

**YEDITEPE UNIVERSITY**  
**GRADUATE SCHOOL OF SOCIAL SCIENCES**



**GLOBAL ART MARKET  
AND ART ECONOMY  
AFTER 2000 AND TURKEY**

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**Istanbul - 2024**

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GLOBAL ART MARKET AND ART ECONOMY AFTER 2000 AND TURKEY

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by

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Tuğçe Kaprol Üler

## ABSTRACT

### GLOBAL ART MARKET AND ART ECONOMY AFTER 2000 AND TURKEY

The term "market" has ancient origins, evolving from a physical gathering place for trade to an abstract concept representing the exchange of goods and services. The sociology of art has evolved, Pierre Bourdieu shaping a distinct path of research. Bourdieu's (1984) emphasis on taste judgments, cultural power, and cultural capital as tools for social domination provides a foundation for understanding the dynamics of the art market. Art has evolved into an alternative investment for corporate entities, wealth managers, banks, and individuals, driven by economic developments since the 1980s. The privatization of culture in the 1980s motivated corporations to build significant art collections, blurring the lines between art and money. Figures like David Rockefeller played a pivotal role in shaping corporate involvement in the arts. The period from 1940 to 1986 marked significant milestones in the art market with record-breaking sales, and especially the sales of Van Gogh's paintings in 1987. Companies, including multinational corporations, invest in the arts to enhance their social prominence and influence societal dynamics, as demonstrated by Wu (2003). Baumol and Bowen's 1966 work marked a significant milestone in the study of the arts sector within contemporary cultural economics, shifting the focus from traditional sociological, historical, and aesthetic perspectives to a rigorous economic analysis of the arts sector's economic impact. The art market is multifaceted, encompassing both economic transactions and the transitive nature of art as a dynamic entity. This study primarily focuses on offline sales through galleries and art auctions to determine the genuine value of artworks.

This research takes a unique approach to exploring the complexities of the global art market by centering its exploration on Turkey. Drawing inspiration from Bourdieu's theoretical framework, the study undertakes an epistemological journey into global art market. Through this perspective, it seeks to not only uncover the nature of the art economy within Turkey but also trace its historical evolution, charting the challenges it has encountered and the adaptations it has made over time. By doing so, this research aims to reveal Turkey's pivotal role within the broader global art landscape. In essence, it argues that by examining the art market in Turkey, we can gain valuable insights into the dynamics,

trends, and forces at play in the wider global art economy, effectively painting a more comprehensive picture of this intricate ecosystem.

*Keywords: Art market, Contemporary art, Cultural Economy, German Art*



## ÖZET

### 2000'LER SONRASI KÜRESEL SANAT PİYASASI VE SANAT EKONOMİSİ VE TÜRKİYE

"Pazar" terimi, ticaret için fiziksel bir buluşma yeri olmaktan mal ve hizmetlerin değişimini temsil eden soyut bir kavrama evrim geçirmiş eski kökenlere sahiptir. Sanat sosyolojisi, Pierre Bourdieu'nün belirgin bir araştırma yolunu şekillendirmesi ile evrim geçirmiştir. Bourdieu'nün (1984) zevk değerlendirmelerine, kültürel güce ve toplumsal egemenlik için araç olarak kültürel sermayeye vurgusu, sanat piyasasının dinamiklerini anlama temeli sağlar. Sanat, 1980'lerden bu yana ekonomik gelişmeler tarafından yönlendirilen şirketler, servet yöneticileri, bankalar ve bireyler için alternatif bir yatırım haline gelmiştir. 1980'lerde kültürün özelleştirilmesi, şirketleri önemli sanat koleksiyonları oluşturmaya teşvik etmiş, sanat ile para arasındaki çizgileri bulanıklaştırmıştır. David Rockefeller gibi figürler, sanata şirket katılımını şekillendirmede önemli bir rol oynamıştır. 1940 ile 1986 arasındaki dönem, sanat piyasasında rekor kıran satışlar ve özellikle 1987'deki Van Gogh tablolarının satışları ile önemli kilometre taşlarını işaret etti. Wu'nun (2003) gösterdiği gibi, çok uluslu şirketler de dahil olmak üzere şirketler, sanata yatırım yaparak sosyal prestijlerini artırmayı ve toplumsal dinamiklere etki etmeyi amaçlamaktadır. Baumol ve Bowen'ın 1966'daki çalışması, çağdaş kültürel ekonomi içinde sanat sektörünün incelenmesinde önemli bir kilometre taşı olarak, sanatın ekonomik etkisinin geleneksel sosyolojik, tarihsel ve estetik perspektiflerden ekonomik analize odaklanmasına kaydırmıştır. Sanat piyasası, ekonomik işlemler ve sanatın dinamik bir varlık olarak transandans doğasını kapsayan çok yönlü bir yapıya sahiptir. Bu çalışma, eserlerin gerçek değerini belirlemek amacıyla galeriler ve sanat müzayedeleri aracılığıyla yapılan çevrimdışı satışlara odaklanır. Bu araştırma, küresel sanat piyasasının karmaşıklıklarını Türkiye'ye odaklanarak keşfetme konusunda benzersiz bir yaklaşım benimser. Bourdieu'nün teorik çerçevesinden ilham alarak, çalışma küresel sanat piyasasına epistemolojik bir yolculuk yapar. Bu perspektiften hareketle, sadece Türkiye içinde sanat ekonomisinin doğasını ortaya çıkarmakla kalmaz, aynı zamanda tarihî evrimini izler, karşılaştığı zorlukları ve zaman içinde yaptığı adapte olmaları çizer. Bu şekilde, bu araştırma, Türkiye'nin daha geniş global sanat manzarası içindeki kilit rolünü ortaya çıkarmayı amaçlamaktadır. Temelde, Türkiye'deki sanat piyasasını inceleyerek, geniş global sanat ekonomisindeki dinamikleri, trendleri ve etkileri anlamak için değerli perspektifler

elde edebileceğimizi savunmaktadır, bu karmaşık ekosistemin daha kapsamlı bir resmini çizme amacındadır.

*Anahtar Kelimeler: Alman sanatı, Güncel sanat, Kültürel ekonomi, Sanat piyasası,*



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## INTRODUCTION

Bourdieu (1984, pp.17-19) placed significant emphasis on the function of taste judgments in terms of social and cultural power, arguing for a comprehensive understanding of cultural practices. He views these judgements as indicators of one's social status as economic inequality limits access to cultural capital. Bourdieu again later in his study "The Forms of Capital" (2018, pp. 17-21) proposed the concept of cultural capital to explain the relationship between economic power and cultural pursuits. According to his theory, cultural capital refers to the knowledge, familiarity, and appreciation of various forms of art and cultural products. Possessing cultural capital can provide individuals or entities with prestige and social value. Bourdieu argued that the dominant ruling class uses art and cultural institutions to maintain and reproduce their privileged position in society. In this context, companies, including multinational corporations, can invest in the arts to enhance their social prominence and increase the social status of their managers. By accumulating cultural capital, these companies aim to strengthen their dominant position and influence various aspects of life, including political processes and individual choices. Ultra High Net Worth individuals similarly include art investments in their portfolios for the same reasons. Baumol and Bowen (1966) published the pioneering work on arts sector regarding contemporary cultural economics. Traditionally, arts and culture have been predominantly explored through lenses such as sociology, history, or aesthetics, rather than from an economic standpoint. Baumol and Bowen's Book (1966, pp. 162-225) stands as a significant milestone, as it thoroughly investigates the economic analysis of the arts sector's contribution to the overall economy. Wu (2003, p. 380) gives the example of companies investing in art as a case where a company utilized its cultural capital to further its economic goals. By donating substantial amounts of money to art institutions, companies gain support and enhance their reputation, allowing the company to leverage its cultural capital and transform it into profit by protecting their harmful interests. Bourdieu (2018, pp. 17-21) on theory claims cultural capital is used to dominate because it enables powerful entities to shape and control societal dynamics, including the preferences, behaviors, and choices of individuals. By investing in the arts and cultural institutions, corporations can strengthen their influence and maintain their dominant position in society (Garnham & Williams, 1980 pp. 209-22).

The first chapter thoroughly explores the epistemological significance of the art market and examines its evolution. The second chapter provides a comprehensive exploration of the global art market, including pivotal milestones after 2000 and influential stakeholders with each chapter devoted to a critical art market participant. Finally, the third chapter offers an insightful perspective on the Turkish art market, spotlighting its key figures and their extensive international connections. This research centers on the distinctive Turkish art market within the global art landscape, aiming to answer the question: Can a comprehensive analysis of Turkey's art market players and their international business collaborations provide valuable insights into today's global art market? The study looks for different aspects related to dynamics in Turkish art market, with the aim of providing vital information and uncovering facts about international art market. Using cases in point of prominent galleries and auction houses, the thesis provides descriptive methodology on a complex subject.

Especially when we think of past half century, art has been classified as an alternative investment by corporate companies, wealth managers, banks and ultra-high net worth individuals. Thinking of the subjective pricing in the primary market and limited data by gallerists, taking into account of auction prices and high selling points it is interesting to investigate further into the market and understand the main drivers of the art economy. This study goes through historical findings after 2000, taking into accounts the economic developments that led the art market to increase and boom in 1980s, understand the main players and drivers as in auction houses and galleries by looking deeply into local Turkish market. Since there is limited number of studies that has been conducted since 2000s it is beneficial to examine the market closely.

It is essential to acknowledge the dual character of the art market, encompassing both its economic nature and its transitivity as a dynamic entity. In 2022, online sales accounted for only 16% of the total sales volume in the art market (Art Basel, 2023, p. 150). As online sales represent a much smaller portion of the offline art market, and the data is very available regarding the online market and the nature of private sales, it was crucial to limit this study with offline sales. By critically examining the complex relationships of art markets, it is crucial to recognize that online art market and the derivative market of NFT<sup>1</sup>s might cast a

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<sup>1</sup> An NFT, or Non-Fungible Token, is a form of cryptocurrency based on Ethereum's smart contracts. Unlike regular cryptocurrencies like Bitcoin, where each unit is the same, NFTs are unique and cannot be exchanged

shadow over the true value of tangible artworks. The study is fostering an exploration of the artworks' intrinsic worth through the context of offline sales conducted by galleries and art auctions, where artworks meet the marketplace. Therefore, through an investigation of galleries and art auctions, this study aims to uncover the genuine value of artworks in their markets, NFTs have not been extensively examined although their recent surge in popularity. In addition to NFTs, in the history of online art market, one of the greatest online art market entrepreneurs would count as Magnus Resch's project, although it still does not generate revenue. Economist and entrepreneur Resch had a goal to enhance transparency in the art market. In pursuit of this objective, he initiated the development of the Magnus app in 2014. This app compiled price and transaction history data for millions of artworks. Users could easily access the app, take a photo of any flat artwork, and receive information about the piece's price and other relevant details. Resch's belief was that this significant level of transparency would expand the relatively small and exclusive community of serious art collectors. However, at this point, Resch had not yet found a way to generate revenue from

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On a like-for-like basis. This uniqueness makes them suitable for uniquely identifying things or individuals. NFTs are used on the Ethereum blockchain to prove the existence and ownership of digital assets like videos, images, art, event tickets, etc. Creators can also earn royalties from successful trades involving their NFTs. NFTs provide a promising solution for intellectual property protection due to their full-history tradability, deep liquidity, and convenient interoperability. Despite being essentially just code, the unique and scarce nature of NFTs gives them value, securing higher selling prices for digital assets that might have seemed unlikely before (Wang et al., 2021, pp. 1-2).

In 2021, the rise of online platforms like Nifty and Opensea, where NFTs are traded, along with the global attention on digital artworks such as those by Beeple, drew interest from various players in the art industry, including traditional artists, dealers, digital creators, and crypto entrepreneurs. There is a scarcity of empirical studies focusing on the subject of blockchain technologies in the art market (Chun, 2023, p. 1).

The introduction of NFTs in the art market has led to various challenges and misconceptions. Critics argue that NFTs lack intrinsic value, relying on perceived worth and speculative market trends. Beyond these, the use of NFTs poses challenges for artists in determining value and authenticity. Traditional art markets rely on physical ownership, provenance, and valuation experts, which are not easily applicable in the digital realm. Critics suggest that NFTs lack inherent value, raising concerns about their long-term sustainability and legitimacy as an artistic form. NFTs offer a digital solution by providing tokens and storing records on the blockchain database, addressing some challenges in the art world. Artists are also concerned about the environmental impact of NFTs, especially the energy-intensive proof-of-work consensus mechanism. This raises questions about the carbon footprint and may lead to criticism for artists promoting sustainability. While the adoption of proof of stake appears more environmentally friendly, its impact on electricity consumption is yet to be proven (Chun, 2023, p. 3).

In 2021, sales of art and collectibles NFTs witnessed significant growth, reaching \$11.1 billion on platforms such as Ethereum, Flow, and Ronin blockchains, compared to \$4.6 million in 2019. Art-related NFT sales, specifically, surged over a hundredfold year-on-year, totaling \$2.6 billion (McAndrew, 2022, p. 14). Although NFT sales entered the auction sector, the values remained limited. Christie's NFT sales, including the notable sale of Beeple's *Everydays: The First 5000 Days* (2021), amounted to \$150 million, while Sotheby's NFT sales reached \$80 million. In 2021, only 5% of second-tier auction houses had sold NFTs, with 28% planning to do so in the next one to two years (McAndrew, 2022, p. 16).

Anticipating continued interest in NFTs, 88% of High Net Worth collectors expressed their interest in purchasing NFT-based artworks in the future, with only 4% showing no interest at all (McAndrew, 2022, p. 18).

the Magnus app, which was available for free download to users (Economist and entrepreneur Magnus Resch, 2018/2019. Published in 2018, revised in 2019).

The offline art market has been present since centuries. Art has been perceived as a store of value and associated with wealth for hundreds of years. The investment interest has its roots mainly starting from 1980s and follows with economic developments during the time. 1970s and 1980s were the years for the first time buying art has become as it is now in the current art market. Collections of private and public, corporate as well all has its roots from these years. The period 1940-1986 saw record-breaking sales in 1987 for Van Gogh's paintings like "Sunflowers" and "Irises" (Wu, 2003, p. 358). We can take this as a significant art market recognition, since it is the first big market sale for the artist, although the artist had already been appreciated. The cultural policies and privatization of culture in the 1980s motivated corporations to have big collections and publicly declare them. This motivated individuals to invest in art and consider art as an alternative investment, blurring the boundaries between art and finance from that time on.

Today when we think about the huge corporate collections and especially like David Rockefeller collection back in 2018 auctioned and all information was public, it is no surprise why art is associated with money ever since. David Rockefeller, in 1959 when he was the President of Chase Manhattan Bank, started a collection of painting and sculpture. Supporting the arts for figures like Rockefeller and other corporate leaders in finance and heavy industry went beyond mere marketing strategies. For them, the arts held a deeper significance in terms of societal development and the cultivation of individuality (Turner, 2017: p.3). To gain further insights into the present art market and collectors, one can look further into the current market and collectors, we can see top 200 collectors published every year by ARTnews (2022).

Not only limited by the Rockefeller auction, 2018 was in general an important year for the art market. Demonstrating growth for the second year in a row, the worldwide art market achieved a total of \$67.4 billion in 2018, marking a 6% increase compared to the previous year. This places the market at its second-highest point in the past decade, with a 9% overall increase in values from 2008 to 2018 (McAndrew, 2019, p. 16). In 2018, the sales of fine and decorative art along with antiques through public auctions, excluding private sales within auction houses, totaled \$29.1 billion. This represented a 3% year-on-year increase and a substantial growth of almost 30% compared to the figures from 2016

(McAndrew, 2019, p. 19). In 2019, there is a temporary setback in the market's growth. The estimated worldwide sales of art and antiques amounted to \$64.1 billion, indicating a 5% year-on-year decrease and bringing the market slightly above its 2017 level. (McAndrew, 2020, p. 17)

The art market faced a challenging year in 2020 due to the COVID-19 pandemic, experiencing a 22% contraction in sales, but made a swift recovery in 2021, with sales increasing by 31% and surpassing pre-pandemic levels. The COVID-19 pandemic was a very hard context to continue the art business in traditional ways. Restrictions on operations, travel, exhibitions, and events caused art sales to drop by 22% in 2020, down to \$50.3 billion. It was the lowest since the global financial crisis in 2009. However, just like in 2010 when the market bounced back, sales quickly improved in 2021. This was because the art business adapted well to post covid digital platforms, and there were strong sales at the high end of the market because of high-net-worth (HNW) collectors. In 2021, nearly all regions and most art segments saw recovery, with the market reaching \$65.9 billion, a 31% increase from 2020. This put the market even higher than its pre-pandemic level in 2019 (McAndrew, 2023, p. 19). In 2022, as art shows, auctions, and fairs returned to normal schedules and collectors participated more in live events and sales, dealers and auction houses saw a decrease in their online sales share. In 2022, online sales made up 16% of the total art market turnover, which was lower than the peak of 25% seen in 2020 and 4% less than the proportion of global retail e-commerce (20%) in the same year. These numbers and findings are suggesting that the online art market was not growing as rapidly as the broader e-commerce industry. Although digital platforms increased during the pandemic, the art market is still closely dependent on traditional selling on physical platforms, galleries, fairs and auctions. Following the sales late 2021 peak, the sales of NFTs related to art on platforms not primarily associated with the art market dropped to slightly less than \$1.5 billion, marking a 49% year-on-year decrease (McAndrew, 2023, p. 18). The data suggests that after peaking in late 2021, sales of art-related NFTs on platforms outside the art market declined. Art related NFTs still remained significantly higher than in 2020, nevertheless still accounting for a smaller share of the NFT market compared to collectibles-based NFTs on the Ethereum network in 2022.

## 1. ART MARKET

The current understanding of the sociology of art emerged in France in the 1960s and has had two distinct paths, shaped mainly by two leading scholars. This intellectual divergence led to the development of contrasting perspectives that continue to influence the study of artistic phenomena and their social consequences today. Raymonde Moulin (Moulin 1987 [1967]) focused on examining the art market, while Pierre Bourdieu and his collaborators (Bourdieu & Darbel 1997 [1969]) significantly contributed through pioneering studies involving museum visitors. Since then, empirical studies have significantly expanded the field of art sociology, starting in France and later globally. Despite the fact that scholars began showing interest in globalization in the 1990s (Bartelson, 2000; Therborn, 2000), this theme was not immediately embraced in the realm of art sociology. It took several years for empirical analyses to gain momentum and achieve notable development (Bellavance 2000; Quemin 2001; 2002a; 2006; 2012; 2013a; 2013b; Van Hest 2012; Velthuis 2013) (Quemin and Hest, 2015, p. 170). The field of art sociology did not quickly adopt this topic, with empirical studies taking time to gain momentum and demonstrate notable advancement.

Associating global art with its symbolic value enables the art world to distance from economic emphasis, distancing itself from national labels and focus on the art's symbolic value. Looking at it from a Bourdieusian perspective, the idea that the global is linked to selecting art only based on its quality makes sense. This can be seen as an opportunity for people in the art world to push back against the emphasis on economics (Velthuis, 2013, p. 304). It's a way for the art world to distance themselves from labeling art by its country of origin. By doing this, they can gather symbolic importance, as Bourdieu explained in 1993 (p. 318).

The perspective of emphasizing the symbolic value of global art, as explored through a Bourdieusian framework, offers a means to challenge the prevailing economic focus and transcend national labels, aligning with Bourdieu's understanding of cultural capital and its diverse forms. According to Bourdieu (2018, pp. 16-17) capital takes on three primary forms as *economic capital*, directly exchangeable for money, *cultural capital*, potentially converted to economic capital under specific circumstances and *social capital*, social obligations as connections, potentially transformable into economic capital and may even be

institutionalized in titles of nobility. Cultural capital can exist in three forms, first as in mental and physical in the mind and body, second as cultural items like artworks and books that represent or embody theories, critiques and issues, and third as institutionalized representations as observed with educational credentials.

Bourdieu's exploration of capital and cultural practices demonstrates how economic and financial perspectives can often overlook the intrinsic value of cultural and artistic activities, emphasizing the importance of understanding how these realms intersect and influence each other. Bourdieu (2018, p. 16) states that focusing on practices aimed at profit-seeking from a financial perspective causes a problem. This leads us to undermine and miss the point of cultural and artistic practices, which are not profit-driven and may seem purposeless from this viewpoint. When the world of the typical bourgeois individual is built upon meticulous financial bookkeeping, it inevitably gives rise to the idealized realm of the artist and intellectual. In this idealized depiction, the pursuits of artists are motivated by the sheer essence of creativity and knowledge, pursued purely for its own sake, without considering financial outcomes.



If economists only focus on activities driven by narrow economic interests and only considers the items that can be easily and turned into money (making them measurable) then the world of bourgeois production and trade stands out as an exception. It can present itself as a domain characterized by lack of self-interest. As commonly accepted, priceless things have a price, the significant challenge of transforming specific actions and items into money arises because this transformation is intentionally rejected during their creation. This intention is essentially a rejection of economic principles (Bourdieu, 2018, p. 16).

Cultural capital gains significance when it is actively owned by individuals. It can be implemented and invested as a weapon in competitive cultural fields such as the arts. Those who are more skilful in utilising this cultural knowledge have a greater advantage in cultural production and the associated benefits (Bourdieu, 2018, p. 20)

The relationship between cultural objects, social institutions and the biases inherent in art history, particularly in the art market and cultural objects, such as artworks, not are just physical entities but also embody specific social contexts and dispositions, or habitus. These objects are created within societal frameworks and are meant to resonate with particular habitus. The physical object, like an artwork, can be separated in space or time from the

habitus it was created for – like of a Dogon statue or a Simone Martini painting. This situation has led to a significant bias in art history. To truly comprehend the impact the work aimed to achieve (distinct from its function), such as the beliefs it aimed to evoke, and which forms the foundation for selecting the conscious or unconscious techniques and elements (like techniques, colors, etc.), it's essential to at least consider the habitus it was designed to interact with (Bourdieu, 2018, p. 27). In other words, art market participants need to take into account the broader cultural and societal contexts that the artwork addresses and how those contexts might influence its meaning and perceived worth. This understanding can provide a more nuanced and comprehensive perspective on the art market, beyond just the material aspects of the artworks themselves.

The harsh truth of the global art scene remains that national and linguistic origins continue to hold significant importance. An unspoken implication of this reality is its reverberation within the realm of art historians. The dynamics of art markets have a cascading effect on museums and publishers, which consequently exerts an indirect influence on the academic production in the field of art history. This influence operates directly, through the involvement of boards and financial support, as well as indirectly, through the lens of the audience and the reception by the media (Cardoso, 2019, p. 180).

Globalization in the art market prompts us to reconsider the importance we place on physical proximity. In the context of the art market, the impact of globalization differs from the concept of 'deterritorialization' introduced by Appadurai (1996), which implies a reduced significance of geographical closeness due to global influences. Rather, within the art market, globalization directs to a new focus on local connections and a reexamination of the significance of physical distance. This is evidenced by scholars such as Cox (1997), Sassen (2000), Storper and Venables (2004), and Faulconbridge et al. (2007) support this perspective (Velthuis, 2013, p. 304). The influence of globalization in the art market instead revitalizes attention towards local networks and prompts a reconsideration of the value attributed to physical proximity. This represents a significant departure from what has been reported in the press regarding art markets over the last decade. We have witnessed the multimillion dollar works of art by Chinese and Indian artists, new wealthy Russian collectors fetching works at auctions, established Western art institutions such as Guggenheim and Louvre expanding into the Middle East. The mindset of the global, where western art galleries and other actors in contemporary art world have been believing in had

been different for a long time. In Amsterdam and Berlin for example, galleries would always argue that they avoid nationality concerns, instead focus on quality when selecting artists to represent (Velthuis, 2013, p. 304).

While art markets does not remain in local contexts, due to the nature of artwork production, artists and their collector engagements are highly close related to location. Artists produce within a larger framework, interactions with other artists and the field. This, in turn, strengthens the importance of collectors and consumers engaging with and understanding artworks, reinforcing the local aspect (Khaire, 2015, p. 105). Only a tiny fraction of art prices are affected by local factors, and the local context has no bearing on the high-end art that dominates the market. Returns from domestic equities and economic growth within the same country play a significant role in explaining art returns, suggesting that enduring international demand differences should remain important. Local economic factors have less impact on high-end art, which appeals to universally shared preferences. This aspect is expected due to the reduced fixed transaction costs such as transportation on these types of art (Renneboog & Spaenjers, 2015, p. 132).

The changing dynamics in the art market's global landscape not only impact perceptions of physical proximity but also influence the discourse and intermediaries shaping the market's pricing and value determinations. In assessing the price and value of art, the crucial factor is unbiased discourse free from personal interests, which fosters greater consumer trust in the art market. Traditionally, the opinions that made the most impact in art market came from middlemen, who were distinct from art producers or sellers. Even though art producers did participate in discussions of value, like through catalogs from galleries and auction houses, intermediaries held greater influence in determining value due to their objectivity. While this separation was crucial, there was also a notable level of mutual reliance. Gallery owners and auction houses recognized the importance of intermediary discourse for successful transactions. These connections contributed to the perception of the art market as exclusive and intimidating to new collectors, who felt they needed to join a specific social group to navigate this world (Bourdieu 1983, pp. 318-319). For those accustomed to viewing industries with many middlemen as inefficient and costly, the art market, with its numerous intermediaries, seemed needlessly complex, undemocratic, and less consumer-friendly (Khaire, 2015, p. 117).

Traditional art market dynamics were heavily influenced by middlemen, distinct from art producers or sellers, who played a crucial role in determining value, creating an exclusive and intimidating perception of the art market. The advent of the internet was expected to revolutionize the global art market, significantly enhancing transparency in art transactions. Internet enabled to establish direct connections with consumers, bypassing intermediaries and their associated inefficiencies. The perspective extended to the art market, where intermediaries were seen as causing inefficiencies (similar to other markets) and blamed for the market's exclusive and elitist nature. Entrepreneurs believed that they could make art more accessible by using the Internet to remove elements that traditionally operated in the art market. They emphasized a theory that suggested the art market carried unnecessary components that hindered efficiency and openness, proposing that the market could be more efficient and accessible than it currently was (Khaire, 2015, p. 118). However online market was not successful making the market transparent as much as expected due to a couple of factors. The main reasons challenging online art markets include the need for buyers to personally experience artworks and engage in informative discussions to establish emotional connections, as well as collectors' desire to publicly showcase art purchases and become part of an exclusive community (Khaire, 2015, p. 118). While the internet was anticipated to revolutionize the global art market by improving transparency, the entrenched nature of galleries and private sales in auction houses ultimately hindered this transformation.

The anticipated transformation of the art market through the internet's potential for transparency did not fully materialize due to factors like the need for personal experiences with artworks and collectors' desire for exclusivity. However, the success of art as an investment is intricately linked to the demand for luxury spending among affluent households, with global art markets closely tied to global economic fluctuations.

The research by Renneboog and Spaenjers (2015) directs its attention to exploring the economic fundamentals that underlie the fluctuations in returns within international art markets. Notably, the motivations driving art purchases lean towards non-monetary incentives over purely financial considerations, as noted by Burton and Jacobsen (1999) as well as Barclays (2012). Consequently, the potential performance of art as an investment is likely to be intricately tied to the demand for opulent consumption among affluent households (Renneboog & Spaenjers, 2015, p. 312).

Therefore, the success of art as an investment depends on the demand for luxury spending among wealthy. Global art markets and global economy are closely interconnected, the importance of understanding these economic fundamentals to predict the performance of art as an investment in relation to the demand for extravagant spending within prosperous families. In line with this viewpoint, previous research conducted by Hiraki et al. (2009) and Goetzmann et al. (2011) has demonstrated the impact of equity wealth and high incomes on art prices. There is strong connection between global art markets, worldwide equity markets, and economic growth, the decline experienced by numerous art markets following global economic downturns in the mid-1970s, as well as during the early 1980s, 1990s, and 2000s (Renneboog & Spaenjers, 2015, p. 312). The decline in various art markets during global economic downturns demonstrates this connection. The success of art as an investment is closely tied to the demand for luxury spending among wealthy individuals, with global art markets intricately connected to the global economy, highlighting the importance of understanding these foundations of the economy.

The significance of understanding economic fundamentals in the art market aligns with the increasing influence of Asian countries in the global art market, as highlighted by Yogeve and Ertug (2015). In the article by Yogeve and Ertug (2015), it has been argued that the contemporary art market has traditionally been Western-centric, as noted by Buchholz and Wuggenig (2006), Quemin (2013), and Velthuis (2013). Nevertheless, the last two decades have witnessed the gradual emergence of several Asian countries as increasingly influential participants in the global art market (Yogeve & Ertug, 2015, p. 194). Over the past two decades, various Asian countries have started to play a more prominent role in the global art market. Until recent years, the art market had been centered in London and New York. In 2011, China took over as the world's largest art and antiques market, passing the United States, with a 30% market share covering both auctions and dealer sales for the first time (McAndrew, 2012, p. 13). This placed UK as the second largest marketplace after China.

By 2011, the primary hubs for contemporary art had shifted away from Europe, with China ascending to the position of the world's largest art market. Taiwan secured the fifth position, and Singapore ranked tenth on this list. However, it's worth noting that this significant growth began to subside in 2012 when the Chinese art market contracted by nearly 25%, and the United States regained its status as the largest market (McAndrew, 2013, as cited in Yogeve & Ertug, 2015, p. 194).

Over the past two decades, several Asian countries have risen in the global contemporary art market and become major players. Artists from India, China, Japan, Indonesia, South Korea, Taiwan, Hong Kong, and Singapore have gained worldwide recognition, leading to increased market demand for their artworks. Many Asian artists have expanded their careers by relocating to the United States and Europe. Meanwhile, galleries and auction houses in Asian countries, as reported by ArtPrice (2010) and Clark (2007), have become central hubs for art sales on a global scale. Additionally, various Asian nations have launched biennials and triennials, and Asian artists have been featured in events such as the Venice Biennale, some even having their own national pavilions (ArtPrice 2010; Clark 2007, as cited in Yogev & Ertug, 2015, p. 194).

In the context of the substantial expansion of international recognition and involvement in the art market, it is valuable to consider McAndrew's (2013) differentiation between trade and sales. While trade encompasses the flow of art in and out, including imports and exports, sales occur within a specific country or city. New York and London engage in both trade and sales, whereas China primarily represents a domestic marketplace. As McAndrew (2013) notes, 'Mainland China doesn't engage much in trade, it doesn't have significant import and export activities with the rest of the world, but it experiences substantial sales in cities like Beijing and Shanghai' (p. 263). Additionally, Chinese auction houses hold privileged positions in the Asian market, partly due to monopoly situations and government support, and they exclusively operate within the local market. Mainland Chinese collectors predominantly acquire artworks created by their fellow citizens, indicating a strong reliance of the Chinese art market on domestic buyers. In contrast, Hong Kong has demonstrated greater openness to foreign artists and has evolved into an art market hub with the prominent presence of Christie's, Sotheby's, and Ravenel (ArtPrice, 2011; McAndrew, 2013, as cited in Yogev & Ertug, 2015, p. 194).

As the global art market expands, the distinction between trade and sales becomes crucial, with China primarily focusing on domestic sales while Paris emerges as a significant global art hub, ranking fourth in the world. Paris now serves as a global hub for artistic exploration and interaction. McAndrew (2023, p. 17) ranks France as the world's fourth-largest art market, following the United States, the United Kingdom, and China. This vitality is drawing in more international participants who are enticed by the city's rich artistic scene and diverse cultural offerings.

In 2022, Art Basel introduced Paris+ by Art Basel in October and the celebration of the 20th anniversary of the Miami Beach show in December. This finish to the year highlighted a renewed interest in international travel, exploration, and the excitement of experiencing art in person. Galleries also noted that 35% of their sales came from participating in art fairs, which was an increase from 27% in 2021, but not yet back to pre-pandemic levels, suggesting further potential for growth (McAndrew, 2023, p. 12).

The United States remained the top global player, with its portion of sales rising by 2% to 45%, while the United Kingdom reclaimed second place at 18% of sales, and China slipped to third with a 3% decrease to 17%. France remained the fourth-largest art market with a steady 7% share (McAndrew, 2023, p. 17). The French art market experienced a low 4% year-on-year growth in US dollars in 2022, partially tempered by a decline in the value of the Euro. After a significant 30% decrease in 2020, sales in France had a major increase in 2021, increasing by 58% to reach \$4.8 billion. This growth continued into 2022, reaching a new high of nearly \$5 billion, the highest level ever recorded (McAndrew, 2023, p. 18).

In summary, during 2022, 35% of gallery sales came from art fairs, showcasing renewed interest in international art exploration, although not yet reaching pre-pandemic levels. The United States leads in global sales, followed by the United Kingdom, with China slipping to third place and France, the fourth-largest art market.

As the global art market evolves, scholarly literature actively explores both regional and local art markets, providing perspectives on the broader international art market landscape. Academic research often takes a dynamic approach to study local art markets, offering insights into the dynamics of the international art market. This approach is exemplified in the work of Brandellero (2015, p. 234). In her examination of the development of the Brazilian art market, employs a long-term perspective to illuminate the processes of institutional isomorphism as outlined by DiMaggio and Powell (1983). Her research reveals that as the Brazilian art field evolved over time, it actively sought inspiration from more established and advanced art markets globally. This cross-pollination of ideas and practices eventually led to the professionalization of the Brazilian art market, aligning it with globally accepted conventions. This methodology underscores the value of examining local art markets as microcosms that provide valuable insights into the broader dynamics of the international art market. In other words, institutional isomorphism refers to the idea that

organizations or markets tend to grow more alike over time, often by embracing similar regulations and methods. Here in local art markets, like the one in Brazil, become more professional and similar to global art markets over time, which helps us gain insight about the larger international art market.

In scholarly literature, when we examine another local market, we encounter a distinctly unique facet within the history of the global art market. Japanese contemporary art has been characterized by an abundance of unique and sometimes unconventional works that don't always align with global art trends or find international recognition, unlike contemporary art from other Asian regions like China, Korea, and India. This situation mirrors Japan's economic and political challenges in the contemporary global context, where it has seen a relative decline compared to its Asian counterparts, especially since its prosperous days in the 1980s (Favell, 2015, p. 239). This situation mirrors Japan's economic and political challenges in the contemporary global context, where it has seen a relative decline compared to its Asian counterparts, especially since its prosperous days in the 1980. This addresses a historical question: why Japan's relative lack of success in the global art market can be attributed to the different way its commercial contemporary art scene developed compared to China, India, and other Asian art scenes, which have received more global attention. While some Japanese gallerists and curators tried to replicate these dynamics from the 1990s and 2000s, they didn't achieve the same recognition (Favell, 2015, pp. 239-240).

The key difference with Japan compared to other Asian art scenes is linked to Japan's unique relationship with the Western world as a highly modernized society. Unlike other Asian art scenes, Japan was less receptive to the kind of "globalization" that took hold in the art world during the 1990s and 2000s. Japan's one-of-a-kind characteristic among Asian art scenes arises from distinct connection with the Western world as a significantly modernized society. Unlike other Asian art scenes, Japan showed less openness to the "globalization" of the art world during the 1990s and 2000s (Stallabrass, 2004, pp.105-111). This was accomplished by not fully embracing foreign curators. While artists from other non-Western countries gained recognition during this time, emerging Japanese artists received limited attention. Additionally, in Japan, the contemporary art scene remains overshadowed by traditional and modern Japanese art fields due to the absence of corporate buyers and supportive collectors seen in other regions. Notably, three influential collectors in Japan, all

psychiatrists or psychologists, focus on psychologically inclined figurative art inspired by Japanese popular culture. Moreover, frustrated by the mainstream Japanese art system's underperformance on the global stage, prominent artists like Takashi Murakami<sup>2</sup> have pursued independent commercial ventures (Favell, 2015, pp. 239-240).

The example of another thriving local art scene persists in India. Sooudi (2015, p. 283) discusses in her research the art market in Mumbai, India and its ethical dimensions. According to the study, when we view the art market as a system of transactions, we can gain insights into the ethical aspects of art exchange within the Mumbai contemporary art scene. This provides us a unique perspective and insights on local market researches. While the media and some scholars have focused on the growth of the Indian art market, particularly during the rapid expansion of the early to mid-2000s, the everyday and somewhat indirect ways that individuals in the art world interact with and experience the art market have been largely overlooked. Mumbai, along with Delhi, serves as one of the country's primary hubs for contemporary and modern art production, exhibition, and circulation, making it an ideal location to explore the local impacts of the art market. By delving into the stories of a Mumbai art collector and supporter, a young artist, and a gallery owner regarding their encounters with the art market and the art world, the study by Sooudi (2015, p. 283) illustrates that those on the inside perceive art exchange as both commercialized and deeply ethical. They share similar, sometimes differing perspectives on how art should be created, purchased, sold, exhibited, and collected. These exchange relationships play a pivotal role in shaping the significance of artworks themselves, whether they are seen as overly commercialized and of lesser quality or as profound and excellent pieces of art. Furthermore, individuals within the Mumbai art scene regarded the 2005-2008 boom in the Indian art market as a turning point: an extraordinary moment when exchange dynamics shifted and, in some cases, even broke down. Over the years, they have used this period to articulate ethical principles concerning relationships within the art world and to

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<sup>2</sup> Incorporating elements from traditional Japanese painting, science fiction, anime, and the worldwide art scene, Takashi Murakami produces paintings, sculptures, and films featuring recurring motifs and evolving characters of his design. His diverse body of work represents a convergence of pop culture, history, and fine art (Gagosian Gallery, n.d.). He is represented by world's powerhouse galleries like Gagosian and Perrotin worldwide. At the age of 57, Takashi Murakami has become a renowned figure in the international art scene and a cultural icon (Indrisek, 2019).

assess the ongoing evolution of the art scene. 2005-2008 Indian art market boom is serving as a pivotal moment for reevaluating ethical principles within the art world.

### **1.1. Definition of a Market**

The old English word “market” originates from centuries ago. The term "market" is derived from the Latin word “mercatus”. During medieval times, the term was commonly used across northern Europe and found in many languages including Old French and Old German. It used to refer to a central place in towns or cities where farmers and merchants would gather to trade various goods, such as produce and livestock. Today, the term "market" is not only refers to a physical place, in contrast, it has become an abstract concept, representing the exchange of goods or services, not necessarily be limited to a physical location (Hulst, 2023, p. 2). This shift is similar to how cultural capital, which can symbolize competence and authority, operates in areas like prestigious art collections. Ancient Greek legal experts distinguished between inherited and acquired possessions, prestige from birth and earned merit. Due to its less obvious transmission and acquisition, cultural capital is prone to function symbolically, being seen as authentic competence and authority in contexts where economic capital isn't fully recognized. This is particularly evident in fields involving esteemed art collections or significant cultural institutions (Bourdieu, 2018, p. 18). Cultural capital, representing competence and authority, often functions symbolically, particularly in contexts like prestigious art collections, due to its less clear transmission and acquisition, a concept illustrated by ancient Greek distinctions between inherited and earned prestige.

Economists have provided varying perspectives on the term "market" across different historical contexts in the literature. Adam Smith, one of the pioneers of modern economics, recognized that certain commodities could possess exchange value without corresponding use value, such as precious gemstones like diamonds and their market. By doing so he was aiming to uncover the factors that determine the exchange value of commodities, including their actual price and composition. The research takes into account the firm concept making a function equation for team production to measure marginal productivity. Smith (1776) defines markets with a distinctive approach, comparing water and diamond, examining the value of commodities in terms of their exchangeability rather than their practical use in their own markets. Water is very practical, but often has little value in exchange. Diamond, for

example, may not have much practical utility, however can still be exchanged for a large quantity of other goods (p. 40).

Moving from historical perspectives on the term "market," as exemplified by Adam Smith's examination of exchange value, we can see how modern economists today analyze markets through the concept of supply and demand, particularly in the context of art markets where various attributes influence prices, as discussed by Hulst (2023, p. 3). In markets today, production and distribution are grounded on supply and demand for goods. Prices are established when an equilibrium between supply and demand is reached. Each market participant possesses a unique supply or demand curve, and their valuation of a particular item may or may not align with the overall market, influencing its price. Contemporary economists examining art markets analyse whether specific characteristics of artworks, such as size, style, technique, age, artist reputation, or provenance, can account for the prices they reach at auction houses (Hulst, 2023, p. 3).

Some economists believe that markets are present everywhere and claim that markets arise organically in specific conditions, emphasizing spontaneity of markets. Others takes organizations as the main viewpoint and argue that markets have less role in overall economy, emphasizing markets are not a form of economic organization. Alchian and Demsetz (1972, pp. 777-779) provide a definition of a market as a system that enables the exchange of goods and services between buyers and sellers. Another different approach is Becker's work in 1976 (pp. 205-214) seeking human behavior with an economic approach that can be analyzed and understood using the framework of market dynamics. Becker focuses on spesific social interactions and claims human relationships is a market with mathematical equations considering male and female ratios. Samuelson (1965, p. 41) on the other hand discusses if there is a buyer for every seller in different markets and seeks understanding the reason behind a good's price rising and questions to wether it is possible to put the markets into empirical testing and find a meaningful result. Expanding on these empirical investigations could offer valuable contributions to our understanding of market behavior and price movements. However, there is very less in-depth analysis found and no real focus on empirical examination of markets (Rosenbaum, 2000, p. 455). Radin (2013, p. 269) explores the significance of distinguishing market-inalienable aspects and discusses different perspectives on the extent to which everything should be tradable in markets. In the context of ethical, social and philosophical challenges, Radin considers the possibility of

allowing all aspects of life to be freely exchanged as commodities, and it is within this framework that he considers concepts traditionally within the scope of markets.

Exploring the multifaceted nature of markets, economists have researched various aspects, from examining the dynamics of market behavior and price movements to investigating the establishment of value in markets, encompassing both theoretical and philosophical dimensions, searching how value is established in markets. Karl Marx in 1867 introduced concepts such as commodities and utility in “Capital”. According to classical Marxist ideology, every commodity that reaches the market has already acquired a value for exchange. Alfred Marshall in 1880 introduced a new concept of utility or cost of production by underlining the value of art and art market is defined by the buyer’s taste (Velthuis, 2007, p. 97).

Transitioning from the exploration of the conceptual foundations laid by Karl Marx and Alfred Marshall in understanding commodities and their value in markets, we now turn our attention to the broader societal implications of commodity exchange and its impact on human relationships and social constructs, as discussed by Graeber, Carrier, and other scholars. Graeber (2001) states that any item can be considered a commodity when we view it as something we can obtain by trading it for something else (p. 31). Commodity exchange, as described by Carrier in 1991 (p. 121) is associated with industrial societies marked by class distinctions and specialized work roles. In this type of exchange, individuals are self-interested and interact with others without any lasting connections or responsibilities. In commodity transactions, items are considered transferable private property, mainly valued for their practical and market worth rather than the identities of the people involved. While Marcel Mauss originally saw gifts and commodities as characteristic of different kinds of societies, some later Maussians, like Gregory and Kiernan, suggest that these two forms of exchange can coexist, although not without challenges. Carrier adopts a similar perspective, emphasizing that this exchange model goes beyond merely recognizing that some societies prioritize social connections more than others in their transactions. Instead, it offers a theory that examines how people, objects, and social relationships are constructed and reconstructed, as well as how they are perceived and reinterpreted in everyday transactions. From this viewpoint, people aren't always the independent, calculating individuals of Malinowskian individualism; their nature and behavior are shaped by specific transactions.

Likewise, objects aren't inherently neutral items that are just bought or exchanged; their roles and significance can vary in different types of transactions (Carrier, 1991, p. 121).

As a result, our examination of commodity exchange has evolved from the basic theories of Marx and Marshall to a broader examination of its social consequences. As Graeber, Carrier and other scholars have illuminated, commodities go beyond mere economic transactions to shape human relations and social structures. Characterized by the absence of self-interest and lasting connections, commodity exchange transforms things into transferable private property valued primarily for their practical utility. However, scholars such as Mauss, Gregory, Kiernan and Carrier challenge simple dichotomies, arguing that gifts and commodities can coexist, albeit in a complex way. Carrier's perspective goes beyond social prioritization in transactions to explore the ways in which people, objects and social bonds are constructed and reconstructed in everyday exchanges. This holistic perspective challenges traditional notions of individuality and neutrality, revealing the dynamic interplay between transactions, human nature and the significance of the objects exchanged.

## **1.2. Cultural Economics**

Artistic and cultural goods exhibit distinct characteristics, as outlined in cultural economics literature. They are often categorized as "experience goods", where consumption leads to an increased taste for them. Additionally, these goods possess public-good attributes, generating positive externalities. Cultural goods rely on human creativity and convey symbolic messages, potentially involving intellectual property. They embody value that transcends monetary quantification and may remain elusive in both real and potential markets (Ginsburgh & Throsby, 2006, p. 6).

To differentiate artistic and cultural goods and services from others, it's helpful to establish a consensus definition of "culture." Culture, in its broad anthropological sense, encompasses not just "high culture" and "popular culture" but also includes elements derived from tradition and heritage, such as folklore, kinship patterns, material culture, and religion. Recognizing the challenge of finding a universally applicable definition across cultures, although defining values related to cultural and artistic goods is contentious, we can adopt

the perspective that cultural goods carry cultural values, while artistic goods convey artistic or aesthetic values (McCain, 2006, p. 150).

Throsby (1994, p. 2) states that initially the exploration of the contemporary art market required addressing the challenge of defining art in the framework of established economic theory. This inquiry was undertaken by a cultural economics journal, which was initially issued in 1977, followed by its inaugural international conference in 1979. The journal of cultural economics was a pioneering publication regarding the field of art economy. The classification of topics in cultural economics, initially presented by Towse in 1997, was later adopted by Blaug in his 2001 survey, where he explored the state of cultural economics and its principal themes, such as demand, supply, industrial organization, the art market, history, labor markets, firm behavior, and public subsidies. Despite being at the intersection of various disciplines, including art history, philosophy, sociology, law, management, and economics, cultural economics draws its literature mainly from economics. Ginsburgh's overview in the same year highlighted the policy questions surrounding public support for the arts and the diverse normative rationales proposed for such intervention (Ginsburgh & Throsby, 2006, pp. 5-6).

The value of art and its relationship with economic and cultural considerations is a long discussed topic. Alfred Marshall classified artistic goods into categories like material and non-material and believed that true artistic excellence, not passing trends, sustains popularity across generations. Marshall's perspective not only examines the intrinsic worth of artistic creations but also highlights their enduring influence on society, bridging the worlds of economics, finance and culture. He also thought that nurturing artistic abilities was crucial, as it connected to industrial efficiency, even though practical education was more critical for economic progress. Marshall mainly focused on visual arts, but he acknowledged the enrichment brought by literature and music to life, even if they didn't directly impact business or manufacturing. From a classification of wealth proposed by F.B.W. von Hermann, Marshall identified various categories for goods related to the arts. He categorized conventional artworks as "material," "personal," and "internal," while activities like deriving recreation from reading or music were deemed "internal" but "non-material." Marshall acknowledged that the origins of genius remained mysterious, although there is a greater proportion of genius emerging from the upper classes compared to the working class. He argued that the demand for artworks was rooted in fundamental preferences that would

eventually prevail over passing fashion trends. He believed that true artistic excellence, rather than mere fashion, allowed a piece of art or literature to retain popularity for generations among a whole nation. He noted that even though people might temporarily embrace absurd artistic and literary trends due to social pressures, only genuine artistic quality allows things like songs, clothing styles, and furniture patterns to remain popular across generations. Marshall believed that while education in the visual arts was valuable for economic progress, it wasn't as crucial as education in practical fields. He noted that artistic education didn't always build character as effectively as education in critical thinking. Still, he emphasized that nurturing people's artistic abilities was highly important in itself and was increasingly linked to industrial efficiency. He focused on visual arts, acknowledging that literature and music also enriched life but didn't directly impact business methods, manufacturing processes, or artisan skills (Goodwin, 2006, p. 54).

In the art market today, determining the value of the artwork and trust in the history of artworks often comes from personal connections with artists, galleries, or primary art sellers. This art market operates without strict rules, giving significant power to galleries and auction houses. They can boost an artist's reputation, making it hard for others to challenge their authority. According to Oosterman, Mackenzie, and Yates (2022), the determination of trustworthy provenance for art objects often relies on their categorization as contemporary art and the trust established with artists, galleries, or primary gallerists, making the use of databases unnecessary (p. 11). Characterized as a "playground" for influential players like galleries, dealers, and auction houses, the art market's legitimacy is questioned, suggesting manipulation. These entities wield considerable authority over value, pricing, and standing, thanks to the self-governance, unregulated framework of the art market. Operating outside regulations, this market offers anonymity to participants, rendering it exceptionally opaque (p.7). Auction houses boost artists' reputations through catalogs, auctions, and exhibitions, contributing directly to their provenance and potential price estimates and records. Trusted art market brands reduce risk and increase credibility, making their authority difficult to be challenged. Some art dealers create leading brand identities. This forms an informal hierarchy where they determine market and cultural positioning (p.10).

While the study of art and culture has traditionally focused on sociology, history, or aesthetics, recent research by Oosterman, Mackenzie, and Yates (2022) reveals that the art market relies heavily on personal connections and the influence of galleries, auction houses,

and dealers, creating a complex ecosystem (p. 11). This modern dynamic contrasts with the historical emphasis on non-economic aspects. However, it's worth noting that economic analysis in the art market has a foundation dating back to the 1960s, with concepts like the "productivity lag" introduced by Baumol and Bowen, which continue to shape the field (Ginsburgh and Throsby, 2006, p.4).

The study of arts and culture has typically focused on sociology, history, or aesthetics, giving less attention to economics. Nevertheless, the beginnings of economic analysis in the art market can be traced back to the 1960s with the study of Baumol and Bowen. The concept, known as the "productivity lag" or "cost disease", is about the persistent issue faced by the live performing arts. Their productivity fails to keep pace with other industries, leading to cost increases over time. It is crucial to underline that Baumol and Bowen's work introduce a lasting theoretical concept in cultural economics and it is a foundation for studies in the field. (Ginsburgh and Throsby, 2006, p. 4). The pioneering work in the field of art market economics dates back to the 1960s in the book by Baumol and Bowen (1966, pp. 162-225) a comprehensive search on economic analysis of arts sector's role in the economy is conducted.

The genesis of the art market as a commercial enterprise can be traced back to the 14th-century Renaissance era when artists began to receive commissions for their creative accomplishments. It was during this period that the very masterpieces we now witness being auctioned for record prices today first came into existence. During the Renaissance, Florence was a significant center for the flourishing of new painting and artistic ideas. Many surviving and highly admired artworks from this period were commissioned for various purposes, such as churches, religious orders, charity hospitals, guilds, civic buildings, and prestigious private houses. Public commissions often involved competitions, where artists submitted their models according to specific guidelines, allowing room for artistic creativity and uniqueness in each work. This individuality of design led to a discontinuous demand for artworks. Additionally, Florence remained a republic during the 15th century, and there was no central authority that dominated taste in art. As a result, there were numerous commissioning bodies with diverse goals, contributing to the absence of a single dominant authority in shaping artistic preferences. The average price of artworks produced for the market, as opposed to commissioned or private collection pieces, tended to be lower. Throughout history, markets for artistic goods and services have evolved, with the

Renaissance in Italy and Flanders witnessing the first flourishing art markets. Secondary markets and auctions emerged later, shaping the art market we know today. Archives provide valuable information on the development of these markets over 250 years. Present-day art markets mainly involve dealers, galleries, and auctions, where important works are sold, providing insights into market trends and prices. The use of auction prices has led to conclusions on art returns, diversification, the "masterpiece" effect, and inefficiencies in art markets. However, measuring returns is challenging due to the heterogeneous nature of artworks. Techniques like hedonic and repeat-sales regression help overcome limitations and provide better estimation results. The issue of copies of artworks poses intriguing questions for various disciplines, such as economics, law, philosophy, art history, and curators. The relative price of copies has fluctuated over time, and understanding their value in the art market is part of a broader exploration of the boundaries between originality and copy (Marchi & Van Miegroet, 2006, pp. 69-112).

In the mid-18th century, a new perspective on the fine arts emerged. Hume ([1752] 1965) challenged the prevailing belief that all forms of "luxury," including the fine arts, were inherently wasteful and immoral. He argued that luxury's virtue or vice depended on its particular form and context. According to Hume, the term "luxury" was ambiguous, encompassing both positive and negative connotations. Its meaning hinged on the level of refinement in sensory gratification and could be deemed either innocent or blameworthy, depending on factors such as the historical era, country, or individual circumstances. In essence, Hume emphasized that drawing a precise line between virtue and vice in the context of luxury was no more straightforward than in other moral matters (Goodwin, 2006, p. 33).

### **1.3. Contemporary Art Market Today**

In 1980s, there was a noticeable shift in public policies towards culture, embracing neoliberal principles and cautiously opening up to the global market. Galleries faced challenges as artists began directly engaging with collectors, bypassing intermediaries. However, from the 1990s onward, the art market underwent significant formalization, paving the way for a more internationally-oriented boom (Brandellero, 2015, p. 230). Greenwood & Smith (1997, pp. 145-147) underline the role of financial markets in economic growth. Economic progress encourages the emergence of new markets. There is no surprise

with economic developments of the 1980s we see a parallel growth in the art market. According to the Art Basel (2023, p. 21) the Art Market Report by Clare McAndrew and UBS, the art market has seen significant changes in recent years, with the value of global art sales reaching \$67.8 billion in 2022.

Economic analysis in arts and culture involves various schools of thought like neoclassical theory, welfare economics, macroeconomic policy analysis, public choice theory, contemporary political economy, institutional economics, and law-and-economics. These approaches examine production, consumption, exchange, organizational structures, and policymaking in the arts and cultural industries. The field seeks to understand the unique characteristics of cultural goods and services compared to other economic goods, emphasizing the need to address defining questions that influence behavior in the arts market (Ginsburgh and Throsby, 2006, pp. 5-6).

Contemporary art has undergone significant changes since the 1940s and has evolved into a highly unpredictable economic enterprise with worldwide influence. Peggy Guggenheim's involvement in the beginning of this process ensured that contemporary art was no longer an exclusively male narrative. In Art Basel, there are few mega dealers who have profoundly shaped the contemporary art scene. Among them are Larry Gagosian, David Zwirner of the Zwirner Gallery, Iwan Wirth of Hauser and Wirth, and Arne Glimcher along with his son Marc of Pace Gallery. These galleries consistently achieve annual sales in the hundreds of millions of dollars, with Gagosian reputedly grossing approximately \$1 billion annually, while the others hover around \$250 million each. These four mega dealers maintain privately held galleries, guarding their profit reports closely. In 2017, the art world witnessed a groundbreaking moment as a Jean-Michel Basquiat painting fetched an astounding \$110.05 million, setting a new record for the highest price ever paid for an American artist's work. The roots of this influential group of dealers can be traced back to the aftermath of World War II and the emergence of Abstract Expressionism, particularly in New York. Dealers such as Betty Parsons and Sidney Janis played pivotal roles in nurturing the artists associated with the New York School in the 1950s, even though their partnership eventually soured. Subsequently, Leo Castelli established his own gallery, becoming the dealer for iconic figures like Jasper Johns, Robert Rauschenberg, Roy Lichtenstein, James Rosenquist, Claes Oldenburg, and Andy Warhol during the 1960s Pop art movement. Castelli not only provided emotional and financial support to these artists but also pioneered the concept of

an international network of satellite dealers to promote art sales collaboratively. Paula Cooper, the first female dealer to open a SoHo gallery in 1968, made substantial contributions to the development of Minimalism and Conceptualism, earning her recognition alongside Castelli. In 1979, against the backdrop of New York City's recovery from a severe recession, Larry Gagosian arrived on the art scene, propelled by a new generation of wealth interested in contemporary art. While it may be an exaggeration to assert that dealers like Gagosian transformed the industry to dominate this emerging market, they certainly capitalized on the Wall Street bull market, Reagan-era tax cuts, and a financial culture marked by mergers and acquisitions. These factors enabled dealers to flourish, and they played a crucial role in shaping artists' careers and navigating the changing art landscape through innovative technologies and the establishment of art fairs. Some, like Gagosian, excelled in this evolving landscape, expanding their influence by establishing physical galleries worldwide, with 16 locations and counting. Throughout the 1980s, another formidable player in the New York art scene was Mary Boone, who vied with Gagosian for Castelli's support and exhibited a knack for propelling the careers of artists who defined their era (Shnayerson, 2019, pp. 1-20).

The art market can be divided into two distinct segments: the primary market and the secondary market. In the primary market, only newly created artworks are sold. Artists supply their new works to dealers, who then exhibit and promote them to potential buyers. The dealers typically retain a significant percentage of the selling price as their commission. On the other hand, the secondary market involves the buying and selling of previously purchased artworks by consumers, either through auctions or art dealers. In the secondary market, the original artists no longer participate, and they do not benefit from the profits generated by these sales. The secondary market offers greater transparency compared to the primary market, as auction prices are publicly revealed, providing crucial information for participants in the art market. Nonetheless, the number of artworks sold at auction remains relatively small compared to the primary market. Art centers like London and New York are served by only a few major auction houses. This creates a funnel effect, where many more artists produce work than the gallery system can accommodate. Galleries select only a handful of artists they believe will be successful in the primary market, and not all of their produced works may find buyers. The funnel further narrows in the secondary market, as only a limited number of living artists' works are traded at auction. The relationship between

the primary and secondary art markets warrants further examination, but it appears that a thriving auction market can stimulate demand in the primary market. The publicity and attention garnered by successful art auctions may increase interest in purchasing new art from emerging artists in the primary market. Historical examples, such as significant auctions of art collections, have established market values for contemporary artists' works and legitimized their value in the primary market (Hulst, 2023, pp. 5-6).



## 2. ART MARKET DURING THE 2000S

The factors that have influenced the art market in the 2000s can be traced back to developments that emerged in the 1980s. This pivotal period witnessed significant economic, political, and cultural transformations, which laid the foundation for the current state of the art market. Notably, in the 1980s, both the United States and the United Kingdom implemented government policies that exerted a global impact on the world of art and culture. These policies, coupled with various art movements, played a crucial role in shaping the conditions of the contemporary art market. Among these factors, the cultural landscape of the 1980s emerged as principal force in shaping the trajectory of the art market. Analyzing the economic developments and government policies of this era in the context of their influence on the interplay between art and the economy provides a clear understanding of the driving forces behind the market's evolution. Additionally, during the 1980s, the formation of substantial private and institutional art collections began to gain momentum. These collections acted as pioneering catalysts, further influencing the dynamics of the art market.

Government policies and tax reforms implemented during the 1980s played a important role in catalyzing rapid growth within the art market. This period also witnessed corporations launching on the creation of substantial art collections. The tax reforms from the 1980s not only facilitated the development of these corporate art collections but also provided a framework for justifying their financial investments, ultimately shaping their public image as socially responsible entities. The expansion of the art market and the peaking prices of artworks in the 1980s were intricately linked to the increasing demand for art by corporations. The nature of this era, marked by various contextual variables and circumstances, makes it challenging to definitively attribute the market's growth solely to one factor. Nonetheless, it is undeniable that the proliferation of corporate art collecting had a significant and enduring impact.

The art market, as it stands today, has been significantly influenced by two recessions, with the first stemming from the Japanese tax crisis. In 1989, there was a big crash of the art market. This was the crash that marked a significant turning point in the art market, ended the famous artistic figures' era. It had shaped the entire artistic landscape. Confidence and

self-importance of art was taken down, more accessible and rude art was created, and also more politically context was produced. This shift in artistic expression gave rise to a wave of bold and politically charged art, reflecting the socio-political climate of the time and capturing the frustrations and desire for change that permeated society. There was a sudden withdrawal of Japanese buyers from the market. This caused more problems and finally it was revealed that art-buying in Japan was used to evade taxes on real estate profits. The revelation was used by corrupt politicians, criminals and they manipulated the market by buying with an unreal demand and rising the artwork prices (Stallabrass, 2004, p. 23). The second global recession was more slowly affected the people in the West, caused by the falling down of the high-tech industry and followed by a downward going of the stock market, financial corruption revelations and eventually war. The time inbetween recessions the economic recovery was not certain, except for outside the neoliberal economies of the West, where it was boosted by high-tech and dot.com bubble. As a result, the art that has been produced in these countries were more engaged with decorative concerns, not politically and theoretically, putting emphasis of mass approval to be beautiful and entertain (Stallabrass, 2004, p. 24). With the Whitney Museum's 1980 acquisition of artist Jasper Johns' work titled *Three Flags* for \$1,000,000 was the first example set for contemporary art sales (Gorman, 2012, p. 83).

There are many changes and shifts in the art world not only the market but also the art world's discourse following the privatization policies. In the art world, especially after 1980s, the aesthetic judgments are mostly irrelevant. Art is involved in corporate funding and free trade initiatives that were adopted by neoliberals following the shift of power brought about by Margaret Thatcher and Ronald Reagan in the 1980s. Art world's discourse merely serves as a marketing tool for the investors where investing in art is more significant than investing in stocks (Gorman, 2012, p. 193). Art had now a purpose of investing.

Art had served as a marketing tool following the government policies that started the privatization. In neoliberal states, the US, and the UK, where the privatization of art first started, particularly in the UK, where state funds were withdrawn from museums and other arts institutions; in both places corporations moved into sponsorship, commissioning, collecting, and publicly displaying their collections. In the UK it was the explicit aim of the Conservative government led by Margaret Thatcher to transform the uncomfortably political character of contemporary art by making it more reliant on market forces. Likewise, Ronald

Reagan personally supported corporate involvement in the arts from, among others, oil and tobacco companies (Wu, 2003, pp. 206-209). These motivated companies to use art as a marketing tool for publicity purposes.

When American and English governments started their privatization policies, this caused a change in their role of culture in the society. With Ronald Reagan in 1981 and Margaret Thatcher in 1979 rising, their focus was reducing state funds spending for museums and art institutions and promoting private sector. Their policy of privatization changed the role of government by reducing it in economic and social aspects of American and British societies impacting their cultural landscapes. The long time understanding of state having a responsibility about presenting arts as a basic right for all citizens, like education, has changed. Especially in Britain where government had previously supported financially for arts organisations since the creation of the Arts Council of Great Britain in 1945 (Wu, 2003, pp. 105-123). It was no longer only government's role to present art.

With the privatization of art policies taking place, some important art events have first started. During 1990s, biennials and other art events were executed for the first time all around the world and new contemporary art museums were inaugurated. These museums applied corporate business models for their management and were promoting commercial culture. Contemporary art was getting closer each day to mass culture. Art stars has seen as celebrities before these years but during the era art world was treated similarly as fashion or pop industries (Stallabrass, 2004, p. 14). The price of privately funded art was being a mass production.

With private funding, companies increased a lot of benefits for themselves. Sponsorship agreements to support art institutions provided many advantages for corporate companies. Especially art was a catalyzer to meet a higher level of customers where they are hard to get in contact with, who are more educated than general public and important in business. For example BP had a long partnership with the Tate Gallery to improve their reputation. Furthermore, German tobacco company Reemstma sponsored Documenta IX and Philip Morris was a big art sponsor of the arts in the US. Companies invested in art to receive the publicity with art and they received good publicity in great amount. 70 percent of exhibitions in Europe are funded privately and companies use these fundings to get a great company image in the eyes of the public (Stallabrass, 2004, pp. 134-135). Rather than what

these companies were supplying the people as products, art was widely advertised as a sympathetic appearance.

Investing in art as an institutional framework had its roots back in 1970s with the British Rail Pension. Art collecting was a strategy to invigorate the failing fund. The British Rail Pension Fund collaborated with Sotheby's started buying art in 1974 and became the first institutional investor in art. British Rail Fund had only invested 2% of their total funds. With only such a small percentage, it had a very big affect on the art market. They have become one of the Europe's most important art patrons since Medici. It had a great influence over other institutional investors and art market research and advisors started to grow (Coslor, 2011, p. 36). This was the most important event of the art market to have an investing approach by institutional means.

Compared to 1980 and 1990s, investing in art after 2000s was very different. There had been technological changes and it affected how art was presented and sold. The purchase transactions had a new way of processing. The impact of technology is referred highly in critiques of art market because it made it possible for buyers to view art online and buy art online, so it was not mandatory for buyers to visit galleries physically. Buying transactions were becoming very fast, as a matter of fact the collectors could analyse big data of auction results, which made them the chance to compare the price range and performance of sales of the artists' works, as well as an ability to consult art advisors, investment advisors who they could reach online, rather than just talking to old school gallerists and dealers, art historians or art critics (Gorman, 2012, p. 62). With the growing art market having lack of transparency called entrepreneurial subjects. These entrepreneurial subjects came up with some service providers of price data from artwork sales. These services created were accessible through a paid subscription system. The well known still today, these services were ArtNet and Art Market Research (Gorman, 2012, p. 83).

During 1990s, consumption and commodification trend led to increased commodification of art market, in proportion to the relationship between commodities and culture. Art became more influenced by the capitalist system during 1990s and in Turkey as well. (Sülün, 2018, p. 298). Privately owned companies and institutions, regardless of the unstable political and economic environment, focused on culture and art to enhance their prestige within the framework of liberal economic policies in order to create a positive image

through cultural and artistic activities, to approach masses through art and to invest in 1990s (Wu, 2003, pp. 215-216).

In the 2000s, there was an extraordinary increase in the size of the global art market for a decade, with 2011 being the best year ever for the market since market crash in 2009 (Financial Times, 2013). This belongs to a couple of developments in the industry. First of all, the individuals and organisations creating a global demand and second is the investment reasons. The reason behind the expansion of the art industry is the rise in global demand. A new buyer profile of individuals, organisations entering the market, and a possibility of investment return. Art has become an alternative way of investment in their portfolios (Bruno and Nocera, 2008, pp. 2-3).

Indeed, the year 2003 was a notable period for the art market globally, characterized by various factors that contributed to its significant activity. One key aspect was the record-breaking prices achieved at auctions, which garnered attention and demonstrated the market's vitality. These high prices underscored the demand and willingness of collectors to invest substantial sums in artwork. Additionally, art fairs played a crucial role in driving the market's momentum. These events provided platforms for galleries to showcase and sell artwork to a diverse range of buyers, including both seasoned collectors and newly affluent individuals seeking to enter the art market. The presence of high-priced sales at art fairs further highlighted the market's strength and attractiveness. The United States continued to play a central role in shaping the art market, with important sales and emerging collectors originating from the country. The robust competition between museums in the U.S. spurred market activity as institutions vied to acquire significant artworks for their collections. This competition often translated into higher prices and increased demand for desirable pieces. Moreover, the proliferation of biennials, art fairs, and the rise in the number of collectors contributed to the art market's prominence. Biennials, which are recurring international exhibitions held every two years, brought together artists, curators, and art enthusiasts from around the world. These events not only showcased contemporary art but also stimulated conversations and connections within the art community, generating interest and sales. The increase in the number of collectors, particularly among the newly affluent, significantly impacted the art market. As individuals accumulated wealth, they sought to establish their cultural identity and social status through the acquisition of art. This influx of new buyers injected fresh capital into the market, creating opportunities for artists, galleries, and auction

houses. Collectively, these factors maintained a constant buzz around the art market, as it remained a topic of discussion and interest among both industry insiders and the general public in 2003. The interplay between auctions, art fairs, museums, biennials, and an expanding collector base contributed to the art market's vibrancy and underscored its significance on the global stage (Thompson, 2011, pp. 59- 68).

Damien Hirst's artwork titled "For The Love of God" did indeed create a significant impact in the art world when it was unveiled in 2007. The artwork is a platinum cast of a human skull covered in over 8,000 diamonds, including a large pink diamond placed in the forehead. The name "For The Love of God" refers to Hirst's contemplation of mortality and the allure of material possessions. The artwork garnered attention not only for its striking visual appearance but also due to its estimated value. It was widely reported that the artwork was valued at 50 million pounds sterling, making it one of the most expensive works of contemporary art at the time (White, 2009, pp. 3-5). The staggering value contributed to the sensationalism surrounding the artwork and sparked debates and discussions about the commercialization and commodification of art. Andreas Gursky's photograph titled "99 Cent II Diptychon" indeed sparked significant debates and discussions within the art world when it was sold for 3.3 million dollars in 2007, ignited discussions about the commercialization and market value of contemporary art. It's important to note that the status of "99 Cent II Diptychon" as the most expensive photograph has likely changed since 2007, as art market prices can fluctuate over time. However, the sale and the debates it generated remain significant in the context of photography's growing prominence in the art world (Tadayon, 2015, p. 42). The sale reinforces the notion that photography could be considered a valuable and collectible art form, comparable to other mediums traditionally associated with high prices in the art market. Additionally, the price raises questions about the role of market forces in determining the worth of an artwork and the influence of collectors and institutions in shaping the art world.

In 2007, the ruling Al-Thani family of Qatar gained attention by acquiring Damien Hirst's "Lullaby Spring" sculpture for a record-breaking price of £9.7 million at Sotheby's London. This purchase set a new auction record for a work by a living European artist. The Al-Thanis' entry into the modern and contemporary art market mirrored a global trend of valuable artworks moving from the West to the East. Collectors from the Gulf region, ex-Soviet republics, and China increasingly participated in auctions, encouraged by the art

market's resilience despite financial uncertainties. This shift was also influenced by the establishment of cultural institutions like the Guggenheim and the Louvre in Abu Dhabi. Additionally, the investigation into record auction prices uncovered notable purchases made by Ukrainian and Georgian collectors (Ruiz & Thornton, 2008).

When we have a broader look for the market for the last 10 years before 2023, we can see that the best years for the art market was 2007, 2014 and 2018. The market is reported to have grown by 95% from 2002 to 2006, and according to McAndrew (2008, pp. 2-30), China is the fourth largest market in the world. The global market performed best in 2014 by reaching \$ 65.7 billion after top boom in 2007 with \$ 66.5 billion (Financial Times, 2014). During the year 2018, the global art sales reached a total of \$ 63.7 billion. The major players in the market are US and Asia, with modern and contemporary art sales (McAndrew, 2018, p. 27). There are other indicators that shows how well the art market performed. When we look at ArtPrice Index, we see that it performed better than US stock market S&P 500 (Artprice, 2018). Because of COVID-19 pandemic, 2020 and 2021 art market had lower size than in previous years. The market reached \$50.1 billion in 2020 (McAndrew, 2021, p. 33).

## **2.1 Art Fairs: Art Basel**

The international art market continues to grow, as we see the proof of it's thrive in sales in Art Basel and UBS Global Art Market Report of 2023 (McAndrew, 2023, p. 19). The report, conducted by economist Clare McAndrew and published annually, highlights the market's growth and resilience. With global sales reaching new heights, art remains a well desired investment asset, attracting collectors and investors from all around the world. The report emphasizes the importance of emerging markets contributing to the dynamic and ever-expanding nature of the art market (Fulton, 2023, April 19). Major global art events which gather important people like Art Basel and Frieze have gained significance as they draw collectors, curators, and art enthusiasts from all over the world.

The origins of art fairs can be traced back to 1967 in Cologne with Kölner Kunstmarkt 67, which is now known as Art Cologne. Art Cologne is the pioneering fair that was established by commercial galleries to showcase and sell modern and contemporary art. The first edition did not receive much interest and the market conditions were very low, but

the gallery owners Hein Stünke and Rudolf Zwirner introduced a new model to revive the art market. Kölner Kunstmarkt initiated a new practice that is globally used and growing in popularity today. The Kölner Kunstmarkt initiated a new practice that today it is still valid. (Koelnmesse GmbH, 2014; Oberste-Hetbleck, 2019, p. 112)

The starting of art fairs is important for the shape of the market as it is today. Art Cologne is an important event for the history of art market today. To be able to buy art in a single space with having access to many different internationally recognised artists and explore art from all around the world, and institutionalizing this experience changed West German and European art market. Keeping in mind that Art Basel was founded in 1970, Art Cologne as a new center of the contemporary art market had achieved impressive sales numbers, giving confidence to dealers and making art trade in a wider industry (Parreira, 2018, p. 2).

Art fairs are events that are considered to be the one of the most important events in the art world, especially Art Basel. Art fairs provide a common platform for galleries and artists to exhibit and sell their works to potential buyers together in one venue and timeframe. Art Basel fairs have gained importance throughout the years for different players in the artworld, gallerists, curators, museum directors, critics, collectors and art enthusiasts. The fairs gather attention and enthusiasm in the global art world (Yogev & Grund, 2012, p. 24).

Choosing Art Basel for this study is important because by the nature the fair excludes local art market, which is consistent to examine the market on a global scale. Rituals in the artworld contribute to creating a social hierarchy of status. Galleries try to get ahead of each other for the prime locations at the Art Basel fair, collectors compete to own works by renowned artists and strategic positions within influential art institutions (Thornton, 2008, p. 82).

Art Basel was founded together by gallerists in 1970, by Ernst Beyeler, Trudi Bruckner and Balz Hilt. The first edition of the art fair was described as resembling a flea market, with artworks put against walls, stacked up and dealers carrying canvases rolled up under their arms (Thornton, 2008, p.82; Parreira, 2018, pp. 2-3). The first edition welcomed 16,000 visitors with 90 galleries, 30 publishers from 30 countries (Art Basel, n.d.).

Over the years fair grew much bigger and added different sectors such as talk program conversations, Nova, Panels, Forums, and Unlimited platform with contemporary

media, expanded over other cities around the world like Miami and Hong Kong. Photography, video art, film, installations, enormous sculptures, expansive paintings, artist's books, performance art, and public art initiatives entered the fair. In 2002 fair started Miami edition with a great success, it has become the foremost event in Americas. In Positions sector exhibition was groundbreaking. After 2010s, Art Basel hosts more than 200 galleries and 60.000 visitors for an edition (Art Basel, n.d.).

After Miami Beach, Art Basel had a growing interest. Miami Beach edition is a reference in the artworld as a point of connection between North and Latin America's art scene. It attracts many collectors and visitors from Western art world, exhibiting different artworks from regional galleries and artists reflecting city's multicultural identity. Art Basel Miami Beach has become the leading art show in the Americas in a short time, and a favourite winter event happening in December for the international art community. In 2013 Art Basel having another edition in Asia, Hong Kong establishing a cultural bridge between east and the west with half of the galleries exhibiting are from Asia. These fair organisations are one of the most prestigious in the world. In 2013, Art Basel was founded Art Basel Hong Kong hosted 245 galleries and 35,000 visitors in its first edition (Art Basel's First Edition, 2013). With the participating galleries were from Asia and Asia-Pacific region. This made a fundamental for Art Basel being a global brand in the industry for establishing a cultural connection between well established Western Art World and the emerging art scene of the region. The participation of galleries from emerging regions in major international art fairs, such as Art Basel in Hong Kong, is seen as an opportunity to gain visibility in the Western art world (Schultheis et al., 2015, pp. 84-86) Art Basel had a growing interest in the upcoming years. In 2017, Art Basel Hong Kong's visitor number increased by 33% to 95,000 visitors (Art Basel, nd.). Not only Art Basel but globally fairs were rising in the market. In 2017, sales at art fairs were estimated to have reached almost \$15.5 billion, constituting approximately 24% of the total global art market, which was around \$64 billion. This reflected a 17% increase compared to the previous year (McAndrew, 2018, p. 19). Cologne and Basel play a significant role in the perception of what is now recognised as an important aspect of the art market. In public perception, they have changed what art trade is and how art business and transactions are made (Parreira, 2018, pp. 2-3).

In 2018, art fairs accounted for a minimum of 25% of worldwide art market sales, making them a primary destination for art buyers. In contradiction, public auction houses

still dominate the market holding 45% of the market share, around \$ 28.5 billion (McAndrew, 2018, pp. 15-21). In 2018, art fairs accounted for at least 25% of global art market sales, making them a significant destination for art buyers, while public auction houses retained a dominant 45% market share. We see that auction houses still dominated almost half of the market where fairs had only a quarter of share.

Majority of the fairs around the globe are located in Europe and United States, 50% in Europe and 25% in United States, almost 25% of significant art fairs globally. These events consist of prominent fairs such as Art Basel, Frieze, ARCO, The Armory Show, ADAA, Art Cologne, TEFAF, Art Brussels, Expo Chicago... etc. The art fair format is closely related to prestige, high-value sales. Alternative models have emerged throughout time and fairs such as Independent, NADA, Untitled Art, and VOLTA have successfully developed their own markets (Parreira, 2018, p. 5).

In the next chapters, to offer a comprehensive analysis of the global market, this study aligns with the world's major art fair, Art Basel, a powerhouse gallery, König, and notably, Christie's auction house. In the landscape of art trade, key players include renowned art fairs, influential galleries, and leading auction houses.

The selection of König Gallery in the thesis is driven by its significance in the global art market and its representation of the interplay between globalization and Turkish connections, especially mutual artist representations, exhibition and fair collaborations with Turkish Pilevneli Gallery. The decision to focus on Pilevneli Gallery in Turkey over other galleries with international branches, such as Pi Artworks in London or Zilberman Gallery in Berlin, is guided by the changing dynamics of the art market influenced by globalization. The impact of globalization on the art market, as described by scholars like Cox, Sassen, Storper, Venables, and Faulconbridge, involves a shift from the concept of 'deterritorialization' to a renewed emphasis on local connections and a reassessment of physical distance (Velthuis, 2013, p. 304). In this context, the study seeks to understand how galleries navigate these dynamics, and König Gallery, as a significant player in the global art scene, offers insights into the interplay between global and local networks.

The choice of Christie's as a focal point in the study is justified by its prominent role in the international art market. The decision to focus on Christie's over Sotheby's is

substantiated by the fact that while Sotheby's had an office in Istanbul, it remained inactive due to a lack of transactions. On the contrary, Christie's actively engaged with Turkish artists, demonstrating a commitment to the region's art scene. Notably, Christie's made a move by becoming the first art auctioneer to open in Dubai, recognizing the growing wealth and artistic contributions emerging from the Middle East. The branch engaged with Turkish market actively. In a pivotal auction, titled "International Modern and Contemporary Art, Including Arab, Iranian, Indian and Western Art," Christie's showcased artworks from a diverse geographical range, spanning North Africa to India, Europe, and America. The auction strategically organized lots by the origin of the artists, creating a bridge between Middle Eastern and Western art. This approach, as highlighted in an interview with a Christie's representative, reflects the auction house's pioneering efforts to test the market for various national and ethnic affiliations, fostering engagement with diaspora communities in Dubai. The evolution of Christie's Dubai sales titles, starting with the expansive "International Modern and Contemporary Art" and later refining to "Modern and Contemporary Arab, Iranian & Turkish Art," signifies the auction house's adaptability and responsiveness to market dynamics. The inclusion of Turkish art in the sales from 2011 to 2015, alongside Arab and Iranian art, reflects Christie's commitment to representing the artistic diversity of the region. The subsequent shift to a broader categorization under Christie's Dubai sales falling under the umbrella of modern and contemporary American and European art, Post-War from 2016 onwards further underscores the dynamic nature of Christie's engagement with the Turkish art market (Waldman, 2016, pp. 4-5). This historical context and strategic evolution demonstrate why Christie's stands out as a pivotal subject for the thesis, providing a nuanced understanding of the global art market dynamics post-2000s and its implications for Turkey. Not only limited by these auctions, but there are also other active engagements with Turkish artists' market by the auction house, which are given in detail in the next chapters.

Sotheby's introduced Contemporary Art auctions as part of its Turkish Sales when it established a representation office in Istanbul in 2009. Subsequently, the "art elites" of Istanbul, transported to London via private flights, commenced purchasing artworks from Sotheby's, significantly escalating both the works' value and prices. From a financial standpoint, this allowed Turkish art to enter the speculative art market, gradually globalizing. However, the acquired works, inflated in value, did not gain the same level of global interest

as art from India, China, Russia, or even Iran. Consequently, the attempt to commercialize art through auctions, creating an artificial market through speculation, and introducing contemporary Turkish art to the worldwide art scene, with the hope of branding Istanbul, did not meet expectations. The Turkish concept of "contemporary art" struggled to modernize (Sotheby's *Türk Mezatı*, 2012).

## **2.2 Art Galleries: König Galerie**

When artworks are exhibited in an art museum, they are considered as a category of objects that exist solely for art and art related social experiences. Galleries emphasize the artistic as well as sales value of the exhibited pieces and underline the value of the artworks. The "white cube" has become a widely accepted presentation format for contemporary art. White cube is an exhibition space of a floor with no attention seeking colors accompanied with white walls. The white cube phenomenon is used as early as 1920s and aestheticized the art by drawing attention to only exhibition space and preventing audience to have further contact with outside of space. (O'Doherty, 1986, pp .9-10, 30). The intermediaries between artists as art producers and art consumers are galleries who act as "gatekeepers" determining which new artworks and styles will gain public recognition by giving them space and approval to exhibit and separating noteworthy from the mediocre. Galleries provide an exhibition platform for contemporary art and visibility, which is especially important for emerging artists who may lack reputation or museum presence. It is impossible to think about artist careers without galleries, the reputation of galleries depends on the artists they represent. Galleries are responsible for organising exhibitions to meet the public eye and with a ground of a respected discussion by all players in the art world (Schultheis et al., 2015, p. 67). Established art galleries drives the art market. When we take a closer look into the function of interpersonal networks at Art Basel, which is considered to be the most significant contemporary art fair globally, the fair shows the under cover influences of artists' galleries networks. The gallery networks function as paths towards validation and consecration. These networks of galleries can serve as mechanisms for the boosting careers of the modern art ecosystem (Curioni et al., 2015, pp. 59-60).

Keeping in mind Western and non-Western regions are increasingly integrated into the global art world, but quantitative data from artifacts.net indicates that this process,

particularly in the promotion and marketing of non-Western artists in European art capitals, is still in its early stages. Art galleries in Amsterdam and Berlin, for example, tend to represent artists from their respective countries who live nearby. Recognizing that globalization has significantly influenced the art commerce landscape but this influence has been occurring in a different manner and over a longer timeframe than previously suggested. What has been disseminated is a modified version of a gallery model that originated in nineteenth-century France (Velthuis, 2013, p. 304).

Galleries function as gatekeepers in the market. They are the taste makers and act as the first step to validation and recognition for artists. The structure of the art ecosystem seems to be governed by a small group of well informed individuals, who can differentiate the artwork that will be remembered for centuries to become a part of the art history. These well informed individuals can examine artists' journeys and collectively validate. The art industry creates validation and selection (Wijnberg & Gemser, 2000, p. 324). The optimal way to choose artists and evaluate their work, selection must be made by critics and cultural institutions (museums and kunsthallen), in order to make art independent from the financial motivations. In today's market, collectors' preferences are highly important, their choices determine operations of galleries and auction houses (Curioni et al., 2015, pp. 55-56). The close relation to collectors affect galleries choice and decisions in today's market.

If we look closer into König gallery's fair participation, we can take the gallery's Art Basel attendance to examine closely gallery and market relations. Art Basel is the premier global trade fair for modern and contemporary art. The event serves as a benchmark where the finest galleries showcase their most demanded works and it is a gathering place for professional dealers, collectors, specialists to see what is emerging in art, increasing in importance and gains expert recognition. Art Basel is very costly to attend as a gallery and it can take several years for a gallery to be selected to participate in the fair due to high demand from galleries around the world that apply to exhibit in the fair. Therefore to attract the best collectors and preserve their own reputation the galleries carefully curate their own selection of artists. (Curioni et al. 2015, p. 59).

Art Basel has a selection committee consist of gallery owners, which evaluate applications from galleries to select 200 of them annually to exhibit in the fair (Curioni, 2012, pp. 115-151). König Gallery Art Basel attendances examined for this study:

Compared to other fairs, Art Basel has a certain limitation on a geographic scale primarily concentrating on Western art scenes despite recent Miami and Hong Kong attempts to include galleries from Central and South America and Hong Kong to include galleries and artists (Curioni et al., 2015, p. 61). We can look at participation of König gallery in Art Basel in the first 10-15 years in 2000s. The timeframe is important in terms of global art market and development through a great increase in size of the global art market in terms of fairs and galleries, as well as cultural institutions like museums.

König Galerie was founded by Johann König in Berlin in 2002. The gallery attends every high demand art fair on a global scale and represents well-established artists in the industry. At present, the gallery showcases the artwork of more than 40 established and emerging artists from around the world. Most of the artists are from younger generations. The gallery's program emphasizes interdisciplinary, concept-driven, and site-specific approaches to art. Artists belong to different disciplines and media, we can see in the program a wide range of media, such as sculpture, video, sound, painting, printmaking, photography and performance. In April 2021, the gallery opened another space in Seoul, South Korea and extended its operations in Asian art market. The gallery has achieved notable success in placing artwork in both private and public collections, including the Museum of Modern Art in New York and the Guggenheim Foundation. The artists represented by the gallery have held solo exhibitions in esteemed institutions worldwide and regularly participate in distinguished group exhibitions, such as Documenta and the Venice, Berlin, and New York biennials, among others. Additionally, these artists have been awarded numerous significant prizes, commissions, and public projects (Koenig Galerie, n.d.).

The rise of König Galerie is an example of several ongoing art market trends, including the increasing global interest in the Asian art market, as evidenced by the gallery's opening of a branch in Seoul following a temporary space in Tokyo. However, the gallery's success also suggests that this type of diversification and expansion is predominantly occupied by established galleries (Devi, n.d.).

Art gallerists when it comes to selling art behave very selective when it comes to allocation of clients (or collectors). Art gallerists tend to cancel any sales that could be made to a collector that would put the artwork to auction. Gallerists also would deny selling to speculators and have their own list of blocked collectors out of the market regarding their

previous behavior. Some collectors or investors for art are very important when it comes to building a market for the artist so there is a beneficial relationship between the gallerist and the collector. Profit-seeking bonds between the gallerist and collector can be made when it comes to art investments through the help of network and relationships of the gallerist. The mutual bonds are important to have long term investments for the collector as the gallerist is building a career for the artist they would eventually both benefit. The long term investment approach to help the collector secure their investments, taking into account gallerist's network of personal relationships and deciding and eliminating sales to potential speculator gives a brief summary of the high end contemporary art market. The gallery market embraces the collector as making a long term investment whereas collectors still can support their assets chosen as they like but will be out if they are into any speculative movements. Gallerists employ gatekeeping as a means to establish structure and consistency in the art market, especially in light of the intricate interplay between pricing and assessment. In this absence of regulations within the market, gallerists play a dual role by shaping the market for the artists they support through buying and selling, while also stepping in to manage price dynamics, moderate speculation, and connect significant artworks with influential figures in the art world (Coslor et al., 2020, pp. 5-9)

It is not always available with private sales data so it makes it harder for the art market to be analysed completely. There is a great data of information created by art market data providers. However the market is still highly opaque in terms of private sales where it is mainly dominated by galleries. The secondary market sales are made by galleries, dealers, auction houses and other intermediaries. The only data available to the public is the auction data. We can only reach auction sales on public records. Compared to private sales data, the auction data has services like ArtTactic or BaerFax and they also service an index to get an understanding of sales and the market. The percentage of private exchanges represent 60 percent of art market sales, which is totaled by individuals, galleries, dealers and art consultants. Gallerists and art world insiders might learn about exchanges and prices but still the information is secondhand and unverifiable. Moreover, the relationship between auction prices and private sales prices is uncertain. Research has shown that gallery-side data are hard to gather. Despite the challenges, fluctuations in both auction and private sales markets play a significant role in determining the overall valuation of artworks (Coslor, 2016, p. 11).

Despite these challenges, the volatility of both the auction and private sale markets significantly influences the overall assessment of the value of works of art.

Galleries take up a very big place in the market however their data is out of public reach. It is very hard to obtain gallery pricing values to outside of art world. It is almost impossible to find what is the accurate sales price in galleries and it makes a biased data for correct evaluation of the art market. Thompson (2008) in his study exclusively focuses on the contemporary art market, particularly the roles of pricing and artwork valuation. Don Thompson primarily conducts in-person interviews with various participants in the art market. In the book, 'The \$12 Million Stuffed Shark' (2008, pp. 2-4), Thompson offers a detailed account of the acquisition of Damien Hirst's renowned piece, 'The Physical Impossibility of Death in the Mind of Someone Living,' by Steve Cohen through the Gagosian Gallery. Thompson notes the challenge of obtaining precise sale prices due to the art market's lack of transparency. The primary art market, where initial sales of artworks occur, is largely controlled by galleries, serving as the authorities responsible for determining the prices of these artworks (Velthuis, 2005, p. 159).

### **2.3 Art Auctions: Christie's**

Art auctions played a significant role in shaping the art market landscape throughout the 2000s, serving as vital hubs for art transactions. This phenomenon was emblematic of the art market's global expansion, with auction houses and art fairs emerging as influential platforms for art enthusiasts and collectors. In the European Union alone, these dynamics contributed to direct employment for around 330,000 individuals in auction houses and dealer businesses, while also indirectly supporting approximately 134,000 jobs in ancillary services linked to the art trade (McAndrew, 2012, p. 13).

Furthermore, the revenue generated by leading auction houses, such as Christie's and Sotheby's, exhibited substantial growth over the past decade. The art market's remarkable growth trajectory is evident in the figures - global art auction sales reached a remarkable \$12.2 billion in 2012 (Artprice, 2012, p.6). And as of the most recent data available in 2022, the art auction sector demonstrated an even more impressive performance, with total sales reaching a staggering \$26.8 billion (McAndrew, 2023, p 17). This consistent upward

trajectory in sales underscores the art market's resilience and its continued significance as a dynamic economic sector with a substantial global footprint.

The origins of public art auctions can be traced back to Amsterdam in the early seventeenth century, where they first gained prominence. Notably, the auctions of Dutch merchant Lucas Van Uffelen's art collection in 1637 and 1639 garnered international attention due to the remarkable prices achieved. It was during this period that the allure of Italian art rapidly spread throughout Europe. Italy primarily exported Old Masters, as opposed to contemporary paintings, and the sale of Italian aristocratic collections to foreign collectors played a pivotal role in establishing the secondary art market. As time progressed, the Amsterdam and London art auction markets emerged as major players in the art world, with London continuing to hold its central position in the auctioning of Old Master paintings, a status it maintains to this day (Hulst, 2023, pp. 5-6). This historical evolution of the auction market demonstrates its enduring significance in the art industry.

Additionally, the concept of the evening sale, as stated by Learmount (1985, p. 163) is used for publicity and became a key promotional tool since 1950s, to show how glamorous the art market is and underlines how auction houses reinvented the concept of auctioneering by buyer's premium and price fixes. It draws a great public attention to the auctions to share the record breaking prices. There is a concept for more than 50 years that auction houses are not only for trade but also here for spectacle. Christie's and Sotheby's introduced their first evening sales with their unique modern auction protocol and mechanisms. Auction houses have been an important part of the art market since the 17th century (Ashenfelter & Graddy, 2003, p. 764).

Christie's is one of the world's oldest auction houses and was founded by James Christie in 1766. It was specialized in auction and furniture. Christie had excellent skills for auctioneer and had a great network with influential people. His business location on popular Pall Mall became a popular gathering spot for the wealthy elite. Christie was the first auction entrepreneur to turn auctioning events to social events for entertainment and intellectual gathering place. Before him, it was purely for exchanging money for luxury goods (Boll, 2004, pp. 17-18). Sotheby's and Christie's are the world's most prominent and recognised art auction houses, but Auktionsverk in Stockholm, founded in 1674, is the oldest auction house in the world (Grimmer, 2020, p. 7).

Christie's and Sotheby's are two big major auction houses that shaped the market in 21<sup>st</sup> century. The two auction houses have two major auctions twice a year in New York and London for different periods of art: Old Masters, Impressionists, Modern and Contemporary are the titles of auctions. In addition, there are other cities like Hong Kong that Chinese art sales are held and in Paris there are Impressionists are sold. Contemporary Art is mainly sold in New York and London. Contemporary Art sales in New York is realized in May and October and June and September in London, they are important as they are seen as indicators of the overall art market and show how the market is performing. Each auction is divided into three periods of sales, morning, afternoon and evening sales. Evening sales are held first and the other sales follow the next day. The three sales together typically more than 300 artworks that represent the highest end of the market (Coslor, 2011, p. 11).

Christie's and Sotheby's as two major players in the art world by high volume of sales and setting records for prices set many records. After 2000s, there are some records that have been set and draw attention to art as an alternative investment. Leonardo da Vinci, Salvador Mundi, oil on panel, sold for \$450.3 million at Christie's in New York on November 15, 2017 (Christie's, 2017). Les Femmes d'Alger (Version 'O') by Pablo Picasso, sold for \$179.4 million at Christie's in 2015 (Christie's, 2015). Amedeo Modigliani, Nu couché (sur le côté gauche), oil on canvas, sold for \$170.4 million at Sotheby's, New York, November 9, 2015 (New York Times, 2015).

The distinction between dealers and auction houses has become less clear as auctions have entered the retail sector and increased their private sales (Tefaf, 2012, p. 15). In the beginning, art auctions were originally an important source for access to art trade. With the establishment of the prominent London auction houses, auctions served as a social gathering place for the top of the market. The collectors making purchases in this market segment, and the emergence of prominent collector figures particularly American industrial leaders started purchasing however dealers were still strong compared to auction houses. Dealers were more powerful in the market. Before the war, direct customers at auctions were in the minority, accounting for an estimated one-third at most (Boll, 2004, pp. 1-2)

Since the early 1980s, there is an ongoing intense competition between auction system and the art trade. Over time, auctions have become increasingly dominant in the market. More than half of all objects traded in the market sold through actions. The crisis in

the art market in the early 1990s made the competition even more intense. Auction houses are sufficiently funded to look for new business opportunities to identify niches they can address with their range of goods and services. Ultimately, the art trade operating in these niches is finding that they face a threat to the very foundations of their business (Boll, 2004, pp. 1-2)

The stock market crash of 1987, known as "Black Monday", did not affect the art market between 1980 and 1990, and prices of Impressionist paintings even increased by 940 per cent. Interestingly, this collapse did not have the expected negative impact on the art market. In 1987, Christie's auctioned Van Gogh's "Sunflowers" for a record price of £24.75 million. This auction was a turning point in the industry, a milestone. After this event, world record-breaking auctions of high profile paintings began with increasing momentum. In November 1989, Sotheby's made history by publishing the "Million Dollar List", a list of all auction hammer prices for the month (Boll, 2004, p. 31) After the stock market crash of October 1987, people began to invest in art as a form of hedging. This may be due to the perception of art as a safe harbour in times of uncertainty and high inflation (Coslor, 2011, p. 36). It has been concluded that art indices have outperformed major stock indices even when market conditions have been difficult over the last century. In 2001, works of art fetched high prices. Autumn 2001 auctions organised by Sotheby's, Christie's and Phillips saw a 15% increase compared to the first half of the year (Gorman, 2012, p. 262).

François Pinault, the owner of Christie's, acquired the Haunch of Venison Gallery in London in 2007, subsequently relocating it near Christie's in New York. The purpose of this move was to establish the gallery as Christie's private sales department (Gorman, 2012, p. 251). However, the market was going to face a great crash. In 2008, the art market was severely impacted by the financial crisis, resulting in a significant decline in sales for both Sotheby's (87%) and Christie's (49%) (Gorman, 2012, p. 235).

Over the next two years, the Christie's auction market struggled to recover. Nevertheless, a notable revival occurred in 2010 when Christie's achieved remarkable success by breaking three records for the largest single auction within a span of two years. Subsequent to these records, Christie's continued to hold historic auctions beyond 2010.

According to Aguilo (2014, p. 21), Christie's achieved remarkable financial milestones in its auction history. In 2013, the Spring Post-War and Contemporary Art

Auction generated an impressive \$495 million in sales. This success was followed by the November Post-War and Contemporary Art Auction in 2014, which further elevated Christie's reputation by amassing an astonishing \$691 million (Aguilo, 2014, p. 21). However, Christie's didn't stop there. In May 2014, the auction house broke its own previous record for the largest single auction with an evening sale of Post-War and Contemporary art, surpassing all expectations and reaching an unprecedented total of \$745 million (Aguilo, 2014, p. 21). Furthermore, Christie's achieved another significant milestone in November 2017 when it successfully sold Leonardo da Vinci's *Salvator Mundi* for an astounding \$450.3 million, solidifying its position as a leading auction house (Christie's, n.d). However, it is important to add that there are still are questions for the paintings authenticity (Guardian, 2017).

Evening auctions generate significant interest in public and in art world. Major art auctions are widely reported in the mainstream media, with high-figure results. At Christie's and Sotheby's, although the public is not interested in the items sold, the sale prices are widely reported by news outlets around the world (Thompson, 2014, p. 126).

The middle eastern market when it comes to global auction houses is tricky and they have started different global strategies throughout the years. İstanbul has never been a sales hub as a matter of fact for both of the leading auction houses Christie's and Sotheby's. Middle Eastern market has seen different establishments and mainly considered as a group of countries rather than focusing on each individual country.

According to Molho (2015, p. 9), both Christie's and Sotheby's, two prominent auction houses, expanded their presence in the Middle East region. In 2005, Christie's established a branch in Dubai, where they focused on selling artworks by Turkish, Iranian, and Arab artists. On the other hand, Sotheby's opened branches in Doha in 2008 and Istanbul in 2009. However, it is worth noting that Sotheby's did not organize contemporary art sales specifically in Istanbul.

During the period from 2009 to 2011, Sotheby's London conducted sales dedicated exclusively to Turkish artists. However, they subsequently adjusted their strategy to include other countries in the region, such as Afghanistan, Armenia, Azerbaijan, Georgia, Iran, Kazakhstan, Kyrgyzstan, and Uzbekistan. This strategic shift aimed to tap into a wider

market potential beyond Turkey. Consequently, when examining the regional art sales map of Christie's and Sotheby's, Istanbul does not emerge as a prominent sales hub (Molho, 2015, p. 9).



### 3. TURKISH ART MARKET DURING 2000S

The Turkish art market has undergone significant transformation and growth in recent years, making it a noteworthy player on the global stage. This chapter explores the various aspects of this thriving market, its evolution, and the key factors contributing to its development.

Globalization has deeply influenced various facets of society, including the realm of art. With the expansion and interconnection of economies worldwide, driven by capitalism, there has been a notable facilitation of the exchange of ideas, cultures, and artistic practices between different regions. As a result, globalization has created abundant prospects for artists to express themselves and gain broader exposure. Globalization, as a concept, refers to the increasing interconnectedness and integration of economies, cultures, societies, and governance systems around the world. While it has gained significant attention in recent years, particularly in the 1990s, the roots of globalization can be traced back to the early 1980s. It is worth noting that globalization is a complex and multifaceted phenomenon, and its effects vary across different regions and communities (Kazgan, 2000, p. 246). During 1990s, the art world actively influenced by globalization, centering attention on distinct regions and communities.

The art market's globalization has increased widely over the last 15 years. It has led to a significant change in its location distribution (Quemin & Hest, 2015, p. 171). In 2011, significant political events occurred in the Middle East and North Africa (MENA) region regarding social and economic development ended up in important political changes. The region was mostly affected by protests resulted in the resignation of presidents in Tunisia and Egypt, and a regime change in Libya. However regardless of the negative outlook this event may have, many countries, including Turkey in the MENA region have witnessed significant economic growth. Although there was a financial crisis on a global scale, and despite the MENA region's political and social changes, Qatar's economic growth rate was among one of the fastest in all of the countries (Kräussl, 2014, p. 2). MENA countries in the region had increased their economic growth (International Monetary Fund, 2012, p. 1). Turkey experienced economic growth during the same years with some other MENA countries.

Only a couple of years ago, Christie's had a significant sale in MENA region. In 2006, Christie's had an inaugural sale in Dubai and Middle Eastern art market was placed as an important event in the international art calendar (Kräussl, 2014, p.3). Since 2006, Christie's has been the sole auction house to maintain a continuous presence in the United Arab Emirates through its office (Sreberny-Mohammadi, 2021, p. 2). The construction of extensive museums in Qatar and Abu Dhabi has increased their recognition and prominence both locally and globally.

MENA region started to gain visibility not only for sale results in the region but also presenting their own artistic approach in the west. With the region development, Turkey also started to gain recognition. Prestigious art institutions such as Tate Modern, the British Museum, the Guggenheim organized exents and exhibitions that raised interest in Contemporary Arab art outside of Middle East. Major cultural gatherings and exhibitions realized that draw attention to the art from MENA, such as the Saatchi exhibition dedicated to Turkish art in 2011 (Kraussl, 2014, pp. 11-12). "Confessions of Dangerous Minds", held at the Saatchi Gallery, sponsored by Phillips de Pury & Co and curated by collectors/dealers Jason Lee and Carlo Berardi. Before the doors had even opened, nearly half of the 70 or so works by 19 different artists – most of whom had never exhibited in London before – had been sold (Gleadell, 2011, p. 1). Turkish art market had a recognition on an international level in the west with this exhibition sale results.

Lately, numerous papers have focused on analyzing the financial characteristics of art markets, there has been a considerable focus, as exemplified by the work of Renneboog and Spaenjers (2013, p. 2-3). With the exception of Kräussl and Logher's (2010, p. 302) study, even less attention has been paid to emerging art markets such as the fine art market, especially when we analyse countries in the MENA region. The only study dedicated to MENA art performance is by Seckin and Atukeren (2006, pp. 1-13), who construct a hedonic price index and conclude that the Turkish art market is influenced by economic fundamentals. The study analyses the performance of artworks in terms of return on investment. Between 1989 and 2005, artworks were compared with traditional investments such as stocks, foreign currency, gold and bank deposits. The results of the study suggest that in a market coping with high inflation, macroeconomic instability and political uncertainty in Turkey, investing in the works of Turkish artists may be a more profitable

alternative to traditional investments. When we want to analyse the financial nature of art markets in recent times, we find limited research (Kräussl, 2015, p. 149).

Addressing the gap in existing literature by conducting a comprehensive financial analysis of the MENA art market, Kräussl (2015, p. 143) specifically analyses focusing on the risk and return characteristics associated with investments in artworks created by artists from the MENA region during the period spanning from 2000 to 2012. Employing hedonic regression modeling to assess the paintings sold through international auction houses, in the research empirical findings demonstrate that investing in an index of artworks by MENA artists yields substantial returns. The results indicate a remarkable surge in sales since 2006, with the MENA index showing a geometric annual return of 13.9 percent over the entire period. It is important to note that the analysis pertains to an emerging art market that has experienced consistent growth without any significant corrections thus far. In summary, the study reveals that investing in artworks by MENA artists has shown a remarkable upward trend, with strong returns, in the period examined 2000 to 2012. However, it's crucial to bear in mind that this analysis pertains to an emerging art market that has yet to experience significant corrections.

There is currently an emerging market for works of art in the Middle East, particularly in the Gulf countries such as Dubai and Doha, where major fine art auction houses such as Christie's, Sotheby's and Bonhams have offices and auction halls. There has been a significant increase in interest and demand for works of art from the MENA region and the market is expanding rapidly. Since Christie's first sale in Dubai in 2006, the Middle Eastern art market has become a regular part of the international auction calendar. (Kräussl, 2015, p. 11). Growing significance of the Middle Eastern art market and the emerging interest in art as an investment is particularly relevant in the context of Shari'ah-compliant investment products. There is a possibility that art investment funds could become an appealing addition to the existing selection of Shari'ah-compliant alternative investment options (Deloitte, 2011; Hayat and Kräussl, 2011). Upcoming research will delve deeper into the risk and return attributes of MENA art as an alternative asset class and explore its potential inclusion in art investment funds (Kräussl, 2015, p. 168) Potential role of art investment funds in the MENA region's financial landscape and how they can offer investors an alternative avenue for portfolio diversification will be a part of the future research. Innovative investment

options in the region is developing and art as an asset class is suitable for inclusion in art investment funds.

After establishing a strong foothold in the region with its first auction in Dubai in May 2006, Christie's launched its Dubai branch in 2011. Now a hub for exceptional works of art and luxury goods (Christie's, n.d). Kräussl (2015, pp. 151-152) refers to an article in the New York Times, which states that there has been a growing demand for Turkish and Iranian art in recent years. According to the article by Kräussl (2015, pp. 151-152), David Nash, a former director of Sotheby's, stated that auction sales of modern and contemporary Turkish and Iranian paintings increased significantly in 2013, with a 40 per cent increase in the number of lots sold and a 90 per cent increase in total turnover. This suggests that these art markets are experiencing a period of growth and that interest among buyers is increasing.

The Turkish art market is on the rise, supported by figures from the past decade. Recent years have witnessed a notable increase in the number of artists and galleries. Apart from Istanbul, the major art centres in Turkey are Izmir, Ankara and Diyarbakır. Istanbul has started to attract the attention of global collectors in the last decade. The number of galleries increased by almost 100 per cent between 2002 and 2010. The Turkish art market continues to see increasing interest and potential. (Kräussl, 2015, pp. 151-152).

While Istanbul has traditionally been perceived as the epicenter of the art scene in Turkey due to its concentration of art events and galleries, it is essential to recognize that the art scene in the country extends far beyond its borders. The art scene in Turkey is not limited to Istanbul; it also extends to Ankara, Izmir, and Diyarbakir. Since the early 1980s, there has been a substantial increase in the number of Turkish artists, and numerous galleries, museums, and non-profit organizations have emerged to support this growth (Blouin Artinfo, 2010, as cited in Kraussl, 2015, p.152). According to Forbes (Esman, 2011), Istanbul, designated as the Cultural Capital in 2010, has evolved into a thriving artistic hub over the last decade, with the number of Turkish artists growing significantly. The art industry, in general, is gaining global attention from collectors. Additionally, Blouin Artinfo (2012, as cited in Kraussl, 2015, p.152) observes a rising trend in the number of galleries in Turkey. Historically, Turkish artists faced challenges in promoting and selling their art, but this has now led to a flourishing art industry (Kräussl, 2015, pp. 151-152). It's worth noting that the

challenges faced by Turkish artists in the past when it came to advertising and selling their artworks have ultimately contributed to the booming art industry in the country.

Turkish art has attracted international attention in terms of auction base. Sotheby's, the world's other major auction house, organised the first auction of contemporary Turkish art in London in 2009. Most of the works were sold at or above their estimated prices. It was a very successful auction (Sotheby's, 2009).

Christie's and Bonham's also followed this auction. In 2013, Christie's experienced an important development and became the market leader through a Turkish artist. Christie's, the largest player in the Middle East Modern and Contemporary Art market, has set a new record for the most expensive painting sold by an artist from the region. The work that was sold belonged to Fahr El-Nissa Zeid, named *Break of the Atom and Vegetal Life*, which sold for \$2,741,000. This sale also made Zeid the most valuable female artist in the Middle East, surpassing the record of \$1 million she set three years ago (Christie's, 2013). There was a growing interest in Turkish art as we can see in this sale during 2010s.

However Turkish Art Market is a volatile market which was growing during the years but an important downfall occurred in the year 2012. Sotheby's began hosting Contemporary Art Auctions as part of their Turkish Sales in 2009. The firm opened a branch in İstanbul too. Foreign art markets did not recognise Turkish art unlike Indian, Chinese, Russian and Iranian art. Consequently, the plan to introduce contemporary Turkish art to the world market failed, and Sotheby's discontinued their Turkish auctions after their unsuccessful attempt. The Contemporary Turkish Art Auction took place on April 26 in 2012 at Sotheby's London. Only 35 of 90 works up for sale were sold, only 12 of them went beyond anticipated price range, and around 100-500 pounds. Only one artist, Nejad Devrim was an exception with a sale price totaling almost half of auction's total earning, £1,531,175 (Sotheby's Türk Mezati, 2012).

Most recent auction made by Christie's on Turkish art has happened in 2022 called *Eight Turkish Artists To Collect Right Now* (Christie's, 2022). Turkish Art Market is still growing throughout 2000s and raising international awareness, audience and interest.

Atukeren and Seçkin (2012, pp. 489-503) conducted a study on adding to the existing literature by investigating how macroeconomic factors affect the overall sales rates of art

auctions in Turkey, which can shed a light on today's market as well. Turkey is considered an emerging market with a relatively underdeveloped art auction market that is currently expanding. According to Atukeren and Seckin (2012, pp. 489-503), the discrepancies in sales rates across various auctions can be explained by expectations regarding economic developments and spending habits. The research suggests that consumers' investment preferences may influence art market sales rates. The clientele for different price segments of the Turkish art market also differ, with lower-end customers possibly deterred by high opening prices, while high-end customers are more interested in valuable items.

Emerging countries there was an increase in auction prices and the creation of numerous global art fairs. This shift has been largely attributed to the influence of international auction houses and art fair organizations. This helped shaping art world having a regionalized understanding of global distribution (Molho, 2015, p. 8).

Economic changes in Turkey in the 1980s shifted the country's focus from industrial to service sector growth. Although the state's role in arts and culture was discussed realistically in the late 1970s and early 1980s in various open forums and symposiums, the evaluation of results and the implementation of solutions depended on government, local government, and private sector investments, resulting in either delayed or unimplemented measures. The 1980s witnessed a "boom" in global art markets. Examining the extensive participation in art forums and declarations reveals that during this period, artwork production experienced an incubation period characterized by the creation of oppositions for the sake of selectivity and distinction from similarities. Artists are now consciously or unconsciously involved in market segmentation. Furthermore, the artist, who has taken on the role of being an intermediary in the perception of a large, global, multinational, and centralized communication network, is an indispensable component of innovation. Art circles are striving to keep up with global developments, and our artists have not found a place in international competition within the oligopoly of world markets. Therefore, the labor expended is directed toward securing a stable place in the domestic market (Bozoğlu Demirdöven & Ödekan, 2009, p. 63)

We see an increase in international art projects taking origin in Turkey during 2010s. Curators from Turkey have become more active in cultural projects outside the country, and galleries and art fairs in Dubai and Budapest have showcased works by Turkish artists. As a

result, Istanbul art fairs have also received participation from galleries across the region (Molho, 2015, p. 1).

In the 20th century, the visual arts in Turkey received support from state. This support was acquired both through acquisitions and the establishment of the Academy of Fine Arts. However, there was a lack of infrastructure for an art market according to Pelvanoğlu in 2015. Starting from the year 2000, there was a notable change in the art scene with the increase in the number of institutions and a significant surge in market prices. The recent changes in the Istanbul art scene were not primarily due to public strategies. There were significant efforts of influential industrial families who invested in cultural infrastructure through their venture initiatives and patronage such as Koç, Sabancı and Eczacıbaşı families (Şeni, 2010, pp. 121-130). We can give the examples of privately founded museums, such as ARTER by Koc, Pera by Suna and Inan Kiraç, Istanbul Modern by Eczacıbaşı, Sakıp Sabancı Museum by Sabancı. In recent years there has been a significant increase in private museum initiatives in parallel with the impressive collection of the State Museum of Painting and Sculpture. In addition to this fact, the sale of Osman Hamdi Bey's masterpiece "The Tortoise Trainer" for a huge sum sparked a competition among companies vying for prestige. Istanbul, known for its transformative urban projects, won international acclaim as the 2010 European Capital of Culture, cementing its position in the global market. The combination of private museums, prestigious artworks and Istanbul's cultural achievements have contributed to the city's high position in the international art scene and its recognition as a center of artistic and cultural significance (Çelik, 2008, pp. 327- 329).

As stated above, today, a strong art market and growing interest in art have created a booming art industry. This growth is not confined to Turkey but extends globally. Recalling the illustrative example occurred in March 2009 when Sotheby's London conducted its first specialized auction for contemporary Turkish art, resulting in significant interest. However, it's important to note that the Turkish art market has not yet achieved stability and continues to experience fluctuations. Notably, many artworks were sold, often surpassing their estimated values. Renowned auction houses such as Bonhams and Christie's have played a role in this expansion. Nevertheless, as highlighted by Blouin Artinfo (2012, as cited in Kräussl, 2015), the Turkish art market is still in the emerging stages, marked by fragility. This is evident in the sharp decline in Sotheby's Turkish art sales during the spring of 2012 compared to the figures from 2010 (Kräussl, 2015, p. 151).

In conclusion, the Turkish art market is on an upward trajectory, with growing interest and international awareness. Ongoing research and analysis will continue to shed light on its risk and return characteristics, providing valuable insights for investors and collectors. Fine art is an expert needed area where individuals cannot decide for value by themselves and need to consult an expert. Market players such as gallerists who are the key primary market providers evaluate and decide for the market entrance price of art, and buyers who are outside of the market need gallerists as decision makers and taste makers as specialized experts to confirm the price. Auction houses play a major role in market prices of the artworks. For the exact same concern, gallerists tend to sell important pieces only to trusted collectors and always prefer to keep the listing and selling prices hidden. In order to continue the market as it is, an elaborate network of personal and business relationship is required, in addition to some private deals, contracts, sanctions is required.

### **3.1 Selected Key Participants In The Turkish Art Market**

The art scene in Turkey has witnessed significant growth and transformation in recent years. In this section, we will look into three key entities that have played a pivotal role in shaping the art landscape of the country: Contemporary Istanbul, PILEVNELI, and ARTAM. The reason why these institutions are selected are listed below.

The section of 3.1.1 will focus on the formation of Contemporary Istanbul and why it was chosen as a representative entity in the Turkish art market. It was established in 2006 by Ikon Fuarçılık in collaboration with Deutsche Bank, with the goal of creating a platform that could rival the success of the Istanbul Biennial. The Turkish art market has demonstrated resilience and growth over the years, with significant interest from both local and international art communities. The art fair continues to flourish, even amidst challenges like the global pandemic, as exemplified by the introduction of Contemporary Istanbul Bloom and a steady stream of visitors (Contemporary Istanbul, 2022). There are two other art fairs in the history of Turkish Market, TÜYAP Art Fair and Art International, which are examined also in detail in the section. However, due to the continuous nature over 17 years after 2000s and the high amount of international and national gallery participation, the chapter focuses on Contemporary Istanbul. However, it is important to keep in mind that while Art Basel is the top fair brand globally along with Frieze and The Armory Show, Contemporary

Istanbul's global rate is very different. It is important to keep in mind that Contemporary Istanbul a show focusing on Turkish art market. There are hundreds of art fairs taking place globally. Some are internationally renowned, while others are more regionally or thematically focused.

The section of 3.1.2 centers around PILEVNELI which is a notable art gallery that has contributed significantly to the Turkish art scene, having mutual Turkish and international collectors with KÖNIG Galerie. PILEVNELI emerged during the 1990s when Turkey embraced a free market economy and adapted to global economic developments. The gallery was chosen regarding important presence in the international market, introducing Turkish collectors and artists with international art scene. PILEVNELI has gained recognition for its international projects and collaborations with KÖNIG Galerie based in Berlin, art fair booths shared with KÖNIG, and exhibitions of artists like Refik Anadol (König Galerie, n.d.; Pilevneli, n.d.). Prominent Turkish collectors around 2010s emerged their international acquisitions based around PILEVNELI Gallery's selection from KÖNIG Galerie artists. Up to date, most of the Turkish collectors are making acquisitions from the well-known international gallery, as well as the gallery connects international collectors with Turkish artists. This section will explore the PILEVNELI Gallery's business model, its international collaborations, and its engagement with artists and audiences. Both of the galleries own shops where they sell designer objects, produced from artists' designs. "Pilevneli Shop" and "König Souvenirs" where artists of the both galleries collaborate to produce designer objects such as bags, plates, tshirts, towels.

The section 3.1.3 was dedicated to ARTAM, which represents an auction house operating within the Middle East and North Africa (MENA) art market, an area marked by significant growth in recent years. In this section, the dynamics of the MENA art market and its relationship with the Turkish art scene is discussed in detail with the help of auction datas. With significant artwork sales shaping the auction market, ARTAM was chosen among other auction houses. ARTAM Antik A.Ş. holds many records for Turkish paintings that are given in detail in the chapter. Remarkable sale of Osman Hamdi Bey's painting "*The Tortoise Trainer*" which was sold for (approx.. 3.5 million US) 5,560,000 Turkish Liras in 2004, earning the title of the most valuable Turkish artwork in the world and also the most valuable art piece in Turkey. This painting is considered an important work of Turkish art and is highly sought after by private collectors and museums. Another reason why ARTAM Antik

A.Ş. was chosen is that their business model as selling wine and antiques also align with Christie's luxury product range. Both auction houses has a record for selling classic cars, fine wines, and luxury watches.

In summary, this section provides insight into the development and growth of the Turkish art market through key organizations, highlighting their significance and impact on the local and international art scenes. It underlines how these institutions have adapted to global trends while maintaining their unique character and contributing to the vibrancy of Turkey's art landscape.

### **3.1.1.1 Contemporary Istanbul**

When examining the trends in international art fairs, developments in fairs such as Art 17, Art Cologne, and Frieze New York indicate a contraction in the market. Given the participants and buyers at these fairs, medium and small-scale galleries are taking precautions by limiting their participation. A similar situation exists in our country, where local galleries have chosen not to participate in Contemporary Istanbul, aligning with a parallel strategy (Yağcı & Küpeli, 2022, p. 109).

During 1990s, Turkey had a free market economy that motivated investment in art. With the increasing investments, number of exhibitions, artworks and artists were being introduced to the public. The diversity of the art market increased with an increase in collectors. Turkey was exposed to global art scene through art exhibitions and fairs. Two significant art events were the establishment of the 'International Plastic Arts Association' in 1990 and the opening of the 'TÜYAP Art Fair' in 1991 (Sülün, 2018, p.83).

Since Contemporary Istanbul Fair, there has been an expected boost in galleries and auctions. Sales continue in their usual course, with potential exchange rate fluctuations and the state of the economy affecting the art market negatively. Conversely, in local auctions, it has been observed that the prices of many local artists have increased, which has been supported by collectors from Turkey. In auctions, buyers from Turkey have repeatedly exceeded the estimated upper limits of artworks (Yağcı & Küpeli, 2022, p. 108).

Collecting in Turkey began to develop after the 1980s (Çelik, 2008, p. 293). In 2003, the art market experienced a period of significant growth worldwide, which was evidenced by record-breaking auction prices, high sales at art fairs, and the satisfaction of galleries. The market was also stimulated by competition among museums, while biennials, art fairs, and the rise of new collectors and buyers among the newly wealthy kept the art market in the spotlight.

Since 2003, Ikon Fuarçılık had been organizing Artistanbul in collaboration with the Gallerists Association. However, in 2006, they parted ways and went on to establish a new contemporary art fair called Contemporary Istanbul. Ikon collaborated with Deutsche Bank to organize the fair, with the goal of filling the gap in the art scene in Turkey by creating a platform that could rival the success of the Istanbul Biennial (Çelik, 2008, p. 304). Orhan Taner, the director of the fair, aimed to make it one of the top 10 most important art fairs in the world by 2010, with the intention of showcasing contemporary art to a broad audience and achieving sales figures comparable to Art Basel (Hamsici, as cited in Çelik, 2008, p. 304)

The Turkish art market has an increasing interest, because of having a rich history of visual arts. The market has unique characteristics, in terms of high auction commissions, less liquidity compared to international markets and a lack of market transparency. So art market participation has traditionally belonged to a select class of wealthy individuals. However new studies after 2010s show in emerging economies with new wealth in China, Russia, Middle East has led to an expansion in the number of participants in the art market (Demir, Gozgor, & Sari, 2018, p.180-194).

There is a growing interest among major commercial banks like Akbank, Yapı Kredi, Garanti Bank in art financing. These banks have developed products related to art business and organized visits to international art fairs for their clients (Atukeren & Seckin, 2012, pp. 492-493). For example, Akbank has a dedicated private banking department that provides art-related services. It assists serious art collectors in acquiring artwork, guiding them to significant international art fairs and facilitating connections with relevant individuals and art institutions. Additionally, the bank offers seminars on art collecting, providing a novel service in this regard. (Fountouki, p. 121, 2015). There are also other initiatives by these banks that are important to the city's cultural art scene. Akbank Sanat founded in 1993 and

focusing on contemporary art after 2003, Garanti Galeri founded in 2003 then collaborated with Garanti Bank's other art initiatives to form SALT and also İş Art Gallery by İş Bank (Tanyildizi, 2013, p. 204). Akbank, is the main sponsor of Contemporary Istanbul since 2007 (Akbank,n.d.).

Contemporary Istanbul was founded in 2006. The fair welcomed many important international audience since it's first year. During 2000s, there was a great increase in participant galleries and visitors numbers. The fair has an enormous international network. Contemporary Istanbul plays an active role in enhancing the vibrant culture of Istanbul (Contemporary Istanbul, n.d.).

Contemporary Istanbul has been taking place and welcoming international galleries that already exhibit in major global art fairs. During 2010s, important galleries showed up in the fair as participants. Contemporary Istanbul has hosted international galleries such as Marlborough, Lelong, Andipa in 2013 (artsy, 2013).

Year of 2010 and upcoming years after were significant for the Turkish Art Market. During the fall season of 2011, Contemporary Istanbul, the sixth contemporary art fair, saw an impressive turnout of 62,000 attendees and achieved a substantial sales volume of approximately USD 33.3 million (Atukeren & Seckin, 2012, p. 492). This demonstrates the growing interest and participation in the emerging art market of Turkey. The highest-priced transaction for paintings reached a total of \$3.4 million when "The Turtle Trainer" by Osman Hamdi Bey (1842–1910) was sold in November 2004. In a similar vein, "The Blue Symphony" by Burhan Doğançay (1929–) was purchased for approximately \$1.5 million in November 2009. The auctions held in the initial two quarters of 2012 also recorded a total sales volume of USD 25 million, providing additional evidence of the notable financial importance of the market during that specific timeframe (Atukeren & Seckin, 2012, pp. 492 - 493).

Some of the world's most important art fairs are organized in Europe, including Art Basel in Switzerland, FIAC in Paris, and ARCO in Madrid, Frieze in London and TEFAF in the Netherlands. When it comes to Turkey, we only see Contemporary Istanbul as their local equivalent. There was also another fair in İstanbul could be as important as Contemporary Istanbul in the local calendar but did not take place continuously. ArtInternational was founded in İstanbul in 2013. Sandy Angus, who co-founded Art Basel Hong Kong in 2008

and Art13 London earlier this year, was also one of the co-founders of Artinternational. He is also a shareholder and director of the India Art Fair (Wille, 2013). The fair was cancelled by the 2016 edition due to some violence took place in the country. Due to the violence that has occurred in Turkey over the past year, Art International, an art fair that was introduced in Istanbul in 2013, has decided to cancel its 2016 edition (Boucher, 2016).

Contemporary Istanbul had a growing interest and success. So that the fair has another edition called Contemporary Istanbul Bloom since 2022. CI Bloom takes place in May, and Contemporary Istanbul 18<sup>th</sup> edition takes place in 2023 September. According to chairman Ali Güreli the last edition of CI Bloom achieved an impressive 84% sales rate. (Contemporary Istanbul, 2022).

After the pandemic, the fairs were affected but Contemporary Istanbul Fair in 2021, 8.336 visitors attended (Habertürk,2021). 2021). The number is right before pandemic and might be less than normally expected visitors. The year 2022 Contemporary Istanbul has welcomed 34. 700 visitors in its Bloom edition held in May (Contemporary Istanbul, 2022).

In conclusion, when examining the trends in international art fairs, we observe a contraction in the market, as evidenced by developments in fairs such as Art 17, Art Cologne, and Frieze New York, where medium and small-scale galleries are taking precautions by limiting their participation. This trend is mirrored in our own country, where local galleries have chosen not to participate in Contemporary Istanbul, aligning with a parallel strategy. However, the Turkish art market has shown resilience and growth over the years, with a rich history of visual arts and an increasing number of participants, particularly in the emerging economies. Contemporary Istanbul, founded in 2006, has played a pivotal role in this growth, fostering international connections and contributing to the vibrant cultural scene of Istanbul. Despite the challenges posed by the pandemic, the art fair continues to draw significant interest and success, as evidenced by the introduction of Contemporary Istanbul Bloom and the steady flow of visitors.

### **3.1.1.2 Pilevneli Gallery**

During the 1990s, Turkey experienced political crises that have resulted in economic policies changing. Turkish economy embraced the free market economy which at the time

was becoming more widespread globally. Turkey started adapting parallel economic developments in the global network. The state's cultural and artistic investments were impacted by the privatization movements associated with the free market economy. During this period, there was an increase in private art gallery exhibitions, and institution-sponsored art events brought vitality to the art market. Artworks started to be viewed as commodities and found buyers, which led capital owners to recognize the social and economic power of cultural and artistic activities, and they started to collect art (Sülün, 2018, p. 77). In literature, there are more research on the art market in advanced economies. However there is limited literature on the art market of developing economies. Given the possibility of a home bias in the art markets, compared to the advanced economies, it is much more likely to have higher returns on paintings in emerging markets, especially over the past decade. This is remarkable for the art markets in BRIC countries such as Russia, India and also China (Renneboog and Spaenjers, 2015, p. 2).

Particular selection of PILEVNELI gallery in Turkey, was chosen regarding the gallery having mutual projects with KÖNIG Galerie based in Berlin. PILEVNELI Gallery actively engaged with KÖNIG Galerie to establish a market connecting Turkish collectors with the international gallery, as well as Turkish artists. On average a single Turkish collectors' acquisition would be roughly above 250.000 € regarding 2 or 3 artists. The available inventory would be at most 650.000 € and at least around 1.000 €. König Galerie and Pilevneli Gallery have had several joint exhibitions in the past, as well as fair participations such as in Contemporary Istanbul in 2021. Pilevneli gallery operating in summers in Bodrum and all the year in İstanbul, and has had multiple collaborations with König gallery in Bodrum. The gallery also has an artist in common, both representing Turkish artist Refik Anadol in their program. Refik Anadol's works has been showcased in both of the galleries (König Galerie, n.d.; Pilevneli, n.d.). In addition to these exhibitions, König Galerie and Pilevneli Gallery have also participated in various international art fairs individually, including Art Basel and Frieze. Founder of Pilevneli gallery formerly founded Turkish gallery Galerist and attended many international fairs like Art Basel in Hong Kong and Miami between 2000-2010 (König Galerie, n.d.; L'Officiel Art Turkey, 2021; Pilevneli, n.d.).

Pilevneli stands out to general understanding in the art scene of the city, international projects being based on exhibition program. İstanbul has an art scene having galleries

prioritize supporting local Turkish artists to cater to local collectors. However, some galleries are beginning to see the value in developing international activities. While some galleries are hesitant to work with local auction houses, a few are considering offering artworks in international auctions as a way to expand their collector base (Molho, 2015, p. 14). There is another important finding in the article that needs to be addressed regarding the painting prices and how galleries and auctions are placed in the market. The opening prices in auctions for some contemporary paintings are 20-25% lower than similar item's gallery prices. This is a big frustration among Istanbul's gallery owners regarding pricing mechanisms of auction houses (Atukeren & Seckin, 2012, p. 492).

König gallery has artists that has been represented in the Turkish market by Pilevneli gallery and the two galleries had several mutual exhibition and event programs. The most recent one was in 2021. During the summer of 2021, König Galerie and Pilevneli Gallery had a joint exhibition. Pilevneli Gallery and König Galerie have come together to present a joint exhibition called "Pilevneli x König" at the Pilevneli Kaplankaya venue in Bodrum in 2021 (Pilevneli, n.d.).

In 2021, Pilevneli and König was represented in the Turkish market in a fair. Pilevneli and König Galerie participated in 16th edition of Contemporary Istanbul in mutual partnership. The selection of artists to be represented by PİLEVNELİ and KÖNIG GALERIE was quite diverse and included many well-known names. The event was held at Tersane Istanbul, the opening on October 7, 2021, following a preview on October 5-6, 2021 (PİLEVNELİ, 2021).

König Gallery represents an artist Refik Anadol which also is represented in Turkey by Pilevneli. König Gallery began representing Refik Anadol in 2021. Refik Anadol had a solo exhibition "Machine Memoirs: Space" at König Gallery in Berlin, which took place from April 16 to May 23, 2021 ("Refik Anadol," n.d.). The artist had exhibition in Pilevneli previously. Between February 7 and March 17, 2018, Refik Anadol's "Melting Memories" project was showcased at Pilevneli Gallery (Anadol, 2018).

Lately, the artworks of Ahmet Güneştekin, an artist of international renown celebrated for his work, have been swiftly fetching high prices. Ahmet Güneştekin presents his paintings at the prestigious "Marlborough Gallery" in New York, which is among the select few globally esteemed galleries with a strong presence in the worldwide art market. His

works were completely sold out on the opening night within just ninety minutes, and American collectors are showing a keen interest in investing in his creations (Arslan, 2013, Aktarım Kamacıoğlu). In a period where art sponsorship is widespread, Ahmet Güneştekin also benefits from sponsorships, both nationally and internationally, propelling him into the ranks of contemporary popular artists. His exhibition "Hafıza Odası" (Memory Room), held at Pilevneli Galeri, one of Turkey's prominent galleries, and supported by Daax Corporation, received substantial acclaim in 2019. This exhibition, which delves into the nation's century-long memory, encompasses a diverse collection spanning various disciplines. Nevertheless, while he stands as one of Turkey's significant artists representing the country on the global stage, the reliance on sponsors to advance art through specific artists underscores the clear transformation of the art world into an industry (Kamacioğlu, 2021, p. 9).

When we approach the galleries in a broader way, not only mutual events but also there are several business models they conduct in common. Starting with the art exhibitions, both of the galleries frequently host exhibition of contemporary art by a range of local and international artists. Galleries invite the artists featured in their exhibitions to give talks about their work in artist talks. Panel discussions are held for topics related to contemporary art and culture. During exhibitions, sometimes performance art is also hold. Book launches both galleries publish for new artist monographs. Galleries also hold and organize workshops with artists. Charity events are organized occasionally in both of the galleries to raise funds for social causes or nonprofit organizations.

As an example of an art shop, the unique approach of Pilevneli Shop and KÖNIG in Turkey stands out. Established in 2022, Pilevneli Shop collaborates with artists from PILEVNELİ gallery to offer art enthusiasts a variety of products, including books published by the gallery, limited edition prints, sculptures, collectible objects, posters, and stationery items. Similarly, KÖNIG Souvenirs offer limited artwork collaborations between gallery artists and manufacturers of wearable and design items, including towels and plates.

Particularly, this kind of art gallery shop concept is unique in Turkey. The fact that other galleries do not adopt a similar approach is not as crucial as the emphasis on these gallery shops creating a sales market by bringing art to a wide audience. This is a significant step towards making art accessible not only for a minority but for a broader community.

### 3.1.1.3 Artam Antik A.Ş.

The Middle Eastern art market has seen significant growth, with auction sales increasing from \$1.7 million in 2006 to \$29.8 million in 2010. Since the early 2000s, the MENA art market has demonstrated favorable results and expansion, aligning with a notable rise in the number of high-net-worth individuals (HNWIs) in the region. With many MENA regions experiencing robust economic growth, there are expectations that the MENA art market will continue to expand. Additionally, the emerging middle class in these countries, although not currently major art buyers, is anticipated to become a new customer base in the coming decade (Kräussl, 2015, p. 168). Since the establishment of Christie's branch in Dubai in 2006, its client base has grown by more than 20 percent each year and the Middle Eastern art market has grown significantly, with auction sales increasing from \$1.7 million in 2006 to \$29.8 million in 2010. Investments in museums in Qatar and Abu Dhabi have raised the region's profile (Deloitte, 2011, p. 14). In addition, The Dubai Art Fair and Abu Dhabi Art Fair have played important roles in promoting art interest in the area. As the Middle Eastern art market expands and interest in art as an investment grows, art investment funds could be a valuable addition to Sharia-compliant investment options (Deloitte, 2011, p. 14).

The Middle East and North Africa (MENA) region is experiencing a substantial increase in wealth and art market participation, with artists from Iran, Lebanon, and Egypt making significant contributions to art auctions. The economic forecast for the Middle East and North Africa (MENA) region, as predicted by the World Bank, indicates a prolonged economic stagnation. For three consecutive years, the region's GDP growth is expected to remain below 3 percent. This stagnation can be attributed to a combination of factors, including persistently low oil prices, ongoing regional conflicts, and the global economic slowdown. Unfortunately, given these circumstances, the prospects for short-term economic recovery seem unlikely (Deloitte, 2016, p. 49).

During 2010s, auction market was rising in MENA region which would also be the case in Turkey. The remarkable increase in the population of Ultra-High Net Worth Individuals (UNHWIs) in the Middle East has contributed to a substantial 75 percent of the total sales at art auctions, such as the one held by Christie's in October 2015. Since 2005, the Middle East has witnessed a 89 percent increase in the population of Ultra-High Net Worth

Individuals (UNHWIs), amassing a total wealth of approximately \$980 billion. Projections suggest that this population will continue to grow at a robust rate, with an estimated 54 percent increase over the next decade, reaching 13,763 individuals by 2025. This remarkable growth is exemplified by the art market, where artists from Iran, Lebanon, and Egypt played a significant role, contributing to a substantial 75 percent of the total sales at a Christie's auction in October 2015 (Deloitte, 2016, p. 49). The Middle Eastern art market has seen substantial growth, with auction sales playing an important role. Auction sales increasing significantly from \$1.7 million in 2006 to \$29.8 million in 2010, driven by investments in museums, art fairs, and increased art interest. In contrast, the MENA region's economy faces ongoing stagnation due to low oil prices, conflicts, and global economic slowdown, making short-term recovery unlikely. However, the region is simultaneously experiencing substantial growth in wealth and art market participation, particularly by artists from Iran, Lebanon, and Egypt, indicating potential for art investment and the emergence of art investment funds as Sharia-compliant options.

There is a positive outlook for the future growth of MENA art markets, suggesting the potential for more record-breaking sales. It's worth noting that the MENA art market is still emerging and has not experienced significant corrections during our sample period. While the average annual return of 13.9 percent is quite high, there is no guarantee that the MENA art index will sustain this level of strong growth. Nevertheless, we are confident that investing in MENA art can be a favorable asset allocation decision, especially for those with an interest in the art of the region (Kräussl, 2015, p. 168). The MENA art market might witness more record-breaking sales, although it's still emerging, and while the average annual return is high at 13.9 %, there's no certainty it will sustain this level of growth, yet it's a favorable choice for those with an interest in the region's art.

Art market in MENA has been increasing since it's recognition of art as an alternative investment by wealth managers, banks and high-net-worth individuals. In recent years Turkey has been attracting attention in the global art market regarding auctions. The professional art market literature often reports auction sales data with a view of the art world as a collection of regional art markets. This perspective has resulted in Turkey being considered a part of the Middle East in terms of the art market, due to its contribution to the emerging region. The Gulf countries have also been instrumental in generating interest in "Middle Eastern art" (Molho, 2015, p. 8).

The rise of auction market in Turkey goes back to beginning of 2000s. Turkish economy experienced high inflation from mid-1970s to mid-2000s. In 2001, there was a financial and banking crisis. In this crisis, the government sold art assets in auction. Artworks that were being sold in auction for high prices in order to recover some portion of the sunk costs in financial rescue plan of private banks. Turkish investors were highly interested in this system. The high sales numbers were attracting Turkish investors and art was being perceived as an investment alternative in their portfolio. During the year 2005, there were some economic developments that made the inflation rate decrease to single digit and improve Turkish economy. The art market was affected very positively with the improvements in the macroeconomic development. The private sector also began to invest heavily in art, with many new galleries opening throughout the country. Private sector invested in art and new museums opened such as İstanbul Modern, Pera Museum, Sabancı Museum, Santral İstanbul. corresponded with new peaks in art market prices (Atukeren & Seckin, 2012, pp. 491-492). The visual arts field in İstanbul is an emerging sector within the city's cultural economy with the rising demand for art in the past couple of years. Supporting this growth, auction sales figures are in a great evidence. From 2000 to 2009, there is a significant increase in the number of auctions and the sales volume is parallel to the increase of number of auctions. Reaching 50 million dollars indicates the expansion of contemporary art market (Bakbaşı, 2010, pp. 29-30).

Antik A.Ş. was very important in Turkish Art Scene during 2000s. With the “*Tortoise Trainer*” sale in 2004 and other record breaking sales were milestones in the history of art auction market in Turkey. Burhan Doğançay's Blue Symphony was sold at Antik A.Ş. in 2009, causing a great resonance (Cumhuriyet, 2009). With this important sale, Antik A.Ş. regained an important place in the history of the Turkish art market. (Artun, 2016, p. 135). Sale by Burhan Doğançay (1929-2013) “The Blue Symphony” hit the auction price USD 1.5 million in 2009 (about 2.2 million Turkish lira) (Atukeren & Seckin, 2012, p. 493). In 2012, Antik A.Ş. sold Erol Akyavaş's En-el Hak. The painting was sold to collector Zafer Yıldırım, making it the most expensive work sold in Turkish contemporary art with the Blue Symphony.

Established in 1981 by the Nurcan & Turgay Artam couple in Ankara, over time the company has a track record of impressive auctions over the years, especially the sale of Osman Hamdi's "The Tortoise Trainer" for 5,560,000 Turkish Liras. Their also organised

Turkey's first "Antique Fair" at Yıldız Palace in 1986 and introduced special auctions for classic cars, fine wines, and luxury watches. Through their record-setting auctions, such as Sami Yetik's "Koçlar" for 250,000 TL, Nazmi Ziya's "Street View" for 500,000 TL, Felix Ziem's "Little Water" for 150,000 TL, and Burhan Uygur's "Door" for 125,000 TL, Antik A.Ş. has left a significant mark on the art auction scene during 2000-2004. They have also successfully ventured into wine auctions, selling a bottle of Chateau Petrus 1982 (1 La Fleur) for a record price of 110,000 TL in 2004. Notably, in 2008 Şeker Ahmet Paşa's "Pomegranates and Quinces" sold for 1,642,000 TL, breaking the artist's global auction sales record. Furthermore in 2008, İbrahim Çallı's "Üsküdar" fetched 600,000 TL, Nazmi Ziya's "Fatih from Your Home" sold for 435,000 TL, and Halil Paşa's "Madam X" went for 250,000 TL. Contemporary Turkish art has also achieved remarkable success in auction houses, with Sabri Berkel's "Abstract Composition" sold for 355,000 TL, Yüksel Arslan's "Le Capital Arture I (149)" for 125,000 TL, and Erol Akyavaş's "Turunucu Lam Elif" for 116,000 TL (Artam, n.d.)

In 2009, the masterpiece "Blue Symphony" by Burhan Doğançay set a world auction sales record at 2,770,000 TL, making him the living Turkish artist with a global record. In the same year, Fahrel Nissa Zeid's "London" sold for 1,350,000 TL, marking the highest value achieved in Turkish auctions, and a work by Alois Schön depicting "Women Enjoying Themselves in the Palace" sold for 1,060,000 TL, establishing a new world auction sales record. Antik A.Ş. has consistently added new records to their illustrious auction history, contributing significantly to the fields of art and auctioneering (Artam, n.d.)

According to Demir, Gozgor, and Saric (2018), their comprehensive empirical study on the Turkish paintings market reveals interesting dynamics. Authors examines the dynamics of the Turkish paintings market through an analysis of auction sales data between 2002 and 2015 (p. 275). Osman Hamdi Bey's (1842-1910) painting titled "*The Tortoise Trainer*", was sold in 2004 for 3.5 million US dollars at Artam Antik A.Ş. auction house. The acquisition of the painting could be a competition between museums for prestige (Çelik, 2008, p. 331). Istanbul Modern and Pera Museum was competing for the painting and Pera Museum (Suna and İnan Kıraç Foundation) won the sale (Ari, 2015, p. 180). However, this is always not the case, it varies from geographical standing and timing for the acquisition. In Velthuis' book "Talking Prices: Symbolic Meanings of Prices on the Market for Contemporary Art," on page 145, it is mentioned that collectors do not place much

importance on social standing. Their motivations for acquiring artworks are not only driven by the desire for prestige. Aesthetic appeal, artistic significance or potential for financial investment are also key factors, engaging with art on a deeper, personal level.

The story of the painting sale of “Tortoise Trainer” goes back to 1990, when it was first purchased, and by the economic crisis in Turkey in 2001 hit, the painting have exchanged hands, ended up in a history making auction in 2004. Erol Aksoy was the owner of İktisat Bank in Turkey, have purchased Osman Hamdi Bey's painting "Tortoise Trainer" in December 1990 for 1 billion 750 million liras. Then, after the economic crisis in 2001, Aksoy's bankruptcy happened and the painting was sold by the SDIF (Savings Deposit Insurance Fund, TMSF). The sale has generated a huge discussion and attention in the Turkish art market in 2004. The Suna-İnan Kıraç Foundation acquired the painting for 5 trillion liras at an auction organized by the SDIF in December 2004. The initial auction price of the painting was 1 trillion 950 liras. The final sale price of 5 trillion liras represents a 2085 times increase compared to its price fourteen years ago in 1990, or a five and a half times increase in dollar terms. After a price competition between the Istanbul Modern represented by Eczacıbaşı Istanbul Foundation for Culture and Arts and the Suna-İnan Kıraç Foundation, the price went up exactly 42 times during the auction. The Suna-İnan Kıraç Collection now owns the painting (Sülün, 2018, p. 141).

There are other auction houses in İstanbul operating in smaller scale. 20 of the auction houses are primarily located in İstanbul having 2-4 auctions annually. The main segments of the Turkish auction market include antiques, Turkish Old Masters, orientalist paintings, Turkish modern and contemporary paintings, and sculpture (Atukeren & Seckin, 2012, p. 492). The art auction market in Turkey is new and young but it is very dynamic. The past of Turkish modern auction houses goes back to 1970s, back at the time the sales were primarily featuring antiques. With the demand moving in the art market away from antiques or Ottoman-era objects, and paintings, auction houses started to focus on works of Turkish Old Masters and prioritize modern and contemporary Turkish paintings (Atukeren & Seckin, 2012, p. 492). In 2010s, there were modern paintings rising in auctions. The Turkish art auction market was estimated to be worth USD 80 million in 2011. In The first half of 2012 the auctions in total were around 25 million USD regarding their sales (Atukeren & Seckin, 2012, p. 492). In the first 10 years of 2000s, The Turkish art auction market experienced

growth. However, the sales in 2012 is indicating a decline compared to the previous year. More recent information regarding auction market beyond 2012 is not available.

Variations in sales rates in art auctions can be related to expectations regarding economic developments and consumption patterns. According to Atukeren & Seckin (2012, p. 19-20), they establish a relationship between stock market performance and sales rates, findings show that consumers' investment considerations, contribute to explaining sales rates in the art market. The study observes differences in clientele across various price segments in the Turkish art market. This outcome aligns with the anticipated behavior of individuals who tend to postpone buying high-quality products during periods of financial constraint. It suggests a correlation between economic limitations and the delay in acquiring superior goods.

Somehow we see a similar strategy comparing international auction houses and international art fairs when it comes to Middle East art sales. In Istanbul and the neighboring region, auction houses and art fair organizations have chosen space-framing strategies. Auction houses approach Middle East as a space frame, as a developing market of a group of various nationality segmented markets. Much like this approach, art fairs have taken advantage of this territorial situation to position themselves as a central intermediary linking these fragmented markets, thereby increasing their relevance (Molho, 2015, p. 13).

Studying and examining the dynamics of art markets in developing countries has unique challenges. Atukeren and Seckin (2006, 2009, 2011) study the Turkish art market's developments and calculate the investment returns in the art market from 1989 to 2005. The findings suggest that investing in the art market acted as a safeguard against high inflation and macroeconomic uncertainty (Atukeren & Seckin, 2012, p. 18). According to the study, we can confidently say that investing in art in Turkish art market is a safe investment regarding other macroeconomic conditions, foreign exchange and debt crises affect the country compared to other returns to investments.

## CONCLUSION

The issue surrounding the visibility and boundaries of the art market has undergone significant changes, particularly following the cultural shift in the 1980s. This transformative period propelled the market into a more tangible and discernible position, predominantly through the resurgence of galleries and auction houses as key players. In order to shed light on this matter, this study adopts an epistemological approach to explore the underlying concepts of the art market, tracing their historical roots and evolution over time. By delving into the epistemological foundations, we gain a deeper understanding of the mechanisms and factors that shape the art market's visibility, thereby providing valuable insights into its complexities. Through this examination, we aim to contribute to a comprehensive understanding of the art market and its dynamics, offering valuable knowledge for stakeholders, researchers, and enthusiasts in the field.

Fine art is a specialized field where experts determine value, and individuals rely on gallerists as decision-makers and tastemakers to assess prices. Gallerists, as key players in the primary art market, determine the initial prices for artworks, and buyers outside the market depend on their expertise. Gallerists often sell significant pieces only to trusted collectors and prefer to keep listing and selling prices confidential. Auction houses are another major players alongside galleries. They represent secondary market and generate high-value artwork sales through competitive bidding. Fairs, like Art Basel and Frieze, gained prominence as key platforms for galleries to showcase their artworks. Sustaining the art market requires an intricate network of personal and business relationships, as well as private deals, contracts, and agreements.

The provided information discusses the transformations in the visibility and boundaries of the art market, particularly focusing on the impact of the cultural shift in the 1980s. The study explores the historical roots and evolution of the art market, aiming to provide a comprehensive understanding of its dynamics. It emphasizes the resurgence of galleries and auction houses during the 1980s and the role of government policies and tax reforms in promoting market growth. The study also highlights the impact of recessions on the art market, such as the 1989 crash and the subsequent global recession.

Additionally, the research examines the privatization of art and the use of art as a marketing tool by corporations. It discusses how privatization policies in the US and the UK shifted the role of culture in society and led to reduced state funding for arts organizations. The study mentions the rise of private funding, the emergence of art events adopting corporate business models, and the involvement of institutional investors in the art market.

It is crucial to emphasize the significance of research conducted on the development of art markets, particularly in studies that concentrate on the Middle East or BRIC countries examined in this research. Across various investigations, the findings consistently indicate that investing in the arts within these markets presents distinctive opportunities and potential benefits. Not only can such investments yield favorable returns, but they can also serve as a safeguard against economic uncertainty. By diversifying one's portfolio to include art assets in these regions, individuals and organizations can tap into a promising avenue for growth and stability. The convergence of these research outcomes underscores the importance of recognizing the potential of art markets in the Middle East and BRIC countries and the value they can bring to investors seeking both financial gains and a hedge against volatile economic conditions. Investing in the arts in these markets may offer unique opportunities and potential benefits in terms of returns and as a safeguard against economic uncertainty.

The study examines the impact of technology on the art market, specifically focusing on the rise of online viewing and purchasing platforms. It explores how technology has changed the way art transactions are processed, highlighting the shift brought about by these digital platforms.

In summary, the study aligns with the claim that the art market has undergone changes in visibility and boundaries, with a particular emphasis on the transformative period of the 1980s. It covers various aspects of the market's evolution, including the roles of galleries, auction houses, government policies, privatization, institutional investors, and technology.

Art Basel is a major global art event that has gained significance since its establishment in 1970. It serves as a premier trade fair for modern and contemporary art, attracting collectors, curators, and art enthusiasts from around the world. The event showcases a diverse range of artworks and has expanded to other cities, such as Miami and Hong Kong, exerting a significant influence on the contemporary art market.

König Galerie, founded in 2002 by Johann König in Berlin, is an influential gallery representing established and emerging artists. The gallery exhibits various forms of artwork and is known for its interdisciplinary and concept-driven approach. König Galerie has successfully placed artworks in prestigious private and public collections, including institutions like the Museum of Modern Art in New York and the Guggenheim Foundation. It has also expanded its operations to Seoul, South Korea, to tap into the Asian art market.

Christie's, established in 1766, is one of the world's oldest and most renowned auction houses. It conducts high-profile auctions and acts as a prominent platform for art buying and selling. Christie's organizes evening sales that attract public attention and showcases artworks from different periods, contributing to the growth of the art auction sector alongside its competitor, Sotheby's. The global art auction sales facilitated by Christie's reach billions of dollars annually, spanning various art periods from Old Masters to Contemporary.

Art Basel, König Galerie, and Christie's are significant players in the art world, each playing a crucial role in the development, promotion, and sale of art in their respective domains.

The exploration of the Turkish art market during the 2000s reveals a dynamic landscape that has experienced substantial growth and transformation. The globalization of the art market, influenced by economic interconnections and cultural exchange, has played a pivotal role in shaping the trajectory of Turkish art on the global stage. The MENA region, including Turkey, witnessed a surge in economic growth, leading to increased visibility in the international art scene. Noteworthy events, such as Christie's inaugural sale in Dubai in 2006 and the Saatchi exhibition dedicated to Turkish art in 2011, marked significant milestones in the recognition of Turkish artists globally. Despite the challenges, such as the volatility observed in the Turkish art market in 2012, recent years have seen a remarkable increase in international awareness and interest. Auction houses like Christie's have played a crucial role in elevating Turkish art to new heights, breaking records with sales of works by Turkish artists and establishing the country as a prominent player in the global art arena. Key participants in the Turkish art market, including Contemporary Istanbul, PILEVNELI, and ARTAM, have significantly contributed to the growth of the local art scene. These entities have not only adapted to global trends but have also maintained their unique characteristics, showcasing the resilience and vibrancy of Turkey's art landscape.

Contemporary Istanbul, founded in 2006, played a pivotal role in elevating the city's status in the global art scene. Despite uncertainties caused by the pandemic, the fair showcased resilience, as illustrated by the introduction of Contemporary Istanbul Bloom and consistently high visitor numbers. The success of the fair, coupled with the growing interest of major banks in art financing, underscores the dynamic and promising trajectory of Istanbul's art market.

PILEVNELI Gallery in Turkey emerges as a dynamic player in the evolving landscape of the country's art scene, particularly in the context of the global art market. Against the backdrop of Turkey's economic and political transformations in the 1990s, marked by a shift towards a free-market economy, the art sector witnessed a surge in private gallery exhibitions and institution-sponsored events. PILEVNELI Gallery strategically positioned itself by fostering collaborations with international counterparts, notably KÖNIG Galerie based in Berlin. This collaboration facilitated the connection between Turkish collectors, artists, and the global art market. The gallery's involvement in joint exhibitions, such as "Pilevneli x König" in 2021, showcased a diverse selection of artists, including the internationally acclaimed Refik Anadol. Moreover, the gallery's innovative approach extends beyond exhibitions to include Pilevneli Shop, established in 2022, reflecting a unique concept in Turkey. By collaborating with artists to offer a range of products, PILEVNELI Gallery contributes to making art more accessible to a broader audience, marking a significant stride in transforming the art world from a niche interest to an inclusive industry.

Artam Antik A.Ş., established in 1981 by the Nurcan & Turgay Artam couple in Ankara, has played a pivotal role in shaping the Turkish art market, particularly during the 2000s. The auction house gained prominence with milestone sales, such as the iconic "Tortoise Trainer" by Osman Hamdi Bey in 2004, setting a world auction sales record. Over the years, Artam A.Ş. has organized record-setting auctions, including sales of works by Burhan Doğançay and Erol Akyavaş. Their influence extends beyond traditional art auctions, as they introduced special auctions for classic cars, fine wines, and luxury watches. The auction house has consistently contributed to the fields of art and auctioneering, leaving a significant mark on the Turkish art scene. With a track record of impressive auctions and a diverse range of offerings, including the sale of "The Tortoise Trainer," Artam Antik A.Ş. has become a key player in the dynamic and growing Turkish art market.

In conclusion, the Turkish art market's journey throughout the 2000s reflects a story of evolution, resilience, and increasing prominence on the global stage. As the market continues to expand and adapt, ongoing research and analysis will be essential to provide valuable insights for investors, collectors, and enthusiasts alike. The intersection of economic factors, cultural developments, and the efforts of key institutions creates a dynamic ecosystem that positions Turkish art as an integral part of the broader global art narrative.



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