CultureCase

The success of art galleries: a matter of innovation and information

This research was conducted by **Aloys Prinz, Jan Piening and Thomas Ehrmann** at the **University of Muenster, Germany**

Summary

What process determines the fact that the art market is dominated by a few very successful and influential galleries? The key finding of this study is that innovation and information flows are most important. Art collectors and investors rely on respected galleries to discover new art and artists. Those galleries are thus intermediary institutions between unknown artists and unaware collectors or investors. By actively selecting works of art and distributing information, they define art trends and have an impact on the whole art industry, thus galleries with big reputations gain ever-increasing reputational advantages.

A dynamic model: innovation, information and competition

In order to further explain the dynamics of the art market the researchers identified three crucial factors: ‘innovation’ is a characteristic of gallery behavior; ‘information’ is what the gallery provides to collectors and the rest of the world; and ‘competition’ reflects the number of galleries operating in the same commercial space.

The art market displays a high degree of uncertainty and innovation

The authors proposed a mathematical model to investigate the mechanisms underlying the evolution of art galleries. They examined data from the German

art market in 2001, 2004 and 2008, in an attempt to empirically identify the most plausible processes and important factors shaping gallery profits. ‘Innovation’ and ‘information’ were very important but ‘competition’ mattered less, meaning that new visions, communication and close connections to other art institutions (such as museums) played the most important role in the success of art galleries.

This summary is by **Barbara Bravi, King's Knowledge Exchange Associate**

Keywords

modelling **gallery** **sustainability** **visual art**

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