

# Chapter 71

## The Globalization of the Art Market: A Cross–Cultural Perspective Where Local Features Meet Global Circuits

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### ABSTRACT

*Background literature and market flow data show evidence of an increasingly global art market. In turn, the global art market, instead of being a single, defined entity appears to be made of various local and diverse art markets. These various markets are progressively converging and integrating thanks to logistic and communication circuits. Key actors and organizations in the art market (e.g. auction houses or leader-dealers) see managers and marketers increasingly encountering cultural diversity alongside with economic heterogeneity. This chapter takes into account the not-yet-conceptualized framework of the art market in cross-cultural context. In so doing the author specifically identifies divergences and convergences concerning consumer behavior and art goods in a global economy. The results support the notion that in the current art market cultural diversity influences consumer attitudes. Such evidence may have specific managerial implications for practitioners and may stimulate further empirical studies to enforce this theoretical claim.*

### INTRODUCTION

In the last century the entire art trade has deeply evolved and it is still changing. Unfortunately, the art market is characterized by a dramatic informational asymmetry and uncertainty (Codignola, 2003) and such a feature affects any analysis therein. Basic difficulties are indeed linked to incomplete data and figures. Information is not shared by or accessible to one and all on an equal basis because, for example, online or dealer sales are not public or, hammered price at an auction may not correspond to the final value. Therefore, this study is based both on available market flow data and background literature,

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considering the limitations of such market information figures. Among all players in the art market, this chapter focuses on a number of players which can be viewed as consumers or buyers of artworks. Normally, the 'buyer' is the one that makes a purchase from the seller and the 'consumer' is the one that 'uses' the product or service (Kotler & Keller, 2012). However, this chapter doesn't make such a distinction. In this way broader categories can be examined, such as auction houses, dealers, collectors, investors, and museums. Furthermore, in this categories, a distinction between the final buyer and the art seller is highly intricate and sometimes imprecise. In sum, the distinction between sellers and buyers would exceed the purpose of this study.

Moreover, in order to examine the influence of cultural values when selecting, buying, and disposing of artworks, the framework of 'consumer behavior' is most appropriate. Sure enough, such a framework contains a sequential process involving different activities that can influence the consumer in a number of ways. This process, fits perfectly with the distinctive dynamics of the global art market. In fact, consumer behavior is "the study of individuals, groups or organizations and the process they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society" (Hawkins, Best, & Coney, 2011, p. 7).

The art market global growth is considerably persistent, one reason being its reliance on its extraordinary wealth. For instance, the global total turnover for the art auction market was \$7.1 billion after the first six months of 2014, a billion more than the same period a year earlier and 5.2 billion more than 10 years earlier (+ 17 percent in one year and +275 percent in a decade). The whole value of the art market, including both auction sales and dealers, was estimated in 2013 at \$65.7 billion, with a growth of 154 percent since 2003. Contributing to such prosperity within the art market system, there is a substantial amplification in demand both at the high end of the market (where artworks are sold for over \$1 million) and at the ultra-high end with artworks sold for over \$10 million (*Artprice*, 2014). The high prices of contemporary artworks are certainly influenced by the participation of these demand top segments. While the United States and the European Union confirm their high trends in buying contemporary art, new buyers from the Middle East, Latin America, China, Russia, India, etc. have quickly enlarged demand and started a global competition. In fact, for the first quarter of 2013 Christie's listed buyers from 128 countries, 10 percent being new clients (*Artprice*, 2014). This typology of new buyers perceives an auction house such as Christie's into a recognizable global platform that makes it possible for them to become part of the inner circles of reputation and prestige sales.

The new demand shows an extensive variety of profiles, such as investment funds, wealthy private collectors, and key dealers at times acting on behalf of a country. In any case, given that in the high-end market buyers derive from the world's wealthiest segments, this chapter mainly considers the top segment of the demands.

At the same time this study proves that such segments themselves are heterogeneously composed because of national and cultural diversities. Moreover, the market supremacy of the contemporary art's segment, which grew in value by 564 percent between 2004 and 2012 (*Artnet*, 2014), represents one of the significant signs of such evolution. The origin of this segment's preeminence is to be sought once again in the various market's demands. For example, the segment of the collectors has noticeably been restructured, both quantitatively and qualitatively. Therefore, the specific framework of the contemporary art market it is particularly relevant as a growing global phenomenon on the one side and for its players' cross-cultural nature on the other.

In conjunction with several other consequences, Adam states that such a transformation in art consumption is due to the follow reasons: the impact of emerging economies; the nature and polarization of

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