## ZÁPADOČESKÁ UNIVERZITA V PLZNI FILOZOFICKÁ FAKULTA

Bakalářská práce

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## Art market and auction sales in England and their coverage in the British media with a commentary and glossary

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Vedoucí práce: Mgr. Denisa Šebestová

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### Západočeská univerzita v Plzni

### Fakulta filozofická

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### Prohlášení

Prohlašuji, že jsem bakalářskou práci na téma "Art market and auction sales in England and their coverage in British media with commentary and glossary" vypracovala samostatně a s použitím uvedené literatury a pramenů.

V Plzni dne 29. 04. 2019 \_\_\_\_\_

## Poděkování

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## Keywords

Art market, auction, auctioneer, auction house, bidder, profit, raise the bid, seller.

### Klíčová slova

Trh s uměním, dražba, licitátor, aukční síň, dražitel, výnos, přihodit, prodejce.

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### **1. INTRODUCTION**

A thesis "Art market and auction sales in England and their coverage in the British media with a commentary and glossary" includes eight principal chapters. Each of them provides a comprehensive overview of particular themes. At first, in chapter 2.1 we will expound terms related to the art market. Afterwards, we will describe a history of auctions. In next chapter, we will divide auctions in four fundamental types. Chapter 2.4 delineates the most important auctions houses. Chapter 2.5 to chapter 2.8 is focused on art market and auctions in England including a worldwide situation, followed by glossary which contains terms customarily used and occuring in art market. The principal theme that we will pay attention to is "How art market and auctions have changed since the beginning of humankind's history through centuries?". Also, we will put emphasis on England.

Art, existing since the beginning of humankind's history, has undergone a constant development over the centuries, which still continues and will most likely remain so. The art market and trading with art objects has a long and rich history.<sup>1</sup>

Any type of creation, considered as art, began in the prehistoric era. Wedges, cave paintings,<sup>2</sup> first sculptures - "Venuses" - represent the early days of human skills to create artistic objects. There exists an incredibly rich and changeable array of art styles and movements which have arisen over the centuries. Along with the development of art, the overall view of art objects has also been developing.<sup>3</sup>

From an economic point of view,<sup>4</sup> we are talking about the seller.<sup>5</sup> On the other side, there is a buyer,<sup>6</sup> i.e. someone who is interested in buying the offered object. The buyer may also consider investing in art after buying a particular object. An intermediator might appear between these two subjects. The mediator <sup>7</sup> may be represented by an institution, a gallery, a sale house or

<sup>&</sup>lt;sup>1</sup> Tedesco, Laura Anne (August, 2007). Introduction to Prehistoric Art, 20,000–8000 B.C. The Metropolitan Museum of Art. Accessed 18 April 2019 https://www.metmuseum.org/toah/hd/preh/hd\_preh.htm

<sup>&</sup>lt;sup>2</sup> Arthistoryteachingresources.org (2011). Accessed 18 April 2019 http://arthistoryteachingresources.org/lessons/prehistory-and-prehistoric-art-in-europe/

<sup>&</sup>lt;sup>3</sup> Modern movements and styles - full list. Theartstory.com. Accessed 26 April 2019 https://www.theartstory.org/section\_movements.htm

<sup>&</sup>lt;sup>4</sup> Businessdictionary.com. Accessed 18 April 2019 http://www.businessdictionary.com/definition/seller.html

<sup>&</sup>lt;sup>5</sup> Dictionary.cambridge.org.. Accessed 18 April 2019 https://dictionary.cambridge.org/us/dictionary/english/seller

<sup>&</sup>lt;sup>6</sup> Dictionary.cambridge.org.Accessed 18 April 2019 https://dictionary.cambridge.org/us/dictionary/english/buyer

<sup>&</sup>lt;sup>7</sup> What I'm really thinking: the mediator (9 December, 2017). Theguardian.com. Accessed 18 April 2019 https://www.theguardian.com/lifeandstyle/2017/dec/09/what-really-thinking-mediator

a particular person. At present, due to the frequent fluctuations in financial markets, investors might seek alternative investments that can just represent works in art market.<sup>8</sup>

The motives for buying an art object may vary and can be economic, political, artistic, personal and many others.<sup>9</sup> People interested in modern art, which is typical of the current art market, may have very controversial reasons for their interest, whether they are buyers, sellers, or mediators.<sup>10</sup> The prices can be extremely exaggerated,<sup>11</sup> not to mention the lawsuits that may arise in such purchases.<sup>12</sup>

Art objects can be sold in different ways. It can be by a personal selling,<sup>13</sup> a public selling,<sup>14</sup> an auction<sup>15</sup> sale etc. <sup>16</sup> The art market represents one type of marketplace. There exist many other types of markets in economics. Like in other types of marketplaces, buyers and sellers meet in the art market.<sup>17</sup>

### 2. ART MARKET AND AUCTIONS

#### 2.1 Term specification

#### 2.1.1 Definition of art

Before we start to focus on describing art market, it is necessary to define the term "art" in general. Then we will be able to understand what can appear in art markets in the world.

<sup>&</sup>lt;sup>8</sup> Kenon, Joshua (30 November, 2018). Why Do Stock Prices Fluctuate? Thebalance.com. Accessed 18 April 2019 https://www.thebalance.com/why-do-stock-prices-fluctuate-356347

<sup>&</sup>lt;sup>9</sup> Top 7 Reasons Why People Buy Art from Artists. Artpromotivate.com. Accessed 27 April 2019 http://www.artpromotivate.com/2012/07/top-7-reasons-why-people-buy-art-from.html

 <sup>&</sup>lt;sup>10</sup> Clark, Nick (11 March, 2016). BP to end controversial sponsorship of Tate in 2017. Theindependent.co.uk.
Accessed 18 April 2019 https://www.independent.co.uk/arts-entertainment/art/news/bp-to-end-controversial-sponsorship-of-tate-in-2017-a6923471.html
<sup>11</sup> Callahan, Maureen (27 April, 2014). The overpriced world of bad art. Nypost.com. Accessed 27 April 2019

<sup>&</sup>lt;sup>11</sup> Callahan, Maureen (27 April, 2014). The overpriced world of bad art. Nypost.com. Accessed 27 April 2019 https://nypost.com/2014/04/27/inside-the-mad-world-of-modern-art/

<sup>&</sup>lt;sup>12</sup> Sutton, Benjmin (19 December, 2018). What the 7 Biggest Art Lawsuits of 2018 Mean for the Art Market. Artsy.net. Accessed 27 April 2019 https://www.artsy.net/article/artsy-editorial-7-art-lawsuits-2018-art-market

<sup>&</sup>lt;sup>13</sup> Definition of 'Personal Selling'. Economictimes.indiatimes.com Accessed 18 April 2019 https://economictimes.indiatimes.com/definition/personal-selling

<sup>&</sup>lt;sup>14</sup> Economics A-Z terms beginning with P. Economist.com. Accessed 18 April 2019 https://www.economist.com/economics-a-to-z/p#node-21529442

<sup>&</sup>lt;sup>15</sup> Economics A-Z terms beginning with A. Economist.com. Accessed 18 April 2019 https://www.economist.com/economics-a-to-z/a

<sup>&</sup>lt;sup>16</sup> Personal Selling in International marketing (13 February, 2008). Citeman.com. Accessed 18 April 2019 https://www.citeman.com/2761-personal-selling-in-international-marketing.html

<sup>&</sup>lt;sup>17</sup> Howard, Jeremy R. Art market. Britannica.com. Accessed 18 April 2019 https://www.britannica.com/topic/artmarket

"What is art" is a question which is not easily answered. First of all, there exist many theories and opinions which are saying that it is quite impossible to define what art really means.<sup>18</sup>

The meaning of art is explored in a branch of philosophy called aesthetics. The problem of definition of art has lasted since 20<sup>th</sup> century, when it became one of the key themes of Anglo-American aesthetics in that century.<sup>19</sup>

If we consider the fact that nowadays we can find in the world many various "pieces of art" presented as art, which do not, however, look like art at all, the issues of defining art seem to be increasing even more than ever before. As a result, we can easily become uncertain about the real nature of art. If the object does not meet the criteria that indicate that it is a work of art, then a confusion and misconception can arise.<sup>20</sup>

In light of the fact that we will focus on fine arts in this bachelor thesis, Morris Weitz offers an explanation of defining art in his work: "Thus, to begin with, consider a famous version of Formalist theory, that propounded by Bell and Fry. It is true that they speak mostly of painting in their writings but both assert that what they find in that art can be generalized for what is "art" in the others as well. The essence of painting, they maintain, are the plastic elements in relation. Its defining property is significant form, i.e., certain combinations of lines, colors, shapes, volumes—everything on the canvas except the representational elements—which evoke a unique response to such combinations. Painting is definable as plastic organization. The nature of art, what it really is, so their theory goes, is a unique combination of certain elements (the specifiable plastic ones) in their relations. Anything which is art is an instance of significant form; and anything which is not art has no such form." <sup>21</sup> In summary, the Formalist theory considers a "significant form" as the key for the fact that a particular painting is a part of art. This significant form is characterised by organized elements in mutual relation.<sup>22</sup>

#### 2.1.2 Art market

We can define an art market as a place where art is bought and sold. It represents one particular type of marketplace in economics. This specific market is characterized by the presence of a work of art. This work of art can be any object of art, e.g. painting, sculpture,

<sup>&</sup>lt;sup>18</sup> Dickie, George (1974, p.426). Art and the Aesthetic: An Institutional Analysis. Cornell University Press

<sup>&</sup>lt;sup>19</sup> Davies, Stephen (2009, p.170) A Companion to Aesthetics. Wiley-Blackwell. 640 pages

<sup>&</sup>lt;sup>20</sup> Wallach, Amei (12 October, 1997). ART; Is It Art? Is It Good? And Who Says So? Nytimes.com. Accessed 18 April 2019 https://www.nytimes.com/1997/10/12/arts/art-is-it-art-is-it-good-and-who-says-so.html

<sup>&</sup>lt;sup>21</sup>Weitz, Morris (1956, p.28). The Role of Theory in Aesthetics

<sup>&</sup>lt;sup>22</sup>Weitz, Morris (1956, p.28). The Role of Theory in Aesthetics

applied arts or music.<sup>23</sup> Like in other types of markets, buyers and sellers meet in an art market. It is important to understand what the terms "buyers" and "sellers" mean in general. Demand is concerning the buyers and supply is related to the sellers. "[Demand is] one of the two words economists used most; the other is SUPPLY. These are the twin driving forces of the market economy. Demand is not just about measuring what people want; for economists, it refers to the amount of a good or service that people are both willing and able to buy." <sup>24</sup>

The art market has its own specifics. The buyer does not necessarily have to be present at auction, but can be represented by agents. These agents then usually communicate with their buyers on the mobile phone.<sup>25</sup> It is commonly known that there exist many different areas classified in the art field. Fine arts, plastic art, literature, theatre – all these human activities are considered to be a part of the art area and any analogue of them in any amount can appear in the art market, whether with an intention to show the artist's skills or to try to sell the services.<sup>26</sup>

In this bachelor thesis, we will stay focused on fine arts appearing in the art market. The fine arts are a typical example of art offered and sold with a long tradition and rich history and development.<sup>27</sup>

#### 2.1.3 Differences between Auction Sale and Auction

The terms Auction Sale and Auction are not identical in meaning.<sup>28</sup>

#### 2.1.3.1 Auction Sale

From a legal point of view, an auction can be practised only by an auctioneer that has an authorized concession for it. The ownership transfer arises from the moment of the auctioneer's bid. The price must be paid within a few days.<sup>29</sup>

<sup>&</sup>lt;sup>23</sup> Howard, Jeremy R. Art market. Britannica.com. Accessed 18 April 2019 https://www.britannica.com/topic/artmarket

<sup>&</sup>lt;sup>24</sup> Economics A-Z terms beginning with D. Economist.com. Accessed 18 April 2019 https://www.economist.com/economics-a-to-z/d#node-21529654

 <sup>&</sup>lt;sup>25</sup> Goldstein, Andrew M. (8 November, 2012). A Beginner's Guide to Art Auctions. Artspace.com. Accessed 27 April 2019 https://www.artspace.com/magazine/art\_101/art\_market/art\_101\_a\_guide\_to\_auction\_lingo-5558
<sup>26</sup> How is Art Classified? Visual-arts-cork.com. Accessed 27 April 2019 http://www.visual-arts-cork.com/art-

<sup>&</sup>lt;sup>26</sup> How is Art Classified? Visual-arts-cork.com. Accessed 27 April 2019 http://www.visual-arts-cork.com/art-definition.htm#classification

<sup>&</sup>lt;sup>27</sup> Smarthistory.com Accessed 27 April 2019 https://smarthistory.org/

<sup>&</sup>lt;sup>28</sup> What is the difference between auction and for sale? Content.firstnational.com.au. Accessed 18 April 2019 https://content.firstnational.com.au/blog/what-is-the-difference-between-auction-and-for-sale

<sup>&</sup>lt;sup>29</sup> First National Real Estate Blog. What is the difference between auction and for sale? Accessed 18 April 2019 https://content.firstnational.com.au/blog/what-is-the-difference-between-auction-and-for-sale

#### 2.1.3.2 Auction

An auction sale requires only a trade. It is available to a larger amount of people because the auction can be practised online. The manner of changing ownership represents a particular difference between an auction sale and auction. In auction sale there is a purchase contract signed by both litigants.<sup>30</sup>

#### 2.2 A history of auctions

#### **Beginnings and development of auctions**

An understanding and knowledge of the history of auctions will help us to present a more clear image of today's auctions and their functioning. Giving an explanation of the term auction can help to make more sense of this specific theme. The word "auction" originates from the Latin word "augere".<sup>31</sup> "Auctus" is interpreted as "increasing" or "enlarging". Even though we cannot know it for sure, there exist theories about Herodotus, an ancient Greek historian, who is considered the one who was able to report the first auctions in history of mankind.<sup>32</sup>

#### 2.2.1 The first mentions of auctions

We know approximately when auctions first started to be practiced, but given the fact that auctions date back so far in history, their beginnings cannot be described precisely. We cannot even know who started them. All we have today is a history of them handed down from generation to generation considered as a presumable truth.<sup>33</sup>

A typical perception of auction that people usually have is a room with a large number of people, a wood-based space, a masterpiece of an artist exposed to the bidders and the auctioneer hitting a gavel to conclude the auction.<sup>34</sup>

By now, owing to the introduction of phone bidding, the bidders do not have to be present at auction personally. This kind of comfort and assurance has not always been a matter of

<sup>&</sup>lt;sup>30</sup> What is the difference between auction and for sale? Content.firstnational.com.au. Accessed 18 April 2019 https://content.firstnational.com.au/blog/what-is-the-difference-between-auction-and-for-sale

<sup>&</sup>lt;sup>31</sup> Etymonline.com. Accessed 18 April 2019 https://www.etymonline.com/word/auction

 <sup>&</sup>lt;sup>32</sup> Zajicek, Charlotte (7 October, 2016). The history of auctions: from ancient Greece to online houses. Telegraph.co.uk. Accessed 18 April 2019 https://www.telegraph.co.uk/art/online-auctions/history-of-auctions/
<sup>33</sup> History of Auctions. Econport.org. Accessed 18 April 2019 http://www.econport.org/content/handbook/auctions/historyofauctions.html

<sup>&</sup>lt;sup>34</sup> Zajicek, Charlotte (7 October, 2016). The history of auctions: from ancient Greece to online houses. Telegraph.co.uk. Accessed 18 April 2019 https://www.telegraph.co.uk/art/online-auctions/history-of-auctions/

course. It is still relatively new. In the following section we will provide an overview of the history and development of auctions and how they operated in the beginning.<sup>35</sup>

#### 2.2.2 Ancient Greece and Rome

The very first auction is dated to 500 BC, taking place in Ancient Greece. This oldest auction activity concerned women who were auctioned off by their families as brides. There was a difference between their looks. Very beautiful women were highly-priced and the bidding for them was the most active. The less pretty women had to offer something more than only their looks. They usually also had a dowry or other offers of money with them as well. A situation when a daughter was "sold" outside the auction activity was regarded as an illegal act.<sup>36</sup>

Nowadays, we divide ascending or descending bid auctions, but in the past, there are no records about this division.<sup>37</sup>

One of the first tools used to define the beginning or the end of the auction was a lance. In Ancient Rome, an auctioneer called "Magister Auctionarium" was using this tool to signify the starting point of the auction. The object of the auctions was usually war plunder gained by the Roman soldiers and then auctioned off in their empire. Today, it is an auction hammer used to determine the end of the auction, however even this tool is no longer necessary to have at all types of auctions.<sup>38</sup>

We can say that the human body by itself was standing at the beginning of auctions. Just like Ancient Greece, the Roman Empire was another kingdom that started with the auctioning of human beings. The Roman Empire used auctions to sell out property. At auctions, the Romans were mainly offering slaves, the spoils of war and the assets of debtors. "Atrium auctionarium"<sup>39</sup> was a term referring to this executing activity of selling and buying. Identically to Ancient

<sup>35</sup> Zajicek, Charlotte (7 October, 2016). The history of auctions: from ancient Greece to online houses. Telegraph.co.uk. Accessed 18 April 2019 https://www.telegraph.co.uk/art/online-auctions/history-of-auctions/ <sup>36</sup> Zajicek, Charlotte (7 October, 2016). The history of auctions: from ancient Greece to online houses. Telegraph.co.uk. Accessed 18 April 2019 https://www.telegraph.co.uk/art/online-auctions/history-of-auctions/ History Auctions. Econport.org. Accessed of 18 April 2019 http://www.econport.org/content/handbook/auctions/historyofauctions.html <sup>38</sup> Zajicek, Charlotte (7 October, 2016). The history of auctions: from ancient Greece to online houses. Telegraph.co.uk. Accessed 18 April 2019 https://www.telegraph.co.uk/art/online-auctions/history-of-auctions/ 2019 History of Auctions. Econport.org. Accessed 18 April http://www.econport.org/content/handbook/auctions/historyofauctions.html

Greece, there are not records whether or not these auctions were ascending or descending bid auctions.<sup>40</sup>

Besides the first mentions of auctions taking place in Ancient Greece and Rome, there is also proof of Buddhist monks in China who were probably using auctions to fund the creation of temples. The property of deceased monks was auctioned in order to finance the creation of temples and this practice has also become their custom.<sup>41</sup>

### 2.2.3 A new rise in 17<sup>th</sup> century

The fall of the Roman Empire prefigured the decline of interest in auctions in general for many following centuries. This interest reappeared in the 17<sup>th</sup> century. The Candle auctions represented a new wave of popularity of auction activity. This type of auction is characterized by a lighted candle at the start, the candle burning out marking the end.<sup>42</sup>

#### 2.2.4 The first auction houses

From the origins of the Candle auction, the auction houses started to extend. 1674 was the year of the establishment of the "Stockholm Auction House" (in Swedish - Stockholms Auktionsverk), the first auction house in the world. Almost a hundred years later, Sotheby's was constituted in 1744. Currently it is considered the second largest auction house in the world. In 1766, another auction house was established - Christie's.<sup>43</sup>

#### 2.2.5 Modern times

Nowadays, the development of auctions indicates that the the popularity of the online auctions is still increasing and most probably, it will continue to rise in the future. This transition online has become a modern trend for both sellers and buyers. The essential part of this online process is the correct communication related to the target audience and offered items.<sup>44</sup>

<sup>41</sup> History of Auctions. Econport.org. Accessed 18 April 2019 http://www.econport.org/content/handbook/auctions/historyofauctions.html

<sup>42</sup> Zajicek, Charlotte (7 October, 2016). The history of auctions: from ancient Greece to online houses.
Telegraph.co.uk. Accessed 18 April 2019 https://www.telegraph.co.uk/art/online-auctions/history-of-auctions/
<sup>43</sup> History of Auction Houses. Bestarts.org. Accessed 18 April 2019 https://bestarts.org/history-of-auction-houses/

<sup>&</sup>lt;sup>40</sup> History of Auctions. Econport.org. Accessed 18 April 2019 http://www.econport.org/content/handbook/auctions/historyofauctions.html

<sup>&</sup>lt;sup>44</sup> Zajicek, Charlotte (7 October, 2016). The history of auctions: from ancient Greece to online houses. Telegraph.co.uk. Accessed 18 April 2019 https://www.telegraph.co.uk/art/online-auctions/history-of-auctions/

#### 2.3 Auction theory

#### **Primal types of auctions**

According to Klemperer, there are four fundamental types of auctions.

#### 2.3.1 Ascending-bid auction

#### 2.3.1.1 English Auction<sup>45</sup>

English Auction, also called the "open auction", is based on a price which gradually raises. Participants of the auction announce the raising of the price. Nowadays, this type auction represents probably the most commonly used form of auction. The participants bid openly against each other. Each following bid is higher than the previous one.<sup>46</sup>

#### 2.3.1.2 Japanese Auction<sup>47</sup>

Japanese Auction is similar to English Auction. It is also based on the ascending bidauction. The difference between them is in the way of raising the price. An auctioneer is the person who announces the increasing of the price. Japanese Auction is characterized by the fact that the participants of the auction are standing at the beginning. In this way they express their interest in the offered subject. During the auction, the auctioneer successively announces a higher and higher price. Those who decide not to increase their price offer anymore will sit down. A person who once sat down has no right to participate in the auction again.<sup>48</sup>

#### 2.3.2 Descending-bid auction<sup>49</sup>

#### **Dutch auction**

It is also called the open auction. Dutch Auction is based on the opposite principle than the ascending-bid auctions. At the very beginning, the auctioneer announces a very high price. This price is lowered during the auction at a price for which any of participants is willing to buy an offered subject. The first bidder is the winner. <sup>50</sup>

<sup>&</sup>lt;sup>45</sup> Klemperer, Paul. (2004, p. 11) Survey of Auction Theory, from Auctions: Theory and Practice. Princeton University Press. 264 pages

<sup>&</sup>lt;sup>46</sup> Types of Auctions. Financetrain.com. Accessed 18 April 2019 https://financetrain.com/types-of-auctions/

<sup>&</sup>lt;sup>47</sup> Klemperer, Paul. (2004, p. 11) Survey of Auction Theory, from Auctions: Theory and Practice. Princeton University Press. 264 pages

<sup>&</sup>lt;sup>48</sup> Japanese Auction. Financial-dictionary.thefreedictionary.com. Accessed 18 April 2019 https://financial-dictionary.thefreedictionary.com/Japanese+Auction

<sup>&</sup>lt;sup>49</sup> Klemperer, Paul. (2004, p. 12) Survey of Auction Theory, from Auctions: Theory and Practice. Princeton University Press. 264 pages

<sup>&</sup>lt;sup>50</sup> Types of Auctions. Financetrain.com. Accessed 18 April 2019 https://financetrain.com/types-of-auctions/

#### 2.3.3 First-price sealed-bid auction

All the bidders submit their single bid, which means that any of them does not know others' bids.<sup>51</sup> The bidder with the highest bid wins the auction and is obligated to pay the stated price.<sup>52</sup>

#### 2.3.4 Second-price sealed-bid auction

This auction is nearly identical to the First-price sealed-bid auction.<sup>53</sup> Same as during the previous type of auction, here also the bidders submit their bid hidden in an envelope, which means that any one of them does not know others' bids. The object is sold to the one with the highest bid as well. Nevertheless, the price which needs to be paid is the second-highest bidder's bid, or simply the "second price". This type of auction is also called "Vickrey Auction".<sup>54</sup>

#### 2.4 Auction houses

The most important auction houses

#### 2.4.1 Stockholms Auktionsverk

It is the world's oldest auction house established in 1674 on the initiative of Baron Claes Rålamb. He was a Swedish statesman and Governor of Stockholm at the time. In the history of this auction house, there has never been any interruption. Currently, buyers can participate in traditional auctions of fine art as well as in live online bidding. It is considered one of the leading auction houses in the world. Its premises are located in Stockholm on Nybrogatan and at Frihamnen, and there are further branches in Gothenburg and Malmö. In Stockholm, two different residences are determined to run distinct types of auctions. Nybrogatan 32 in Stockholm, Magasin 5 in Frihamnen, is focussed on online auctions.<sup>55</sup>

<sup>&</sup>lt;sup>51</sup> Klemperer, Paul. (2004, p. 12) Survey of Auction Theory, from Auctions: Theory and Practice. Princeton University Press. 264 pages

<sup>&</sup>lt;sup>52</sup> Types of Auctions. Financetrain.com. Accessed 18 April 2019 https://financetrain.com/types-of-auctions/

<sup>&</sup>lt;sup>53</sup> Klemperer, Paul. (2004, p. 12) Survey of Auction Theory, from Auctions: Theory and Practice. Princeton University Press. 264 pages

<sup>&</sup>lt;sup>54</sup> Types of Auctions. Financetrain.com. Accessed 18 April 2019 https://financetrain.com/types-of-auctions/

<sup>&</sup>lt;sup>55</sup> Stockholms Auktionsverk. Auktionsverket.com. Accessed 18 April 2019 http://auktionsverket.com/about-us/about-stockholms-auktionsverk/

This auction house is widely represented in Europe and the USA. Sweden's most experienced fine art specialists are charged to work at Stockholms Auktionsverk. Thanks to that, buyers can rely on their profound knowledge of the specific area as much as professional attitude consultancy, also including extensive assortment and high quality of the artwork. Over the centuries, the customers of Stockholms Auktionsverk have included for example King Karl XI, who was Sweden's monarch at the time when Baron Claes Rålamb was the governor of Stockholm. Other significant personalities ranking among their clients were King Gustav III, Swedish national bard Carl Michael Bellman, and authors August Strindberg and Selma Lagerlöf.<sup>56</sup>

The Stockholms Auktionsverk currently has an alliance with Lauritz.com, founded 1885, and offering the auctions of objects in the Stockholms Auktionsverk. According to their website, core values like expert knowledge and ardour is what connects them in their collaboration. The auction house primarily offers exclusive art, decorative arts and fine antiques created in styles known as Baroque, Rococo and Gustavian. Niclas Forsman is currently Managing Director for Stockholms Auktionsverk. The network of international customers as well as merchants, collectors and other contacts is immense and constantly increasing these days.<sup>57</sup>

Stockholms Auktionsverk's interests are represented in a number of cities in the world, including London, New York, Paris, Brussels, Geneva, Oslo and Helsinki.<sup>58</sup>

#### 2.4.2 Sotheby's

Sotheby's official website<sup>59</sup> provides a survey of its history. In this chapter, we will summarize a development of this company from the beginnings of its establishment to the present-day situation.

Another auction house that we will introduce is called Sotheby's, founded by Samuel Baker. It is also one of the world's largest internationally known establishments of fine art auctioneers. Sotheby's was founded on 11 March 1744 in London, United Kingdom.<sup>60</sup>

<sup>57</sup> Lauritz.com acquires Stockholms Auktionsverk (16 September). Auktionsverket.com. Accessed 18 April 2019 http://auktionsverket.com/news/stockholms-auktionsverk-far-ny-agare/

<sup>&</sup>lt;sup>56</sup> Lauritz.com acquires Stockholms Auktionsverk (16 September). Auktionsverket.com. Accessed 18 April 2019 http://auktionsverket.com/news/stockholms-auktionsverk-far-ny-agare/

<sup>&</sup>lt;sup>58</sup> Stockholms Auktionsverk. Auktionsverket.com. Accessed 18 April 2019 http://auktionsverket.com/about-us/about-stockholms-auktionsverk/

The History of Sotheby's Auction House. Sothebys.com. Accessed 18 April 2019 https://www.sothebys.com/en/about/our-history Sotheby's Auction Sothebys.com. 18 April 2019 The History of House. Accessed https://www.sothebys.com/en/about/our-history

Its founder, Samuel Baker, was working in the field of literature, concentrating mainly on selling, but sometimes he also published works by himself."The Father of our Tribe" is a nickname given to Baker. Owing to his great ability to create successful advertising campaigns or catalogues helping with sales, his overall popularity grew. He was considered a colleague working with a joy and delight. He had a good reputation and appreciation among his colleagues as well as his fellow citizens in general.<sup>61</sup>

In the early era of Sotheby's foundation, it focused on books sold at auctions. This is an important fact as Sotheby's focus in the early days was not on fine arts. It took more than a hundred years before Baker reached a success in selling books at auctions concerning the great libraries of England. An example of significant books which were sold at auction there were those taken by Napoleon into his exile to St Helena.<sup>62</sup>

George Leigh, an auctioneer, became Baker's business partner in 1767. When Baker died in 1778, George Leigh and John Sotheby gained his property. John Sotheby was Baker's nephew having rights to a share of his property. John Sotheby's family had been running a business for almost a century. In this era, the range of assortment started to change and extend. New sorts of auctioned objects which were included for example antiquities, coins, medals etc. The last of the Sotheby family died in 1861 and after this, it was John Wilkinson who took charge of the business.<sup>63</sup>

The first third of the twentieth century was marked by new companions who started to work for Sotheby's. Among them were Felix Warre, Montague Barlow and Geoffrey Hobson. The sale of the Huth library with a total profit £300,000 was their great achievement. This first success was followed by another one, which marked a transition from the book area to the art field. In 1917 Sotheby's premises were moved to Mayfair and this was the moment when the way of conducting their business started to change.<sup>64</sup>

With this external change of Sotheby's placement, its interior changed too. During the period of the First World War, the corporation was primarily represented by men. However, after the war, women started to join the company as well. The interwar years were characterized by

<sup>61</sup> The History of Sotheby's Auction https://www.sothebys.com/en/about/our-history of Auction The History Sotheby's https://www.sothebys.com/en/about/our-history The History Sotheby's Auction of https://www.sothebys.com/en/about/our-history The History of Sotheby's Auction https://www.sothebys.com/en/about/our-history

House.	Sothebys.com.	Accessed	18	April	2019
House.	Sothebys.com.	Accessed	18	April	2019
House.	Sothebys.com.	Accessed	18	April	2019
House.	Sothebys.com.	Accessed	18	April	2019

the commencement of selling of pictures and decorative works of art. Successful sale was going on also during the Second World War.<sup>65</sup>

The Great Change happened when Queen Elizabeth II was present at the auction of the Weinberg Collection in 1957. After that event, some Impressionist masterworks were sold, which contributed to company's prosperity. The 1950s and 1960s indicate a great progress in Sotheby's success. For instance, Rubens' The Adoration of the Magi and Somerset Maugham's Impressionist collection were among the highest-profiled consignments during this era. Soon afterwards, Sotheby's made the final decision about its orientation of work: "In a few years Sotheby's, with Wilson at the helm, had redefined the presentation – and potential – of art auctions forever." <sup>66</sup>

After 1964 Sotheby's became the first international auction house in the world. Peter Wilson's death in 1983 signified the end of that era. A new epoch, including a return to being a private company, began with Alfred Taubman. Record-breaking prices in Sotheby's were paid between the 1980s and the 2000s for 20th-century masterpieces.<sup>67</sup>

At present, a global network accounts for 80 offices and regarding the economic statistic, the company's annual worldwide sales turnover is more than \$4 billion these days. It has not only its auction business but also other private sale opportunities. Recently, technological progress has influenced Sotheby's and new technological innovations have been reflected in its orientation –to illustrate this, let us mention online-only sales or Sotheby's Museum Network.<sup>68</sup>

# The most important auction houses also are: Christie's, Bonham's, Phillips, China Guardian, Dorotheum

<sup>65</sup> The History of Sotheby's Auction https://www.sothebys.com/en/about/our-history Auction The History of Sotheby's https://www.sothebys.com/en/about/our-history The History Sotheby's Auction of https://www.sothebys.com/en/about/our-history The History of Sotheby's Auction https://www.sothebys.com/en/about/our-history

House.	Sothebys.com.	Accessed	18	April	2019
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House.	Sothebys.com.	Accessed	18	April	2019
House.	Sothebys.com.	Accessed	18	April	2019

#### 2.5 Art market and auctions in England

#### 2.5.1 History of art market in London, England <sup>69</sup>

The principal development of the art market in London took place throughout the eighteenth and nineteenth centuries. The dividing line is considered to be approximately the year  $1900.^{70}$ 

The French Revolution and Napoleonic wars were eras during which British artists had to face obstacles for a temporary period. Changes came around the 1840s when the previous setback started to be weakened. The conditions for artists improved due to demand for masterpieces depicting nature by the Old Masters, which had been rare in the British market during that time.<sup>71</sup> These masterpieces were concerning art works created by artists especially from the 13th to the 17th century in Europe.<sup>72</sup>

The Victorian art market, i.e. around 1870, was characterized by robust elements. The 'Golden Age' of Victorian art, considered as an era of economic boom, brought record prices. Nevertheless, the record increase began to decline, principally caused by new aesthetic theories.<sup>73</sup>

The eighteenth century was to a certain extent mainly determined by selling by traders' possessions at auctions. During the nineteenth century, traders became notable buyers at auctions.<sup>74</sup>

During the last two hundred years, the modern art market has been characterized by a formation of international trade, institutions and organisations focused on art market activities such as the process of exhibition and purchasing of art, appreciation of artists and an ability to consider them a fully-respected part of society, as well as the other people involved in the art market.<sup>75</sup>

 <sup>&</sup>lt;sup>69</sup> 19thc-artworldwide.org. Accessed 23 April 2019 https://www.19thc-artworldwide.org/index.php/spring12/the-development-of-the-art-market-in-england-money-as-muse-17301900-by-thomas-m-bayer-and-john-r-page
<sup>70</sup>19thc-artworldwide.org. Accessed 23 April 2019 https://www.19thc-artworldwide.org/index.php/spring12/the-development-of-the-art-market-in-england-money-as-muse-17301900-by-thomas-m-bayer-and-john-r-page

<sup>&</sup>lt;sup>71</sup>19thc-artworldwide.org. Accessed 23 April 2019 https://www.19thc-artworldwide.org/index.php/spring12/thedevelopment-of-the-art-market-in-england-money-as-muse-17301900-by-thomas-m-bayer-and-john-r-page

<sup>&</sup>lt;sup>72</sup> Old master. Dictionary.cambridge.org. Accessed 27 April 2019 https://dictionary.cambridge.org/dictionary/english/old-master

 <sup>&</sup>lt;sup>73</sup> 19thc-artworldwide.org. Accessed 23 April 2019 https://www.19thc-artworldwide.org/index.php/spring12/the-development-of-the-art-market-in-england-money-as-muse-17301900-by-thomas-m-bayer-and-john-r-page
<sup>74</sup> 19thc-artworldwide.org. Accessed 23 April 2019 https://www.19thc-artworldwide.org/index.php/spring12/the-

development-of-the-art-market-in-england-money-as-muse-17301900-by-thomas-m-bayer-and-john-r-page <sup>75</sup> 19thc-artworldwide.org. Accessed 23 April 2019 https://www.19thc-artworldwide.org/index.php/spring12/thedevelopment-of-the-art-market-in-england-money-as-muse-17301900-by-thomas-m-bayer-and-john-r-page

#### 2.5.2 Current situation of the art market in England

In 2016, Brexit represented a threat which might weaken the United Kingdom's strong position in the art market. Today, however, the English art market does not seem to be enfeebled by the Brexit process anymore and is showing its powerful position.<sup>76</sup>

In the first half of the year 2018, the fine art auction total was \$1.9 billion in the United Kingdom. The second half of the same year was the time when Frieze week<sup>77</sup> was taking place. Frieze Week is a seven-days cultural event with fairs including social occasions related to the fair such as show openings of museum or galleries.<sup>78</sup> From the perspective of the whole year 2017, during the first half of 2017, the total had already been highly gainful.<sup>79</sup>

London is able to compete with New York in terms of the power of its position in the art market. Gerhard Richter, considered as the most successful contemporary artist in the worldwide art market, keeps his work exclusively in London. London is also the place where we can find some Pablo Picasso's <sup>80</sup> works. In comparison to the USA's turnover of 8%, Picasso's works in the United Kingdom by itself accounted for 17% of the total Fine Art auction turnover in the first half of 2018.<sup>81</sup>

Post-War and contemporary art comprise other types of art which are situated in London. For example, we can find masterpieces by Andy Warhol<sup>82</sup> and Jean-Michel Basquiat<sup>83</sup> there. However, the USA also still represent an important location for many famous artists, such as

<sup>&</sup>lt;sup>76</sup> H1 2018 – Global Art Market Report, by Artprice.com, Artprice.com. Accessed 21 April 2019 https://www.artprice.com/artprice-reports/global-art-market-in-h1-2018-by-artprice-com/h1-2018-global-art-market-report-by-artprice-com

<sup>&</sup>lt;sup>77</sup> About Frieze, Frieze.com. Accessed 21 April 2019 https://frieze.com/about

<sup>&</sup>lt;sup>78</sup> What is Frieze Week? Frieze.com. Accessed 27 April 2019 https://frieze.com/faqs-frieze-week

<sup>&</sup>lt;sup>79</sup> H1 2018 – Global Art Market Report, by Artprice.com, Artprice.com. Accessed 21 April 2019 https://www.artprice.com/artprice-reports/global-art-market-in-h1-2018-by-artprice-com/h1-2018-global-art-market-report-by-artprice-com

<sup>&</sup>lt;sup>80</sup> Life, Picasso.com. Accessed 21 April 2019 http://www.picasso.com/life.aspx

<sup>&</sup>lt;sup>81</sup> H1 2018 – Global Art Market Report, by Artprice.com, Artprice.com. Accessed 21 April 2019 https://www.artprice.com/artprice-reports/global-art-market-in-h1-2018-by-artprice-com/h1-2018-global-art-market-report-by-artprice-com

<sup>&</sup>lt;sup>82</sup> Andy Warhol's Life. Warhol.org. Accessed 21 April 2019 https://www.warhol.org/andy-warhols-life/

<sup>&</sup>lt;sup>83</sup> Jean-Michel Basquiat - Artist Biography with Portfolio of Paintings. Jean-michel-basquiat.org. Accessed 21 April 2019 http://www.jean-michel-basquiat.org/

David Hockney<sup>84</sup>, Lucian Freud<sup>85</sup> and even Damien Hirst,<sup>86</sup> whose works are being auctioned with a rising tendency.<sup>87</sup>

### 2.6 Auctions in the world

### 2.6.1 Auctions in 21<sup>st</sup> century

In the past, auction houses usually knew which clients were interested in certain objects, including having a list of potential bidders. As a result, the auctioneers used to have an overview about how the auction is going to take place. Presently, this kind of certainty regarding the auctioneers has disappeared, due to the development of modern technologies allowing to make a bid from anywhere in the world in full anonymity.<sup>88</sup>

About ten years ago of the last century, a new way of buying fine arts in auction houses appeared – live online bidding. It was a new way to bid for fine arts from the comfort of home or wherever the potential client was at the moment, while maintaining their anonymity. This way of buying fine arts is still quite recent. It was not until about five years ago that it became a common way to buy fine arts.<sup>89</sup>

The live online bidding is currently the basis of how auctions work and has become an inseparable part of it. According to Alex Branczik, head of contemporary art for Europe at Sotheby's, the online bidding comprised a full 25 percent of all auction house sales in 2018. In an article in the New York Times of October 2 2018 he said: "Online is now our most popular bidding platform. Almost half of our clients have used our online bidding platform this year, and it's overtaken the telephones as a way of participating." <sup>90</sup>

<sup>&</sup>lt;sup>84</sup> David Hockney Biography. David-hockney.org. Accessed 21 April 2019 http://www.david-hockney.org/biography/

<sup>&</sup>lt;sup>85</sup> Lucian Freud. Tate.org.uk. Accessed 21 April 2019 https://www.tate.org.uk/art/artists/lucian-freud-1120

<sup>&</sup>lt;sup>86</sup> Biography: Damien Hirst. Damienhirst.com. Accessed 21 April 2019 http://damienhirst.com/biography/damienhirst

 <sup>&</sup>lt;sup>87</sup> H1 2018 – Global Art Market Report, by Artprice.com, Artprice.com. Accessed 21 April 2019 https://www.artprice.com/artprice-reports/global-art-market-in-h1-2018-by-artprice-com/h1-2018-global-art-market-report-by-artprice-com
<sup>88</sup> Siegel Ning (October 2, 2019) With a testing of the start of the sta

<sup>&</sup>lt;sup>88</sup> Siegal, Nina (October 2, 2018). When Auctioneers Don't Know or Can't See Their Buyers. Nytimes.com. Accessed April 2019 https://www.nytimes.com/2018/10/02/arts/auctions-live-online-bidding.html

<sup>&</sup>lt;sup>89</sup> Siegal, Nina (October 2, 2018). When Auctioneers Don't Know or Can't See Their Buyers. Nytimes.com. Accessed April 2019 https://www.nytimes.com/2018/10/02/arts/auctions-live-online-bidding.html

<sup>&</sup>lt;sup>90</sup> Siegal, Nina (October 2, 2018). When Auctioneers Don't Know or Can't See Their Buyers. Nytimes.com. Accessed April 2019 https://www.nytimes.com/2018/10/02/arts/auctions-live-online-bidding.html

We can see that the popularity of live online bidding has increased greatly and has probably overtaken the more traditional way of buying fine arts at auction - i.e. to be present face to face to an auctioneer in an auction house. In the following section, we will explore the possible factors behind this seemingly positive change of development of bidding at auctions.

For collectors, the live online bidding definitely presents many advantages. For example, it is an opportunity to make their bids from any place in the world while, as mentioned earlier, maintaining their anonymity. On the other hand, the auctioneers can consequently be put in a more difficult position. For them, it is not possible to find out who is sitting behind a computer or mobile phone screen.<sup>91</sup>

The anonymity of the bidder may represent one of the dangers of contemporary ways of bidding. Another negative may be seen in the changing setup of auction rooms. Mr. Rasmussen, a grandson of the founder of the Bruun Rasmussen salesroom, summarises it from his personal perspective as follows: "Conducting an auction is not as fun as it used to be."<sup>92</sup> Due to the fact that the bidders do not have to necessarily be present at auction in person, nowadays the auctioneers are frequently presiding over an almost empty salesroom. This may be regarded as a decline of the tradition of auctions. The unexpectedness of sales has also become common at today's auctions. The reason for it is because the bidders can appear online unexpectedly. This unexpectedness during auctions can be as dangerous as exciting. Mr. Rasmussen also comments: "We have New York versus China, and then we have a new bidder coming from Paris." According to him, a situation like this one can make an auction even more exciting and provides to all the bidders a sense of interest in a global scale at its rawest.

In summary, the traditional type of auction – eye to eye contact, is currently overtaken by the live online bidding. This new way of buying fine arts brings circumstances that can make an auction more difficult to handle for the auctioneers. According to the European Fine Art Foundation, the live online bidding accounted for £2.8 billion of sales in 2014. Indeed, this statistic proves that online auctions are prospering.<sup>93</sup>

<sup>&</sup>lt;sup>91</sup> Siegal, Nina (October 2, 2018). When Auctioneers Don't Know or Can't See Their Buyers. Nytimes.com. Accessed April 2019 https://www.nytimes.com/2018/10/02/arts/auctions-live-online-bidding.html

<sup>&</sup>lt;sup>92</sup> Siegal, Nina (October 2, 2018). When Auctioneers Don't Know or Can't See Their Buyers. Nytimes.com. Accessed April 2019 https://www.nytimes.com/2018/10/02/arts/auctions-live-online-bidding.html

<sup>&</sup>lt;sup>93</sup> Siegal, Nina (October 2, 2018). When Auctioneers Don't Know or Can't See Their Buyers. Nytimes.com. Accessed April 2019 https://www.nytimes.com/2018/10/02/arts/auctions-live-online-bidding.html

#### 2.6.2 Worldwide situation of art market in the present-day

On a global scale, fine art auctions seem to be prospering.<sup>94</sup> Since its increase by 18% of the total turnover, amounting to\$ 8.45 billion in H1 2018, fine art auctions have been continuing in their growth. A period of time of restored growth started in H1 2017 and was affirmed in the next half of the same year.<sup>95</sup>

As a result of the financial crisis in 2008,<sup>96</sup> the art prices have been influenced during 2009. These days, more than 250,000 lots are auctioned each semester, which has been helping to create a stability and independence of the art market, as well as a firm foundation for it. Its current economic situation is considered propitious.<sup>97</sup> Since 2018, the global art market is placed on its second-highest level in the last ten years of its evolution.<sup>98</sup>

#### 2.6.3 Masterpieces breaking records

The art market is attractive for rich buyers who are seeking to spend their money on works of art, whether it is for their personal intentions or a way of investment, the latter of which has been on the increase. For 14 years, Portrait of Dr Gachet, by Vincent van Gogh, was holding an art price record. This masterpiece was auctioned for \$82.5m (£46m) at an auction by Christie's in New York in 1990.<sup>99</sup>

A masterpiece standing in the highest position in the enumeration of the most breaking auctions ever is "The Women of Algiers" (originally "Les Femmes d'Alger") by Pablo Picasso. It

<sup>&</sup>lt;sup>94</sup> H1 2018 – Global Art Market Report, by Artprice.com, Artprice.com. Accessed 21 April 2019 https://www.artprice.com/artprice-reports/global-art-market-in-h1-2018-by-artprice-com/h1-2018-global-art-market-report-by-artprice-com

<sup>&</sup>lt;sup>95</sup> H1 2018 – Global Art Market Report, by Artprice.com, Artprice.com. Accessed 21 April 2019 https://www.artprice.com/artprice-reports/global-art-market-in-h1-2018-by-artprice-com/h1-2018-global-art-market-report-by-artprice-com

<sup>&</sup>lt;sup>96</sup> Chu, Ben (12 September, 2018). Financial crisis 2008: How Lehman Brothers helped cause 'the worst financial crisis in history'. Independent.co.uk. Accessed 21 April 2019 https://www.independent.co.uk/news/business/analysis-and-features/financial-crisis-2008-why-lehman-brothers-what-happened-10-years-anniversary-a8531581.html

<sup>&</sup>lt;sup>97</sup> H1 2018 – Global Art Market Report, by Artprice.com, Artprice.com. Accessed 21 April 2019 https://www.artprice.com/artprice-reports/global-art-market-in-h1-2018-by-artprice-com/h1-2018-global-art-market-report-by-artprice-com

<sup>&</sup>lt;sup>98</sup> The Art Basel and UBS Global Art Market Report 2019: 5 Key Insights. Ubs.com. Accessed 21 April 2019 https://www.ubs.com/global/en/about\_ubs/art/2019/art-basel.html

<sup>&</sup>lt;sup>99</sup> Six masterpieces that broke auction records (2 July, 2015). Theweek.co.uk. Accessed 21 April 2019 https://www.theweek.co.uk/64241/six-masterpieces-that-broke-auction-records

was auctioned in May 2015 for \$179m at Christie's in New York. This piece of art was the last in a series of 15 paintings inspired by Eugene Delacroix.<sup>100</sup>

Sir Francis Bacon, an Irish-born artist, is holding the second position. His work called "Three Studies of Lucian Freud", considered one of Bacon's greatest masterpieces, was sold for \$142m (£89m) at Christie's in New York in November 2013. The duration of this particular auction was remarkably short - it was only about six minutes.<sup>101</sup>

On the third position we can find "The Scream" by Edvard Munch, auctioned for \$120m (£74m) at Sotheby's in New York in May 2012. Before "The Scream" was auctioned, it was owned by Petter Olsen, whose family used to know Munch personally. Petter Olsen is a Norwegian businessman and had possessed Munch's masterpiece since the 1930s. "The Scream" is globally regarded as one of the best-known artworks.<sup>102</sup>

In May 2010 an unnamed telephone bidder purchased "Nude, Green Leaves and Bust" by Pablo Picasso for \$106m (£70m). The auction was held at Christie's auction house in New York. This masterpiece is Picasso's second work.<sup>103</sup>

The fifth position is held by Alberto Giacometti's L'Homme Qui Marche (also called The Walking Man I), a sculpture, auctioned in February 2010. This statue was sold for £65m at Sotheby's in London. L'Homme Qui Marche is considered one of the most significant works by Giacometti.<sup>104</sup>

#### 2.7 Auctions in the British media

Auctions in the British media is a chapter introducing a short probe concerning a representation of the British media to the public with an emphasis on the fact that internal situation of a particular company is usually not discussed as much as its external impression.

<sup>&</sup>lt;sup>100</sup> Six masterpieces that broke auction records (2 July, 2015). Theweek.co.uk. Accessed 21 April 2019 https://www.theweek.co.uk/64241/six-masterpieces-that-broke-auction-records

<sup>&</sup>lt;sup>101</sup> Six masterpieces that broke auction records (2 July, 2015). Theweek.co.uk. Accessed 21 April 2019 https://www.theweek.co.uk/64241/six-masterpieces-that-broke-auction-records

<sup>&</sup>lt;sup>102</sup> Six masterpieces that broke auction records (2 July, 2015). Theweek.co.uk. Accessed 21 April 2019 https://www.theweek.co.uk/64241/six-masterpieces-that-broke-auction-records

<sup>&</sup>lt;sup>103</sup> Six masterpieces that broke auction records (2 July, 2015). Theweek.co.uk. Accessed 21 April 2019 https://www.theweek.co.uk/64241/six-masterpieces-that-broke-auction-records

<sup>&</sup>lt;sup>104</sup> Six masterpieces that broke auction records (2 July, 2015). Theweek.co.uk. Accessed 21 April 2019 https://www.theweek.co.uk/64241/six-masterpieces-that-broke-auction-records

According to article "Going, going, gone: how Sotheby's and Christie's still lose out on big sales" published in The Guardian, a British newspaper, in recent years the prices of art have been increasing. However, this fact does not necessarily bring profits to the auction houses every time.<sup>105</sup>

Sotheby's, an auction house located in London, and Christie's, an auction house based in New York, rank among the largest auction houses in the world; also, these two are viewed as competitors. Universally, the interests in shopping in the world's top-class salesroom have been increasing in recent years. It is relating not only to London or New York, but also other significant art fairs in the world, like those in Miami or Switzerland.<sup>106</sup>

Despite the external impression of success and glamour usually perceived by outsiders, the inside of Sotheby's and Christie's is not always as astonishing as it might seem. On 20 November 2014, Sotheby's CEO William Ruprecht resigned after 30 years of his functioning. It was evidently the result of a one-year-long lasting confrontation with Daniel Loeb<sup>107</sup>, the founder of the hedge fund Third Point Capital<sup>108</sup>. In general, a hedge fund is a type of investment characterized by a possibility of a risk but can bring a profit as well.<sup>109</sup> Daniel Loeb used to put pressure on the company intending to make it more lucrative. Thereafter, on 2 December, Steven Murphy, CEO of Christie's, resigned too.<sup>110</sup>

The current President and CEO of Sotheby's is Tad Smith, who joined Sotheby's in March 2015 with headquarters in New York.<sup>111</sup>Since 2017, Christie's CEO is Guillaume Cerutti.<sup>112</sup>

<sup>&</sup>lt;sup>105</sup> Farago, Jason (30 January, 2015). Going, going, gone: how Sotheby's and Christie's still lose out on big sales. Theguardian.com. Accessed 23 April 2019 https://www.theguardian.com/artanddesign/2015/jan/30/how-auction-houses-christies-and-sotheby-lose-money

<sup>&</sup>lt;sup>106</sup> Farago, Jason (30 January, 2015). Going, going, gone: how Sotheby's and Christie's still lose out on big sales. Theguardian.com. Accessed 23 April 2019 https://www.theguardian.com/artanddesign/2015/jan/30/how-auction-houses-christies-and-sotheby-lose-money

<sup>&</sup>lt;sup>107</sup> La Roche, Julia (1 June, 2015). Dan Loeb turned \$3 million into a \$17.5 billion hedge fund empire in 20 years — here's his fabulous life. Businessinsider.com. Accessed 23 April 2019 https://www.businessinsider.com/fabulous-life-of-dan-loeb-2015-6

<sup>&</sup>lt;sup>108</sup> Welcome to Third Point. Thirdpoint.com. Accessed 23 April 2019 https://www.thirdpoint.com/

<sup>&</sup>lt;sup>109</sup> Hedge fund. Dictionary.cambridge.org. Accessed 27 April 2019 https://dictionary.cambridge.org/dictionary/english/hedge-fund

<sup>&</sup>lt;sup>110</sup> Farago, Jason (30 January, 2015). Going, going, gone: how Sotheby's and Christie's still lose out on big sales. Theguardian.com. Accessed 23 April 2019 https://www.theguardian.com/artanddesign/2015/jan/30/how-auction-houses-christies-and-sotheby-lose-money

<sup>&</sup>lt;sup>111</sup> Tad Smith. Sothebys.com. Accessed 23 April 2019 https://www.sothebys.com/en/about/team/tad-smith

<sup>&</sup>lt;sup>112</sup> Maneker, Marion (9 February, 2018). Guillaume Cerutti's Rise from Civil Servant to CEO of Christie's. Artmarketmonitor.com. Accessed 23 April 2019 https://www.artmarketmonitor.com/2018/02/09/guillaume-cerutti-loves-london

The boom in the contemporary art market has started during a period of global economic stagnation. The art prices have been increasing simultaneously with the concentration of wealth of the rich. Since this unequal distribution is expected to continue, the art market will have a chance to boom in the next years.<sup>113</sup>

#### 2.8 Commentary

#### 2.8.1 Invaluable

In this chapter, we will summarize activities of important platform designated for selling art. It is about Invaluable.com, the world's eminent marketplace, based on online trade concerning art objects.

Invaluable is one of the world's most prominent art marketplaces, based on modern technology - online purchase.<sup>114</sup>Generally, it is focused on artwork created on paper, including modern and contemporary art, old masterpieces, literature (antiquarian books and manuscripts) and also photographs.<sup>115</sup>

More than 5 000 of the world's leading auction houses as well as galleries and dealers collaborate with Invaluable. Purchasers in almost 200 countries in the world have a chance to make their purchases here. Online bidding technology and a fixed-price retail platform represents the basis of the functioning of this online market. Not long ago, it started to be considered "one of the fastest growing e-commerce sites in the art world" by Blouin ArtInfo. Its headquarters is located in Boston, however, there are more countries cooperating with Invaluable, including Australia, France, Belgium or Germany.<sup>116</sup>

<sup>&</sup>lt;sup>113</sup> Farago, Jason (30 January, 2015). Going, going, gone: how Sotheby's and Christie's still lose out on big sales. Theguardian.com. Accessed 23 April 2019 https://www.theguardian.com/artanddesign/2015/jan/30/how-auction-houses-christies-and-sotheby-lose-money

<sup>&</sup>lt;sup>114</sup> Invaluable to Host 2019 Global Auction House Summit in London. Invaluable.com. Accessed 22 April 2019 https://news.invaluable.com/press-release/art-fine-art-antiques/invaluable-host-2019-global-auction-house-summitlondon

<sup>&</sup>lt;sup>115</sup> Forum Auctions - UK. Invaluable.com. Accessed 22 April 2019 https://www.invaluable.com/auction-house/forum-auctions-uk-2nuh3u1j97

<sup>&</sup>lt;sup>116</sup> Invaluable to Host 2019 Global Auction House Summit in London. Invaluable.com. Accessed 22 April 2019 https://news.invaluable.com/press-release/art-fine-art-antiques/invaluable-host-2019-global-auction-house-summitlondon

#### 2.8.2 Invaluable in England

Invaluable organizes summits in order to connect auction houses from around the world in order that they can enrich each other by sharing their experience. The goal of these summits is also to present a view of modern market trends and be focused on auction business's future: "We're excited to again bring together auction houses from around the world to share experiences, offer fresh insights on market trends, and envision and plan for the future of the auction business during this time of great transformation," said Invaluable's CEO Rob Weisberg.<sup>117</sup>

After the success of the first summit, held in Boston in September2018, the second summit took place in London in February 2019. This second Global Auction House Summit hosted by Invaluable was held at The Landmark London hotel, lasting for two days.<sup>118</sup>

#### 2.8.3 The results of auction summit 2019 held by Invaluable in London

Invaluable's second summit was held in February 2019. Two days of presentations introduced by the most thriving companies and the most important auction houses in the world brought new information in the auction sphere.<sup>119</sup>

One of the main discussions was concerning the disuse of paper when promoting auctions. Artmyn, a ground-breaking company, allows scanning pieces of art in a high-quality resolution. CEO of Invaluable, Rob Weisberg, is a proponent of this company, which they started to cooperate with. The goal of Invaluable is to distribute the unique scanners used in this process in order to use them in the most important auction houses in Europe.<sup>120</sup>

<sup>&</sup>lt;sup>117</sup> Invaluable to Host 2019 Global Auction House Summit in London. Invaluable.com. Accessed 22 April 2019 https://news.invaluable.com/press-release/art-fine-art-antiques/invaluable-host-2019-global-auction-house-summitlondon

<sup>&</sup>lt;sup>118</sup> Invaluable to Host 2019 Global Auction House Summit in London. Invaluable.com. Accessed 22 April 2019 https://news.invaluable.com/press-release/art-fine-art-antiques/invaluable-host-2019-global-auction-house-summitlondon

<sup>&</sup>lt;sup>119</sup> 10 lessons of auction summit 2019 held in London (12 February, 2019). Theartmarket.es. Accessed 22 April 2019 https://theartmarket.es/en/10-lessons-of-auction-summit-2019-held-in-london/

<sup>&</sup>lt;sup>120</sup> 10 lessons of auction summit 2019 held in London (12 February, 2019). Theartmarket.es. Accessed 22 April 2019 https://theartmarket.es/en/10-lessons-of-auction-summit-2019-held-in-london/

Another outcome of the summit was a brand issue. A general discussion about this theme resulted in the conclusion that it is important to bear in mind the importance of developing the brand as well as editorial content of high-quality.<sup>121</sup>

Issues concerning a process of simplification of the auction process for the benefit of customers or using virtual reality technologies have also been discussed in the second Invaluable summit.122

#### 2.9 Glossary

The following glossary provides an overview of terms frequently used in the art field focused on art market and auctions. The glossary comprises a collection of terms, each entry containing a translation of the given word from English into Czech. In most of the cases, prepositions which are used with the given term are also listed in order to use them correctly in practice. Each word is accompanied with a definition in English. All the exact translations are quoted from Lingea online dictionary.<sup>123</sup> The definitions were formulated with the help of three online monolingual dictionaries - Oxford Learner's Dictionary,<sup>124</sup> Cambridge Dictionary<sup>125</sup> and Linguee.<sup>126</sup>

#### AUCTION n.

#### = dražba

An event when people offer a certain amount of money for objects or goods which they would like to buy. It usually takes place in public and is going on concurrently with other interested persons of offered objects.

<sup>&</sup>lt;sup>121</sup> 10 lessons of auction summit 2019 held in London (12 February, 2019). Theartmarket.es. Accessed 22 April 2019 https://theartmarket.es/en/10-lessons-of-auction-summit-2019-held-in-london/ <sup>122</sup> 10 lessons of auction summit 2019 held in London (12 February, 2019). Theartmarket.es. Accessed 22 April

<sup>2019</sup> https://theartmarket.es/en/10-lessons-of-auction-summit-2019-held-in-london/

<sup>&</sup>lt;sup>123</sup> Slovniky.lingea.cz. Accessed 28 April 2019 https://slovniky.lingea.cz/

<sup>&</sup>lt;sup>124</sup> Oxfordlearnersdictionaries.com. Accessed 27 April 2019 https://www.oxfordlearnersdictionaries.com/

<sup>&</sup>lt;sup>125</sup> Dictionary.cambridge.org. Accessed 27 April 2019 https://dictionary.cambridge.org/

<sup>&</sup>lt;sup>126</sup> Linguee.com Accessed 27 April 2019 https://www.linguee.com/

#### AUCTION v.

= (vy)dražit, prodat v dražbě, licitovat

To sell objects, goods or property to the person who offered a sum of money for it. This certain amount of money is successively increased and the offered object is sold to the person with the highest bid.

#### AUCTIONEER n.

= licitátor, dražitel, dražebník

A person who is in charge of leading and directing a course of an auction and whose contents of work consist in tendering the prices that people offer during auction.

#### AUCTION HOUSE n.

= (ekon.) aukční síň, firma

A company established in order to buy goods or property and to sell these objects at auctions.

#### AUCTION SALE n.

= aukce

A type of event customarily of a public character when people have an opportunity to buy offered goods or property. It terminates at the moment of approval of the highest bid.

## B

### **BENEFIT n.**

= of sth užitek, prospěch, výhoda, přínos (z) čeho (z určité věci)

An advantage in a material or immaterial form that is acquired from someone or something.

#### BID n.

= (cenová) nabídka (při dražbě, prodeji ap.), nabídka ke koupi (od zájemce), dražební nabídka
A sum of money offered for something that is available for a purchase.

#### BID v.

= for sth nabídnout cenu za co, učinit nabídku (při dražbě ap.)

An act of offering an amount of money for a particular object or merchandise that is wanted to bu bought by someone and taking place when competing with others.

#### **BIDDER** n.

= dražitel (kdo nabízí částku v dražbě); for sth zájemce o co, účastník výběrového řízení na co (o licenci ap.)

An individual or group of people who are participants of an event where offer a sum of money for particular property or goods that they want to buy and whose sums of money are competing with the amounts of money of the others.

#### BOOM n.

= (ekon.) konjunktura, boom, výrazný růst; rozmach, vzestup, (v množství ap.)

A period of time characterised by an unexpected rise in economics with a presence of fortune and significant achievements.

#### BUYER n.

= kupující, kupec; nákupčí (v obchodním domě ap.)

A person making a purchase primarily with a larger amount of money.

## C

#### **COLLECTIBLES n.**

(also collectables)

= sběratelské předměty

Objects or items collected because of their beauty or high-value. They can be gathered whether as an avocation or as an investment.

#### COMMODITY n.

= (ekon.) komodita, zboží

Something in a material or immaterial kind of form which can be bought or sold in a trade.

#### **COMPETITOR n.**

= to sb/sth konkurent koho/čeho (obchodní ap.), účastník soutěže (veřejné ap.)

An individual or a company that takes part in a specific type of contest where they offer an amount of money against each other.

#### **CONFRONTATION n.**

= with sb/sth konfrontace, konflikt s kým/čím (ostrý spor)

A conflict between two or more people caused by their different point of views on something.

## D

#### DEMAND n.

= for sb/sth poptávka po kom/čem, zájem o koho/co

A strong or exact request for something specific that can be bought or sold.

#### **DISTRIBUTION n.**

= distribuce, rozesílání, prodej (zboží ap.), rozdělování, přidělování, rozdávání (přídělů ap.), rozvoz, rozvážení, šíření (tisku ap.)

An act of disseminating something specific in the way of giving it to someone or delivering it somewhere.

## $\mathbf{F}$

#### FINE ART n.

(also fine arts)

= výtvarné/krásná umění, (též obecně) umění (ne užité)

A specific form of art, especially painting, drawing and sculpture. Beauty predominates utility.

#### FLUCTUATION n.

= kolísání, výkyv, fluktuace

An irregular course or a development during which there are increases and decreases relating to size or quantity.

## G

#### GLOBAL adj.

= celosvětový, globální; souhrnný, komplexní, celkový (zhodnocení situace)

Relating to whole world or influencing all the parts in it.

# Η

#### **HEADQUARTERS n.**

= sg of sth ústředí, hlavní sídlo, centrála čeho (organizace, firmy); velitelství, (hlavní) štáb

A place of an organisation or a company with principal offices from where the organisation is managed.

## Ι

#### **INCREASE n.**

= in sth zvětšení, zvýšení, zvyšování čeho

A rise in a specific regard like in an amount or in a size.

#### TO BE ON THE INCREASE phr.

= být na vzestupu, stoupat, růst

A situation when something is becoming larger or greater.

#### INVESTMENT n.

= investování; of sth vynaložení, vložení, investování čeho (času, námahy)

An action of putting a certain amount of money into something with an aim of profit.

#### **INVESTOR n.**

= (ekon.) investor

Any person or organisation that puts money into something with an anticipation of financial returns.

# L

#### LUCRATIVE adj.

= výnosný, lukrativní, vysoce ziskový

Earning a large amount of money. Achieving many profits.

### $\mathbf{M}$

#### MARKETPLACE n.

= (ekon.) trh, tržní sféra/prostředí; trh, tržiště (na náměstí ap.)

A space set up for commercial activities where products or services can be bought or sold.

#### MEDIATOR n.

= prostředník, zprostředkovatel (ve vyjednání ap.), mediátor

A person or an organisation helping to reach an agreement between two or more parties that are in strife.

### 0

#### **OWNERSHIP** n.

= of sth vlastnictví, vlastnění čeho, vlastnická práva

A state of holding something in a personal possession.

### P

#### PRESIDE v.

= over/at sth předsedat čemu (konferenci ap.)

To occupy a position of authority.

#### PROFIT n.

= zisk, výnos, profit

A financial avail obtained after paying expenses.

#### PROFIT v.

= from sth mít zisk z čeho, vydělat na čem

To make money or to gain a benefit from something.

### R

#### RAISE THE BID v.

= zvýšit nabídku, přihodit

To augment the previous bid by a higher sum of money than was previous one.

#### **REAL ESTATE n.**

= nemovitý majetek, nemovitosti, reality

Property comprising of buildings or lands that have their proprietors.

## S

#### SELLER n.

= prodejce, prodávající, prodavač

A party making a sale.

#### SETBACK n.

= krok zpět, nezdar, dílčí prohra, komplikace, zádrhel (v postupu, vývoji ap.)

A situation bringing out delays and other difficulties causing loss of forward progress or restraint.

#### SIMULTANEOUSLY adv.

= současně, zároveň, souběžně, simultánně

A state of happening of something at the same time as something else.

#### SUMMIT n.

= schůzka na nejvyšší úrovni, summit

A formal encounter when heads of state of two or more states meet in order to discuss the most important matters.

#### SUPPLY n.

= (ekon.) nabídka

An amount of goods or services produced and determined for a sale.

## T

### THRIVING adj.

= (velice) úspěšný, prosperující (podnikatel ap.)

Flourishing and experiencing a great success in money, progress and health.

#### 3. CONCLUSION

This bachelor's thesis submitted a survey about a development of art market and delineated important milestones in trade in art work.

Over the centuries, the art field has recorded many different art movements. Some of them lasted only for short time and some of them have been long-lasting.<sup>127</sup> In general, not everyone does have a need to be interested art.<sup>128</sup> Those who are, know the fact, that the art can be a powerful way for us how we can expand our horizons. "The arts and humanities are special because they investigate, excavate, create, critique, and celebrate the many achievements, ideas and values of our human world. At their most challenging, they grapple with the problem of the human condition."<sup>129</sup>

Every year, many publications coming out of universities show the importance of arts as a great tool helping us not to stagnate in our horizons and to prove our preconceptions as deceptive.<sup>130</sup> Investing in the arts represents a chance for a state and governments how to reach a return. A smart marketing as well as a long-term planning are necessary for a success in the industry.<sup>131</sup>

From the very first auctions dated to 500 BC taking place in Ancient Greece and Rome, when women used to be auctioned off as brides,<sup>132</sup> in 21st century we came to the live online bid auctions which allow us to participate in auction whenever we want and for a large scale of offered objects.<sup>133</sup>

<sup>&</sup>lt;sup>127</sup> Modern movements and styles - full list. Theartstory.com. Accessed 26 April 2019 https://www.theartstory.org/section\_movements.htm

<sup>&</sup>lt;sup>128</sup> Earle, Wendy (29 May, 2014). Let's stop being defensive about the value of arts degrees. Theguardian.com. Accessed 26 April https://www.theguardian.com/higher-education-network/blog/2014/may/29/study-arts-humanites-enrichment

<sup>&</sup>lt;sup>129</sup> Earle, Wendy (29 May, 2014). Let's stop being defensive about the value of arts degrees. Theguardian.com. Accessed 26 April https://www.theguardian.com/higher-education-network/blog/2014/may/29/study-arts-humanites-enrichment

<sup>&</sup>lt;sup>130</sup> Earle, Wendy (29 May, 2014). Let's stop being defensive about the value of arts degrees. Theguardian.com. Accessed 26 April https://www.theguardian.com/higher-education-network/blog/2014/may/29/study-arts-humanites-enrichment

<sup>&</sup>lt;sup>131</sup> 'Investing in arts pays' (18 February, 2011). Theindependent.co.zw. Accessed 26 April 2019 https://www.theindependent.co.zw/2011/02/18/investing-in-arts-pays/

<sup>&</sup>lt;sup>132</sup> Zajicek, Charlotte (7 October 2016). The history of auctions: from ancient Greece to online houses. The Telegraph. Accessed 26 April 2019 https://www.telegraph.co.uk/art/online-auctions/history-of-auctions/

<sup>&</sup>lt;sup>133</sup> Siegal, Nina (October 2, 2018). When Auctioneers Don't Know or Can't See Their Buyers. The Ne w York Times. Accessed 26 April 2019 https://www.nytimes.com/2018/10/02/arts/auctions-live-online-bidding.html

Paul Klemperer, professor of economics, provides in his book "Survey of Auction Theory, from Auctions: Theory and Practice" four fundamental division of auctions with their own specific features and the principles on which they are based on.<sup>134</sup>

London currently represents one of the world's metropolises with strong position in the art market, competing with New York these days.<sup>135</sup> It was a place of establishment of one of the oldest and most important auction houses - Sotheby's and it is the world's locality where some masterpieces in fine arts have broken record in art prices in 21 century.<sup>136</sup> <sup>137</sup> A history and development of this auction house shows the fact that an auction requires its own development. The objects auctioned off in the past at Sotheby's have not always been fine arts. At the beginning, the auction was based on literature and book selling and through two hundred of years, the range of assortment started to change and extend. By 1950s and 1960s a reorientation on masterpieces in fine arts was official.<sup>138</sup>

London is also a locality where the world's leading art marketplaces decided to choose it as a place of holding its important events, such as Invaluable.<sup>139</sup> The Invaluable, a successful organisation on a global scale, focused on online purchase, held its second official summit in London in February 2019 in order to provide information and share new experience in art field.<sup>140</sup>

In conclusion, we can summarize that a development of art market and auctions has a rich history with a commencement from the Ancient times. It has undergone many changes through its development and is nowadays directly influenced by modern technologies providing new possibilities in its progress.

<sup>&</sup>lt;sup>134</sup> Klemperer, Paul. (2004) Survey of Auction Theory, from Auctions: Theory and Practice. Princeton University Press. 264 pages.

<sup>&</sup>lt;sup>135</sup> H1 2018 – Global Art Market Report, by Artprice.com, Art price. Accessed 21 April 2019 https://www.artprice.com/artprice-reports/global-art-market-in-h1-2018-by-artprice-com/h1-2018-global-art-marketreport-by-artprice-com

<sup>&</sup>lt;sup>136</sup> The History of Sotheby's Auction House. Sotheby's. Accessed 18 April 2019 https://www.sothebys.com/en/about/our-history

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<sup>&</sup>lt;sup>139</sup> Invaluable to Host 2019 Global Auction House Summit in London. Invaluable.com. Accessed 22 April 2019 https://news.invaluable.com/press-release/art-fine-art-antiques/invaluable-host-2019-global-auction-house-summitlondon

<sup>&</sup>lt;sup>140</sup> Forum Auctions - UK. Invaluable.com. Accessed 22 April 2019 https://www.invaluable.com/auction-house/forum-auctions-uk-2nuh3u1j97

### 4. RESUMÉ

The goal of the submitted bachelor's thesis: "Art market and auction sales in England and their coverage in the British media with a commentary and glossary" is to delineate art auctions from their origins to the current art market with emphasis on the marketplace in England. The theoretical part explicates fundamental terms occuring in the art market, a history and development of auctions including types of auctions and the most important auction houses. The practical part of the thesis is focused on art market and auctions in England and an overview of examples of significant events whose purpose is to share information and new experiences in the art field. The thesis also contains a glossary providing translations of the most frequent terms used and occuring in the art market.

Předmětem bakalářské práce "Trh s uměním a aukce v Anglii a jejich zprostředkování v britských médiích s komentářem a glosářem" je popsat aukce od jejich počátků vzniku až po současnou situaci s důrazem na trh s uměním v Anglii. Teoretická část vysvětluje základní termíny objevující se v oblasti trhu s uměním, historii a vývoj aukcí včetně typů aukcí a popisuje nejvýznamnější aukční síně. Praktická část se zabývá trhem s uměním a aukcemi v Anglii a uvádí příklad událostí, jejichž záměrem je sdílet informace a nové zkušenosti z uměleckého odvětví. Bakalářská práce rovněž zahrnuje glosář poskytující přehled nejčastěji používaných termínů objevujících se ve sféře trhu s uměním.

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