

## An overview of the art sector

“The point is that although art can be made in theory everywhere, the social production of art is a collective practice that depends on complex interaction between artists and a range of “art world” actors – or art makers – such as patrons, dealers, critics, gallery owners and collectors”(1). Indeed, art sector is composed of a range of various actors, which are operating in relation with each other’s.

First, artists produce art. But precisely, the process of recognition of “who is an artist or not” is not only due to the production and the behaviour of the artist himself but also to the intervention of various actors in the art field. First, art schools often play a role in that recognition: the graduate show of an artist enable him to attract the attention of peers, collectors and gallerists interested in emerging talents. Then, the presentation of the artworks in a gallery is very important in an artist’s career. Moreover, being nominated for prizes, residencies, awards bring him prestige, opportunity and visibility. Acquisition into corporate, private and ultimately public collection is decisive to acquire a strong reputation. Indeed, the way in which art is given financial value and an artist is given a reputation show well the interaction of different actors: art schools, experts in the art field such as gallery owners, curators critics, art dealers, collectors.

Having briefly underlined the variety of actors operating in the art sector and their inter-relationship, we can now divide the art sector into two categories of actors: the commercial players or dealers, which select and trade art, and the institutional players, which basically regulate the market.

First, the commercial players select and trade art. There are several types of dealers. The art galleries play a significant role. Indeed, they are organizations that sell works of art. Basically, they promote new talents (primary market) but they can also be specialized in already established art (secondary market). The role of the gallery is to promote the artist to the key players within the market: private collectors who buy works, critics, and public institutions such as museums. Moreover, the leading contemporary art galleries all try to participate in the key art fairs (New York Armory Show, New York Frieze, Art Basel, Art Basel Miami), which have become increasingly important for networking, visibility and sales.

Then, the auction houses also take a great part in the trading of art, more especially on the secondary market (artworks that didn’t come in the market for the first time but have been already purchased). Indeed, auction houses trade works that are being sold on from private collectors and secondary dealers to the highest bidder. The auction houses make financial value in receiving fees from buyers and sellers commissions (around 20% of artwork sale’s price). The art market is dominated by two companies: Sotheby’s and Christies (Christies dominates the French art market with 20% share(2)). There are also less big houses which have an international national or local standing (for exemple Tajan, Artcurial, Piasa in France). Auction houses develop, as primary market agents, relationships with collectors and offer advises on developing a collection. They also work with specialists, especially with art experts, who authenticate the works of art and ensure that the descriptions consigned in the sales’ catalogue are exact (provenance of the artwork, period, style...). Indeed, prior to selling, auction houses have an evaluating role (estimation of the fair market value and the insured value).

The experts, as we said, have a prevalent role since they are specialists who authenticate the artworks. There are basically two kinds: The connoisseur, which has long experience with the artist work, and the conservator.

Apart from the experts, there are others specialists that spread their judgement over the art world: journalists and art critics. They are active in all markets but most influential in the contemporary cutting-edge market, when the value of art depend less on skill, subject matter and technique<sup>(3)</sup>. They play a role in purchases behaviours since they are opinion leaders that influence the way art is perceived. They are indeed able to drive demand and price for contemporary art, depending on their influence on the art market.

Finally, collectors, who buy art works, obviously play a great role in the art sector. Some are simply amateurs but there are also great influential figures. These “super-collectors” blurred the distinction between patron, collector, dealer and critic. One of the best examples is Charles Saatchi, which is a central figure in contemporary art. Apart from collecting artworks, this man owns an advertising agency and an art gallery (Saatchi gallery). He is a very strong influential figure, whose taste is even seen as an added value by dealers, which may describe an artwork as “collected by Saatchi” or “owned by Saatchi”<sup>(4)</sup> in order to sell it at a higher price.

After having described the commercial players within the art sector, it is important not to forgive institutional ones. First, the government (ministry of culture) and supranational bodies (UNESCO, European Union) play a role of “constructing a system of control that restrict the entry of artists, art works, antiques and antiquities onto the art market”<sup>(5)</sup>.

Indeed, the ministry of culture regulates the art market, establishing authorized estimators, protecting cultural heritage, using its right of preemption, preventing or delaying works from leaving the country, levying export and import taxes. For example, in 2003, the United Kingdom government had forbidden the temporary export of Madonna of the Pinks’s Rafael artwork, which was about to be sold by the Duke of Northumberland to the Getty museum in Los Angeles. Eventually, it gave enough time for the National Gallery to raise enough funds to acquire that outstanding artwork. Indeed, this example shows how the government regulates the market, trying to keep its national treasures. The state can also act in an “encouraging” way, giving grants, subsidies to artists, and buying art.

More and more, supranational bodies are also playing a role in defining art market’s restrictions. For example the European Union had uniformed the droit de suite in 2006, which entitles artist and their heirs (70 years after their death) to a percentage of the profit from the resale. It also regulates the taxes on art. For example, the value added tax “import VAT” which has been introduced in Europe union (EU) in 1995 is a tax levied on artworks and antiques that is paid on the entry of goods in EU.

Government cultural institutions are also important actors of the art field: They promote, collect, give information and authenticate artworks. But they have also an indirect influence: public exhibitions enhance the value of the work of the artists tends to legitimate the value of art. There are several types of governmental cultural institutions:

First, there are some governmental institutions that are dedicated to the promotion of art and culture. The Agencies for the promotion of culture overseas are one example (Goethe Institute in Germany, Institut français in France, British council in UK, Japan foundation). Most of the time, they are organizations that carry out arts and cultural exchanges programs to enhance mutual understanding among countries throughout the world.

Then, Museums are taking a great part in the art sector. Museums, through their public sector curators, display and conserve the artworks. They also represent a final repository for the art works and a gage of

quality. Indeed, the galleries are often interested in “placing works” in public collections, which can benefit to its reputation and to the pedigree and future sales of the artist.

To conclude we can say that the art sector has a network structure, where actors operate in relationship with each other. In the perspective of a gallery for example, it consists of its owners, artists, collectors, certain critics and experts. But one must point out the fact that one individual can act in different roles or perform the tasks of various actor types. An artist can write criticism and organize exhibitions at the same time, and a gallery owner can be involved organizing an exhibition in a museum. Moreover, as we have seen, the “super-collectors” often cumulate several activities. Indeed, the concept of “actor” should be kept as broad as possible in order to take into consideration the complexity of interactions within the art sector.

## Notes

- (1) Aidan White, *Locating art world : London and the making of Youth British Art*, Area, 2003, 35.3, p 252
- (2) [http://www.tefaf.com/media/tefafmedia/TEFAF%20AMR%202012%20DEF\\_LR.pdf](http://www.tefaf.com/media/tefafmedia/TEFAF%20AMR%202012%20DEF_LR.pdf)
- (3) Iain Robertson, *Understanding international art markets and management*, Routledge, 2005, p 27
- (4) Thompson D, *Charles Saatchi : branded collector*, p 94
- (5) Iain Robertson, *Understanding international art markets and management*, Routledge, 2005, p 21



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