

**University of West Hungary, Faculty of Economics**

**THE MARKET FOR CONTEMPORARY ART IN THE  
HUNGARIAN PRIVATE GALLERIES**

Dissertation for PhD degree

**Tibor Gáspárdy**

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**PhD School:** Széchenyi István University, Management and Business Administration PhD School

**Head:** Prof. Dr. Székely Csaba DSc

**Program:** Human Resources embedded in society and economy

**Head:** Prof. Dr. Kulcsár László CSc

**Head of Topic:** Dr. habil. Molnár László PhD

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**Supportive signature of topic consultant**

## **I. ANTECEDENTS OF THE WORK AND GOALS SET**

The author of the dissertation is a student of the Széchenyi István PhD School belonging to the Faculty of Economics at the University of West Hungary, as well as a practicing artist and a teacher working in the field of visual education for nearly 30 years. His choice of topic is based on his opinion that contemporary galleries represent economy, culture and art at the same time. The practice of visual education is connected to this last one. The not negligible role of private galleries in visual education is to display genuine works of art during their exhibitions.

The aim of the research is to examine the market for contemporary art, more precisely the situation of contemporary galleries, to pinpoint and review their problems.

## **II. THE CONTENT, METHOD AND JUSTIFICATION OF THE RESEARCH**

As there are only a few publications about Hungarian private galleries and even fewer discussing their financial situation, the first step of the research was for the author to interview renowned contemporary gallery owners, outstanding representatives of the art trade, experts and art writers. He examined the improvement and later the economic crisis-induced demise of the Hungarian art trade reflected by the outcome of auctions in Hungary and he intended to justify his findings by the results of the biddings.

The future possibilities for contemporary Hungarian galleries in domestic markets is examined by a survey (based on a questionnaire) carried out among Hungarian university students. The survey sheds light on the connection between the proportion of visual education in the educational structure, the relationship between the degrees of popularity and reputation of visual and other

arts, the importance of owning an original work of art, the relevance of painting as a way of visual expression in our time and the reputation of private galleries and their trustworthiness. All of the above mentioned factors are very important for contemporary galleries. This primary research meant the analysis of nearly five hundred questionnaires during data collections in 2011 and in 2013.

The dissertation in the introduction defines the basic features of the matrix of culture and economy, culture and art, culture and visual art, which will also be dealt with later during the presentation of the research based on the questionnaire and during the the analysis of the answers given by university students. The author also found it important to define the characteristics of painted and technical pictures and to determine national and international contemporary art.

The author will write about art as a form of investment, about the formation of the art trade and its main stages which still affect and about the forms of art trade in the next chapters.

As art trade cannot exist without the collection of artworks, the thesis will review the history of Hungarian art trade between the two World Wars, pointing out that the art trade of that era was internationally renowned and today's art trade activity is a mere shadow of it, the main reason for which is the lack of financial funds for the collection of internationally recognised artworks.

The author familiarizes the reader with the main channels and characteristics of Hungarian art trade before the 1950s and after the change of regime, after which the first Hungarian contemporary galleries came into existence and started to flourish.

The thesis evolves further after the evaluation above. From the interviews and their analysis we can see that different prices –especially in the case of

contemporary artworks – may easily result in the uncertainty of the value of the artwork itself.

Next the author concentrates on the defining factors of the value of the artwork, in which the quality of the work is only one element beside the profession, the audience and the money present at the artwork market. These factors are further evaluated by the name and the nationality of the artist (and that of the art trader) and the 'myths' attached to their names.

The thesis gives room for the clarification of the notion of customer and collector – both are of great importance for the art market – defining them mainly from the point of view of the interviewees. Following the presentation of the economic usefulness of art collection, it goes on to introduce the history of art collection after the 1950s also drawing the arch of art trade soaring from the second half of the nineties and its halt caused by the crisis in 2008.

The leeways which were created to compensate for the negative effects of the crisis are justified by the fruitful performance – also dealt with in the thesis - of Hungarian galleries at international markets. These results became clear during the author's interviews with private gallery owners.

The future possibilities of the home market are examined and justified through the research based on the questionnaire mentioned above.

### III. RESULTS

Our answers are given to the presented hypotheses mainly based on the primary research.

- 1. First hypothesis (H1):** One of the gravest problems for Hungarian private galleries is the question of one price versus several prices at home and at the international markets. The presence of price differences – in spite of the different forms of trade – may lead to the instability of the value.

**Based on our research the following thesis (T1) has been formed:** One of the gravest problems for contemporary art galleries is selling artwork through various forms of art trade. They have a limited number of tools to fight this problem. The termination of a contract with an artist, especially if it meant financial investment from their side, means a loss for them too. The Hungarian practice is that galleries – as they lack capital – take in most of the artwork on consignment. Artists, on the other hand, being financially in need cannot accept galleries as the exclusive means of selling their works, so they sell them in their studios too – in most cases for a lower price. This statement is justified by the research based on a questionnaire, as the analysis of the answers to the question 'Where did you have the chance to buy an artwork in most of the cases?' ranked the art galleries as possible deposits in third place.

The difference between the galleries and the studios as possible deposits is not as significant as it would be justified by the business made by the galleries. Just 4.7 percent of the interviewees encountered the possibility to purchase from studios whereas twice as many people – 10 percent did so in galleries. The largest part of purchase possibilities occur for 58.3 percent of the interviewees at exhibitions. As we have already explained in the relevant section of the essay, exhibitions in a lot of cases mean studio sales as well. From our interviews with gallery owners it clearly turned out that they had to

set higher prices abroad than at home. In the answers given to the relevant questions in our questionnaire people found these prices too high. (Cumulative Percent: 98,5%) This opinion of the future customers is unfavourable for galleries as they have to keep in mind their expenses and other prestige related aspects, consequently they cannot pay attention to the lower studio prices and their problems are further complicated by the fact that they have to keep an eye on the higher prices abroad – they are in dire straits. At the contemporary art market, on the other hand, where price is – mainly due to media - the main indicator of value, the plasticity of the price leads to the unsteadiness of the value.

- 2. Second hypothesis (H2):** The 2008 crisis crashed the rise of the Hungarian art trade, the negative effects of which are felt at present too.

**Based on our analysis we can set the following thesis (T2):**The economic crisis starting in 2008 had a negative effect on art trade as well and the big auction houses' (Sotheby's, Christie's) sales plummeted.

A few years later they seem to have recovered from the crisis and after setting new records, the whole of the art market seems to be recovering. In terms of international sales we can say that contemporary art swung back to a normal turnover after the period between 2006-2008 when it was overaccelerated. From the analysis of the questionnaire in our research, our hypotheses that the effects of the crisis were more strongly felt in Hungary because the market was considerably weak even before the crisis (practically only a few collectors have been shared by all of the galleries) has been justified. The total turnover of the Hungarian art trade has risen from a 220 000 000 huf in 1992 to 8 billion – or even more according to certain sources - in 2008 (Jankó, 2013). The prolongation of the crisis has been reflected by the outcome of the auctions. Apart from a few outstanding

biddings the Hungarian auction market misses the zest of the pre-crisis period.

The economic crisis entails spiritual crisis which also has palpable economic consequences which will linger longer than the economic one (Pados, 2013).

Customers in Hungary belong to the middle classes just as in the rest of Europe, but the spending power of Hungarians decreased by considerably more (90 %) than that of other Europeans (20-30%). Hardcore customers keep on buying but they consider their purchases much more than before the crisis. The fact that the collection of the works of contemporary artists is regarded as a status symbol abroad, while the collection of classics mean the same in Hungary – which is partly due to the fact that their sale is more assured on secondary markets – is not negligible either.

**3. The third hypothesis (H3):** Notwithstanding the technical development of today's visual tools, painting remains the most important way of depicting the visual world.

**Based on our research the following thesis (T3) can be set up:**

The popularity of the genre was experienced at the 2013 Viennafair and the 2013 Budapest Art Market with international contemporary artmarkets taking over the environments, videoinstallations, land and body art. This fact is partly due to the realisation that the collection of the latter ones is considerably circumstantial.

The answers to the question of the questionnaire: 'Do you think that painting as a visual way of expression is overrated?' are summed up in the chart below.



**Statistics**

10. question

N	Valid	393
	Missing	0

**10. question**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	162	41.2	41.2	41.2
	2	112	28.5	28.5	69.7
	3	83	21.1	21.1	90.8
	4	7	1.8	1.8	92.6
	5	29	7.4	7.4	100.0
	Total	393	100.0	100.0	

**1. No, painting is eternal, is always able to renew. 2. No, as painting deals with the depiction of the inner world as much as with that of the outside world. 3. No but its original outstanding position has been lost by today. 4. Visual expression has left painting behind. we have other genres at our disposal. 5. I don't know.**

The answers that painting is eternal and is able to renew and is able to depict the inner world as much as the outer one took up 69,7% of the answers of the university students questioned. On the other hand the people who thought that visuality has transgressed painting, and has various other forms of expression took up 7.4%. Those not responding had a very low percentage (1.8%). Based on the answers we can claim that painting is a valid and actual visual form of expression. We believe that our hypothesis has been further justified by the statement during the interviews which were part of the research, and which were uttered by Károly Szalóky, the leader of one of the first and most significant contemporary Hungarian galleries. His beliefs were strengthened by the answers of Gábor Pados, the owner of acb Gallery in other interviews, who said that 'oil-canvas paintings determine 90% of the contemporary art market' (Pados, personal answer, 2013).

**3. Fourth hypothesis (H4):** Hungarian visual education especially compared to its significance, is at a disadvantage in the Hungarian educational structure. Its situation makes it impossible for it to play a role in the growth of the number of art collectors so important for private galleries.

**Based on our research the following thesis can be set up (T4):**

Visual language is not only a form of expression in visual arts but one of the most significant elements of today's communication. It isn't only a vital form of expression for arts, like film or theatre, but the state-of-the-art tools of our technical world – computers, smartphones, let alone digital cameras – cannot exist without it either.

The expressions 'picture about the world' and 'the whole picture' refer to the significant role that picture, and through it visuality, play in our life.

However, based on the answers given to the questions in the questionnaire that revealed the level of the interviewees' awareness of the field of music, literature and visual arts, art proved to be the weakest one.

(1. literature 39.0%, 2. music 27.2%, 3. film/theatre: 23.0%, 4. visual art: 8.9%, 5. others: 1.8%.)

The answers given in 2013 are in harmony with the results of our 2011 research, (Gáspárdy, 2011) which aimed to reveal how much artists of different arts were known by the public. The results show that visual artists are the least known.

On the other hand, questions aiming at the simulation of life situations and practice were answered in a fashion which showed that visuality is important (67.0%).

We know that contemporary art often uses the visual coding of thought and in many cases it is the high quality of this coding which creates its artistic

core, but decoding it requires the acquisition of visual language (also see conceptual art). The role contemporary galleries play in today's visual education is not negligible either, as on top of selling contemporary artwork they offer a chance for the public to encounter them.

Contemporary private galleries make a clear difference between customers and collectors. For a customer, getting hold of a work of art means the end of the process of buying an artwork. The collector, on the other hand, can't fight the yearning to enrich his collection with yet one more piece. During this process not only his/her personality but his/her collection is shaped as well, which, based on the theory of 'the whole is more than the total of the pieces' becomes an artwork itself. Therefore when a collection falls apart it is very painful.

In our survey we tried to measure – amongst other things - the strength of the aspiration to buy an original artwork and the dedication to own one. On our questionnaire sheet owning an artwork was – somewhat provocatively – supposed to be the requisite of erudition. In the case of the answers given in writing (those giving them were university students) 6.0% agreed with our proposition (fully agrees: 1.5%, agrees 4.5%). We compared the answers with our question whether the interviewee would buy an artwork in the future. To this latter question 61.9% of the answers was positive (yes, if I could: 51.5%, without doubt: 10.4%). Although most of those asked named their lack of funds as the primary reason for not having bought any artwork yet, it is likely that this is not the only obstacle for their becoming a customer or collector. Visual education may play a role as well, which, due to the low number of classes, is unable to wake interest for visual art, in our case most importantly for painting.

We believe that the future collectors, or at least returning customers, who are so important for galleries and who need more than only a few artworks, will

come from those who see a strong relationship between erudition and owning and original artwork. Unfortunately their rate (6.0 %) is much less significant, than the rate (51.5%) of those who blamed the lack of funds for not buying artwork and the rate (10.4%) of those who promised future purchase. The effect of the original artwork which, even if it is dead material, has always been able to start a dialogue with the viewer, no matter when he looked at it, is not comparable to anything else. As we have explained in the essay, there are cheaper techniques, yet unknown artists and lower prices too. Naturally the existence of the resolution to purchase is the biggest joy for us if we look at cultural implications.

We are convinced that visual education would have means to find remedy for the problem stated in the hypothesis, for example give help to gain complete competence in coding and decoding visual messages, to offer frequent visits to exhibitions, in which contemporary galleries would/could play a role as well. In present circumstances this endeavour is blocked by the already mentioned low number of classes and the lack of tools.

#### **IV. CONSEQUENCES, SUGGESTIONS**

Hungarian private galleries are far from indifferent regarding the situation of the Hungarian visual education, as visual culture formed by education will provide them with a future circle of customers and collectors. To achieve this, the first and foremost step is to make contemporary art more significant in visual education. (As an example, we mentioned in the earlier part of our essay that the matura does not even have one topic that deals with contemporary art.) Naturally, the second element would be to put more emphasis on visual art in the whole educational system because, as we quoted Paul Klee at the beginning of our thesis: 'Art does not depict the visible but makes things visible.' This ability does not only apply to art but to the whole of today's visual communication together with all its mazes.

For contemporary Hungarian galleries the only escape is – especially after 2008 when sales fell significantly - to appear at international markets. All gallery owners agree that the appearance at international markets would require more state support, as a one time appearance is not enough; they would need repeated displays which could lead to real purchases. This appearance does not only mean trade activities but would positively influence the image of the country. Acknowledging this, which means more support from the state, would enhance the possibilities of the contemporary galleries abroad and could improve the reputation of contemporary Hungarian art and artists in the world.

## V. THE AUTHOR'S PUBLICATIONS ON THE TOPIC OF THE DISSERTATION

**Gáspárdy Tibor:** *Művészet és személyiség*

Képzés és gyakorlat

A Kaposvári Egyetem Pedagógiai Karának és a Nyugat – magyarországi Egyetem Benedek Elek Karának neveléstudományi folyóirata. 9. évfolyam 2011/ 1-2. szám

Kaposvári Egyetem Pedagógiai Kar, Kaposvár 2011.

163. – 171. old.

HU – ISSN 1589 – 519-X

**Gáspárdy Tibor:** *Salvador Dali Sopronban*

Várhely

(Kultúra – Művészet – Irodalom – Kritika)

XIV – XV. Évfolyam I- II szám

Edutech Kiadó, Sopron, 2009.

131. – 136. old.

HU ISSN 1219 – 3046

**Gáspárdy Tibor:** *Art and Economy*

Economics, Management and Tourism

South-West University „Neofit Rilsky „, Faculty of Economics Tourism Department Duni Royal Resort, Bulgaria 2011.

59. – 64. old.

ISSN 1314 - 3557

**Gáspárdy Tibor:** *Művészet és személyiség*

V. Képzés és gyakorlat Nemzetközi Neveléstudományi Konferencia

Nevelés és társadalom: Hagyomány és megújulás

Szerkesztette: Hajdicsné Varga Katalin

Kaposvári Egyetem Pedagógiai Kar

Nyugat – magyarországi Egyetem Kiadó

Kaposvár, 2011.

16. – 17. old.

ISBN 978 - 963 - 9821 - 26 - 2

**Gáspárdy Tibor:** *Ember és kép*

VI. Nemzetközi Neveléstudományi Konferencia

Humántudományi kutatások a pedagógusképzés szolgálatában

- Generációk találkozása –

Szerkesztette: Dr. Varga László

Nyugat – magyarországi Egyetem Kiadó, Sopron, 2012.

98 – 99. old.

ISBN 978 – 963 – 334 – 051 – 6

**Gáspárdy Tibor:** *Ember és kép*

A VI. Nemzetközi Neveléstudományi Konferencia

Humántudományi kutatások a pedagógusképzés szolgálatában

Generációk találkozása – konferencián elhangzott előadásnak a Képzés és gyakorlat folyóiratban tanulmány formában történő megjelentetése. A közlésre vonatkozó befogadó nyilatkozat a publikációs lista melléklete. A tanulmány terjedelme: 10 oldal

**Gáspárdy Tibor :** *A kortárs magángalériák helyzete Magyarországon ( JELEN - és JÖVŐKÉP)*

FELELŐS TÁRSADALOM FENNTARTHATÓ GAZDASÁG

Nemzetközi tudományos konferencia a Magyar Tudomány Ünnepe alkalmából  
Programfüzet és előadáskivonatok

Nyugat – magyarországi Egyetem Kiadó, Sopron, 2013.

147.old.

ISBN 978 – 963 – 334 – 143 – 8

**Gáspárdy Tibor :** *A kortárs magángalériák helyzete Magyarországon ( JELEN - és JÖVŐKÉP)*

FELELŐS TÁRSADALOM FENNTARTHATÓ GAZDASÁG c.

Nemzetközi tudományos konferencia tanulmánykötete.

Nyugat – magyarországi Egyetem Kiadó, Sopron, 2014.

1026 – 1038. old.

ISBN : 978 – 963 – 334 – 144 – 5