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**THE EVOLUTION OF THE ART
MARKET:**

**From 15th century Florence to the
Sotheby's - eBay agreement**

RELATORE

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INTRODUCTION:

In this paper we retrace the evolution of the art market. Starting from Renaissance Florence, we trace the progressive evolutionary milestones of the market, first at a European, then at an international level.

In the first chapter, we examine the importance of Northern Europe's trading hubs and highlight how the international character and openness of these *entrepots*, contributed to structuring the market. In particular we describe and analyse some of the conditions that facilitated the development of art dealership.

In the second chapter, we witness how the air of innovation in Paris, and the birth of auction houses in London drove this development forwards. Furthermore, we summarize the main events of the 20th century art scene, illustrating the significant individuals who molded the imperfections of the market, giving it the shape that we know today. Finally, we analyze market shares and introduce the concept of online art auctions. The importance of emerging art trends and the internationalization of the art market is also discussed.

In the last section we analyze the recent agreement between Sotheby's and eBay with regard to the online art auction market, and examine the opportunities and threats of this partnership.

Finally, we outline all the major relevant changes with specific reference to a series of examples, drawn from the most important geographical areas associated with the market's evolution.

1. EARLY DEVELOPMENT OF THE ART MARKET: FROM THE RENAISSANCE TO THE 18TH CENTURY

It is possible to begin an analysis of the market for art at the end of the Middle Ages, at the beginning of the 16th century. Although rudimentary forms of art commerce can already be traced to earlier periods, for example in ancient Greece and Rome, the market for artistic artifacts acquired a specific structure and evolved exponentially during the Renaissance. This period was one of the richest artistic periods in the history of humankind, closely reflecting the changes and developments of the societies in which it was embedded.

Right from the very beginning we can distinguish the market as divided into two segments: a primary market (of production and direct sale), and a secondary market (of resale and collection). While the primary market's growth was mainly linked to the development of artistic techniques and trends, the secondary market sprouted and grew in the winding alleys of the Renaissance merchant cities, and saw the emergence of a new kind of specialist trader: the art dealer.¹

We will analyze these cities individually, as each one gave a distinct and different contribution to growth of the art market, studying the environment that allowed this new type of trade to flourish.

Our journey begins in Florence, during the second half of the 15th century.

¹ Westgarth, Mark. "The Art Market and its Histories." *The Art Book* 16.2 (2009): 32-33.

² De Marchi, Neil, and Hans J. Van Miegroet. "The history of art markets." *Handbook of*

1.1 The early stages: Primary markets in Florence, Bruges and Antwerp

“Florence was perhaps the single most prolific center of the new painting, and of ideas concerning painting, that we associate with the Renaissance.”²

If one thinks of the Renaissance, one thinks of Florence; the city was the cradle of the cultural “rebirth” that took place at the end of the medieval period. The high concentration of painters, sculptors and artists in general made it the perfect place for the art market to develop.

Most of the main paintings produced in Florence were ordered on commission. They were assigned through a competition, where the various ideas from different artists were evaluated and chosen. The artworks were mainly intended for churches, public buildings, guilds or wealthy private houses. This suggests that the main market at the time was strictly primary, meaning that the winning artists sold their work directly to their clients, without any intermediation.

It took the genius of a minor Florentine painter to introduce a new business model in the art world: the little known Neri di Bicci (1419-1491). Di Bicci created a retail market in ready-made religious images. His work was inspired by publicly displayed creations, but had at the same time far more accessible prices. By targeting a lower and much broader market segment, and by bulk ordering large

² De Marchi, Neil, and Hans J. Van Miegroet. "The history of art markets." *Handbook of the Economics of Art and Culture* 1 (2006): p. 69-70.

quantities of raw materials, such as gesso, terracotta and wooden tabernacles, his trade flourished.

A wealth tax assessment of 1480 shows how successful his business was, putting him ahead of all the other painters in Florence.³ Di Bicci is still to be considered as part of the primary market, as the works he sold, even if they were in series, were still produced by him and his workshop.

From Italy we move to Belgium, precisely to Bruges.

By the end of the 15th century Bruges had become the main commercial city in Northern Europe. “The city of Bruges rose to prominence as a result of its commerce, and its annual fairs were the principal occasions that attracted and facilitated trade. Merchants and craftsmen assembled at the Bruges fairs to exchange or sell a variety of products. (...) As revealed in early sixteenth-century documentation, painters joined in renting stalls in a special exhibition gallery called the *pand* designated for the display of luxury commodities.”⁴

While the fairs were taking place, the roads of the Belgian city were filled with merchants from all over Europe, searching for the best bargains to take back to their hometowns. This multinational

³ Commanducci, R. (2003). “Produzione seriale e mercato dell’arte a Firenze tra quattro e cinquecento”. In: Fantoni, M., Matthew, L.C., Matthews-Grieco, S.F. (Eds.), *The Art Market in Italy*. Panini, Modena, pp. 105–113.

⁴ Martens, Maximiliaan P.J. "SOME ASPECTS OF THE ORIGINS OF THE ART MARKET IN 15TH-CENTURY BRUGES." *Marchés de L'art, 1400-1800* 3 (1998): p.29.

environment meant that foreigners mainly exhausted the supply, and that the products were then exported. This was a completely opposite procedure to what was happening in Florence, where art was produced for domestic or regional demand only.

Another essential difference between Bruges and Florence was the presence in the former city of three distinct guilds of artists: the oil painters, the watercolor painters and the miniaturists. These three groups competed for market share, engaging in competition by product type and price,⁵ creating a very varied and dynamic market.

The sales were concentrated in the *pands*, large public market places, where artists rented stalls and shop windows to display their works. The *pand* system was further developed and improved in Antwerp, the next milestone in our art market journey.

Antwerp benefited from the natural and political forces that caused the decline of Bruges during the 15th century.⁶ It also had the advantage of the monopoly on the import of spices granted by the Portuguese, excellent communications with other European cities and an exponential demographic explosion. As a result of all these factors, Antwerp became a crucial commercial center of Renaissance trade.

Here, the art market prospered enormously, thanks to the openness of the city's trade regulations. These benefits enabled the biggest and most prolific art market of the time to develop: the *pand* in the Church

⁵ De Marchi, Neil, and Hans J. Van Miegroet. "The history of art markets." *Handbook of the Economics of Art and Culture* 1 (2006): p.80.

⁶ De Marchi, Neil, and Hans J. Van Miegroet. "The history of art markets." *Handbook of the Economics of Art and Culture* 1 (2006): p.122.

of Our Lady, which was granted the monopoly of the sale of artworks in Antwerp. It was also given a special permit that allowed it to stay open all year round and not just for a few weeks, like all the other *pands* held during fairs. This *pand* is of particular significance, as it was the first salesroom exclusively dedicated to art in history.

Another evolution from the previous Belgian model was the formation of a single guild, known as the Guild of St. Luke. This encompassed more than 20 crafts (including painting), and encouraged cooperation between these different crafts; thus eliminating the tensions and aggressive market behaviours previously seen in Bruges.⁷

The city started to decline towards the end of the 16th century, but its contribution to the evolution of the art market was still of crucial importance. In fact the art dealers kept Antwerp as a production base, but abandoned the *pands* and started exporting – seeking new favorable markets – mainly to Paris and Amsterdam, but also to Spain and the Americas. By doing so, they also exported their expertise and know-how in the art business, gained during the years of flourishing free trade in Antwerp.

⁷ Martens, Maximiliaan PJ, and Natasha Peeters. "Artists by Numbers: Quantifying Artist's Trades in Sixteenth-Century Antwerp." *Making and marketing: studies of the painting process in fifteenth-and sixteenth-century Netherlandish workshops*. 2006.

1.2 *The development of secondary markets: art auctions in Amsterdam and Paris during the 16th, 17th and 18th centuries:*

The first trace of a secondary art market in Europe is to be sought in the corporation of the second-hand dealers. These dealers traded in goods bought in estate sales, mainly clothes (from which the names derive: *stracciaroli* and *rigattieri* in Italy, rag and bone men in Britain, *fripriers* in France and *oudecleerkopers* in Holland)⁸ but also paintings. Although they did not specialize solely in art, the second-hand dealers are our first example of traders who were not also directly involved in production.

There was one place in particular where the Dutch *oudecleerkopers* gathered to conduct their business: the Orphan Chamber in Amsterdam. The Orphan Chamber had traded paintings, as part of estate auctions of deceased citizens, since the beginning of the 16th century.⁹ The purpose of these auctions was to raise money for the orphans of the deceased. Another important auction house was the Bankruptcy Chamber, whose aim was to raise money to pay off creditors.

Auctions were a very quick and effective way of disposing of goods, and as Amsterdam's commercial power grew, and the city took the place of Antwerp as the *entrepôt* of Northern Europe, they became larger and subject to more specific regulations. The main reason for the increase in regulation in the Dutch art market was the covert

⁸ De Marchi, Neil, and Hans J. Van Miegroet. "The history of art markets." *Handbook of the Economics of Art and Culture* 1 (2006): 69-70.

⁹ Montias, John Michael. *Art at auction in 17th century Amsterdam*. Amsterdam University Press, 2002.

infiltration by foreign dealers. Because of Amsterdam's commercial fertility, foreign merchants started importing low quality art works of dubious provenance, re-selling them in illegal auctions at inflated prices. This practice lowered the actual value of the whole market, because prospective buyers, perceiving the danger of acquiring low quality copies, would be less inclined to invest, and if they did so, would want to risk lower sums of money than in a transparent market situation. On the other hand, sellers in possession of quality originals would have fewer incentives to put them on the market; for fear that they would be under-valued.

This problematic situation seems an apt example of Akerlof's study "The market for lemons" (1970), in which, using the example of used cars, he discussed how poor information, and the risk of low quality products, lowers the overall value of a given market.¹⁰ The only measure Dutch art merchants could adopt to overturn such a practice was by offering a system of quality guarantees. They did so by creating a guaranteed high-end market, supervised by a knowledgeable, trustworthy class of merchants and dealers, who certified the quality of the works they treated.¹¹

The increase in art market regulation continued through the years and took another step forwards in London, towards the end of the 17th century, where printed auction rules were handed out prior to the sales. We will come back to London in the next chapter, as it became

¹⁰ Akerlof, George A. "The market for" lemons": Quality uncertainty and the market mechanism." *The quarterly journal of economics* (1970): 488-500.

¹¹ De Marchi, Neil. "The role of Dutch auctions and lotteries in shaping the art market (s) of 17th century Holland." *Journal of Economic Behavior & Organization* 28.2 (1995): p. 205.

one of the most important cities in the global art market, but now our journey takes us to Paris, halfway through the 18th century.

During these years the French capital witnessed the rise of Edme-François Gersaint (1694–1750), who can be considered the first modern dealer in art. Gersaint started off as a modest merchant, and through well-planned joint ventures and innovative strategies, rapidly became one of the most prominent dealers in Paris. He had an extremely diversified art portfolio, dealing in the most exotic and modern art currently available on the European market, creating a kind of non-stop fair. By doing so, he attracted clients with a wide range of different tastes and spending levels.

“Gersaint introduced Parisians to the ascending price auction without private side-sales; his sales had printed catalogues; and there were pre-sale viewing days. His catalogues were discursive and instructive, and his sales leisurely, allowing potential buyers to become familiar with paintings, and to form their valuations partly by discussing with, and observing the direction and strength of bidding by, others. In these several ways Gersaint eased control of the Paris market away from artist–dealers. Among Gersaint’s more radical notions was the idea that anyone, in principle, could become amateur lovers of paintings and form a respectable collection, even those without the money, the leisure or the learning to become true connoisseurs”.¹²

This idea of creating an emotional attachment to a painting, which may nowadays seem obvious, was totally innovative at the time. The

¹² De Marchi, Neil, and Hans J. Van Miegroet. "The history of art markets." *Handbook of the Economics of Art and Culture* 1 (2006): 107

concept of measuring a painting's value on the basis of the pleasure it produces in the viewer, had never been introduced before, and places Gersaint as a radical pioneer in the market for art.

From this stage onwards the art auction circuit started to be progressively coordinated between different cities, mainly Paris, London, Amsterdam and Brussels, and slowly North America. It started to develop the aspects of a global, international market.

2. THE MODERN MARKET FOR ART: FROM THE IMPRESSIONISTS TO THE 2000'S:

Paris remained the nerve center of the art market for at least the next 150 years after 1750. Throughout the 19th century the Paris Salon, the art exhibition of the Académie des Beaux-Arts, officially sponsored by the French government, monopolized the promotion and assessment of art production in Paris. The exhibition took place annually, displaying the best academic art, and being featured in it was, at the time, the only way for an artist to be given recognition and to be considered successful.

The disadvantage of the Salon was that the art it displayed and encouraged was very conservative. This meant that it regularly ignored and rejected examples of the many innovative artistic practices that were blossoming at the time. Among others, this happened to the artists who would be soon recognized as the Impressionists, and yet who saw their works rejected by the Salon year after year.

At this point in history another remarkable French art dealer, following in the footsteps of Gersaint, entered the game and changed it forever: Paul Durand-Ruel (Paris, 1831-1922).

2.1 Two of greatest art dealers of the 20th century: Durand-Ruel and Duveen

Durand-Ruel owned a modest art gallery in Paris, inherited from his parents. Here he started to display and promote the work of the Impressionists, a disparate group whose only thing in common at the time was that they had all had their work rejected by the Salon.

A few years earlier, in 1870, when France was in the devastating grip of the war with Prussia, Durand-Ruel had fled to London, where he had opened another branch of his business. It was here that he met Monet and Pissarro, who were also waiting for the war to end, and fascinated by them, he acquired some of their paintings. In his memoirs he wrote: “soon after our meeting I began slipping a few paintings by these two artists into exhibitions, which I organized in London”.¹³

Thanks to this strategy of including young unknown artists in exhibitions of work by already well-known painters, Durand-Ruel publicized and encouraged the *avant-garde* of Parisian art. As soon as the war was over, he returned to Paris and started acquiring and promoting the work of all the other Impressionists.

¹³ Venturi, Lionello. *Les Archives de l'impressionisme: lettres de Renoir, Monet, Pissarro, Sisley et autres: mémoires de Paul Durand-Ruel: Documents. Durand-Ruel, 1939.*

Durand-Ruel's approach to being an art dealer was completely innovative for the time. He had an intense personal relationship with his artists. Often he even bore their private expenses, a practice that can be traced back to the artistic patronage seen in courts across Europe so many centuries before. He was also a great advertiser, and in addition to "slipping" his lesser-known artists' works into well-known exhibitions, he also started publishing a modern art journal, to raise the public's acceptance and awareness towards his group of young artists.

Another practice Durand-Ruel started was to buy in bulk all the works of a single artist, in order to have the monopoly on future sales. However, his greatest innovation was perhaps to export the Impressionist movement outside Europe, to North America. This was a completely unexploited market that had not, until that day, been considered sophisticated enough for European art.

Our journey continues in America with the introduction of Sir Joseph Duveen, 1st Baron Duveen (1869-1939).

Sir Joseph was an influential art dealer in the Duveen Brothers firm, which was based in London and had branches in New York and Paris. He was the first art dealer fully to comprehend and exploit the North American art market, noticing that, as he once stated himself: "Europe has a great deal of art, and America has a great deal of money".

Duveen built up an enormous fortune during the first half of the 20th century, by buying Old Masters art from European aristocrats whose wealth and influence had declined and selling it to the new American

billionaires. In this way, he became one of the richest and most influential art dealers of all times.

Duveen was a talented businessman and salesman, and greatly benefitted from the application of ingenious selling techniques to the art dealing industry. In contrast with previous dealers, he didn't try to widen the customer base for the art that he dealt in. On the contrary, he concentrated solely on the extremely rich, convincing them that by acquiring prestigious works they were also buying upper class status. He made contacts with a great many of his clients' servants, from whom he would gain all possible information on the prospective buyers' tastes and inclinations; he would then arrange to bump into them casually on the street, and from there his sales were easy.

Another example of Duveen's cunning techniques was a tactic he employed when a client didn't agree on the price of a painting. Using an excuse, Duveen would leave the work at their house, sometimes even for a few weeks, until they fell in love with it and then paid the price that he wanted. His clients included J.P. Morgan, William Hearst and John Rockefeller. The enormous collections these billionaires built up, mainly supplied by Duveen, provided the basis for the opening of America's most important art museums. Duveen himself made many philanthropic donations and contributions to British museums, making him fundamental to the development and success of the art museum system.¹⁴

¹⁴ Secret, Meryle. *Duveen: A life in art*. University of Chicago Press, 2005.

2.2 *The success of auction houses: an insight on Sotheby's:*

Today art auctions have become the most popular way of selling art. Nowadays auction houses act as intermediaries in the vast majority of art deals worldwide; they connect sellers to wealthy buyers, earning commissions charged on the final auction price.

As we have seen, auctions were already present in the Netherlands and in Paris, as early as the 17th century. The oldest art auction houses are actually Swedish, but the most important ones are definitely English, and the English auction is the most common form of auction in use today.

The English auction method is also known as the open ascending price auction: bids start from a reserve price, and go from low to high (in contrast to the Dutch auction method, where bids go from high to low), meaning that the final highest bidder wins the auction. The main auction houses, namely Sotheby's and Christies were founded in London, in the 18th century.

In this section we shall concentrate on Sotheby's, analyzing its rise to become a worldwide leader in the art auction sector.

Sotheby's is the world's 4th oldest auction house, and arguably the largest. Founded in London in 1744 by Samuel Baker, it was initially intended to be an auction house solely for rare books. During its early history it managed the sale of some incredibly valuable manuscripts, including a copy of Dante Alighieri's *Divine Comedy*, illustrated by Botticelli, and the library that Napoleon took with him into exile on St Helena.

After dominating London's rare book market for two centuries, Sotheby's started to expand and look for new lucrative business openings. During the 1940s it strengthened its position as an auction house, deciding to deal in all kinds of art, no longer just in books; in so doing, it expanded into paintings, jewellery and a wide range of collectibles.

In 1955 Sotheby's greatly expanded its market reach by opening a subsidiary in New York, and thus inaugurating its American operations. A few years later, it mediated the sale of the Goldschmidt collection: 7 paintings were sold for £781,000, the highest price ever made in a fine art auction. This particular sale initiated a sharp hike in art prices, and is said to have triggered the boom of the art market.¹⁵

Through the years Sotheby's continued its international expansion, opening branches in Switzerland, France, Italy, Hong Kong, Russia and China. Indeed, it was the first foreign auction house to enter the Chinese and French markets.

In 1967 Sotheby's acquired Parke-Bernet, at the time the largest auction house in the USA. In 1977 the company went public and saw the value of its shares more than double over just one year.

Today Sotheby's has 90 offices around the world and conducts more than 250 auctions each year. In 2014 its revenue was \$938.05 million, up from the \$853.68 million in the previous year.¹⁶

Its main rival is Christie's, with which Sotheby's is in constant competition for the first place in the auction market. Another

¹⁵ <http://www.sothebys.com/it/inside/about-us.html>

¹⁶ <http://www.statista.com/statistics/273017/revenue-of-the-auction-house-sothebys-since-2006/>

important auction house is Phillips de Pury & Company, founded in 2002 by LVMH to try and break this duopoly.

We have seen how the great art dealers facilitated the emergence of new art trends (such as Impressionism) and instigated the internationalization of what was before considered a strictly European market (as with Duveen at the beginning of the 20th century). We then took a look at the worldwide expansion of English auction houses, taking Sotheby's as an example. Analyzing these examples it is easy to observe the progressive creation of a global interconnected market for art.

2.3 *The art market boom:*

At the beginning of the 20th century the art market in London was still very traditionalist, with Sotheby's still trading rare books and Christie's mainly focused on the Old Masters. The Parisian market however, influenced by the blossoming of Impressionism, was far more lively and progressive.

However, events on the global stage were about to shake up the status quo.

“The outbreak of the Second World War greatly slowed the London art market and forced a number of the leading Jewish dealers in Paris to move their businesses to New York”.¹⁷ The Nazis raided many of the remaining Paris art collections, and heavily bombed London. These events and conditions led to New York succeeding Paris as the new hub for modern art.

¹⁷ <http://www.britannica.com/topic/art-market/The-20th-century>

New York's success was sustained by a substantial amount of new clients interested in modern art, and by a complex triangular relation between artists, critics and museums. Auction houses also started to play a significant role in this market, thanks to their increasing international operations.

In the 1970s art began, for the first time, to be seen as an investment vehicle: the British Rail Pension fund, advised by Sotheby's, invested around £40 million in art portfolios. This action, linked to the entrance into the market of extremely wealthy Asian buyers, led to a huge market boom during the 1980s and 1990s.

Prices rocketed sky high, to peaks unimaginable just a few years before, with major paintings doubling in price and selling for figures from £50 million to £100 million.

This staggering rise in prices was partly explained and contained when a huge scandal was unveiled in 2000, seeing Sotheby's and Christie's accused of price fixing, activities for which both auction houses were fined a total of £390 million.

This event greatly diminished the public's confidence in auction houses' impartiality, and spurred the return to popularity of great art fairs, where prospective buyers felt they could choose works in a more transparent and relaxed environment.

2.4 *The current situation: a global art market*

At this point in history the art market can be considered as a whole, unified entity, perfectly coordinated across borders and continents. Single nations occupy different sized market shares; TEFAF (The European Fine Art Fair), in its 2015 report on global art markets, outlined the following situation:

- In 2015 the market reached the highest level ever recorded, with a total value of €51 billion, growing at a rate of 7% a year.
- The USA is the leader in the sector, with a market share of 39%, followed by the United Kingdom and China (both at 22%). (See Chart 1.)
- Postwar and contemporary art dominate sales (defined as artists born after 1910) with 48%, followed by modern art (artists born between 1857 and 1910) with 28% of global art auctions, while market for Old masters accounts for 8%.¹⁸ (See Chart 2.)

¹⁸ McAndrew, Claire. *TEFAF Maastricht Art Market Report 2015*. European Fine Art Foundation, 2015.

Chart 1: Market share by country

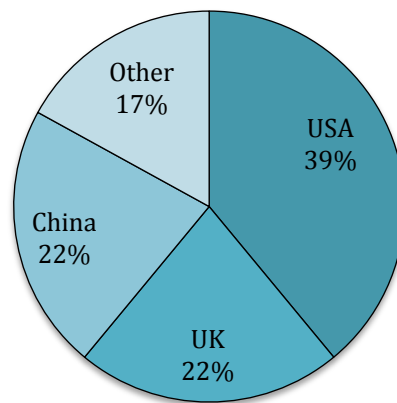
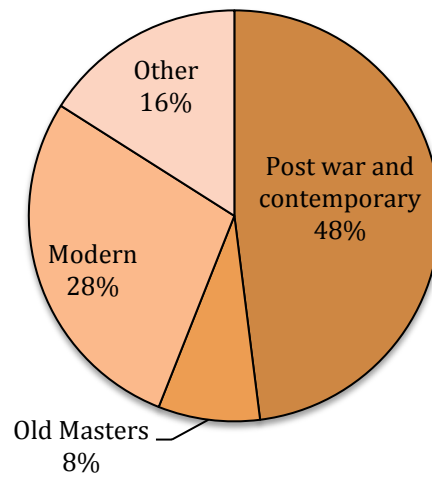


Chart 2: Market share by artistic movement



2.5 *The online art market:*

The new millennium has witnessed the unstoppable rise and growth of the Internet. The younger generations are increasingly working, starting businesses and making their fortunes online, and they have started to recognize the Internet as an art-trading vehicle.

In fact, after a slow start and quite a lot of resistance – mainly due to the fact that old-fashioned prospective buyers wanted to personally inspect the works that they bid for – online auctions and art-selling websites have become increasingly used and popular and are accessed from both fixed and mobile devices.

An article in the New York Times on 23 March 2015 outlined some salient features of the online art market:

“Works priced at more than €1 million accounted for 48 percent of the value of the auction market in 2014, yet they represented less than 0.5 percent of the transactions.

*The submerged iceberg of high-volume, lower-value art sales has become a main growth area for online commerce and the venture capitalization that comes with it. There are now more than 40 specialist dot-com companies selling or facilitating the sale of artworks, primarily in the \$1,000 to \$50,000 range. And those sales are growing”.*¹⁹

As the article states: sales “are growing”, and they are growing strongly: during last year the main online art auction websites saw an

¹⁹ <http://www.nytimes.com/2015/03/23/arts/international/when-the-fine-art-market-goes-online>

impressive average increase in sales of 109%. This substantial rise strongly suggests that online art selling is here to stay.

As mentioned above, in recent decades, art has been more frequently seen, not as a commodity, or a status symbol, but as a form of investment.

The enormous growth of the online market is in fact driven by hundreds of new buyers who see art as an investment vehicle whose value will increase over time. Investment is indeed one of the most significant reasons that drive online art buying. About 63 percent of a survey pool cited “value potential” as their motivation to buy. Those numbers were even higher among new buyers, at 75 percent.²⁰

Clearly, these art investors are less interested than their historical forerunners in the details of a painting, if they are interested at all. They are making an economical, rather than an emotional investment, and so are more at ease with online buying.

In total, it is estimated that online art auctions generated €3.3 billion in 2014, about 6% of the total volume of global art sales,²¹ and looking at the figures above, we can predict that this percentage is bound to increase.

²⁰ <http://observer.com/2015/04/as-collectors-invest-in-art-online-art-sales-see-a-surge/>

²¹ <http://www.artslife.com/2015/03/20/tefaf-art-market-report-2015/>

3. OLD MEETS NEW: THE SOTHEBY'S – EBAY AGREEMENT:

Online auctions are becoming increasingly popular with a rapidly expanding customer base. It is now possible to bid for an object directly from your smartphone – an extreme simplification of the auction process, which brings it within reach of millions of potential art owners.

A prospective buyer on the other side of the world can inspect a product online in a matter of seconds, complete its acquisition in a few minutes, and have the item shipped directly to his or her doorstep. And the whole process takes just a few clicks.

Sotheby's had already realized the huge potential that online auction platforms could have in 2002, and had made a first agreement with eBay.

An American multinational e-commerce company specializing in online shopping and auctions, eBay is one of the largest and most well-known online marketplaces in the world.

The 2002 agreement stated that eBay would dedicate a section of its website solely to Sotheby's auctions, with the objective of establishing Sotheby's online presence, and marking it as an innovator in the art auction market. However, the agreement was probably ahead of its time: the partnership failed to generate the expected profits and was dissolved after less than a year.

In the meantime Christie's successfully implemented its online sales website, and Sotheby's found itself lagging behind in the race to build

up an online presence. Noticing its rivals fast technological advance and taking note of the vertiginous increase in mobile phone traffic on its own website, www.Sothebys.com – which doubled in a single year (from 2012 to 2013) – in 2014 Sotheby's decided to try again:

“Twelve years after a short-lived online auction joint venture that was arguably too far ahead of its time, Sotheby's and eBay are making a second go of it, announcing a new partnership this morning. The plan is to make the 270-year-old auction house's offerings available to eBay's 145 million active buyers in 90 countries. The two companies will unite the global leader in online shopping with the iconic international art business and auctioneer.”²²

Under the new agreement, eBay live streams certain categories of auctions held by Sotheby's. The main aim of this partnership is to foster a new, young, interconnected global clientele interested in art, who will be able to make purchases quickly and smoothly on the go. It goes without saying that, the artworks sold in this way are not absolute masterpieces, which require months of analysis and study. The works bought in this manner are of medium price and fall perfectly into the section of high-priced eBay auctions.

In fact, each day, eBay concludes more than 3,500 auctions above €5,000; meanwhile in 2013 about half of Sotheby's sold lots were within the €5,000 to €10,000 price range.²³ This data shows that the companies could complement each other rather well, mutually benefitting from each other's capabilities.

²² <https://news.artnet.com/market/picassos-and-pezs-dispensers-sothebys-and-ebay-team-up-again-60528>

²³ <https://news.artnet.com/market/picassos-and-pezs-dispensers-sothebys-and-ebay-team-up-again-60528>

However, one of the main risks of the new agreement for Sotheby's is that it will be downgraded in the luxury market by forming a partnership with a common online auction house like eBay, which sells a huge range of everyday items. Sotheby's will need to ensure that its reputation as a top class auction house is preserved.

It is also important to note that we are not yet speaking of auctions that are totally online, but of physical auctions that have the option of online bidding – through eBay or Sotheby's own website. The auctions that are accessible online are in fact chosen from Sotheby's periodic sales held in its New York headquarters.

However, further innovations look likely: the English auction house plans to live stream auctions from other places across the world, and also intends to add totally online auctions in the near future.

CONCLUSION:

We have followed the evolution of the art market over more than half a millennium, examining the various phases of development, from its earliest emergence as a secondary market, decoupled from production, up to the modern migration to online platforms.

We have seen how the art market has survived and evolved in times of profound change, strengthening and improving its structure. It first became slowly more accessible through rudimentary auctions in the Netherlands, then progressively more regulated, as we witnessed in Paris. Once the foundations were laid and the market was efficient, the

model was exported, first to the USA and then to the rest of the world. During this process the market became progressively more efficient, and the creation of art auctions on the Internet is nothing more than the latest market movement towards efficiency.

Today it is clear that what was considered for centuries a niche market accessible only to the elite, is opening up to globalization and adapting in the same way as any other business that aims to survive the radical changes in our increasingly interconnected society, and is slowly becoming an accessible, open market. Although this may have taken away a lot of the perceived magic from art dealing, it has made it possible for millions of people around the globe to appreciate, enjoy and own works of art that otherwise would have been beyond their reach.

Today, it would seem extremely unlikely that the online selling method will ever be applicable to highly priced absolute masterpieces, as the uniqueness of these works will always have to be appreciated in person. Indeed, one could argue that the feeling one experiences by physically standing in front of a Monet, will never be virtually replaceable.

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