

ERASMUS UNIVERSITY ROTTERDAM

Erasmus School of History, Culture and Communication

Master's Program Cultural Economics and Entrepreneurship – 2014-2015

Master Thesis

Master's Candidate: Ieva Malikėnaitė – 414892

**INFORMATION ASYMMETRIES IN THE PRIMARY ART MARKET IN THE
NETHERLANDS**

Supervisor: Prof. dr. Filip Vermeulen

Second reader: J. Aldo Do Carmo

Date of submission: 2015-06-08

Table of Contents

ABSTRACT	5
ACKNOWLEDGEMENTS	6
1. INTRODUCTION	7
1.1 Relevance and issues	7
1.2 Aim and research questions	8
1.3 Structure of the thesis	9
1.4 Definitions	9
2. ECONOMIC CHARACTERISTICS OF THE PRIMARY ART MARKET	10
2.1 Contradictory institutional logic of the art market	10
2.2 Artworks as commodities	11
2.3 Artworks as financial assets	12
2.3.1 Returns on art as investment	13
2.3.2 Tasks of efficient financial system	14
2.4 Demand and supply in the primary art market	14
2.5 Fundamental principles of market efficiency	15
2.5.1 Informational efficiency in the primary art market	16
2.5.2 Information asymmetries in the primary art market	17
3. PRICE CONSTRUCTION SCHEMES IN THE PRIMARY ART MARKET	18
3.1 Objective and subjective valuations in pricing strategies in the primary art market	18
3.2 Pricing strategies in the Dutch primary art market	18
3.3 Pricing scripts in the Dutch primary art market	19
3.4 Eliminating information asymmetries and providing price transparency in the primary art market	20
3.5 Levels of the commercial art galleries	21

3.6 Characteristics of the Dutch primary art market

3.6.1 Number of private art galleries

3.6.2 Age of the galleries

3.6.3 Employment

3.6.4 Annual turnover

3.7 Conclusions

4. METHODOLOGY

4.1 Aim of the empirical research

4.2 Methodology

4.3 Research questions

4.4 Research methods

4.5 The design of the interview

4.6 The sample and data collection

4.7 Limitations

4.8 Data analysis

4.8.1 Characteristics of gallery levels of Dutch commercial art galleries

4.8.2 Demand for art as investment in the Dutch primary art market

4.8.3 Price construction schemes in the primary art market in the Netherlands

4.8.4 Elimination of information asymmetries and provision of price transparency in Dutch commercial art galleries

4.8.5 The nature of information asymmetries in the primary art market in the Netherlands

4.6 Conclusions for empirical research

5. CONCLUSIONS

5.1 General conclusions

5.2 Recommendations for future research

References	46
Appendices	
List of interviewees	48
List of questions for interviewees	49
Transcripts of the interviews	50

ABSTRACT

The aim of this thesis is to measure extent to which art dealers of a commercial art galleries in high-end and lower-end of a primary art market in the Netherlands provide all available information about the prices of the artworks for investors, collectors and general public. The main problem arises due to a limited access to information about the prices of artworks that are perceived as investment assets in present art market.

The thesis examines the economic features of the primary art market that differ considerably from those of efficient market environment. The literature review and empirical research finds that primary art market in the Netherlands is inefficient in terms of economic laws and provision of informational efficiency.

Keywords: primary art market, commercial art gallery, market efficiency, informational efficiency, informational asymmetries, price transparency.

ACKNOWLEDGEMENTS

I would like to express my kindest thank-you for my thesis supervisor Professor, dr. Filip Verlmeylen for thorough support and belief in me during this uneasy process of writing a master thesis. Also I would like to thank to all the art dealers who opened the doors of their galleries and agreed to spare some time for me of their busy schedules.

Also, I would like to say big thanks for the community of the Erasmus University. The past year has been a great challenge for me but I can proudly say that I learnt a lot in both, academic environment and personal life.

Finally, I would like to thank my main supporters – mum and dad, all the friends back in my home country and my irreplaceable roommates without whom I would not have made it. Thank you, all my beloved ones.

1. INTRODUCTION

1.1 Relevance and issues

First of all, it caught my attention that media escalates the multi-million worth art sales fetched at two biggest and most important international auction houses in the secondary art market – Christie’s and Sotheby’s. The skyrocketing prices and volumes of sales make it to the newspaper headlines while art dealers in the secondary art market name the record prices as “dealer’s nirvana“.

Moreover, according to art market reports and empirical research the past decades have revealed a great interest in artworks as alternative investment assets and the art market as the new financial market. Due to this new perception, a great amount of empirical research measures the rates of returns on artworks as alternative investment assets and scholarly literature puts focus on examining the nature of the art market and its specificities in comparison to other markets of a global economy. Surprisingly, it reveals that art market is a non-transparent, illiquid and risky market to invest in. Moreover, the skyrocketing prices are addressed as prompted, manipulated and speculated by the interested parties. The issue of prices is not only common in the secondary market, on contrary, primary art market is perceived to be non-transparent in terms of access to information about the prices and their formation schemes.

The problem of information asymmetry in the primary art market is relevant for several reasons. First of all, access to information about the prices and their construction schemes in the primary art market is highly limited. A great amount of scholarly literature and empirical research is conducted about the price construction schemes for artworks that are traded in the secondary art market. The research suggests that timing movements, market demand, psychological behavior of the bidders and other factors influence the prices of the artworks in the secondary art market. Recently, the rise of the internet and the spread of digitization have enabled art dealers and marketers in the secondary art market to eliminate information asymmetries and provide investors, collectors and general public with more

The problem of accessing economic and financial data in the gallery market for both art buyers and researchers is related to the heterogeneous nature of the artworks, the mechanism of the primary art market and preferences and activities of the art dealers. Such situation leads to information asymmetries that leave buyers not fully informed about the purchase. According to the theory of efficient market economy, price reflects all available information about the good that is being traded whereas information efficiency is at the core of efficient market economy. Taking in consideration

the idiosyncratic nature of the art market and objective and subjective criteria that is taken into account while constructing economic valuation of the artworks in the primary art market, an argument is raised that in order to measure the extent to which art dealers provide all available information about the prices to investors, collectors and general public, first of all, the information that is transmitted by the price must be analyzed.

This thesis should be of interest to several parties who are interested in the primary art market. The clash of the concepts that are supplemented by an empirical research aims to cover a gap in the scholarly research that focus on a smaller scale art markets and provide academic researchers with detailed insights about the little studied Dutch primary art market that reflects the characteristics, operational specificities and price construction schemes of a smaller scale primary art market. Moreover, it denies some of the misconceptions about the primary art market that arise due to an ingrained perception of art market as a homogenous entity rather than a system that consists of a number of smaller circuits. Third, this thesis provides an understandable overview of the activities and practices carried by art dealers in the primary art market and specificities of the art world that are relevant to a general public with an even passing interest in the art market. Finally, art dealers both in The Netherlands and in other countries of Europe are introduced to the business practices carried by their colleagues.

1.2 Aim and research questions

This thesis narrows down the scope of discussions about inefficiencies in the global art market and puts focus on one of them – information asymmetries in one of the local segments of the global art market – primary art market in The Netherlands. This thesis aims to measure extent to which Dutch art dealers of the commercial art galleries in the high-end and lower-end of the primary art market in The Netherlands provide all available information about the prices of the artworks and their construction schemes to investors, collectors and general public.

The main research question: *To what extent art dealers of the commercial art galleries in the high-end and lower-end of a primary art market in The Netherlands provide all available information/informational transparency about the prices and their construction schemes of the artworks to the investors, collectors and general public?*

Sub research questions:

1. *To what extent primary art market operates in an efficient market environment?*

2. *What are the effects of information asymmetries for buyers – investors, collectors, general public and sellers – commercial art galleries in the primary art market?*
3. *According to what criteria, art dealers in the primary art market construct prices for the artworks?*
4. *How dealers eliminate the information asymmetries in the primary art market?*

1.3 Structure of the thesis

The structure of the thesis moves from a general overview of the art market theory, across a more detailed characteristics and specificities of the primary art market in The Netherlands towards the empirical research based on semi-structured interviews with the Dutch art dealers and ends with the conclusions that answer the main research question. Chapter 1 addresses the relevance and aims of the thesis, issues that stressed this research, structure of the thesis and definitions of terms used thorough the thesis. Chapter 2 examines economic characteristics of the primary art market and the importance of informational efficiency whereas Chapter 3 moves to analyze the price construction schemes in the primary art market. Chapter 4 focus on the methodology of empirical research and its results and Chapter 5 provides general conclusions and recommendations for future research.

1.4 Definitions

A primary art market – market where artworks are traded for the first time;

A commercial art gallery as “...a business that deals with retail trade of art related things. An art gallery is a building or space for the exhibition of art, usually visual art“ (Boswell, 2014, p.1);

Art dealer/ gallerist – individuals work with living artists, aim to discover and nurture new talents, often visit artist studios in order to develop close and professional relationships with the artists, enhance their careers by establishing a place in a market for their work (ADAA, 2014);

Artworks refer to paintings in this thesis.

2. ECONOMIC CHARACTERISTICS OF THE PRIMARY ART MARKET

2.1 Contradictory institutional logic of the art market

For the past decades scholars, economists, art historians and marketers have argued as to what extent the art market can be attributed to the operational manner of the financial market. An impressive amount of scholarly literature and empirical research based on secondary art market data examines the rates of returns, price indices and reasons behind the ever growing demand for artworks as investment assets. The interest in art as an investment is attributed not only to the secondary art market due to the record sale prices and volumes, on contrary, statistical art market data reveals that revenues generated in the primary market have stood for €26,4 billion in 2014 that constitutes around 52% of the total share of the global art market, and have exceeded the revenues of the secondary art market that accounted for €25,6 billion (TEFAF, 2015). On the other hand, if primary art market is perceived to have become a financial market then the fundamental principles of efficient market economy should be applicable to it as well. The fundamental economic principles of market efficiency such as the law of demand and supply suggest that over time prices of goods tend to move towards equilibrium whereas the features of financial assets such as liquidity, price transparency and low transaction costs help to reduce investment risks. However, the economic principles of the primary art market vary considerably from the fundamental laws and principles of efficient market environment. Nevertheless, the heterogeneous nature of the artworks and specific operation manner of the primary art market suggest that primary art market operates differently than other financial markets of a global economy. In order to measure the extent to which primary art market operates in an efficient market environment, the next paragraph examines the contradictory institutional logic of the art market that set a base for further examination of specificities of the primary art market.

The theory of art market consists of two concepts – concept of the economy and concept of the arts. Logic of the art revolves around “the creation of symbolic, imaginative goods, rich and meaningful in cultural expression“, whereas logic of the economy concentrates on markets and is directed towards “...accumulation, measurement and commodification of human activity“ (Velthuis, 2002, p. 7). A critical approach towards the economization of art is formed as a result of a contradiction between cultural and economic value systems in the art market environment. On one hand, scholars argue that the aesthetic and intellectual values of artworks are being diminished by the consumptive value of a market environment. Velthuis (2002) suggests that the economization and monetary valuation of artworks that are unique and incommensurable objects reduces their

symbolic value to mere numbers. On the other hand Bourdieu (1986) argues that cultural goods such as artworks are perceived as both, symbolic and material goods. Moreover, scholars argue that the relationship between the economy and the arts is historically rooted within the market mechanism whereas artworks have been always perceived as commodities. Velthuis (2002) finds that the development of present art market is not independent from a rise of a free market in the seventeenth century Holland. Moreover, Ginsburgh and Throsby (2014) argue that markets have always existed in the arts and historically, artworks have been considered as commodities. In addition to this, Noerr (2002) suggest that the relationship between art and economy has always been tied-in from a perspective of art as a commodity and consumer good. Downey (2008) concludes that present art market operates similarly to the other markets of a global economy that are characterized by consumerism and commodification.

The study of art market as financial market and artworks as investment assets has followed several approaches. The nature of the artworks as commodity class goods are discussed in the next paragraph.

2.2 Artworks as commodities

While some scholars argue that the commodification of art transforms it into a simple item and distorts its incommensurable value, the others argue that the commodification of art lies in the concept of art's purposelessness and radical particularity. In addition to this, Graw (2012) marks that the ideal conditions for art's commercial exploitation were created when "...art had been relieved from subservience to purposes, when aesthetics had pronounced it a sort of higher principle..." (as cited in Lind and Velthuis, 2012, p. 184). The absence of any tangible purposes or functions enables artworks to be perceived as commodity class goods that are attractive to be freely traded in the market environment. In addition to this, the overlook of the present art markets both in The United States, Europe and other continents reveal that they are stocked with privately owned and maintained commercial entities such as art galleries in the primary art market and auction houses in the secondary art market that are independent from a financial support from the governments and thus put a focus on gaining profits out of the art trade as their primary business objective. Moreover, artworks such as paintings are physical objects that are produced by the artists, usually sold through intermediaries such as art galleries or auction houses, bought by collectors, investors or general public for pleasure, investment and other purposes. Mc Andrew (2010) sums up that "...the reality is that art is produced, bought, and sold by individuals and institutions working within an economic framework inescapable from material and market constraints" (p. 19).

The contradictory institutional logic of the art market suggests that both value systems of artworks, symbolic and economic are equivalently essential in present art market. On the other hand, the growing economic importance of the present art market is revealed by a recent statistical art market data that presents rapidly growing numbers in both, art sales prices and volume. The later finding has stimulated number of empirical research about the validity of artworks as safe investment assets and art market as a secure financial market. The economic and aesthetic motives of collectors for purchasing artworks as alternative investments are examined further.

2.3 Artworks as financial assets

The main purpose of financial assets is to generate financial returns in a long-term perspective. The main duty of a well-functioning financial market is to secure that spending on financial assets is carried out efficiently (Krugman and Wells, 2013). Similarly, Mc Andrew (2010) finds that interest in art as investment is traceable back to the late 1990's when investors actively started to purchase art in order to gain financial returns in a long-term perspective and diversify their investment portfolios. Through almost a quarter of a century art has become such a marketable investment asset that "...in 2014 global art market reached its highest ever-recorded level, a total of just over €51 billion worldwide, a 7% year-on-year increase taking it above the pre-recession level of €48 billion" (TEFAF, 2015). The reasons behind interest in art as investment asset, that has stimulated the growth of the art market, are related to the changes in the demand and the supply sides of the art market.

On the demand side of the art market, fluctuations in the levels of a high net worth investor concentrations and their spending levels reveal interest in art not only as a collectable asset but as an investment too. TEFAF art market report (2015) presents findings that in 2013, high net worth investors spent 17% out of 10% of their total disposable income on art as investment of passion. Moreover, interest in art as investment asset rises due to the changed characteristics of the buyers. Mc Andrew (2012) argues that collectors up to early 1990's are described as art connoisseurs, focused on a few particular sectors of the art market and driven purely by the passion to collect art whereas the collectors in the last decade are described as investors seeking for the financial returns of investment in art. Similarly, Lind and Velthuis (2012) argue that the majority of traditional collectors are replaced by a new breed of collectors whose motivations have shifted from collecting art for art's sake towards purchasing art for financial returns, prestige and as a symbol of status. In the supply side of the market the shifted motives of the artists also influence the financialization and commercialization of the art market. The changed motives of artists and their intermediaries, such

as art dealers in the primary art market, have become more profit-orientated. In addition to this, Lind and Velthuis (2012) find that artists have become more concentrated towards developing their careers, becoming fashionable artists and powerful tastemakers, "...constructing a market for their work and cranking up prices" (p. 19). Shifted motives of both, buyers and sellers are not the only reasons for interest in art as investment. As mentioned earlier, financial assets generate financial returns in a long-term. Nevertheless, scholars provide different findings on the profitability of art as investment.

The next paragraph examines the economic features that make artworks both, attractive and risky investment assets.

2.3.1 Returns on art as investment

The positive assumptions regarding the profitability of investing in art in a long-term perspective are presented by number of scholars. According to Eckstein the attractiveness of art as an investment asset is related to "...superior returns achieved by art over extended periods of time..., international marketability, relatively non-correlated or even counter-cyclic properties to conventional stock market assets and an exceptionally attractive risk/reward profile" (as cited in Robertson and Chong, 2008, p. 71). Similarly, Frey and Pommerehne (1989) suggest that investment in art, and specific categories of it, is highly considered to be profitable. The latter assumptions are based on calculation of return rates on artworks. In addition to this, a research carried by Mei and Moses (2002) reveals that over a long run, art returns are similar to stock returns. A qualitative research based on an in depth interview method, with world's top art collectors, conducted by Mc Andrew (2010) seem to confirm several of these assumptions. The research provides insights that most of the collectors address that investment in art outperformed investments in other financial assets and were not affected by inflation at all. However, a number of scholars express concerns over the poor art's returns in comparison to other investments such as stocks or bonds. Bourdieu (1986) raises assumption that the rate of returns on a single painting is considerably lower than those on stocks and bonds. Other scholars argue that investment in art is a risky business due to uncertainties that are attached to the purchase of the artwork. For example, due to the fluctuations in the art prices between purchase and resale that can be affected by different factors such as changed fashions and tastes, a buyer does not know what price he or she will be able to sell the artwork for and what profits could be obtained at the end of the sale.

Such features of the art market suggest that one of the three tasks of financial system – reducing risks is not fulfilled. The next paragraph examines whether primary art market carries out the remaining two tasks of the financial system – providing liquidity and reducing transaction costs.

2.3.2 Tasks of efficient financial system

Another specific feature of the art trade suggests that artworks are illiquid assets in comparison to other financial assets such as bonds or stocks. Liquid asset is considered to be one which can be quickly converted to cash, if necessary. However, a report conducted on the liquidity of the art market suggests that “art is an illiquid asset because selling an artwork is not an immediate process despite the mechanism used“ (Artemundi Global Fund, 2015, p. 1). Similarly, Mc Andrew (2010) suggests that “...from the time the work is first sold, it will take several decades (on average) for buyers to get the opportunity to purchase that work again...” (p. 20). The information about the time when the value of the artwork will rise and its expression in monetary terms is unclear and opaque. Moreover, Krugman and Wells (2013) suggest that transaction costs are expenses related to the negotiation and execution of the business deal. In the primary art market transaction costs are high because expensive artworks are being insured in high sums and sometimes they are shipped to other countries or continents whereas buyers have to cover the expenses despite the base price of the artwork.

Even though the art market is perceived to have become the financial market, it defies the three main tasks of efficient financial system. The next paragraph analyses validity of another fundamental principle of an efficient financial market environment – the law of demand and supply in the primary art market.

2.4 Demand and supply in the primary art market

In the market economy the law of demand and supply suggests that prices of goods tend to move towards equilibrium to reflect the balance between the demand and supply. However, the law of equilibrium price is not valid in the primary art market due to the unique nature of the artworks. Artworks are not mass produced assets, on contrary, artworks are unique goods that do not have perfect substitutes to each other. Due to their specific nature, it is not possible to set a fixed price for two different paintings that both carry different symbolic and economic values. What is more, if traditional markets of economy respond to increased demand by increasing the supply, in the primary art market supply is scarce. For example, if the art dealer is trading artwork produced by a living artist, the supply for his works is limited because one artist can produce only a limited

number of paintings over a particular period of time because production of art is based on subjective rather than standardized and mechanical knowledge.

As a result, primary art market defies the law of demand and supply. These and other uncertainties of the art market differ greatly from a structuralized nature of other financial markets. However, the uncertainty about the price of the artwork and especially about the information that is impounded in the price is the biggest issue that raises doubts whether artworks are safe alternative investments. The next paragraphs examine the fundamental principles of market efficiency and extent to which the primary art market is an efficient market.

2.5 Fundamental principles of market efficiency

Efficient market is defined as one where the price is an objective calculation of the true value of the purchase (Damodaran, 2012). The fundamental principle of market efficiency suggests that price reflects all available information about the good that is traded in the market environment. According to Zou (2011) market efficiency serves as an indicator for determining the maturity degree of the market that is measured on the quantity of “...relevant information that is impounded into the price of financial assets” (Dimson and Mussavian, 2000, p. 1). Baur (2006) addresses three levels of market efficiency – strong, semi-strong and weak. In a strong form of market efficiency prices reflect all available information about the good, both public and private. What is more, new information about the asset reflects immediately in its price. In a semi-strong form of market efficiency price reflects all public information and price changes immediately with the emergence of new information. On contrary, in a weak form of market efficiency price reflects only past and current information that does not have an influence on the future prices of the asset. Moreover, in a weak form of market efficiency access to public and insider information is highly limited.

Availability to access the information that is impounded into the price of a good is a cornerstone for a market to operate in efficient market environment and for customers to make a safe investment decisions. Even though the primary art market operates within an economic framework that is similar to the operational manner of the financial markets, on the other hand, the heterogeneous nature of the artworks and specificities of fundamental economic laws and principles in the primary art market raise doubts for economists and market analysts whether to confirm the validity and safety of art market as a financial market. What is more, the availability to access the information about prices in the primary art market is highly limited or does not exist at all. The next paragraph examines the reasons and consequences of limited information in the primary art market.

2.5.1 Informational efficiency in the primary art market

In the secondary art market data about the price levels and sales volumes of the artworks is easily accessible via various digital art price and index databases such as Artprice, Art Sales Index, AMR, Artifact and others. What is more, major international auction houses such as Christie's, Sotheby's, Bonham's, Phillips de Pury & Company and Lyon & Turnbull constantly release information about pre-auction estimates, annual lot transactions and bought-in statistics online. In comparison to the secondary art market, in the primary art market no such databases exist and availability to access information about prices and sales volumes is highly limited. On contrary, the asymmetric and incomplete information about a good is typical for the primary art market. Zorloni (2013) proposes that in many transactions potential buyer does not have the ability and resources to get to the necessary information to evaluate the qualitative characteristics of a good he or she plans to purchase. Moreover, the role of the art dealer as intermediary between the good and the buyer is extremely important in the market that is covered with investment risks and uncertainties about the price of the good. Velthuis (2002) defines art dealer as an individual who owns or works in a gallery and balances business and artistic activities in order to match the demand and supply in the market. However, it is also assumed that art dealers are unregulated individuals who base the concepts of carrying business activities on their own preferences, tastes and identity. Mc Andrew (2010) marks that art dealers "...exert ultimate control over the price and other features surrounding a sale and can maintain confidentiality on all details of their transactions, which has made this side of the market one of the most difficult to measure and quantify" (p. 11). Codignola (2003) concludes that "...it is the dealer who decides on the type of communication, distribution and price, whilst the artist is responsible above all for the quality of the product" (p. 76).

Due to a limited access to the relevant information that is impounded in the price of the artworks and private information that is not accessible to the art market's outsiders, primary art market is related to the issue of information asymmetry. The next paragraph examines the concept of incomplete information in the primary art market and its impact on art sellers, collectors and general public.

2.5.2 Information asymmetries in the primary art market

The information asymmetries address a business situation when two parties of the transaction have different levels of information, e.g. one party, seller has more or a greater information about the transaction than the other party, for example buyer. According to Krugman and Wells (2013)

asymmetric or incomplete information “...can distort economic decisions and sometimes prevent mutually beneficial economic transactions from taking place“ (p. 585).

Asymmetric information creates negative conditions to purchase or safely invest in artworks for both, collectors and investors. Due to limited information in the primary art market, buyers cannot evaluate the quality of the artwork by themselves due to the lack of knowledge and connoisseurship. In such cases, inexperienced buyers consider prices as the substitutes for incomplete information and value the quality of artwork according to them. However, buyers might find themselves negatively affected by adverse selection that occurs when art dealers know more about the quality of the artworks than collectors and investors. In the case of adverse selection, art dealers have an incentive to set higher prices for the artworks that exceed their actual worth. This issue stresses another issue in the primary art market – lack of price transparency. Art dealers tend to not provide prices of the artworks publicly – neither near the paintings in the physical gallery spaces, nor in the price lists, nor online. Winkleman (2009) addresses several reasons behind this common practice between art dealers in the primary art market. First, listing prices in a gallery next to the painting or in a price list may lead to a possible theft of an artwork. Secondly, art dealers want to control where and to whom to sell the work. Even though the principles of informational efficiency suggest that information should be available to all customers who are interested in the good, art dealers may put off some works for the bigger collectors or museums rather than selling it to individuals from a general public on a relatively smaller price. Such an assumption raises concerns that dealers “...will lie about the work’s availability if they don’t feel the work should be sold to this person“ (Winkleman, 2009, p. 24).

These findings lead to an assumption that “market inefficiency is thus rooted in the market mechanism“ (Baur, 2006, p. 3). In addition to this, Baur (2006) finds that “the fine art market is an excellent example of the role that private information plays in determining price relationships“ (p. 6). Even though the art market’s turnover is worth billions, Horowitz (2011) argues that “...only a few main auction houses and several hundred key dealers are responsible for the majority of the market’s turnover“ (p. 19). Moreover, Velthuis (2002) marks that the actors in the primary and secondary markets operate in so called ‘Zelizer’ circuits, that are specified social ties and cultural norms. “These circuits are characterized by shared understandings among dealers, collectors, and artists of what trading art amounts to“ (Velthuis, 2002, p. 9). The concept of ‘Zelizer’ circuits is traceable to the social capital of the market, which is defined by Bourdieu (1986) as “...the aggregate of the actual or potential resources which are linked to possession of a durable network of

more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a ‘credential’ which entitles them to credit in the various senses of a word“ (p. 88). These findings lead to assumption that primary art market is poorly transparent when it comes to price formation mechanisms and prices itself. Due to a lack of accessibility to such information, primary art market is considered to be non-transparent and it is assumed that art dealers are reluctant to do business openly.

The issues of adverse selection and lack of price transparency in the commercial art galleries of a primary art market raise an implication that art dealers can charge buyers with any price they believe customers will pay. Moreover, these issues suggest that not only collectors and investors are not sure about the true value of the artwork moreover, incomplete information presents a profitable opportunity for art dealers to benefit from the uncertain nature of the artworks. The next chapter examines sets of information that are impounded in the price of artworks that are traded in the primary art market. Moreover, it discusses the objective and subjective valuations made by art dealers while constructing price schemes for artworks.

3. PRICE CONSTRUCTION SCHEMES IN THE PRIMARY ART MARKET

3.1 Objective and subjective valuations in pricing strategies in the primary art market

An efficient market hypothesis suggests that the price that reflects all available information about the commodity is the price set by the market. What is more, in the efficient market economy, an “invisible hand“ does the job in allocating the resources and running a market in the most efficient way possible. On contrary to these principles, prices in the primary art market are often bogus. Even though the theory suggests that prices in the primary art market are set by a certain criteria some of which is more tangible than the other – such as authenticity, provenance, artistic quality, subject, quality, a size of a painting, time of creation and condition, remarks by scholars and art market insiders suggest that in practice this criteria is not a fundamental one when it comes to setting a price for the artwork. Assumptions are raised that while objective criteria is taken into account while forming prices in the primary art market, the subjective criteria which is intangible and may vary greatly in different galleries takes an important part in the valuation of the aesthetic and intrinsic value of the artwork.

In the mixed method research about the price construction schemes done by primary art market dealers in Amsterdam and New York, Velthuis (2002) presents a concept of pricing scripts “...as a set of routines which function as a cognitive manual for the variety of pricing decisions that a dealer needs to make in different stages of an artist’s career“ (p. 52). Pricing scripts include “...the price of an artist’s work at the beginning of her career, the frequency and magnitude of price increases, or the percentage-split of revenues between the gallery and the artist“ (Venthuis, 2002, p. 52). What is more, the criteria that is used to create the pricing scripts is not approved by law and is not necessary to follow, on contrary, it is a tacit knowledge or “common sense“ between the art market insiders who have a free choice whether to use it or not. These findings confirm earlier raised assumption that the price construction mechanism is based on both rational and irrational criteria that are not transparent to market outsiders. Such a freedom of constructing prices in the primary art market that is perceived as a financial market points to another inefficiency of the art market – no regulation or oversight from the government. In addition to this Robertson and Chong (2008) stress an issue that primary art market is totally unregulated in comparison to other markets of a global economy. Feigen (2009) suggests that such a situation arises due to a lack of regulations from governments who seem to treat art market as a frivolous luxury market with no regulation or oversight. The problem is that governments do not treat art as an asset class good. The lack of oversight from the government addresses another issue – a lack of protection over the investor. As

mentioned before, if the purchaser is not an expert in the field that he is interested to buy a commodity from, he trusts the price – a mechanism that confirms the quality of the purchase. Velthuis (2002) comments that it is the “Veblen-effect“ when high prices are perceived as indicators of quality.

However, in the primary art market one cannot be sure not only about the relevance of price towards the artistic value of an artwork but also about the authenticity and quality of an artwork. Robertson and Chong (2008) illustrates such an anomaly with an example that “there is no other class of traded asset where the purchaser, who may be spending upwards of US\$50 million on a single work of art, receives no deed of title, apart from the seller’s receipt and guarantee of authenticity“ (p. 1). The next paragraph examines the pricing strategies of artworks in the primary art market in the Netherlands.

3.2 Pricing strategies in the Dutch primary art market

One of the most relevant mixed method studies that examine the price determinants in the primary art market in Amsterdam and New York is carried out by Velthuis (2002). The research reveals several characteristics that determine the price of an artwork in the primary art market in The Netherlands. First, the strong correlation between the size – height (per centimeter), the width (per centimeter) and the material that artwork is made of. The findings suggest that from all the techniques used by the artists, paint is the most expensive. Moreover, it is suggested that the larger the painting, the higher its price. Second, the nationality of an artist has a strong influence on the price – artworks made by foreign artists are more expensive than those done by the local artists. What is more, prices for artists based in Amsterdam are on average €140 higher than for those living in other Dutch cities. Higher prices for the works of international artists are charged due to the additional costs that galleries have to cover. The expenses are shipping and insurance costs, also, galleries have to pay commissions to the original owner of the artwork – a foreign gallery. In addition to this, buyers believe that works of international artists represent a sign of success and quality. The third determinant of prices is the age of the artist. The older the artist, the higher is the price for his work. The fourth determinant of prices is the reputation of an artist. Velthuis (2002) finds that if the work of an artist is acquired by a museum its price is €87 higher on average. Moreover, a financial commission from the government stimulates the average price level. The later findings suggest that price of an artwork is growing with the “institutional“ recognition of the artist and his works. Finally, gender has an effect on prices too. Female artists gain on average €138 less for their work than male artists. However, Velthuis (2002) marks that the gender gap is

unexplained. On contrary to the importance of the reputation of the artist to prices, reputation of the gallery or its type does not influence the price levels. However, Velthuis (2002) finds that the price levels in galleries that work with a smaller amount of artists are higher than those working with a larger group of artists. On the other hand, age of the gallery has a small effect on prices – the price levels grow on average €8 with every year that gallery operates in the primary art market.

All in all, the most reliable price predictors of the artworks in the Netherlands are the size of the artwork, the technique used and “...the price levels of artworks the maker may have sold to a museums..., the age and place of residence of the artist“ (p. 48). Finally, Velthuis (2002) points out that “...given the combination of a large number of parameters, incomplete information and limited cognitive resources, decision making processes in the economy are structured by habits, rules of thumb, reference points, schemata and scripts“ (p. 53).

In the anomalous environment of the primary art market where information is hard to access and is expensive to collect, price construction schemes are based on rational and irrational decisions. However, Dutch art dealers use pricing scripts that contain objective and subjective benchmarks for constructing prices in the primary art market. The next paragraph analyses the concept of the pricing scripts.

3.3 Pricing scripts in the Dutch primary art market

Pricing scripts contain rational and irrational criteria that make up the final price of the artwork. If the artist is new to the market, it is suggested to set the price low and compare it to a similar work or artists who produce similar work on the market. On the other hand, if the artist already has a selling history, art dealers adopt the original price levels of the artist and develop them depending on the size, production costs of the artwork, increasing reputation of the artist, sales intensity and time. What is more, it is suggested not to overprice the artworks because a decrease in the price levels of an artist signals poor quality of the artworks for both, art market insiders and outsiders. Moreover, the increases of scripted prices are done periodically – “...yearly, biennially or every time artist has a show at the gallery“ (Velthuis, 2002, p. 66). Prices also increase according to a demand for an artwork and with the growing recognition of the artist that is a result of his participation in museum exhibitions, international art fairs, valuable collections and positive evaluation of peers in the market, such as critic reviews. Despite these rational criteria, it is addressed that often Dutch art dealers set the right price for an artwork based on “pricing intuition“.

This intuition is a common or tacit knowledge between the art dealers that suggests what price is right for the artwork.

The research carried out by Velthuis (2002) provides important insights about the pricing criteria that are impounded in the pricing strategies used by art dealers in the primary art market in the Netherlands. However, the findings of a mixed method research do not explain completely the subjective information that is impounded in the price of the artwork and per what interval, expressed in monetary terms, the price rises with the reputation of the artist. What is more, it is unclear whether Dutch art dealers provide access to information about the prices for investors, collectors and general public or is the primary art market in the Netherlands an asymmetric market in terms of information provision. The later uncertainties are addressed in the empirical research.

On the other hand it is possible to overcome the informational inefficiencies and provide price transparency in the art market. As Sherwin (2013) stresses out “the market transparency offered by listing art prices allows art buyers to make informed purchases – consumers, in general, desire to access the information“ (www.faso.com). The next paragraph examines practices carried by art dealers that eliminate the information asymmetries and provide price transparency in the primary art market.

3.4 Eliminating information asymmetries and providing price transparency in the primary art market

Winkleman (2009) suggests that gallery dealers should take into account that visitors who come to the commercial art galleries expect to get full information about the exhibition and should prepare information sets such as “...checklist with full details of the works in show, a copy of the exhibition press release, access to artists biography, press clippings and images of previous works, extra (take away) copies of the announcement card and someone to answer any additional questions they might have“ (p. 23). Moreover, the possibilities of overcoming the information asymmetries and providing investors, collectors and general public with price transparency are possible due to the changing art gallery business model that is highly affected by the digitization.

According to Winkleman (2014) the traditional art gallery model that was first started by the legendary art gallerist and art dealer Leo Castelli is based on discovering and nurturing young artists, supporting their development, building a commercial market for their work and carrying these activities in a long term perspective. According to this model, artist is loyal to the gallery and the gallery is loyal to the artist. For a long time, such a model was common between the gallerists,

art dealers and artists. Even though the traditional Leo Castelli gallery model is still vital, it has changed due to the rise of Internet and spread of the digitization. Due to the rise of Internet, one of the evidence of the existence of the art gallery is its visibility on the World Wide Web (WWW). The pluses of the digitization on the gallery working model suggest that the visibility of the gallery and the accessibility to buyers both locally and internationally rises, and that Internet enables to overcome the issues of price transparency and asymmetric information.. On the other hand, scholars find that Internet is challenging art dealers to provide exclusive information about the artworks traded in the market. While it is argued that the exclusive information about prices is what the customers need, on the other hand, from a perspective of the art dealer the public revelation of prices may end up in a relatively new trend in the primary art market – art flipping that is related to the interest in art as a financial investment. Winkleman (2014) defines art flipping as a process when collectors buy works of emerging artists and then flip them in the secondary art market for astronomical increases of what they have paid. This negative trend gives a rise of pure speculation with art prices and creation of artificial demand in the art market. Zorloni (2013) suggests that the issue of information asymmetries in the art market is significant both to the “...relationship between art dealer and artist and art dealer and collector“ (p. 50). According to Winkleman (2014) speculation is important part of the collecting culture. On the other hand, it makes harm for a gallery market because people are coming to the art market to “turn a fast buck“. The harm of flipping and speculating art not only affects galleries but artists and buyers as well. Purchasers who buy art only out of the speculative reasons risk their money, whereas artists value decreases from the act of art flipping. In addition to this, gallerists who carry their businesses honestly suffer from the perception that all the art market is speculative and shady.

Even though it is suggested that by providing exclusive information about prices art dealers risk that their artworks might be flipped and the reputation of the artist will decrease, such argument is only valid for mega galleries and superstar artists whose price levels exceed several hundred thousand or million euros. Commercial art galleries that operate in local or even regional levels are too small to be involved in the art flipping game and only gain positive benefits by eliminating information asymmetries. In order to measure the extent to which primary art market in the Netherlands operate in efficient market environment, the next paragraph examines the levels of gallery system and puts focus on the gallery market in the Netherlands. It aims to reveals economic characteristics of the primary art market in the Netherlands and provides assumptions whether

Dutch art dealers provide investors, collectors and general public with price transparency and whether they eliminate the information asymmetries.

3.5 Levels of the commercial art galleries

Scholars distinguish four to five levels of art galleries in the primary art market. Mc Andrew (2010) divides art galleries globally to five levels: micro (lower end), micro, small, medium and large art galleries. A smaller scale gallery distinction system that is applicable to the Dutch primary art market is provided by Winkleman (2014) who divide art galleries into four tiers and separate mega galleries out of the top gallery level. Authors define mega gallery as an influential gallery with multiple international locations, deep pockets, a roster of at least 40 artists, and a public perception that they are continuing to expand their empire (Winkleman, 2014). The top tier gallery is defined as an internationally influential gallery, possibly with more than one location, a varying number of artists on their roster, and a public perception that expanding their enterprise is not their top priority (Winkleman, 2014). The later remark makes a difference between the mega and top level galleries – top tier galleries not necessarily have set a goal to themselves to get to a mega gallery level. A mid-level gallery is a gallery older than 10 years old; which generally has about 8 – 24 artists on their roster who mostly fall within the “emerging“ to “mid-career“ category; which is still usually struggling to secure good placement in the major art fairs; and which often has limited resources to take the steps that could change their position. Finally, Winkleman, (2014) define emerging gallery as a gallery that is less than 10 years old, initially having less international influence and a varying number of artists or perceived ambitions; defined predominantly by how new the gallery is, but also generally by having a roster of emerging artists and usually being owner’s first gallery. However, the definitions of mega, top, mid and emerging level galleries presented by Winkleman, (2014) lack a further explanation why an emerging gallery is considered to be precisely less than 10 years old, also a further explanation of what makes a gallery influential or less influential internationally. Moreover, a transition from an emerging level to a mid-level gallery seems to be certified by a “common sense“, between art market insiders rather than strictly defined transition stages. In addition to this, the remarks such as “...simply not considered a top tier gallery“, and “...are viewed as not likely ever to achieve that“, fortifies an earlier raised argument that insider information and commonly set beliefs in the art market are significant signs of certification in the art market. Such observations raise assumption that tacit knowledge is especially relevant in the primary art market. Keizer, Tieben and Zijp (2000) follows the findings of Hayek and explains that tacit “...knowledge is unreportable to others, since it is difficult, or impossible, to

represent by following formal rules“ (p. 273). Such an explanation of the insider or secret information suggests that due to the nature of artworks as heterogeneous goods and non-written operational rules, the primary art market works according to a specific operational manner that distinguishes it from other markets of a global economy.

On the other hand, a division of the gallery levels by art market insiders provides a significant insight on how primary art market works in practice and not only in theory. Their assumptions are based on their experience and field expertise which makes these definitions more abstract but closer to a field working way. The later gallery distinction model: mega, top, mid and emerging is applied in the empirical research which examines the primary art market in the Netherlands. Even though, the theoretical framework of the gallery system that is used in the thesis is mostly based on the literature produced by American scholars the author of the thesis argues that the gallery working model is the same in Europe. Also, it is taken into account that at some points such as distinction between gallery levels, the American gallery working system differs from European gallery working system and especially in such a local art market as in the Netherlands.

The differences between characteristics of local and global primary art markets raise an assumption that not all inefficiencies of the global scale primary art markets are applicable to the local gallery markets. The next paragraph discusses these differences.

3.6 Local versus global primary art markets

Lind and Velthuis (2002) suggest that “rather than conceiving the primary art market “...as a single, homogenous entity, one needs to recognize that it is in fact composed of a plethora of smaller circuits, which each have their own actors, business practices, regime of value, and logic of action“ (p. 38). Later assumption provides an important insight about the primary art market. The top of the art market is a secondary auction market with international auction houses Christie’s and Sotheby’s and mega galleries where the highest prices and volumes of sales are fetched for celebrity artists. Media escalates multi-million euros transactions of the market which makes up only to 1% of the total share of the art market and a perception is made that other segments of the art world operate in the same manner. However, according to Lind and Velthuis (2002) “the trends emerging in this circuit do not reflect the wider art market, nor have the mechanisms been identified within flux-account which allows trends in this circuit to spill over or trickle down into other circuits“ (p. 38). Such an observation raises an assumption that art dealers in the local primary art markets operate in completely different manner than their colleagues in the top of the market. What is more,

it is argued that in the lower-end of the primary art market collectors are purchasing art because of the passion for it and not economic reasons. Moreover, local and regional art markets are small markets where artworks have relatively lower price levels or in other words, are not expensive enough to be profitable as investment assets.

Dutch primary art market is a small scale art market. The next paragraph examines the characteristics of primary art market in the Netherlands that are important to analyze in order to measure the informational efficiency of this market.

3.7 Characteristics of the Dutch primary art market

Velthuis (2002) finds that similarly to other foreign art markets, Dutch art market is composed of center and periphery with Amsterdam being the center of the art market in the Netherlands. “The center is where demand is concentrated, reputations are built, and the density of social networks is highest“ (Velthuis, 2002, p. 43). The later assumption is confirmed by the statistical data on Dutch gallery market that suggests that, three quarters of Dutch galleries are situated in the urban areas (Galleries in hedendaagse beeldende kunts, 2010). According to Fredericksen (2009) historically, “...the Netherlands, and especially Amsterdam, served as the cradle of public art auctions, setting a precedent that was imitated throughout the Northern Europe....“ (as cited in Lyna, Vermeylan and Vlieghe, 2009, p. 97). Even though the latter quote marks the significance of the secondary art market in the Netherlands it provides an assumption that Dutch art market in overall has a long tradition of the art trade. The emergence of the Dutch art dealers is traceable back to seventeenth century that marks the Dutch Golden Age. Paintings were extremely popular assets at the time and they could have been bought directly from artist studios or from art dealers who became the most significant buyers of art. Dealers traded artworks by different styles for different prices. Due to a fierce competition, artworks were sold for relatively low prices from an unknown artist and could get up to 500 guilders which meant that one can buy an average house for such an amount of money.

Relevant statistical data presented about Dutch galleries in the contemporary art sector between 2005 and 2010 (Galleries in hedendaagse beeldende kunts, 2010) by the National Netherlands Gallery Association reveal important characteristics about Dutch primary art market. The next paragraphs examine the basic characteristics of the primary art market in the Netherlands.

3.6.1 Amount and density of the art galleries in The Netherlands

According to www.artfacts.net, out of the 814 art institutions in the Netherlands, 449 are private art galleries. The highest concentration of private art galleries are held in Amsterdam – 223, The Hague – 49, Rotterdam – 35, Utrecht – 18, Maastricht – 12, Eindhoven and Haarlem – 8. Other cities in the Netherlands hold between 3 to 0 private art galleries. However, the website does not present a date when the data was collected which implies that numbers might be biased if some of the galleries on the list have closed down. What is more, some of the galleries that are privately owned and have been operating in the Dutch art market for around seven years are not included in the list which also implies that the data is not fully representable. According to the data presented by the Netherlands Gallery Association (NGA), in 2010, 555 active art galleries were operating in the Dutch primary art market. 165 galleries were members of NGA whereas 390 were not (*Galleries in hedendaagse beeldende kunsts, 2010*).

3.6.2 Age of the galleries

According to (*Galleries in hedendaagse beeldende kunsts, 2010*) report, some of the emerging art galleries tend to close after only a few years of operation in the Dutch primary art market. Galleries that operate in the primary art market in the Netherlands from 6-10 years stood for approximately 20% both in 2006 and 2010. Such galleries represent the highest number of galleries operating in the Dutch primary art market. Another significant numbers are represented by galleries that operate in the market from 16 to 20 years – 24% in 2006 and 10% less in 2010. The decrease is explainable due to the global crisis that affected market in 2008. Galleries that operate in the market for 21 to 25 years have represented 16% share of the Dutch primary art market in 2010 and 8% in 2006. What is more, galleries that are older than 25 years stood for significant 18% in 2010 and 11% in 2006. Even though fluctuations in the gallery numbers are observable due to various reasons that only can be guessed or related to the global crisis, however, the data reflects a positive correlation between the growing age and percentage of galleries in The Dutch primary art market.

3.6.3 Employment

According to a report (*Galleries in hedendaagse beeldende kunsts, 2010*), Dutch art galleries are mostly very small in terms of employment. In about three quarters of all the galleries no more than two persons are working. Similarly, *McAndrew (2012)* finds that “...most art...dealers worldwide are small businesses, employing on average between three and four people, including the owner“ (p. 182). However an increase in the number of people working in the galleries is observed – in 2010 gallery sector employed 1300 people, 23% more than in 2006.

3.6.4 Use of the Internet

According to a report (**Galleries in hedendaagse beeldende kunsts, 2010**) the percentage of galleries that have held an official website in 2010 was around 90%. Even though the use of the online platform for the art trade is still low, some gallery owners observe that Internet sales generate more than 10% of their annual income.

3.6.4 Annual turnover

The data reveals that the biggest percentage of galleries both in 2005 and 2009 earned less than €75,000. Only 4% in 2009 and 2% in 2005 of the galleries in the Netherlands earned €1000,000 and more. Similarly to the worldwide trends, after a steep increase of sectors turnover of almost 40% over the period from 2005 to 2009, due to the economic crisis the revenues of the Dutch gallery sector decreased by 15% to 120 million euros excluding VAT, between 2008 and 2009. However, it is calculated that the average turnover of the galleries has increased from €180,000 in 2005 to €215,000 in 2009 excluding VAT.

Later findings characterize primary art market in the Netherlands as local market with a relatively small number of art dealers and average annual turnover. On the other, the average age of the galleries raises an assumption that the Netherlands have a long standing tradition of the art trade. What is more, basic characteristics of primary art market galleries are applicable to the Dutch gallery market too. However, statistical data does not provide any information about average price levels in the galleries or extent to which artworks are bought as investment assets in the Netherlands.

3.7 Conclusions

The nature of the artworks that are being traded in the market environment suggests that they are attached to high investments risks due to the lack of liquidity and high transaction costs. Moreover, economists and marketers cannot evaluate future returns on artworks that are bought in the primary art market because of uncertainty and lack of accessibility to economic and financial data in the gallery market. What is more, in general, operational manner of the primary art market contradicts considerably with the fundamental principles of market efficiency such as the law of demand and supply, price transparency and informational efficiency. Even though primary art market is perceived to have become a financial market and artworks are considered to be investment assets, literature review suggests that due to the idiosyncratic characteristics of the gallery market and a heterogeneous nature of the artworks primary art market is inefficient market.

What is more, the asymmetric information in the primary art market affects negatively all parties of the art trade. Buyers cannot make safe investment decisions due to a limited knowledge and restricted access to information about prices and their construction schemes in the gallery market. Scholars argue that the lack of information arises due to non-regulated art dealers that are not keen to share information about pricing schemes and prices itself in the primary art market. In addition to this, galleries that conduct their businesses honestly suffer from the perception that all the art market is uncertain and speculative. Even though it is suggested that art dealers in the primary art market use rational criteria to evaluate the economic value of the artworks, on the other hand, literature review suggests that subjective criteria that is uncertain, not intangible and only known for market's insiders play a big role in constructing the price of the artworks. In addition to this, literature review suggests that primary art market in Holland is relatively small and is characterized as a local art market. However, existing literature and empirical research does not provide information whether art dealers of commercial art galleries in the primary market eliminate information asymmetries by providing buyers with all available information and price transparency.

In order to confirm the validity of assumption raised in the literature review and to measure extent to which Dutch art dealers provide all available information about artworks and their construction schemes to investors, collectors and general public, the following topics set a base for a further empirical research: characteristics of gallery levels of Dutch commercial art galleries, demand for art as investment in the Dutch primary art market, price construction schemes in the primary art market in the Netherlands, elimination of information asymmetries and provision of price transparency and the nature of information asymmetries in the primary art market in the Netherlands.

The next chapter defines the methodology of the qualitative research based on a semi-structured interview method, provides research questions, analysis of the empirical data and final results.

4. METHODOLOGY

4.1 Aim of the empirical research

The existing literature and empirical research suggest that primary art market is inefficient market of a global economy in terms of economic and informational efficiency principles. The main argument is raised that price reflects all available information about a good and if the prices are not provided to customers publicly and they cannot access the information about the pricing schemes either, the art market is inefficient market. In order to measure extent to which primary art market in the Netherlands is efficient in terms of informational efficiency and price transparency an empirical research is carried out.

4.2 Methodology

This empirical research is based on a qualitative research methodology. According to Bryman (2012) qualitative research enables researchers to reduce the large amount of data that has been collected in order to dive into the essence of the research subject and to answer the main research questions. What is more, it enables to reveal the nature of the subject that is being researched through the point of view of participants who are practitioners in the field that is being researched. In addition to this, researcher is able to provide relevant results based on deep and rich data.

In the case of this thesis that aims to dive into the subject of the economic specificities of a primary art market in the Netherlands, qualitative research method is the most suitable for several reasons. There are several arguments why this research design is chosen. First of all, the existing scientific literature and empirical research provides data about primary art market in general and lacks focus on a local or regional art markets such as The Netherlands. Even though, a mixed method study carried by Velthuis (2002) about the primary art market in The Netherlands provides important insights for the thesis it lacks an in-depth information about the pricing of subjective valuations made by art dealers. What is more, conclusions whether art dealers in The Netherlands avoid informational asymmetries and provide investors, collectors and general public with price transparency cannot be drawn from this study. Even though, statistical data about the Dutch art galleries that is provided by The Netherlands Gallery Association presents numbers of galleries operating in The Dutch art market and their average it does not provide a detailed information about the operational manner and price construction schemes in the Dutch art market. In order to provide a firm answer to the research question, a qualitative empirical research is carried out.

4.3 Research questions

The main research question of this thesis is: *To what extent art dealers of the commercial art galleries in the high-end and lower-end of a primary art market in The Netherlands provide all available information about the prices of the artworks to the investors, collectors and general public?*

Literature review has provided this thesis with relevant information about the informational efficiency and price transparency in the primary art market. However, in order to fully answer the main research question, a set of topics that steer out of the literature review are constructed:

- 1) characteristics of gallery levels of Dutch commercial art galleries;
- 2) demand for art as investment in the Dutch primary art market;
- 3) price construction schemes in the primary art market in the Netherlands;
- 4) elimination of information asymmetries and provision of price transparency in Dutch commercial art galleries;
- 5) the nature of information asymmetries in the primary art market in the Netherlands.

The set of topics are translated into questions that further guide the empirical research:

- 1) What are the gallery levels in the Dutch primary art market?
- 2) To what extent Dutch art collectors buy artworks as investment assets?
- 3) How art dealers construct the prices in the Dutch art market?
- 4) How Dutch art dealers eliminate information asymmetries and provide investors, collectors and general public with price transparency?
- 5) What is the nature of the information asymmetries in the Dutch primary art market?

4.4 Research methods

This empirical research is based on qualitative interviewing method. This method is chosen due to several reasons. First, qualitative interviewing based on the semi-structured interviews provides the research with the personal point of view of the art dealers that reveals insider information and enables to provide recommendations for the future research based on the knowledge of practitioners. Second, semi-structured interviewing provides flexibility to ask additional sub-questions to supplement the findings by revealing further characteristics of the Dutch primary art

market. Third, it enables to depart from the strict row of questions and ask art dealers questions according to their thoughts. Fourth, semi-structured interview method also complements this thesis with the insider information that is not accessible in the scholarly literature or statistical market data.

4.5 The design of the interview

The five research questions follow the present research. They all base a structure for five topics that are further analyzed in the empirical research:

1. Characteristics of gallery levels of Dutch commercial art galleries

Art dealers are asked to position their galleries to mega, top, mid or emerging level of the gallery system. The purpose of this question is to reveal further characteristics of the Dutch art galleries because question also contains several sub-questions such as: How many years your gallery operates in the primary art market in the Netherlands?; Is it your first gallery?; With how many artists do you work at one time?; Have you recently participated in any local or international art fairs?

2. Demand for art as investment in the Dutch primary art market

Art dealers are asked whether they as market insiders observe an increased demand in artworks as alternative investments in the context of a global art market and primary art market in the Netherlands. The purpose of this question is to reveal whether local markets also work as financial markets and artworks as investment assets.

3. Price construction schemes in the primary art market in the Netherlands

Art dealers are asked to name the criteria that they use to price the artworks in their galleries. The aim of this question is to reveal the objective and subjective criteria that is used to construct prices for artworks in the primary art market in the Netherlands. Moreover, it aims to reveal sets of information that are impounded into the price of the artwork and what factors influence the growth of the price for the artworks.

4. Elimination of information asymmetries and provision of price transparency in Dutch commercial art galleries

Art dealers are asked to what extent they avoid information asymmetries and provide investors, collectors and general public with price transparency. This question aims to reveal extent to which Dutch art dealers carry their business activities transparently and efficiently.

5. *The nature of information asymmetries in the primary art market in the Netherlands*

Art dealers are asked what is the nature of the asymmetric information in the Dutch gallery market – the heterogeneous nature of the artworks or activities of the art dealers.

4.6 The sample and data collection

The sample of this empirical research consists of ten qualitative semi-structured interviews with art dealers and/or owners of commercial art galleries in Amsterdam, Rotterdam and The Hague:

- Cokkie Snoei, art dealer and gallery owner of Cokkie Snoei art gallery;
- Martita Slewe, art dealer and gallery owner of Slewe art gallery;
- Nieck De Bruijn, art dealer and one of the owners of Upstream art gallery;
- Bastiaan Deeln, art dealer and gallery owner of Deelen art gallery;
- Sebastiaan Brandsen, art dealer and director of GRIMM art gallery;
- Mark Slegers, art dealer and one of the gallery owners of CONTEMPO art gallery;
- Lucas Van Hasset, art dealer of De Twee Pauwen art gallery;
- Jaring Dürst Britt, art dealer and gallery owner of Dürst Britt & Mayhew art gallery;
- Muriel Mager, art dealer and gallery owner of Sophie Maree art gallery;
- Jannie Hommes, art dealer and founder of HOMMES art gallery.

For each art gallery selected for the qualitative research, data on their participation in the international art fairs, number of artists on the roster and age of the gallery was selected in order to determine their reputation within the art market. All galleries selected for the qualitative research reflect a wide range of commercial art galleries with different programs, business objectives and specificities in carrying business activities. The research for possible respondents has been conducted on the Internet. However, the first three interviewees provided additional information about various galleries in The Netherlands so partly the respondents were chosen by using a Snowball sampling method.

All interviewees have been approached by a phone call. A short introduction about the master thesis was presented altogether with the topics of the interview. After a positive answer to participate in the interview, a date for a meeting was set. The interviews had been collected between April 30th

and May 28th in the gallery spaces of the art dealers. The conversations lasted from twenty three minutes to more than fifty six minutes.

4.7 Limitations

One of the main limitations of this thesis is the issue. While some of the hypothesis are confirmed by dealers and coincide with the statistical data and findings in scholarly research, there is a great amount of subjectivity in the results derived about the “best galleries in The Netherlands“. While some of the art dealers give explanations about why some art galleries in The Netherlands are better than others on basis of the international focus on both artists and participation in the art fairs, others provide relatively subjective opinions about which galleries are better than the others.

4.8 Data analysis

In this paragraph the results of the ten collected interviews are examined. The data is presented according to the topics raised earlier in this methodology.

4.8.1 Characteristics of gallery levels of Dutch commercial art galleries

Cokkie Snoei positions her gallery as one of the top thirty galleries in The Netherlands based on the annual turnover, amount of publicity her gallery gets and overall reputation of the gallery. What is more, Cokkie Snoei attributes her gallery to the top level because she was invited to participate in the new Amsterdam Art Fair. According to gallerist, the participants of the new art fair are perceived to belong to the top level of the Dutch primary art market because their programs focus on international artists and the price range indicates that the gallery belongs to a top level. Other dealers from galleries (2) that are also invited to participate in the Amsterdam Art Fair expressed similar points for being classified as top galleries. Several art dealers positioned their galleries between the mid and top level. Martita Slewe and Nieck De Bruijn marked that this level is characterized by international artists on the gallery roster and participation in the major international art fairs. However, both art dealers stated that not all of the artists represented by their galleries are acknowledged internationally which presuppose that gallery does not have a strong international influence that is attributed to the top level galleries. Mark Slegers and Lucas Van Hasselt positioned their galleries as mid-level galleries. However, they described characteristics of the mid-level gallery in the same way as the dealers (2) who positioned themselves between mid and top levels. Three art dealers positioned their galleries as emerging due to the short operational time on the market – from two months to seven years and no influence in the international art market.

The majority (9) of the art dealers positioned their galleries as commercial art galleries. They defined the focus of their businesses as selling as much artworks as possible. Moreover, art dealers mark that their focus is not directed only at commercial activities. They aim to promote, support and develop artist's career by participating in local and international art fairs and selling artist's works to collectors with good collections. All of the interviewed art dealers (10) stated that they pick artists and their works based on their personal tastes, preferences, intuition and experience. Moreover, the selection of artists is a lot influenced by the creativity of an artist, exclusivity of his artworks and extent to which artist and his artworks fit the program of the gallery. Art dealers prioritize cultural capital versus economic capital.

The identity of the target audience is similar in all the galleries. Art dealers of top and mid-level galleries that operate in the market for a decade or several decades characterize their target audience as wealthy private collectors and museum collectors with good collections and a sense to take care of the artworks in a long-term. Majority of the art dealers stated that their target audience is art market's insiders who are connoisseurs and lovers of the art. In other words, they are people who know what they buy. As Sebastiaan Brandsen marked:

“Our target audience is informed collectors that collect contemporary art internationally with a very big passion for art because it is very important to us and also that they have big collections because it is also very profitable for the artist. Not only the money part but also to be in an important collection that will contribute to their career“.

Only one art dealer stated that she runs gallery not to gain material revenues, on contrary, the purpose of her gallery is to support artists and help them to develop their careers. However, the sincerity of her answer is questionable due to the commercial success of her gallery and relatively high price levels of the artworks.

4.8.2 Demand for art as investment in the Dutch primary art market

All (10) of the art dealers stated that they have observed an increased trend in the demand artworks as investment assets in the global art market. The observations arise while reading art market reports and articles in various media sources. According to the dealers, the trend is especially observable while participating in international art fairs. However, none of the art dealers have observed a trend of increased demand in art as investment asset in The Netherlands for both local and international artists. Few art dealers told that they have met Dutch collectors, who were interested whether particular artwork will grow in economic value over time, but they would not

call it a trend. Art dealers explain the disinterest in demand for artworks as alternative assets in The Netherlands due to the characteristics of Dutch primary art market. They characterize it as a very small, contained and local market whereas the price levels of the artworks are too low to purchase them as investment assets. What is more, according to the art dealers it is highly doubtful that the economic value of the artworks bought in the Dutch primary art market would grow significantly in long-term:

“Maybe a lot of collectors want to know whether the artwork they buy will be a good investment in a sense that they won’t lose the money, or that the value of the money will be stable or rise. But then again on the level that the most collectors are collecting here in The Netherlands, the truth is that the value will never rise astronomically as the value in the international market can“ (Sebastiaan Brandsen).

The disinterest in purchasing art as investment asset is directly related not only with the characteristics of the Dutch art market but also with characteristics and buying motives of the Dutch art collectors. What is more, art dealers mark that speculation of art’s prices or “art flipping“ are not common in the Dutch art market either. Sebastiaan Brandsen argues that the careers of Dutch and international artists do not go up so fast in The Netherlands as they do in New York. The market is contained, there is no high circulation of artworks in the market, prices are not driven high in a short period of time and as a result there are no favorable conditions for price manipulation and speculation to arise. Another reason for disinterest in art as investment in the Dutch art market is the characteristics of Dutch art collectors. All of the art dealers (10) characterized Dutch art collectors as collectors of passion and love for the art rather than driven by opportunities of investing in art:

- “...I think there are not many Dutch collectors who see art as an investment. The Dutch collectors, in my point of view, are far more passionate collectors and collect art to make very beautiful collections“ (Sebastiaan Brandsen).
- “...most people that we have in a gallery buy it just because they like it. They have a good feeling about it, they look at it for a long time and after couple of years they decide to buy something“ (Mark Slegers).

In addition to this, all of the interviewed art dealers (10) stated that they do not like the idea of art as investment because it is not the primary purpose of the artworks and they do not sell or advise to buy artworks in their galleries as investment assets. Nieck De Bruijn confirmed this assumption by stating that buying art only for investment purposes is:

“...only for a short term and I am not interested in that. It’s only in the interest of money but it’s not in the interest of artist and I am for the artist“.

Bastiaan Deelen argued that art dealers do not know whether the economic value of the artwork will increase over time:

“It might be profitable, but you don’t know. And if you buy stocks you can read a lot of business information and you can say that the risk is ten percent, fifty percent or seventy percent. But with art you don’t know“.

What is more, Sebastiaan Brandsen argued that buying art as investment affects artists negatively, the price levels exceeds to high and if the economic value goes down it means an end the reputation and career of the artist. In order to avoid such scenario, Sebastiaan Brandsen mentioned that in their gallery they use contracts between seller and buyer:

“We have contracts that say that the collectors can’t sell the work in five years and if they do the re-sale within the five first years then they have to offer the artwork first for us. That’s a tool that is used to ensure that the artwork is not used as a very fast investment because it is never good for the artist“.

Mark Slegers marked that only few exceptions of investing in artworks that are traded in the primary art market have generated financial returns. Most of the returns on art are generated for artworks bought in the secondary art market.

4.8.3 Price construction schemes in the primary art market in the Netherlands

Dutch art dealers use several price construction schemes to set prices for the artworks done by emerging and established artists. According to Cokkie Snoei, Dutch art dealers set prices together with the emerging artists who have just graduated from the art schools, have no pricing history and established reputation according to the price levels of similar young artists in the Dutch art market. Sebastiaan Brandsen adds that art dealers also set prices for emerging artists intuitively:

“You start with a sense that something has to have price like that. That is something that especially is done together by the artist and the gallerist in the beginning “.

Cokkie Snoei marks that the price level of young artist increases with his selling history – the more of his artworks are sold, the higher the price rises. Similarly, Mark Slegers mentioned that the increasing demand for the artist’s works correlates proportionally with increasing price levels for the works. Martita Slewe argues that the price level of the artist increases with his growing

reputation that is indicated by the number of successful exhibitions, shows, critic reviews, participation in number of local and especially major international art fairs, number of foreign art galleries that artist is represented by and the age of the artist. The growing reputation of the artist in the market is recognized and consolidated by the art market's insiders such as art dealers, museum curators and art critics.

On the other hand, Lucas van Hasselt stated that he works with artists that already have an exact price range because they work with other galleries internationally. As mentioned earlier in such case, the prices must be the same everywhere. All of the interviewed art dealers (10) stated that there is one particular pricing strategy for artworks commonly known between the Dutch art dealers and collectors called the factor. Martita Slewe described the process of pricing the artwork by the factor strategy as measuring the height and the width of the artwork in centimeters and multiplying the measurements by the factor of the artist. According to Martita Slewe the components of the factor are earlier mentioned achievements of the artist that indicates his reputation in the market. What is more, the factor contains objective and subjective valuations of the artwork and the artist. Objective criteria are the costs of producing the work, transportation costs, insurance costs and shipping costs that are added to the final price of the artwork. Subjective criteria contain evaluating the reputation and overall position of the artist in the market. For example, if the works of the artist were exhibited in the international art fairs, museum exhibitions and were bought by important collectors with good collections – these factors indicate that the reputation of the artist is growing. Jannie Hommes marked that factor for the emerging artist starts around five or ten. All the art dealers (10) stated that there are no limits for the factor to grow. While asked how the art dealers put the exact economic valuations over the increasing reputation of the artist, all of them (10) stated that they feel intuitively when to increase the factor and the overall price level of the artist:

- “That is what it comes from the experience and you know that the artist should be around that factor“. Art dealers base the pricing decisions according to intuition, personal experience and knowledge about the art market“ (Nieck De Bruijn).
- “That is experience of a gallerist and set off against the experience of an artist. If it is very known artist you can compare him to the other artists if it is not known or emerging artist you have to make up the factor yourself. You have to have feeling what's right at that time. It's very subjective but we know our collectors and it's our job to know the art market“ (Sebastiaan Brandsen).

- “If you feel that you sell too much and too quick and too easy and that the artist gets nervous because he doesn’t have any work anymore then you rise the factor. You make thirty five instead of thirty or twenty five or something. The basis is what the artist needs to live“ (Mark Slegers).
- “This is very subjective...It’s a feeling. It’s also a feeling what the market can carry. Is this the kind of work that people are willing to spend ten thousand euros on? So, it’s a feel. My check is if it is a realistic income for the artist...in the end it is basically what I like and what do I think is worth that “ (Lucas Van Hasselt).
- “I do not grab it out of the air but you have a certain feeling about what it should be and if you put the factor on it, it usually suits. Your common sense can be helpful and it doesn’t always have to be all determined by calculations“ (Muriel Mager).

All of the interviewed art dealers (10) stated that the manipulation of art prices is ascribable to the top of the global art market where price levels in the blue-chip galleries exceeds several hundred thousand euros. What is more, they marked that manipulation art prices is especially relevant to the top of the secondary art market that is dominated by international auction houses such as Christie’s and Sotheby’s. The dealers marked that it is important to make a distinction between the top level of galleries and auction houses that operate on a global level and rest of the actors in smaller – local and regional art markets. According to them the trends of speculation and manipulation of art prices is only applicable to the top segment of the art market that constitutes only for 1% share of the global art market:

- “Of course everybody read the reports on the increasingly higher art markets but if you look at the global scale it’s only lucky few and very contained art markets where that happens. But because art prices are so incredibly high in that markets, it looks as it’s the complete art market is going off the charts but it isn’t“ (Sebastiaan Brandsen).

All of the interviewed art dealers (10) stated that the price levels of the artists who work with several galleries worldwide are the same in every gallery. On the other hand all art dealers (10) stressed the importance of setting the right price for the artwork. Bastiaan Deelen stress this issue by stating that:

“If it’s too much you are not going to sell anything and your reputation is gone“.

While asked whether price reflects the quality of the artwork in general, few art dealers (2) confirmed that it does. Others argued that price does not necessarily reflect the quality of the artwork. On the other hand, all art dealers (10) stated that price reflects quality of the artworks in their galleries.

4.8.4 Elimination of information asymmetries and provision of price transparency in Dutch commercial art galleries

Dutch art dealers (2) mentioned that art dealers in The Netherlands have observed that market inefficiencies and especially the lack of transparency in the primary art market affect their businesses negatively:

- “It’s a problem because people don’t believe then, also it’s difficult to explain to people if they know these kind of stories that are happening and they also think it’s happening here so they don’t look at you as a serious art dealer....” (Martita Slewe).
- “Secrecy is a big issue for my business because people are afraid to pay seven thousand or twenty one thousand for an artwork....” (Bastiaan Deelen).

In order to provide more transparency to art market outsiders some of the Dutch art galleries joined The Netherlands Gallery Association. Members of the association discuss ways to be more transparent and encourage peers to provide as much price transparency as possible. Moreover, art dealers observe that with the rise of digitization art market has become more transparent. Sebastiaan Brandsen argued that a lot of websites provide information about auction data and how artist is doing in the market. Mark Slegers stressed the importance of the art fairs and the internet that help to eliminate informational asymmetries in the art market:

“All things together they make the market more and more and more transparent. It’s very easy to find facts about artists, prices, galleries. That’s a good thing“.

On the other hand, respondents agree that some gallerists are not keen to provide price transparency because they are not in control to manipulate the prices anymore. Nine out of ten art dealers provide price lists for their clients in the galleries. Martita Slewe argued that price lists increase price transparency in the art galleries. What is more, art dealer argued that some art dealers are not providing price lists on purpose so that they could manipulate the prices. Bastiaan Deelen and Muriel Mager recalled several galleries that manipulated the prices and provided higher prices for the same artworks in the art fairs than in the gallery. Only one art dealer does not provide price lists and prefers to tell the precise prices only if asked in the gallery. Only three out of ten of the art

dealers provide prices near the paintings in the gallery. Martita Slewe argue that putting a price near the expensive painting in the gallery would increase the threat of theft whereas Cokkie Snoei, Nieck de Bruijn and Jannie Hommes stated that providing price tags near the paintings is ugly and distracting. Cokkie Snoei and Jannie Hommes mark that price tags would distract visitor's attention from enjoying the artwork to concentrating all the attention to the price.

On the other hand (2) art dealers provide prices online to increase the price transparency. Bastiaan Deelen:

“If you look at my website almost all the pieces are with the price to make it transparent. Also, in the fair it's the same price as in the gallery so then I cannot manipulate the price“.

Moreover, art dealers who tend to provide prices online, put price tags near the painting in their galleries. Bastiaan Deelen argues that such practice increases overall transparency of his business:

“I prefer it because of the transparency. Ones who come to my gallery must know what is the price, they can see it on the wall and we don't have a discussion about it. If you want it but it's too expensive we can always negotiate. But I prefer to do the business very transparent“.

What is more, art dealers argue that they do not provide prices right away because they want to get to know the client who is interested in buying. As Nieck de Bruijn marks “One aspect of a gallery and selling artwork is also selling to the right parties... you first like to talk to someone, their ideas, who they are, what they collect, to get an idea if there is an interest in buying, where the work would end up...“.

The main reason why art dealers (7) not always provide prices publicly is that there is no fixed price for the artwork but once a price is provided publicly it is not possible to scale it down because it would negatively affect the artist. Moreover, according to Sebastiaan Brandsen, prices may vary from day to day due to the fluctuations in the currency, variations in transportation costs in different countries that presuppose objective criteria and subjective criteria such as preferences of art dealers to whom to sell the artwork and for how much:

“...different galleries give different percentage discounts to different collectors because they have bought more in a certain gallery...and it's not very transparent and I think galleries profit from that which is pretty important part of it. It is very unequal market...And if you make it transparent for everyone it's pretty difficult“.

On the other hand, the secrecy in prices is explained by Lucas Van Hasselt:

“We do lack a rational calculation system. It is more open to emotions. Also, art doesn’t matter. Art doesn’t matter because art is a luxury“.

All interviewed art dealers (10) stated that digitization has changed the gallery working model. Art dealers marked that the use of the internet provides interested clients with more information about the artist, artwork and its price. Moreover, art dealers promote their galleries, exhibitions, artists and artworks via social media channel such as Facebook, Twitter and the official websites of their galleries. According to them, social media sites increase the visibility of their businesses by reaching much wider audience than the physical gallery space. They also use direct e-mailing to invite their clients to new exhibitions or provide information about new artworks in the stock.

On the other hand, Martita Slewe marks that she does not provide prices of her artworks on the internet because the digital space is too open. She argues that internet does not provide transparency on the other hand it enables one to hide more things rather than provide them. Moreover art dealer argues that the access to the information about the gallery, artist and his works via internet affected galleries negatively – less and less people are visiting actual physical gallery spaces. For a future perspectives, out of ten art dealers argue that the physical space of the gallery will be more important in the future than it is now:

- “In the future it will be more important than it is now and more important than the art fair. The art fair is very important to show the gallery, to do some business. But I think a fair is important to meet a lot of people and invite them to your gallery and make them feel the artist... If you want to buy or collect you need a gallery to look at the pieces in one place“ (Bastiaan Deelen).

On contrary, Mark Slegers argues that the physical space is not and will not be important anytime in the near future – art fairs are the new future. Nine out of ten art dealers stated that participation in the art fairs has a significant influence in establishing reputation of the artist and reputation of the gallery in today’s primary art market. What is more Mark Slegers stressed the importance of art fairs in eliminating information asymmetries and providing price transparency.

4.8.5 The nature of information asymmetries in the primary art market in the Netherlands

Only two art dealers marked that the nature of the information asymmetries arise in the Netherlands due to the manipulative activities of the art dealers. Others (2) suggested that they do not know the nature of this issue whereas others did not answer this question in a way that there would be explainable reasons for it.

4.6 Conclusions for empirical research

Art dealers are against art as investment in both short-term and long-term. According to them, chasing fast money does harm to the artist's reputation and career. What is more, art dealers are not reluctant to this issue and before selling the artwork to the client gets to know him or signs a contract that protects the artist.

The price level of the emerging artist is set according to the price levels in the market and the gallery that is exhibiting the artist. The price levels grow with the increasing reputation of the artist that depends on where the artworks are exhibited and who buys them. Moreover, prices are set according to the measurements of the artwork and the factor of the artist that reflects his reputation that is transformed into economic calculation based on objective and subjective valuations.

Majority of the art dealers provide price lists in their gallery. However, only few of them post prices online or near the paintings in the gallery spaces. The reasons behind this common practice are objective and subjective, however, Dutch art dealers mark that they have no secrets and tend to provide information about prices when asked eye to eye.

The nature of the asymmetrical information is unclear. Art dealers did not provided particular reasons why such situation arises. However, some marked that the asymmetric information arises due to the activities of the art dealers, others marked that nature of the market also has influence on the asymmetric information.

5. CONCLUSIONS

5.1 General conclusions

The aim of this thesis is to measure extent to which art dealers of a commercial art galleries in high-end and lower-end of a primary art market in the Netherlands provide all available information about the prices of the artworks for investors, collectors and general public. The literature review suggests that primary art market in general, is inefficient market due to various economic anomalies and idiosyncratic nature of the goods that are being traded. What is more, it is argued that primary art market is full of asymmetric information that rises due to the reluctance of art dealers to do business openly. Such reluctance suggests that both parties of the transaction – art dealers and buyers are affected negatively by this common practice in the primary art market. Dealers that run businesses honestly suffer from a perception that all art market is secret, uncertain and manipulative. As a result, buyers avoid to purchase artworks as investment assets due to this and other risks that characterize the primary art market. A qualitative research based on a semi-structured interview method suggests that information asymmetries exist in the Dutch primary art market. Minority of the art dealers provide prices online or near the paintings in their galleries. Even though art dealers provide price lists in the physical spaces of their galleries, they do it only if asked and before revealing the price they make sure that the buyer is truly interested in the purchase.

When it comes to prices Dutch art dealers construct them on various criteria some of which is more rational than other, however, the subjectivity plays the biggest part in the price construction schemes. Even though art dealers tend to include objective criteria about the artworks in the price, all in all, the reputation of the artist that is impossible to express into monetary terms but is referred to as the factor, is evaluated in economic terms according to the feeling of what the right price of the artwork should be.

To sum up, Dutch art dealers that run commercial art galleries in the high-end and lower-end of the primary art market in the Netherlands provide limited sets information about the prices of the artworks in both, physical gallery spaces and online. Moreover, primary art market in the Netherlands is non-transparent, inefficient in terms of economy and information.

5.2 Recommendations for future research

The main recommendation for a future research that will be carried by scholars and those interested in the art market is to put the main focus on the subjective criteria that are the main

factors driving the economic forces of the art market. Examination of such criteria should be done from qualitative rather than quantitative point of view.

References

- Art Dealers Association of America. (2014). *ADAA collector's guide*. Retrieved from http://webcache.googleusercontent.com/search?q=cache:AtgMCnfz4VwJ:artdealers.org/sites/default/files/adaa_guide.pdf+&cd=3&hl=lt&ct=clnk&gl=nl
- Artemundi Global Fund. (2015). *Track Record for Art Funds*. Retrieved from <http://artemundiglobalfund.com/research/>
- Baur, P. (2006). Inefficiency in the market for 'Fine Art': how this market inefficiency promotes 'Art Tourism' in South Africa. *South Africa: University of Johannesburg*
- Boswell, A. (2014). *How to Start a Commercial Art Gallery (retail) Business (Beginners Guide Volume I)*. Retrieved from https://books.google.nl/books?id=WhnUBAAAQBAJ&pg=PT2&dq=commercial+art+gallery&hl=lt&sa=X&ei=yud1Vfr3OIrzUMPHgbgE&redir_esc=y#v=onepage&q=commercial%20art%20gallery&f=false
- Bryman, A. (2012). *Social research methods*. UK: Oxford University Press
- The European Fine Art Foundation. (2015, march 11). *Global art sales in 2014 brake all known records*. [Press release]. Retrieved from <http://www.tefaf.com/DesktopDefault.aspx?tabid=15&tabindex=14&pressrelease=16959&presslanguage>
- Codignola, F. (2003). The Art Market, Global Economy and Information Transparency. *SYMPHONY A Emerging Issues in Management*
- Frey, B., & Pommerehne, W. (1989). *Arts & Economics* (2nd edition). Germany: Springer
- Dimson, E., & Mussavian, M. (2000). Market Efficiency. *UK: Spellbound Publications*
- Ginsburgh, V., & Throsby, D. (2014). *Art and culture*. USA: Elsevier
- Krugman, P., & Wells, R. (2013). *Economics*. (3rd edition). USA: Princeton University Press
- Lind, M., & Velthuis, O. (2012). *Contemporary art its commercial markets. A report on current conditions and future scenarios*. USA: Stenberg press
- Lyna, D., Vermeylen, F., & Vlieghe, H. (2009). *Art Auctions and Dealers. The Dissemination of Netherladish Art during Ancien Regime*. Belgium: BREPOLIS

- Mc Andrew, C. (2012). *The International Art Market in 2011. Observations of the art trade over 25 years*. The European Fine Art Foundation
- Mc Andrew, C. (2010). *The global art market, with a focus on the US and China*. The European Fine Art Foundation
- Mei, J. & Moses, M. (2002). Art as a Investment and the Underperformance of Masterpieces. *American Economic Review*
- Noerr, G.S. (Ed.). (2002). *Dialectic of Enlightenment. Philosophical fragments*. USA: Stanford University Press
- Robertson, I., & Chong, D. (2008). *The art business*. USA: Routledge
- Velthuis, O. (2002). *Talking prices*. USA: Princeton University Press
- Talking galleries (2014). The position of mid-level gallery in today's environment – Edward Winkleman. [video]. Retrieved from <https://www.youtube.com/watch?v=ZaixF3pT0R8>
- Nederlandse Galerie Assocartie (2010). *Galleries in hedendaagse beeldende kunts, 2010*. The Netherlands
- Zorloni, A. (2013). *The Economic of Contemporary Art*. Retrieved from https://books.google.nl/books?id=xRpEAAAQBAJ&printsec=frontcover&dq=The+Economics+of+Contemporary+Art&hl=lt&sa=X&ei=eQN2Ve74D4uwUfW_gYAD&redir_esc=y#v=onepage&q=The%20Economics%20of%20Contemporary%20Art&f=false

Videos

- Winkleman, E. (2009). *How to start and run a commercial art gallery*. Retrieved from <https://books.google.nl/books?id=U7UxAqAAQBAJ&pg=PT2&dq=winkleman&hl=lt&sa=X&ei=wgN2VbHVDomvU57ZgNAI&ved=0CCcQ6AEwAQ#v=onepage&q=winkleman&f=false>
- Is art market less ethical than the Stock market part 8/13 – Intelligence Squared U.S.[video]. Retrieved from https://www.youtube.com/results?search_query=is+art+market+ethical+amrket

Appendices

List of questions to interviewees:

1. To which level of a gallery system: mega, top, mid or emerging would you position your gallery and why

Possible sub-questions:

How many years your gallery operates in the primary art market in The Netherlands?;

Is it your first gallery?;

With how many artists do you approximately work at one time?

Have you recently participated in any local or international art fairs?

2. To what extent do you position your gallery as a commercial art gallery?
3. To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?
4. What criteria do you use to price the artworks?
5. To what extent price reflects the quality of the artwork?
6. What art market inefficiencies you, as a market insider, observe and do they have any effects on your business?
7. To what extent do you avoid information asymmetries and provide investors, collectors and general public with price transparency?
8. What is the nature of the information asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?
9. To what extent digitization has changed the gallery working model?
10. What is the role of the art fairs in present art market?

List of interviewees

COKKIE SNOEI ART GALLERY – INTERVIEW WITH COKKIE SNOEI

SLEWE ART GALLERY – INTERVIEW WITH MARTITA SLEWE

UPSTREAM ART GALLERY – INTERVIEW WITH NIECK DE BRUIJN

DEELEN ART GALLERY – INTERVIEW WITH BASTIAAN DEELEN

GRIMM ART GALLERY – INTERVIEW WITH SEBASTIAAN BRANDSEN

CONTEMPO ART GALLERY – INTERVIEW WITH MARK SLEGGERS

DE TWEE PAUWEN ART GALLERY – INTERVIEW WITH LUCAS VAN HASSELT

DÜRST BRITT & MAYHEW ART GALLERY – INTERVIEW WITH JARING DÜRST BRITT

SOPHIE MAREE ART GALLERY – INTERVIEW WITH MURIEL MAGER

HOMMES ART GALLERY – INTERVIEW WITH JANNIE HOMMES

Interview transcripts

The following symbols are used in transcripts:

- (...) indicates a pause in the speech;
- (am...) indicates a doubt in the speech;
- (laugh) indicates a laugh;
- (smile) indicates a smile.

Cokkie Snoei contemporary art gallery – Interview with Cokkei Snoei

The interview was conducted with an art dealer and gallery owner Cokkei Snoei on April 30th at Cokkei Snoei art gallery in Rotterdam. Length of the interview – 27:48.

Question

To which level of a gallery system: mega, top, mid or emerging would you position your gallery and why?

Cokkie Snoei

You mean in The Netherlands? In total? Money wise or publicity wise? That is a very very broad spectrum. So maybe in the top thirty in The Netherlands?

Question

How the top level is distinguished in the primary art market in The Netherlands?

Cokkie Snoei

This is why I was asking a question (smile). You can say money wise or you can say publicity wise or the ones that are known most, or yeah, it is a bit of everything maybe. Maybe just do this – go the art fair in Amsterdam and I think they've like thirty places or so, so maybe all the galleries that are invited for that, they show contemporary art and have the best reputation in The Netherlands .

Question

How many years your gallery operates in the primary art market in The Netherlands?

Cokkie Snoei

Since 1989.

Question

Is it your first gallery?

Cokkie Snoei

Yes.

Question

With how many artists do you approximately work at one time?

Cokkie Snoei

Well... It is always... Because there are quite some names on my website but yeah, sometimes maybe I am not often... And because some artists don't really work anymore or hardly so let's say twenty or so?

Question

Have you recently participated in any local or international art fairs?

Cokkie Snoei

Yes. The last one was Art Rotterdam. And now I am going to participate in new art fair in Amsterdam at the end of May.

Question

To what extent do you position your gallery as a commercial art gallery?

Cokkie Snoei

Am... I am not a commercial gallery. I always choose what really challenges me. Of course you can hope that you can make artist more known but I never think of money when I start working with an artist. Otherwise you are going more to an art trade and not a gallery representing your artists. I am always working like a first line and never buy art to really represent artists – young artists. Then you always have to start from scratch and hope that you can amm... bring the artists in a world.

Question

Is it possible to come to your gallery and buy an artwork?

Cokkie Snoei

Yes, of course! Please (laugh).

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Cokkie Snoei

Well, because of this reason, I think public has gone much more critical towards art (negative). So, it's more difficult to sell art from young artists because of course you cannot guarantee a client that it's going to get an increase in value. So, it's a trend that I don't really like because I really prefer

when people buy art because they like the work and then enjoy it, and look at it every day and are not thinking if they can get it and sell it already in double price in two years. That makes me nervous. It is not why I started the gallery. And I met some people that are so tough and say, I don't buy Dutch art because of course we are a small country, so then the market is small. Although I think there are some quite Dutch people who buy art but it's not like the States or Germany or Asia where you have an enormous market. So then, some people say I don't buy Dutch art because it never will get an interesting value. So, I meet these people here.

Question

Who is your target audience?

Cokkie Snoei

Well, people who are still buying something because they like the work. Mainly collectors.

Question

To what extent do you tailor your exhibitions to the taste of your target audience?

Cokkie Snoei

It is what I like, what I think is interesting. Because yeah, I do this job for already a long time so I've seen quite some art so I think I know rather well what's interesting. And then I hope that the clients know that I am a specialist and have a trust in what I choose.

Question

What criteria do you use to price the artworks?

Cokkie Snoei

When an artist just leaves school you know what the prices are so then I start low and then of course after two years you can make it little bit more expensive. It depends if there is a small market for the work so this is how you build the prices. And I think prices are quite cheaper than years ago. Because it's really more like an... A market... There is really more like a market... Before art was much more expensive but you can't ask the same prices just like twenty years ago. It's way cheaper especially when you start with the new artist.

Question

How a small market for an artist emerge?

Cokkie Snoei

If you are able to sell... Like I started couple of months ago with an artist that just left school and I made prices quite low and then we sold almost everything so I think then it's reasonable to make it more expensive because then you can see that there is a market and that the prices are reasonable so you can make sort of a small step to make it a little bit more expensive.

Question

What marketing strategies do you use to promote the artist on a market?

Cokkie Snoei

That's why you bring the work to art fairs. Then you combine young artist with more experienced artist of course. That's sort of a marketing tool.

Question

To what extent price reflects the quality of the artwork?

Cokkie Snoei

Yeah yeah, that's a difficult one (laugh). Am... Yeah... Deep down I think it's really sort of a tulip business – the art world. Because you can price something and maybe in ten years it's nothing or it's maybe hundred times different value. Most of the time is much lower, to be honest. And that's of course in general, it's not only in Holland. I've so many artists that are thought of well and that he or she will become very very well-known but you don't hear anything from her or him. But yeah, that is also maybe you have to tell the people and also have to tell them: Well, you have been enjoying the work for years so when it is not too expensive you can compare it with buying a couch or something like that so. Ah... That is maybe more reasonable than buying it as an investment. Because yeah you are lucky like in five percent cases or so. If the art market would work as a financial market or market for stocks and bonds I would really leave the business. Cause you have to do things in a spiritual way. It's not like... The stock market, it's only money thing so this is really different. Like for painting it's the most easiest way. I suppose that you know the system – you put the price how tall the artwork is and how wide the artwork is, times effect or, so that's easy. Of course, when you make an installation like that (points to an installation in the gallery) it's fairly difficult to do it in that way so you also have to, you have to be creative with pricing them.

Question

What art market inefficiencies you, as a market insider, observe and do they have any effects on your business?

Cokkie Snoei

I think there are less and less inefficiencies. That's what it makes this job attractive. But I like it when there are inefficiencies. For example, you are not sure if it is going to be a very very good investment or not. So for me it's much more important that... I love to see if something moves the viewer and that's why I have this job. That's what I like to see. I don't like when people come in and they only watch the CV, they only look where they are exhibited, if they have been in museums, if they have been in galleries abroad and if they have one price of course, all this kind of

factors are important for increasing thing but yeah I still think it's important to have your mind and your feelings going around work.

Question

To what extent do you avoid information asymmetries and provide investors, collectors and general public with price transparency?

Cokkie Snoei

Here is the pricelist (points to a pricelist on a table). Providing prices near the artworks is ugly. That's what we want, we first want people to be convinced of a quality of the work it's more important. When you first see the price, I think you totally watch different... Look different to an artwork. So, you really first have to ... Yeah... Embrace it. Some kind of art you can find prices in the internet but that's what you have with graphics or... Am... Then it's easier to make a price. It's nice a little bit of secrecy. I provide as much information when I represent the artist. I tell about the CV, the personality, if they work hard or... I am not having any secrets about certain artists.

Question

This is what I wanted to ask about this secret or insider information...

Cokkie Snoei

Yeah, maybe it's good. People should come in and they should talk, and they should enjoy, and they...only sitting behind the computer, you cannot see an artwork. If you see a drawing on a computer of course you don't experience the size and the feeling. So I think computer works only for part of enjoying art. Like I say for graphics because you can find it in different places, you know, there is this size and this technique and this artist but...

Question

To what extent informational inefficiencies of an art market are problems? When a seller knows more than a buyer, or should the buyer trust the seller and the quality of an artwork?

Cokkie Snoei

I think so, yeah... Because you almost always sell to people that are insiders because it's almost impossible to convince people who don't know anything of art that they should buy an artwork so it really takes time and an effort and yeah reading. So why try and convince everybody? It doesn't work. It's known for... Only five percent of people go to a museum and only part of that percentage buys art so it's such a small world. And I don't think it will help people if they can find prices on the internet or other sources.

Question

What is the nature of the information asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Cokkie Snoei

Have you tried to buy an artwork? I think you should. It's interesting to do that together with your very economical input also. I think you are overreacting about the secrecy over the artwork. I don't think that the artwork is so secret. It's only maybe that you can't find it on the internet but there are a lot of things prices that you can't find on the internet. But you can ask what does this drawing cost, or that collage. I don't have any secrets.

Question

To what extent digitization has changed the gallery working model?

Cokkie Snoei

That is for sure that it has changed it. Especially when you show artists that are also shown in other galleries it is much more easier for people to find out who has work and how much it costs, yeah, it has changed a lot. You can communicate so much easier and try to convince people to come and try to see the work and it's very nice too.

Question

To what extent in the future the gallery business model is likely to move to the online?

Cokkie Snoei

It will not move only to online. You really have to experience the power of an artwork. But gallery model is maybe sort of finished. Maybe it's going to be like now – many people are buying in the art fairs, even though I don't know if it is an ideal tool. But not so many people are coming in and seeing the exhibition, so sort of comes less and less. Maybe it's better to go and sit together with like five gallerists in one spot or something. I am sure it will change.

Question

What is the role of the art fairs in present art market?

Cokkie Snoei

The role of the art fairs is becoming more and more important because people can see a lot at the same time. So that's of course an advantage of every fair.

Slewe contemporary abstract art gallery – Interview with Martita Slewe

The interview was conducted with an art dealer and gallery owner Martita Slewe on May 1st at Slewe art gallery in Amsterdam. Length of the interview –56:13.

Question

To which level of a gallery system: mega, top, mid or lower level would you position your gallery and why?

Martita Slewe

Amm... Mid and top (laughs). Because we are somewhere between the mid and the top, because there are few artists in a gallery and they show worldwide in New York at very good galleries, Switzerland, Germany, London, so there is a mixture of more top, emerging artists and mid-career but also they are more known. They are well known but more in Europe or only in Holland maybe. So there is a mixture, so therefore galleries also mixture. They participate in international art fairs, so in a way it's not Art Basel but Art Cologne I do, Art Brussels, like in Holland – Art Rotterdam and also in Spain so in that sense I don't know if you say with mega that you are also talking about all international field including China. That's not part of me, no. But I sell to museums, big collectors, here in Holland but also to just average collectors.

Question

How many years your gallery operates in a primary art market in The Netherlands?

Martita Slewe

Twenty years. Yeah already a long time.

Question

Is it your first gallery?

Martita Slewe

Yes. Yeah and it's still here, the same place. It starts like this and is still here. And also the floor is the same (laughs).

Question

To what extent do you position your gallery as a commercial art gallery?

Martita Slewe

I am a commercial gallery. I sell artworks so I think I am a commercial gallery. But yeah, on the other hand, I like to promote the artist and the artworks so I try to do the... But it is also for making it interesting commercial of course but it is also, you love and you like the idea so you want to promote it because you want it to be on a good positions and also sell it to other people of they just give you the money for it. But I try to position it to place, most artworks in a good collection. That's

nice I think and also it's my job as a gallerist. But I know not all gallerists are doing this in that sense so there are galleries, how do you call it... collectors galleries, so they are more interested in looking for what the collectors like to buy and I am on the other hand, I am more... am... friends or collaborating with the artists – what do they like, museums or collections to be or not to be presented. So, most of time you are in between 'cause you do both, but every gallery has a different focus, yeah. Therefore, also I think when you see the website and also here (points to a booklet) you see a special identity of a gallery, also abstract works, lots of paintings, sculpture, not so much with photography or video, so there is also my personal preference but I work with these people and I try, really try to get them further and don't so, oh, this one doesn't sell, so out and I ask another artist because, of course, not every time you have good sales when you have an exhibition. So in that sense it's not at all efficient. That's very inefficient. Because, what is economy purpose? And most of the time when you look at the old fashioned way of economy you want business to grow and spend more and more money. It's not true in this primary art market. But of course it changes. I know a lot of galleries that, a more in are working in a more commercial way, business way, model. Then they have to do this. But then I think you are more a business man than a gallerist. For me, it's more to do with art.

Question

How do you measure if there is a demand for a new artist in your gallery, from sales point of view?

Martita Slewe

You feel intuitively. It's not very clear. Actually, you cannot ever look into the future what will happen so it has to do with the costs of the artist, also what he did before, what is the attitude of an artist, what he believes in. For a young artist you don't have so much history but with older you see the development, you can form more of an idea how it can develop. On the other hand, I have my experience here, in the gallery, with collectors who like my program, come here to see the art, find now and then some works, so I know a little bit of their taste. Of course, also what museums are interested in, but sometimes you have also nice surprises that happens also. You have to be open to everything.

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Martita Slewe

Of course I noticed it but I noticed it more when you read about it or when you are at fairs. But here in the gallery not so much because if they come here there is sometimes... They know you... But most of the times you notice that in the newspapers where people talk about it or when I go to bank, I also have my contacts there and then they also say: Oh it must be great in your... And they are also interested in that so they see you as a... I never want to be in that.

Question

Why?

Martita Slewe

Because I don't believe in it, that you can manipulate because it is also in a way what they do. Doing it like shares and trying to get more and more higher price. Yeah... And if it doesn't work, then fuf! it's away. But art is a living thing, the artists are also living persons and I don't want to interrupt in that way. But also artworks itself, I don't want to deal with that like with cars, they are not cars for me it's something... So you can't speculate it. But I know it happens a lot now. And for sure, with the old art market like Picasso's and Matisse's they are just things. But they are not just things... yeah... inspiring artworks and I hope they will be careful with it, take good care of it and that drawings would pop-up sometimes somewhere. But in a way you can do it with everything. And they did it in the seventeenth century with tulips. If there is a hype, if there is a market, a group of people who see it as a luxury, they also see it as a luxury... Well in a way they are natural, how do you say... It is not like tulips because they will die but am... These things are like paintings of course, they are materialized, so of course you can buy them. So, that's true. And will last for more than a century for most of the times not falling apart. The photographs or video, well, difficult (laughs) to...

Question

Who is your target audience?

Martita Slewe

My target is people who are also known within art and the art world, so they are museum people, good collections, good private collectors and it is the most important that they will take care of the art. And sometimes there people with good collections who sometimes buys them little bit as investment but I don't know them so much. It's not the main thing. But I know it changed to the other side that it is not very important for them to look at the work, they just buy it as an investment.

Question

And what about general public?

Martita Slewe

General public? Yes, very important also. Yeah yeah. Because you want to promote and have more and more people who are interested in the art and who will get educated with it so that's one thing – to spread and to promote it. And that's important that there are more people coming in, especially younger people because they have to grow and get more known with the artworks because if you learned at the younger age, it is less problematic to talk about it. We sometimes do art weekends and try to get more public in it. Also, to get people more... If they see a lot of art then sometimes they start to want to have something. It starts first with a lot of seeing. I always tell people, if they want to start something, if they want to buy something and they don't know what to buy, I say: first, see a lot, have a look. Go everywhere: to fairs and galleries but also museums and get more and more... And just buy something. Don't be scared that oh, maybe I don't like it anymore after few years. That happens but it is not that important. You may not be in love with the artwork but there will be something that you will always recognize. It is nice. It is a history of your collection.

Question

What criteria do you use to price the artworks?

Martita Slewe

Very very difficult for now, for me because my criteria of course related with other artworks here in the gallery so people know little bit my price range. But for sure, younger artists and older artists, there are quite a big difference between them. If you start with the low price and every exhibition or when you grow older it goes up a little bit. But of course, then when you get more known and do more and more exhibitions internationally, then the prices rise far more. It is also something that is known here that started here in Amsterdam... I know also what other galleries do because we always work with the factor. Prices are always... For example, the size of piece and then you get the measurement of the height and the width of the piece and then you just add that and add... How do you say... Factor, yeah. It is like a personal touch of an artist. This piece (points to a painting on a wall) is thirty by thirty so it's sixty and this artist is a well-known artist, he's already sixty eight and is also internationally well-known and this artist already has a factor which also deal with other galleries, so he has a gallery in Munich and Switzerland and here and in Berlin. So we all have the same factor, so therefore we know everywhere where he is sold in the market they have the same price. So we have an agreement with an artist himself, he knows and that's the most important thing

that the artist knows his prices. And everywhere where he sells his work it will be the same price and for him it's a very high factor in all Europe and it's hundred. So sixty times hundred so it's six thousand euros this one (points to a painting on the wall). But much of a Dutch artists who are not exhibiting in London or the States or whatever, so the factor is for example if they are the same age can be half of it – fifty or sixty. So, it can be three and a half thousand of three thousand. This price has also to do with the... If it is a famous artist of course but also with the other galleries, the artist himself, he thinks – my work is worth this price, what do you think about that? And if you start somewhere and you want it to be a right price if you don't need to lower it after few years because it is very bad for your image. So it's nicer if every time it's little bit more and for the artists it's fine because they earn more money and of course for me for all the other people involved in it. So you start somewhere and with the young artists you start with fifteen as a starting point as a factor. And then you really see it developing and then every time, for example, it gets higher.

Question

What are the precise indicators of the factor?

Martita Slewe

The indicators are: if it is a young artist, if you think it is what you think worthwhile, what you think people would give for it, so that's something. Of course if it's a painting. If it's a sculpture depends also if there is a projection – there are costs involved. These are not big costs. But if it's big and the material is bronze or aluminium or people are involved in it then of course these costs must be paid back. So, that makes also a higher price. Age and of course if it is an artist who has already reputation, good reputation, if he is already known or has a good education, for example, when he starts. If he had already shows before, what was the price at that time, artists themselves, what they think about it. Some people would like to keep it low, other artists think: I have already a good price for it, I don't make so much because it's also important if you make a lot of artworks or not so much, it's uniqueness of course – I sell mostly unique pieces, I didn't talk about that but it's edition of course, it's far more lower than unique piece.

Question

How the factor of an artist grows throughout the years and how is the price set over his or her development?

Martita Slewe

It's because of the exhibitions, if he is in museum collections and interesting museum collections or interesting collections, if it is bought more, if there is an interest – then you think it's worthwhile to higher the price. That are indicators to... And also it's quite normal to... Like in an average job,

every year you get a little bit more. That's something you have in mind, not always because when the crisis started, you saw a lot of artists and galleries they didn't lower the prices but kept it little bit at the same level for five years.

Question

Who knows about the factor? Only gallerists?

Martita Slewe

Galleries know and collectors also know. Not everybody because with some I am not very interested in it, how much is it or that one. Post-war, they know how prices are... Yeah.

Question

To what extent information about the factor is insider's information? Or is it described somewhere?

Martita Slewe

No, it's not somewhere written about it, no. It's more an insider information. Yeah. Because you can always say, make up your own price because it's free business model. In this primary market most of them you do it like this. And also because you want to have all the other galleries who work with the same artist, have the same price level, otherwise, it's too difficult and if you just say it's factor it's much more easier to remember that this artist have this factor. So you can way more quicker or fast to say, that it must be that price.

Question

How has the factor developed in The Netherlands?

Martita Slewe

I think already in the seventies when they started galleries. I know it for a long time. I remember because before I started this gallery I worked in another gallery so they worked with the same factor and it was in the eighties and also in the seventies also.

Question

To what extent price reflects the quality of the artwork?

Martita Slewe

Yeah, I think so yeah.

Question

To what extent prices of the artworks are being manipulated in the primary art market if a gallery business model is a free model?

Martita Slewe

Of course it happens. But it's with all kind of a free jobs it's possible. And I know this also happening (laughs). Here is a price list (points to a price list on a table) but on the Internet it is something different because that is really so open. Maybe it will happen more, I find it quite normal but I know galleries that don't do even this. That's true. And they can say to somebody this price and to others another price. But I know for example, I participated in the Art Cologne art fair and one of the very very important things there that every gallery has a price list on a table or prices here (points to the painting on the wall) so it would be transparent. But it doesn't happen everywhere. That's true.

Remark: During the interview, an artist came to the gallery and I explained what I am writing my thesis about. His opinion:

Artist

This art market and especially the top of the market is totally out of balance. It's weird and it's not transparent, it's manipulated, it's the grey area, it's money laundering machine. And it has nothing to do with the quality of art. I think when it comes to the prices it's the context that the artist and the emerging artists, their price level when they start is low and then it develops and it develops according to getting older but also by providing more jobs and also getting more known in certain group, it can be a small group but within the group that you work for.

Question

How do you set the precise price rise of an artist per one exhibition?

Martita Slewe

Per exhibition of course and per collaboration with the artist. You have to agree with each other and what is important, with the other galleries who work with the same artist you have to have agreement with each other.

Artist

Yeah.

Martita Slewe

But most of the time it's also, they call it molar gallery, it's the gallery so the most important gallery of the artist and most of them, they decide what will be the price of other galleries.

Artist

Yes, it doesn't work to sell painting certain size to twice as much in Switzerland to compare with London. It may happen but nowadays not so much because everyone can check everything everywhere.

Martita Slewe

But if you don't know that in the primary art market, it has to be little bit more the same price but it also has to do really with the artist. He is really important person involved in it, so yeah. He has to make good contacts with the galleries because if the prices are different then it's a disaster for your career. He is not accepted into professional arts anymore.

Question

What marketing strategies do you use to promote artist in the market?

Martita Slewe

I try to get attention level higher. You also try to get it more sold but it's difficult. You can see (points to a price list) four on this show are sold, it's okay. But I never had a real sell out. It could happen but most of the time it's really good if you have four or five works sold. And it's sometimes later on, because after the exhibition which takes about five weeks, most of the works stay here for a while and people can come back later. So I sell works that are in storage also.

Question

What art market inefficiencies you, as a market insider, observe and do they have any effects on your business?

Martita Slewe

It's a problem because people don't believe then, also it's difficult to explain to people if they know these kind of stories that are happening and they are also think it's happening here so they don't look at you as a serious art dealer so I find it a problem, yeah. And we have to fight it. We are busy trying to find... Every country has it in Europe also every country has it so... In The Netherlands we have a Gallery Association also to talk about it make it more clear also to the outside world that we are not taking advantages always. And also to make it clear for other galleries that they have to be very transparent with their way of work and prices. But of course there galleries and it's also known for years, there are few, they don't do that. So, they try and manipulate it.

Question

To what extent do you avoid information asymmetries and provide investors, collectors and general public with price transparency?

Martita Slewe

To do my best and to tell them that at my place it's working like this and also to inform good people that are coming in and also to start to know if they come here more often, then you see the policy of an art gallery but also the way I'm working and you get more trust and you see... It's very important to talk to each other and really work with people and having social contact and not just

through the Internet because it's really abstract and actually not transparent in that way. You can hide far more, yeah. This is why I don't put prices on it because it's... I don't write in near the paintings because then there people who could rob: Oh, that is interesting, I will take that.

Question

What is the nature of the information asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Martita Slewe

I don't know.

Question

To what extent digitization has changed the gallery working model?

Martita Slewe

It has changed, yeah. And in a way it's really good because people can see more or follow you through the Internet but there is something that is not so nice because less people are coming in. Because you can already see the works on the Internet and exhibitions so there is not so much urge to come in to the galleries. It's better if you see the work in real. It's more interesting. It's easier to get more sales when there are people around in the gallery. But on the other hand, I am more known for the international so there are two ways. Promotion, you reach more people, through e-mail, it's more efficient but then it results in the less people coming in.

Question

What is the role of the art fairs in present art market?

Martita Slewe

People are more busy so for them going to fairs is... They have more choice. But in the art fair you don't have these nice exhibitions that you have on your gallery so no single artist show. In the art fairs you have different paintings to choose of. I understand that it is much easier for a public to go there. We'll see how it will develop.

Question

I was talking with Your colleague Cokkie Snoei last week and she told me about Amsterdam Art fair. Interesting thing that she pointed out was that the galleries that are invited to participate in the fair are segmented as top galleries in The Netherlands. What are the criterion that makes them the top galleries?

Martita Slewe

These are galleries that work with international artists, not only ones from The Netherlands. But most of the galleries in Holland are more regional galleries. Those thirty galleries also have shows

in museums, really interesting collectors and collections that make it top. And the price range that are more top. The more local galleries, their price range is from five hundred to five thousand but in my situation it starts almost with five thousand and goes up to fifty or hundred thousand. And we don't about this mega that works on the international level, but for the Holland it's you can work you can sell artworks like that. Those thirty galleries that are on a list, well, the art dealers of established galleries sat down and basically said you in, you out. The program is really important – it must be international program – the artists you work with are shown somewhere else or you show the international artists or you participate in international art fairs, museums. So that there is some kind of a level, that you are ambitious gallery. And not only a selling point.

Upstream contemporary art gallery – Interview with Nieck De Bruijn

The interview was conducted with an art dealer and gallery owner Nieck De Bruijn on May 1st at Upstream art gallery in Amsterdam. Length of the interview – 36:05.

Question

To which level of a gallery system: mega, top, mid or lower level would you position your gallery and why?

Nieck De Bruijn

Well, I think we are in between mid and top because the gallery is growing quite fast, we do top international art fairs, for example we... Next week one of our artists is doing Spanish pavilion, the biennial, things like that belong to the top but it's not for all the artists yet so we are just in between that position – growing from the mid to the top.

Question

How many years your gallery operates in the primary art market in The Netherlands?

Nieck De Bruijn

Eleven.

Question

Is it your first gallery?

Nieck De Bruijn

Yeah, it's the first and only one gallery.

Question

Have you recently participated in any local or international art fairs?

Nieck De Bruijn

Yes. From the beginning. Well, locally – Art Rotterdam, Art Amsterdam when it still existed, the new art fair – The Amsterdam Art Fair, The Capital A art weekend and then internationally – Art Basel Statement, Art Basel Hong Kong, Art Forum Berlin, Art Brussels, Art International Istanbul.

Question

I have already spoken with two of your colleagues and they told me about The Amsterdam Art fair. They said that galleries that are invited to participate in the fair are segmented as top and best galleries in The Netherlands. What are the criterion that makes them the top galleries?

Nieck De Bruijn

I am not in the selection committee so I am not completely aware how they did the selection but one of the owners of the fair is a gallerist, so they are very much in... The other one... A former gallerist and the former gallerist and the former director of Geemente museum in Den Haag, so they

are really into this art market and they know about the gallery system in The Netherlands so they are very... And yeah it's quite clear to everyone involved in this market who belongs to the top.

Question

To what extent the segmentation to the gallery hierarchy in The Netherlands is insider information or a common sense?

Nieck De Bruijn

Well... Well... Maybe it is insider's information... Well but everyone can Google... Know when you just study the art market and the artists of the gallery that you see how successful they are in the international art market. From that you can see who belongs to the top galleries and who not.

Question

To what extent do you position your gallery as a commercial art gallery?

Nieck De Bruijn

It is commercial gallery but artistic choices are leading always but with a sort of a good business sense. It has to be a good balance of course but for example when we see a roster of artists the choice will always... For an artist to start representing him is always artistic in the first place because we really like the work. So, we don't make choices, for example, that we think that the artist will sell really well but we don't like him, he doesn't fit our program so then we won't do it.

Question

How would you describe precisely the business sense in the art gallery? Does the quality of the artist and artwork sell or you just promote the artist?

Nieck De Bruijn

Yeah that happens but of course then at a certain point there is also a balance so it is just like in the publishing industry – you have authors that sell really well and authors that don't sell that well but publishing house is just interested to ...? It's the same as a gallery.

Question

What are the goals of your business?

Nieck De Bruijn

The goals of the business is to... To belong to the top, to the international top and represent artists on that level.

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Nieck De Bruijn

In the market you see it, it is a known factor. In our gallery... We hardly have to do with that. And I think it's because we don't have what is perceived as a fashionable program. So they are not interesting for that kind of collectors. Luckily. And I am not completely interested in that part of the market.

Question

Why?

Nieck De Bruijn

M... Because I think that... Am... That's only for a short term and I am not interested in that. It's only in the interest of money but it's not in the interest of artist and I am for the artist. So... Yeah... For their careers so that's important for me on a long term.

Question

Who is your target audience? Investors, collectors, general public?

Nieck De Bruijn

The target audience is collectors and curators, press. But for the biggest part – private collectors.

Question

To what extent do you tailor your exhibitions to the taste of your audience?

Nieck De Bruijn

If you see it from the marketing point of view it's good strategy. We decide what is important and what we like and then we start to price it and convince people around us.

Question

What marketing strategies do you use in your gallery to sell the artworks and raise the awareness about the artists?

Nieck De Bruijn

Well, it's mostly maintaining your network, so being very close to your collectors by phone, by email, meeting them. And of course we use art fairs as a tool, use internet as a tool.

Question

What criteria do you use to price the artworks?

Nieck De Bruijn

There are different criterions that you use but it's based on a position of an artist in the art market and that is sort of a complex field of things like the determination how long they are from the study, that's a factor that have they been exhibited in museums, what galleries they are working at, things like that. Also, the medium has an influence on the pricing like, if you make things out of the pure

gold then it makes pricing more high, and the size, things like that, but mostly it's the position in the art market.

Question

How do you price the position of the artist in the art market?

Nieck De Bruijn

That's on basis of your experience in the art market. You know, okay, artist of that age have that many shows behind them, they are in between that and that artist from that artist in London and that artist in New York. But it's experience. It's not like there is a golden formula that you can put some figures and then it comes out.

Question

One of your colleagues told me that in the Dutch art market some galleries use a pricing scheme called factor, is it a common strategy to use?

Nieck De Bruijn

Yeah, there is. Every gallery is using factor for like paintings. But the factor that's the crucial thing of course. That is what it comes from the experience and you know that the artist should be around that factor.

Question

What is the range of the factor and is that range the same in every gallery in the Dutch art market or does every gallery uses it differently?

Nieck De Bruijn

Every gallery uses it differently but everybody is using it within kind of a range. We are all working in the same market in the same national market.

Question

What is the range of the prices of the factor?

Nieck De Bruijn

You cannot say it like that because... You cannot compare it like that. Because there are artists who have just finished academy and there are artists of eighty years old with hundred museums shows.

Question

Do you use a factor in your gallery? If yes how?

Nieck De Bruijn

Yes, we use factor in our gallery. It is very specific then. There is no golden formula. It is the experience then.

Question

How do you price the experience of an artist?

Nieck De Bruijn

No, it's my experience and the knowledge about the art market that you come up with the price of the factor. If you think about the price range, price level of an artist and out of that the factor comes. It just to make it easier to say, okay, it is forty by eighty the size and hundred and twenty centimeters is this much. The factor is just a tool to make it easy.

Question

To what extent do you believe that there is a space for speculating and manipulating prices of the artworks in the primary art market?

Nieck De Bruijn

There is. But we are talking about the top of the market. And that's not my field. I mean the extreme top. When you talk about the top of the market you talk about the major auction houses like the Warhol's and those kind of artists and yes, of course, there is a lot of manipulation. Everybody knows.

Question

To what extent manipulation happens not only in the secondary top market but in the top and mid of a primary art market?

Nieck De Bruijn

On this level not. Like really big galleries that are working with artists that have a price range of like a few hundred thousands of course, there is also manipulation. But the strongest manipulation is really in the strongest top of the market in the biggest auction houses.

Question

To what extent price reflects the quality of the artwork?

Nieck De Bruijn

To some extent there is a relation often, like normally you build up a price of an artist when an artist has had hundred international museum shows, you can say he has earned his credits. So his work has a value but on the other hand there is a speculation of prices in that kind of market.

Question

To what extent prices reflect quality of the artworks that are being traded in your gallery?

Nieck De Bruijn

Yeah, of course. I think that it is leveled – the price and the quality. But also then of course, better works of an artist are for the same price sometimes. Not every artwork is the same in quality.

Question

How do you describe the quality of an artwork – technical quality or symbolic, artistic quality?

Nieck De Bruijn

In that way, the quality that we can all agree that it is a great art. But the same artist he can make ten paintings and only one is truly top, the other ones are good. But they are sold for the same price because they have the same dimensions, for example. So, in that way can you say there is a relation in quality and price? I don't know. There is a relation but it's also kind of loose.

Question

How can you measure which painting out of the ten is the best in the terms of quality and others are not?

Nieck De Bruijn

It's an intuition, but I can be wrong of course. Who will say that I am right, you know. When we look back in hundred years, then yeah, the common sense is that it is completely the other painting at that time. You cannot say it, so I think of myself that I can say it of course but I can be wrong also.

Question

What art market inefficiencies you, as a market insider, observe and do they have any effects on your business?

Nieck De Bruijn

It takes some time of course and you have to put some energy in it but a lot of collectors have a good sense of how the art market works and why certain things have a price level. For an outsider I would say yes, it is difficult and it seems not transparent and it's the gallery choice not to publish the prices like on the website or fairs, it is considered really not chic in a first place. We are talking about an extreme luxury product, so you don't put right away the price tag on it, yeah that's true but on the other hand, it's only one question away. In art fairs, in most cases the galleries would just supply the information right away. It is also sort of a tool to get into contact at first with somebody who is interested and to be able to exchange ideas on content. One aspect of a gallery and selling work is also selling to the right parties. So when you talk about speculation you first like to talk to someone, their ideas, who they are, what they collect, to get an idea if there is an interest in buying, where the work would end up, so yeah. It is not so transparent but then it is not... It is

only one question away. And again, in the top it is really inefficient but also because they choose speculation and on this level it is totally not the case. And if you put it as a financial product, the information also have to be transparent in the top level of the market but on this level it doesn't play a role.

Question

Why inefficiencies of the top art market do not filter in the other levels of the art market?

Nieck De Bruijn

Because on this level the speculation is not... You have to be very lucky. Of course you can do it but you have to be extremely lucky. It's like playing the lottery.

Question

To what extent do you avoid information asymmetries and provide investors, collectors and general public with price transparency? Do you have a price list in your gallery, do you publish prices online or an interested buyer should come to your gallery and ask for a price?

Nieck De Bruijn

Yeah, this is the case.

Question

What is the nature of the information asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Nieck De Bruijn

Both.

Question

To what extent digitization has changed the gallery working model?

Nieck De Bruijn

Yes, of course. It is the same for the whole world. It makes it much smaller. You use email it is important tool, also your websites that are there to promote art or sell art. It has become an extra tool and the tool that will expand in the next years.

Question

What is the role of art fairs in present art market?

Nieck De Bruijn

They are extremely important. It brings the art world together. But everybody hates them in a way. The artists and the galleries hate them in a way because they are the worst places to present the art, it is just a few walls and ugly buildings and I mean it's not real. Collectors are often also not so happy with it because it's also a lot of competition and... But on the other hand they are extremely

functional, they bring the art world together and the art world it's one big network so that's the most important. As a collector you can see top two hundred galleries from all over the world on one single spot just in one single day. And for us, for the participating galleries and the artists it's the same. You show the work for fifty sixty thousand people in one week. It is very efficient.

Question

Did any of your artworks went to the secondary art market and if yes, how did the economic value of it has changed?

Nieck De Bruijn

Yes, it happens sometimes. It sometimes comes from a secondary market to us and a buyer says can you find another client for it. Sometimes they go via the art advisors or via the auction houses. And in most cases the economic value went up but sometimes it doesn't go up.

Question

If you put a price on the artwork and its economic value went up in the secondary art market was it because of the rivalry of the bidders or did the value increased over time?

Nieck De Bruijn

I can't say that because so few works went to auction. We work with artists that are really young so it's not interesting for people to bring them to auction houses because there is not enough profit in that.

Deelen art gallery – Interview with Bastiaan Deelen

The interview was conducted with an art dealer and gallery owner Deelen on May 2nd at Deelen art gallery in Rotterdam. Length of the interview – 55:03.

Question

To which level of a gallery system: mega, top, mid or lower level would you position your gallery and why?

Bastiaan Deelen

I am looking from the middle to a high level.

Question

How would you describe a level that you are in right now? How it differ from other levels?

Bastiaan Deelen

Mostly the price, the artist – these are two most important things and artists they don't have so many galleries so I pick the artists with not so much galleries to make it very exclusive. You can see by a price, for example, Cokkie Snoei, she has a very important stock of artists but my goal is to be in the middle and higher.

Question

How to grow from a mid to top level for a gallery?

Bastiaan Deelen

To get to top is very hard. I am looking for am... I try to work together with other galleries. I am starting now, for example in Groningen, I am also starting discussion with London. I try to make my area bigger than the gallery. I am lucky because I have a nice gallery, the artists told me so, so it's very easy to have artists in the gallery within the higher level. For me it's very easy to have them here.

Question

How many years your gallery operates in the primary art market in The Netherlands?

Bastiaan Deelen

Very short. I started in June, 2013, almost two years so I work very short in the gallery.

Question

Is it your first gallery?

Bastiaan Deelen

It's my first gallery, yeah. Before that I was a goldsmith, I also been to the Antwerp for the diamonds, to graduate the diamonds, I was in Amsterdam working in financial business. So, I have done various disciplines in the financial world – ING bank, insurance companies and so on.

Question

Why you started a gallery business?

Bastiaan Deelen

I have done some research here in The Rotterdam and The Netherlands and I think if you look at The Rotterdam, the second city in The Netherlands and you look at Amsterdam, in Amsterdam we have more than one hundred galleries, so in Rotterdam about twenty or thirty. From twenty or thirty galleries, some five or ten galleries, no not ten, six or seven are important and that is all. And also people who are interested in art are here the same as in Amsterdam – they have the name for the art industry. Here in Rotterdam it's little bit difficult. I thought I can do it better. My goals are also to have a... Try to ask people to come inside. For all galleries it's important money and it's nothing for me and I try to make it different as people can come in and look here so it has become very easy to them. So I hope I will succeed, I don't know (laughs).

Question

Have you recently participated in any local or international art fairs?

Bastiaan Deelen

Yes. Not so many. The first was one year ago in here in Rotterdam, last year I was in Rotterdam and Amsterdam and Rotterdam Contemporary Art Fair. In July I start North Sea Jazz festival with five galleries and I am one of them. In the future I want to participate in Art Cologne, but at the moment it's too expensive for me. But in the future I want to go to Cologne, London.

Question

To what extent do you position your gallery as a commercial art gallery?

Bastiaan Deelen

Well, the business part is now too low. I have just started two years ago with nothing – no customers, nothing. It goes up very fast. I am a commercial gallery so I am looking what to sell, what is important for the art business. I am working now with another part of the gallery with not a commercial business.

Question

How do you balance artistry and economic profitability at your gallery?

Bastiaan Deelen

I don't know (laughs). I look at the artist I look at his work... And it is something like a feeling in your stomach... I like it! How has he made it? I am looking especially for artists with the feeling of history, of a work process. Yeah... I don't know what I am looking for here.

Question

To what extent do you tailor your exhibitions to the taste of your target audience?

Bastiaan Deelen

I put artworks that I like. I always work with an artist and I try to make a balance between the artist and the commercial and what the artist want. I think you have to work together to go to a higher level. Not always and not all the art here in the gallery I like so much. Sometimes I prefer some work more than another work but everything together makes it very interesting and most of the time I am working with solo exhibitions so people can really see what artist can make.

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Bastiaan Deelen

Most of the times they ask me if the work in the future will be more expensive, is it a good investment? I came from a financial business and I advise them always to buy stocks.

Question

Why?

Bastiaan Deelen

You don't know if it is going up. Sometimes you know the artist, maybe in two years he is going to go up but I don't know. You have to buy art with your heart. And if you want to make money please go to buy stocks or gold and then you are at the top of the market but it's very small.

Question

To what extent it is profitable to invest in the artworks that are being traded in the primary market by mid and top level galleries?

Bastiaan Deelen

It might be profitable, but you don't know. And if you buy stocks you can read a lot of business information and you can say that the risk is ten percent, fifty percent or seventy percent. But with art you don't know.

Question

To what extent the knowledge that you gained in the financial market helps you to run the art gallery?

Bastiaan Deelen

Yeah, if the gallerist says to me: Well, in five years it's more money I don't believe him. It's impossible, that you never know. From stocks you can make a calculation, if you buy a house you

can make calculation. Even in the crisis situation that we have now, you know in several years the markets will stabilize. Most of the times I say to my clients: well if you buy work like this, it will be in profit. But most of the times it's for your children who will profit and not you. Not in a short time, especially. So for collectors it's very difficult. I don't like it. You don't buy a piece of art for an investment. You buy it because you like it and because it makes you happy. So buy art with your heart and not calculation.

Question

Who is your target audience? Investors, collectors, general public?

Bastiaan Deelen

Most people who buy art, they have enough money, more than enough. Those pictures (points at the framed photographs on the table) people are buying them who have just started to buy art. It is for everybody. If they have enough money, if they like it they can buy it. And they are general public, people who like art, they have the car, the house, they have everything. They have jewellery, watches and then they buy art. Real collectors – no, I don't have real collectors. I don't have big collectors, maybe I am too short here, maybe they will buy something in the future.

Question

What criteria do you use to price the artworks?

Bastiaan Deelen

Always in discussion with the artist. Most of the times the artist will say, well, the price must be seven thousand because I am not the only gallery that they have exhibitions at (kaip ir Martita). If he has an exhibition somewhere else the price must be the same. It's little bit like cartel. It was not allowed but one year ago The European Commission allowed this. So, artist makes the price and if I don't agree with him then we discuss the price.

Question

If you do not agree with the price of an artwork that is offered by the artist, how do you then price it?

Bastiaan Deelen

I look what kind of material he has used, bronze or painting. Let's say a picture is thousand euros. Why thousand euros? There are fifteen of them but the process to make the picture is... It makes the price little bit higher. Because the process to make a picture sometimes is more expensive than painting. There is one painting and there are ten, fifteen pictures so the process is different and the prices are different. Also sometimes the materials like bronze are very very expensive.

Question

Beside the technical aspects of the artwork, how do you put an economic value over the artistic value?

Bastiaan Deelen

Size, material... Well, for example, this painting (points to the painting on a wall), several years ago the price was little bit lower and when it was on the exhibition and everything was sold in a very very short time. He was working very hard and the friend told to him, well, it is too cheap so now the price is about twenty five percent higher than several years ago.

Question

So, the price rises with the reputation of the artist?

Bastiaan Deelen

Yeah yeah.

Question

Do you use the factor to price the artworks, if yes, how?

Bastiaan Deelen

Yes, I use it. I don't use it, the artist uses it. All my artists they use the same prices, yes. Small work sometimes will be like a big work but it sometimes is too much. You have small painting or a small picture to price little bit low and for the big painting the price was too high, so I said: we have to lower it little bit down.

Question

How do you price the increase of the artist's reputation as it goes?

Bastiaan Deelen

Well, it depends on what kind of fairs they are at, has he been in the museum, what kind of big collectors have bought something from him and all that things together became the price. For Erk Tierolf for example, big companies don't buy his works only private collectors. But also not a very big private collector has bought an artwork from him, so the price is little bit lower. If you look at Janneke Viegers his works are already bought by ministries in The Hague, embassies, museum in The Hague, Amsterdam and you see the factor of his... The calculation became higher.

Question

Who increases the factor of the artist – artist or the gallerist?

Bastiaan Deelen

Most of the time it's artist.

Question

To what extent price of an artwork that is based on the factor can be speculative?

Bastiaan Deelen

It can be very speculative. For example, you have Van Gogh. You buy it for five million euros. Several years later you bring it to the Christie's in London. You, as an owner, want to have more than five millions, sometimes people want to say they will buy it so that the value of the painting would be more than a five million and it is very bad. It is the same with this, only it's very very much more. Artist look at it as its own value... The artists they know between each other and museums know the factor. When your factor is going higher you can ask more money for the painting. If it's too much you are not going to sell anything and your reputation is gone. During the crisis the prices were little bit lower but not too much and now it is still going up.

Question

To what extent price reflects the quality of the artwork?

Bastiaan Deelen

For me, it's a big issue. **I am really looking at the quality of the piece, the name of the artist, what has he done in the past and what we can expect in the future and that is the price. If I think that the price is too high for a piece than I don't start with the artist.**

Question

How do you measure the quality of an artwork – on the technical aspects or the artistry?

Bastiaan Deelen

Of course the quality of the work, the materials that he uses but also what can the artist make. And that is very important for me. Then I can agree with the price.

Question

What art market inefficiencies you, as a market insider, observe and do they have any effects on your business?

Bastiaan Deelen

Art market is very old fashioned. I don't know at the moment how can we change it but the collectors and buyers prefer the old fashioned.

Question

What do you mean by calling art market old fashioned?

Bastiaan Deelen

It's already a history. There are not many galleries that would have a web shop, for example. People want to see, to feel the art before they buy it. And why there are no web shops for example. I

think that sometimes galleries are little bit inefficient. It is a place where you can show a lot of things but if you only look to the gallery it's too small. You need to look bigger than only the gallery. It's only a place where business is happening, for example. But you need to know about the whole area, the country, yeah. If you look at the financial market it's really quick money. You have to react in few seconds, for example. You don't have it here. So it's old fashioned and very slow.

Question

To what extent art market is efficient market?

Bastiaan Deelen

Not really. If you go to the jeweller. How they made the price? You say, well I bought several grams of gold and I worked fifteen hours and the price will be this. But if you buy at Cartier then you also pay for the name more than the piece. And it's the same for an art. Really inefficient – no. It's the same with the jewellery, all kinds of luxury. It is sort of the secret how to make the calculation for the price. If there would be many people who would buy a lot of art in short time, I think, the price would be lower. Because artist can sell artwork faster and now he has sometimes seven pieces in stock and works for six months on seven pieces. If you make a calculation how many hours and material and technical... How do you make a calculation? It's impossible. And sometimes I think it is the secrecy that people mean. You cannot say it is seven thousand, oh, yeah, I can see it, yeah it's two month work, that kind of material, hundred hours of work, transportation, for me the insurance. But if people buy art very quick and I know that in two weeks someone will buy it then the price would be two, three thousand euros down. There is no secret because you can't make any calculation.

Question

To what extent there is speculation of prices in the Dutch art market?

Bastiaan Deelen

There is some but not much, not at big prices. But I know, sometimes it happens that some pieces at fairs are more expensive than in the gallery. So this is why... If you look at my website almost all the pieces are with the price to make it transparent. Also, in the fair it's the same price as in the gallery so then I cannot manipulate the price.

Question/ Remark

I see that you put a price tag near the artwork in your gallery, I think it is very rare...

Bastiaan Deelen

I prefer it because of the transparency. Ones who come to my gallery must know what is the price, they can see it on the wall and we don't have a discussion about it. If you want it but it's too expensive we can always negotiate. But I prefer to do the business very transparent.

Question

What is the nature of the informational asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Bastiaan Deelen

I don't know, really I don't know. But what I know is that it's going to be a problem in the future. In these times people can find everything on the internet. So, if you make a secret or manipulate the price, after several years you will have a problem with it. This is why I make it so clear – this is the price, it's the same in the fair and the gallery. And to manipulate the price – stupid, if you do it. It happens a lot, I think. Secrecy is a big issue for my business because people are afraid to pay seven thousand or twenty one thousand for an artwork and I think in Germany, Great Britain it's easier because people knows it. Also parents have to learn their children about art.

Question

To what extent digitization has changed the gallery working model?

Bastiaan Deelen

I am one of the galleries who changed that in some weeks. I think the gallery will be more important in few years than it is now. Because you have to feel the artwork. In the internet you can never make big exhibition about the artist and his work. In the future it will be more important than it is now and more important than the art fair. The art fair is very important to show the gallery, to do some business. But I think a fair is important to meet a lot of people and invite them to your gallery and make them feel the artist. And now you can see a lot of fairs for the artists, fairs for the galleries it's too much. People go to the fairs, they look, they buy and that's it. If you want to buy or collect you need a gallery to look at the pieces in one place. I think for the future it will be more important, now it is not so much important.

Question

What marketing strategies do you use in your gallery to sell the artworks and raise the awareness about the artists?

Bastiaan Deelen

I invite all the customers I have and ask my customers whether they know someone else who would be interested to buy art. It's the cheapest promotion. I don't have money to make promotion

in newspapers, I am too young for that. I make promotion through Facebook, Twitter, send invitations by email, I invite newspapers but I always invite people from big businesses. I try to ask important people from outside the art business from other discipline in area to open exhibitions. So, I pick up the phone and call them and most of the time they come. For most of the times for them it's fun. They like art, their companies buy art, or they have the art and I ask them to help me to get art business bigger than them and also to raise an interest for art for their employees.

Question

What is the role of the art fair in present art market?

Bastiaan Deelen

It's extremely important for collectors and art galleries too.

GRIMM art gallery – Interview with Sebastiaan Brandsen

The interview was conducted with a gallery director Sebastiaan Brandsen on May 8th at GRIMM art gallery in Amsterdam. Length of the interview – 43:04

Question

To which level of a gallery system (mega, top, mid or lower level) would you position your gallery and why?

Sebastiaan Brandsen

Top. Nationally, we are one of the biggest galleries, internationally we are mid-level but that means that in total it should be top.

Question

How would you describe the big gallery in the context of a Dutch art gallery system?

Sebastiaan Brandsen

We participate on international level, we have clients all over the world, we do fairs on international level and we have artists that are represented also by blue-chip, the biggest galleries but then again we don't have the needs to be on the same level as they are. So I think that the international participation is very important and we work with the artists that are really well represented in collections all over the world in museum collections and private collections.

Question

With how many artists do you approximately work at one time?

Sebastiaan Brandsen

We have twenty five artists that we represent of which two are no longer alive so twenty three living artists and there are artists that are sort of hanging around the gallery but not really represented but we are close friends with them and work well.

Question

Have you recently participated in any local and international art fairs?

Sebastiaan Brandsen

Yes, lots. Actually, we are in New York next week for the Frieze Art Fair, we had Brussels last week and Paris photo last week, we went to Rotterdam so that was in the last three months. Also after Frieze we are participating in a local art fair Amsterdam Art Fair.

Question

I have spoken with several of your colleagues and they told me about The Amsterdam Art fair. They said that galleries that are invited to participate in the fair are segmented as top and best galleries in The Netherlands. What is the criterion that makes them the top galleries?

Sebastiaan Brandsen

Well, they love to think that. Well, they probably are. The gallery scene in Amsterdam is very small. So there are quite a lot of galleries but they all participate on the same level, focus on what's happening in The Netherlands, put focus on Dutch artists and very smartly pick artists that are in the arts academies or ateliers which is of course brilliant because there are very good artists working there but you can see that they all have more or less comparable program and the same collectors. There are few galleries that sort of extend that level and have more international business. I would say we are amongst those and they are also participating in this fair but to say that the fair represents the best of The Netherlands is a bit exaggerated because there are a lot of galleries there definitely not on an international level. If you compare for instance on Brussels, this is not on the same level unfortunately. But it's the first edition, so give it some time, it might grow and it's a nice location so I have good hopes that it will be an interesting fair.

Question

To what extent do you position your gallery as a commercial art gallery?

Sebastiaan Brandsen

We are commercial art gallery, definitely. All works that we have are on sale and we have the aim to sell works in order for artists to be more productive and have a higher esteem so we are definitely a commercial gallery. At the same time, we very often and I can say that sincerely we choose not for the money but for the long-term vision so sometimes you have to not sell a work, keep it on reserve, wait for a museum collection and I would say that especially that the owner of the gallery is very good at that and he makes some very difficult decisions some time but he is always for that long-term picture. So in that sense we are not the most commercial gallery but we do sell art so we are commercial gallery.

Question

To what extent have you as an art dealer and market insider noticed an increased demand in art as an investment from collectors, investors, general public in the whole art market and your gallery?

Sebastiaan Brandsen

If you look at the past ten years it has been definitely shifting and I would say that it's definitely true and lot of collectors especially the big collectors see art as an investment. There are some Dutch collectors that collect from the same point of view but in The Netherlands that market is very small. Not that many investors also because investing in the art that is offered here locally is not very helpful. Because you see that here the market is pretty contained and there is not so much investment... The careers don't go here as fast as they do in New York. And there are not so many

art flippers and there is not a lot of circulation for that economy to really boast. If you compare it London or New York there you can properly invest in the artist because careers go much faster, the prices are driven much higher and there are some artists that are represented here that are also represented internationally and do play in that game but then again there few of them so I think there are not many Dutch collectors who see art as an investment. The Dutch collectors, in my point of view, are far more passionate collectors and collect art to make very beautiful collections. That is a very good thing of course (laughs) and there are exceptions definitely and I could give you easily names of ten collectors whose collections are also very valuable as investment. In overall, art is an amazing purchase. If you see how some artists increase in value... It's a risky game but it's a fun game, it's a game for the rich but if you are good at it's a very lucrative game and these are both aspects that it can be very lucrative and fun, thrilling adventure which makes it very interesting especially for the wealthy collectors and investors.

Question

To what extent the investment in art happens only in the top of the market?

Sebastiaan Brandsen

It's more interesting in the top of the market. Maybe a lot of collectors want to know whether the artwork they buy will be a good investment in a sense that they won't lose the money, or that the value of the money will be stable or rise. But then again on the level that the most collectors are collecting here in The Netherlands, the truth is that the value will never rise astronomically as the value in the international market can. It's pretty hard to sell the artwork you bought for the profit. Of course everybody read the reports on the increasingly higher art markets but if you look at the global scale it's only lucky few and very contained art markets where that happens. But because art prices are so incredibly high in that markets, it looks as it's the complete art market is going off the charts but it isn't. I think it's really difficult to do it on a Dutch scale to become extremely wealthy by collecting art just from The Netherlands. You have to buy internationally to really gain from speculation.

Question

Did any of the artworks traded in your gallery went to the secondary art market and if yes did their economic value increased?

Sebastiaan Brandsen

Yes. To some artists it did. We share quite some artists with very big, blue-chip galleries. Matthew Day Jackson, one of the artists that I have just showed you is that type of the artist that is collected internationally and is also been collected out of the speculation because his works tend to do very

well at auctions and are very collectable. And unfortunately the auctions... And I say unfortunately because if it goes to the secondary market it goes out of our hands and it's very hard to control because it's not always in the best interest of an artist to have very high auction prices.

Question

Why?

Sebastiaan Brandsen

For one, the artist doesn't make much money out of it, for the second and it's also interesting because we are in The Netherlands, when the prices rise it's very difficult to skill the prices down again because that would suggest that the artist is unsuccessful. So when the art market rises and the prices rise and the auction market it can be very momentarily, one day he can be fifty thousand in the auction while his prices are normally twenty thousand. And the next day it can stay at twenty thousand in the second auction. It's very unpredictable and it can be career breaking because if the artwork does very well at first and if at second or third auction it doesn't do well, people think okay he is unsuccessful even though the two collectors who are bidding on him are not there at the moment. But for us it's important that we have Dutch collectors who are a big part of our sales and if the prices rise too much it can happen that the artist is too expensive for the Dutch collectors. Because there are less collectors on that high level than there are in London or New York so it makes more difficult to sell artwork for me expensive artist in The Netherlands.

Question

What criteria do you use to price the artworks?

Sebastiaan Brandsen

It differs. Some artists work with the formula, simple, like a ratio. You calculate the measurements of the work and calculate the factor for that.

Question

How the factor works?

Sebastiaan Brandsen

You start with a sense that something has to have price like that. That is something that especially is done together by the artist and the gallerist in the beginning. When the artist is not known so much, it is sort of okay to make a mistake. It's better to make a mistake when it's the lower end of the market, to price it lower because then everything sells out and in the next show you can gradually price the artworks up. Funny enough in the Amsterdam it's very difficult to make a mistake with a price, internationally you can price the artwork too low and they won't take it seriously.

Question

Why it differs in Amsterdam?

Sebastiaan Brandsen

Because then again you come back to the art speculation. In Amsterdam there are not many art speculators so they are less sensitive to high prices. It's sort of a golden rule, the more you can spend on a work the more you can earn from the work. It's sort of a vision of this speculation. So the high price work is more likely to bring more money to the collector. Charles has done major museum shows, has a big base of collectors in The Netherlands and whole Europe and we recently brought him to The United States and he didn't do well. Normally, we would sell everything here and it was not highly priced enough for the American market. They were large scale drawings, they were new to the audience and I've been asked so many times what is his price level and they said that it is not interesting because it's not speculative enough. So in The Netherlands, I would suggest with the new artist price it low, see how it sells, how people react to the work it's most important. Abroad if you want to launch the artist you really have to price the amount right. It can't be too low but it can't be too high because people will think that the gallery only wants to make money. It's a game and you learn it by playing it.

Question

How do you set a price level when the reputation of the artist grows?

Sebastiaan Brandsen

It's mostly by a demand and a production costs. If the artist becomes more established he can work with bigger projects the production costs are a big part of price level. Matthew Day Jackson uses expensive materials, for example six hundred kilos of bronze and imagine that even the transportation costs are so high to ship it here so it is ridiculous amount of money and it enhances the production costs. So making a more expensive art will drive its prices up because you cannot put a cheaper sculpture near the expensive one, so that is one factor. The other factor is demand. If you have a high demand in art you want to make sure that it goes to the right collections and usually that is also done with the pricing. Some artists work with factor but for example we work with photography there it's common to work with edition numbers that rise additionally in price just to stimulate the sales at first and then make sure that there are works left for important collectors or museums and then you don't use the factor of course because it's the same work but different prices. And sometimes you have to have a feeling for a work and sometimes one work is bigger than another but it has details and thousand hours and is more large than another one so...

Question

What is the range of the factor?

Sebastian Brandsen

There is no range.

Question

How do you put a factor on the artist?

Sebastian Brandsen

That is experience of a gallerist and set off against the experience of an artist. If it is very known artist you can compare him to the other artists if it is not known or emerging artist you have to make up the factor yourself. You have to have feeling what's right at that time. It's very subjective but we know our collectors and it's our job to know the art market.

Question

To what extent price reflects the quality of the artwork?

Sebastian Brandsen

No (laughs). No, it's not true. That is really difficult. On one hand you can tell if the artist do very well for a reason. Collectors are not stupid but some collectors love to be stupid because it's good for the prices. Sometimes artworks that are not so good sells for more because collectors know that it will sell for a bigger amount of money so that's on one hand. So in general, good art makes more money but on the other hand there are a lot of examples of horrible art that goes for really high prices so you can see a speculative side of the art market.

Question

And in your gallery, to what extent price reflects the quality of an artwork?

Sebastian Brandsen

I am very lucky that we work with very excellent artists. And we try to keep our hands of that art flipping business because it's not good for the artists. It's not productive on a long scale.

Question

Have you ever had investors come to your gallery who were interested in art as a pure investment?

Sebastian Brandsen

Of course. We often don't sell to collectors if we have a hunch that they are art flippers. For some works that are very sensitive for this art market. We have contracts that say that the collectors can't sell the work in five years and if they do the re-sale within the five first years then they have to offer the artwork first for us. That's a tool that is used to ensure that the artwork is not used as a very fast investment because it is never good for the artist.

Question

Do you make written contracts with the artists?

Sebastiaan Brandsen

Yes. We are all friends. We work with a very interesting group. I know them, I know their families. The contracts are not very... It's also a gentleman agreement but there are definitely things written down about the prices and some artists are more precise with it than the others. Especially those that start, they first see how it goes and then they get more professional as the times goes by.

Question

What art market inefficiencies you, as a market insider, observe and do they have any effects on your business?

Sebastiaan Brandsen

It's also a magic of the art world. There are no written rules how to make money by investing in art. The beauty is that it is conceived as a very high culture thing to do – to collect the art and to stimulate the art without a notion in being in it just about the money. I think it's done on purpose that there are no books on how to efficiently deal with art. Then again there are more and more tools available to help people to invest in art: websites that track prices in the auctions, websites that track how the artist is doing internationally so there are more tools available now. Even the collectors that are there in it just for the money wouldn't like to show off as that type of collectors. It's the beauty of the art market, it's perceived as a very high culture.

Question

Do you provide prices of your artworks online?

Sebastiaan Brandsen

Not always. Pricing art is not a fixed science. It's very sensitive. Sometimes you overprice something, sometimes... If it is written somewhere you hang because you can't price it down anymore and also because it's very sensitive business because you work with artists internationally and blue-chip galleries and sometimes we have the same clients and they make an offer slightly different to ours, so it shouldn't happen but it can happens because different galleries give different percentage of discount to different collectors because they have bought more in a certain gallery and it's very not transparent and I think galleries profit from that which is pretty important part of it. It is very unequal market. Some collectors get very high discounts because they buy a lot and if you make it transparent for everyone it's pretty difficult. There is no fixed price. The price can also differ from one day to the next and also the fluctuation of the currency is also very important. For example, now the euro is very low that means that we have an advantage in offering our works to

the American artists compared to the galleries in The United States or London because collectors can buy them more inexpensive in our gallery than somewhere else. So it is important to keep in mind that when the stock market changes, the art market will also slightly change.

Question

To what extent do you avoid information asymmetries and provide investors, collectors and general public with price transparency?

Sebastiaan Brandsen

Well, for some artists it's not a problem, others are more sensitive so when you feel a hunch that the artist has become an object of speculation you get more careful because you don't want to be in all that art flipping game.

Question

Do you have price lists?

Sebastiaan Brandsen

Yes. But to put it online, on the internet it's where it becomes sort of an institutional knowledge so you have to be careful with that. Sometimes we give price ranges, for example Artsy that has a lot of artworks and galleries and it's okay to have a price range because we see that a lot of people are inquiring via Artsy but they have no clue what the artist's price is so they can send you an email for an artwork and it's price is fifty thousand and they have no clue, it can really shock people. So sometimes this it's useful to say that this artwork is between forty thousand and sixty thousand to let people know the level of the prices but also to have enough room to play at the international level of art market. Because now we can give a ten percent discount on clients without damaging the galleries that have the works of the same artists.

Question

Do you have the same prices with the galleries that you share the artist with?

Sebastiaan Brandsen

Yes. But sometimes it fluctuates and that is something you have to careful about.

Question

What is the nature of the informational asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Sebastiaan Brandsen

There are some art dealers that are making a good effort to make the whole art market to blow up but in general I would say that these are the collectors that drive up the prices. Sometimes you have

these schemes where collectors work very close to the art dealers and it is illegal but it happens, For example, Saatchi. And now you see that a lot of art dealers profited from Saatchi at first.

Question

To what extent digitization has changed the gallery working model?

Sebastiaan Brandsen

What is interesting is that the role of gallerist as an advisor and now on the Instagram artists are posting their works and I see more and more collectors directly on the Instagram contacting the artists directly. And it of course changes the whole relationship between collectors and artists because there is no gallery involved anymore in between. And then you think what is the role of the gallerist? What we can offer if the artists and collectors can be in touch directly? Then you would see a gallerist as an advisor for more economical perspective. So I think the gallerist need to be really well informed of the art market and will be more and more seen as an advisor on value over a long-term.

Question

Do you sell your art online?

Sebastiaan Brandsen

We offer it through Artsy but we've never sold one. We do sell sometimes by pdf with an image. It happens that we have collectors, predominantely in the USA that won't have time to visit the gallery, see the instalation shots or the digital files and just buy from jpg. It's not very common but it's becoming more common. On one hand I can understand – if you know the artist, know what he is comparable to then it's easy but in general it's good to feel the aura and have that experience of an artwork before buying it.

Question

Who is your target audience?

Sebastiaan Brandsen

It depends on the artist. If we have young or emerging artist that have just came from school, we have a very broad target from people who have just walked in. But in general we work with a high level, established artists, for instance the price range here is around one hundred thousand, it's the split level. So you just don't come to a gallery and spend hundred thousand euros. You have to really do your research so we work with... Our target audience is informed collectors that collect contemporary art internationally with a very big passion for art because it is very important to us and also that they have big collections because it is also very profitable for the artist. Not only the

money part but also to be in an important collection that will contribute to their career. That's the most important thing.

Question

What is the role of art fairs in present art market?

Sebastiaan Brandsen

They are very important not so much sales wise although I know predominantly a lot of galleries that sell through the art fairs. For us it's not the case, for us it's more promotional tool. You have to be there to be seen and recognized as an international player in the art world. We have to be there for the artists because it's important to be seen there, for the press and you see nowadays there more press in the art fairs than there is for singular exhibitions. So it's very important factor because it's really easy for collectors to fly to an art fair and see what is happening. So you see all your collectors at once at Frieze or Art Basel. But on the other hand, for art it is horrible. You can't see an exhibition like this in the art fair. That's why the gallery will have to exist because art loses to the market. The magic of seeing artworks relate to each other and artist telling a story can only be done in the gallery but not an art fair. It's a complete overkill in the art fairs even though it's related to the beautiful and we tend to do the solo presentations in the art fairs because then you can show better and sort of shop style art booth but still it never tips to the art gallery. The art gallery is much better to show the art.

Question

What marketing strategies do you use in your gallery to sell the artworks and raise the awareness about the artists?

Sebastiaan Brandsen

At a certain level art kind of sells itself which sounds cheesy but it's true. When an artist has a big career then you don't need to pull that much. But the major part of the gallery is to make that career happen for the artist. To give all factors that are needed for him to become successful. That means financial aid, planning and helping to ship works all over, make sure that it gets to be seen by the museums and various curated shows so making it happen for the artist is that what we do. That's I think our promotional tool mainly because artist itself is the biggest promoter for selling art and we have to make sure that the artist would be an artists. And next to that, we publish books, that's also very important, because once an artwork is published in a book it's more official, sort of somebody writes about it, it becomes more known artwork and interesting for collectors because it's documented forever. And of course we do an online promotion and we have a website and we talk to the press quite often but I think that's a small factor, I think.

Question

What are the goals of your business for the future?

Sebastiaan Brandsen

We are in Amsterdam but we are really looking to expand abroad. We will have one or two galleries here too. We would also like to up our level of involvement either in New York or London.

CONTEMPO contemporary art gallery – Interview with Mark Slegers

The interview was conducted with a gallery owner Mark Slegers on May 11th at Contempo art gallery in Rotterdam. Length of the interview – 39:21.

Question

To which level of a gallery system: mega, top, mid or lower level would you position your gallery and why?

Mark Slegers

It's probably mid-level. Well, we top in the customers and turnover but we are not in the very hip, hype new... We only have ten to twelve artists that we represent and some already for twenty six years. So we work for the artists. I think gallery is something there for the artists and public and not for the gallerists.

Question

Is it your first gallery?

Mark Slegers

Yes.

Question

Have you recently participated in any local or international art fairs?

Mark Slegers

Yeah. We participate in almost all the art fairs in Holland. So this is realism in January, Rotterdam Art fair, KunstRai, we go to Solo projects in Basel after that, Positions in Berlin and then we do the PAN.

Question

To what extent do you position your gallery as a commercial art gallery?

Mark Slegers

We are as commercial as possible. We try to sell as much as possible. That's why we go to the art fairs because in total in these art fairs you meet to one hundred thousand different people so that's very direct way to position your artists if you have to do that art shows in your gallery, it will never find hundred thousand people coming by.

Question

Do you sell more on the art fairs or in the gallery?

Mark Slegers

Eighty percent is sold through the fairs directly.

Question

How do you pick the artists? Do you at first look at his artistry or you think about profitability of the artist?

Mark Slegers

The first thing is that we... Artistic side is most important because you have to really like it if you want to sell it really well. And also contact with the artist, personality of the artist is also very important and then because we do the system with art fairs which is very costly if you go to the PAN, it cost you thirty thousand euros to be there for ten days and artist has to commit himself also to the gallery so you have to have very personal feeling towards the artist because I never take the artist for once or twice, I take him for next twenty years in principle. So...but the artistic thing is the most important. First you have to have feeling with the art, otherwise it's no use.

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Mark Slegers

Well, in fact if you are an art historian, you know that art has always been a commodity. Always. But if you speak about the investment in art... Well... It's an investment in your joy in life but investment in the long-term financially can also be. But if you count the numbers the artist that are sold now as an investment are very small numbers. You have hundreds and thousands of artists and this market is about fifty artists, hundred artists something like that worldwide if you go to the auction market that is where commodity market for the art is and is not for the galleries. That's very small, not financially small it's the major part of finances but how many artists in Holland make one or two million for a painting – that's not very often. This is market which gets all the attention because it's about forty million for Van Gogh painting or whatever... Ridiculous sums. That's international market and it's very small. I know a lot of people in the auction market and they tell me in London that there are only two or three hundred people buying. So it's very small group. It gets all the attention because of the huge sums.

Question

And in The Netherlands, in the mid-level of a gallery system, to what extent have you noticed an increased demand in art as an investment asset from collectors, investors, general public?

Mark Slegers

Not really. Of course if people buy painting that costs twenty or thirty thousand euros of course they also look like who is this painter, how old is he, does he have galleries around the world or

only in Holland. They ask themselves, because it's a lot of money. But most people that we have in a gallery buy it just because they like it. They have a good feeling about it, they look at it for a long time and after couple of years they decide to buy something.

Question

In the international art fairs such as Art Basel, do people come to you and ask about the price levels of your artworks with an intention for purchasing them as an investment?

Mark Slegers

Yeah. Most of the people do that. They go on the internet and they see this artist has a gallery in New York, London and they call these galleries and ask for the prices and most of the time they... Most of people who buy something, most of the time they know what they buy. Because the art fairs what people do they go to an art fair, look around and say that it's nice painting, they look at the artist, they come again after months or few years so they think some time for a long time.

Question

What criteria do you use to price the artworks?

Mark Slegers

Demand. And artist can make only fifty paintings a year and if they all sold too quickly, then you raise the price, you look for the price levels of the artist. Because artist is not a machine, you can't print it. It has to be made. That's what we look for.

Question

Do you work with the emerging artists, mid-career or established artists?

Mark Slegers

Everyone.

Question

What is the difference between pricing artwork made by an emerging artist and established artist?

Mark Slegers

We always start with low prices for emerging artists and then we see what happens in the market after two or three years. Because we go to almost all the art fairs we have a really good idea of what happens... How it works. And then you raise the prices a little bit, a little bit until you feel that people say, well, that's a little bit too expensive for me . That's the moment when you stop raising the prices.

Question

What criteria do you use to price the artwork that is first time on the market?

Mark Slegers

You can calculate a little bit like.. The artists makes fifty paintings a year per say, then what does he needs to live on. Twenty five thousands euros or so. If he makes fifty paintings you...like...it's...you can calculate what he needs. That's how we do it.

Question

One of your colleagues told me about the factor that is used to price the artworks. Do you use it?

Mark Slegers

Yeah.

Question

How factor works?

Mark Slegers

It works that you measure the painting, take the height and the width and so... It's hundred by fifty so it's hundred and fifty and then you put a factor like twenty so painting would be three thousand euros.

Question

How the factor of the artist rises?

Mark Slegers

If you feel that you sell too much and too quick and too easy and that the artist gets nervous because he doesn't have any work anymore then you rise the factor. You make thirty five instead of thirty or twenty five or something. The basis is what the artist needs to live. He has to live. So...

Question

To what extent price reflects the quality of the artwork?

Mark Slegers

This is difficult question because what is quality? Who is going to decide what the quality is? If you look at Van Gogh who sold only one painting while he was alive that would have meant that there was no quality in Van Gogh. There is no quality, there is nobody who can point his finger and say that this is the really best artist. It's a problem. Because most people don't accept this why there is historically seeing there...take the seventeenth century in Holland. You had this...this...amm...rooms of painters who made interiors and the elite then who decided what was art and what was not, they thought it was rubbish. Those painters you know now by hand because the once they protected you never heard of. And it's the same in nineteenth century in France. All these painters who were rejected by the academy, who were not allowed to participate in the shows of the academy, all these rejected painters...you know now by heart because Monnet, all now famous

painters were considered as very bad painters at that time. So what is quality? Quality shifts in the time apparently in the beginning of the nineteenth century Monnet and all these famous painters now they were considered as really poor quality. And now after two hundred years they are world's famous and Van Gogh painting brings now forty millions so... What is quality?

Question

What art market inefficiencies you, as a market insider, observe and do they have any effects on your business?

Mark Slegers

When I started twenty five years ago I saw this that art market was really inefficient. It is very inefficient to make only every two years an exhibition of an artist. How is he going to live, how much public do you attract but nowadays with Internet and especially with the art fairs, the art fairs made the art market very transparent. You can go into KunstRAI and you see seventy galleries or you go to the PAN, or Frieze, or whatever it has become very transparent. You don't believe the gallerist anymore because you go around yourself and say, hey, this is what I like. So it shifted from the culture elite to the public. It's what you see in all the culture now. For a long time after the war everything was decided by small cultural elite and you had this famous gallerists who said this is a very good painter and this is not very good painter and people believed them because there was nothing to compare, you never saw everything together and that's...I am always working for attracting as many people from the public to art fairs or art events or whatever...I founded Art Rotterdam, I am in the board of the PAN, I am co-director of the KunstRAI and when I started with creating these art fairs because before there was nothing when I started gallery there was really from the culture elite was a really...they were really angry but it's not the way to do it, you have to do it in your gallery and so on. I am very happy to see that there is a huge shift now and you see this all the galleries are old they are really struggling now to keep the market closed. They want to be together with only twenty of the best galleries but again who is going to say what is good and what is not good. Historically speaking, that's impossible. That turned out to be always wrong but they are losing out. But the **auctions** are making market very transparent. You can look at art prices, see what the painting is bringing on the auctions. This is becoming... And the **internet**. All things together they make the market more and more and more transparent. It's very easy...you...to find facts about artists, prices, galleries. That's a good thing. Some people perceive it as a dangerous thing because **you lose your moral background, you lose your authority**. A lot of galleries, old galleries, the old gallerists you now see they all stopping because nobody is listening to them anymore. I always describe it as people they watch with their ears and now you see more and more

people who watch with their eyes. They decide for themselves whether they like the painting, or the movie or whatever, theater, dance. You see it's a huge shift now, huh? Idea was that the art was for the arts sake and you had these small groups of people who decided what was good and not good. Art is reflection of the environment, of the community.

Question

To what extent do you avoid information asymmetries and provide investors, collectors and general public with price transparency?

Mark Slegers

We always very open, prices always next to the painting.

Question

Some gallerists told that they don't put the prices near the painting in the galleries because it is not chic and...

Mark Slegers

Yeah, but then again it's the same question what is chic or not chic, what is good or not good, I mean who is the norm, who is making the rules. That's a thing about art that there no rules. Art is about being no boundaries, no rules.

Question

Do you put prices online?

Mark Slegers

I don't think they are online. I don't know... He does the site... But I don't so. If people email us they get prices immediately. In the art fairs the prices are always next to the paintings, always.

Question

Who is your target audience?

Mark Slegers

Everyone. We sell from museums to carpeters. We don't have a target.

Question

Do you use marketing strategies to sell the art or you have developed the circle of customers throughout the years?

Mark Slegers

When we started thirty years ago you had to make advertisements and that was the only way to reach a bigger public. And then I really quickly decided to go to every art fair possible because I saw a potential meeting twenty or thirty thousand people in live. We have a mailing of seven thousand people because we talk to people in the art fairs. Even if you don't buy anything we talk to

you. If you are really interested we write down your name, we keep you informed of the paintings, what is happening, we invite you to the next art fair. We had no problem during the crisis. We kept on selling because we have these artists on a really long-term and there are people who decided ten years ago that we want to buy a painting of this artist but we don't have the money now, we don't have the space now. Somewhere there is a moment when they come back, they divorce, or they have inherited something or they sell the house really well. There is always a moment when they come back. But it's very hard to run a gallery because the first five years you have to put money into it and then the second five years you are breaking even but what I found out is that in a long-term if you stick to your artists, you grow together with your artists. You have to show the work to as many people as possible so you can build a market for the artist.

Question

Do you sign written contracts with the artists?

Mark Slegers

We did that but if the artist doesn't want to work with you anymore, he is not going to work with you. So we have stopped making these contracts. But we have a list of things that we discuss with the artist. We want exclusivity because if you go to the art fairs and we spend about one hundred thousand euros each year only for the fairs, and if you attract one hundred and fifty thousand people from all these fairs it is very easy that by the internet we do the promotion but we demand from the artist that all the sales are via the gallery.

Question

What is the nature of the information asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Mark Slegers

Yeah, it's both.

Question

To what extent digitization has changed the gallery working model?

Mark Slegers

I decided twenty years ago that physical space of the gallery is old fashioned. Art fairs are the new space to see. You can walk around, you can compare, entry level is low. I never believed in a structure of a gallery. We always have really big booths a size of a normal gallery. And we found out that if we make a show in the gallery then twenty or thirty people show up on the opening. And after that we go to PAN and we sell seventeen paintings so people want it but they don't want to go to the gallery.

De Twee Pauwen art gallery – Interview with Lucas van Hasselt

The interview was conducted with an art dealer Luvas van Hasselt on May 16th at De Twee Pauwen art gallery in The Hague. Lenght of the interview – 56:55.

Question

To which level of a gallery system: mega, top, mid or emerging level would you position your gallery and why?

Lucas van Hasselt

Not a very top but just below. So mid-level. And I am talking about Dutch art market. Internationally we are nowhere.

Question

How would you describe mid-level?

Lucas van Hasselt

Price level, price range. What artists you have and what prices you are asking and get from clients. And prices for artworks are not set by us, it is set by the artists. We don't represent new artists, new artists doesn't work here. They are too changing and our customer base is... They want to trust in what they buy and I can't guarantee them the young artist. So the prices are set by the artists who already have their track record. So this is my niche in the market.

Question

With how many artists do you work in your gallery at one time?

Lucas van Hasselt

I have about fifty artists in my gallery. Every six weeks we have a solo, so it's rotating. Every year we will have the solo back.

Question

What criteria do you use to price the artworks?

Lucas van Hasselt

Artists come with the price. I have practically no artists exclusively, nor do I want that. To the exclusive artists you could dictate prices and some colleagues did that in the past. They paid the artist salary and everything went to the gallery. That gives a huge responsibility. You are responsible for someone's life entirely and I don't want to do that. Market is too fickle for that, so I prefer my artists to have other galleries preferably abroad. My market is The Netherlands, not further than that. I wish but it isn't. So, one has to be very careful that the price levels would be the same everywhere. So if the artist has the price, it will be the price. You can manoeuvre a little bit, you can steer and artist, you can discuss with the artist to lower the prices but then everywhere.

Question

Who artist or an art dealer and how construct the prices for the artist?

Lucas van Hasselt

With a new artist I have a very plain method. How many hours they work and what selling that would make. I feel very hesitant to sell the artist's work which would give him a very high salary. It's just not that market. Unless you enter into the collectors market that is genuinely that is for the old art or artists that do not live anymore. Very few artists who are alive come to that market with huge prices. So, I check how many hours he works and how much it would be per hour. At least this is what I find realistic.

Question

How do you price one hour of their work?

Lucas van Hasselt

It's a feeling. How much that person would genuinely earn per month. And that is basically okay, little bit subjective, little bit of cost, bla bla bla... Okay, two thousand euros – that is very realistic income per month. I have one artist who needs three months to make a painting. I sell it for fifteen thousand. So, it's my commission, it's my costs, it's everything. So, in the end even though it's a big expense for my clients, the artist gets a very little salary. But that's my check. Usually artists already have a track record. And then of course you have to look if it's for our clients. Is this a budget my clients have? But the Dutch are very difficult buyers. You've been here for one year and I believe you have observed that Dutch are very stingy. But we are not. We are very careful with our money. And I always here in the back of my mind my father saying: Fifteen thousand for one painting? You can put four wheels under the car. That is a very Dutch way of looking and it's irrelevant whether the person is very rich or normal. We all think very rationally about money. So, if Dutch person want to buy a very expensive piece of art he will look at it as an investment. But with the Old Masters, the new artists are not an investment. I tell them to not buy art for an investment because it's a fallacy. I prefer to be honest than to sell one painting and get into big trouble afterwards. Some gallery owners see it as an investment, sell it as an investment and that attracts a crowd of people.

Question

Who is your target audience?

Lucas van Hasselt

Our target audience is people who have their own companies. Who are very secure with their budget. They know what they can spend and they have no problem with spending it, they really

don't care, within a framework whether it is reasonable or is not reasonable. Lawyers, independent companies, computer people, doctors. We have good clients who are working in Shell. Expats who are living here, these are our customers who have reasonable salaries.

Question

Have you recently participated in any local or international art fairs?

Lucas van Hasselt

I used to participate in few but the crisis made us to make our priority a very expensive building to rent so we decided to focus on it. Because when you do a fair, you are not in your gallery for a week, so this is closed or it looks half empty, messy. So, our priority is to keep the building.

Question

Do you sell more artworks in the gallery rather than in the art fairs?

Lucas van Hasselt

Absolutely. I find art fairs to be highly overrated. I suppose you know that a stand costs you fifteen thousand euros. You have to have a lot of sales before you earn that back. And in the art world we don't calculate our hours but if you did you'll be shocked. We earn peanuts. Yes, the market improves, people are buying easier, it's fun and I like doing art fairs but it's financial imbalance.

Question

Do you use more pricing schemes in the gallery?

Lucas van Hasselt

I come back to the point that I rarely need to establish a price for an artist. Most of them have one. I can choose or cannot choose the artist because in the back of my mind I think whether it is not overcharged. This is very subjective and I am a lawyer and also don't calculate. It's a feeling. It's also a feeling what the market can carry. Is this the kind of work that people are willing to spend ten thousand euros on? So, it's a feel. My check is if it is a realistic income for the artist. Yes, no. If no, it has to be very good that I would still want to offer it to a big gallery. But in the end it is basically what I like and what do I think is worth that.

Question

Some of your colleagues told me that in the Dutch art market some galleries use a pricing scheme called factor, do you use it?

Lucas van Hasselt

Sure. I have a colleague and he measures, does all the calculation. But then I say, hold on, small works are relatively more work, second, what is saleable? In my gallery people don't like small

paintings. It doesn't matter if you price them higher or lower, it doesn't make much of a difference. They go for the big paintings, so this is my gallery, it is how it is. And then you correct the square centimeters.

Question

What criteria or features of the artist are impounded in the factor?

Lucas van Hasselt

Artist comes with the price that is literally based on square centimeters.

Question

Does the price for an artwork increase with the growing reputation of the artist?

Lucas van Hasselt

Exactly.

Question

How do you put a price over the growing reputation of an artist?

Lucas van Hasselt

You are looking for a rational explanation and there isn't one. It's like Chinese going to a casino. They all have a system. They just don't bet they have a system. No there isn't, but it's fun. So you try to but it's subjective. If you have an artist who sells well, I talk to him that I think we need to put your prices up, how much? Ten percent, okay. But that painting you have been working on is ten thousand and three hundred. That's odd. Why not to make it ten thousand seven hundred because it sounds better. And it's done. It's ten thousand seven hundred. Don't look for a system when there isn't one. In art business it's all about emotions and not a structure. That's something you have to bear in mind. Every artwork is autobiographical. It is her feeling, it is her being. So how do you want to price it? You can't. You just can't. The other side can be the clients. They walk in here and they are genuinely not looking for art. Very few art people come in dedicated – I want art and I want it now. I have maybe one percent of my clients that really know something about art. It's a feeling. So, again, how do they price? What is it worth? Well, whatever you want it to be worth.

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Lucas van Hasselt

The world is dividing into two – the very rich and the rest. The very rich are looking for prestigious objects. Whether is it a Mondrian painting for fifty million euros and whether it is a painting for one hundred and sixty million euro. And these are the people that would come to my

gallery and say: Oh, these five paintings, without even asking a price. These people know little about art but they want to show off. And if they look at art as investment, it is irrational. Even at that level. Because everyone predicts that the bubble is going to burst and it has in the past. In my gallery you can say that it is a lovely painting, it evokes emotions but it's not an investment. So investment? No. I wouldn't even trust one hundred sixty million Van Gogh painting because it's not going to last. In my gallery people try to make themselves believe that's a wise buy. But it's not why you are buying it for. So I tell them, no it's not investment. Don't buy it as investment. Buy because you love it.

Question

To what extent price reflects the quality of the artwork?

Lucas van Hasselt

Not. All European countries are familiar with the concept of art. We live in old towns, we are from old countries. Generally, anyone who has a bit of the education has a feeling for art. Respect for art. In the States it's completely different story. I have seen a horrendous complete trash offered by a huge amount of money and probably sold for huge amount of money. Merely because it is this shop, this gallery, and if they sell it, it must be good. If it is expensive – it is good which is everywhere in the art market. If it is expensive it must be good. It's a trap in art. In the States I have seen horrendous stuff, absolutely badly executed, no ideas, kitsch but hey, they sell. So what intrinsic value, I can't tell.

Question

Does the price reflect the quality of an artwork in your gallery?

Lucas van Hasselt

Yeah, it does. If I feel that the technicality and originality are extraordinary I will put a higher price for it together with my artist. But on the other hand, I have my clients to buy it. It's not my interest to say, this art is excellent I am going to make a price of twenty thousand euros. I have one artist who I think is worth it but I am not going to sell it. So, what's the use of this artist from Belarus that his paintings are worth thirty thousand euro. I don't sell them.

Question

Do you make written contracts with the artists?

Lucas van Hasselt

Again, I am a lawyer and was very surprised. Okay, imagine. What would I put in the contract? You are going to have a solo exhibition in six month time from now. We need from you ten paintings in sufficient size. But something happens and he starts to hate me, or whatever. And I get

ten paintings that are awful. He got them from the attic. But I need to present the ten paintings for the gallery. I am too much of a lawyer. The more you study law the more you understand that the contracts don't work. In the end it's I trust you, you trust me. I can't force an artist to make art. As soon as art is forced only for economic reason, I won't sell it. Because I feel it, you feel it. It's incomprehensible. People have a way better gut feeling that they trust. My job as an art dealer is to make them realize it and to give them a rational structure for that feeling. In the art market it's irrational. In art it is necessary and permitted to embrace the irrationality.

Question

Do you provide prices of the artworks near them in the gallery?

Lucas van Hasselt

No, we don't do that. We have pricelists. And as I said because the prices must be the same in the whole world, it is really hard to maintain the system. So you always play around a little bit it's never the same because the transportation costs are different in all the countries and so on. We have to very careful if people call to compare the prices.

Question

What art market inefficiencies you, as a market insider, observe and do they have any effects on your business?

Lucas van Hasselt

There are plenty of inefficiencies. We do lack a rational calculation system. It is more open to emotions. Also, art doesn't matter. Art doesn't matter because art is a luxury.

Question

What is the nature of the informational asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Lucas van Hasselt

The artists, the gallery owner and the client. We are all irrational. We are dealing with... The irrationality is important part of the art market.

Question

To what extent do you avoid information asymmetries and provide investors, collectors and general public with price transparency?

Lucas van Hasselt

We are discussing it. That's why we provide the colors near the prices. Yellow is two thousand, green is ten thousand and red is ten to fifteen. So people would have at least a feeling. And then come. Let them get a reason for me to get in touch with them. I cannot do sales with the people I

don't see. I have to talk with them and convince them of what they want, what they like is good. I am not being non-transparent, I am not hiding anything and I think all of my colleagues would tell you the same thing. The bottom is what is the value of the work of art.

Question

To what extent digitization has changed the gallery working model?

Lucas van Hasselt

Yeah. That has changed. Generally it's a challenge we face with confidence. People have way more time out of the gallery. The problem is that the representation of the work of art by the definition is...it is always detrimental to the work of art. The worry we have is that people believe they have seen it all by looking at the web. The positive thing about it except the email sends we do is you do create larger coincidence meetings by doing Facebook or people passing by quickly and not having time to go and then going home and checking it out or taking a picture. So that is I think is only positive but it has changed a lot. But people are coming less to the gallery. It is also a discussion in the house that we have to adapt. We are old fashioned. We have to create a system for the mobile phones. Globally speaking people are getting fed up with too much of the information. So what you can do to attract people through Internet is I wish to know because people are fed up. I do Facebook and it's quite a challenge for me.

Question

What marketing strategies do you use to promote artists and their artworks on the market?

Lucas van Hasselt

We may be too passive but our windows are what sell. We have a fixed circle of clients of course, we have windows and Facebook.

Question

What is the role of the art fairs in present art market?

Lucas van Hasselt

I can't give you an objective answer. I really don't know. Personally, the art market got hit everywhere with this art fair and the galleries too. So to regain the costs of the art fair is tough and risky. We have a feeling that at the moment it's too much of an input, so we are not doing it. However, we miss a large circle of clients. But Holland is a funny country. Traveling from Breda to The Hague is far so how often it will be: oh, that was a nice gallery at the fair, so let's go and visit it. Very few. So you really have to sell at the fairs and in the international ones even more. Imagine Art Basel. They can Google me, ask Internet information but after two weeks they will forget me completely. But is it efficient? I don't think so.

Question

I was talking with some of your colleagues and they told me about Amsterdam Art fair. Interesting thing that they pointed out was that the galleries that are invited to participate in the fair are segmented as top galleries in The Netherlands. What are the criterion makes them the top galleries?

Lucas van Hasselt

It is very subjective. The galleries that as far I know had been selected are... How should I explain this... There is museum art and there is domestic art. People go to museums for different experience to see art that you don't hang in your home. Video installations, things like that. How do I sell a video installation? (laughs). Some of them have their segment and they are good at it, they are international. They sell museum art to museums or collectors that are connoisseur that really go for that. Good for them. I don't have that. I have the domestic art. So we'll see what the fair brings but it is very pretentious, I must say. Very pretentious. You have to live up to it. We will see. There is a lot of money behind it. It always helps.

Dürst Britt & Mayhew art gallery – Interview with Jaring Dürst Britt

The interview was conducted with one of the gallery owners and art dealers Jaring Dürst Britt on May 16th at Dürst Britt & Mayhew art gallery in The Hague. Length of the interview – 55:56.

Question

To which level of a gallery system: mega, top, mid or emerging level would you position your gallery and why?

Jaring Dürst Britt

I've started this gallery very recently in this February so we are operating only two and half months so we are little bit new kids around the block. From two thousand and four we are active in collecting the artworks so we have this both – professional background within the arts and more passion background about acquiring art. At this moment of course it is not a blue-chip or mega because we just started. So we are emerging, of course. Because we just started, we are working with emerging artists. One of our artists have finished the academy only four years ago but it is always difficult to say when one is still emerging or already arrived but I still would consider us to be emerging. And yeah... Perhaps staying for six years emerging gallery and then transforming in a while into more established one. We didn't renovated the space completely. You can still see that it's a former garage. And it fitted us very well because we want to position ourselves as a more experimental and emerging gallery. So for us it is okay to stay five years emerging or so. But on the other hand, after that I don't want to firm it. And that is always difficult for a gallery how to keep some kind of a freshness within your programme. We want to participate in the international art fairs because if you want to grow in some way. Because you need to have money from the collectors. I think after five years I can feed all the Dutch collectors with my works. Also there is some kind of a ceiling for prices that Dutch collectors are willing to pay beside the ten collectors for who it is not a problem to pay more than twenty thousand euros. I think that collectors are very conservative in a way that they want to acquire really pricy artworks. They prefer to do it at a foreign gallery with artist that has got in some way have the value for that amount of money. That already has that kind of shows and that kind of reputation. There are some collectors that are willing to do a gamble with unknown artist and I think the price ceiling is around ten thousand euros.

Question

How do you pick the artists for your gallery?

Jaring Dürst Britt

We pick artists based on our experience. We have seen a lot of shows we have seen a lot of exam presentations, also a lot of open studios. And that is very good place to scout for upcoming artists.

It's also not like we are going to approach people, if they like to show at us out of the blue, they need some kind of a communal understanding or we need to be aware that it's kind of a person that we would like or intentionally see possibilities to work next twenty years with (long-term). Because why started a gallery is that it is a form within the art world that really allows you to build a long-term relationship with an artist. When you are a curator of a non-profit space or whatever, it is not possible to do every two years a show with someone. And that was something I was really really looking forward to be very close to function with someone very close and that you can also be little bit like a mentor. The format of the gallery is ideal that you can pick ten to fifteen artists that you are going to commit yourself. Our focus is very broad. We are into contemporary developments. We are not only focusing on conceptual art or video installations. It needs to have something that I have never seen before. Be it material wise or concept wise.

Question

To what extent do you position your gallery as a commercial art gallery?

Jaring Dürst Britt

I always like to present Dürst Britt & Mayhew gallery as a commercial gallery for non-commercial art. But if we don't sell works then we don't have enough money to buy bread and a slice of cheese and we also can't make money for artists. I believe it is possible for a non-commercial gallery to get one hundred thousand euros per year.

Question

What are your strategic steps to run a commercial art gallery for non-commercial art?

Jaring Dürst Britt

The biggest strategic step we did is that we started the patronize system which we are still developing. We are asking potential patrons to loan us an amount of money and in return of that loan they get discount for the works of art. So we are willing to get one hundred thousand euros per year so that we can make investment to start the participation in the international art fairs. A lot of galleries that don't have the financial resources to do the investments for going into this international platform don't come that soon to this international area. The sooner you get there, the sooner you increase your visibility and your reputation which makes it interesting for collectors and curators to see at artists that you are working with. For people who started a new business beside the art market it is very logic to go for a loan into the bank. We didn't go to the bank but we did the business plan that we presented for these potential patrons so up to now it is going well, we have half of the money we need. We are participating in the Amsterdam Art Fair, the new fair and that is very good that within the Dutch context we as a young art gallery we are seen as a respectable party

which makes it possible for us also to go internationally. After that we are participating in the Loop, art fairs which is dedicated to video art. It is a good step to get into the scene of the international art fairs.

Question

What criteria do you use to price the artworks?

Jaring Dürst Britt

It's some kind of a matrix that you take into account things like the position of the artist, did he graduated, when did he graduated, how many expositions he already did in the past, also you look at the benchmark of other artists similar to his profile, or in the phase of his career in which he is in. We like not to overprice the artist because it is always possible to go little bit upwards with the prices if the external criteria allows it. External criteria could be: artist gets an interesting exhibition at the respectable venue or if it is acquired by distinct museum or important private collector or if the artist got good reviews or if his reception is increasing or if he has find a good gallery abroad to team up with. It's of course always little bit speculative because for example, we priced this work (points to a painting on the wall) one thousand and five hundred euros but it could also be sold for three or four so yeah. This combination of what you think is okay for a relatively unknown artist in The Netherlands is a beautiful visual work that has a good concept behind it. Of course we look at how much time did it cost for an artist to develop, so the time, energy and the material costs that are involved in it. This is something which is quite sellable, it looks nice, you can hang it on your wall or the installation like this (points to a brick installation on the floor) that need not only guts but also a space to install it and these works also bring with them that the artist needs to install them himself which he needs two days for that and he need two assistants for it, so these are also costs that you need to calculate in. But you can't let more than with this kind of amount of money. You also look at these psychological barriers five thousand five hundred euros sounds completely different than four thousand nine hundred euros. You also have to take into account that some collectors are always willing to negotiate about the price so you say it's five thousand nine hundred let's stop it at five thousand and five hundred, so things like that. So these are all aspects that are relevant when you think about the pricing.

Question

If the artist is an emerging artist and he does not have a track record behind him, what criteria do you use to price his artwork?

Jaring Dürst Britt

It's benchmark you are looking into. You are looking into other artists in other galleries we want to relate ourselves to what they are doing with the pricing. Prices in the gallery for emerging artists are completely different than the prices that are fetched at auctions. At some point I think that these prices are also decided by the market but then also by people who are in the market to gain a lot of money after reselling these works. And in the field that we are working in, I think, the collectors are more... They are more interested in the real value or the aesthetic value of the artwork. But then, if I would price my artworks completely differently than other galleries in The Netherlands, with artists who are in the phase of their career as they are, well for me it's necessary to keep an eye on that. We work with the American artist who works with well-known gallery from New York and he has already done shows in well-known museums in America. And there is a price difference between America and The Netherlands. Even for the emerging artists you pay higher price than here in Europe. So his price level is completely different than other artists here in our gallery. His work would be three and a half times higher but because he has this kind of a reputation and has shows that made it reasonable to do it. And this American artist is also working with someone else, so his price system is little bit decided. So it is not possible to price him completely different because in The Dutch market if you want to represent an American artist you have to...he already has a this price value.

Question

Some of your colleagues told me that in the Dutch art market some galleries use a pricing scheme called factor, do you use it?

Jaring Dürst Britt

We use it but not as something that is one hundred percent decision maker for it. But it is a very good indication. Then also, the advantage of it is that you can scale little bit, we do it with factor fifteen then its... But what if we turn it up to eighteen, well then it's... In general, when the artwork is bigger the factor slows down little bit. But it is a very good indicator, but not always. You can have artists who are only making paintings that are more conceptual or are made from different materials so you can't immediately do it in that kind of way.

Question

How does the factor of the artist increase?

Jaring Dürst Britt

It depends on other exhibition the artist had, collections he entered, critiques he got but also yeah most relevant thing of. And the rule is that you can always go up but you can never go down. So

you need to do that very modestly. You can't... For instance. If the show would sell out completely, it would be very easy to put up the factor to ten to fifteen to twenty five. But you never know how this appreciation of the artist will be after five years or ten years. So you need to be very modest with it.

Question

How do you price the increase of the factor?

Jaring Dürst Britt

That is intuition. And that is also a question of negotiating it with the artist but also with other galleries that are involved in the representation of the artist. For instance (points to a painting on a wall) is thirteen, fourteen hundred, next show it can be fifteen hundred. But there are evaluation moments each year when we sit down with the artist or... Because Leonard is the first artist that we have set price to. So I can imagine that each half year you look at the prices of each artist and decide whether we should scale it up or keep it like this. **And then it is basically, intuition that makes you do that.**

Question

To what extent price reflects the quality of the artwork?

Jaring Dürst Britt

Not necessarily. Because an emerging artist can be priced lower but an artist who is already more established... Yeah it's difficult to say. It's a work of a less quality than the other work is. It's a combination... There are rational elements of it and subjective elements of it. On the other hand, if the market wouldn't accept it then you've got problem. So then I can make a very subjective pricing decision but if it's not affected by the people around who are willing to pay that amount of money for an artwork then it wouldn't work. It's also public perception. We need to think at first what they public would like to pay for this piece of art. And again then it's the benchmark of what galleries are doing with these types of artworks in these types of galleries.

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Jaring Dürst Britt

In Dutch art market no, not at all. No more or less than it would be... It is not as institutionalized or semi-institutionalized as I think it is in America or in Britain where people became rich put of the sudden. No, I don't think so. You've got one or two people who are playing little bit. But within

The Netherlands no. There some funds who speculate with it little bit but I don't think that it became a huge success.

Question

Why? Because of the size of the market?

Jaring Dürst Britt

Yes. For that kind of things you need to be in America or Britain.

Question

What art market inefficiencies do you, as a market insider, observe and do they have any effects on your business?

Jaring Dürst Britt

I am quite rational. There are a lot of things that you could develop or make more transparent. Art market is one of the most non-transparent markets there is. But it exists in a way it exists. In a way you can compare it with financial market but there are things you can't control in it. I think it's not my position to change the way this market is. I know the parameters how these things are working. So this is why galleries focus on selling artworks to the people they know because they know they have reputation of fostering works. It would be interesting financially if someone would walk into the gallery and said: I am buying everything, but at the same time it would be alarming because if other people are going to be involved with the price scheme of my artist. People who want to make money from artist don't care at all...the artist career takes thirty or thirty five years and they are interested in cashing now or within few years. For me as a gallerist it's important to foster the career of the artist for a longer period. It is how it is and especially in this phase of our career as a gallery we are not yet dealing with these kind of mechanisms. If we will reach that stage then we will see how to deal with it.

Question

To what extent do you avoid informational asymmetries and provide investors, collectors and general public with price transparency?

Jaring Dürst Britt

Yes, we provide prices in the gallery. We have a handout here in the gallery so we communicate with the prices. In art fairs we provide prices also, so we are communicating prices always. Except one piece that we want to show to museums.

Question

Do you provide prices near the paintings in Your gallery and do You have pricelist?

Jaring Dürst Britt

Handout.

Question

Why do not you provide prices near the painting in the gallery?

Jaring Dürst Britt

Because it's ugly.

Question

Do you put them online?

Jaring Dürst Britt

No. We have pdf files that we sent to collectors that we want to interest. We could send a pdf of this exhibition. First, we send it without prices and if they are interested in specific pieces we send them the ones with prices. But we don't want to be a gallery that's hiding prices.

Question

What is the nature of the informational asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Jaring Dürst Britt

It's a combination.

Question

To what extent digitization has changed the gallery working model?

Jaring Dürst Britt

Because of the Internet people see much more art which make it less necessary to people just go to the exhibitions. Also because of the increase of the art fairs people tend to see more galleries in the fairs than actually going into the galleries. Since the increase of an Internet it's much more difficult to get people actually to your venue. But because of the Internet much more people see the documentation of the exhibitions so there are people who can only access exhibitions through documentation.

Question

I was talking with your colleagues and they told me about Amsterdam Art fair. Interesting thing that they have pointed out was that the galleries that are invited to participate in the fair are segmented as top galleries in The Netherlands. What are the criteria that makes them the top galleries?

Jaring Dürst Britt

Good question. Who are buying at these galleries, what are the critiques about the shows, what's the reputation of their artists, what is the image that these galleries are communicating. It's also that the elite of the galleries are operating with the artists who are much more experimental. Also opinion of all the people who are involved in the Dutch art world. There are some elements like with the factor that make some galleries in and there are other elements that can't be put in like in the factor.

Question

What is the role of the art fairs in present art market?

Jaring Dürst Britt

???

Sophie Maree art gallery – Interview with Muriel Mager

The interview was conducted with a founder of the gallery and art dealer Muriel Mager on May 13rd at Sophie Maree art gallery in The Hague. Length of the interview – 32:26.

Question

To which level of a gallery system: mega, top, mid or emerging level would you position your gallery and why?

Muriel Mager

We only exist for four years so we are more an emerging gallery, still. We have participated at international art fairs but at the last two years we mainly focus on the Dutch art market because we noticed that going abroad with the work brings a lot of costs that makes it more difficult to earn money. We are doing three art fairs in The Netherlands and we are thinking about expanding, perhaps going next year to a foreign art fair but we have to take it slow and see what is really happening because the market has been really low for the last few years so we have to be aware that we don't spend too much money.

Question

To what extent do you position your gallery as a commercial art gallery?

Muriel Mager

We're not funded by any organization within the community of The Hague but also not by The Mondriaan funds or anything so in that sense we are a commercial art gallery. We need to make sales so we can continue to exist. In my personal opinion, I like that better but we try to have more established artists and besides that we also try to help younger artists so we try to have a balance within both. Now we have three young emerging artists and we have some that are on the mid-level and we have two or three that are really high-level. We try to have different scales, we try to grow, try to find talents we can help to go to a higher level.

Question

How do you pick the artists for your gallery? Do you pick them based on their artistic value or you think whether that artist will sell?

Muriel Mager

You always think about whether it will sell but you never know so that's not really something you can rely on. So for the first thing, you really have to have a feeling, you have to really like the work and also if in the end it sells that's really something welcome but you don't know. Sometimes you have a feeling, this is really good and people will love it and then nobody gets it. And then sometimes you have something that you like about, well, that's nice we'll give it a try for one or

two times because sometimes we have artists that really want to participate in a gallery or an art fair so sometimes we are like, okay we can give it a shot because we try to bring our clients a new work also and then sometimes it's a big hit so I really haven't found a recipe for success if you value the selling of it. But mainly we get art that we are really intrigued by, we think it's really good made or has a really good concept but it's all very different with every artist.

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Muriel Mager

I think in a global art market it happens more. In the past there were some artists who made one edition of the artworks and then sold out and after that just changed the format of the edition so there has been a lot of cheating in it. We have few clients that buy photography as an investment but not very much. I think between five or ten. For example you see portraits over there (points to a portrait on the wall)? We started to bring his work for the very first time in two thousand and eleven and by the time he has just finished the school. And we brought it to the art fair in Utrecht it was called Art and Antiques and now it is called Art Breda so we brought that work and right from the very first time it was a huge hit. At one art fair we sold twelve prints and that's quite a lot. And we sold one from a previous owner to a new owner through another gallery Berlin and the value of the artwork tripled. So at the beginning it was seven thousand and then we sold it for twenty one. The increase was three hundred percent in three years.

Question

How did that happened?

Muriel Mager

The works were sold out so no more were available. When people really want to have it they are really willing to pay more. And also he's been to Paris Photo, he was also picked up by a Parisian gallery that brought him to Paris Photo and after that he was picked up by Berlin gallery so this artist, his path has been going upwards so it also helps to grow the value of the work but also the places he has been exposed at, what kind of publications been written, what kind of exhibitions, did he have exhibitions in museum context so that all helps to create the value of the artwork.

Question

Who decides about the increasing value of the artwork – art dealer or the artist?

Muriel Mager

Usually it's art dealer who talks with the artist.

Question

What criteria do you use to price the artworks?

Muriel Mager

Usually, we determine how long someone was working but sometimes we have artists that have been working for twenty or twenty five years and they already have several galleries worldwide. So then the price is already set. So we can't really bug in anymore because it's already made up. When you have a new artist you usually decide together what is a good price. You start little bit lower because someone who has just graduated is making their first steps in the art market. You don't want the work to be too expensive because people don't know it, it has never been seen. And you never know what is going to happen to the artist – is it going to be only one series that is really good or the artist will evolve and grow bigger. So at the beginning you usually start at the low edition on a low price so people can get used to the artist and get to know one and being able to access the work without having to pay a lot of money. We also look at the format of the work – is it a big work, or is it a large work. A big work will be more expensive than the smaller work. The edition will also help to determine the price. If it's a large edition the price will be lower than when it's really small edition. When you have something that is really exclusive and in a low edition usually the work is little bit more expensive.

Question

Do you use the factor to price the artworks, if yes, how?

Muriel Mager

Yes, we do sometimes but not often really. I usually... I do not grab it out of the air but you have a certain feeling about what it should be and if you put the factor on it, it usually suits. Your common sense can be helpful and it doesn't always have to be all determined by calculations.

Question

To what extent price reflects the quality of the artwork?

Muriel Mager

It depends on what you look at because sometimes there are galleries that do not have an eye on a photography and they know that it's really in and 'hip' right now and they want to bring photography and then they bring an awful work for a lot of money. And then you have other galleries that bring very pretty, beautiful, interesting work for much lower price so not always the price determines the quality. In a lot of times it does but it depends where you are and in what gallery you are. For the most work we have I do think that the value of the work determines the

quality. As I told you about the artist whose work increased three hundred percent, his value really got up and up and now he has this value. If you look at it, it is so monumental. He creates everything himself – the clothing, everything. So he is more a total artist with a total artwork than just being solely photographer. But that's the thing, Cara Barer does everything by herself, she sculpts the books and takes the photographs so I think it's no longer just a photograph you are looking at, you get all the art process and it's a part of the work. So yeah, I do think so, so yeah.

Question

What art market inefficiencies do you, as a market insider, observe and do they have any effects on your business?

Muriel Mager

Art market is not very transparent market. Most gallerists would like to keep the information to themselves. Because the art world is really based on trust. And artworks are something that people don't really need so it's a luxury item, actually. And you know, who determines what is good or bad. If you go to a gallery you usually have an opinion about the gallery or the gallerists and the works they have so you either think it's good or not. Of course you can Google the artist and see what he is about or you can see the website of the gallery and see what's happening there. I do know that the price of the works of some of the galleries will be twenty percent higher in the art fairs than in the gallery and this is only because they want to be able to control their public. They also want to be able to negotiate with their clients, give them the feeling that there is something to talk about really. Especially in the Dutch art market, most of the clients would like to talk about the prices they want to get a bargain. So for that reason they are really not transparent. In every league of the work you have certain agreements and people tell what they need to tell you. Artwork for you can be for six thousand, for example, but maybe for your neighbor it will be five and a half.

Question

To what extent do you avoid informational asymmetries and provide investors, collectors and general public with price transparency?

Muriel Mager

All information can be viewed online but if you have a particular interest on an artwork we usually can send you more information. We are fine art photography gallery so we want to show images of work and not texts to read so if they are interested in knowing more, we can send more. And of course, if people ask about prices and editions I am happy to give you because I don't mind. Usually in the art fairs we have artist's name, the title, prices near the painting. We usually provide prices near the paintings in the gallery too but now because are preparing for the art fair and the

week after we will have a new show so I took everything off because the gallery will be closed during the art fair.

Question

What is the nature of the information asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Muriel Mager

I think it depends on the dealer and what is his goals.

Question

To what extent digitization has changed the gallery working model?

Muriel Mager

I think so. We have a lot of customers coming from abroad. Thirty percent of our clients are not from The Netherlands. We do ship and send the work abroad because it's not a problem. So in that sense, the accessibility to your gallery has become bigger. On the other hand there are a lot of people online who have only an online gallery and that's fine by me but I would never think of having a gallery only online because I do think people would like to be able to visit the actual place sometimes. It depends on what you are bringing. There are a lot of galleries that do not own a physical gallery any longer they are only participating in the art fairs. We have quite a few of them and they are becoming more and more. Some galleries have a web shop with the carts. We don't have it. I have thought about it but I don't think people will buy in that way. Maybe I am wrong and maybe we will try for a few months and see how people react on it. But I think if you are going to buy art you don't want to buy it online. And I think there is a certain amount of money people are willing to give for artwork that they don't see. But if you are going to spend more than four thousand euros you want to see it.

Question

What is the role of art fair in present art markets?

Muriel Mager

Well, we have a big space and I really like it but you notice that not a lot of people come to the gallery. In a week we can have twenty people but there can also be two weeks in a row when no one is coming. During the art fair you get to see fifteen to twenty thousand people in a few days looking at your booth. You get a lot of people of whom four or five percent out of fifteen thousand are interested in buying but that's much more than you will get in the gallery usually. Often when you've been on an art fair people want to rethink what they have seen or what they liked so usually you will have some aftersales after the art fair but you also sell during an art fair. There are usually

people who do some impulse...if it is not too expensive, they buy it on impulse. But if you have a bigger work you have people coming back a few times.

Hombres art gallery – Interview with Jannie Hombres

The interview was conducted with a gallery founder Jannie Hombres on May 28th at Hombres art gallery in Rotterdam. Length of the interview – 23:22.

Question

To which level of a gallery system: mega, top, mid or lower level would you position your gallery and why?

Jannie Hombres

I am surely not a top gallery. I work in the city of Rotterdam, my clients live around Rotterdam and a little bit further so that's not even a national gallery. So my public is coming from Rotterdam and a region around.

Question

How many years your gallery operates in the primary art market?

Jannie Hombres

Eight.

Question

Have you recently participated in any local and international art fairs?

Jannie Hombres

I participate in the national art fairs in The Hague and Rotterdam.

Question

With how many artists do you work at one time?

Jannie Hombres

That's very diverse. With some artists I already work for five or six years but there are artists that I work incidentally. Every year I have six exhibitions and there are solo exhibitions like this but also group exhibitions, so let's say average is two artists for one exhibition so it's twelve artists a year.

Question

To what extent do you position your gallery as a commercial art gallery?

Jannie Hombres

I am a commercial gallery because I want to sell works but my gallery is a foundation so it means it's not a company but a foundation. So I can also ask funding from local municipality. And I have projects like installations that are temporary and then I can search for some financial funding from the municipality. I work with volunteers I am myself a volunteer of the foundation so I don't have any income from the gallery. I have another job to have my private income. It costs a lot of money to organize the exhibition because you have printing costs, you have a website, you have

publications you need materials so this is where I put money from the artworks. And also a space is not for free so we have to pay the rent.

Question

To what extent have you, as a market insider, noticed an increased demand in art as an investment from collectors, investors and general public in the whole art market and in your gallery?

Jannie Hommes

No, absolutely not. I think this whole discussion of art as investment is only for some thousand millionaires that are new rich people from Russia and Asia. They want to have some toys and they want to say oh we want to have Anish Kapoor and this and that. They have so much money that they do already have everything so the next thing they want to have is a piece of art. But I think that most of the galleries are really hard working people and they sell works to people who buy art with their heart and not because they have too much money or they have an investment idea about this. My public is normal people with average income of five thousand euros a month which is good income and they buy one or two pieces a year just because they love it.

Question

What criteria do you use to price the artworks?

Jannie Hommes

There is a common idea about the prices. When you start as an artist the prices are lower and the more you are known the prices go up. It's a normal graduation. With paintings there is a way of calculating prices. The way is that you measure the height and the width of the painting, you sum the measurements and then you have kind of a number for the artist... Factor. In the beginning artist is around five or six. The better known you become, the good critics you receive in the reviews then it's getting hire. Artists in my gallery work with a factor from ten to fifteen so that's not so high but when you are having more international public then it's going up and up.

Question

What criteria do you use to price the growing reputation of the artist?

Jannie Hommes

It's also a bit feeling. When I go to an art fair I not only look at the works but I also look at the prices and I try to get this feeling to know how to do this. Also it is important to sell the artwork so if your factor is too high you don't sell anything at all.

Question

To what extent price reflects the quality of the artwork?

Jannie Hommes

Not necessarily, no. Because what is quality, you know. A lot of things depend on critics, do they see your works in magazines and do they write good about your work but if you don't have a publication it doesn't mean that your work is not good. For example, one of the best newspapers in The Netherlands once a week has a small column about the gallery presence twice a week. So you are very lucky if you are there. In my gallery it happens every two years. So this is important impulse. If you have a publication in the newspaper people think, well, if the people from the newspaper think it's good so then it's good. But it doesn't mean that the work which is not published doesn't have any quality. In my gallery prices reflect the quality of the artworks, the size of the work and the quality of the artist. Of course price has to do with the quality because the art from amateurs and not professional artists is very cheap.

Question

What art market inefficiencies do you, as a market insider, observe and do they have any effects on your business?

Jannie Hommes

It's similar to buying a bread. You go to the shop but you don't know what is the price of ingredients and the transportation costs. But if you ask you can get this information. There is a big difference in a normal art market like galleries in normal cities and the really huge commercial markets that sell Van Gogh for millions. You cannot compare these two kinds of markets. One is the crazy market that has to do with other impulses and levels and there is gallery business and it's business like cars or whatever. In The Netherlands we had six hundred galleries five years ago before the crisis and now we have four hundred galleries so in the past years two hundred galleries disappeared. So it's a struggle. It's not that fantasy world of the big money. Many galleries like me have another job for their income.

Question

To what extent do you avoid informational asymmetries and provide investors, collectors and general public with price transparency?

Jannie Hommes

Prices are always in the gallery. I don't provide them near the paintings because it's ugly but I have a price list. My answer is I want you to enjoy the works and not look at the price first. Because then you have a perception that, oh it's expensive or oh, it's about nature and only then you start to look at work which is influenced by price. So I just want you to enjoy the work. If you are into it,

here is the price list. And most galleries I know here in The Netherlands work like this. You take a look and the price list is somewhere.

Question

What is the nature of the informational asymmetries in the primary art market? The nature of the goods traded or the activities of the art dealers?

Jannie Hommes

I don't know. I cannot answer this because I am not common known with this. On my website there is a web shop with the works and the prices are there. So, I don't know.

Question

To what extent digitization has changed gallery working model?

Jannie Hommes

I run the gallery for already eight years so when I started of course I started with internet. On my website I have a web shop and there I put some of the artworks also. And I see that people check the website and sometimes they ask, can I see the work in real, can I buy it. So I think internet is working the same with other markets. People search on the internet also art but I think you don't buy only with screen. You want to see it in real. So it's easy to check the galleries and see if you like the work and if you like it you can ask if you can come and see it.

Question

What is the role of art fair in present art market?

Jannie Hommes

Art fair is important because in four or five days ten thousand people can visit your booth and when you are continuously on the art fairs people start to recognize you and then trust in your gallery is growing. But it's a big financial investment so you can only do it when you sell enough works.

Question

Do you sell more in the art fairs or in the gallery?

Jannie Hommes

I think in the gallery until now. The last art fair was good, yes. Then you sell a lot of works in four days. But in the gallery it depends on the exhibition. In the exhibition before I sold ten works and now I sold nothing yet. It's always a bit you never know.

