

CHALLENGES, OPPORTUNITIES AND DANGERS OF THE ART MARKET DURING COVID-19 CRISIS

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The crises test the capacity of those who are called to lead changes. The art market has had the fortune of having in the front line two companies who have react on time to face the confinement of their clients and the lockdown of the borders. Sotheby's and Christie's have saved the market from collapse, demonstrating that art can still be sold in a situation of lockdown. Both of them have known how to read the future and have interpreted the crisis as an opportunity.

The demand of art in the low, middle and high segments of the market has strongly responded to the confidence demonstrated by the auction houses who have promoted the passion of buying, creating new scenarios where works of art of different periods can dialogue, inducing the collectors to expand their interest for new fields.

Art with no boundaries shown by the auction houses, though it may at first sight chock, it represent a great opportunity to educate the taste of the new collectors of the future.

Habits have changed, the traditional auction calendar has been disrupted and all the collectors have been flooded by a huge mass of information, in consequence feeling quite disoriented. Things will return to their natural channel when the pandemia is under control and as soon as the collectors

may travel, they will certainly wish to inspect again in flesh the works of art, feel the excitement of a preview, have lunch with the specialists and attend to a live sale.. All this background forms part of the kind of life to which they do not intend to renounce.

However, many of the technological advances tested during these last months as, online auction, blockbuster virtual sales, on line platforms, the use of 3D technology and the digital segmentation of network of clients, among others, will remain in order to expand the market and make it more profitable and efficient.

Since the Covid crisis, two classes of art auctions move the secondary market, the online sales focused in the low value segment and the live auctions reserved for the most highly appreciated works of art. The latter will enjoy the same prosopopoeia as before Covid, with an even more exclusive character Change would affect basically to the range of work in between 5.000\$ and 100.000\$ included in an increasing number of online auctions which would inevitably affect the quality of catalogue entries made with certain haste and lacking the accuracy with which they used to be done. In this sense I venture that online auctions in particular those referring to Old Masters, would be in the following years an extraordinary ocean in which to "spot sleepers" those who have an intelligent eye for distinguishing the quality and the attribution of works of art through images.

During the Covid period we have in fact observed a readjustment of the estimates of the works of art that have benefited their liquidity and the % of lots effectively sold. However, the clients have still not benefited from the positive consequences of the important reduction of marketing costs due to presenting art pieces on line; it should affect not only a low down of their

commissions, but also a reduction of the costs of transport and insurance of the works consigned.

The important auctions houses can use the global structure they already hold, so that that their specialists may inspect in situ the quality and state of condition of the works of art consigned, without having to transport them to their central offices. This would mean that it won't be necessary to transport an object presented on line until it has effectively been sold and consequently would have an important economic benefit for the clients in terms of transport, insurance and optimization of taxes; all these issues have great transcendancy if we bear in mind the forthcoming regulatory changes as a result of the Brexit. Furthermore, it would favour avoiding the danger incurred by some auction houses of not inspecting the work of art first-hand; something that is already happening in certain on line sales.

The calendar of auctions would certainly change. The traditional weeks for sale specialized in old Masters, Impressionist, XX century and contemporary art would probably disappear in favour of a continuous flow of much more flexible cross categories sales much; thus the clients will not have to wait until June or December to consign a work. However, the highlights would always be announced with great anticipation, as milestones of the year, in order to create expectation and convene in a certain time and place the presence of the best clients, combining live and streaming formats.

Art has always livened up passions and to promoted the egos of collectors. Therefore it has no real sense that the market should abandon personal human relation; the close inspection of a painting, the joy of having lunch with specialists or the thrill of family trips to purchase a work of art, are what at the end promote the fondness for art and not just to look at images on line

at home ; this can be an ideal medium to gain newcomers but does not satisfy spirits authentically passionate for art. That is why, once we have overcome the pandemic, the galleries and fairs which have survived to the lockdown will rise up again in order to fulfil these vital demands of the clients. Sotheby's and Christie's, as leaders of the secondary market, have to choose whether they maintain this human connection they always had with the client or they decide to follow the strategy to reduce costs, exploring all kinds of digital and online communication systems. I presume they will certainly keep this close personal relationship with the vip clients, though probably will abandon the rest of the audience to an impersonal online communication.

The galleries and art fairs have to take advantage of this opportunity, strengthening personal ties with their potential clients. They have to be aware of all the good things of the digital environment as a way of gaining audience, but they have to realize that their competitive advantage and what the client appreciates the most, is the personal relation, the easy accessibility to view the work of art, and the enjoyment of the whole process of buying a painting. Furthermore, galleries of contemporary art must never forget what is their real core business, to reveal new artistic talent and old masters dealers should maintain a keen eye, enabling them to rediscover works of art fallen into oblivion, taking advantage of the nowadays easy accessibility to the huge offer provided by the online market.

The virtual fairs as something autonomous will disappear, as soon as live fairs resurge because they cannot substitute the experiences that collectors feel when they attend to a preview... The technology employed in building their virtual sites will be used as an additional service provided for clients and transformed into commercial online platforms which would be connected to social networks in order to gain newcomers who will only be

retained by having a personal contact with them. Live fairs will come back as the phoenix rising up from the ashes, though in a more selective format. When they return it would represent a unique moment to enjoy the reencounter with other collectors and curators of museums, to approach the new contacts made online, to have a first-hand feeling of the state of the market, and to infuse great expectations in the clients with the magnificent highlights and new discoveries that galleries like to show in their stands, after being ratified by the vetting committees. Then, we will attend to an explosion of the demand in Art market.

The business of art consultancy will be successful due to multiplication of the online auctions. The huge offer in the low segment of the market, the lack of the accuracy of the catalogue entries and the appearance of a new type of collector characterized by an eclectic attitude, will increase the need of a professional assessment focused on discovering the quality hidden under the digital massification of the market.

Regarding the type of works sold, according to their value, the data of the online sales indicates to us that 83% of the sales correspond to lots under 100.000\$, 14% under 1M\$ and 3% above 1 M\$. This leads us to underline that the on line sales are, not only an extraordinary channel to attract newcomers but also an insuperable machine for selling art objects with a low estimated price, due to the reduction of marketing costs, their global audience, and their capacity to digitally segmentate the market according to tastes and income. As for the works of art with a medium and high price (above 100.000\$) on line sales represent an efficient system to attract the new generation of collectors who are very keen in using this format and to support live events, perfectly orchestrated in a modern scenario, using all the new technologies, though being very careful to not lose any of the glamour

which has characterize traditional auctions; with their preview, their cocktails and the day of live sales. Art has a fetish component, a kind fascination which can only be reached in certain moments, enjoying the view of a piece in the original, sharing comments with other collectors and living the tension of bidding in public. The newcomers would be attracted through digital tools, but they only will be captivated by the Art market when they feel the whole ambience that surrounds a live auction or the preview of an art fair.

For a connoisseur specialized in a type of art that dominates the new tools, and knows how to dive into internet, it is now the best moment to discover "sleepers" due to the fact that art objects are more and more better photographed and less well catalogued. The only problem is that, as all the potential buyers are very well targeted by the auction houses, there will be certainly a great competition for reaching the goal of acquiring them.

Contemporary art will culminate its process of dominating the market. There is nothing which seems to threaten him during the forthcoming years. It has captivated the taste of the new collectors and this situation will not change in the near future. All the more, the way contemporary artists conceive art in a conceptual manner, in perfect synchronisation with our global era and with a striking lack of interest in the autograph nature of their work, makes this type of art suitable to be visualized in digital formats, and shared in social networks.

On the contrary, the spell of impressionism cannot be felt on line. Its paintings need a certain space so as to express the magic of the fleeting instant when they were rendered, and lose the figurative aspects of their blurred shapes when we look at them closely. The effect of light

transforming colours and shapes is distorted when you view online an impressionistic painting and you always miss the presence of the original work...

With regards to Old Masters, the new tools of visualisation will facilitate the observation of all their details, thanks to high resolution images and to 3 D technology, very helpful when you scrutinize a master piece of the Renaissance and very specially early Flemish paintings. However, the work of baroque artists, like the Caravaggists, appears online flat, the same occurs with XVIIIth and XIXth century painters as Watteau, Fragonard, Chardin, Goya or Delacroix.

During the present quarter the results of the Christie's New York evening sale, October 6, will be important to foresee how impressionism and modern art will behave in the future. An outstanding watercolour by Cézanne, 1900/1906, "Nature morte avec pot au lait, melon et sucrier", an extraordinary example of simplification of shapes and colours, will be presented for sale along with an iconic Picasso, portrait of his muse, Dora Maar. Both works represent pinnacles of modern art and thus we expect they should not have problems to exceed their high estimates of 30M\$, so as to remove the disappointing feelings we had during last quarter in which we did not see one single master-piece of impressionism on sale and with results under our expectations for the two great masters of XX century, Picasso and Matisse.

Finally, it is interesting to point out how the market is actively supporting the work of almost unknown contemporary artists, as Matthew Wong, deceased in October 2019, and whose paintings have multiplied its value in only few months, with a record price of 1,8 M\$ achieved at Christie's in Hong Kong July sales. Several months ago, these artists, with scanty presence in

Museums and exhibitions, were selling just for a few thousand dollars. The online sales have given them the opportunity to be successful.

During the covid-19 era, we are living the prelude of a process of democratisation of art where value is established by the sole opinion of collectors who bid on line directly from their home. They are the ones who have today power to push up the low estimates of relatively unknown artists to levels above 1 M\$, only because they like the piece and they have the money to purchase it.

This dangerous tendency that grants the capacity to create value to something so fluctuating as the Market comes along with the progressive assimilation of art with luxury goods and certainly represents nowadays a real threat to the very essence of Art, bearing in mind that it ignores the objective quality of the works of art that can only be endorsed by the passage of time. Thus, it could promote at a certain point a speculative bubble effect based on the fact that the subjective criteria, like taste and fashion, that captivate private collectors are not permanent standards in which should rely the eternal value of Art.