramics over a period of 15 years. Between 1985 and 1999, it gradually sold its works. Thanks to several lucky investments (representing only 1% of their total investment) primarily in Impressionists, the fund gained a return of 11.3 %. But the fund did not approach the trend on the stock market.¹¹³

Bank And Art Fund As One Of Its Products

several private banks registered an increasing demand for art investments. Some decided to offer their clients a so-called art advisory service while others began cooperating with specialised companies. The abovementioned Fine Art Fund Group went into partnership, for example, with the Emirates National Bank of Dubai, Banco Santander, EFG Eurobank Private Banking or Banca della Svizzera Italiana. Art funds want to attract investors who are solely interested in making the best possible return, while the quality of the represented art in the fund does not interest them that much. Such art market participants create a scale of measure for the capital market, and gravitate towards becoming alienated from the art market. This is the same reason why it has not been possible so far to establish art funds in banks such as UBS, Citigroup, Deutsche Bank or ABN, or after being established, to be able to successfully manage them. After DG Bank Luxembourg in 2000 “closed” its open art fund due to its failure after three years, Société Générale was the second largest bank which dared to enter this hitherto unexplored field.

ABN Amro

the bank ABN Amro also promised to create an art fund on behalf of its clients and other interested parties. Together with the London consulting firm Seymour, its management checked out the markets of products with prospects of success. Much of this was to be carried out in the near future, including such embarked upon projects as Fernwood Art Investments led by the new manager, Bruce Taub of Merrill Lynch. The plan was to acquire 100 to 150 million dollars from the money of investors so that art could be purchased for two planned funds. Art funds became a great topic in statements made to the media. In late 2005, they reappeared in the press after it became known that ABN Amro had decided otherwise. Public opinion polls showed that clients were not interested in this type of product, and even investors were sceptical. Both projects were unsuccessful.⁵²

Ubs Art Banking

In 1998, UBS Art Banking was established in Basel under the motto: “Intended for clients to whom art is just as important as it is to us.” Today this department of the UBS bank is closed. Given that the UBS bank is the principal financial partner of the world’s biggest art fair, Art Basel and Art Basel Miami, it was logical to plan services for clients who make purchases at these prestigious fairs and are also clients of the bank. For a long time, the bank provided an advisory service about how to care for art owned by clients in their collections, how to insure, store, lend it and the like. But to provide direct advice to customers about what to buy and to bear the consequences of this advice was a new aspect of the services of this bank. The plans were ambitious – the aim was to centralise, institutionalise, and perfect all art services for UBS clients. First and foremost, there was to be an independent, objective, and at best a professional advisory service for the purchase and sale of artworks. In addition, bank clients were to make use of the bank’s foreign contacts to enable mediation among collectors worldwide. After two years of activity, it turned out that the bank did not want to, and did not know how to buy art so that it could be sold successfully and profitably. In 2010 the bank silently closed this department.¹²⁵ However, this bank continues to be the principal partner of Art Basel, but leaves it to its clients to make their own decisions about buying art, and only gives recommendations in the form of expert analysis, which is to be used only as a recommendation and independent opinion for the purchase of art.

Institutions — Art Museums And Public Galleries

According to the International Council of Museums (ICOM), a museum is characterised as a non-profit, permanent institution in the service of society and its development, open to the public, which acquires, stores, analyses, communicates, and exhibits the tangible and intangible cultural heritage of humanity and its environment for the purpose of education, study and pleasure. Its non-market character and specific position within this segment allows a museum to maintain its distance from the commercial nature of the process of the sale of art, and also provides an independent judgement regarding the quality of artwork. A decision about an exhibition in a museum or a purchase for the museum’s collection is made above all with a view to whether an artist is categorised as being successful or not. The opinion of the museum or curator of a prominent museum, or its expertise, acts as a guarantee of quality and also carries different weight than the opinion of an expert employed at an auction house.

At present, museums globally are facing a situation in which they lack funds, and their annual budgets are increasingly lower. This fact has led to a reduction in their purchasing budgets. The consequence of this is that these institutions are forced to accept sponsorship gifts from entities who do not donate these funds gratuitously.⁴⁵ Thus, institutions and museums often concede and enter into agreements when, due to a sponsorship gift, they buy and exhibit even an artwork that under different circumstances would have no place in a public institution. Thanks to their bad financial situation, museums are beginning to stop selecting and buying quality artworks for the purpose of creating collections. Increasingly fewer museums can keep pace with constantly rising market prices. A museum may stamp its guarantee on an exhibited product, and this is the museum stamp of quality. The public does not receive enough information about the context behind exhibitions, as far as the management of public institutions

is concerned. A museum should act as an independent institution, able to guarantee quality regardless of assistance from a random entity. The question remains whether it is in the interest of the museum to be inextricably associated with the goals of collectors, dealers, and international business concerns.²² The current trend creates doubts about whether art in a democratic society can be dependent only on the tastes, interests, and mentality of a small group of collectors who, by their purchasing power, place public institutions in the background. It is possible in the context of the present situation to ask if there is a danger in the privatization of art, whether it depends on the restoration of balance in the force field of the art market, in which the museum forms an integral part as a corrective factor for the market, working outside the scope of commercial interests. The role of public museums in the collection, preservation, research, exhibition, and mediation is not being forgotten.⁶⁹

Museums still- if we assume that they are independent and have the ability of objective judgement- out of all the mentioned institutions, guarantee the quality of an artist and promote his career. If creating a marketing strategy, for example for a Czech art gallery, the greatest ambition should be to acquaint museum authorities with the work of an author whom they wish to promote on the international market.

An art gallery which provides quality work in the interest of an artist’s career must- more than making an actual sale- try in their communications to establish and deepen contact with individual curators from institutions, and try to acquaint the representatives of institutions with the work of the author it represents. Regular mailing of catalogues to prominent curators, personal invitations to the art gallery at the time of the author’s exhibition, invitations to the artist’s studio – all this should be part of the communication between galleries and institutions. Staging exhibitions in institutions is one of the most important objectives today, so that an author’s name can achieve constant presence on the art scene. Every institutional exhibition of an author represented by a private art gallery presents a new opportunity for communicating with an entire spectrum of art market institutions, especially the professional public, as well as the collectors of this artist. An art gal-

lery thereby sends below-the-threshold information to a collector that implies that the purchase of the work of this artist was justified, because an independent institution has confirmed its quality.

When an art gallery presents its author to a prominent international institution like the Kunsthalle (Art Gallery), it highlights in its communications the author’s previous exhibitions staged at local prominent public institutions in the Czech Republic, such as the Prague City Gallery or the National Gallery.

Art Museum As The Guarantor Of Value

In 1922, the MoMA (Museum of Modern Art in New York)- one of the most respected museums in the world- staged a retrospective exhibition of the painter Henri Matisse. The exhibition attracted not only public interest in this artist and his work, but indicated a trend when a record number of Matisse works were presented at auctions in the months to follow. Three of these were acquired by the auction house from the MoMA. Frey and Meie²³ state that exhibiting works in a museum is not just a question of prestige and honour for an artist, but also usually means an increase in demand for the artist on the art market. Here the institution of the museum works as a guarantee of quality and value. On the market, this cultural dimension of work and its value is represented by a higher price if it is sold.

In 2003, a journalist of the British newspaper *The Sunday Times* contacted four famous London museums and, pretending to be a banker, offered them 1 million pounds if they would, in return, exhibit a self-portrait. Three out of four of the museums (Royal Academy of Arts, Victoria and Albert Museum, and the British Museum) accepted the offer immediately and without any conditions. Only the Tate Modern insisted on the work undergoing a test of quality.⁴ This confirmed the assumption of the journalist concerned that the financial situation of many museums is so difficult that they are willing to accept and exhibit any work if the museum obtains money this way.

Collectors and sponsors increasingly determine which art finds its way to a museum, and affect the market value of artists and their own collections. This is of immediate concern for two reasons. Firstly, museums are public institutions subject to public interests, and are financed with public funds. Secondly, at stake is their credibility as a cultural authority. The loss of balance threatens the loss of the credibility of a museum as a parallel force in the art world, in which the museum’s task is to be an institution that values and judges quality. It should not be motivated by commercial interest.¹⁰

Once a work finds its way into a museum, it leaves the market. The negative consequence of museums selling out their independence in return for money is that at museum exhibitions, there is no longer a guarantee that a work was chosen for its quality but, for example, might be in the collection of a private person. Collectors increase the value of their assets by operating these activities. Commercialism has spread to what was originally a non-commercial and independent institution, which is what a museum should primarily be.

Wealthy collectors have simultaneously caused an increase in the prices of art on the international market with their purchases and sales. Due to rising prices and falling budgets for the purchase of art, public museums have been forced off the market by private collectors.

Whereas American or French museums are often, among other things, financed from donations or foundation grants, German museums have assisted rich collectors and enabled them to build, present, and increase the value of their collections at the expense of taxpayers. However, when borrowers turn public museums into a tool for their own private interests, it is not just public money that is being abused. Doubt is also cast on the credibility and definitive power of museums, so that their role as a critical market correction tool, and their reputation as the highest authority of art, is damaged.²²

Collectors and dealers have a common interest with regard to the placement of artists, and increasing the value of artworks. Dealers are understandably aware that museums are insufficiently funded. Some exploited the right

time and the remaining prestige of museums to sell their own artists. It used to be the case that the description next to an artwork bore the artist’s name. Today it is the lender’s name that is highlighted, since he represents the interests that resulted in the exhibition.⁴³ So visitors to the Tate Modern could discover that the “new paintings of Sigmar Polke, exhibited from October 2003 to January 2004 entitled *History of Everything*, mostly came from the Cologne gallery of Michael Werner, and so it also aroused great interest in London.”⁶⁷ Paul McCarthy’s exhibition at Munich’s Haus der Kunst (House of Art) in 2005 was for the most part organised by the art gallery Hauser & Wirth. American artist Mike Kelley provided the Louvre museum with a video installation in 2006 for the exhibition *American Artists and the Louvre*. According to the museum’s website, funding was provided by his collectors and dealers – the Eli Broad foundation and the Gagosian Gallery.

Collectors

Art collectors form a crucial element operating on the market, and without their contribution the market would not be able to function. The most important aspect is the fact that fine art collectors provide their own money, and become the driving force of the art world. The activities of artists, dealers, and auction houses are based on these individuals. The activities of a prominent collector can significantly intervene and influence the career of contemporary artists and the shape of the entire market.¹¹² Collectors are a significant institution that affects prices and the contemporary art market.

One of the most important examples of how collectors affect the art market is the case of the Brooklyn Museum, which in 1999 took over the “Sensation” exhibition of British art collector Charles Saatchi, which had previously been exhibited in prestigious galleries such as the Royal Academy in London or the Museum of Modern Art in Berlin. While the collection was presented in these museums, Saatchi sold part of his collection at Christie’s. A total of 130 works earned him 2.7 million dollars. At the Brooklyn Museum, everything was offered to a public looking forward to and expecting a shock, i.e. slaughtered cattle artistically arranged by Damien Hirst, or the elephant dung of Chris Ofili decorating the Virgin Mary. The outraged reaction of New York Mayor Rudolph Giuliani led to a scandal which, as expected, attracted endless sensation-seeking crowds to the museum. Saatchi was described in the New York Times as the most active collector in England since the reign of the Stuart king Charles I. It is possible to find the comments of the Brooklyn Museum and Christie’s auction house pointing out that the value of Saatchi’s collection was driven by scandalous publicity. This threw a fresh light on financing exhibitions, the intentions of lenders, the interests of auction houses, and the role of the museum which, as a public institution, became an aid to fulfil the financial interests of a private collector.

Artists, sold by globally influential dealers to collectors, form just the narrow upper segment of fine art sold at auctions. The group of wealthy collectors- who spend more than 100,000 dollars for an artwork, and are therefore re-

sponsible for almost 2% of art market transactions- do not just make up a closed circle, but by their buying behaviour also have an extraordinary effect on the entire art market. When a collector spends millions, it is a signal that acts as a guide to most other buyers who did not plan to spend such a large amount in investments into art. Thus the so-called trickle-down effect (social copying effect) can also be observed on the art market.⁶⁸ This applies especially to trends and names of authors. Likewise, middle and bottom price segments are also filled (with some artist names) in the form of editions and posters.

A private art gallery may select the criterion of a limited or small budget for its own communication strategy, and prepare a special portfolio of artworks which will, for example, be prints by a prominent artist that are affordable (thanks to the nature of the medium), and yet can offer a collector the work of a renowned author.

Using a collector as a trend-setter is usually a successful step towards helping to promote a hitherto unknown artist on the market.

Mutual professional cooperation between a private art gallery and curators may bring a bonus based on the building of trust in connection with the quality of presented projects; the curator can educate collectors, expertly guide an artist in his artistic search, and support the professional level of the art gallery. Two-way communication and the deepening of relationships with independent curators provide the art gallery a critical outlook on the exhibition programme, and the possibility to professionally profile or regulate the art gallery’s activity.

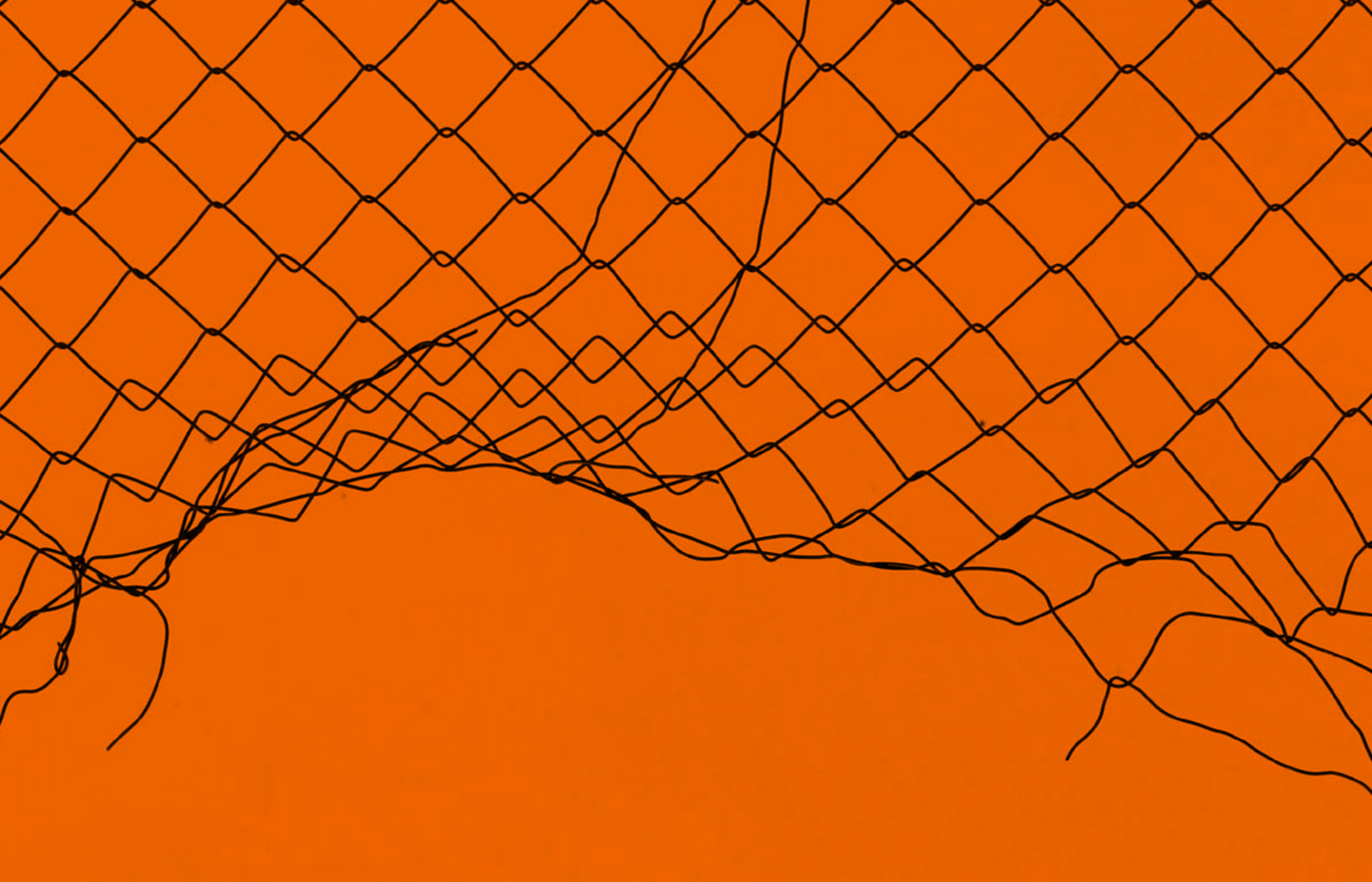
Media, Mass Media

Critics and curators publish their views in the media, thereby contributing to the shaping of the unique character of the entire art field. It is often shown that reviews in the media are an important factor that contributes to creating the value- and finally the price- of an author’s work. Of course, it also depends on the content of the review, the frequency of publication, and prominence of the media outlet (e.g. New York Times); all of this contributes to the author’s prestige.

The generally recognised independence of the media gives them the status of a dignified partner among art market players. Private galleries continuously communicate their exhibition activity, and the significant professional events in the life of represented artists. An art gallery can make use of any media output in communication with collectors.

Curators

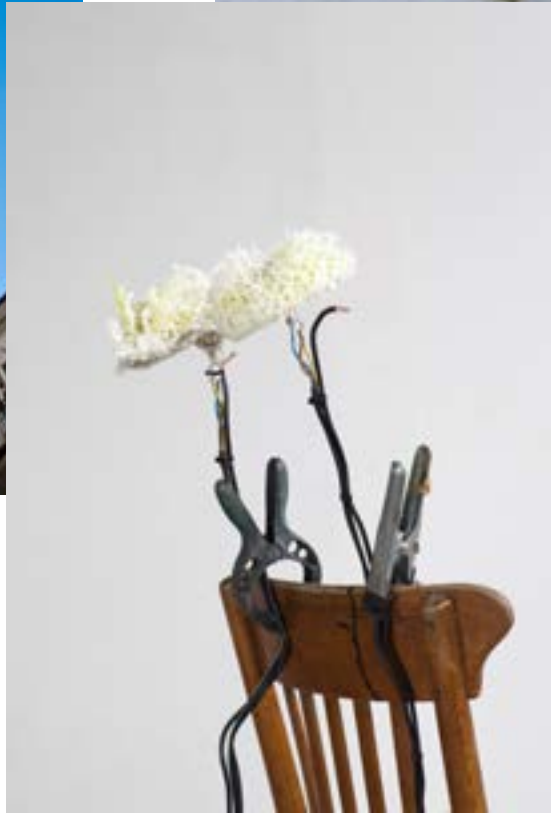
Leading world curator Hans Olbrist⁵³ states that at the present time, curatorship, as a profession, means at least four things. Firstly, curatorship means a certain preservation, in the sense of preserving the heritage of art. Therefore the curator could be considered a creator of trends, and it can be assumed that he can influence the shape of the art world. Olbrist regards the mission of curators to be the linking together of the contemporary state of the art world with the history of art, which is particularly seen in the justification of exhibitions or projects, just as in the style of the presentation of objects and their arrangements. Today, exhibitions are visited by hundreds of millions of people. Olbrist describes exhibitions as a sort of mass medium and ritual. Thus, the role of the curator is to set this medium in a way so that it provides an extraordinary experience and a form of education.



KRIŠTOF KINTERA







LUBOMÍR TYPLT





MASKER









MILAN HOUSER











