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Taste Buds

How to cultivate the art market

Executive summary

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Introduction

This report represents the findings of a year-long research programme by Morris Hargreaves McIntyre into the market for original contemporary visual art. It was the first such study of the art market to be undertaken in England.

The following figures are based on an extrapolation of data derived from a population survey, with a representative sample of 6,141 adults aged 16 and over living in England and analysis, based on qualitative research with over 240 people.

Key Points

- 4.9 million people in England have already bought visual art that is original, but not necessarily contemporary nor innovative in style, by artists living or dead
- 5.9 million aspire to buy original art, by artists living or dead, but have yet to buy
- The market for buying original visual art comprises a total of 10.8 million people (27 per cent of the population in England), taking into account 4.9 million existing and 5.9 million potential buyers
- 10.2 million of the existing and potential buyers in the market (26 per cent of the population) would buy original work by a living artist (not necessarily contemporary in its style)
- 7.5 million (of the 10.2 million) would buy work that is contemporary in style: this amounts to 19 per cent of the population of England
- Out of the 7.5 million, 2.9 million have already bought art by a living artist and would buy 'cutting edge' work, ie innovative art
- There are 6.1 million potential buyers of work by a living artist, who have yet to make their first purchase of contemporary work, although they may have bought original work in the past
- 43,000 existing buyers of contemporary work say they would only or mostly buy 'cutting edge' work

- There is the potential to more than double the size of the market for original art – that is, double the number of people who own any original art
- An analysis of the value of sales of art through commercial galleries and open studios suggests that the market is worth an estimated £354.5 million
- The market for `cutting-edge' art has the potential to be larger – both at the top end among serious collectors and through private purchases bought for personal use
- One reason why more people don't buy art is because of the way in which it is presented and sold. The research shows that potential buyers require choice and information, as well as independent advice on what to buy and how much to pay
- Several factors prevent the majority of dealers and artists from proactively developing the market and challenging conventional practice. First there is a belief that the market for contemporary art in the UK is very small and is fully developed. Secondly, there is inherent conservatism, predicated on the power of the `subscription' system (explained on page 4). Thirdly, dealers and artists fear being perceived by their peers as interested in selling (possibly indiscriminately, to a point of compromising potential value)
- Dealers and artists new to the market for contemporary innovative art are under pressure to conform to the established norms and conventions of the sector
- There is virtually no infrastructure outside London for selling critically engaged, innovative, contemporary art
- The public sector could play a greater role in championing the development of new markets
- The report identifies potential for expansion of the serious collector base
- The report suggests a range of proactive market development initiatives, which could expand the market for the spectrum of contemporary art

Context

Research aims and objectives

Taste Buds aimed to explore the extent to which individuals in England buy or have the inclination to buy contemporary art for their homes and to address three questions:

- How to enhance and increase sales of innovative contemporary art and private commissions through diverse distribution points
- How to help artists to become more entrepreneurial in their engagement with the marketplace
- How to expand the audience for contemporary work

The report defined contemporary work as the original outputs of living artists, working professionally and in any media. It also placed special emphasis on the sales of innovative or 'cutting edge' contemporary work, which is critically engaged (see *Terms of reference* in main report) since Arts Council England prioritises this work for support.

The report:

- analyses why current sales of innovative contemporary art in England might be under-developed
- identifies far greater potential demand for contemporary art than is generally thought to exist
- recommends how the market can be developed in the future

The research was structured into three parts: production, supply and demand.

- Under **production** it explored what motivates artists to produce work, how artists and their intermediaries view the market, and how they orientate themselves towards it
- Under **supply** it analysed how art is distributed into the market-place, how the supply side of the sector is structured and how it functions to meet the needs of artists and buyers
- Under **demand** it explored why people buy art, and what type of artworks they buy at present. It measured existing demand for contemporary art and market size

The recommendations focus on how to increase the sales of innovative, critically engaged art. There is also much in this report to help more people buy

contemporary art of all kinds and bring greater acknowledgement and prosperity to the contemporary visual art market.

Summary of methodology

The methodology included a literature review and scoping study¹, consultation with stakeholders, and a population survey across the whole country looking at buyers and potential buyers.

The researchers also conducted in-depth interviews and focus groups with artists, buyers, and suppliers and a survey of artists. Findings are based on contact with more than 6,700 people, including more than 400 artists and 80 suppliers of contemporary visual art.

Understanding the contemporary visual arts market

Art is like no other commodity in that the ultimate desired resting place for an artwork is within a public collection. The dynamic within a large part of the art sector is the aspiration, by artists and their intermediaries, for their art to attain a place in museum or gallery collections; art collectors aspire to own pieces that have 'museum quality' status.

The contemporary art market is a complex system with many types of art, many players and sophisticated interdependencies. Concepts underpinning the structure of the art market, along with research and consultation in the scoping study have led Morris Hargreaves McIntyre to develop two models to help explain this system. The research also developed the following terminology to describe the principles underlying the art market.

'Subscription' is the process by which art is filtered and legitimised. In an otherwise unregulated sector, where anyone can proclaim themselves an artist and anything be held up as 'art', the selection of 'the wheat from the chaff' is carried out by artists' peers. Networks of art world professionals, including academics, curators, dealers, critics, artists and buyers, provide advocacy and endorsement for an artist's work through exhibitions, critical appraisal and private and public purchases.

The value of an artist's work increases in direct proportion to the subscription it attracts and sustains. This process is reflected in artists' CVs and is explained by dealers to potential buyers, but to most people it is an opaque and insular activity.

¹ Developing the market for sales and commissions of contemporary art, Morris Hargreaves McIntyre, Arts Council England 2003

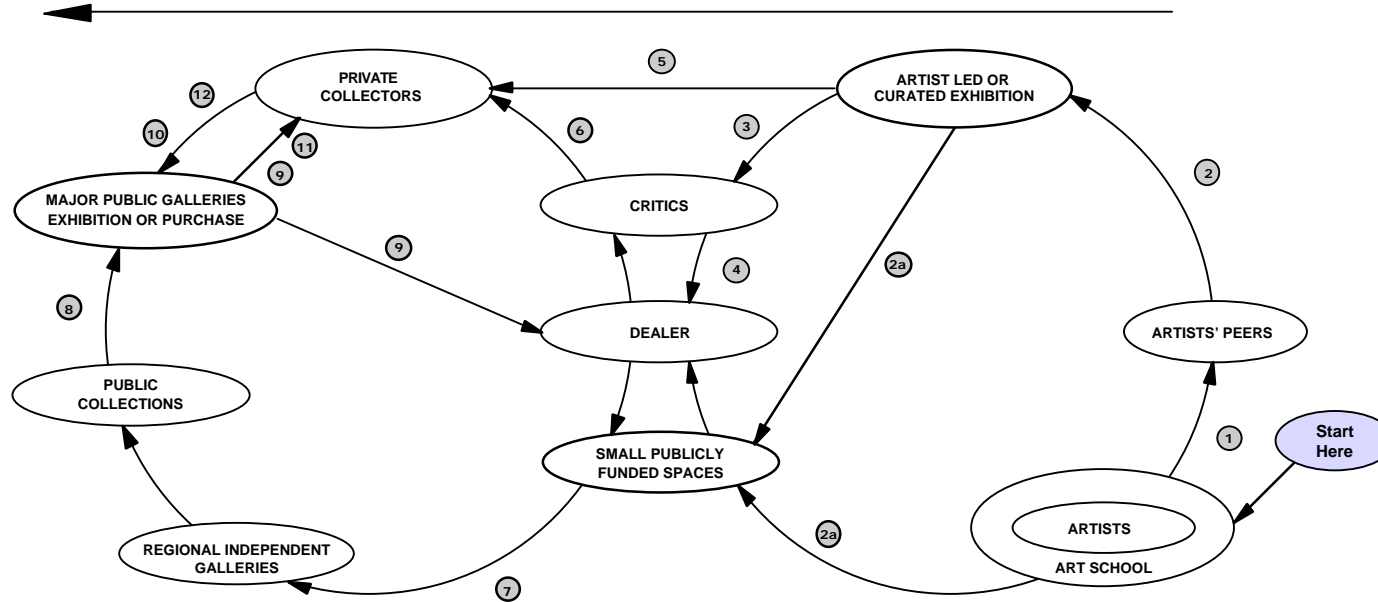
Sales to public collections or significant private collectors can signify important subscription; some sales to unknown buyers can have a detrimental effect or no effect at all. At the highest levels, appropriate buyers are those that can be trusted to provide safe custodianship of the work, thereby maintaining its value and leaving it accessible for loaning to exhibitions.

When artists sell their own work they can be viewed, by those in the subscription system, as circumventing the due process. Artists who aspire to move through the subscription system are encouraged to rely on dealers to manage their career path, and to maximise the degree of subscription that they can achieve and sustain. Placing work within significant collections is an important aspect of this activity.

The art eco-system model

The *art eco-system model* (see next page) illustrates the players who determine artists' trajectories as they accrue endorsement or subscription. The players include private individuals and representatives of organisations in the public sector and private sector

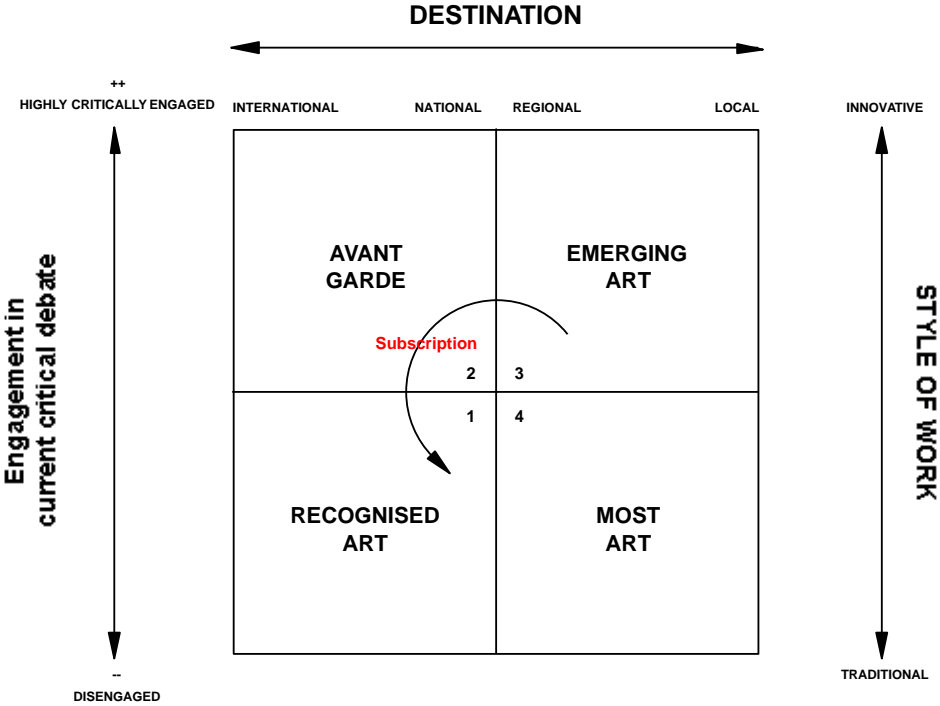
The Art Eco-System Model



- | | |
|---|--|
| ① Artists attract recognition of peers | ⑦ Dealer builds critical endorsement through exhibitions/sales in small publicly funded/regional independent galleries |
| ② Exhibition curated by artists or freelance curator | ⑧ Purchase or exhibition in major public gallery |
| ②a Representation in a small publicly funded gallery | ⑨ Legitimation adds value and status to collector and profit to dealer and artist |
| ③ Activity attracts critical attention | ⑩ Collector lends to public gallery |
| ④ Attracts attention of dealer | ⑪ Collectors' discernment is endorsed - invited onto Boards of Galleries |
| ⑤ Attracts private collectors | ⑫ Collectors bequest collection to galleries |
| ⑥ Dealers build artists' reputation through sales including international art fairs | |

Rarity is the pre-condition of an artist's work achieving high levels of subscription and consequent value, as well as a necessary outcome. As value comes to reflect high levels of subscription, that value has to be maintained through a strict control of supply and demand. Managing the subscription process necessitates restricting the amount of work for sale, and the number of people who are able to possess work by the artist.

The Contemporary Art Marketplace Model



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Subscription activity takes place in the avant-garde and recognised sectors of the market. Critically engaged, innovative contemporary art generally aspires to be recognised within the avant-garde sector as making a unique and progressive contribution to critical debate. Thus sustaining rarity and maintaining the avant-garde segment could be seen as being incompatible with market expansion.

The *contemporary art market-place model* above segments the art market into four types of art or artist along the axes of desired destination for the work and degree

of engagement in current critical debate. This allows the research to segment the sector, be specific about each segment and study the dynamics across them.

Production

The researchers surveyed 316 artists, held five focus groups and conducted 60 in-depth interviews with artists.

Artists' data

The scoping study found that there are estimates varying between 34,000 and 110,000 artists in England, depending upon which research is used.

There is considerable confusion around data on visual artists, because of inconsistency in the way artists are defined and the absence of any census of the profession. There is an urgent need to carry out a census of visual artists.

Types of artists

The research sampled artists across their career stages, as well as by region and by media. Findings were classified according to whether artists define themselves or are judged as emerging, mid-career or established.

Summarising the findings and using the *contemporary art market-place model*, the report identifies four types of artist:

- Recognised – established
- Avant garde – established and mid-career
- Emerging – emerging
- Most art – emerging, mid-career and established

Artists' motivations and attitudes

Artists' need to live by their work does not drive them as much as the need to create. Around 41 per cent of artists prioritise selling; 59 per cent prioritise developing their CV. The more critically engaged artists consider themselves to be, the more likely they are to prioritise CV development over sales.

Around a third of artists have resisted selling work and 45 per cent of artists do not promote their own work. Some artists are opposed to the notion of private ownership of art and orientate themselves entirely towards the public sector; 43 per cent stated that a significant amount of their work is designed for the public

sector. Some are surprised that their work sells or see some sales as potentially compromising their careers.

Artists pursuing the subscription route are concerned that making their own sales to domestic purchasers can damage their career, isolate them from dealers, and may cause them to miss other important opportunities. This fear can cause a paralysis while artists wait to attract a dealer and, it is suspected, must contribute to the high number of artists who drop-out from the sector.

When it comes to generating sales income, the 'domestic', or private buyers' market is very important. 89 per cent of respondents had at some time sold work to occasional domestic buyers. This compares to less than 10 per cent who had variously, sold to an international collection, or to a serious national private collector, or to a significant national public or corporate collection.

Artists who do not aspire to attract subscription are more comfortable selling their own work to domestic purchasers. A third of artists had taken part in a regional art fair (targeting domestic buyers). Sales at these were an important source of encouragement but artists remain ambivalent about the value of regional art fairs.

Almost nine out of ten of the surveyed artists believe that there is potential to develop the contemporary art market, but in focus groups, some asserted that the British public doesn't like or want to buy contemporary art.

Training and career development

Many artists do not have a clear view of the art market. They do not understand the roles and interdependencies between the public and private sectors, and how best to obtain support for their careers. Nearly 60 per cent of all artists surveyed acknowledged that they needed training in marketing. This figure was nearer 70 per cent for 'emerging artists' (as defined by our research).

Better college training could give artists a more helpful induction to the way the sector works. This would help shape their aspirations and identify the markets they might choose to pursue.

Artists' attitudes towards the market and selling tend to change over time. The more experienced they are, the more pragmatic artists are about selling and what it takes to survive.

Average incomes for the respondents were £500–£20,000 for emerging artists, £12,000–£32,000 for mid-career artists and £50,000–£60,000 for established artists.

Sales account for the smallest proportion of income for artists. Income is derived from a number of art and non-art sources.

The significance of London

It is estimated that as many as 50 per cent of all artists live in London. It is the centre of most subscription activity in the UK and artists outside London who seek subscription are at a disadvantage.

Analysis of where artists have studied, especially at post-graduate level, shows that London is a factor in the career path of artists in the avant-garde and recognised segments of the art market.

Sources of support

It is clear that the public sector provides numerous opportunities, which support artists and bring them to the attention of collectors and the commercial sector. These include subsidised studio space, artist-led galleries, public gallery exhibitions and purchases, open studio events, public commissions and residencies.

Supply

A national database was developed to identify galleries, art fairs and outlets in England which sell contemporary visual art. (These were entered on the basis that they promoted the fact that they sold contemporary work. They were not further refined eg selling contemporary innovative visual art.) Researchers also conducted 80 in-depth interviews with suppliers.

The following sources were analysed:

- public galleries and artist-led independent galleries
- multiples and limited editions producers
- art fairs
- websites
- open studios
- artists selling their own work

- degree shows
- commercial challengers
- commercial sector

The research further classified the commercial sector into eight different types: traditional dealers; contemporary dealers; entrepreneur gallerists (all high-end dealers); project spaces; established genre; regional dealers; souvenir; reproduction. The generic term applied to these is 'dealers'.

Main findings

The report identifies 1170 outlets that sell contemporary art, with 436 based in London. Of the 1170 outlets, there are 940 commercial dealers, 91 independent, non profit-galleries (mainly artist-led), 82 publicly funded galleries selling art (mainly local authority spaces), 38 open studio events and 13 art fairs.

Most of the various supply channels for art target the same small market of established buyers. There is virtually no infrastructure outside London for selling critically engaged, innovative, contemporary art.

Also, there is no collective body for suppliers of contemporary art. Such a body could, for example, represent the interests of the commercial art market to stakeholders such as media, funding bodies or development agencies, and could potentially lever public support for the art market, in particular outside London.

Public sector galleries

The public sector and artist-led galleries are more concerned with subscription than sales and therefore rarely operate as efficient sales outlets.

Many public gallery curators are very conscious of the traditional divide between the public and commercial sectors; they see selling as the dealer's role, and perceive the role of public galleries as providing subscription while remaining independent of any commercial implications of this. Many public galleries remain resistant to selling work and often lack the skills and infrastructure to operate as retail outlets, although in some places roles are being reviewed and artists are being supported through sales.

The research examined the opportunities and barriers constraining the public sector from selling art and mounting selling shows. Barriers are often practical

ones – a lack of manpower to service sales and administrative systems to process payments.

Because of the role the public sector undoubtedly plays in providing independent endorsement of art and artists, it could play a greater role in championing the development of new markets outside London, absorbing early risk and proving the case to the commercial sector.

Multiples and editions are a particular area of growth of sales in public galleries as these can be seen to have a direct relationship to exhibitions, are economical to produce and are justified to the artists and dealer as fair exchange of support between artist and public gallery.

Art fairs

Art fairs are the main form of marketing and market development activity that dealers tend to undertake.

The research explored regional, national and international art fairs. Those which targeted a market of local private buyers were defined as 'regional'; those which targeted a national market of private buyers and public, private and corporate collectors were deemed to be 'national'. The research identified as 'international' those targeting an international market of public, private and corporate collectors.

Showing at art fairs is expensive for new entrants. New dealers or artists' groups often require a three-year business plan to cover costs and produce a profit. Regional art fairs attract new buyers and are a vital source of income for many artists and dealers.

Because of the need to cover costs at regional and national art fairs, dealers tend to offer art that is more accessible; they assume that this alone is what the domestic market will buy. There is potential for the development of regional art fairs that focus on the sale of innovative, critically engaged work.

High-end dealers see international art fairs as a crucial route to new international markets. Many rely heavily on the sales and contacts they make at such fairs. New dealers would welcome financial support to attend international art fairs.

Open studios and artists selling direct

Artists also sell their work direct. Channels include open studios, house parties, taking market stalls, as well as art and craft markets.

Separate research into open studios¹ reveals that there are at least 40 open studios events across the country. At least 3,000 artists and organisations participate in open studios each year and they attract an estimated 434,000 visitors. Estimated annual sales amount to at least £1.5 million.

Open studios are becoming a popular and acceptable means of supply. They enable artists wishing to be part of the subscription system to make a proportion of their own private sales without compromising their position within the subscription process.

The internet

The internet was heralded as the new channel through which to liberate sales. It has not yet been able to deliver on this promise. Where it is most efficient is in raising awareness of supply channels and artists and at selling well-branded editions. When it comes to original works, most buyers want to see work 'in the flesh'. Successful internet sellers tend to also work in partnership with physical galleries.

There is a need for more training and guidelines for artists and suppliers on website design and content. A website and portal on how to buy art could usefully direct potential buyers to the numerous art sites.

'Challenger' outlets

There is a fairly new and growing group of what the research has termed, 'challenger' suppliers, such as the Biscuit Factory in Newcastle-upon-Tyne and Comme Ca PR in Manchester. They are unconcerned with the subscription system, and recognise that there is a developing market for art, which is currently not being served. They are attracting new buyers and making very healthy sales in the domestic market, particularly outside London.

Dealers

A classification of the commercial galleries was undertaken. From research among 80 suppliers, of which 57 were commercial dealers, the following issues emerged:

Most high-end dealers, and most of those representing innovative, critically engaged work, are based in London. They regard it as their role to manage their artists' careers, place works strategically, and interpret the work for the benefits of

¹ Open Studios: A study of multi artist urban and rural events across England Kieth Hayman, Arts Council England, 2002

clients. In looking for new artistic talent, high-end dealers rarely travel outside London.

Many dealers start off as artists, have a passion for art, and lack business knowledge and training. Many struggle to survive. Only a few are actively engaged in trying to expand the market.

Dealers' views

While some dealers recognise that the contemporary art market could and maybe should be expanding, and that the art sector is to some extent responsible for its present limited size, others cleave to the view that in England, especially at the higher levels, the market is small, finite and fully developed.

Some dealers are wary of new buyers; they argue that it is better to devote time and effort to make a sale to a reliable, high-value client than to devote the same effort on an unknown, possibly one-off, lower-value, client. Many dealers enjoy the mentoring role they can offer to their buyers (See section below, *Evolving confidence*).

Lack of belief in a domestic market for contemporary innovative art means that many dealers look to the international trade. Most high-end dealers are heavily dependent upon international sales, picked up by attendance at art fairs and from international collectors, to supplement their small domestic market. Many new dealers follow this lead, on the assumption that a domestic market does not exist.

There is also tension between dealers and the public sector. Dealers resent larger public galleries moving into sales of multiples and editions. Secondly, many dealers rely on public collections in Britain to buy from them and some criticise these purchasers, for 'ill-informed' and conservative buying policies, compared to public galleries abroad.

Barriers for new dealers

Many barriers to entry for new dealers were identified, including:

- the need for a client list
- the need for specialist knowledge
- the high cost of promotion and space
- the need to be well networked within the subscription system
- many new entrants struggle to make a living

- intense competition

For a sector that represents innovative, cutting-edge work, it is interesting that the pressure of the subscription system upon new dealers to the market is to conform to the established model of exclusivity in pricing and supply.

Most of the supply channels that are efficient at selling art to domestic buyers are not selling innovative, critically engaged work. Artists who opt to sell their work outside the commercial channels– or via some of the above channels– stand little chance at present of building a reputation via the established subscription system.

Dealers could be encouraged to widen their conservative view of the market, acknowledge the potential of new buyers, and undertake market development and expansion activities.

Demand

Estimates of market value

The research looked both at estimates of sales of contemporary art, and at data relating to purchases.

Analysis of the annual market of legitimised primary sales in England (carried out through commercial dealers), based on an extrapolation of dealers' Companies House returns, consultation and testing calculations with suppliers, and including open studios, suggests that the market is worth an estimated £354.5 million. (This figure is close to that calculated in other research.²)

The researchers conducted a population survey, with a representative sample of 6,141 adults aged 16 and over living in England, to establish actual and potential market size, and the value of recent purchases. An in-depth survey was carried out with 1,759 of these. This resulted in an estimate of the value of annual purchases of all art that is contemporary in style, suggesting that the market is worth £870m.

What accounts for the £515.5 million difference? It suggests that buyers purchase a great deal of work directly from artists or from other amateur and non-legitimised channels, such as markets, shops and fairs. Further findings from the population survey confirm this. Another way to look at this differential is that the market for non-legitimised work is more than twice that of legitimised work.

² Clare McAndrew, The UK Art Market. 2001 (publisher unknown)

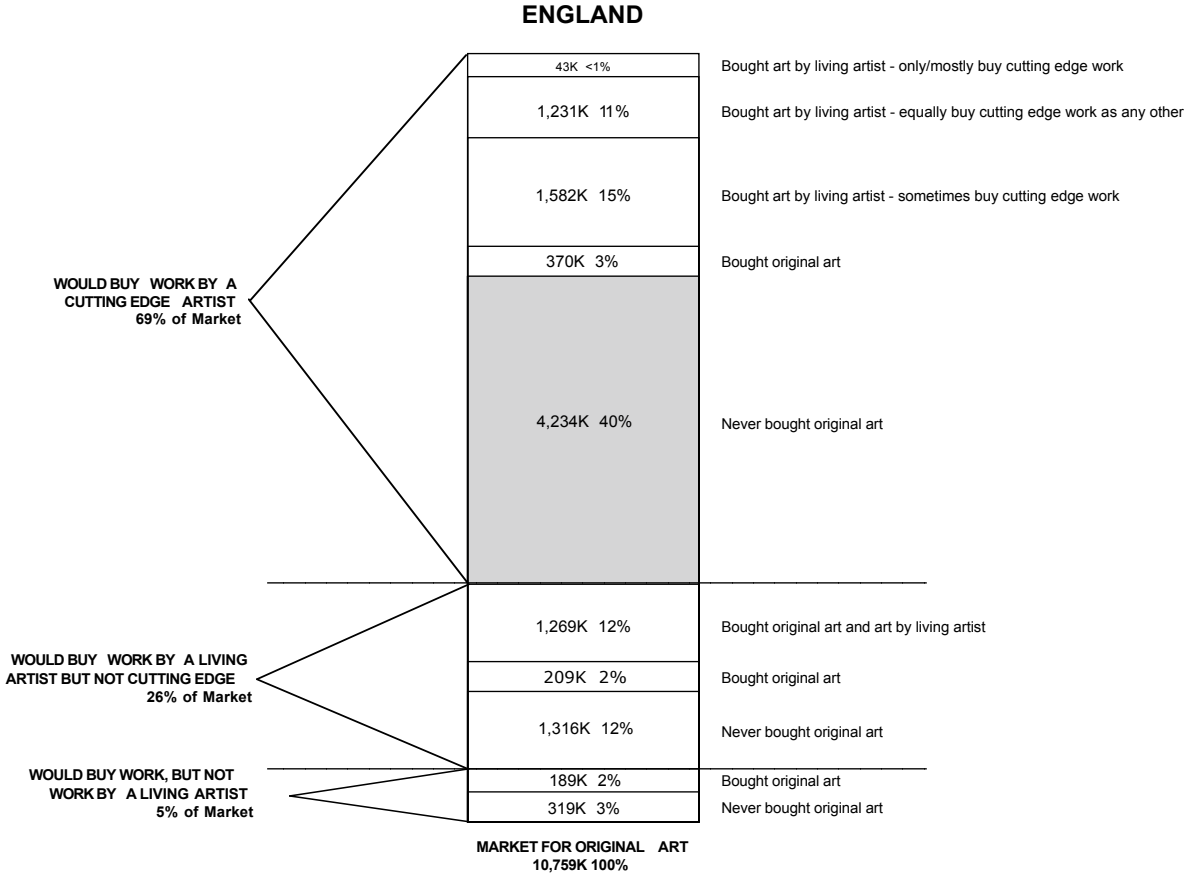
The size of the art market and potential market for art in England

Responses in the population survey were filtered, in order to avoid ambiguity on the type of art under discussion over the phone. The report distinguishes between purchasers – existing and potential – of:

- original art, by which is meant unique items or signed limited editions
- original work produced by a living artist by which is meant contemporary art, (even though it might look traditional)
- original contemporary work that is modern or contemporary in style
- original, contemporary work that is by artists, ‘recognised to be at the cutting edge of contemporary art and whose work is acclaimed by people in contemporary art circles’

Market Size, England

More than a quarter (27 per cent) of the population in England would consider buying original art.



This equates to 10.8 million people. 10.2 million of these (26 per cent of the total population) would consider buying work by a living artist. Of these, 7.5 million (19 per cent of the total population) would consider buying work that is described as, 'cutting edge'.

Of the 10.2 million people – existing and potential buyers – who would consider buying art by a living artist, 4.1 million (10 per cent of the population) have already bought at least one piece of work by a living artist. There are therefore 6.1 million potential buyers, of work by a living artist, who have yet to make their first purchase of contemporary work, although they may have bought an original piece in the past.

This suggests that there is a potential to more than double the current size of the market of buyers in England. It is also clear that existing buyers can be encouraged to make more purchases, thereby increasing the value of the market. 2.9 million people have already bought work by a living artist and would buy 'cutting edge' work.

Not surprisingly, there are more existing and potential buyers of contemporary art in general outside London (8.9 million), than there are within London (1.7 million).

43,000 people nationwide have already bought contemporary work and would only or mostly buy cutting edge work.

At present living in London does seem to be a factor in buying cutting edge work, with 17,000 existing buyers in London and 26,000 outside London saying they would only or mostly buy 'cutting-edge' work. However, the research shows that there is as much potential to develop sales of innovative ('cutting edge') art outside London as there is within London.

Profile of existing and potential buyers (from quantitative data)

Strikingly, the profile data of existing and potential buyers is fairly similar.

There are slightly more women than men in the existing and potential market for art. Most existing buyers are graduates but the potential market features more people who have not been to university.

In London, existing buyers work mainly in the cultural and creative (media-orientated) industries, education and manufacturing. People who work in the arts already seem to be buying art and London's potential market is mainly in the

creative industries, health, education, financial, retail and construction/engineering sectors. There is also scope in London to develop buyers from among those with a hobby or leisure interest in the visual arts.

In the regions, most existing buyers are in the education and construction sectors, while the potential market is among the education, local government, construction, health and cultural sectors. The market for potential buyers is also younger outside London.

In London, most existing buyers purchase from non-gallery exhibitions, art fairs, and commercial galleries, as well as directly from artists; most would prefer to buy directly from the artists or from a commercial gallery. Most potential buyers would expect to buy from a commercial gallery or a publicly funded gallery.

In the regions, most existing buyers buy their art from art fairs and non-gallery exhibitions, as well as directly from artists. Most prefer buying directly from artists or a commercial gallery. Most potential buyers would also expect to buy their work from a commercial gallery or an art fair.

Attitudes and motivations of existing buyers

The researchers held 30 in-depth interviews with known buyers, four focus groups with buyers and four with potential buyers of contemporary visual art.

Most serious collectors are driven by passion and a compulsion to collect; investment is a motive for only a small minority. The benefits of buying art include a social life; self-development; aesthetic and intellectual pleasure; individuality and getting to know artists. Frequent contemporary art buyers are generally very independently-minded and often, but not exclusively, wealthy.

Even some existing buyers remain intimidated or suspicious of dealers and conventional gallery environments.

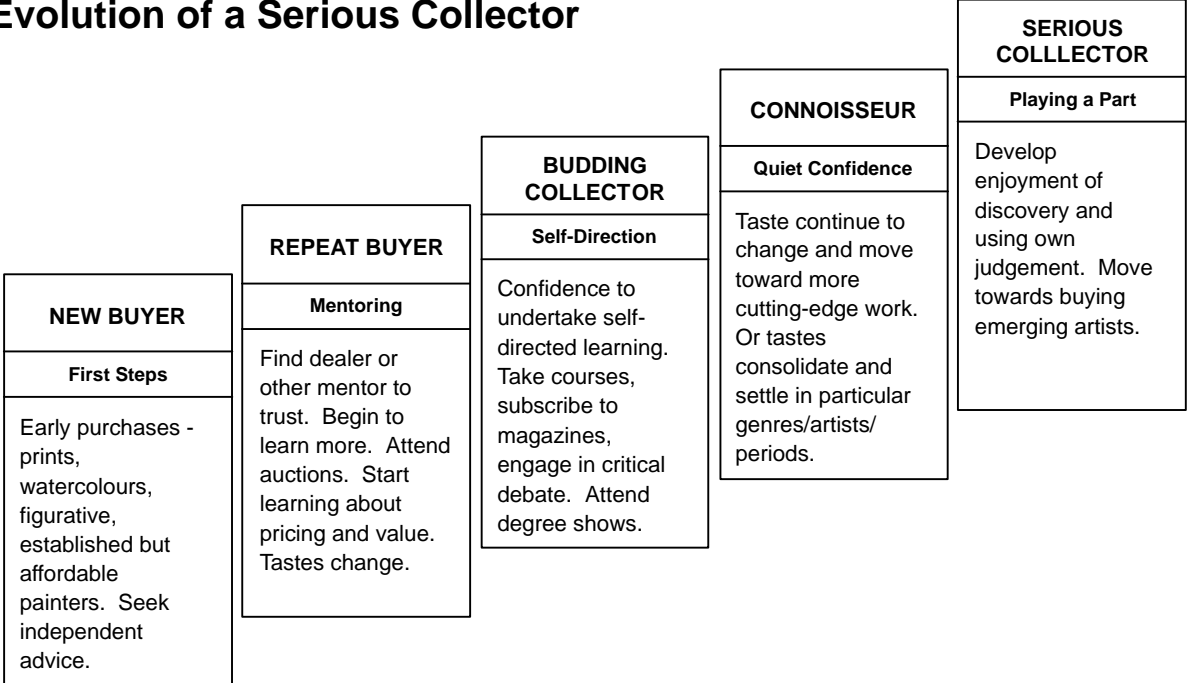
Evolving confidence

Buyers of contemporary art rarely begin by buying innovative, contemporary work. Their starting point is often with figurative work and changing tastes and motivations lead them to more progressive work as they develop their knowledge. Education, information and mentoring, which they value highly, can help them make this progression.

Once they start spending thousands rather than hundreds on art, buyers switch from, 'I know what I like and don't care what anyone else thinks', to becoming

more responsive to the advice and guidance of an intermediary – often a commercial gallery dealer. The model illustrates the progress.

Evolution of a Serious Collector



Attitudes and motivations of potential buyers

Barriers to engagement with the market include:

- practices that have the effect of excluding people
- feelings of inferiority – often in lifestyle
- fear of feeling intellectually and financially inadequate

These factors deter even the most highly paid, visually literate individuals from engaging in the art market through dealers and conventional gallery models. In the face of such barriers, people default into buying non-legitimised art, furniture, design objects and prints to satisfy their needs for aesthetic stimulation and adornment.

Potential buyers require mentoring, lots of choice, information on where and how to buy and independent advice on what to buy and how much to pay.

Segmenting the market

The report identifies 13 types of existing and potential buyers and then quantifies them, using the population survey data. These segments are:

Existing buyers

Serious collectors: less than 0.1 per cent of total market. Very wealthy, they play a self-conscious role in art market and form a small but valuable part of it.

Collectors: estimated total 13,600; around 0.3 per cent of London, 0.1 per cent of regional market. Driven by the need to collect, they enjoy social activity in art world; strategic buyers and risk takers, want to discover new names.

Connoisseurs: estimated total 8,600, 0.1 per cent of total market. These are low-profile, active buyers, often self-taught: buy purely on taste and instinctive responses.

Artists: 3.7 per cent of London, 4.6 per cent of regional market.³ Creative artists, appreciating and buying work of other artists.

Budding collectors: less than 0.1 per cent of the total market. They would like to buy more contemporary work in a serious way but need help. Often in creative, design or media professions, have made money and see art as a good way to spend it.

Sensualists: estimated total 2 million; 26 per cent of London, 19 per cent of the regional market. Regard sensual objects and adornments as essential to their quality of life; eclectic tastes, often collectors or hoarders; not always affluent or materialistic. They include media and creative professionals.

Ideological supporters: estimated total 364,000; 3 per cent of London, 4 per cent of regional market. These are generally liberal, caring professionals, with a social conscience, often in the health and education sector. They prefer to buy directly from artists and are attracted to issue-based work.

³ The relatively small sample size of the artists' segment means that this projected figure needs to be treated with a degree of caution. It could be between 100,000 and 700,000. Given that we have a figure for professional artists of between 34,000 and 100,000 artists we assume that this figure is closer to 100,000.

Contemporary lifestylers: estimated total 1,200,000; 11 per cent of London, 12 per cent of regional market. Young, urban, fashionable people, wanting to make a lifestyle statement; interested in contemporary ideas and design.

Potential buyers

Young aesthetes: estimated total 1.2 million; 14 per cent of London's potential market, 11 per cent of regional potential market. Often students, with individual tastes, and already collecting things, they seek to project individual identity through possessions.

Open but inactive: estimated total 491,000; 7 per cent of London, 4 per cent of regional market. Passive, would-be buyers, concerned to buy the right things, lots of obstacles, difficult to convert to buyers.

Changing rooms: estimated total 1.4 million; 14 per cent of London, 14 per cent of regional market. Influenced by home improvement and design in media, they are no longer content with Ikea or Habitat, and want to own originals.

Latent ideologists: estimated total 547,000; 2.6 per cent of London, 6 per cent of regional market. Better qualified caring professionals, who would like to buy but didn't develop the habit while young. They would buy if familiarised with open studios, house parties, and smaller art fairs.

Older latent sensualists: estimated total 2,400,000; 18 per cent of London, 25 per cent of regional market. People in liberal caring, creative and communications professions; just getting disposable income, may buy antiques. Feel exposed in art world, need informal opportunities to get the habit.

Analysis and conclusions

The art market is very diverse. This study deliberately explored the market for critically engaged innovative contemporary visual art, while looking across the whole sector.

The research has been informed by asking what needs to be done to sell more art, without undermining the subscription system, and how Arts Council England can help this happen, with a particular focus outside London.

Key findings

- There is already a significant market for the sales of art in England
- The art that sells most easily to current domestic buyers, through whatever channels, tends to be art that is not legitimised or critically engaged
- The market for innovative contemporary art in England has the potential to be larger than it is at present in London and larger still outside London
- There is hardly any infrastructure for selling innovative contemporary art outside London
- The way in which contemporary art is sold, rather than the art itself, can deter the potential market
- The public responds to 'challengers', or studios which have offered new retail models
- The process of legitimisation by which critically engaged art aspires to attract 'subscription' is predicated upon ultimate rarity. Therefore, the subscription system can be seen to be incompatible with market development
- There is a resistance on the part of many artists and dealers to selling critically engaged art to domestic buyers since it makes no contribution to the subscription process
- Dealers regard artists who sell their own work to unknown buyers as circumventing the established system. Some dealers resist selling to people they do not know and do not see developing new buyers as a worthwhile investment of time and effort
- Resistance to market development is generally veiled as an unfounded assertion that the public in England does not respond well to contemporary art
- Conventions within the visual arts sector are also responsible for the underdevelopment of the market rather than alleged philistine tendencies on the part of the public
- Some in the public sector, from Arts Council England officers through to regional curators, play an active part in the subscription process and value this legitimisation activity. It can, therefore, create tensions for them to be advocating market development
- Hardly any dealers or suppliers have tested the current assumptions and assertions about the market by trying to develop it

- The impetus to sell more critically-engaged art to domestic buyers is therefore unlikely to be driven by critically-engaged artists or by dealers or arts administrators actively involved in the subscription process
- Collectors are a vital element of the art eco-system
- There are more people who would like to be collecting on a serious level than do at present
- Most of those involved in the subscription system are concerned at the small number of serious collectors buying innovative contemporary art in England
- Most suppliers agree that expansion of the serious collector base is desirable
- Collectors evolve gradually as collectors of innovative contemporary art. Many start by buying accessible work and become more interested in innovative, critically engaged work as their knowledge and discernment grows, often through mentoring
- Access to that knowledge is privileged at present and confined to a small number of people
- It is the sector itself which is contributing to the current smallness of the serious collector base

Dynamics of the art sector

The report applies these findings to the dynamics of the arts sector (see *contemporary art market-place model* on page 7).

The avant-garde is the sector where most of the subscription activity is taking place, and is where most critically engaged work is sold. But the entry point for most buyers is the Most Art segment, featuring low cost, non-critically engaged work, because the work is often accessible and there are a wide variety of supply channels. Some buyers stay here, but some gravitate towards the avant-garde. If they can't gain entry into this segment, because of high prices or waiting lists, they may try to buy from emerging, innovative artists.

Many emerging artists and dealers aspire to occupy positions in the avant-garde. This may mean that they resist sales to unknown buyers, and such buyers can be deterred from buying emerging art as well. The conventions of the subscription system, while serving a purpose for galleries in the avant-garde which are aiming

at the public collections, are imitated by other galleries throughout the sector, resulting in many potential buyers being deterred from making purchases.

The number of wealthy collectors in the avant-garde will always be very limited. More buyers of emerging art should not have a detrimental impact upon the maintenance of value and rarity in the avant-garde, and might in the long term swell the number of serious collectors.

Some of the most talented, innovative art is not being sold, despite the artists being willing to sell it – albeit discerningly. Many artists outside London get little exposure, and dealers and suppliers are not saying they would not benefit in some ways from more sales.

It would be difficult to argue that market development would damage the process of subscription.

What will help grow the market for innovative contemporary art?

For strategies aimed at the development of the market of buyers of innovative, critically engaged work to succeed, these must be acceptable to the public and commercial sector and to Arts Council England; there needs to develop a 'top down' approach that will result in more serious collectors of contemporary art.

Strategies must encourage growth of the market in a way which can be seen to benefit the avant-garde as well as emerging markets, without undermining the subscription system. This will not only swell the number of buyers of contemporary art in England, but will also enable ambitious and critically engaged artists and suppliers to build their careers.

Recommendations

Morris Hargreaves McIntyre make 27 recommendations on how sales of contemporary art and innovative contemporary art can be developed. These are attached to five broad strategic objectives, which are illustrated on the strategy tree at the end of this document.

Objective 1 To help more artists to sell more work

- 1 Training should be developed for artists – in marketing, market development, selling, web-site design and the way the art world works, with a particular focus on those outside London.
- 2 Findings of the report should be disseminated through an artists' summary document and through regional roadshows.
- 3 More funding should be provided for open studio events.
- 4 There should be more funding for art fairs – of art that is original and contemporary in style.

Objective 2 To help more people buy contemporary art

- 5 A guide on how to buy art should be published.
- 6 A website and portal on how to buy art should be commissioned.
- 7 Widespread marketing should be undertaken of the Arts Council England national art purchase plan, which will offer interest-free loans to encourage first-time purchasers of contemporary art.

Objective 3 To develop the supply side

- 8 The Arts Council England national art purchase plan should be promoted in such a way that it raises the awareness of and introduces entirely new buyers into the market.
- 9 A contemporary art risk fund for new dealers should be established.
- 10 There should be support for action research projects, such as a development strategy for, say Manchester, to explore what is needed to build a market.
- 11 The art market should reposition itself through marketing, press relations and publications, with particular focus on the role of dealers.

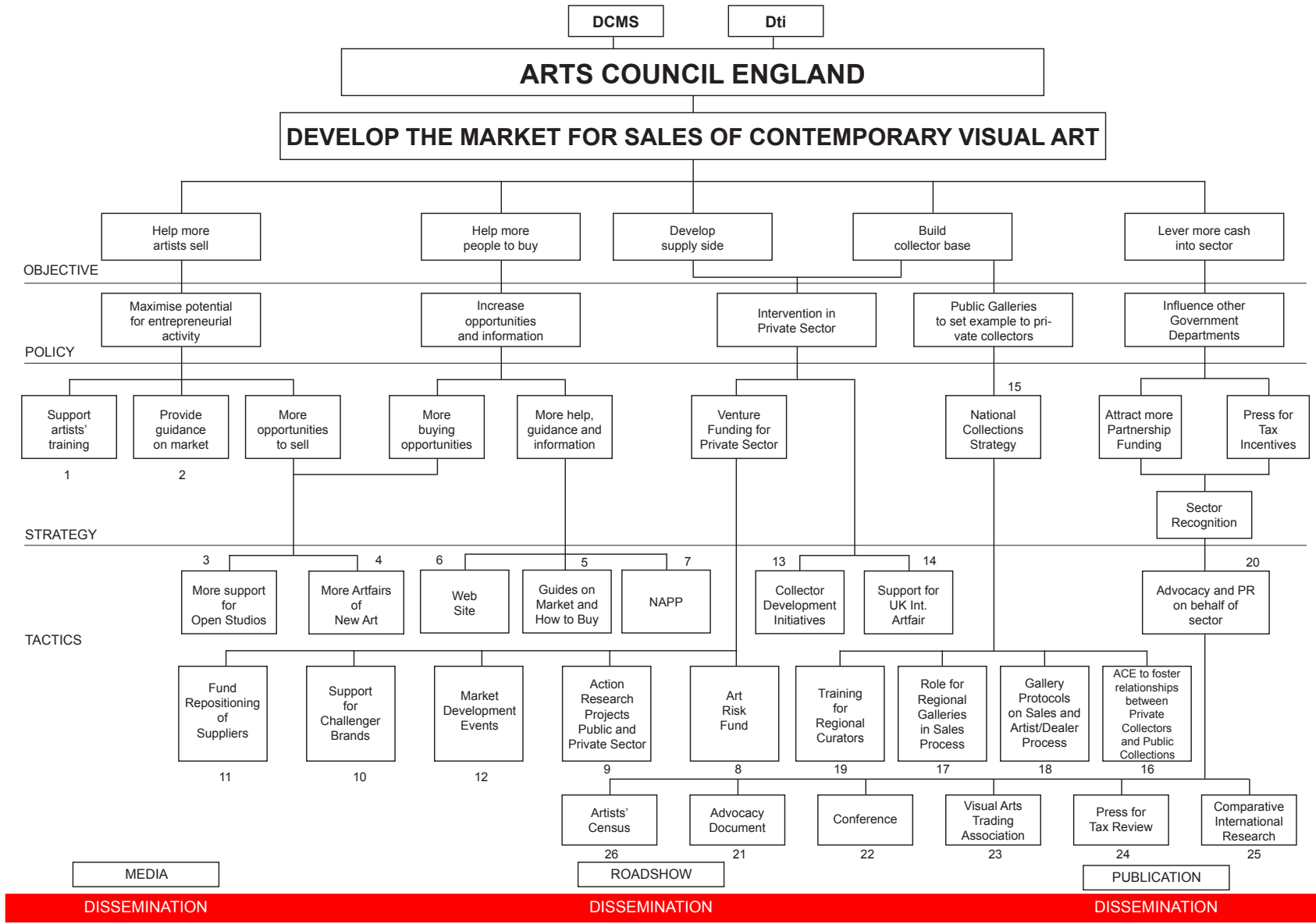
- 12 Grants and incentives should be provided for market development schemes.

Objective 4 To build the collector base

- 13 There should be funding for 'new collector' initiatives.
- 14 There should be work done to attract more support for a UK international art fair.
- 15 A national collections strategy should be developed – to encourage bolder, more strategic buying by public collections.
- 16 Partnerships should be encouraged, between public collections and serious collectors.
- 17 The role of public galleries in the regions in sales process needs to be developed.
- 18 Galleries should develop protocols relating to relationships between artists and dealers.
- 19 There should be more training for regional curators.

Objective 5 To attract more cash into the sector

- 20 There should be advocacy and public relations work undertaken to raise profile of the sector.
- 21 A short advocacy document should be produced, targeted at key players and decision-makers.
- 22 A national conference on the art market should be organised.
- 23 The development of a visual arts trading association should be facilitated.
- 24 A review of VAT on art sales and tax concessions for bequests and purchases is needed.
- 25 Comparative industry research into art sectors abroad should be commissioned.
- 26 A census of artists should be carried out.
- 27 Short, targeted editions of this report should be created which are appropriately disseminated to the relevant constituencies within the sector through the media and a national roadshow of seminars.



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