Why do occasional art buyers and art collectors buy contemporary art?

A quantitative analysis on factors that drive demand for contemporary art

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ABSTRACT

What factors drive demand for contemporary art? How does willingness to buy and other motivations differ in case of occasional art buyers on the one hand and art collectors on the other hand? Does theory from cultural economists apply to both groups or does it fit better to a single group of buyers?

To be able to find an answer to these questions, I raised a self-completion questionnaire at the Art Rotterdam fair, that was held from 5 February to 8 February 2015. In total, 231 respondents participated and completed the survey, of whom the assembled data was used to test a logistic regression model. The empirical results show that indicators of artistic, financial and social motives to buy art can make predictions related to whether an art buyer possesses a small or a large collection. The test controlled for the years that have passed since the first purchase, the expected frequency of purchases in the future and the price range wherein the buyer acquires art works. Evaluating whether the current size of an art buyer’s collection is related to differences in buyer’s motivations is in line with cultural economic theory. Demand theories consider consumption of arts as being dependent on experience and the past consumption of arts.

The empirical results provide evidence to substantiate clear differences in motivation for occasional art buyers and art collectors. The social process of preparing a purchase is a factor that is linked to art collectors. To the art collector, the reputation of the artist plays an influential role. On the other hand, decorative motives for buying art are linked to occasional art buyers that possess a small collection of maximum ten artworks.

According to the empiric results, the factors driving demand for art collectors fit better to former academic theory on art consumption, than the factors driving demand for occasional art buyers. Theory yet makes only slight distinction between occasional art buyers and art collectors. As this research demonstrates, future research is needed to revise and specify theory on distinct types of art buyers. More specifically, art demand theory can be extended by incorporating the frequency of buying art and the level of involvement of the art buyer.

KEYWORDS: Contemporary art, demand, motivations, art buyer, art collector
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1. Introduction:

1.1 Problem Statement

In 2014, the contemporary art market has reached a record in volume of sales. The global art market reached a total of just over €51 billion, an increase of 7% compared to 2013 (McAndrew, 2015). From that total market, the Post War and Contemporary sector took the largest share and represented 48% of all fine art sales by value (McAndrew, 2015). Those numbers indicate an increased interest in the contemporary art market, but why would people want to buy contemporary art?

This research seeks to answer what factors drive demand for contemporary art buyers. The contemporary art market is segmented and consists of many different types of buyers. In order to analyse art buyers, this research focuses on two groups: (1) the occasional art buyer and (2) the art collector. I expect to find differences in motivations between these two groups and therefore the central research question is: Why do occasional art buyers and art collectors buy contemporary art? Moreover, I investigate to what extent demand driving factors are different for occasional art buyers and art collectors.

The dissimilarity between occasional art buyers and art collectors lies in the frequency of buying and the time that has passed since the first purchase took place. I investigate whether the level of experience has influence on the incentives to buy art. Artworks can be valued on different levels, such as the aesthetic, financial and social level. Motivations can accordingly be categorized on an artistic, financial and social level. The empirical section tests for both groups of art buyers, what the relevant significance is of the distinctive factors driving demand for contemporary art.

Figure 1.1 schematically shows how the occasional art buyer and art collector are positioned within the total group of art consumers. The occasional art buyer and art collector jointly form all art buyers. The art buyers are the group of art consumers that have bought at least one artwork and therefore possess artworks. So, art consumers who have access to art by visiting exhibitions, but who do not possess artworks, are excluded from this analysis. This scheme is shown because some academic theories that we discuss in this thesis relate to art consumers in general.
1.2 Practical and societal relevance

The structure of the art market has changed through the influence of internet and by the increasing importance of art fairs. In 2014, at least 180 major art fairs with an international element were organized, whereof 22 fairs generated more than 1 million visitors. Sales via art fairs formed the second largest channel, after the in-gallery transactions, and accounted with approximate €10 billion for a reported 40% of all dealer sales (McAndrew, 2015).

Art fairs attract different art buyers than the traditional art collector. This new group of art buyers choose not to go or to buy at galleries, but they do like to stroll around fairs because of a lower threshold. This new group of buyers has increased during recent years (Pontzen, 2015).

In the Netherlands, art fairs anticipate to the development of a new group of buyers, by organizing events targeting this specific group. Amsterdam Art Fair organized a 'Q&A meeting for young collectors' (Q&A Collecting Art, 2015). Art Rotterdam organized guided tours around the fair for young collectors (Rondleiding Art Rotterdam, 2014). Amsterdam Drawing created a section called 'My First Drawing' where starting collectors are stimulated to buy a work. In order to realize the 'My First Drawing' section, each participating gallery was asked to bring an artwork that costs up to a maximum of €500 (Mandos, 2014). These examples show a clear focus on attracting new art buyers, from the practical field. That practical notion encouraged my interest to perform academic research on art buyers.

The segmentation of the contemporary art market is visible in the practical field of contemporary art fairs in the Netherlands. Some fairs specialize on a specific artistic medium, others on a specific style, on a specific generation of artists, or on a specific price range. By creating a focus of attention, the fairs want to attract a specific type of art buyer. Different
types of art buyers will be discussed in the theoretical section.

The growing number of the new art buyers asks to revise research on art buyers. Until now, research on demand for visual art, was focused on private or corporate art collectors. Since the emergence of the new art buyer, such focus cannot provide a complete picture of demand for visual art. Therefore, it is now needed to deepen the research and make a distinction between the occasional art buyer and the art collector.

The outcome of this research will not only contribute to the academic field of cultural economics, but will additionally be of practical interest for dealers on the contemporary art market. When the motivations for demand of the specific groups of art buyers are indeed distinctive, the notion of the distinction will enable gallerists, auctioneers and organizers of art fairs to improve their approach towards potential customers.

Last of all, the sales of contemporary art are important for the contemporary fine art world as a whole. In the Netherlands there used to be a climate of corporate collections, but many corporations stopped their collecting activities. Some of these corporations even sold part of their collection or closed the entire collection. Consequently, the focus for art sales is now more on private collectors. Besides, cultural subsidies were cut in the Netherlands, therefore less public money is spend on the arts. For that reason, the money provided by private art buyers is important even more.

1.3 Scientific relevance

Former academic research has analysed two aspects of the consumption of cultural products: (1) patterns of consumption based on purchases of cultural products and (2) the theory of demand, which seeks to explain the choices consumers make (Towse, 2010). This thesis will cover the theory of demand in the theoretical framework and will seek to explain the choices consumers make.

Former quantitative empirical research on the art market mainly focussed on three research directions: whether or which art makes a good investment (Mei & Moses, 2002; Ashenfelter & Grady, 2003; Frey & Eichenberger, 2003), what factors define the price for artworks (Rengers & Velthuis, 2002; Velthuis, 2003) and different contexts for value measurement (Hutter & Shusterman, 2006; Throsby & Zednik, 2014).

Theoretical and empirical studies on art collectors do exist, but there is scant literature on the motivations of these art collectors. Moreover, I have never come across an academic research on the occasional art buyer. Seldom did I found a study that distinguished between
art collectors and occasional art buyers. To some extent related is the description of Vetlhuis (2011) on the high end and the low end of the art market. In general, previous research did not consider art buyers in general, but only focused on the art collector. Therefore, this thesis seeks to close the existing gap in the academic literature and considers the difference between (1) the occasional buyer and (2) the art collector buying art frequently.

Academic theory explained that present demand for the arts is dependent on past consumption (Stigler & Becker, 1977; Lévy-Garboua & Montmarquette, 1996, 2010). This research follows these theories, because the number of past purchases defines whether an art buyer is categorized as occasional art buyer or as art collector. The former empirical investigations did not incorporate factors on different motivational categories driving demand. So, in that way this research contributes to those theories.

The theoretical foundation of this research is predominantly structured around three motivational categories for art consumers to buy art as described by Olav Velthuis (2011). The motivational categories to buy art are (1) intrinsic artistic reasons, (2) financial reasons and (3) social reasons. The intrinsic artistic motives are directly related to the artworks, but the financial and social reasons are extrinsic to the artwork itself and are indirect reasons to buy art. By testing for the relevant significance of the motivational categories for occasional art buyers and art collectors, this research relates the different driving forces for demand with theories on the dependence of current art demand on past consumption.

1.4 Thesis Structure

After the introduction follows the theoretical framework, the methodology, the results and the conclusion. The theoretical framework reviews literature in order to address the characteristics of the contemporary art market. At first, the characteristics of contemporary art goods within diverse contexts are explained. Second, the buyers of that market will be discussed. Thereafter, the neoclassical demand theory and demand theory for cultural goods and contemporary art will be covered. The theoretical framework concludes with three sets of hypotheses on the artistic, financial and social motivations for art buyers. Thereby, it is forming the base for the methodological and empirical research of this thesis.

The empirical section starts by presenting the methodology to calculate the relevant significance of factors that drive demand for art buyers. Here, the two types of buyers are categorized according to the number of artworks in their collection. Occasional art buyers possess a small collection of maximum ten artworks, whereas art collectors possess a large
collection of more than ten artworks.

The result section shows the outcome of these tests and accordingly presents an extra model to be able to give more specific information to evaluate the acceptance or rejection of the hypotheses as stated in the theoretical framework.

The conclusion states differences in motivation for occasional art buyers and art collectors. The social process of preparing a purchase is a factor that is linked to art collectors. To the art collector, the reputation of the artist plays an influential role. On the other hand, decorative motives for buying art are linked to occasional art buyers that possess a small collection of maximum ten artworks. The conclusion in section 5.2 provides a deeper elaboration of this finding. In addition, the final part of the thesis regards research limitations on validity and reliability, as well as suggestions for future research to conclude the thesis.
2. Theoretical framework

Within the theoretical framework, I review literature from multiple academic scholars. Former theory is structured according to three main topics, in order to address the research question: Why do occasional art buyers and art collectors buy contemporary art?

At first, we investigate the market for contemporary art by questioning what contemporary art goods are. The economic, aesthetic, financial and social characteristics of cultural goods in general and contemporary artworks specifically will be discussed. As well, the structure and characteristics of the art market with uncertainty and risk will be covered.

Second, we investigate the market for contemporary art by questioning: who are the buyers? Art buyers will be looked on more closely and different ways to distinguish art buyers from each other are mentioned. These two parts will create a thorough overview of the contemporary art market as a whole.

Third, reviewing theory explains why the neoclassical economic demand theory does not hold for cultural goods. That enables us to discuss theories that do explain demand for cultural goods and contemporary art works. Here, the theory on different motivational categories is explored in depth.

The combination of this theory forms the base for the empirical research of the thesis. The theoretical framework will therefore conclude with hypotheses to be tested in the empirical section of the research.

2.1 Characteristics of contemporary art goods

Academic scholars from multiple research disciplines discuss characteristics of artworks. Cultural economists consider and combine these theories from diverse perspectives. Throsby (1994) was among the first scholars discussing different theories on artwork features, by distinguishing between art as decoration and art as asset. Correspondingly, Klamer (1996) describes that art can serve as decoration, as an investment or as a prestige object. Velthuis (2003) distinguishes between intrinsic artistic characteristics, financial characteristics and social characteristics. Hutter and Shusterman (2006) explain how aesthetic theory and economic theory approach concepts of value and valuation of art works differently. Throsby and Zednik (2014) provide, in addition of the existing theories, empirical evidence for the difference between cultural value and economic value.
2.1.1 Economic characteristics
Contemporary artworks are economically classified as cultural goods, which are heterogeneous. Karpik (2011) refers to cultural goods as "singularities", characterized by being uncommon, incomparable or even unique. They are opposed to generalized, homogeneous commodities. Towse (2010) affirms the heterogeneity of cultural goods because the goods vary by the artist, its provenance, the genre, when they were created, what the subject is, what the condition of the work is and many other features.

Original art objects are durable private goods (Throsby, 1994), which are enabled to resell. The diversity of goods make the art market different from the market for homogeneous goods, because a specific contemporary art work has no perfect substitute.

Traditional economic theory does not concern the aesthetic judgement, but assumes that interests and preferences are reflected in the individual's monetary evaluation and that tastes are given (Hutter and Shusterman, 2006). However, recent theories try to incorporate aesthetic characteristics into economic theory. Also, information theory is incorporated, such as whether artworks assess experience attributes or search attributes. The section on demand theory goes deeper into all economic characteristics of artworks. As a background to the demand theory, below we set out the aesthetic, financial and social characteristics of artworks.

2.1.2 Aesthetic characteristics
Demand can depend on artistic characteristics of works such as size, colour, and other aesthetic values that enter the utility function for art as decoration. Besides the artistic values, emotional values can be attached to an artwork (Steenbergen, 2002). Aesthetic theory covers the individual reaction to the artwork, so the person's taste, knowledge, experience and interpretation of the technical characteristics (Hutter and Shusterman, 2006). Art can provide immediate consumption enjoyment through its aesthetic qualities.

For contemporary art, there exist several time classifications. The most common contemporary art classification is the period as from 1960. Another classification is that artworks from the period 1945-1970 is defined as Post-War Art and from 1970 onwards as Contemporary art. Within the contemporary art period not one major style exists, neither one frame to refer artworks to (Steenbergen, 2002). Diverse disciplines are used and explored and multiple disciplines are merged. This thesis refers to contemporary art works as being made after 1960 and includes all contemporary art disciplines.
2.1.3 Financial characteristics
Because an artwork can be (re)sold, and its price may rise over time, it has characteristics of a financial asset, and as such may be sought as a hedge against inflation, as a store of wealth and/or as a source of speculative capital gain (Throsby, 1994). Riskiness and expected rates of return influence demand for an artwork as a financial asset. Hence, an artwork as a financial asset provides financial services through its potential for price appreciation.

There is substantial literature and empirical evidence available in connection with the financial aspects of buying art. Frey and Eichenberger (2003) provide surveys on the return of art investment. Ashenfelter and Graddy (2003) present an overview of empirical studies on returns on investment in art. They also analyzed art auctions and the formation of art prices in general. Most research points out that in both the short and long run, rates of return on investment in art are lower and risks are much higher, in comparison with traditional stock and bond assets (Ginsburgh, 2003). Rengers & Velthuis (2002) were the first to perform an empirical quantitative data analysis on the primary art market. Before them, data regarding direct sales from the artist and sales from the primary market was kept secret, not reliable or not available (Mei&Moses, 2002; Frey & Eichenberg, 2003; Hutter et al, 2007).

Zorloni (2013) provides an overview of methodology that is used to calculate price indices. Among the methods are the double sale method, the repeated sales method, the average painting method, the representative painting method, the hedonic regression method. Mostly, two of the aforementioned methods are used: the repeat sales method, accurate in tracking changes in price over time, and the hedonic regression approach, that focusses on the individual characteristics of art (Ashenfelter & Graddy, 2006). The hedonic regression method is the only of the above mentioned methods regarding aesthetic characteristics that identify the uniqueness of a painting. All other methods mainly relate to the prices of artworks. Scholars differ in opinion if these studies offer useful information. Moreover, it is agreed upon that there is not one reliable way to predict the value of artworks.

Mei & Moses (2002) find that artworks might be interesting for investors who want to diversify their investment portfolio, but they also point out that an investment in expensive works of art tends to underperform the art market and higher transaction costs makes only long-term investment appropriate. Besides transaction costs, such as a buyer's premium at auctions, other financial characteristics should be taken into account when calculating the return on investment in arts: resale rights, insurance premiums, the indivisibility of the artwork and the time that is needed for resale (Zorloni, 2013).
2.1.4 Social characteristics
Most artists of contemporary artworks are still alive. Therefore the social factor of being able to meet the creator of the artwork is an attractive aspect for buyers to prefer contemporary art over older art works. This social aspect is especially present within the local or national art market close to the art buyer. Art collectors of contemporary art therefore principally collect art from their own country (Steenbergen, 2002).

Plattner (1998) and Yogev (2010) emphasize the social aspects of art goods. In their words, the appreciation of art is a social process (Plattner, 1998) and the determination of the quality of art works is done by socially constructed judgements (Yogev, 2010). In such a social construction, the reputation of the artist is playing a significant role.

For buyers, the social process is related to the concept of legitimacy. Legitimacy means that an artwork or artist has status in some markets larger than the local place. Potential buyers are reassured by the knowledge that the work is sold and written about in a wider social context than the one in which they see it. In that way, legitimacy points to two aspects of the economic value of art: the current price and the resale potential (Plattner, 1998).

Similarly, Bonus & Ronte (1997) state that in visual arts, the economic value of an artwork depends on its credibility. Trust and credibility are created by the interaction of various insider experts who are in command of cultural knowledge. This specific knowledge enables the possessor to ascertain cultural quality, even though it includes subjective elements. (Bonus & Ronte, 1997, p. 115).

Dealers in art markets create social and intimate relationships with a binding character, instead of anonymous dealings from a capitalist exchange (Velthuis, 2005). Hutter et al (2007) refer to these social relationships as clubs by stating that dealers not only sell commodities, but also actively create and provide a club good. A social motive for people to buy art is because they want to belong to a certain group or "to buy oneself a ticket into a social circle" (Velthuis, 2011a, p. 34). The club consists of a membership in the community which adheres to the dealer's aesthetic style. The dealers are above all service providers, because they select, interpret, educate and signal the values of their artworks. All with the aim to generate the belief that a particular set of new artworks is constantly rising in appreciation (Hutter et al, 2007).

The final social characteristic of art works is conceptualized by Thorsten Veblen (1934) and is known as conspicuous consumption. Velthuis (2011a) refers to conspicuous consumption, when people buy artworks to enhance their status. The signalling effect of consumption on your status is also called the Veblen effect and "Veblen goods" can signal the
owner's high cultural status. A high price functions as an indicator of high elite value rather than as a result of scarce supply and high demand (Plattner, 1998). When the Veblen effect is present, an increase in price or exclusivity will cause an increase in demand.

2.1.5 Characteristics of the contemporary art market
The art market is divided into the primary and secondary market (Velthuis, 2011). Galleries operate in the primary market, whereas they often represent artists on an exclusive basis, at least within a predefined geographical area. The auction house is part of the secondary art market, or the resale market.

One of the most important institutions that has developed over the last decades within the art market are art fairs (Quemin, 2013). Art fairs are usually organized on an annual basis. Participants are usually a hundred or several hundreds of art dealers, each of whom has a booth where they exhibit their highest quality objects to the thousands of potential buyers who pass by over a period of a week or less. Although local fairs do exist, art fairs tend to have an international character. Art fairs enable art buyers to economize on search and information costs. It would be time consuming and costly for art buyers to regularly visit all art galleries within a home town, let alone the entire country or all over the world. The art fair brings a large selection of these galleries together. From the art dealer’s perspective, art fairs are an important venue for meeting new buyers (Velthuis, 2011a).

2.2 Who are the buyers of contemporary art?

On the whole, there is rather little empirical research on private art buyers. The research that is done, is mostly on corporate and private art collectors. Here, we will discuss three empirical research on private art collectors.

Renee Steenbergen (2002) studied Dutch art collectors by performing 78 interviews. Her centre of attention was potential collaboration between art collectors and museums. She stresses the important role of private collectors for the public ownership of art. According to her, contemporary collectors occupy a key economic and cultural position and are an invisible driving force in the Dutch art world. Zorloni (2013) looked at some of the psychological underpinnings of collecting art. We will refer to Zorloni during the rest of the chapter. Steiner, Frey and Resch (2014) wrote an international empirical assessment and found that the largest number of private collections is located in Europe and that the artists most often hosted by private collectors are contemporary. Besides, Steiner et al (2014) found that private collectors
have a noted preference for artists of their own continent and country. This may be due to familiarity but also to the higher cost of acquiring works by foreign artists. Besides these empirical studies, there is relatively more theoretical research regarding buyers of the art market.

2.2.1 Consuming art, possession or access?
The consumption of contemporary art consists not only of the purchase of an art work. Visiting a museum and viewing a piece of art in an exhibition is also a way of consuming art. Yu Chen (2009) separates consumption modes from consumption products. With regard to artworks, he divides possession and owning a collection from access to and visiting of an exhibition. According to Yu Chen (2009) "the consumption act =that of enjoying the painting –is similar in both modes. The consumption modes –that of either purchasing or viewing at art exhibits –provide two different circumstances of consumption: one is through a private, permanent, and ownership-linked approach; the other is through a public, temporal, and circumstantial approach" (Yu Chen, 2009, p. 925).

Some academic theories that will be discussed within this thesis are on art consumers in general. In order to prevent confusion, I wanted to make clear how art buyers are positioned regarding art consumers in general. The focus of the thesis is on art buyers but some background theories on art consumers in general will be reviewed. For a schematic overview of the positioning of art buyers within total art consumers, see figure 1.1.

2.2.5 How have art consumers changed over time?
Through time, the evaluation of fine art emerged by different aspects of the artwork. The development of these different aspects happened together with the evolvement of new actors in the art world. Arora & Vermeylen (2012) describe historical illustrations on new actors within the art world and show that the boundaries of expertise are stretched. They proclaim that the shift is more connected to economic drivers, than to social-cultural ones. The art consumer changed and therefore, the type, role and strategy of expertise altered (Arora & Vermeylen, 2012).

In the 16th-17th century, artistic quality was determined by art theorists. These art experts focused their evaluation on intrinsic and artistic concepts. Criteria were determined in terms of the intrinsic value of a work of art, or the excellence of a piece. Examples of such "quality criteria were composition, design, colouring and drawing" (De Piles 1708; De Marchi 2008, cited from Arora & Vermeylen, 2012, p. 8).

From the late 17th and early 18th century, evaluation changed towards commercial
expertise. Not the artistic criteria, but commercial criteria regarding how to market, how to set
a price and how to translate artistic value into a price was what concerned the commercial
experts such as art dealers, auctioneers and gallerists. "They valued art according to what was
currently in fashion, paying no respect to the inherent artistic value of the work in question -
and all this for the mere financial gain" (Van Gool 1751, cited from Arora & Vermeylen,
2012). The late 17th and early 18th century is the period when art started to become regarded
as an investment. Accordingly, Menzies (1935) wrote that at his time, when art collecting was
general, there were very few collectors who regarded their treasures solely from an aesthetic
point of view. The majority regarded money that was spent on their collections as invested
capital.

In the 19th century, more layers of expertise were added by museum curators,
educated art historians, gallerists, art academies and art critics (Arora & Vermeylen, 2012). In
other words, after the intrinsic artistic and financial factors, now the social factors became the
determinants to evaluate artworks.

In short, the historical emergence of new art consumers has indirectly contributed to
the shaping of how art knowledge is categorized and marketed over time. We turn now to the
current buyer of the contemporary art market.

2.2.3 Occasional art buyers and art collectors
The art market in the Netherlands comprises circa 5,000 incidental art buyers and 3,000
frequent buyers Steenbergen (2002). Information from galleries made her estimate that 10%
of the frequent buyers are art collectors. It is difficult to give exact numbers, but because there
might be buyers who operate out of the gallery structure, there will be 500-1000 art collecto-
s in the Netherlands (Steenbergen, 2002).

Within our analysis, art buyers are either occasional buyers or collectors. Occasional
buyers (1) do not have the incentive to build up a collection, (2) buy on an irregular base and
(3) the number of artworks in possessions is small. On the other side, art collectors have a
high number of artworks in possession and generally buy artworks on a regular base. The
frequency of buying and the number of artworks in possession creates differences in types of
art buyers.

Velthuis (2011) distinguishes the high end and the lower end of the art market. At the
high end of the market, dealers predominantly sell to a small fixed club of wealthy collectors
who have expressed loyalty to them over a long period of time. At the lower end, art dealers
may cater the demand of a relatively anonymous group of buyers who are interested in
acquiring a piece for decorative reasons or as a souvenir of a tourist trip (Velthuis, 2011). This latter group can be referred to as occasional art buyers.

2.2.4 Consumers or connoisseurs?
Similar to Velthuis' (2011) distinction between the low and high end of the art market, Plattner (1998) separates the art connoisseurs from the art consumers. Both divisions are in line with Yogev's (2010) theory: quality assessment of art is based on social construction. Connoisseurs, such as dealers and expert collectors, own a typical kind of cultural knowledge. This specific knowledge is a blend of information about history of museum shows, prizes, and of publications about the artist etcetera. Because of that knowledge and the accompanied status, connoisseurs may have influence on the financial or social value of the artworks they purchase. Many art collectors possess or develop this cultural knowledge and become connoisseurs. The connoisseurs possess "taste" or knowledge about value which the consumer lacks, and therefore the collectors also perform a role of an intermediary or middleman (Plattner, 1998). The art collector has more roles in the art market than just buying art, he is also part of the interlinked web of quality assessment and can signal quality.

We should note, that the creation of cultural knowledge does not have to come with buying art more frequently. Similarly, cultural knowledge can also be accumulated by visiting exhibitions, gallery openings and reading art magazines. However, it is assumable that the more a buyer involves with art, the more cultural knowledge he accumulates. Therefore, we follow Plattner and Velthuis and assume that the art collector owns more cultural knowledge than the occasional buyers.

When the art collector is considered a type of expert, he has influence on taste formation (Velthuis, 2011b). Consequently, a representative of an artist, such as a gallerist, probably prefers to sell a work of art to an art collector than to an occasional art buyer. Because the art collector could add social and financial value to the piece of art and therefore to the reputation of the artist. So, not only the possession of cultural knowledge differentiates the art collector from the occasional buyer, but also the consequential preference of the art dealer for the collector differs the two types of art buyers.

Accordingly, Jeffri (2005) claims the art market being a small, incestuous family, inaccessible to the general public, and kept alive by groups of tightly connected insiders. Here, Jeffri (2005) refers to the high end of the art market. He portrays the tiny band among the actors which exists for reasons of status, enlightenment, greed, knowledge, personal pleasure as well as notions of investment or philanthropy. Which keep themselves thoroughly
informed on the buying, selling and managing of what is, according to him, at best an uncertain prospect (Jeffri, 2005). Moreover, Jeffri (2005) states that the general public is not part of the art market, because "the game is completed and the trophies distributed long before the public knows what has happened" (Wolfe 1976, cited from Jeffri 2005, p.144).

2.2.6 The current buyer of the contemporary art market

In the last decade, the communication and treatment of the public has changed within the art world. Rather than considering the public as passive recipients, we approach the public as active customers (Marty, 2007). Traditional intermediaries such as galleries, museums and auction houses are forced to become more accessible and to engage with their audiences through new media platforms (Arora & Vermeylen, 2012). Does that mean that the public has received a more important voice on the art market? Did they become relatively more important to "the small incestuous family" (Jeffri ,2005, p. 144)?

According to this development, the art market has become more accessible for occasional art buyers. The "incestuous family" (Jeffri, 2005, p. 144) on the high end of the market used to gather at gallery openings, but now they have moved towards art fairs, which are open for the general public. Nonetheless, art fairs intend to organize special VIP programs to suit art collectors and other important actors of the art market. Therefore, there still remains a gap between the occasional art buyer and the art collector. Being part of the inner art circle and being able to signal quality still remains to a smaller selection of people.

Furthermore, the popularity among the general public can signal a low quality in contemporary art. A million 'Likes' on a Flickr image of an artwork could gain a commercial label and that association to popularity of the general public can be interpreted as low quality art (Arora & Vermeylen, 2012). The importance lies not at how many potential buyers are interested in a work of art, but it is important who is interested in an art work. This social signalling of quality is in line with the theory of Plattner (1998) and Yogev (2010) on the social construction to assess quality to art. Besides, it appoints the differences in popular appreciation and appreciation by possessors of the tacit cultural knowledge of art. In other words, there is still an important difference between the art consumer and the connoisseurs.

Theory implies that demand from all art buyers, so both occasional art buyers and art collectors, is driven by intrinsic artistic qualities, financial factors, social factors or a combination of them. This research tests the relevant significance of these factors for the two groups of art buyers separately. Interesting is that section 2.2.5 sets out that from a historical
point of view, collectors initially became interested in art for the intrinsic artistic qualities and later for financial or social reasons. An equal development might be present on the individual level of art buyers. As Steenbergen (2002) points out, in first instance, an art buyer is motivated to buy art for decorative purposes, but as the art buyer becomes more involved with art and matures to a more frequent art buyer, he might also become more interested in the financial and/or social factors related to art purchases.

2.3 Demand theory

The neoclassical economic demand theory does not fit heterogeneous products of contemporary art. In next section we explain why neoclassical assumptions cannot be applied to cultural goods. Theoretical concepts that do explain demand for cultural goods in general and contemporary art specifically will be covered next.

2.3.1 Neoclassical Demand Theory does not hold for cultural goods

The neoclassical demand theory makes several assumptions: (1) consumers have rational preferences, (2) tastes are given and fixed, (3) information is fully and costless available and (4) choices are determined by relative prices (Towse, 2010). These neoclassical demand assumptions do not hold for cultural products. Below it is set out why these assumptions are challenged by different concepts of experience goods and the experience of goods.

2.3.2 Experience: taste formation and quality information

Individual taste for the arts relies on experience (Lévy-Garboua & Montmarquette, 2010), nevertheless, how experience has influence on demand is explained differently by academic scholars. We will set out multiple interpretations of experiential influence on demand below.

The cultivation of taste implies that taste for the arts is either acquired or discovered, and the rate of art consumption increases over time with exposure. The process of taste formation can be explained by rational addiction (Stigler & Becker, 1977) or learning by consuming (Lévy-Garboua and Montmarquette, 1996). These theories describe different processes, but both theories state that current consumption of art goods is dependent on past behaviour. Rational addiction (Stigler & Becker, 1977) claims that the inputs spent on art appreciation is more likely to be addictive, if the demand curve for art appreciation is more elastic. Here, rationality should be interpreted in the sense of more general theories on rational choice. Stigler and Becker (1977) claim that the enjoyment of art rises, when the exposure to art or experience of art increases. The more artworks you have, the more artworks you want
(Towse, 2010), so tastes are not assumed to be given nor fixed.

Learning by consuming (Lévy-Garboua and Montmarquette, 1996) takes a different approach, because it assumes that consumers are not aware of their true taste. Tastes are given, but not known by the consumer. A consumer's taste can be discovered by repeated experience and exposure to art.

Whether one calls it addiction or the cultivations of taste, the most relevant step is to make taste for the arts dependent on past consumption. Therefore, cultural consumption can be interpreted as a process leading both to present satisfaction and to the accumulation of knowledge and experience affecting future consumption (Throsby, 1994).

The relation between art demand and experience of art can also be viewed from the perspective of information theory. Information on the quality of the good can either be searched or experienced. Nelson (1970) differentiates between search and experience goods: a good is defined as a search good when full information on the attributes of the product can be known prior to purchase; a good is defined as an experience good when full information on the attributes of the product cannot be known before the purchase takes place because the information search is costly or difficult. So, in this approach the quality information on experience goods can only be known after the experience of the product.

Klein (1998) combines the search and experience categorization scheme with complementary theories of information economics. If full information on the product attributes can be offered prior to purchase at a cost that is lower than the purchase, the consumer can consider the good as a search good.

So, whether an artwork is a search or experience good, depends on the quality information available and whether the experience of the good can provide full information on the quality. Both the experience and full quality information are difficult to define for contemporary art works. Even though art objects such as paintings can be inspected in art galleries before purchase, their full appreciation requires extensive comparisons with many alternative paintings that are not commonly exhibited in the same place. Art and cultural goods are essentially experience goods in the sense of Nelson (1970), but in the sense of Klein (1996) a painting can be a search good. In the end, it depends on the specific motivation of the buyer who acquires the artwork, whether the artwork can be classified as a search good or an experience good.
2.3.3 No objective quality
Artworks lack objective quality. Most people can give an opinion on an artwork and can say if it appeals to them or not, but that is not relevant for the collective value determination of an artwork. Because the quality of art cannot objectively be determined (Bonus & Ronte 1997; Yogev 2010), art consumers need the help of experts to determine artistic, social and financial values to an art piece (Arora & Vermeylen, 2013). Experts can assign these values to artworks because they obtain specific cultural knowledge, experience and have a trustworthy reputation. In the current digital environment there are so many opinions, preferences and desires declared, that we might even need the credible judgments from experts more than before (Arora & Vermeylen, 2013).

2.3.4 No individual choice, because of social effects
The Neoclassical assumption of rational preferences does not hold because the individual choice is questioned for cultural products. People are influenced by choices of others and do not think out their choices individually (Towse, 2010). This is the so called bandwagon effect and it reduces the individual’s search costs. Theoretically, the bandwagon effect undermines consumer sovereignty and therefore the assumption of rational preferences. Additionally, the bandwagon effect undermines the assumption that choices are determined by relative prices, because social factors influence and persuade the choices people make.

Another social effect is the network effect. The so called network effect occurs if the utility of the consumer increases when the number of consumers using the same product increases (Towse, 2010). Network effects are usually present with technological products and services such as e-mail or WhatssApp. But, many people prefer to experience cultural goods with friends or family members or go to places where acquaintances have also been to, so they can consequently share the experience afterwards. Plattner (1998) puts it more specifically for demand of art works, by saying that the appreciation of art is a social process and that buyers desire artworks when it has legitimacy.

All in all, taste formation and the determination of the quality of cultural goods is done by socially constructed judgements (Yogev, 2010). Therefore consumers make no rational preferences, tastes are not given and fixed, information is not fully and costlessly available and choices are not determined by relative prices. So clearly, the assumptions of the neoclassical demand theory do not hold completely.
Motivational categories for buyers

Former research divided art collectors into different types, mostly as opposing one to another. The common opposition is between the collector who takes into account mainly the intrinsic artistic qualities of the artwork and the collector who is mostly interested in the financial aspects of the artwork. Frey (2003) separates the collector with passion for art, from the speculator who regards art as an investment. Likewise, Coslor (2010) describes one type of collector who buys work because he loves the work, and another type who buys work as he intends to gain money or other benefits from collecting. Subjectively, Coslor (2010) adds that an emotional connection to the artwork is more pure or valorous than the instrumental goals of monetary gain or social status.

Similarly to Frey and Coslor, the AXA ART Report (2014) distinguishes "art aficionados", with passion for art and collecting, from investors who regard art as part of their asset portfolio and care about value maintenance or increment. But the report also refers to a type of collectors called "the traditionalists", who collect out of family tradition (AXA ART, 2014, p. 12). Steenbergen (2002) correspondingly points towards collectors whereby the act of collecting continues from generation to generation. Sons or daughters could always borrow art pieces from their collecting parents, but they choose to buy their own artworks because of a desire to possess artworks themselves and to make their own choices in art (Steenbergen, 2002).

Diverse types of buyers are motivated to buy contemporary art for different reasons. Three main motivational categories can be distinguished for buyers within art markets: (1) intrinsic artistic reasons, (2) financial reasons and (3) social reasons (Velthuis, 2011a). Although the three sets of motives tend to mix in practice and as a mixture motivate buyers to acquire art, in theory we separate the three categories from each other.

As explained in section 2.3.2, present art consumption depends on past consumption. Therefore, we want to distinguish buyers by the level of their experience in art purchasing by looking at the size of their current collection. We expect to find differences in relatively significance of the motivational categories for occasional art buyers and art collectors. The research seeks for differences between the two types and explores which reasons to buy art fit better to the occasional art buyer and the art collector.

In this exploration we have to make a distinction between the motivational reasons to buy art and the grounds of selection for a specific work of art.
Intrinsic artistic reasons to buy art are directly related to the work of art itself. A buyer may desire an artwork because it is being aesthetically pleasing, for a profound artistic interest, in order to decorate, or to build up a collection of artworks (Velthuis, 2011). Intrinsic artistic motivations to buy art are influenced by personal preferences. One art buyer may want to stimulate his own creativity, another may want to challenge his intellect.

When the art buyer is motivated by intrinsic artistic reasons, he will base his selection for a specific artwork on aesthetic characteristics. The selection preference on intrinsic artistic aspects differs between art buyers. One art buyer gives attention to a certain composition, use of materials or colours (Arora & Vermeylen, 2012), while for another buyer the concept may determine the selection for a specific artwork.

Although, the aim of this research is to detect differences between occasional art buyers and art collectors, we do not expect to find that only one of the two groups is motivated by intrinsic artistic motivations. As can be suggested from discussed theory, all art buyers will be motivated by intrinsic artistic aspects, though the specific artistic selection aspects may differ.

- **Hypothesis 1a:**

  *Demand from all art buyers, so both occasional art buyers and art collectors, is driven by factors of intrinsic artistic motivation.*

Although artistic intrinsic motivations in general drive demand for both groups of art buyers, decoration might be a higher driving force for demand from occasional buyers than art collectors. As was set out in section 2.2.6, the inducement for someone's first purchase is many times to decorate the house (Steenbergen, 2002).

- **Hypothesis 1b:**

  *Demand from occasional art buyers is driven relatively more by the decoration motive than demand from art collector is driven by decorative motives.*

The initial motivation for art buyers by decorative purposes, implies that other inducements motivate to buy art for later purchases. As the art buyer becomes more involved with art and matures to a more frequent art buyer, he might also become more interested in the financial and/or social factors related to art purchases.
Hypothesis 2:

*Demand from art collectors is driven relatively more by factors of financial motivation, than demand from occasional art buyers is driven by financial motives.*

Hypothesis 3a:

*Demand from art collectors is driven relatively more by factors of social motivation, than demand from occasional art buyers is driven by social motives.*

Financial reasons to buy art are extrinsic to the artwork and are therefore indirect reasons to buy art. Financial reasons to purchase art can be in the form of an investment, as a store of wealth or as a hedge against inflation. Art investments can provide monetary returns, as the section on financial characteristics on contemporary art has pointed out.

Social reasons are also extrinsic to the work of art and therefore indirectly stimulate art buyers. Indirect social motivations to acquire art are as a ticket to a social circle, like a group of collectors who regularly buys at the same art gallery and meet each other at art-world events. These social affairs are part of the preparation process of a purchase.

Hypothesis 3b:

*Art collectors prepare a purchase, while occasional art buyers do not prepare a purchase.*

Social grounds for the selection of an artwork are on reputation of the artist. The art buyer who wants to belong to a certain social circle may be tempted to buy an artwork from an artist with a certain level of reputation. The reputation aspect also holds for the expression of status. According to Plattner (1998) collectors learn to appreciate art in a social process. Their own aesthetic reaction to the work tends to be influenced by esteemed sources of information such as other admired collectors, elite dealers, critics, and curators.

Would these socially constructed judgements of reputation and legitimacy be of interest for all art buyers or only for the group who buy art frequently? Would it only interest those buyers who may want to resell the art piece, or those who have other motivations to buy art than only for the intrinsic artistic values? We follow Plattner's (1998) reasoning and will test whether the social construction of judgment and reputation is indeed more related to art collectors than to occasional art buyers.
○ Hypothesis 3c:

The reputation of the artist is more important for art collectors than for occasional art buyers.

The hypotheses can be categorized according to the three motivational categories to buy art. The first set deals with intrinsic artistic motivations. The second hypothesis deals with financial motivations and the third set hypotheses deals with social motivations.
2.4 Conclusion Chapter 2

Characteristics from different contexts jointly characterize contemporary art goods. We discussed economic, aesthetic, financial and social characteristics. Economically speaking, contemporary art goods are heterogeneous, private, durable and can have both search and experience attributes. Aesthetic characteristics are on the artistic, emotional or technical level of the artwork. Financial characteristics deal with the appreciation of the price, with risk and the expected rate of return of the artwork. Social characteristics consider reputation, credibility and legitimacy and serve social club goods or conspicuous consumption.

In this research, I categorize art buyers as occasional art buyers or art collectors. The difference within purchasing frequency and size of current collection has consequences for other aspects such as the possession of tacit cultural knowledge and potential belonging to the inner art circle. Consequently, the art collector may be able to signal quality and dealers will prefer to sell to this smaller selection of people.

Demand theory showed that present art consumption is dependent on experience and past art consumption. Therefore, this research differentiates buyers by the level of their experience in art purchasing according to the size of their current collection. We expect to find differences in the motivational categories for occasional art buyers and art collectors. The motivational categories are artistic reasons, financial reasons and social reasons. Accordingly, the art buyer can make a selection for a specific artwork on artistic grounds, financial grounds and social grounds. The research seeks for differences between the two types and explores which reasons to buy art fit better to the occasional art buyer and the art collector.

The initial motivation for art buyers is by decorative purposes. That implies that other inducements motivate the art buyer for later purchases. As the art buyer becomes more involved with art and matures to a more frequent art buyer, he might also become more interested in the financial and/or social factors related to art purchases.

Three sets of hypotheses form the base for the empirical research of the thesis:

H1a: Demand from all art buyers, so both occasional art buyers and art collectors, is driven by factors of intrinsic artistic motivation.

H1b: Demand from occasional art buyers is driven relatively more by decoration motives than demand from art collectors is driven by decorative motives.
H2: *Demand from art collectors is driven relatively more by factors of financial motivation, than demand from occasional art buyers is driven by financial motives.*

H3a: *Demand from art collectors is driven relatively more by factors of social motivation, than demand from occasional art buyers is driven by social motives.*

H3b: *Art collectors prepare a purchase, while occasional art buyers do not prepare a purchase.*

H3c: *The reputation of the artist is more important for art collectors than for occasional art buyers.*
3. Methodology

3.1 Research Aim

As is aforementioned, the central research question in this thesis is: *Why do occasional art buyers and art collectors buy contemporary art?* So far, we have addressed this question from a theoretical perspective. The literature review addressed the research question by exploring the characteristics of contemporary art, the different types of art buyers and the contemporary art market characteristics. Furthermore, theories on demand for art were explained.

The key contribution of the empirical part of the research is to test for the relevant significance of factors that drive demand for art buyers. Two types of buyers are categorized according to the number of artworks in their collection. Occasional art buyers possess a small collection of maximum ten artworks, art collectors possess a large collection of more than ten artworks. We investigate to what extent demand driving factors are different for occasional art buyers and art collectors. How the empirical tests are done will be elaborated below.

3.2 Research Design and Data Collection

As is discussed in the theoretical framework, cultural economists use both quantitative and qualitative research approaches. This thesis uses a quantitative research approach to test theories which were discussed in the theoretical framework. A quantitative analysis is the academic approach to test theory (Bryman, 2008). The empirical tests serve to find evidence to accept or reject the hypotheses that were presented in section 2.4.

The research method, which is the technique to collect data (Bryman, 2008), used for this thesis is the self-completion questionnaire. In order to prepare and pilot test the questionnaire, three interviews with four art buyers were conducted in January 2015. All interviews began with open questions whereby I asked for their experience in art purchases. I aimed to detect their motivations to buy art by asking for their first purchase experience and whether their motivations to buy art had changed since that moment. This part of the interview was useful to discover buyer motivations that were not covered by theoretical literature. Especially the first interview gave extra insights on motivations from an art collector's perspective. All conversations took 45 - 60 minutes. After the open questions, I asked the interviewees to fulfil the survey in order to pilot test whether the survey was clearly formulated. The pilot questionnaires helped to improve the formulations of theoretical concepts for the final survey questions.
The distribution of the self-completion questionnaire follows the so-called cross-sectional research design whereby more than one case at a single point in time, in connection with multiple variables are examined, in order to detect patterns of association (Bryman, 2008).

The questionnaire was structured according to 27, mainly closed, questions. The first ten questions asked for demographic characteristics of the respondent. The next eight questions asked for details on their past purchases in terms of frequency, the size of the current collection and the years that had passed since their first purchase. Also, questions were asked as for who they bought art works, whether reputation of the artist had influence on their purchase, where the artist from their artworks come from and how frequent they expect to buy contemporary art in the future. The next part considered three questions asking for the relevant importance of specific motivations to buy art and on what ground they made a selection for a specific art work. For these three questions, Likert-scale methodology was used. Likert-scales were used because of the multidimensional nature of cultural value. By applying ranking or rating procedures, such as a Likert-scale, cultural value can be assessed for specific value components to yield ordinal or cardinal scores (Throsby & Zednik, 2014). The final six questions of the survey asked for the price range of their art purchases, the purchase channels, if and how they prepared a purchase, from what artistic medium they buy artworks, whether they possess luxury goods and if they collect things in general or did so as a child.

The self-completion questionnaires were distributed during Art Rotterdam 2015. The respondents could fill in the survey anonymously. The Art Rotterdam location was chosen because I expected to come across many art buyers during the art fair. Professor dr. Filip Vermeylen, professor of the Msc. Cultural Economics and Entrepreneurship of Erasmus University Rotterdam, arranged the possibility to allocate the self-completion questionnaires at Art Rotterdam 2015. The fair took place from the 5th until the 8th of February 2015.

### 3.3 Units of analysis: population and sample

The population consists of all visitors of art fair Art Rotterdam 2015, under the condition that they had ever bought a contemporary art work. The self-completion questionnaires were conducted during the fair, at the bar and restaurant of the main section of the fair. In total 25,000 persons visited Art Rotterdam 2015, whereof 30% are art buyers (estimate by Art Rotterdam director Fons Hof, 2015). The total population consists therefore of 7,500 persons, the visitors of Art Rotterdam that buy art.
The sample size calculation table of Krejcie & Morgan (1970) determines for a population of 7,500 a sample size of 365 respondents. However the sample size depends on the type of population about which you want to say something, and how easy or difficult it is to sketch a representative picture of this population. Because the fair only lasts for four days, I did not expect to find 365 respondents, but aimed for at least 200 respondents. The sample was randomly selected, because I randomly approached visitors at the bar and restaurant of the art fair. I was not acquainted with any further information on them, except from their gender and approximate age that was visible from their appearance.

After four days of distributing the surveys, the sample size enclosed 231 respondents. The non-response rate was low, about 5% of all people that were approached for the research did not want to cooperate. The heterogeneity of the population was expected to be limited in terms of being middle-aged and level of education, because the typical profile of visitors to public art galleries have a university degree (Throsby & Zednik, 2014). The demographic details of the sample will be shown in the descriptive part of the results at section 4.1.

While requesting for someone's participation, I asked if the person had ever bought a contemporary artwork in order to include only art buyers in the sample. To confirm the inclusion of only art buyers, the questionnaire asked also at question 11 whether people had ever bought a contemporary artwork. It appeared that eight respondents had never bought an artwork so they were excluded from the sample. Not all respondents answered all questions, therefore 36 cases were excluded from the final model. All in all, from the 231 total respondents, 187 cases were used for the final model analysis.

### 3.4 Operationalization of concepts into variables

This section explains how the main concepts of the research can be transformed into analysable measures and indicators. As stated before, this research combines different driving forces for demand with theories stating that current art demand on past consumption. It does so by testing for the relevant significance of motivational categories for occasional art buyers and art collectors. The dependent variable is the type of art buyer, either an occasional art buyer or an art collector. The predictors for the type of art buyer are multiple independent and control variables that will be given details on below.

#### 3.4.1 Dependent Variable

The concept for the dependent variable is the type of art buyer, the type is defined by how many contemporary art works the art buyer bought in the past. The concept is indicated by the
size of the current collection of the art buyer. The art buyer could also have been indicated by
the frequency of buying contemporary art works. However, because we asked for the years
that had passed since their first purchase, we decided to use the size of their current collection
as dependent variable. The combination of years that had passed since their first purchase and
size of the current collection, gave more information on the type of buyer than would have
been the case if we only had asked for frequency.

For reasons of validity, we have examined former research on concepts and indicators
of our subject. One quantitative research on corporate collectors came closest to our topic.
Yoon and Shin (2014) studied art collecting corporations and explored their motivations for
collecting art. For their research, they used the size of the collection of each corporation as the
dependent variable. Yoon and Shin (2014) measured the size of the collection by using the
number of artworks in possession. They could have used the monetary value of the artworks
in the collection, but because of price fluctuations from year to year they chose not to.

For equivalent reasoning, I chose to use the number of artworks in possession and not
the monetary value of the art collection as the dependent variable. Besides, my aim was not to
relate buyer's motivation to the value of the collection, but to the act of purchasing and
buying. Still, in order to take monetary value of the art collection into account, I added the
price range wherein the art buyer purchases art as a control variable to the model.

The dependent variable is measured by the size of the current collection of the art
buyer. The information on the years that had passed since the first purchase of the buyer is
used for a control variable. The art buyer can either possess a small collection of maximum
ten artworks, or a large collection of more than ten artworks. The dependent variable is
therefore whether the art buyer has a Small or Large Collection, indicating whether the art
buyer is an occasional art buyer or art collector respectively.

Why we choose for a dichotomous dependent variable will be explained in section 4.1.

3.4.2 Independent variables

The independent variables are indicators for the concepts that may provide an explanation of
the dependent variable (Bryman, 2008). There are six concepts, which are all formed by
multiple indicators. The six concepts are either artistic, financial or social motivations to buy
art or artistic, financial or social grounds of selection for the purchase of an artwork.

The concept Artistic motivation to buy art is measured by the mean of indicators:
Challenge my intellect, Stimulate my creativity, Passion for art, Decoration, Amusement. The
concept Artistic selection is based on the mean of indicators: Originality or uniqueness,
Aesthetics, Reflection of the zeitgeist, Size, Style, Emotional reaction, To give insights, Gut feeling, Authentic. The concept Financial motivation to buy art is measured by the mean of indicators: Financial investment, Store wealth. The concept Financial selection is based on the mean of indicators: The perceived value by experts, Significance of the piece within the artist's total body of work. The concept Social motivation to buy art is measured by the mean of indicators: Art is part of my identity, Be part of the art conversation, Belong to a social group, Express my social status, Continuing family tradition, Personal contact with the artist, Personal contact with the art dealer. The concept Social selection is based on the indicator: The perceived value by others I know.

All abovementioned indicators were measured using Likert-scale methodology to generate numerical value on a 1-5 scale, indicating if the buyer strongly disagrees (1), disagrees (2), is neutral (3), agrees (4) or strongly agrees(5). The values of the concept were constructed by the mean of the included indicators for each concept.

### 3.4.3 Control variables

In order to measure the effects of the independent variables on the dependent variable, the model should control for some other variables that might influence the dependent variable.

As is common in empirical social research, demographic characteristics are included in the analysis to detect if they influence the outcome on the dependent variable (Bryman, 2008). This research controls for the following demographic characteristics: age, gender nationality, education, marital status, children, income and future income.

Next to the demographic variables, the research controls for some other factors that could have influence on the dependent variable of Small or Large Collection. These variables are: years that have passed since first purchase (Years since first purchase), expected purchases in the future (Future purchases), whether the buyer collects other things or did so as a child (Collect) and in what price range one buys artworks (Maximum Price range and Average Price range).

### 3.4.4 Types of variables

Different types of variables can be distinguished (Bryman, 2008). The most common are scale, interval, ordinal, nominal and dichotomous variables. Scale variables are continuous variables. Interval variables are constructed categories where the distances between the categories are identical across the range of categories. Ordinal variables consist of categories which can be rank ordered, but the distances between the categories are not equal across the range. Nominal variables comprise categories that cannot be ordered in rank. Lastly,
Table 3.1: Variable overview Model 1

<table>
<thead>
<tr>
<th>Variable full name</th>
<th>Variable Type</th>
<th>Description</th>
<th>Role in the model</th>
<th>Variable code in the equation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small or Large Collection</td>
<td>Dichotomous</td>
<td>The art buyers’ possession 1-10 artworks = 0 &gt; 10 artworks = 1</td>
<td>Dependent</td>
<td>Small__Large_Collection</td>
</tr>
<tr>
<td>Intrinsic artistic motivation</td>
<td>Scale</td>
<td>The art buyers’ motivation to buy because of: Challenge intellect; Stimulate creativity; Passion for art; Decoration; Amusement</td>
<td>Independent</td>
<td>Intrinsic_Art_Motivation</td>
</tr>
<tr>
<td>Intrinsic artistic selection</td>
<td>Scale</td>
<td>The relative importance of the art buyers’ selection criteria for an artwork of: originality or uniqueness; Aesthetics; Reflection of the zeitgeist; Size; Style; Emotional reaction; To give insights; Gut feeling; Authentic</td>
<td>Independent</td>
<td>Intrinsic_Art_Selection</td>
</tr>
<tr>
<td>Financial motivation</td>
<td>Scale</td>
<td>The art buyers’ motivation to buy because of: Financial investment; Store wealth</td>
<td>Independent</td>
<td>Financial_Motivation</td>
</tr>
<tr>
<td>Financial selection</td>
<td>Scale</td>
<td>The relative importance of the art buyers’ selection criteria for an artwork of: The perceived value by experts; Significance of the piece within the artist's total body of work</td>
<td>Independent</td>
<td>Financial_Selection</td>
</tr>
<tr>
<td>Social motivation</td>
<td>Scale</td>
<td>The art buyers’ motivation to buy because of: Art is part of my identity; Be part of the art conversation; Belong to a social group; Express my social status; Continuing family tradition; Personal contact with the artist; Personal contact with the art dealer</td>
<td>Independent</td>
<td>Social_Motivation</td>
</tr>
<tr>
<td>Social selection</td>
<td>Interval</td>
<td>The relative importance of the art buyers’ selection criteria for an artwork of: The perceived value by others I know</td>
<td>Independent</td>
<td>Social_Selection</td>
</tr>
<tr>
<td>Years since first purchase</td>
<td>Ordinal</td>
<td>The years that have passed since first art purchase</td>
<td>Control</td>
<td>Years</td>
</tr>
<tr>
<td>Future purchases</td>
<td>Ordinal</td>
<td>Expected frequency of art purchases in future</td>
<td>Control</td>
<td>Fut_Purch</td>
</tr>
<tr>
<td>Collect</td>
<td>Nominal</td>
<td>If the buyer collects other things                                      No = 0 Yes = 1 Only as a child = 9</td>
<td>Control</td>
<td>Collect</td>
</tr>
<tr>
<td>Maximum Price range</td>
<td>Ordinal</td>
<td>How much the art buyer spent maximum on one artwork</td>
<td>Control</td>
<td>Max_Price_Range</td>
</tr>
<tr>
<td>Average Price range</td>
<td>Ordinal</td>
<td>How much the art buyer spent average on one artwork</td>
<td>Control</td>
<td>Ave_Price_Range</td>
</tr>
<tr>
<td>Age</td>
<td>Scale</td>
<td>The art buyer’s age</td>
<td>Control</td>
<td>Age</td>
</tr>
<tr>
<td>Gender</td>
<td>Dichotomous</td>
<td>The art buyer’s gender</td>
<td>Control</td>
<td>Gender</td>
</tr>
<tr>
<td>Nationality</td>
<td>Dichotomous</td>
<td>The art buyer’s nationality  Dutch = 0 From another country than NL = 1</td>
<td>Control</td>
<td>Nationality</td>
</tr>
<tr>
<td>Education</td>
<td>Ordinal</td>
<td>The art buyer’s highest education                                         Primary school =1 Secondary School = 2 College (HBO) = 3 University Bachelor = 4 University Master = 5</td>
<td>Control</td>
<td>Education</td>
</tr>
<tr>
<td>Children</td>
<td>Dichotomous</td>
<td>Whether the art buyer has children                                         No = 0 Yes = 1</td>
<td>Control</td>
<td>Children</td>
</tr>
<tr>
<td>Income</td>
<td>Ordinal</td>
<td>The art buyer’s income                                                     &lt; 12,000 = 1 12,000 – 35,000 = 2 35,000 – 70,000 = 3 70,000 – 120,000 = 4 120,000 – 250,000 = 5 &gt;250,000 = 6</td>
<td>Control</td>
<td>Income</td>
</tr>
<tr>
<td>Future income</td>
<td>Ordinal</td>
<td>The art buyer’s expected future income                                     &lt; 12,000 = 1 12,000 – 35,000 = 2 35,000 – 70,000 = 3 70,000 – 120,000 = 4 120,000 – 250,000 = 5 &gt;250,000 = 6</td>
<td>Control</td>
<td>Future_income</td>
</tr>
</tbody>
</table>

Source: Personal elaboration
dichotomous variables contain data that only have two categories. Table 3.1 gives an overview of all dependent, independent and control variables.

3.5 Data analysis: the model

In order to analyze the data, a model is constructed of the dependent, independent and control variables. The dependent variable is a dichotomy, therefore a logistic regression model is required. The logistic regression technique is used to predict an outcome variable that is dichotomous with predictor variables that are continuous, categorical or dichotomous. The standard form of a logistic regression is as follows:

\[
P(Y) = \frac{1}{1 + e^{-(b_0 + b_1 X_1 + b_2 X_2 + ... + b_n X_n)}}
\]

The model predicts the probability (p) of Y. Y is whether an art buyer possesses a small or a large contemporary art collection. By tailoring all research variables into the standard form of logistic regression, the regression equation of Model 1 is:

\[
P (\text{Small\_Large\_Collection}) = \frac{1}{1 + e^{-(b_0 + b_1 \text{Artistic\_Motivation} + b_2 \text{Artistic\_Selection} + b_3 \text{Financial\_Motivation} + b_4 \text{Financial\_Selection} + b_5 \text{Social\_Motivation} + b_6 \text{Social\_Selection} + b_7 \text{Years} + b_8 \text{Fut\_Purch} + b_9 \text{Collect} + b_{10} \text{Max\_Price\_Range} + b_{11} \text{Ave\_Price\_Range} + b_{12} \text{Age} + b_{13} \text{Gender} + b_{14} \text{Nationality} + b_{15} \text{Education} + b_{16} \text{Children} + b_{17} \text{Income} + b_{18} \text{Future\_Income})}}
\]

The data is analysed by logistic regression calculations with statistical program SPSS 20. The way to perform a logistic regression is based on the statistical book of Field (2009).

Because there did not yet exist a model to explain differences between occasional art buyers and art collectors, the backwards conditional method is chosen. Limitations apply to the use of the backward stepwise method, because it is difficult to replicate the results of the model (Field, 2009). Even though Field (2009) claims that stepwise methods have limited value for theory testing, “the methods are defensible in situations in which no previous research model exists on which to base hypotheses for testing” (Field, 2009, p. 272). Besides, the backward method is chosen in order to prevent suppressor effects, which occur when a predictor has a significant effect but only when another variable is held constant (Field, 2009,
p. 272). Therefore, the backward stepwise method is the right method to use for these logistic regression calculations.

For reasons that will be explained in depth at the results section, a second model is designed:

\[
P(\text{Small}_{-}\text{Large}_{-}\text{Collection}) = \frac{1}{1 + e^{-(b_0 + b_1 \text{Decoration} + b_2 \text{Reputation} + b_3 \text{Academy} + b_4 \text{Gallery} + b_5 \text{Preparation} + b_6 \text{Sign}_{-}\text{body} + b_7 \text{Years} + b_8 \text{Fut}_{-}\text{Purch} + b_9 \text{Max}_{-}\text{Price}_{-}\text{Range} + b_{10} \text{Ave}_{-}\text{Price}_{-}\text{Range})}}
\]

In short, the initial concepts of Model 1 are too broad to accept or reject the hypotheses and form conclusions. However, I needed Model 1 to detect the indicators of Model 2. It would have been difficult to construct Model 2 directly from theory. Because Model 2 was based on Model 1, it was possible to use the enter method for the logistic regression tests of Model 2. The enter method, whereby all independent and control variables are entered into the regression equation at the same time, has a key value for theory testing (Field, 2009). Therefore, the combination of the two regression methods and the two models was appropriate for this research.

Besides the theoretical and literary guidance, I have had statistical support by Noah van Dongen, PhD-student Erasmus University Rotterdam. In three face-to-face meetings, he gave feedback on the statistical methods and results. Therefore, he contributed significantly to the progress of the empirical analysis of this research.

### 3.6 Validity and reliability

In quantitative research it is important to report or reflect on the validity and reliability of the measurements (Bryman, 2008). For reasons of validity, Model 2 was constructed. The initial concepts of Model 1 were too broad and could therefore not measure the concepts I wanted to measure. Because the concepts were constructed of too many indicators, the results would have been too vague. However, I needed Model 1 to detect the indicators of Model 2. It would have been difficult to construct Model 2 directly from theory.

In terms of reliability, the possibility for generalization is limited. All respondent art buyers completed the self-completion questionnaire at one location in a few days in a row at Art Rotterdam 2015. Therefore, results cannot be generalized to art buyers in general, as there
are also buyers who do not go to art fairs but for example prefer to buy at actions.

The results can also not be generalized to art buyers at other fairs, especially not the big international art fairs. Art Rotterdam is relatively locally oriented and with 25,000 visitors rather small, in comparison to international art fairs that attract more than 1 million visitors.

Furthermore, a sampling-related error is caused by the presence of a separate VIP bar for art collectors at the Art Rotterdam art fair. That may have caused the sample selection of respondents tilted towards the lower end of art buyers, as the high end art buyers did not go to the bar or restaurant where I distributed the surveys, but went to the VIP bar.
3.7 Conclusion Chapter 3

This section constructed the research design to test for the relevant significance of factors that drive demand for art buyers. Occasional art buyers possess a small collection of maximum ten artworks, art collectors possess a large collection of more than ten artworks. We investigate to what extent demand driving factors are different for occasional art buyers and art collectors.

A quantitative analysis is used to test theory. The empirical tests serve to find evidence to accept or reject the hypotheses. The research method is the self-completion questionnaire. The questionnaire was pilot tested by the conduction of three interviews with art buyers. The questionnaire was structured according to 27, mainly closed, questions. The questions were grouped in four building blocks. The first block, asked for the demographic characteristics of the respondent, the second block on details on the current collection (how many artworks, for who, nationality artist) of the buyer. The third block asked for the relevant importance of specific motivations to buy art and on what ground they made a selection for a specific art work. The final block asked for details on their purchasing style: within what price range, via which channels, how and if the buyer prepared himself, what artistic medium. and if he possessed other luxury goods.

The self-completion questionnaire was distributed at Art Rotterdam 2015 and respondents could fill in the form anonymously. The total population consists of 7,500 persons, all visitors of Art Rotterdam that buy art. The sample size calculation table of Krejcie & Morgan (1970) suggested to gather 365 respondents. Because the fair only lasts for four days, I aimed for at least 200 respondents. From the 231 total respondents, 187 cases were used for the final model analysis.

Two models are constructed for further analysis. The dependent variable of both models is the type of art buyer, the type is defined by how many contemporary art works the art buyer bought in the past. The first model incorporated six independent variables. The six concepts are either artistic, financial or social motivations to buy art or artistic, financial or social grounds of selection for the purchase of an artwork. The control variables consist of various demographic characteristics, years that have passed since first purchase, expected purchases in the future, whether the buyer collects other things or did so as a child, and in what price range one buys artworks.

The dependent variable is a dichotomy, therefore a logistic regression model is required. The model predicts the probability (p) of Y. Y is whether an art buyer possesses a small or a large contemporary art collection. The data is analysed by logistic regression.
calculations with statistical program SPSS 20. Both the backward stepwise method and the enter method were used.

Besides literary support (Field, 2009), statistical support was provided by Noah van Dongen, PhD student Erasmus University, his feedback contributed significantly to the progress of the empirical analysis of this research. For validity reasons, Model 2 was created after examining results of Model 1. Reflection on reliability concerns limited opportunity for generalization to art buyers in general, also a sampling-related error is remarked.
4. Results

The results of the empirical analysis will be examined in this section. As explained in section 3.5, first the results of Model 1 are analysed, thereafter we extend the research with Model 2. The second model enables us to make more specific contributions and explanations for the acceptance or rejection of the hypotheses. As a result, we are able to provide more elaborated and specific conclusions.

4.1 Sample Descriptive:

The dependent variable is the size of the current collection of the art buyer. Figure 4.1 shows the question on the possession of artworks, as formulated in the questionnaire, and the distribution of respondents’ answers. As the graphs in figure 4.1 show, there are insufficient cases of art buyers who possess 51-100, 101-500 and >500 artworks. Therefore, the dependent variable is converted into a dichotomy. After the conversion, the dependent variable consists of two different groups: (1) art buyers with a small collection of 1-10 artworks and (2) art buyers with a large collection of more than 10 artworks. The buyers with a small collection refer to occasional buyers and buyers with a large collection refer to art collectors.

Figure 4.1: The dependent variable, artworks in possession.

Source: Personal elaboration
The graphs of figure 4.2 on the next page, show the demographic details of the sample. As is visible, there are no striking differences in demographics between the art buyers with a small collection and art buyers with a large collection. Though, it is noticeable that within the group of large collection possessors, the sample involves more males and the sample of small collection possessors contains more females. This is in line with the characteristics of the population as described by Throsby & Zednik (2014) in section 3.3. However, within both groups there are minimum forty males and females. Therefore, it can be expected that the demographic characteristics will not have significant influence on the results of the model.

To ensure that the demographic characteristics not have an effect on the outcome of the model, they were included in the initial model analysis as control variables. Model 1 was extended with variables on the standard demographic characteristics: age, gender nationality, education, marital status, children, income and future income. None of these variables were significantly contributing to the dependent variable, therefore these control variables were excluded from Model 2.
Figure 4.2: Descriptive graphs of the sample’s demographic details

Source: Personal elaboration
4.2 Logistic Regression results, Model 1

A logistic regression analysis was conducted to predict possession of either a small or a large art collection for 187 art buyers using indicators for intrinsic artistic motives and selection, financial motives and selection and social motives and selection. A test of the full model against a constant only model was statistically significant, indicating that the predictors as a set reliably distinguish between possessing a small or a large art collection ($X^2(7)= 71.261, p < .001$). The model indicates a moderate to strong relationship between prediction and grouping (Nagelkerke’s $R^2 = .423$). Prediction success overall was 75% (76.8% for small and 72.8% for large), which means that the model correctly predicts whether the art buyer has a small or large collection for 75% of all cases.

The Wald criterion demonstrated that Intrinsic_Art_Motive, Financial_Selection, Social_Motive, Years, Fut_Purch, Max_Price_Range and Ave_Price_Range made a significant contribution to prediction. Intrinsic_Art_selection, Financial_Motives, Social_Selection and Collect were not significant predictors. The odds ratio (EXP(B) value) indicates that when art buyers attain relevant importance to financial selection and social motivations, it is more likely that this buyer has a large collection. Opposing, when intrinsic

<table>
<thead>
<tr>
<th>Table 4.1: Report of Logistic regression results Model 1:</th>
</tr>
</thead>
<tbody>
<tr>
<td>**B (SE)</td>
</tr>
<tr>
<td><strong>Included:</strong></td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td><strong>Independent Variables</strong></td>
</tr>
<tr>
<td>Intrinsic_Art_Motives</td>
</tr>
<tr>
<td>Financial_Selection</td>
</tr>
<tr>
<td>Social_Motives</td>
</tr>
<tr>
<td><strong>Control Variables</strong></td>
</tr>
<tr>
<td>Years</td>
</tr>
<tr>
<td>Fut_Purch</td>
</tr>
<tr>
<td>Max_Price_Range</td>
</tr>
<tr>
<td>Ave_Price_Range</td>
</tr>
<tr>
<td><strong>Excluded:</strong></td>
</tr>
<tr>
<td>Intrinsic_Art_Selection</td>
</tr>
<tr>
<td>Financial_Motives</td>
</tr>
<tr>
<td>Social_Selection</td>
</tr>
<tr>
<td>Collect_His</td>
</tr>
<tr>
<td>Collect_Child</td>
</tr>
</tbody>
</table>

Note: $R^2 = .42$ (Nagelkerke). Model: H-L $X^2(8)= 5.43, p=.71$  
Source: Personal elaboration

Significance: ***p<.001 **p<.01 *p<.05
artistic motives are relevantly important to the art buyer, he is more likely to possess a small collection.

Model 1 gives encouraging results, but because the independent variables are a construction of multiple indicators, there remains room to specify the model. Based on the results, specific individual indicators included in independent variables *Artistic_Motive, Financial_Selection, Social_Motive* of Model 1 are used to build Model 2.

Figure 4.3 shows the distribution of answers on each individual indicator that was used to calculate the *Artistic_Motive* variable. All four graphs show some differences in the distribution of answers from the occasional art buyer and art collector. Still, the logistic regression test shows only significant differences for the indicator of the decoration motive. Therefore, decoration is included as an independent variable in Model 2.

**Figure 4.3: Intrinsic Artistic Motives to buy art for small and large collection possessors**

19. How relevant are the following motives for you to buy contemporary art? Show on a scale from 1-5 if you strongly disagree (1), disagree (2), are neutral (3), agree (4) or strongly agree(5).

![Figure 4.3](source: Personal elaboration)
Similarly, logistic regression tests were conducted for indicators on Financial_Selection and Social_Motive of Model 1. The Financial_Selection measured the relative importance of the art buyers' selection criteria for an artwork: The perceived value by experts and Significance of the piece within the artist's total body of work. The answers to Significance of the piece within the artist's total body of work were significantly different for occasional art buyers and art collectors and therefore Sign_body is included as an independent variable in Model 2.

The Social_Motive of model 1 was constructed by the mean of indicators: Art is part of my identity; Be part of the art conversation; Belong to a social group; Express my social status; Continuing family tradition; Personal contact with the artist; Personal contact with the art dealer. However, neither of these indicators was individually significantly contributing on the probability that the art buyer possesses a small or large collection. Still, the significance of Social_Motive provided inducement to test for other social selection indicators. Consequently, after statistical exploration, the indicators Reputation, Academy and Gallery were included in Model 2.

4.3 Operationalization of independent and control variables of Model 2
By restating the independent variables, we created a more specific model to provide an explanation for the probability of correctly predicting the dependent variable Small_Large_Collection. There are three main concepts, which are explained by one or more indicators.

The concept of Decoration as a motive to buy art is measured by the interval indicator for decoration. The questionnaire asked for the relevance of the decoration motive to buy contemporary art. The art buyer could answer on a scale from 1-5, indicating if he strongly disagrees (1), disagrees (2), is neutral (3), agrees (4) or strongly agrees(5).

The concept Reputation is measured by the sensitivity of buyers to artists' reputation in general and more specifically towards the level of buyers' perceived importance at which academy the artist is educated and if the artist is represented by a gallery.

The concept Preparation measured whether the buyer does or does not prepares himself and whether it is important to the buyer if the artwork is significant within the artist’ total body of work.
The latter two concepts, *Reputation* and *Preparation*, are related to both the financial and social motivations for fine art buyers. As Velthuis (2011) mentioned, it is in practice difficult to separate motivations to buy art. It is possible to distinguish the direct intrinsic artistic motivations from the indirect financial and social motivations, though it is difficult to cleanly separate the financial and social motivations from each other. Reputation and preparation are both socially and financially relevant. An artwork that makes a good investment is probably also a good piece to show off your social status, moreover for both outcomes preparation of the art buyer is required. We will come back to this notion at the limitations of the research in section 5.2.

Model 2 only includes the control variables that have shown a significant contribution to the probability whether an art buyer possesses a small or a large contemporary art collection in Model 1. Therefore, *Years*, *Fut_Purch*, *Max_Price_Range* and *Ave_Price_Range* were included as control variables to Model 2.

<table>
<thead>
<tr>
<th>Variable full name</th>
<th>Variable Type</th>
<th>Description</th>
<th>Role in the model</th>
<th>Variable code in the equation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small or Large Collection</td>
<td>Dichotomous</td>
<td>The art buyers' possession 1-10 artworks = 0 &gt; 10 artworks = 1</td>
<td>Dependent</td>
<td>Small_Large_Collection</td>
</tr>
<tr>
<td>Decoration</td>
<td>Interval</td>
<td>How important is decoration for the motivation to buy art</td>
<td>Independent</td>
<td>Decoration</td>
</tr>
<tr>
<td>Reputation Artist</td>
<td>Dichotomous</td>
<td>If the reputation of the artist influences the art buyer's purchase No = 0 Yes = 1</td>
<td>Independent</td>
<td>Reputation</td>
</tr>
<tr>
<td>Academy education</td>
<td>Interval</td>
<td>How important it is to the buyer to which academy the artist went</td>
<td>Independent</td>
<td>Academy</td>
</tr>
<tr>
<td>Gallery representation</td>
<td>Interval</td>
<td>How important it is to the buyer that a gallery represents the artist</td>
<td>Independent</td>
<td>Gallery</td>
</tr>
<tr>
<td>Preparation of art buyer</td>
<td>Dichotomous</td>
<td>If the art buyer prepares a purchase No = 0 Yes = 1</td>
<td>Independent</td>
<td>Preparation</td>
</tr>
<tr>
<td>Significance of artwork within total body of work</td>
<td>Interval</td>
<td>How important is the significance of the artwork within the artist' total body of work</td>
<td>Independent</td>
<td>Sign_body</td>
</tr>
<tr>
<td>Years since first purchase</td>
<td>Ordinal</td>
<td>The years that have passed since first art purchase</td>
<td>Control</td>
<td>Years</td>
</tr>
<tr>
<td>Future purchases</td>
<td>Ordinal</td>
<td>Expected frequency of art purchases in future</td>
<td>Control</td>
<td>Fut_Purch</td>
</tr>
<tr>
<td>Maximum Price range</td>
<td>Ordinal</td>
<td>How much the art buyer spent maximum on one artwork</td>
<td>Control</td>
<td>Max_Price_Range</td>
</tr>
<tr>
<td>Average Price range</td>
<td>Ordinal</td>
<td>How much the art buyer spent average on one artwork</td>
<td>Control</td>
<td>Ave_Price_Range</td>
</tr>
</tbody>
</table>

Source: Personal elaboration
4.4 Logistic Regression results, Model 2

As stated in section 3.5, the enter mode was used for the logistic regressions analysis of Model 2, because Model 1 already used the backward method. The enter method is more valuable in order to test theory (Field, 2009).

The second logistic regression analysis was conducted to predict possession of either a small or a large art collection for 184 art buyers using three indicators per reputation of the artist and preparation of the buyer and one indicator for the decoration motive as predictors. A test of the full model against a constant only model was statistically significant, indicating that the predictors as a set reliably distinguish between possessing small and large art collections ($X^2(10)=87.490$, $p < .001$). Model 2 indicates, similarly to Model 1, a moderate to strong relationship between prediction and grouping (Nagelkerke’s $R^2 = .505$). Prediction success overall is 80% (82.1% for small and 77.5% for large). So, correctly predicting the actual group of art buyers increased from 75% of Model 1 to 80% for Model 2. The Wald criterion demonstrated that Decoration, Reputation, Academy, Preparation, Sign_body, Years, Fut_Purch, Max_Price_Range and Ave_Price_Range made a significant contribution to prediction.

Table 4.3: Report of Logistic regression results Model 2

<table>
<thead>
<tr>
<th>Included:</th>
<th>B (SE)</th>
<th>EXP (B) Odds Ratio</th>
<th>95% CI for Odds Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-4.80*** (1.21)</td>
<td>0.008</td>
<td></td>
</tr>
<tr>
<td>Intrinsic Artistic Values</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decoration</td>
<td>-0.35* (0.32)</td>
<td>0.707</td>
<td>0.562</td>
</tr>
<tr>
<td>Reputation of Artist</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td>1.00* (0.43)</td>
<td>2.730</td>
<td>1.173</td>
</tr>
<tr>
<td>Academy</td>
<td>0.50* (0.23)</td>
<td>1.644</td>
<td>1.056</td>
</tr>
<tr>
<td>Preparation of Art Buyer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preparation</td>
<td>1.18* (0.56)</td>
<td>3.242</td>
<td>1.087</td>
</tr>
<tr>
<td>Sign_body</td>
<td>0.87* (0.41)</td>
<td>2.377</td>
<td>1.064</td>
</tr>
<tr>
<td>Control Variables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Years</td>
<td>0.39** (0.12)</td>
<td>1.470</td>
<td>1.154</td>
</tr>
<tr>
<td>Fut_Purch</td>
<td>0.97*** (0.27)</td>
<td>2.649</td>
<td>1.571</td>
</tr>
<tr>
<td>Max_Price_Range</td>
<td>1.20** (0.40)</td>
<td>3.329</td>
<td>1.530</td>
</tr>
<tr>
<td>Ave_Price_Range</td>
<td>-1.09* (0.44)</td>
<td>0.338</td>
<td>0.142</td>
</tr>
<tr>
<td>Excluded:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation of Artist</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gallery</td>
<td>-0.32 (0.21)</td>
<td>0.729</td>
<td>0.480</td>
</tr>
</tbody>
</table>

Note: $R^2=.51$ (Nagelkerke). Model: $H-L X^2(8)=19.69, p=.86$ Significance: ***$p<.001$ **$p<.01$ *$p<.05$
Source: Personal elaboration
The odds ratio (EXP(B) value) indicates that when reputation of the artist matters for the art buyer and when the art buyer prepares himself, it is more likely for the buyer to possess a large collection. The odds ratio of Decoration shows that when the buyer assigns relevantly more importance to decoration, he is more likely to possess a small collection. Gallery was not a significant predictor. The confidence interval of the odds ratio for Gallery crosses 1, therefore this variable does not contribute to the probability to correctly classify the art buyer as having a small or a large art collection.

All control variables give significant contribution to the prediction of possessing a small or large collection. The positive relation between Fut_Purch and an art buyer possessing a large collection supports theory on the addictive characteristic of contemporary art goods. In the theoretical framework, we have explained that present consumption is dependent on past behavior and experience. The results here show that expected future consumption is dependent on past behavior for artworks. When an art buyer expects to buy art works frequently in the future, the probability that he has a large collection increases. The more frequently he expects to buy, the more likely that he already possesses a large collection. For every rise in steps, whereby steps go from frequency: never, once every few years, once or twice a year, 3-10 times annually, more than 10 times a year, it is 2.5 times more likely that the art buyer has a large collection.

The higher the maximum price range, the more likely that the art buyer possesses a large collection. This price range effect is partly corrected by the ave_price_range that the art buyer spends. Indicating that art buyers who spend both in the high price range and in the lower price range are less likely to possess a large collection. In other words, buyers who only purchase art from the higher price ranges are likely to possess a large art collection of at least ten artworks. These results confirm Velthuis' theory on art collectors in the high end of the market and occasional buyers at the lower end of the market.

The significant prediction of control variable Years on Small_Large_Collection demonstrates that the more years have passed since the buyer's first purchase, the more likely he is to possess a large collection. That result is especially useful as control variable, because that confirms the outcome of the other predictors are not influenced by the years that have passed since the first purchase.
4.5 Outliers

Checking outliers is possible by isolating points for which the model fits poorly and by isolating points that exert an undue influence on the model (Field, 2009). Isolating points for which the model fits poorly was done by examining the Studentized Residual. All Studentized Residuals above 3 are causes for concern, and no more than about 1% should lie outside ±2.58 (Field, 2009). Case 16 has a Studentized Residual of 2.51 and case 190 of 2.91. Isolating points that exert an undue influence on the model was done by examining Cook’s distance. The value of Cook’s distance should be less than 1 and it was less than 1 for all cases.

Closely examination of outlying case 16 and 190 resulted in noticing the outlying answers, however no explanation for these outliers was found.

4.6 Accept or Reject Hypotheses

The results of Model 1 and Model 2 enable us to reject or accept the hypotheses which were formulated in section 2.4 of the theoretical framework.

- Fail to reject Hypothesis 1a:
Demand from all art buyers, both occasional art buyers and art collectors, is driven by factors of intrinsic artistic motivation.

We cannot accept hypothesis 1a because Model 1 showed that Aristict_Motivations predicts the buyer to possess a small collection and be an occasional art buyer. This corresponds with the expectation that occasional art buyers are more motivated by the intrinsic artistic motives than by the financial and social motives to buy art. But it does not provide evidence that both groups of art buyers are motivated by intrinsic artistic motivations. It could be possible that these results are affected by the indicator of decorative motivations.

- Accept Hypothesis 1b:

*Demand from occasional art buyers is driven relatively more by decoration motives than demand from art collectors is driven by decorative motives.*
The significant odds ratio for *Decoration* shows that if the buyer assigns importance to decoration, he is more likely to possess a small collection and be an occasional buyer. That is in line with our expectations and theory of Steenbergen (2002) that the inducement for someone’s first purchase is many times to decorate the house.

- Fail to reject Hypothesis 2:

  *Demand from art collectors is driven relatively more by factors of financial motivation, than demand from occasional art buyers is driven by financial motives.*

The significant odds ratio for *Sign body* shows that art buyers to who care about the significance of an artwork within the total body of works of an artist, will possess a large collection and be an art collector. This result gives reason to assume that art buyers who care about the significance of the artwork within the total body of work care about financial values of the artwork, though it can also be related to social reasons. Anyway, this single indicator is not enough evidence to accept Hypothesis 2. Therefore, future research is needed to further explore this topic of analysis.

- Fail to reject Hypothesis 3a:

  *Demand from art collectors is driven relatively more by factors of social motivation, than demand from occasional art buyers is driven by social motives.*

  Academy and Reputation significantly predict a positive relation with the art buyer possessing a large collection. However, not enough evidence to accept H3a completely.

- Accept Hypothesis 3b:

  *Art collectors prepare a purchase, while occasional art buyers do not prepare a purchase.*

The odds ratio of *Preparation* indicates that art buyers who prepare their purchase are 3.3 times more likely to have a large collection. Preparation is significantly contributing to the probability that the art buyer possess a large collection and is therefore an art collector. This notion corresponds with theory on social motives of the club good.
Accept Hypothesis 3c:

*The reputation of the artist is more important for art collectors than for occasional art buyers.*

The probability that an art buyer has a large collection increases when the art buyer cares about the reputation of the artist in general, and more specifically about at which academy the artist was educated. There is a significant positive relation between the influence of artist' reputation and possessing a large collection. For every higher value on the Likert-scale on artist' reputation, the buyer is 2.5 times more likely to have a large collection. Similarly, for every higher value of the art buyer's interest at which academy the artist was educated, he is 1.5 times more likely to have a large collection. Whether the artist is represented by a gallery has no significant effect on the probability that the art buyer has a large collection. That indicates that both occasional art buyers and art collectors buy artworks at a gallery and both buy artworks via other channels.

The acceptance of Hypothesis 1b, Hypothesis 3b and Hypothesis 3c indicate that demand for contemporary art from art collectors is driven by other factors than demand from occasional art buyers. Art collectors' demand is characterized by reputation of the artist and preparation of the art buyer. The decoration motive significantly increases the probability that the art buyer possesses a small collection.

Our evidence gives limited reason to assume that both small and large collection possessors are motivated to buy art because of intrinsic artistic values but we do not have empirical evidence to confirm that suspicion.
Conclusion Chapter 4

This section shows the empirical results of Model 1 and Model 2, which are constructed within this thesis. Because of insufficient cases of art buyers who possess 51-100, 101-500 and >500 artworks, the dependent variable is converted into a dichotomy. After the conversion, the dependent variable consists of two different groups: (1) art buyers with a small collection of 1-10 artworks and (2) art buyers with a large collection of more than 10 artworks. The buyers with a small collection refer to occasional buyers and buyers with a large collection refer to art collectors.

None of the demographic variables age, gender nationality, education, marital status, children, income and future income significantly contribute to the dependent variable. So, no demographic characteristics have influence on the outcome of the results.

Results of Model 1 demonstrate when art buyers attain relevant importance to financial selection and social motivations, it is more likely that this buyer has a large collection. When intrinsic artistic motives are relevantly important to the art buyer, he is more likely to possess a small collection.

Results of Model 2 demonstrate when reputation of the artist matters for the art buyer and when the art buyer prepares himself, it is more likely for the buyer to possess a large collection. Decoration shows that when the buyer assigns relevantly more importance to decoration, he is more likely to possess a small collection.

In the theoretical framework, we have explained that present consumption is dependent on past behaviour and experience. The results on control variable Fut_Purch show that expected future consumption is dependent on past behaviour for artworks. When an art buyer expects to buy art works frequently in the future, the probability that he has a large collection increases. The more frequently he expects to buy, the more likely that he already possesses a large collection. Control variables Max_Price_Range and Ave_Price_Range illustrate that buyers who only purchase art from the higher price ranges are likely to possess a larger art collection of at least ten artworks. Years was a useful control variable, because that confirms that the outcome of the other predictors are not influenced by the years that have passed since the first purchase.

Three hypothesis could be accepted after interpreting the empirical results. H1b: Demand from occasional art buyers is driven relatively more by decoration motives than demand from art collectors is driven by decorative motives. The significant odds ratio for Decoration shows that if the buyer assigns importance to decoration, he is more likely to
possess a small collection and be an occasional buyer. That is in line with our expectations and theory of Steenbergen (2002) that the inducement for someone's first purchase is many times to decorate the house.

Additionally, we accept H3b: *Art collectors prepare a purchase, while occasional art buyers do not prepare a purchase*. The odds ratio of *Preparation* indicates that art buyers who prepare their purchase are 3.3 times more likely to have a large collection. Preparation is significantly contributing to the probability that the art buyer possess a large collection and is therefore an art collector. This notion corresponds with theory on social motives of the club good.

Finally, we accept H3c: *The reputation of the artist is more important for art collectors than for occasional art buyers*. The probability that an art buyer has a large collection increases when the art buyer cares about the reputation of the artist in general, and more specifically about at which academy the artist was educated. There is a significant positive relation between the influence of artist' reputation and possessing a large collection. For every higher value on the Likert-scale on artist' reputation, the buyer is 2.5 times more likely to have a large collection. Similarly, for every higher value of the art buyer's interest at which academy the artist was educated, he is 1.5 times more likely to have a large collection. Whether the artist is represented by a gallery has no significant effect on the probability that the art buyer has a large collection. That indicates that both occasional art buyers and art collectors buy artworks at a gallery and both buy artworks via other channels.
5. Conclusion

5.1 Conclusion of research

In recent years, the attention for the contemporary art market increased. This development plus my personal fascination for contemporary art, triggered curiosity for this research. Why would people want to buy contemporary art? The segmented art market required a distinction between art buyers in order to answer that question. Theory declaring that present art consumption depends on experience and past consumption (Stigler & Becker 1977, Throsby 1994, Lévy-Garboua & Montmarquette 1996, 2010) lead to the decision to differentiate art buyers by the purchases they had realized in the past. In other words, the type of buyer was categorized by their level of experience, which in turn was calculated by the size of their current collection. Accordingly, the central research question of this thesis is: Why do occasional art buyers and art collectors buy contemporary art?

I started the research by defining economic, aesthetic, financial and social characteristics of contemporary art goods. Then, different aspects of art buyers were discoursed. How had the art consumer changed over time? What is the difference between an art consumer and an art buyer? What are incentives for art buyers to purchase contemporary art? Theories on tacit cultural knowledge and belonging to the inner art circle, helped to discuss different aspects of the social art market. A market where no objective quality exists and experts are needed to signal quality.

Incentives to buy art can be categorized by intrinsic artistic reasons, financial reasons and social reasons (Velthuis, 2011). Accordingly, the art buyer can make a selection for a specific artwork on artistic grounds, financial grounds and social grounds. The research explores which reasons to buy art fit better to the occasional art buyer and to the art collector. Theory suggests that initial motivation for art buyers is by decorative purposes (Steenbergen, 2002). That implies that other inducements motivate the art buyer for later purchases. As the art buyer becomes more involved with art and matures to a more frequent art buyer, he might also become more interested in the financial and/or social factors related to art purchases.

The research was designed to test for the relevant significance of factors that drive demand for art buyers. Occasional art buyers possess a small collection of maximum ten artworks, art collectors possess a large collection of more than ten artworks. In order to test theory, a quantitative research method with a self-completion questionnaire was chosen. The
questionnaire was constructed by four blocks with in total 27, mainly closed, questions. The questionnaire was distributed at Art Rotterdam 2015. The total population encompassed all visitors of Art Rotterdam that buy art and was estimated to enclose 7,500 persons. The sample contained 231 total respondents, whereof 187 cases were included in the final analysis.

Two models were constructed for further analysis. The dependent variable is a dichotomy, therefore a logistic regression model is required. The model predicts the probability (p) of Y. Y is whether an art buyer possesses a small or a large contemporary art collection. The data is analysed by logistic regression calculations with statistical program SPSS 20. Both the backward stepwise method and the enter method were used.

The control variables that were considered in the analysis were various demographic characteristics, years that have passed since first purchase, expected purchases in the future, whether the buyer collects other things or did so as a child, and in what price range one buys artworks.

The first model incorporated six concepts: artistic, financial or social motivations to buy art and artistic, financial or social grounds of selection for the purchase of an artwork. The empirical results of this model demonstrated that indicators of artistic, financial and social motives to buy art can make moderately accurate predictions, whether an art buyer possesses a small or a large collection. When art buyers attain relevant importance to financial selection and social motivations, it is more likely that this buyer holds a large collection. When intrinsic artistic motives are relevantly important to the art buyer, he is more likely to possess a small collection.

However, the initial concepts of Model 1 were rather broad. The concepts were constructed of multiple indicators, which made the results too vague. So for validity reasons, a second model was constructed. The empirical results of Model 2 provide evidence to substantiate clear differences in motivation for occasional art buyers and art collectors. The social process of preparing a purchase is a factor that is linked to art collectors. To the art collector, the reputation of the artist plays an influential role. On the other hand, decorative motives for buying art are linked to occasional art buyers that possess a small collection of maximum ten artworks.

The results of the control variables provide information that confirms theory. The more frequently the art buyer expects to buy, the more likely that he already holds a large collection. Buyers who purchase art from higher price ranges are likely to possess a larger art collection. The more years that have passed since the first purchase, the more likely the art buyer holds a large collection. Above all, the control variables confirm that the influence of
the independent variables on the outcome variable is not influenced by the expected future purchase frequency, the price range wherein buyers buy, and the years that have passed since the first purchase.

All in all, occasional buyers and art collectors have different incentives to buy art and base their choice for a specific art work on different factors. Reasons extrinsic to the artworks itself, such as reputation of the artist and preparation of the art buyer, are influential for art buyers holding a large art collection. These factors can be linked to financial and social motivational categories. However, there is not enough evidence to claim that motivations to buy art for art collectors are financial and social motives, while these motives do not motivate occasional art buyers. Decorative motivations are ranked significantly higher by art buyers holding a small collection, than by art collectors holding a large collection. Equally as for financial and social motivations, I cannot generalize by claiming that occasional art buyers are motivated by artistic reasons. Though, the empirical results show that indicators of artistic, financial and social motives to buy art can rather accurately predict whether an art buyer possesses a small or a large collection. Above and beyond, the results from this research demonstrate a remarkable research approach for the contemporary art market, whereby buyer’s motivational categories are linked to buyer’s experience of past purchases.

5.2 Limitations

This research investigated whether incentives to buy art differ for occasional art buyers and art collectors. The art collector is throughout this thesis defined as an art buyer who holds more than ten artworks in his current collection. That definition for an art collector is rather naïve. Art buyers possessing 11-20 artworks are in practice probably not considered as art collectors, but could be seen as a frequent buyer at most. More importantly, it is difficult to make a clear-cut definition on what condition someone is an art collector. Here, also the frequency of buying or the time that has passed since the buyer’s first purchase plays a role. Moreover, as qualitative interviews demonstrate, art buyers do not consider themselves easily as art collectors.

Nevertheless, as section 4.1 demonstrates, there was not sufficient data collected in the category on buyers holding a collection of 51-100, 100-500 and >500 artworks. The majority of respondents possessed 1-10 or 11-50 artworks. Therefore, a dichotomy was created of possessing 1-10 artworks and more than 10 artworks, for the occasional art buyer and art collector respectively.
A solution to this limitation problem can either be to collect more data for the higher categories, or to adjust the categories. An extra division in the 11-50 category of for example 11-25 artworks and 26-50 artwork, might already do the trick. When more data is collected for all initial categories, research could investigate the relative importance for factors driving demand for incidental buyers, frequent buyers, art collectors and super collectors. In that case, the logistic regression could be transformed into a multiple logistic regression with a dependent variable of four categories.

Furthermore, I would have performed a better research if I had made the empirical model before conducting the survey. Looking back, the questionnaire was too broad and did not provide equivalent attention to each theoretical concept. When I would construct a new questionnaire now, I would have limited the total questions and more specifically I would have reduced and specified the indicators on the motivational categories. The current indicators of motivational categories are skewed towards the artistic and social indicators and away from the financial indicators. Besides, for each motivational category, both positive and negative associated indicators should be included. In a new questionnaire I would balance the aforementioned distribution in a better way. These adjustments would usefully contribute to the empirical tests and model.

Finally, As Velthuis (2011) mentioned, it is in practice difficult to separate motivations to buy art. Even though it is possible to distinguish the direct intrinsic artistic motivations from the indirect financial and social motivations, it is difficult to clear-cut separate the financial and social motivations from each other. Some indicators are related to both social and financial motivations or selection. An artwork that makes a good investment could probably also be a worthy piece to show off your social status and vice versa. Similarly can the selection indicator ‘the perceived value by experts’ be categorized as both the financial category and social category. Equally, whether the art buyer prepares himself or not, can be associated to the social motive of a club good or to the financial motive of making an investment. Thie ambiguity of motivational categories and indicators requests for improved definitions in future research.

5.3 Future Research

The limitations mentioned in section 5.2 already provided two major suggestions for future research. Besides those, purchasing is one way to buy you into the inner art circle or to
accumulate tacit knowledge about art. But would access to tacit knowledge of art not have equal consequences? Could one work oneself into the inner art circle by visiting exhibitions, gallery openings and reading art magazines? Could an occasional art buyer not have similar incentives as an art collector when they hold the same amount of cultural knowledge, even though they hold collections of distinct levels. Besides, what about video art collectors?

According to the empiric results, the factors driving demand for art collectors fit better to former academic theory on art consumption, than the factors driving demand for occasional art buyers. Theory yet makes only slight distinction between occasional art buyers and art collectors. As this research demonstrates, future research is needed to revise and specify theory on distinct types of art buyers. More specifically, art demand theory can be extended by incorporating the frequency of buying art and the level of involvement of the art buyer.

Present art consumption depends on experience and past consumption (Stigler & Becker 1977, Throsby 1994, Lévy-Garboua & Montmarquette 1996, 2010). Consequently, the categories incidental buyers, frequent buyers, art collectors and super collectors can be interpreted as different stages in the development of an art collector. Nevertheless, many art buyers probably never "develop" further than the first stages of incidental or frequent buyer.

As a final point, I hope to encourage others to combine buyer’s motivational categories with buyer’s experience of past purchases.
References:


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Karpik, L. (2011) Valuing the Unique, Princeton University Press; 3-31


Saoodi, O. K. (2012) 'Art patrons as ‘taste scapegoat’? Complexity and disavowal in Mumbai’s contemporary art world’. Etnofoor, Taste 24 (2012); 123-143


Quemin, A. (2013) International contemporary art fairs in a ‘globalized’ art market, European Societies, 15:2, 162-177
Appendix A Self-Completion Questionnaire

Survey - Art Rotterdam 2015
By Student Marjet Zwaans of the Erasmus University, Rotterdam

This survey is for buyers of contemporary art works and is conducted for a master thesis of the Master Cultural Economics & Entrepreneurship. In this survey, contemporary art works include art pieces created after 1960.

The survey is anonymous. After this first page, all questions are closed. Some questions ask to choose one option from multiple answers, for other questions multiple answers are possible. The survey will take a bit more than 5 minutes.

Respondent

1. Age __________________________
2. Gender __________________________
3. Nationality __________________________
4. City of residence __________________________
5. Occupation __________________________ Sector __________________________

6. What is the highest education you have completed?
   □ Primary school
   □ Secondary school
   □ College
   □ University Bachelor
   □ University Master

7. What is your marital status?
   □ Single
   □ Living together
   □ Married
   □ Widow
   □ Divorced

8. Do you have children?
   □ yes
   □ no

9. Please estimate your annual average income (bruto) of the last two years in Euros.
   □ <12.000
   □ 12.000-35.000
   □ 35.000-70.000
   □ 70.000-120.000
   □ 120.000-250.000
   □ >250.000

10. Please estimate your annual average income for the coming two years in Euros.
    □ <12.000
    □ 12.000-35.000
    □ 35.000-70.000
    □ 70.000-120.000
    □ 120.000-250.000
    □ >250.000
Contemporary art purchases

11. Have you ever bought a contemporary art work?
   - yes
   - no

12. How many contemporary art works do you currently have in possession?
   - 1-10
   - 11-50
   - 51-100
   - 101-500
   - >500

13. For who did you buy most art works? (Multiple answers possible)
   - myself
   - someone close to me
   - an organization or firm

14. Have you ever resold a contemporary art work?
   - yes, once or twice
   - yes, 3-20 times
   - yes, more than 20 times
   - no

15. Do you expect to buy contemporary art on a regular base in the coming two years?
   - once every few years
   - once or twice a year
   - 3-10 times annually
   - >10 times annually
   - no, I expect not to buy anymore in the future

16. How many years have passed since you bought your first contemporary artwork?
   - <1 year
   - 1-5 years
   - 5-10 years
   - 10-20 years
   - 20-30 years
   - > 30 years

17. Does the reputation of the artist influence your purchase? (Multiple answers possible)
   - Yes, I buy from established artists
   - Yes, I buy from detected emerging talents
   - Yes, I buy from yet unknown names
   - No, reputation has no influence

18. Where do the artists from your artworks come from? (Multiple answers possible)
   - My own country
   - Europe
   - USA / Canada
   - Latin America
   - Africa
   - Asia
   - Australia
Reasons to buy contemporary art and the ground of selection

19. How relevant are the following motives for you to buy contemporary art? Show on a scale from 1-5 if you strongly disagree (1), disagree (2), are neutral (3), agree (4) or strongly agree(5).

<table>
<thead>
<tr>
<th>Motive</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenge my intellect</td>
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<tr>
<td>Stimulate my creativity</td>
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<tr>
<td>Support the artist</td>
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<tr>
<td>Passion for art</td>
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<tr>
<td>Art is part of my identity</td>
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<tr>
<td>Be part of the art conversation</td>
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<td>Belong to a social group</td>
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<td>Express my social status</td>
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<td>Financial investment</td>
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<tr>
<td>Store wealth</td>
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<tr>
<td>Decoration</td>
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<tr>
<td>Amusement</td>
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<tr>
<td>Continuing family tradition</td>
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<tr>
<td>Build up a collection</td>
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<td>As a gift for a special occasion</td>
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<tr>
<td>As a souvenir to a specific time/place</td>
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</table>

20. How relevant are the following factors for you to select a specific artwork? Show on a scale from 1-5 if you strongly disagree (1), disagree (2), are neutral (3), agree (4) or strongly agree(5).

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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</thead>
<tbody>
<tr>
<td>Level of craftsmanship</td>
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<tr>
<td>Concept</td>
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<tr>
<td>The story it tells</td>
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<tr>
<td>The originality or uniqueness</td>
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<tr>
<td>Aesthetics</td>
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<tr>
<td>Reflection of the zeitgeist</td>
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<tr>
<td>Size</td>
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<tr>
<td>Style (abstract, figurative, realistic, ...)</td>
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<tr>
<td>Emotional reaction</td>
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<tr>
<td>To give insights</td>
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<tr>
<td>Gut feeling</td>
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<tr>
<td>The perceived value by others I know</td>
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<tr>
<td>The perceived value by experts</td>
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<tr>
<td>Significance of the piece within</td>
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<tr>
<td>the artist's total body of work</td>
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<tr>
<td>Authentic (own character)</td>
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</tbody>
</table>

21. How important are the following factors for you? Show on a scale from 1-5 if you strongly disagree (1), disagree (2), are neutral (3), agree (4) or strongly agree(5).

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal contact with the artist</td>
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<tr>
<td>Personal contact with the art dealer</td>
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<tr>
<td>A trustworthy relation with the dealer</td>
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<tr>
<td>At what academy the artist is educated</td>
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<td>At what point in career the artist is</td>
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<tr>
<td>How productive the artist is</td>
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<tr>
<td>If the artist showed work at museums/biennales</td>
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<tr>
<td>If the artist is represented by a gallery</td>
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<tr>
<td>If the gallery is present at art fairs</td>
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</tbody>
</table>
Details on purchase channels

22. In what price range do you buy art? Per artwork in Euros (Multiple answers possible)
- 0 - 500
- 500 - 1.000
- 1.000 - 5.000
- 5.000 - 10.000
- 10.000 - 50.000
- 50.000 - 100.000
>100.000

23. From who do you buy artworks? (Multiple answers possible)
- directly from artist
- gallery
- auction house
- online auction
- online platform
- art dealer
- art lending bureau
- private sellers
- other

24. How do you inform yourself and prepare a purchase? (Multiple answers possible)
- artists' website
- gallerists' website
- art magazines (offline)
- online art magazines
- weblogs
- art consultant
- art fair
- private contacts
- I do not prepare

25. From what types of media have you bought artworks? (Multiple answers possible)
- painting
- graphic print
- drawing
- photography
- sculpture
- video
- performance
- installation
- mixed media

26. Do you possess any of the following goods? (Multiple answers possible)
- car
- more than one car
- house
- more than one house
- boat
- design furniture
- design clothes or shoes
- no, none of the above

27. Do you collect other things? (Multiple answers possible)
- yes, I collect artworks from other periods
- yes, I collect ________________________________
- yes, I collect multiple other things
- no, but I did as a child
- no
Thank you for your time and cooperation!

Are you interested in the results of this research?
☐ yes
☐ no

Are you willing to participate at the continuation of this research?
☐ yes
☐ no

If you have answered yes on one of the above two questions, please leave your:
E-mail address _________________________________________________________

To assure the anonymity of the survey, please un-attach this last sheet of paper and return this sheet separately from the survey.