

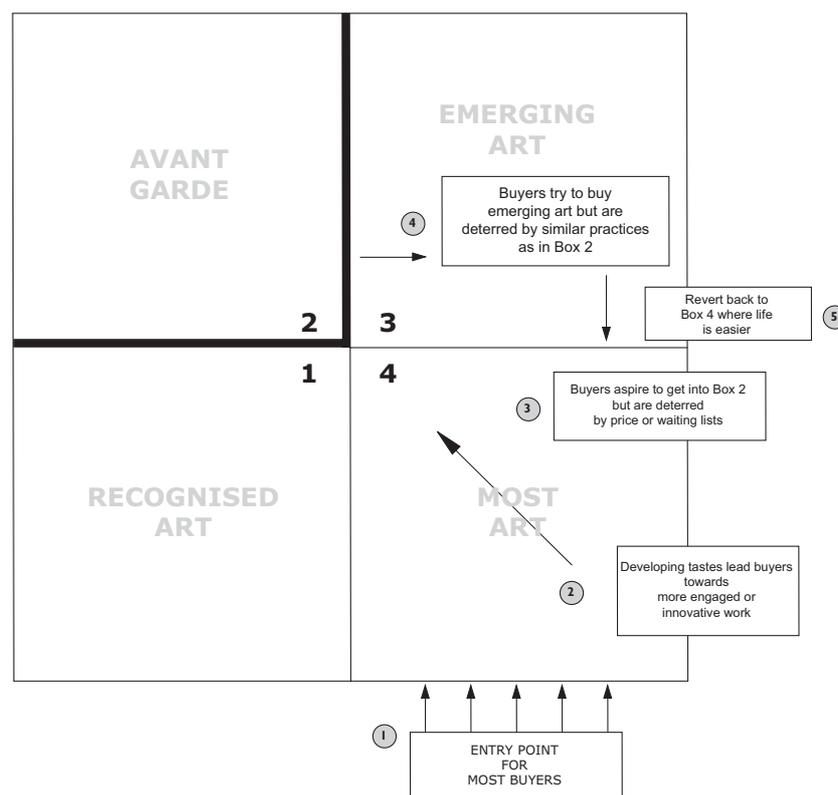
Analysis and conclusions

Analysis

The pursuit of critical approval, by artists and dealers runs counter to market expansion and entrepreneurship in the contemporary art market. The subscription system, while acting as a rigorous quality-control mechanism, also restricts the supply of work which might reach a domestic market. This renders most of the work that does get sold to a domestic market, through non-subscription channels, non-legitimised.

To find a strategy to meet this challenge we have to analyse the dynamics across the sector that affect the production, buying and selling of artworks. We have found that the best way of understanding these dynamics is to view them through the filter of the contemporary art marketplace model.

The Contemporary Art Marketplace Model



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This model illustrates the restrictions and constraints placed on movement from box 4 where most serious collectors start buying, and where most art is sold.

We have found few examples where innovative, critically engaged art is successfully being sold to genuinely new, domestic buyers. The problem is that just as artists cannot be their own advocates, art cannot be called innovative or critically engaged unless someone in the subscription circles says it is so. Therefore ambitious artists in Box 3, who are still representing themselves, tend to see dealers, curators and critics as their target, and along with them the small band of serious collectors.

Since it is dealers and curators and critics who can endorse and give affirmation to the work of ambitious artists, it is in these people's interests to limit supply and demand, as well as, and in order to, defend their own positions as arbiters. This makes it difficult to expand the market.

There is no doubt that a good deal of contemporary art is being sold and there are artists who are able to make reasonable incomes from selling. It is also clear that there are more people who want to buy than do at the moment. But in most cases those in the subscription circles would say that the work being sold is not innovative, critically-engaged art.

Constraints on market development

For the aspiring collector trying to move across the boxes in the model, in the search for new, and affordable, discoveries, the buying process tends to break down. Budding collectors, who find it hard to gain entry into the higher levels – Boxes 1 and 2 – because of prices and waiting lists, would like to buy art in Box 3. But in the absence of market knowledge, and out of the need for the subscription system's approval, Box 3 dealers prefer to look to the international market of collectors rather than work to develop a UK collector base. This doesn't make it easy for budding collectors to gain entry. It also makes for a very precarious living for these dealers, as they have to invest heavily to attend international art fairs.

Because those artists and dealers in Box 3 so very much want to be in Box 2, the avant-garde, but often lack the experience, knowledge and quality, the result is a set of very mixed messages:

- Artists representing themselves don't know how to price their work or represent it
- Prices are often inflated in the pretence or delusion that they already in the avant-garde
- Artists are not driven by the need to make sales and so don't make it easy for people to buy
- Dealer practices appear just as exclusive
- Emerging dealers are located in obscure locations and can afford little in the way of advertising or market development
- Buyers are sometimes regarded with suspicion or contempt

At a point where sales can make or break early careers and lack of cash flow deters many new entrants from sustaining their practice, or actually destroys young businesses, the artists and dealers in Box 3 are doing more to damage their ability to make a livelihood than making it happen.

Most of the people employed in this sector have no background in retailing or business planning and yet they are operating very tenuous businesses. They are doing more to deter the development of the market of buyers, on whom they are dependent, than encouraging it.

At the same time, most new artists and dealers in this box agree that life would be a great deal easier if there was a healthy turnover of sales at around the £500 mark, than the constant anxious wait for the bigger fish to come along.

The analysis within the model shows that the structural concepts which drive the avant-garde, work quite effectively within the avant-garde and recognised art boxes and, indeed, sustain a highly successful commercial market. However, they also place unnecessary restrictions on the practices of the 'emerging' and 'most art' artists and suppliers. Furthermore, while it could be seen as necessary to the health of the sector that rigorous filtration processes are in place, another view is that these mechanisms starve the emerging markets of artists and buyers before they have developed.

Market development of innovative work needs to be championed by curators and dealers who are in a position to judge and defend the quality of the work sold. This is important not only to ensure that there is a control on quality in such an unregulated world, but also to give new buyers the confidence to take risks and recognise that there is a depth of discernment and appreciation, which can be learnt and enjoyed by dealers and buyers alike.

Emerging artists selling their own work, without the support of a strong CV, and challengers setting up market-focused efficient and popular models, will have difficulty in winning the trust of new, uninformed customers in advocating work, once it has gone over the £1,000 mark. Once work requires endorsement, beyond the fact that the customer intuitively likes it, it needs to be sold by a connoisseur supplier, who can infect his or her customers with the same enthusiasms and discernment as they have developed themselves, and who can stand by the work and the value placed on it.

At the same time it is important that mechanisms are in place to help more people buy whatever art they like and thereby help more artists, who do not seek subscription beyond buyers liking their work enough to buy it, to live by their work. These two strategies need not be mutually exclusive. We need to explore to what extent developing the market of sales of innovative, emerging art could damage other areas of the sector.

Where it sometimes works

There are mavericks crossing between Boxes 2 and 3, who manage to combine a healthy turnover in modestly priced artworks while maintaining their positions in subscription circles and strategically managing their artists' careers. Characteristics of this practice are:

- Accessible, high street locations
- A liking of and openness to people who are new to buying
- Willingness to collaborate with other dealers while not being a slave to the need for widespread peer approval
- Seeing the potential in modest initial sales
- Willingness to mentor new buyers
- Bespoke services for different types or groups of buyers
- Consultancy and project management income
- Stocking and accessing works priced from £200–£2,000
- Respecting people's starting points – but helping them develop
- Simply networking among international buyers rather than investing in attendance at international art fairs
- Attendance at national and regional rather than exclusively international art fairs, to reach new customers

There are also challenger models that offer such a wide variety that it is possible to have within the mix more 'cutting-edge' and innovative work without compromising the business model.

Refuting the misconceptions

It emerged from the depth interviews with artists and dealers that there is some scepticism and anxiety within the sector about developing the market of buyers. Some players would prefer the market to remain small, and this is possibly because this is the best way to ensure that the work of the subscription circles and the power of rarity can be maintained. Individuals cited a number of reasons for resisting the growth of the market. The following statements represent some of these attitudes, which we seek to challenge.

All the best art is being sold

There is an undisputed need, in a diverse and fragmented market, for a form of regulatory control and the subscription process provides this. But if the situation is that there are too few existing collectors and buyers in the UK, and there are unsatisfied potential customers, then this argues that there is room for more work to be sold.

If mechanisms are in place to help people buy high quality work, the work that gets sold is not necessarily inferior work. At the moment there are no such mechanisms in place.

Also given the lack of regional infrastructure for the sale of contemporary art, it would be difficult for anyone to assert that all the 'best' work is being sold. Most dealers, and a very large number of critically-engaged artists are currently in London, but this cannot mean that there is no high-quality critically-engaged work outside London. If there is a regional potential market but no regional infrastructure, there must be more scope to sell more good work.

More sales undermine the avant-garde and recognised art markets

There will always be only a very few people with the wealth and desire to buy work in the avant-garde or recognised art boxes of the model. By developing the market through a long-term strategy there is the potential to feed small numbers through to the serious collector category but larger numbers will find a resting place along the way that satisfies their budget and tastes. This approach to market development can help sustain the struggling entrepreneurial dealers and emerging artists, while serving the long-term needs of the avant-garde and museum sectors.

Cutting-edge, contemporary work doesn't appeal to a domestic market

Even though most domestic buyers expect to buy mainly figurative or colourful flat objects or sculpture, this research unearthed buyers who like buying ideas, light-pieces, videos and conceptual pieces. Most cutting-edge dealers addressed by the researchers also said that turnover of more items in the £500–£2,000 brackets would be a most welcome addition to their cash flow.

If the public stands accused of not understanding contemporary art that is because it only ever gets offered and explained to a privileged few. There are too few examples of attempts at market development that have failed, for anyone to argue that the public doesn't want to know, and there are emerging challenger models that are clearly generating new buyers of contemporary art. Blaming the lack of a market on the public's philistinism simply isn't justified; it is a defence for maintaining exclusive practices.

Selling more work would make artists too comfortable too soon – resulting in bad art and a glut of successful artists

Some people in the sector argued that there are many sub-standard artists, who should be encouraged to retire or switch career, rather than be sustained for the wrong reasons. However, the public should be credited with the intelligence to tell good art from bad and again, with targeted assistance, there is no reason why market development should necessarily result in the increase in purchases of poor-quality work. This will help support talented artists and those without talent will find it difficult to attract buyers.

More buyers would spoil it for those who are buying now

It is clear that people value owning unique objects and the distinction that this gives them. The nature of connoisseurship is always that people derive pleasure from belonging to an elite group with special knowledge and discernment. While some people like keeping a secret to themselves, others enjoy sharing their passion with others.

However, inviting more people to join this club and participate in the enjoyment of developing discernment has had only benefits for, for example, the wine market, and this has driven up the quality of wine now available to British buyers. Those privileged existing buyers of art will simply find new levels on which to distinguish themselves as new people enter the art market place.

Developing the market for innovative contemporary art

If it can be accepted that selling more art and developing new buyers will not undermine the avant-garde but could contribute new and valuable collectors, and that it won't consign artists to permanent obscurity and exclusion from the sector, and that it won't generate a glut of poor art, then we need to identify what needs to be done and explore the role for Arts Council England in helping this to happen.

What needs to be done

Persuade players within the sector that there is a market to be developed

Artists and suppliers need to have access to the data and be given the opportunity to use their market knowledge to think about development initiatives that help them meet their objectives.

Stress the importance and benefits of developing a new generation of collectors

Artists and suppliers need to be familiarised with the motivations and development of buyers into collectors so that they can help contribute to this process. Collector development strategies need to be formed and implemented.

The sector needs to be encouraged to like their potential market, credit them with the same passion and intelligence that drives them to work in the sector, and stop regarding new buyers with suspicion.

Familiarise artists with the benefits of selling, and encourage entrepreneurship

This means that selling needs to be legitimised, not resisted, and artists helped to develop strategies that look towards attracting subscription and alternative strategies that help make sales.

Build infrastructure for selling emerging work, especially in the regions

The emerging market needs sources of supply that make it an enjoyable experience to buy innovative art. There is clearly an essential connectivity between the public and commercial sectors within the visual arts, even though each sector might appear to operate without reference to the other at times and each demonstrates levels of antipathy to the other at times.

It is important that this interdependency is celebrated in a more overt manner and with greater transparency. This will help all players within the sector to better understand their roles and those of their counterparts.

Develop the role of public galleries in encouraging the art market

Critical endorsement and interpretation of the work is provided by the public gallery in the form of wall texts, labels and catalogue essays. Because of the pull of the subscription circles and the fact that many curators aspire to higher level roles in either the public or commercial sectors, few curators would risk providing interpretation which is not aimed at their critically-engaged peers.

This means that art on exhibition in public sector galleries is rarely displayed as being for sale and rarely interpreted for non-specialist audiences. The role of selling and personal interpretation for non-vocationalists is seen as the role of the dealer, but the number of people with the confidence to go to commercial galleries and ask dealers is low.

It seems ironic therefore that the public, as a general rule, is starved of this information, while the art world condones letting a privileged few into these secrets it pours scorn on those public galleries that attempt to provide their visitors with a clear explanation for difficult contemporary art, criticising clear interpretation as dumbing down. The result is that the conventional contemporary art gallery is a baffling and intimidating challenge for most visitors leaving them feeling hungry for knowledge and insight but often deprived to the point of alienation.

If public galleries were encouraged to offer the same role to viewers as dealers pride themselves on providing for potential buyers this might help contribute to the development of more buyers and curators in the UK.

Public galleries on the whole avoid getting involved in selling innovative work. There are public galleries that sell work but the tendency is for selling exhibitions to offer something the gallery thinks people may want to buy and selling exhibitions are related to income generation, with commission taken.

The antipathy between the commercial and the public sectors is not necessarily going to be helped by a recommendation that urges more public galleries to sell more work, but there is a way that the role of the public galleries in the regions could help fertilise the buying market.

If public galleries were encouraged to present selling exhibitions of emerging artists, prior to them finding representation, and without charging commission, this would provide the ethical platform from which artists can be launched and buyers introduced collecting. By not charging commission the gallery provides a basis for making sales that is commercially neutral and as a public gallery, provides the ethical 'first base' that new buyers need to help them to start understanding the value systems associated with art.

Such regional events could be complemented by small-scale art fairs or showcases featuring London-based dealers. Further support could be provided in the form of ‘collector seminars’ or one-to-one advice to help new collectors develop their confidence.

Encourage new buyers through the national art purchase plan

The development by Arts Council England of a national art purchase plan to encourage first purchases of original contemporary art by offering interest-free loans has been the subject of a separate feasibility study and report. This will be launched in autumn 2004.

Research showed that it would encourage new people to buy and that it could receive the support and engagement of large number of suppliers within the sector. The regional models, some of which have existed for over 20 years, are testament to their ability to encourage sales.

Market development outside London

It is interesting to observe the dynamics of market development outside London. In Newcastle, the Baltic is seen to have whetted people’s appetites for art and the Biscuit Factory is seeing this reflected in unprecedented sales figures. Prior to the Biscuit Factory opening, buyers in that area speak of only two other galleries selling quality contemporary art.

Manchester: a testing ground

In Manchester we explored the dynamics that enable artists to feel comfortable operating in an alternative city to London. Factors which suggest that conditions in Manchester are ripe for the development of a healthy art market are:

- A high number of resident artists and studio groups
- A high number of critically-engaged artists who form their own critical reference group
- Artist-led galleries and artist-curated shows
- A high number of artists with London representation
- Cultural Industries Development Agency
- A well-connected mentor and hub for critical debate located at Manchester Metropolitan University through Pavel Buchler
- A strong brand identity for Manchester that lends Manchester artists credibility
- A healthy visual art scene in Manchester and Liverpool with Tate Liverpool and the Biennial

- Well-informed journalists and critics who extend critical debate through local and national publications
- A very high-profile serious collector in Frank Cohen who mentors other budding collectors
- A committed patron of art and budding collector in Urban Splash developer, Tom Bloxham
- Very confident and prolific architectural scene and architectural centre
- A strong media and communications scene and large education and health sectors
- A growing market of 'Changing rooms' type buyers through the vast number of loft apartments being built by Tom Bloxham and others
- Growing affluence and design awareness, evidenced in Harvey Nichols, Selfridges and new independent design outlets
- Challenger brand in Comme Ca Art with a new gallery
- A number of high-quality galleries and suppliers
- Increasing number of emerging galleries

All of these features point to a burgeoning art market. However dealers and collectors and artists complain that given the characteristics of the city, very few people currently buy art and new galleries are struggling to keep afloat. The data confirms that there is a small existing market and a lower than average potential market. This would appear to be because:

- There is low awareness of what infrastructure might exist
- There is little access to guidance and mentoring for buyers at different levels
- There are no entrepreneur or avant-garde dealers
- The new galleries do not quite understand the sector fully enough and their role in it
- The new suppliers are not positioning themselves in such a way as to maximise their appeal to specific market segments and instead project the most off-putting aspects of conventional galleries
- The new suppliers never budget enough on marketing
- The new suppliers are not in locations to catch passing trade.

Within this burgeoning environment there are designers, broadcasters, music promoters, architects, and entrepreneurs; they are closely related to the creative and cultural industries. These people show signs of being interested in buying art and could present the potential for developing into serious collectors. In speaking to individuals in this group it was clear that although there is clear interest in buying art, there is a reticence that comes about through the lack of the right mix of provision.

‘There are established galleries selling middle-of-the-road art to middle-aged people and there are some really good emerging galleries that sell good contemporary art, but it is hard to find out what is good without relying on those with a commercial interest in selling you something.’

Buyer, Manchester

One budding collector who spent £50,000 on art last year said:

‘I have friends who want to buy contemporary art but people are scared of being ripped off or saying the wrong thing – looking stupid.’

Buyer, Manchester

He confirmed that these friends are highly sophisticated and often very wealthy businessmen and women who are not generally easily intimidated. These are north-west based people so they spend too little time in London to develop trusting relationships with London dealers. They regard such outlets as the artists’ studio shows in Manchester as good opportunities to buy and the Lowry as an ethical outlet with the endorsement of an independent curatorial eye.

The tendency is to keep their purchases at lower price levels, which don’t need any outside endorsement that the price asked is worth paying. There is hesitation around paying more than £1,000 without some advice on what it is they are buying. There are no galleries in Manchester where there is clear sense that the management are steeped in the contemporary art scene and can offer the guidance to clients that London galleries are known for.

What is needed is more choice and access to independent mentoring and advice. The budding collector quoted above asks the advice of another serious collector when buying more substantial or expensive works. He also claimed that in spite of having a high profile in contemporary circles he is rarely targeted by galleries and never invited to any private views outside Manchester.

This emerging market segment and the less ambitious buyers, could be encouraged by a high-profile, high-quality art fair in Manchester, information and advice, independent individual mentoring opportunities, collector events and promotion of the interest-free purchase plan.

A very useful piece of action research would be to develop a three-year market development strategy for Manchester to explore what is needed to build a market.

Conclusion

In summary the research generates the following key findings:

There is already a significant sized market in the sales of art in England.

The art that sells most easily to current domestic buyers, through traditional models or challenger models, tends to be art that is not legitimised or critically engaged. However, the market for innovative contemporary art in England has the potential to be larger than it is at present in London and in larger still in the regions.

The regional market of potential buyers is 6 million compared with 1.3 million in London, There is hardly any infrastructure, however, for selling innovative contemporary art outside London.

It is the way in which contemporary art is sold that deters the potential market, rather than the art itself. Where challengers or studios have offered new retail models the signs are that the public responds.

The process of legitimisation, by which critically engaged art aspires to attract 'subscription', is predicated upon ultimate rarity. Therefore, the subscription system can be seen to be incompatible with market development.

Resistance to market development is generally veiled as an unfounded assertion that the public in England does not respond well to contemporary art. However, few dealers or suppliers have tested current assumptions and assertions about the market by trying to develop it. Some dealers resist selling to people they do not know and do not see developing new buyers as a worthwhile investment of time and effort.

Conventions within the visual arts sector are also responsible for the underdevelopment of the market rather than alleged philistine tendencies on the part of the public. Many artists and dealers are reluctant to make sales of critically engaged art to domestic buyers, since it makes no contribution to the subscription process. Artists worry that selling to domestic buyers can actually damage their chances of attracting subscription and deters dealers.

The impetus to sell more critically-engaged art to domestic buyers is therefore unlikely to be driven by critically-engaged artists or by dealers or arts administrators actively involved in the subscription process. Since artists cannot be their own advocates, and innovative art can only be advocated and endorsed by people within the subscription circles, this limits the potential for market development.

Collectors are a vital element of the art eco-system. Most of those involved in the subscription process are concerned at the small number of serious collectors buying

innovative contemporary art in England. Collectors of innovative contemporary art evolve gradually.

There are more people who would like to be collecting on a serious level than do at present. Most suppliers agree that expansion of the serious collector base is desirable but the fact that there is such a small number of serious collectors would appear to be a situation which is perpetuated by the sector itself.

Therefore if we are to identify strategies aimed at development of the market of buyers of critically engaged work, which will be acceptable to the public and commercial sector and Arts Council England, we have to find a top down approach that will result in more serious collectors of contemporary art.