

ASERS

# Journal of Advanced Research in Law and Economics

Quarterly

Volume VII

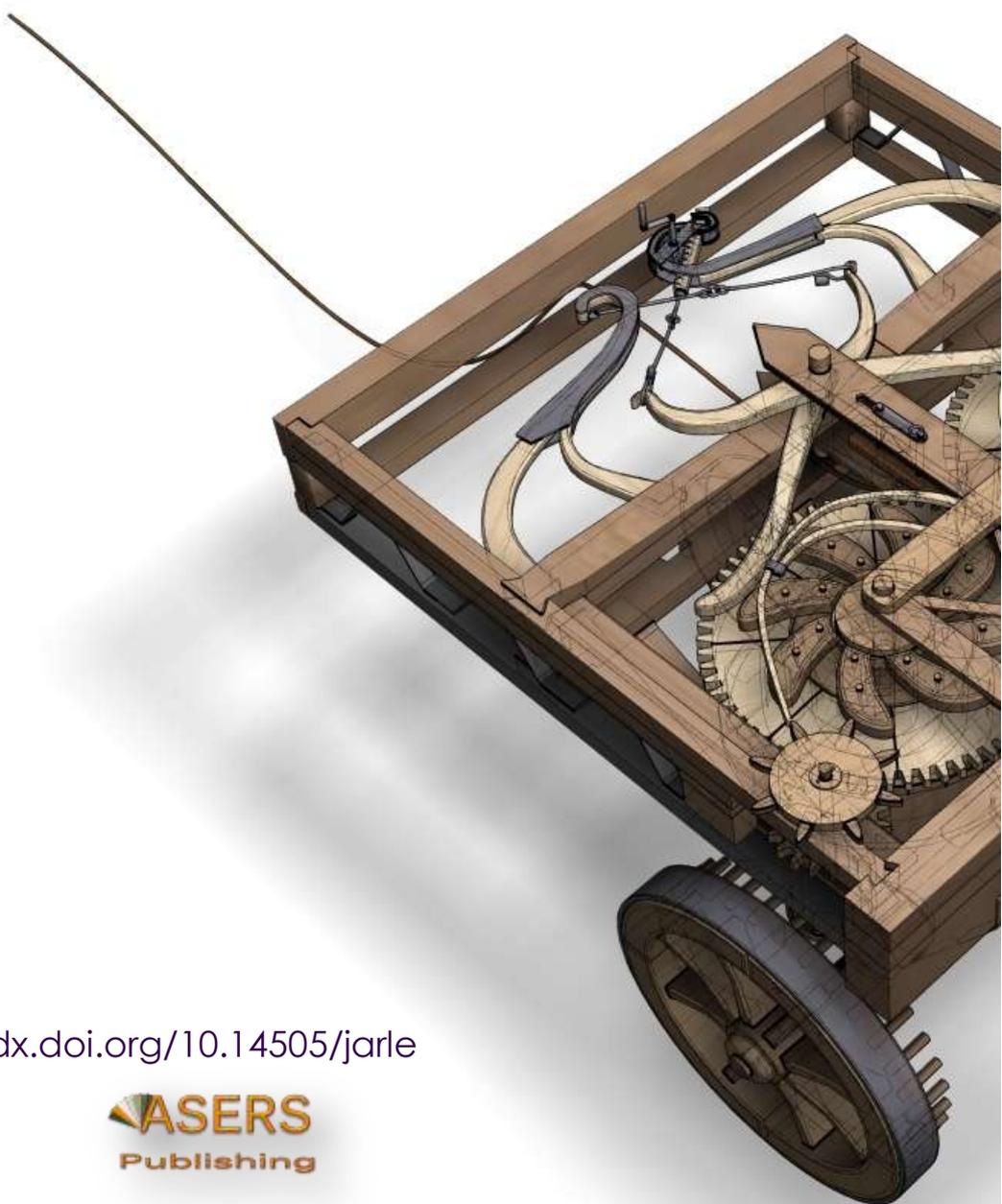
Issue 3(17)

Summer 2016

ISSN: 2068-696X

Journal DOI: <http://dx.doi.org/10.14505/jarle>

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<http://www.asers.eu/asers-publishing>  
ISSN 2068-696X  
Journal DOI: <http://dx.doi.org/10.14505/jarle>  
Journal's Issue DOI:  
[http://dx.doi.org/10.14505/jarle.v7.3\(17\).00](http://dx.doi.org/10.14505/jarle.v7.3(17).00)

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# Call for Papers

## Volume VII, Issue 5(19), Fall 2016

# Journal of Advanced Research in Law and Economics

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Deadline for submission of proposals:	1 <sup>st</sup> July 2016
Expected Publication Date:	September 2016
Web:	<a href="http://www.asers.eu/journals/jarle">http://www.asers.eu/journals/jarle</a>
E-mail:	<a href="mailto:jarle@asers.eu">jarle@asers.eu</a>

Full author's guidelines are available from: <http://www.asers.eu/journals/jarle/instructions-for-authors>



DOI: [http://dx.doi.org/10.14505/jarle.v7.3\(17\).07](http://dx.doi.org/10.14505/jarle.v7.3(17).07)

## An Art Auction as a Perspective form of Activity at the Regional Art Production Market in Russia

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### Suggested Citation:

Chernyaeva, Irina Valeryevna; Stepanskaya, Yelina Vyacheslavovna and Sino, Guan (2016). An Art Auction as a Perspective form of Activity at the Regional Art Production Market in Russia, *Journal of Advanced Research in Law and Economics*, (Volume VII, Summer), 3(17): 516 – 520, doi: [10.14505/jarle.v7.3\(17\).07](https://doi.org/10.14505/jarle.v7.3(17).07). Available from: <http://www.asers.eu/journals/jarle/jarle-issues>.

### Article's History:

Received April, 2016; Revised April, 2016; Accepted June, 2016.  
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### Abstract

The article covers on the form of art market activity – selling art works via auctions; historical stages of auction development and auction types are presented. Art auction as a trade mechanism is the most effective for selling art works, because it can define current market value of an artwork and form quotations and rating of an artist. Enormous information resources and virtual space's great business potential provide substantial opportunities to distribute auctions in Russian regions. The end of the XX century for the world art market was a kind of revolution due to the active Internet reclaiming by the largest auction houses. Authors analyzed new forms of trading: online auctions and e-commerce, which development has been intensive at the turn of the XX-XXI centuries in the central part of Russia. These forms should be implemented in the region art life.

**Keywords:** auction, art critic, collector, virtual art market, Internet, e-commerce, auction house.

**JEL Classifications:** M31, Z11, L81.

### Introduction

Art auction is one of the main activity forms at the global art market. Auction (from Latin 'auctio' - public trades) means a public sale, when goods or property are bought by a person who proposed the highest price for them (The Great Encyclopedia, 227). Auction is a method of selling art works, antiques and rare objects declared authentic. Auction includes pre-auction exhibition and catalog publishing; a person, who offered the highest price becomes a buyer.

Auctions came into existence in ancient times as a form of art trade. When the Roman Empire has fallen all the auctions were closed and emerged again only in the XIII century in France. In the middle of XVII century they appeared in Netherlands, later – in England, France and other countries of the continent. This form of trade was used only in extreme cases, when due to debts or division of estate people had to encase their family

collections fast. In the XVIII century auction houses appeared on the art market. A part of them exist through present. In 1707, Austrian Emperor Joseph I opened the state pawnshop 'Dorotheum'. The items, which were put in pledge and not redeemed by the owner in time, have been selling at the auction. As addition to this event there were auctions carried out in pursuance of law or a court decision. At the beginning of XX century 'voluntary' auctions began to be held, based on an agreement between the seller and the auction house. In 1744 in London, Samuel Baker, who began his career as a book trader, held the first auction under his own name. Purchasing books and forming libraries were on-trend. Book auctions soon set Baker on a good position. After a while he began trading engravings, coins and other antiques. After Baker's death his firm was inherited by his nephew, John Sotheby, and since 1778, the firm was given his name. In 1766, emerged a competitor of Baker's firm – it was James Christies, who decided to join auction business in London. Auction form of trade began to gain momentum, and in the late century lots of auctioneers joined Sotheby and Christies, but these traders failed to catch up the largest auction houses with reputation and circulation of capital. Besides the two major international auction houses there are smaller national houses, like 'Drouot' in France, 'Hugo Ryuf', 'Weiner' and 'Neumann-erased' in Germany, 'Habsburg' and 'Gabyu' in Switzerland, 'Bukowski' in Scandinavia, 'Dorotheum' in Austria (Chernyaeva 2012).

In Russia, auction system has been forming very slowly. Domestic collectors purchased numerous art works by European auctions in the XVIII-XIX centuries. In 1716, by the order of Peter the Great they bought Rembrandt's painting 'David and Jonathan' by auction in Amsterdam, later it was placed in the first-ever Russian art gallery, located in Monplaisir. Through the agency of Russian ambassador D.A. Golitsyn for Catherine II were bought at the auction Rembrandt's masterpiece 'The Return of the Prodigal Son' and dozens of other West European artists' masterpieces. In the end of the 60s of the XVIII century in Russia the first art auctions were held, mainly based in Saint Petersburg. The major features of art works trade system were formed in Russia at the beginning of the XIX century. At that time art treasures flooded back into the country after the European revolutions, and domestic art works were included into country trading volume (Shestak 2007).

## 1. Methods

In article analytical methods are used: historical method, system method, art criticism method.

## 2. Discussion and results

For historical reasons in Saint Petersburg a tradition of charity auctions and charity exhibitions - sales for artists support emerged. Since the middle of the XIX century in parallel with the Academy of Arts the Society for the Encouragement of Artists has been existing, which was the first and for a long time the only public organization to patronize the arts. Society for the Encouragement of Artists arranged charitable exhibition-sales only. In 1863, The Artists' Club was established (during 1864 - 1879 it was named Saint Petersburg Assembly of Artists). The Club organized the drawing evenings, amateur theatre performances, concerts and literary soirees. It also organized trade fairs and various fundraisings. At the end of the XIX and the beginning of the XX century the number of associations increased dramatically. These associations exercised mediator mission between the artist and the buyer thus effectively replaced all the gallery owners, merchants and commissioners, who played a crucial role (Shestak 2007) at the West European art market. In 1911, N. E. Dobychnina opened The Artistic Bureau, which intention was 'active mediation between artists and public to sale art works and execute different artistic orders'. Since 1914, Bureau hosted a number of charity and thematic exhibition-sales. Activity of this association which essentially was the first art gallery in St. Petersburg stopped in the beginning of 1919. Auctions were the important fact of the artistic life in the capital city. Special marts stayed open (Stepanskaya 2005).

State monopoly, set in the Soviet years, transformed the pure art market into the centralized art payment system (Chernyaeva 2014). In the second half of the 1980s – beginning of the 1990s in Leningrad the first sprouts of the art market began to break through, its social, commercial and informational structures started to develop. In this period the first private galleries, non-governmental artistic associations and groups emerged. State art monopoly fell in July 1988 because of International auction of the Soviet art of the XX century in Moscow, that was supported the USSR Ministry of Culture. This auction provided the revival of the auction activity in Russia in the beginning of the 1990s. Antiques and contemporary art auctions were held regularly and mainly in Moscow. Auction trade leaders were the auction house 'Alfa-art', 'Gelos', 'Krostbi', The Central House of Artists Antique Salon and the ART-Moscow fair in Sokolniki. In other cities auctions were held very rarely and with intermittence.

The great popularity was gained by auctions in the middle of the 1990s. By this time, in Russia the antique structure 'Gelos' appeared and gained popularity. Auction house 'Gelos' successfully has been working on the Russian market for almost fifteen years. It is a unique auction house that permanently works in the country. As opposed to the Western countries, where everybody heard about hundreds of companies, such as Sotheby's, Christie's, Dorotheum, there was only one name in Russia – Gelos. The Gelos Museum is a new type of a non-state one. That is, the experience of auction house and the Gelos Museum cooperation was the basis for their joint work conception. Auctions of the Auction house 'Gelos' are represented in electronic form on the website [www.gelos.ru](http://www.gelos.ru). The auction house cooperates with museums: it offers them a number of benefits, distinguishing museums from the other bidders. 'Gelos' publishes catalogs of auctions with full description of objects and photographs. Mailing upcoming auction catalogs is free for museums (Chumakova 2002, 50). The first private auction firm 'Alpha-Art' emerged in 1991 in Moscow. In 1992 the firm held its first auction (Chumakova 2002, 36). Estate items from of 'Alpha-Art' belong to the collections of the State Tretyakov Gallery, the State Historical Museum, the State Museum of Fine Arts, the All-Russian Museum of Decorative-Applied and Folk Art, the South Sakhalin Art Museum, Tver Art Gallery, Yekaterinburg Art Gallery, the Alexander Blok Museum-Reserve in Shakhmatovo and some other Russian museums. Together with the commercial innovative 'Alfa-Bank' the State Museum of Fine Arts named after A.S. Pushkin was donated K. Somov's painting 'The Twilight' and the Tretyakov Gallery has received a picturesque A. Savrasov's work 'The Backyards' as a gift (Kamensky 1993, 41).

Speaking about the major auction houses in Russia, the auction house 'Gelos' is a monopolist in its market, but in the beginning of the 1990s, the company had competitors: 'Magnum', 'Four Arts', 'Gamayun' and 'Alpha-Art'. For various reasons, by 1998, the auction business proved unprofitable for all of them and 'Gelos' was the only organization, which conducted auctions regularly. Notably, the auction house 'Alpha-Art' belonging to the 'Alfa Group' ceased to exist in 1997.

Exemplification of the art auctions in the regions could be the experience of gallery activities in the Altai Region. The gallery 'Republic of Fine Arts' twice held the Siberian art auction. One of them came off on the 31<sup>st</sup> of January, 2015 during the opening of the jubilee exhibition of Siberian artists 'Nomads. 15 years'. The exhibition was composed of 19 artists' works, including: A. Andrusenko, E. Volkova, S. Dykova, L. Zybalyova, N. Ostritsova, D. Ocyabr, A. Friesen, L. Pastushkova and other painters. Fifteen art works were sold at the auction. The money raised at the auction was planned to be spent on publication of the catalog of art group 'Nomads'. The next auction was held in the same gallery on the 2<sup>nd</sup> of March, 2015. Sixteen works of Altai artists were in the auction. The event was in open format and anyone could attend it. By the words of gallery owner V. Klimov, the initial price of the painting was reduced to one hundred dollars. In January 2015 the Banderol art gallery had an art auction 'ArtHelps' online for charity.

At the turn of the XX-XXI centuries a new form of auction – online auctions – had an intensive development. Internet or online auction is an auction Holdvia the Internet. Unlike traditional auctions, Internet auctions are held in distance form (remotely), and people can attend them without visiting a certain place and bet online or using auction's software. The end of an online auction, as opposed to the traditional auctions, is set by the seller in advance, when putting the item out for tender. In ordinary auctions struggle is as long as the auction rate are rising. At the end of an online auction, the buyer must transfer money to the seller by wire transfer (rarely - in cash, for example, when you receive the goods in person), and the seller is obliged to send the goods to the buyer by post, often anywhere in the country of the auction or the whole world. The boundaries of the possible transfer of goods are specified by the seller in advance.

In the international practice, Internet auctions have become quite common. There are three basic types of this auction form: standard, Dutch and 'fixed price'. 'Fixed price' auction emerged somewhat later than the other types. This one is easier for understanding: you put the item, and then a buyer comes and purchases it immediately. Standard auction is a regular one for long: the person who proposed higher price is a winner. In Dutch auction bidding goes blind, consumers do not see the rates of competitors, and only one bet is accepted. The winner is the one who offered the highest price.

In Russia, there is an abundance of online auctions. The most popular of them are [www.molotok.ru](http://www.molotok.ru), [www.stavka.ru](http://www.stavka.ru), [www.meshok.ru](http://www.meshok.ru), [www.torg.alkar.net](http://www.torg.alkar.net), [www.auctions.org.ru](http://www.auctions.org.ru) and some others. These resources promote supplemental e-commerce solutions. Auction system enlarges with payment and user authentication solutions. In Russian Internet auction space not long ago Penny auctions began to emerge – online auctions offering customers some goods at low prices (10-20% of their fair market value). At the Russian market such auctions are quite new phenomenon, unlike Europe. In the UK auction [Swoopo.co.uk](http://Swoopo.co.uk) is very popular. In Finland, they have best-selling auction [Fiksuhuuto.fi](http://Fiksuhuuto.fi), [Sendioksjon.ee](http://Sendioksjon.ee) is well-known in Estonia (Baikov 2007, 192).

Enormous information resources and huge potential for business activities are the main characteristics of the Internet. The end of the XX century was groundbreaking for the world art market, and many specialists link this with the fact of active development of the largest auction houses in the web. The alliances between the oldest auction house Sotheby's and the electronic company Amazon, and between the Butterfield and Butterfield auction with eBay company became an indicator of the traditional art market trust in the e-art-commerce and its possibilities, incredibly widening a number of art consumers. The rapid change of the trade principle 'from hand to hand' (eBay, Yahoo and Microsoft auctions) to the tactics 'business to consumer' (eBay Great Collections) where the corporate responsibility was made a top priority, shows the civilized basis of the new electronic art market (Lazareva, 3). The number of art sites nowadays is great, thus there are services that combine a variety of projects and facilitate the web search. Vast results were achieved by the art sites search in such engines like Yahoo, Google, Nigma, Yandex. Actively visited Russian-language art sites are: Atrus, Artlife, Arthistory, Auction.magazin-kartin, Sovcom, Rusiskusstvo, Artprojekt, Iskusstvu, Museum, Artwin, Gelos. The specific feature of art resources in Russia is the differentiation between commercial and conceptual projects, the latter usually focused on small coterie of the professional community. We also have these auxiliary professional resources: Mei-Moses All Art Index, Gabrius Art Index, Artprice, Zurich Art and Antiques Index, Art Sales Index, Gelos.ru (multiple indices of art profitability), Tfaoi.com, Group-esi.com, Europages.com.ru (insurance, transport), Appraisals.com, Antiquary.eu, Art-con.ru (attribution, rating of art works). The recipe for commercial success in the Internet is the widest use of all the possibilities of the virtual space. Websites PaintingsDirect.com and Artlife.ru are good assistants in selection of paintings, having non-standard structure of art works in the Gallery –distributed by genre, style, plot, and even the dominant color. A good electronic journal on art is 'Connoisseur' based on Gavelnet.com. Art newsfeeds can be founded at Artumbrella.com.

Altai Region art galleries have official sites: exhibition hall 'Turina Gora' (turinagora.ru), the Carmine gallery (gallery-carmin.ru), Shchetinins' art gallery (shetinin-art.ru), exhibition hall of the Russian Union of Artists (altaikraiaart.ru). The activity of modern art gallery 'Universum' is presented on the official site of Altai State University (asu.ru). Some galleries create their own pages in social networks. The Banderol art gallery, the Carmine gallery, the Pavilion of Contemporary Art 'Open Skies' inform visitors about the opening of new exhibitions, planning performances on the pages of 'VKontakte' social network (Chernyaeva and Stepankaya 2013).

## Conclusion

With the new communication space the question arises– does the Internet have enough possibilities to solve the problems of the traditional art market? Technical advantages of the Web make it an advertisement area, an archive, a catalog and finally an assistant, holding a gallery door open twenty-four hours a day and receiving messages. As the ideal form of representation because of minimum cost and maximum coverage, corporate sites already appeared in many arts organizations – from the Louvre and the Hermitage to the small district museums and actual art galleries. The Internet provides a link with the large audience of potential buyers, these people previously never would have bought an art work for some reasons (lack of time, lack of nearby gallery, discomfort in the community of professionals). On some sites artists being anywhere in the world can sale their works at fixed price or put works on site for free watching (Artnow.ru, Artwin.ru). Using this e-contact from, artists and buyers could communicate with each other on specialized forums, which is especially important for creative people from remote parts of Russia. E-payments and delivery are the privileges which are rarely given by the actors of nowadays art business. Composing fundamentally new art market (new consumers and pricing mechanisms) in the long terms even canceled some of the traditional market laws. On the other hand, democratic nature of the virtual art market leads to fill the web by 'second-class' art, misleading the buyer (for example, at Molotok.ru). Thus the emerging of professional resources has the great importance – these services take into account the specifics of the art works sales and apply specific mechanisms of information dissemination, guarantees, assessment and presentation.

In the Russian regions forming of the auction art trade system progresses slowly, although the art auction as a trade mechanism is definitely the most effective for art works sale, because the auction defines the current market value of an art work and forms true quotes and rating of an artist.

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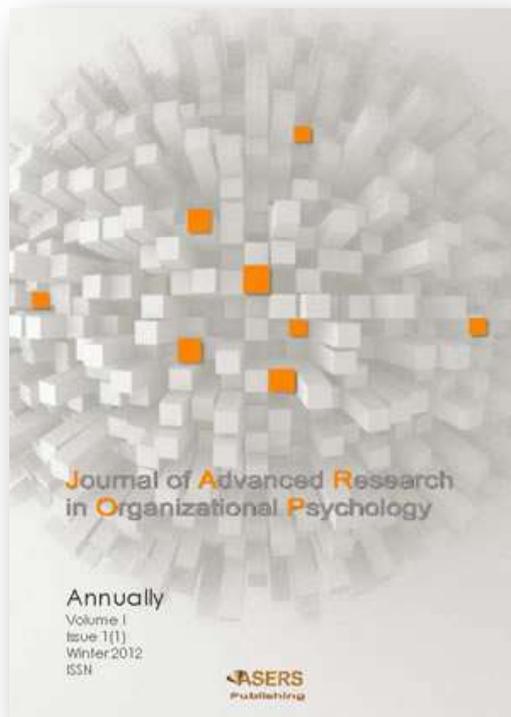
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ISSN 2068-696X

Journal DOI <http://dx.doi.org/10.14505/jarle>

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