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### Observable persuaders: A longitudinal study on the effects of quality signals in the contemporary visual art market

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## ACKNOWLEDGMENTS

The very first time I thought about pursuing a PhD was in 2009. I still remember the day vividly: it was sunny and I was talking to Nachoem Wijnberg, my master thesis supervisor at the time, in his office on the second floor of the M-building about the empirical results of my study. About five minutes into our discussion he asked me if I had considered getting a PhD, and before I had a chance to answer he started talking about a grant from NWO, the so-called Mosaic grant, for students who were interested in pursuing a PhD in the Netherlands and were not Dutch. He went into details about who qualifies, explaining to me that either you or one of your parents must have been born in a country that was on this special NWO list. Immediately following, he told me that countries like the United States or Germany would definitely not be on the list, but countries like China, Ecuador and the Slovak Republic, were I was born, probably were. He then downloaded a pdf from the NWO website and said that the application deadline was approaching very quickly and if I was interested in applying I had no time to waste. I left his office that day with lots of questions – e.g., I had no idea what NWO was, let alone what pursuing a PhD entails, and for that matter what academics actually did the whole day – so I went home and started my Google search.

In 2011, my second attempt in being awarded the Mosaic grant was successful; that year there were a little more than 250 applicants across all academic disciplines, of which 19 laureates were selected. In January 2012, I started working as a PhD candidate at the University of Amsterdam; naturally, Nachoem was my supervisor. I was also fortunate to have Joris Ebbers as my co-supervisor. I am grateful to you, Nachoem for making the suggestion I apply for the Mosaic grant and helping me get it, and thank you to both of you for your guidance and friendship during the last four and a half years. Nachoem, your out-of-the-box approach to academia and your creativity in doing research coupled with the slightly more procedural approach Joris maintains provided a nice balance that helped me grow academically and become a better researcher.

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The past four and a half years I spent a lot of time at the faculty, especially in my office behind my laptop. Fortunately, I was able to share my office with some awesome office mates: Anour, Joris D., Daniel, Bram, Robert, Liang and Zhe. Mostly working silently but very often engaging in interesting academic (and non-academic) discussions, I probably spent more time with you than with my family. I was also quickly introduced to academic conferences, which – if you are lucky – are held in exciting places like Florence, Helsinki, Montreal, Monterey, Baltimore, Philadelphia, Istanbul, Vancouver, Valladolid, and Anaheim (ok, not exciting but fortunately very close to LA). In addition to attending paper sessions and PDWs at these conferences, I developed a taste for craft beers that I share with Joris, Bram, Stefan, and a penchant for tapas with Joop. I am fortunate to have wonderful colleagues who provide academic support as well as a fun social structure when traveling internationally. I am also very lucky to have amazing friends: Anette, Gees, Marc, Katja, Lykle, Heleen, Jan and Frank (to name a few) who managed not to fall asleep while I incessantly talked about my research.

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## **ABOUT THE AUTHOR**

Monika Kackovic is currently working as a postdoctoral researcher/assistant professor in the Entrepreneurship and Innovation department at the University of Amsterdam, Faculty of Economics and Business. She graduated cum laude with a Master in Science in Business Administration from the University of Amsterdam. Additionally, she holds a Bachelor of Science in Business Administration from Florida State University and a Bachelor of Arts from the Gerrit Rietveld Academy in Amsterdam, the Netherlands.

In 2012, she was awarded a four-year merit-based scholarship for her PhD research focusing on the effects of quality signals on competitive dynamics in the contemporary visual arts. In spring 2014, she was a visiting scholar at Harvard Business School, hosted by Professor M. Khairi. In fall 2016, she began working as a postdoctoral researcher on a project focusing on corporations that collect art. She actively presents her academic work at international conferences such as: *Marketing Science*, *Academy of Management*, and *European Group for Organizational Studies*.

Monika has regularly been invited to speak at public events, such as a symposium in 2015 at the Rijksmuseum that was organized by the Netherlands Association of Corporate Art Collections (VBCN), a debate organized by Foam Photography Museum at the Dutch Embassy in Paris, France, and symposia organized by the Dutch Ministry of Education, Culture and Science (OCW), Castrum Peregrini and Spui 25.

Prior to her academic career, Monika worked in consulting at Arthur Andersen LLP and Koninklijk Grolsch, a FMCG company, as sales and marketing manager Caribbean and duty free United States. In addition to her academic and industry experience, she maintains a visual art practice. Her work was included in the Top 10 Best Art Videos at the World One Minutes connected with the cultural program for the Olympic Games, Beijing (CN) and purchased by the Netherlands Public Radio (NPO).

### **Academic Grants and Awards**

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# OBSERVABLE PERSUADERS

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Information about the quality of producers or products has strategic value and affects economic decisions. But what happens in markets with informational gaps because quality is difficult to observe directly and objective criteria to make quality judgments are lacking? Quality that is indiscernible or indeterminate or latent means to a large extent that it remains unknown to all parties involved in the transaction or even thereafter. Signals –e.g., reviews, awards, prestigious affiliations, past sales – may act as observable persuaders and reduce uncertainty caused by informational imperfections. At the same time, signals may shape future perceptions buyers and intermediaries have about those producers, and this may lead to a competitive advantage for a select few. Effectively, even seemingly inconsequential rewards or benefits gained by being the subject of a signal may grant some producers access to opportunities not given to others. Such preferential treatment could lead to superior performance that could start self-reinforcing feedback mechanisms, which could result in persistent performance for some producers compared to the rest.

In the empirical setting of the primary market for contemporary visual art, the career trajectories of 1,590 visual artists from two prestigious art institutions in the Netherlands are studied. A multi-dimensional approach is taken in analyzing quantitative characteristics of signals and qualitative attributes of sources conveying those signals, and examining these effects on not only different categories of buyers and intermediaries but also in the context of the particular career phase of the producers. The empirical results show strong self-reinforcing processes governing competitive dynamics, offering a fine-grained understanding of a source of inequality in the distribution of success in this market where quality differentials among competing producers are imperfectly observable, information about their underlying quality is imperfect and/or incomplete and objective measures for evaluation are lacking.

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