The impact of globalization on the contemporary art market: The traditional gallery model at risk

Velthuis, O.J.M.

Published in:
Risk and uncertainty in the art world

Citation for published version (APA):

General rights
It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations
If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: http://uba.uva.nl/en/contact, or a letter to: Library of the University of Amsterdam, Secretariat, Singel 425, 1012 WP Amsterdam, The Netherlands. You will be contacted as soon as possible.
Risk and Uncertainty in the Art World

Edited by Anna M. Dempster
Contents

Editor’s introduction 1
Anna M. Dempster

1 Perspectives on risk and uncertainty 25
Anna M. Dempster

2 Art market risk and complexity: An insider’s view 47
Tom Christopherson

3 Value, risk and the contemporary art ecosystem 67
Anders Petterson

4 The impact of globalisation on the contemporary art market 87
Olav Velthuis

5 Negotiating authenticity: Contrasting value systems and associated risk in the global art market 109
Tom Flynn

6 Containing uncertainty: A dealer ring in 1780s Paris auctions 125
Neil De Marchi & Hans J. Van Miegroet

7 The allure of novelty and uncertainty in art consumption 147
Marina Bianchi

8 Art price risk, emotional and aesthetic value 165
Rachel A. J. Pownall

9 Microeconomics of art: Art, luxury goods and risk 187
Steve Satchell & Nandini Srivastava
10 The investment performance of art and other collectibles
   Elroy Dimson & Christophe Spaenjers 219

11 Dealing with uncertainties: The art market as a
   social construction
   Laurent Noël 239

12 Without uncertainty, there is no art market
   Arjo Klamer 275

Index 287
Chapter 4

The impact of globalisation on the contemporary art market: The traditional gallery model at risk

Olav Velthuis, University of Amsterdam

Introduction

Since the late 1990s, markets for contemporary art have globalised rapidly (see e.g. McAndrew, 2008; Artprice, 2008). While this has allowed for diversification of art business on the one hand, globalisation has also introduced a new set of risks to the traditional gallery model: at the top end of the market, a small group of galleries has managed to cater to the demands of new middle classes in China, Brazil or India (for example) by opening up satellite spaces in those countries or in the art centres that are frequented by new economic elites. The Gagosian Gallery, for instance, now operates 12 gallery spaces all around the world. These top-end galleries have also become global players through their presence at the world’s most prestigious art fairs in established art markets (such as Art Basel, Frieze in London, FIAC in Paris) and in emerging ones (such as SP Arte in São Paolo, ART HK in Hong Kong). Moreover, since these galleries – as well as the artists they represent – function like brands, they have increasingly been able to sell art through the Internet.

For others, however, globalisation poses new risks: they do not have the financial means to participate in many fairs or simply lack the economic and artistic prestige to gain access to them. Likewise, they cannot exploit online sales channels significantly since potential clients are not
able to find their websites. Moreover, given information asymmetries in the art market, potential clients face the risk of buying a work of inferior quality, which makes them even more cautious about buying works online from galleries who lack brand value. At the same time, globalisation has led to changes in buying practices that have eroded the traditional gallery model: art dealers report that it is becoming more difficult to attract art lovers and collectors to their gallery spaces, principally because it has become too time-consuming. The fairs, by contrast, have presented an efficient way for the public to see a lot of art and fit well into a more general ‘event’ culture.

This chapter looks at how cultural globalisation has impacted standard business practices of galleries (cf. Velthuis, 2005), what risks and opportunities it poses and to what extent it has changed the role of the gallery space in marketing art. This focus is motivated by large strands in globalisation literature which have equated the process with ‘deterritorialisation’, the process in which ‘the constraints of physical space lose their hold on social relations’ (Lechner and Boli, 2008: 4; see also e.g. Appadurai, 1996; Held and McGrew, 2003). Players within the art market subscribe to a layman’s version of this claim, as I will show: they frequently use terms like ‘global village’ to characterise their business, claim that physical distance no longer matters in their trade and insist that the nationality of the artists they represent and the collectors they ‘work with’ is a non-issue. This discourse has been further cemented by the rise of institutions which seemingly weaken the importance of physical distance, such as the contemporary art auction, art fairs and the commercial Internet portals for art such as Artnet. All three potentially bring together global demand and supply of art.

Although art dealers have stressed the opportunities which this new global playing field offers, they simultaneously stress the importance of their local gallery space. The latter is the main stage for a set of firmly institutionalised commercial practices, and is intricately tied up with each dealer’s identity. It is here that the risks of globalisation become apparent. Although globalisation has indeed resulted in a waning importance of the local gallery space, this has not entailed deterritorialisation, but rather a relocation of commercial practices to other highly symbolic spaces.
This article is based principally on interviews with art dealers in Amsterdam and Berlin. Twenty Dutch dealers and 39 German dealers were randomly sent an interview request in the spring, summer and autumn of 2009, which was just after the market crashed and before sales at the top end of the market picked up again from 2010 onwards. In total 24 art dealers responded of whom 21 were interviewed (14 in Berlin, seven in Amsterdam). Semi-structured interviews were conducted which lasted between 30 and 90 minutes, and were usually conducted on the premises of the gallery.

**Opportunities in an art market without borders**

The art dealers interviewed for this study invariably emphasised the many opportunities, both artistically and commercially, which globalisation provides. They argued that the Internet had transformed their trade, making deals with collectors hitherto unknown possible and facilitating contacts with artists in distant regions. They told numerous anecdotes to illustrate how borderless the art market had become, such as the one about a piece by a Japanese artist they represented in Berlin, which they transported to an international art fair in Miami, where it was bought by a collector from Puerto Rico, who had it shipped to his vacation apartment in Paris. My respondents recounted how they had tried their luck at art fairs in Dubai or in Shanghai, which provided new commercial opportunities for their enterprise. Metaphors like ‘global village’ and ‘global community’ were used frequently to characterise the social world they inhabit. For instance, one Berlin dealer claimed:

> It is still not a big scene . . . in the past four or five years it has become bigger, but it is still really small. If you walk through Venice [the dealer refers to the Venice Biennial, which is considered one of the most important overviews of contemporary art], it is ‘hello’, ‘hello.’ It is this global village which is travelling from Venice to Basel, from Basel to London and then to Miami. (Birgit Ostermeier, Berlin)
Most importantly, the dealers claimed that they did not care about the nationality of the artists they represented. They saw themselves as gatekeepers to the art world, who are solely interested in quality. As they claimed:

The principle is that all of them have to be of the highest quality possible.
(Vous Etes Ici, Amsterdam)

Whether they are German or not makes no difference to me. I am just interested in their artistic position and artistic concept.
(Buchmann Galerie, Berlin)

My roster is a programmatic roster, so if an artist fits into the family, nationality does not matter.
(Art Affairs, Amsterdam)

Nationality is not considered a legitimate criterion because it would conflict with the rules of the field of cultural production. As the French sociologist Pierre Bourdieu has argued in detail, one of the main rules of art is that economic interests should be denied. In order to accumulate symbolic capital, one needs to pretend that artistic values are the only ones that count. Embracing the idea of the ‘global’, and showing their willingness to represent any artist regardless of nationality, provides art dealers with a means of accumulating symbolic capital (Bourdieu, 1993). By contrast, nationality is perceived as a marketing tool, which means that art dealers regard it as overtly commercial and therefore something to distance themselves from.

The question of whether the quality they were looking for could be found in all regions of the world, not only those close to home, was answered affirmatively by most respondents. Stylistic peculiarities, artistic traditions or references to local contexts which might not be appreciated by an audience in Amsterdam or Berlin, hardly existed, these dealers maintained. They emphasised that a global ecumene was coming into being (Hannerz, 1995): artists from all over the world are studying and further expanding on similar artistic traditions such as modernism. Moreover, the dealers insisted that ‘their’ artists’ identities were post-national and deterritorialised, since their outlook on the world and artistic repertoire were shaped by a single global body of high and low
cultural. As one of them, a Dutch-born art dealer who had had her training in France before moving to Germany in the late 1980s, put it:

One of the great things about the art world is that no matter where you go to, you find people speaking the same language, in a metaphorical way. (. . .) It can be spoken in Guangzhou as well as in Rio or Berlin. (. . .) If you go to China, you are not saying, ‘oh, but this artist needs to be painting in the old traditional Chinese way’. These people understand perfectly all the semantics of what makes contemporary art interesting and readable. (. . .) The development of this language has certainly to do with a media language which is completely global, and with the fact that we are all working in the same kinds of systems which are media and digitally based. We all see the same films, we listen to the same music. (Esther Schipper, Berlin)

The structure of the field of cultural production encourages dealers to be indifferent to the nationality of artists and to develop an international orientation. Art dealers claim that having an international programme is not only necessary to live up to their own artistic standards, it is also what their peers expect. It has a signalling function to other actors in the field. As The Economist put it in a recent article on the art market: ‘“local artist” has become a synonym for insignificant artist and “national” damns with faint praise. “International” is now a selling point in itself.’\(^3\) A global orientation is perceived as a source of prestige, which may facilitate sales to collectors, attract attention from public art institutions and help in persuading upcoming artists to move to the gallery.

**Risks of the contemporary art fair**

In spite of this discursive embrace of globalisation, art dealers turned out to be more ambiguous when it came to the two organisations that have become the main symbols of the globalisation of the contemporary art market since the 1990s: the art fair and the Internet. While both have introduced a significant set of new opportunities related to spotting new talent and getting access to a new clientele, they have also introduced new risks.
The first art fair was established in Cologne in 1967 in order to reinvigorate the German art market and as a response to the growing dominance of American art (Mehring, 2008). The basic format of the fair has not changed since then, and resembles the format of the general trade fair. In fact, the two founders of Art Cologne, the gallerists Rudolf Zwirner and Hein Stünke, acknowledge that they copied the fair’s design from the antique book fair (Mehring, 2008): every year the fair brings together a large number of galleries, nowadays between 100 and 300 (Quemin, 2008). Each gallery rents a booth at the fair, where it usually mounts group shows of the best known of its artists.

For many years, fairs were few and far between (Art Basel was established three years after Art Cologne). They did not attract large crowds nor garner much attention, and predominantly catered to the demands of already established collectors. From the 1990s onwards, however, art fairs became the key exhibition and sales venues of the contemporary art market, attracting both important collectors and curators and contributing to the setting of new trends within the market. Many new fairs were established, including the Armory Show in New York (1999) and Frieze in London (2002), and these are now, after Art Basel and Art Basel Miami Beach, considered the world’s main fairs. Emerging markets, for instance in Shanghai, Beijing, New Delhi, São Paolo and Moscow, have been quick to set up art fairs of their own. Art fairs can therefore be seen as the main engine of the global art market.

Over the past 20 years, dealers have become keener on participating in fairs, and have started seeing them as an opportunity to expand their client list and to add new artists to their roster. According to some estimates established dealers now generate more than half of their annual revenues at these fairs, but they have to pay for the privilege: exhibitors’ fees may run up to $40,000 for a 100m² booth at a fair which generally lasts five or six days (Thompson, 2008: 188–189). The winner-take-all models so prevalent in the cultural industries can also be seen operating at the fairs: attending them poses significant risks for less established art dealers since it is very hard to predict if (and how much) revenue will be generated. In fact, in my interviews many respondents complained that they were frequently not able to sell enough art to cover their costs. They nevertheless continue to go to the fairs in order to be seen and to maintain their reputation.
Within a relatively short time frame, then, art fairs have transformed from inward-looking occasions into outward-facing social events. They have started attracting larger visitor numbers, including celebrities from the movie and pop industries, Russian oligarchs as well as super-rich sheiks from the Middle East. Art dealer Jay Jopling of London’s White Cube is rumoured to have spent £50,000 on champagne alone at one art fair party he threw. As a result of the fairs, the market is increasingly turned into a festival, which draws large crowds of people who may not have the money or the insider information to make smart acquisitions, but who nevertheless enjoy the spectacle. With programmes chock-full of lectures, artistic acts, guided tours and cafeterias, the fairs have turned the art market into what Pine and Gilmore termed ‘the experience economy’ (Pine and Gilmore, 1999).

The design of the fairs is highly meaningful. With their white booths, the frequent absence of price tags next to the works on display or other commercial apparatuses such as cash registers or credit card machines, the art fair follows the symbolic layout of the gallery space (see Velthuis, 2005). This is a space which reflects the dual logic of the art market, where overtly commercial business practices, as many studies have shown, are considered illegitimate (see e.g. Horowitz, 2011; Coslor, 2010).

The fair can moreover be interpreted as a social space, which has proven its usefulness in marking a macro-level boundary between the contemporary art world and the remainder of society: the most prestigious fairs such as Art Basel, Art Basel Miami Beach or TEFAF, Maastricht render the global economic and cultural elite, who convene in their private jets on which the popular media eagerly report, temporarily visible. Thus the social status of this superclass is reconfirmed. On a micro-level, art fairs have developed a fine-grained apparatus to establish social hierarchies within the art world (Moeran and Strandgaard Pedersen, 2009; for a vivid description, see Thornton, 2008): the VIP openings and pre-VIP openings to the fair, the many after-parties, dinners or access to the houses of art collectors who live in the vicinity of the fair all present opportunities for inclusion and distinction. They come with gossip, anger for those who fail to get access or desperate attempts to make their way into these social events. Some collectors
leave directly after the VIP opening in order to avoid having to mingle with the crowd.6

But in spite of the commercial, social and reputational importance of the art fair for contemporary galleries, my respondents were highly critical of the institution and emphasised its risks as well. One established Berlin dealer argued:

I do not like fairs. I do fairs because I have to. And I have to because you make a very high percentage of your turnover at the fairs. Over the past five years, the fairs turned into something really gross. ( . . . ) Overnight Frieze [one of the main contemporary art fairs which takes place in London] was about making money, attracting more people and catering to the interests of the wealthy, really well-known galleries, rather than looking at the next generation. Plus Frieze is about seeing celebrities. I love seeing celebrities, but you don’t do an art fair for that. It’s not that satisfying after the first time. (Klosterfelde, Berlin)

Others classified fairs as ‘the wrong direction’ for the art market, leading to a ‘very unconcentrated’ atmosphere within the art world, and even to a specific genre of commercial art:

a lot of pieces were created for art fairs . . . ‘I need a piece, make me one for the art fair’, and then you get one. The whole idea is wrong.

Even an art dealer who had been in the highly prestigious selection committee of Art Basel, widely considered as the world’s most important art fair, had her doubts. Because of the prestige of the fair, the large numbers of dealers who apply but are turned down and the strong reputational effects of being accepted as an exhibitor at Art Basel, the members of the selection committee are considered one of the art market’s most important gatekeepers. Nevertheless, this art dealer argued:

I think that art fairs are very important but we must not forget that the gallery work is even more important. A frame that an art fair can give you can be as professional and pristine and well thought through as the services offered by Art Basel, but still it is a venue open for just six days. It is not at all the same thing as an exhibition. For me, defending a generation of artists for whom
The impact of globalisation on the contemporary art market

The exhibition is one of the main media, an art fair is a contradiction in itself because you can never show a work in the same kind of contexts as we do in an exhibition.

Or, as Barbara Gladstone, an established New York art dealer specialising in hard-to-commodify art such as video, puts it: ‘You feel like a prostitute in Amsterdam. The space is too small and you have no privacy whatsoever’ (Thornton, 2008: 109).

Apart from the risk of not being able to gain access to the most prestigious fairs or the financial losses which participation in a fair entails, galleries claimed that they risk alienating part of their customer base who themselves increasingly suffer from ‘art fair fatigue’, and worry about the quality of art presented at fairs (pejoratively referred to as eye-catching and easy to sell ‘art fair art’). Moreover, fairs would have a negative impact on the art market’s culture, which would in their eyes become too commercial.

New fairs in emerging markets were considered especially problematic. The dealers complained about problems with customs departments, which in China needed to be bribed to get the art works released at the border. They also argued that the quality of the other exhibitors would be hard to predict; one could find oneself amidst an art crowd that might at best not be in line with the gallery’s reputation, or, worse, damage that reputation. Furthermore, they complained that it would be difficult to establish relationships with local collectors in that context or that, in China and the Middle East, they would not always be able to show politically controversial works or paintings depicting nudity because of censorship by local governments. Dealers were therefore very hesitant to go to fairs outside of Europe or the US, and often would not return after an unsuccessful experience. One of the directors of Contemporary Fine Arts, which since its founding in 1992 quickly became one of Berlin’s most successful contemporary art galleries, expressed his scepticism as follows:

We have this fair now in Dubai, and of course there is a lot of money there, but they have no idea how to look at these things. At these fairs there is even censorship. We could not show a painting like this by Baselitz [points at a large oil painting of a naked woman which is hanging behind him in the office space]. They...
have some rules. There are certain people who might have money and who are well educated and know something about the Western culture. They might like Warhol and some other blue-chip artists. But they buy these things more for decoration.

The art dealers did not consider themselves passive victims of the growing dominance of art fairs, however, and actively responded to the risk they pose to their operations. In 2005, in a rare moment of successful co-operation, 30 to 40 of the most important Berlin art galleries organised a ‘gallery weekend’ in order to lure collectors away from the fair and back to their permanent spaces. The gallery weekend is now an annual event. Galleries tend to plan openings of exhibitions of their main artists on Friday evenings and even stay open on Sunday and Monday; to make the city even more attractive for art collectors from out of town, all kinds of art events take place in non-profit venues. In my interviews, the gallery weekend was invariably raised as a successful response to art fairs. As one of them put it:

It was two things coming together at the same time. Collectors were extremely tired of going from one art fair to the other; art fairs are not always the best context to see art. Then we really felt at some point that there was some contradiction in the fact that we all have these beautiful spaces here in Berlin and having so many primary galleries here, galleries working intensely with the artists, and being the home of most of these artists, yet not having the audience (…) So it was also a way to say: this is where the work is, this is the place you have to go to if you really want to know more about what we are doing. (…) That’s why we started the gallery weekend, there is no better place to see art than in properly installed exhibitions by professionals and the artist.

My interpretation of this resistance against the fair is not only that it poses risks to the traditional, institutionalised gallery model; art dealers also associate global market practices with a commercial ethic. The fairs (as well as the Internet, which will be discussed below) are the venues of collectors who possess, on average, more economic than cultural capital. As a rich tradition of sociological studies of art markets has shown, such a commercial ethic is considered illegitimate (Velthuis, 2005; Plattner,
The impact of globalisation on the contemporary art market

1996; Moulin, 1967 [1987]). Instead, commerce, as Bourdieu put it, needs to be negated in the field of cultural production (Bourdieu, 1993). The fair, by contrast, emphasises by its very nature the commercial side of the gallery. It strips art dealers of the instruments which enable them to frame their business as non-commercial and focused squarely on the promotion of artistic values. For that very reason, artists by and large seem to avoid the fair. As Sarah Thornton states in her recent popular monograph on the art world: 'For an artist seeing what goes on at an art fair is like witnessing your parents having sex: You know it happens but you just don’t want to see it!' (Thornton, 2008).

In short, from the dealer’s perspective art fairs offer many opportunities, but they also risk reducing the status of artworks into mere commodities. Moreover, the fair could negatively affect the dealer’s own symbolic capital (too commercial or bowing for political pressures), which, Bourdieu argues, has repercussions for their economic capital as well.

Selling from JPEGs

The other symbol of a globalised art marketplace is the Internet. Like the fairs, the Internet has contributed to what art dealers and collectors themselves have called a revolution within the art, antiques and collectibles market. Data providers on auction prices for art such as Artprice and Artnet, as well those offering information on career patterns of contemporary artists such as ArtFacts.Net, have provided increased transparency to a world that is notorious for its opaque, secret character (for more on the art market’s increased transparency, see Velthuis and Coslor, 2012). In turn, this increased transparency resulted in a new online market for contemporary art where artworks could, in principle at least, be bought without any physical contact between the buyer and the dealer. Establishing this online market has not been easy, however. In 2003, for example, Sotheby’s had to close down its online auction site, which was hosted by eBay, because of lack of collector interest. In 2000, Artnet decided to concentrate on its role as an information provider when its own foray into online auctions failed. However, more recently the online market seems to have been taking off.
In my interviews, established art galleries emphasised that the Internet had become important for marketing art. It provided them with new opportunities to sell to hitherto unknown customers without having to engage in time-consuming and costly customer relations management. The Internet also enabled them to expand their customer base geographically in a significant way. Referring to the boom in the market in the mid-2000s, they noted:

It is so usual now, all this sending around of JPEGs, we also have people writing to us, even anonymously, asking whether this or that they have seen on Artnet is available. (Galerie Barbara Weiss, Berlin)

During the big frenzy time of 2006 and 2007, JPEG selling through the website was suddenly much more important . . . that was almost [sufficient for the gallery to survive on] (Esther Schipper, Berlin)

Online transactions of this type would mainly focus on expensive works of art made by artists with an established reputation. The artistic and economic value of these works, was in other words, at least to some extent established (see e.g. Moulin, 1994; Beckert and Rössel, 2004). The artists may have exhibited in museums and their work may regularly be sold at auction, which functions, as one art dealer put it, as a ‘barometer of value’. Others referred to this class of art as ‘blue-chip’. During the interviews they said that they frequently sold these works after having emailed a JPEG to an anonymous buyer. The buyers could risk spending four or five-figure sums on pieces they had never seen in person since they had a good idea of what the piece would be like and what its value is. As the co-owner of Berlin’s most established art gallery put it:

People who know an artist and have seen some works in the flesh . . . they felt that they are able to decide from a JPEG. It hardly ever happens when they have never seen a work by that artist in the flesh. Then they are more suspicious and want to get a better sense of how he, for instance, is using the colours. (Contemporary Fine Arts, Berlin)

But just as the art fair cannot be seen as an instance of the art market’s straightforward deterritorialisation, neither can the Internet. Instead,
The impact of globalisation on the contemporary art market

This online traffic has been made possible by, and further stimulated, the development of galleries' websites and the homepages they have at Artnet, long considered to be the main website for commerce in consecrated contemporary art (Bourdieu, 1993). These virtual spaces are, like the art fair and the gallery space itself, highly symbolic. Their minimalist design signals to the audience that these are not commercial but predominantly artistic sites. The message seems to be that no contextual noise, and certainly no commercial information such as prices, are allowed to interfere with the aesthetic experience. Also, some galleries have constructed their websites as social spaces, creating a division between a public part of the site, which can be viewed by anybody surfing the Web, and a private section for which a password is needed. Only collectors who are known to the gallery are provided with such a password. It gives them access to more sensitive information such as the price of the work, and may also allow them to see works of art which have been pre-selected by the dealer specifically for them.

In spite of the fact that art dealers engage in this practice of selling through JPEGs, if only for the lower costs and high profits that these sales can generate, they had mixed feelings about the practice. One of them stressed that she felt uncomfortable about buyers approaching her anonymously about works of art she offers for sale on Artnet.com.

I don’t like it. Mostly it is very weird. You never know what the people are like. And then if you ask who those people are, they respond: ‘well, you should not be on Artnet if you don’t want to have this.

(Galerie Barbara Weiss, Berlin)

While neoclassical economists tend to assume (either implicitly or explicitly) that market exchange takes place on an anonymous basis (cf. Hirschman, 1982 [1986]; Hodgson, 1988; Etzioni, 1988), this dealer instead insisted on getting to know the people she did business with, even when the business channel – the Internet – did not require such relationships to be in place. This concern about the identity of the buyer is linked to risks which the Internet poses for the dealer’s own identity. They do not see themselves predominantly as salespeople, but as temporary custodians of art. This means that they should take care of the artworks not only at the moment they are exhibited in the gallery,
but also after they have left the gallery and their future ‘biography’ evolves (cf. Kopytoff, 1986). The dealers say they feel responsible for who owns the work and how they treat it, as if, as one of them put it, ‘you are putting your child in somebody else’s hands’.

Internet sales, in other words, pose the risk of not only devaluing the work of art itself by eroding its aura of a unique, artistically valuable good and turning it into a ‘plain vanilla’ commodity, but also may undermine the very role dealers play in marketing a work of art, establishing its economic value and controlling its future biography.

The post-hoc resistance against ‘selling through JPEGs’ is intricately related to a wider resistance against an era within the art market which has recently ended. Looking back at the decade of the 2000s, art dealers characterised this era by steeply rising prices for contemporary art, the increasing encroachment of auction houses, the influx of new money from consumers such as hedge-fund managers and emerging market billionaires, the desire of celebrities to affiliate themselves with the art market and the rise of superstar artists such as Damien Hirst. The dominance of the art fair and anonymous Internet sales exemplified this – in the dealers’ eyes – overtly commercial, superstar era (see Velthuis, 2005 for another, highly comparable superstar era in the art market: the 1980s). When this decade came to an end because of the financial crisis – with Hirst’s successful sale at Sotheby’s of large chunks of his own inventory as the finale on the same day that Lehman Brothers filed for bankruptcy in September 2008 – these practices waned as well:

Now that the market has slowed down, it is nearly impossible to sell through email. People don’t feel as attracted as when they stand in front of a painting. (Contemporary Fine Arts, Berlin)

Times are now back again to a lot of talking and thinking and getting back [to the gallery]. People are not saying: ‘Oh, I take this [work of art], and just put that [piece] on top.’
(Esther Schipper, Berlin)

Remarkably, the art dealers claimed that they hardly regretted the end of this era and its concomitant commercial practices. Of course they suffered from the loss of revenue (the interviews were conducted in
The impact of globalisation on the contemporary art market

2009, so the art market had not yet witnessed its subsequent strong recovery), and sometimes even had to lay off one or two of their small group of employees. But they saw the end of the era as a ‘purification’, as one of them put it (see Velthuis, 2013b for a more developed treatment of this issue). It meant that people who (according to them) would not accept the proper role definitions of artists, dealers and collectors, and who they considered too commercial, left the industry. It also meant they could concentrate their own efforts again on the space which enabled them to fulfill their own role at best: their gallery space, which they meaningfully tended to refer to as their ‘home base’.

For them, the gallery space is and was the locus where social ties between artists, dealers and collectors are forged and gift relationships are enacted. Art dealers see it as their role to create a community of critics, collectors, fellow artists and other members of the art world around the artists they represent. In order to do so, every exhibition starts with an opening party, where among others artists and collectors affiliated with the gallery and gatekeepers within the art world are invited. A Berlin dealer explains the importance of these openings:

Also with the artists not living close by, I try to get them in the gallery as often as possible. We do openings, and to have your own artists here is just an advantage in terms of communication, between the artist and the press, curators, collectors. For instance we will soon have the opening of Joel Steinberg [an American photographer who became established in the 1990s] and he will be here. (. . .) It is Joel's night, but also for the other artists and for the gallery, it is important to have them here, because there is communication about the work and among the artists. This is what brings about unification.

(Buchmann Galerie, Berlin)

These opening parties are not the only occasions for meetings, however. Artists may drop by occasionally in the gallery space to chat with the dealer, while collectors who ‘follow’ the gallery may return after the opening (or, if they are seriously interested in buying a work which is in high demand, before the opening) in order to look at the exhibition more quietly, and have the dealer talk about the work's meanings. Indeed, as noted above, many art dealers understand their own identity
more as curators of exhibitions and educators of the public and promoters of artists than as salespeople.

Such face-to-face interaction in the gallery space – or, in the case of the artist, in his own studio – is important for several reasons. First, the gallery’s survival may depend on these interactions. While established galleries, representing artists with an international reputation and charging four- or five-digit prices for their works, can afford to have several (or in rare cases, dozens of) employees, easy access to financing in order to buy works for inventory, and a cash flow that is stable and large enough to pay for various professional services, the financial challenges for start-ups are steep, so much so that artists need to provide practical services to safeguard the survival of the new businesses. During one of the interviews I conducted, for instance, which took place in a new space a gallery was about to relocate to, two artists were painting the walls. My respondent, like other dealers, emphasised that his gallery was a ‘communal enterprise’ in which ‘every helping hand’ is welcome (Velthuis 2013a).

Second, for collectors, it is these very interactions and the social circuits they are part of that provide an added value to acquiring art. As cultural economist Michael Hutter put it, acquiring art from a gallery ‘is an act that not only confers the property rights on an object, but also grants access to a club distinguished by a specific aesthetic quality’ (Hutter et al., 2007). One of the main ways of creating these communities or clubs is organising social events, such as visits to the artist’s studio or dinners to which artists and collectors of the gallery are invited. One dealer said:

Ideally, I imagine some kind of situation where the gallery is really some kind of mediator between the artist and the collectors, who are sitting at the same table and having a good time talking about art and getting further with their own ideas about art and their own life.

Third, the relationships fostered in the gallery space have a functional character: although standard, legally binding contracts exist for consignment relationships, they are often conducted without them (see e.g. Plattner, 1996; Bonus and Ron te, 1997; Moulin, 1967 [1987]). Alternatively, dealers often try to engage in long-term, trust relationship with their artists, which serve as an alternative for imperfect
contractual relationships (Caves, 2000). In turn, to establish these trust relationships, meeting frequently in the gallery space as well as the artist’s studio is crucial (cf. Storper and Venables, 2004: 356).

Finally, these meetings, wherever they happen, also help improve communication between parties. For instance, at some point, the dealer may want to persuade the artist to make subtle changes in his output, whether in terms of style, material, subject matter or number of works produced. Given the high value placed within the art world on the artist’s autonomy and the sensitive nature of outside influences on his output (see e.g. Velthuis, 2005), such changes can more easily be communicated face to face.

The importance of the gallery space may differ between various circuits within the art market. For example, a small group of established, ‘consecrated’ art dealers – including the Gagosian Gallery or David Zwirner in New York, White Cube in London, Contemporary Fine Arts in Berlin or Hauser and Wirth in Zurich – has developed a global network of collectors and curators. They meet these collectors and curators at various international venues such as the fairs and the biennials and transact with them through the Internet. For actual sales, the gallery space is probably not all that important in these cases. But these sales would not be possible without the symbolic capital they have managed to accumulate over the years. This reputation can, in turn, be partly ascribed to their large, pristine, museum-like spaces, which have a public role in the art scenes in which the galleries are embedded: the exhibitions may have a museum-like quality, are widely written about, and frequented by many visitors who may not have the slightest intention of acquiring an artwork, nor the means to do so.

For the vast majority of the galleries, who lack such global networks, well-heeled clientele and abundant financial backing, the gallery space has the more (seemingly) mundane function of hosting daily interactions between artists, collectors and their intermediaries. However, it is in this space that the identities of these participants in the industry are reconfirmed, role models are created and the rituals of the market become visible.
Conclusions

The art market is another instance where globalisation does not result in what has been called ‘deterritorialisation’ or a waning importance of physical distance. Instead globalisation here leads to an emphasis on local ties and a re-evaluation of physical distance (see e.g. Cox, 1997; Sassen, 2000; Storper and Venables, 2004; Faulconbridge et al., 2007). This serves as a contrast with media representations of art markets in the last decade: the topoi of multimillion dollar works of art created by Chinese and Indian artists, newly rich collectors from Russia snapping up pieces at auction and established Western art institutions such as the Guggenheim Museum and the Louvre expanding into the (culturally) virgin territories of the Middle East.

My findings also contrast with the ideology of the ‘global’ which Western art dealers and other actors in the contemporary art world have long embraced. My respondents in Amsterdam and Berlin, for instance, invariably claim to disregard nationality and to focus on quality exclusively when selecting the artists they represent. From a Bourdieu-ian perspective, this shared ideology is hardly surprising: the ‘global’ – equated here with selecting art on the basis of quality exclusively – can be understood as an opportunity for players within the art world to deny the economy, to express their distance from branding art based on nationality, and by doing so, to accumulate symbolic capital.

This article does not deny that globalisation has provided many new opportunities for marketing contemporary art, and may contribute to a democratisation of the art market, in which access to art is no longer restricted to those who have accumulated the right type and amount of symbolic capital (Bourdieu, 1993). But what has been absent in current discussions of globalisation in the art market is an examination of the many different types of risk which it simultaneously poses: the traditional gallery model has, since its emergence in late 19th-century France, been able to establish and stabilise the economic value of art in an era in which artistic values and artistic canons have become increasingly instable. To make that model work, close social relationships between dealer, artist and collector were essential. What this article has sought to demonstrate is that the global market and its key institutions
The impact of globalisation on the contemporary art market

The art fair, the Internet and the auctions may not lead to deterritorialisation, but to a less personalised market in which the aura of art will increasingly be under pressure. While the outcome of globalisation of art markets is hard to predict, we can already see that there will be winners and losers. Traditional galleries, with their dense social interactions, intricate ‘rituals’ and their symbolically charged business practices, may belong to the latter category.

References


---

1 Some sections of this article were adapted from Velthuis (2005) and Velthuis (2013a). The major part of the data was collected while the author was a Visiting Scholar at the Wissenschaftszentrum Berlin. The support of WZB and in particular of Michael Hüther, director of the research group on Cultural Sources of Newness, are gratefully acknowledged. Thanks to Anna Dempster, Jérôme Bourdieu Marie-France Garcia-Porster and to participants in the seminar on *market places* at the École des Hautes Études en Sciences Sociales (Paris, 2010) for useful comments. This work is part of the research project ‘The
Globalization of High Culture’, which is financed by a VIDI-grant of the Netherlands Organisation for Scientific Research (NWO).

2 In the Netherlands, interviews were conducted by MA student Janus de Visser, for which he is gratefully thanked.


8 This division between types of interaction related to evaluating the quality of the works of art and gathering knowledge about them is akin to financial markets, where geographers have made a distinction between the trade in transparent assets such as ‘blue-chip’ stocks, which can take place anywhere, and opaque assets such as private equity stakes, where proximity and strong relationships between trading partners are needed (Clark and O’Connor, 1997; Faulconbridge et al., 2007: 286-287).