

BY DAVID AAKER

## BRANDING AND CONTEMPORARY ART

**OBSERVING BRANDS IN** contemporary art can be instructive, especially for firms selling services or products with functional benefits that are hard to objectively value.

Contemporary art, defined as non-traditional art produced from 1970 to the present day, can sell for incredible amounts. For example, a Damian Hirst-mounted tiger shark currently on display at the Metropolitan Museum of Art under the title “The Physical Impossibility of Death in the Mind of Someone Living” is said to be worth \$12 million. There are some 2,000 On Kawara paintings that consist of a date like Nov. 8, 1989. One sold for around \$500,000 in 2006 at a Christie’s auction.

What makes these prices even more puzzling is the fact that several of the top artists do not do their own work. Andy Warhol famously did little of his own artwork, Hirst has a staff of 20 or so to do his and Jeff Koons was quoted as saying that he is not physically involved in the production of art because he lacked the necessary abilities.

Why these prices? A wonderful book, *The \$12 Million Stuffed Shark: The Curious Economics of Contemporary Art* by Don Thompson, provides answers. It starts by observing that high prices do not reflect objective quality. Consider the following: A series of experts had difficulty determining the authenticity of a Jackson Pollock look-alike painting that was bought at a flea market, which would mean the difference between a value of thousands versus tens of millions. And an authenticity board exists to ascertain whether Warhol actually saw

and approved a piece of art. If so, the piece goes from worthless to highly valued—the same piece.

We thus need to look at buyer motivations. There is logical rationale for buying art: It can increase in value, especially if you pick an artist that is moving up and the timing is right. However, the more important driver is the social and self-expressive benefit provided by buying and owning a piece of art. An art purchase can mean that you have sophistication and taste, are interesting, are part of a small and special group of people, are associated with a dealer, auction house or museum that is the authority of the field, and have arrived financially and socially. But the deliveries of such benefits are dependent on the value of the art after the purchase. If it falls sharply, so will the social and self-expressive benefits.

How does an artist establish a brand that can deliver high prices and social and self-expressive benefits? It is by having associations with collectors, dealers, auction houses and museums that affirm that the artist has arrived by their credibility and own associations with other artists. A collector buys not only an artist but a painting that is owned by \_\_\_\_, handled by \_\_\_\_ or hangs in \_\_\_\_\_. An auction professional once said, “Never underestimate how insecure buyers are about contemporary art, and how much they always need reassurance.”

If an established collector owns a piece, that means that he or she values the artist. In fact, artists and dealers often screen and differentially price their art

so that its likelihood of ending up with a prestigious collector will be enhanced. Hirst, as an unknown student, sold a work to Charles Saatchi, the advertising executive and prominent collector, that consisted of flies being hatched and attracted to a decaying cow’s head only to be zapped by a bug zapper along the way. That started Hirst on his way. Actually, Saatchi will buy a dozen works of a new artist, all of which will go up just because he owns them. Further, to encourage him to buy, dealers give him a favored price. In 2007, a seven-foot painting by Mark Rothko which was bought in 1960 for \$8,500 sold at Sotheby’s for \$72.8 million, nearly three times more than the previous high for a Rothko. The fact that a Rockefeller was the prior owner was a good part of the value.

Dealers will base their reputations on the artists displayed in their spaces. They cultivate up-and-coming artists and develop relationships so that the artists do not move to more prestigious dealers. Dealers will protect artists’ reputations—in part to preserve the value of their inventories—by buying artwork behind the scenes to prevent a drop in street prices.

Auction houses and museums represent the ultimate endorsement. Christie’s and Sotheby’s, the two most prestigious auction houses, can get an estimated 20% more for paintings because of their brands. Saatchi, who owns more than 3,000 contemporary artworks, is generous about loaning them to museums if they agree to display other pieces—so that they can be said to have been displayed in the museum.

So how do artists get established? Some, like Andy Warhol with his outrageous lifestyle and Tracey Emin with her bad-girl image (she created a tent embroidered with the names of her past lovers), get a lift from their personalities and visibility. However others need to carefully cultivate dealers and collectors striving to upgrade their status by holding or handling their art.

Other brands, particularly brands that have the potential to deliver social and self-expressive benefits, can learn from the art world. These brands need to find ways to provide reassurance to buyers that they made the right decision because their confidence, and the benefits that go with it, can be fragile. **m**



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