



## SIMON GRAND ECONOMIES OF ART – CHALLENGES & STRATEGIES FOR A GALLERY FOR NET-BASED ART

STARTING FROM BORIS GROYS' THESIS THAT ART IS A COMMERCIAL SECTOR, ART COULD BE DESCRIBED AS A FIELD FOR ECONOMIC STRATEGIES. FOLLOWING KEY WORDS LIKE «RECOGNITION», «INNOVATION», «SELECTION» AND «COMPETITION», SIMON GRAND ARGUES THAT AN ECONOMICALLY SUCCESSFUL BUSINESS IN THE CONTEXT OF ART HAS TO MAKE «SOVEREIGN DECISIONS». THESE ARE PLAUSIBLE ASSERTIONS THAT ATTRIBUTE THE STATUS OF BEING RELEVANT ART TO A WORK, WHEREBY THIS ASSERTION CAN BE SUPPORTED BY THE SALE OF THIS WORK, AS WELL AS BY EXPERT RECOGNITION FROM THOSE WHO FORMULATE IT. THE ESSAY, WRITTEN DURING THE FIRST PHASE OF THE RESEARCH PROJECT, PROVOKES QUESTIONS ABOUT THE POSITIONING OF AN ECONOMIC BUSINESS IN THE FIELD OF NET-BASED ART. THE LINE OF ARGUMENT ALSO PROVIDES ARTISTS WITH NUMEROUS REFERENCE POINTS FOR EXAMINING THEIR RELATIONSHIP TO THE ART MARKET.

## 1. STARTING POINT: ECONOMIES OF ART

«Art is primarily a commercial sector. The task of art consists in the production, distribution and sale of artworks.»<sup>1</sup> This definition makes art an object of the economy and a field for entrepreneurial strategies. The central challenge for every actor in this context is to see the various economic challenges and use them for their own strategies. The aim is to integrate the diversity and heterogeneity of the economies that are essential for the valuation and revaluation of artworks.

First of all, this involves an economy of the market. It is important to understand how supply and demand for an artwork coalesce. At the same time, the question arises as to the boundaries of the respectively relevant market, because art does not form one market, but rather coalesces from a multitude of different, overlapping and mutually interacting markets: for Pop Art and Minimalism, for painting and installations, for large and small artworks, for originals and series. The strategy for competitiveness deals with this economy: it is a matter of specifically deciding whether to address a large or small market, a controversial or neglected one, a saturated or a dynamic one, and how exactly to position oneself in this market.

Secondly, it is a matter of an economy of the new, in other words the question of whether established and categorized, archived and documented artworks are involved, or of establishing, valorizing and positioning new works (which are always initially an assertion) as artworks. At the same time, this always involves the question of whether a new artwork is attempting to assert itself in an existing market, or whether a new market could be created with the artwork. The strategy for innovation deals with this economy, calling for concrete decisions about whether the aim is a focused or a radical innovation, a modular or an architectural innovation, a technological or a cultural change, and how exactly this strategy for innovation is to be realized.

Thirdly, it is a matter of an economy of recognition. An artwork must not remain merely an assertion, but must instead find recognition as an artwork in an art market by actually being shown, evaluated, auctioned or sold. Of course, it is very important to judge whose recognition is actually being sought: recognition from insiders or from the general public, from private collectors or museums, from artist colleagues or critics. The legitimization strategy deals with this economy, which translates and transforms assertions associated with every artwork into believed and shared, self-evident and unquestioned realities, keeping in mind that the establishment of recognition aimed for can also result in its opposite.

<sup>1</sup> Boris Groys, *Über das Neue. Versuch einer Kulturökonomie*, Vienna: Hanser, 1992, p. 9.

There are a multitude of other economies. However, the three economies outlined here and their corresponding strategies are important in any case and especially in the context of art. The question is whether an actor wants to explicitly deal with these economies and the corresponding strategies or not. What matters in any case are the specifically realized patterns of production, distribution and sales, and the results actually achieved in the art market. What is relevant in association with these patterns is the perception of one's own respective artistic position, the comparison with other artists within and outside of one's own market, questions of the innovativeness and newness of one's own works, or the specific presence and relevance in various fields of the art system.

## 2. DEMARCATION: WHAT BELONGS TO ART

Every object and every commodity can be an artwork, but that is not automatically the case. Accordingly, «[...] it is easy to assert that the artwork is a commodity. It is much more difficult to determine which commodities are artworks»<sup>2</sup>. In other words, the assertion that a painting, an installation or a performance is art, depends on being able to convince others that this is the case. When someone spends money on an artwork, this is the most tangible confirmation that an object has a value, at least for this person, as an artwork. In addition to the purchase act, of course there are other actions and transactions that are also important in this process of affirming art as art: exhibitions, inclusion in a gallery, references in art reviews and art history.

This mode of consideration has an essential consequence for our perspective of art and its creation: «The creation consists of two operations – production and selection. [...] The act of creation is primarily an act of selection.»<sup>3</sup> Through the selection of objects as artworks, by the purchaser, the collector, the museum, the gallery, art becomes art and also remains art. Of course, the artist's own selection is crucial here, the process of artistic creation is, in this sense, itself a process of selection and valuation, contextualization and revaluation, interpretation and translation. The economies of art and the strategies associated with them are possible ways of looking at how the selection can and will take place. The paradigm of market events is shifted here from a production view to a consumption view.

Engaging with the concrete consumption conditions and consumption habits of the involved actors in the concretely relevant art market is also decisive. How is a certain artwork consumed, how is it purchased? From this perspective, artworks and artistic strategies are to be queried in terms of how they include the consumers and collectors, the dealers and exhibitors in what happens with an artwork, in the development and

<sup>2</sup> Boris Groys, *Topologie der Kunst*, Vienna: Hanser, 2003, p. 9.

<sup>3</sup> Ibid., p. 11.

process, the creation and maintenance. In all of these activities there are selections and valuations, decisions and emphases, which affect the successful translation of objects into artworks. Ultimately, here «[...] every socially established selection procedure has a name»<sup>4</sup>, the name of an artist or an exhibition-maker, a collector or a critic.

The various selection procedures, the valuation strategies and the different consumption experiences compete with one another, specifically within a certain market on the one hand and between markets within the art system on the other. The central and fundamental question is which selections and strategies can prevail and establish themselves in the competition for legitimacy, attention, appreciation and financial resources in a certain situation and over the course of time. Marcel Duchamp's ready-mades are nothing other than the general description of these strategies of revaluation from an object to an artwork. Accordingly, it is not surprising that this procedure has achieved such central significance.<sup>5</sup> However, this procedure is to be newly defined for every single case and in every situation.

A central feature of markets for artworks is that a relevant portion of them relate to unique works or limited series. From an economic perspective, this means that the supply actually dictates the price, but only if there is a corresponding demand. In this sense, every artwork is a positioning in the search for a market. However, the respective assertions and selections may also serve to establish a new market. Art collectors and exhibition-makers, consumers and critics form clusters of respectively comparable artworks and selection procedures from these extremely fragmented constellations. Comparability is not simply a given, but must be produced by defining corresponding categories and relationships.

### 3. STRATEGIES: SOVEREIGN DECISIONS

The conclusion to be drawn from the foregoing is that every artistic assertion, every production of comparability, every constellation of competition, every positing of markets, every differentiation and demarcation is contingent and is produced and established by the actors involved. This means that there could just as well be other assertions, demarcations, comparisons and positions. These are ultimately sovereign decisions in the literal sense, which are alone able to reduce the uncertainties and ambiguities associated with this contingency. Every artist and «[...] author makes sovereign decisions, but precisely because they are sovereign, they cannot be justified, explained or defended. They can only be made or not made. The fate of the author consists of having to please, in order to survive»<sup>6</sup>. Those who generate attention or

<sup>4</sup> Ibid., p. 15.

<sup>5</sup> Cf. Groys, *Über das Neue* (op. cit.).

<sup>6</sup> Boris Groys, *Topologie der Kunst* (op. cit.), p. 17.

a willingness to pay, have a concrete and tangible affirmation that they are pleasing.

At the same time, each collector and gallerist, exhibition-maker and critic also has to make his or her sovereign decisions. This means that «[...] the sovereignty of the artist is directly confronted, without any mediation or institutionalization, with the sovereignty of the viewer [...]».<sup>7</sup> This is why art is so distinctly self-referential. Its system stabilizes selection mechanisms, prefers single strategies of valuation, and rejects certain assertions as being irrelevant or unattractive. Stagings play a highly central role in this. They create contexts, in which competition and dynamics of comparison, assertions and valuations, selection and demarcation can take place. Fairs, exhibitions, biennales or similar occasions are suitable for this: «In order for the sovereign author to not only carry out his authorial decisions, but also manifest them, he needs a place.»<sup>8</sup> His or her decisions are inherently uncertain and controversial. Various agents establish themselves accordingly, who proactively seek to reduce uncertainties, influence controversies and stabilize contingencies. Gallerists do exactly this job, thus contributing to value creation for their collectors, exhibition-makers, audience, critics and their readers, artists and colleagues. This results in a complex system of cross-references, attributions of significance and investment decisions, which condense into stable collective ideas and expectations, thus fixing individual markets and relative positions, but which can, at the same time, also always be called into question by innovations and revaluations, new ready-mades, in other words, and deconstructed over time. What ultimately prevails in competition is open; the only certainty is that something will prevail.

A fascinating paradox is established in this process: because new value judgments and positions inevitably prevail again and again in the dynamics of competition in art described above, the suspicion arises that certain actors are responsible or that certain abilities are required.<sup>9</sup> Those who are successful seem to have a specific ability that makes them successful. Accordingly, a driving force is suspected behind and below the surface of the art system, consisting of influential actors who regulate these processes and make use of them for their own strategies. At the same time, who has prevailed is always clear 'ex post', in retrospect we know who has been successful; success is not guaranteed 'ex ante', however, not to be secured through certain strategies and interventions, manipulations and positions. The formation of expectations is correspondingly central to all dynamics of competition.

<sup>7</sup> Ibid., p. 21.

<sup>8</sup> Ibid., p. 22.

<sup>9</sup> For a detailed media theory analysis of this suspicion, cf. Boris Groys, *Unter Verdacht. Eine Phänomenologie der Medien*, Vienna: Hanser, 2000.

#### 4. ENTREPRENEURIAL CONSEQUENCES FOR A GALLERY FOR NET-BASED ART<sup>10</sup>

What does this mean for setting up a gallery in the context of the Internet? Here are a few possible consequences for further proceeding to set up the gallery:

First of all, as an actor in the art system, this gallery must determine for itself certain fundamental positions and definitions that are sovereign, in other words, which cannot be conclusively founded and explained: What is the focus in reference to market and value creation? The gallery is confronted with the fact that something like a gallery for net-based art is needed, but does not exist. This is an opportunity and a challenge at the same time, but first there must be a precise definition of what the concept of a gallery like this can include. The gallery's selection strategy must first be established and make a name for itself.

Secondly, this gallery enters into an exchange with artists and collectors, with exhibition-makers and critics, who in turn determine fundamental positionings and definitions as well, which can also not be conclusively founded and explained. These other actors are also interested in the commercialization of net-based art. However, they have controversial ideas and heterogeneous expectations about this. The gallery has to make its focus attractive both with and counter to these expectations.

Thirdly, the question arises for the gallery of how it sees the economies of the market, of the new, of attention, etc. on the basis of the defined focus, and which consequences this has for the strategies of competitiveness, innovation and legitimization: What does the gallery want to achieve and how is this manifested? To what extent is the gallery oriented to existing markets and economies, or does it seek to create a market of its own with its own economy? This sovereign decision will determine the gallery's selection strategy and thus its attractiveness and relevance in the art system. Potential and currently identifiable willingness to pay is central in this context.

Fourthly, the gallery must intensively explore the consumption and selection conditions in its own context and determine the selection patterns that are to be important for its own activity. These selection patterns are not to be determined generally, but are instead manifested in concrete and specific actions and positionings: Which artists are represented by the gallery, which artworks selected, which consumers and investors addressed, which prices defined? When establishing a new type of gallery in a new market, there are no alternatives to sovereign decisions and autonomous assertions. They form the context for everything else.

<sup>10</sup> The founding of a commercially operating gallery for net-based art was the starting point for the research project *Owning Online Art*.

Fifthly, it cannot be clearly stated 'ex ante' whether the defined focus and the associated selection strategies are attractive enough to gain attention. Assertions and positionings must be proactively made and tested all the more concretely. Can they induce purchase decisions and thus establish a name? The gallery's own references and valuations are to be honed in the interplay with artists and purchasers. On the one hand, earlier positionings are essential here, because they form the context for further development, but on the other hand, initial experiences and reactions are needed to learn something 'ex ante' under uncertainty about the dynamics of competition.

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