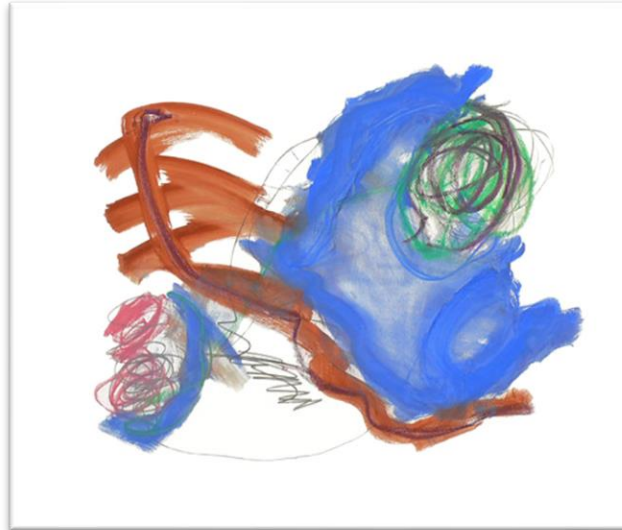


Contemporary Art Market

Decision-making amidst economic uncertainty in the contemporary art market



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Abstract

This report illustrates the factors that influence the decision-making processes of individuals when taking part in the contemporary art market, notwithstanding the risk often attributed to such asset and the economic uncertainty of periods such as the aftermath of Covid-19. By examining the motivations from different perspectives, this report aims to shed light on the dynamics of the contemporary art market and its resilience in the face of economic instability. To answer the research question *what factors drive individuals in Denmark to take part in the contemporary art market amidst the current economic uncertainty?* We carry out semi-structured interviews with two amateur art buyers, one curator, and two owners of renowned contemporary art galleries. The results show that investing in contemporary art 1) yields socio-economic advantages 2) is influenced by trust towards the artist, and 3) is a matter of familial background. The research emphasizes how these factors influences the perception of risk in the individuals when investing in a piece of contemporary art. The purpose of this study is to identify the key factors that affect participants' engagement with the art market by investigating their personal motivations, risk perceptions, and investment strategies. The research is also particularly useful and relevant given the current economic uncertainty and its potential effects on the investment landscape. The results of this study will add to the body of knowledge that exists about the contemporary art investment market by giving a more in-depth and precise understanding of the factors that influence people to invest in art despite the current state of the economy.

1. Introduction

The contemporary art market has been growing by leaps and bounds over the last two decades, however, without a clear explanation on why individuals buy art especially in period of financial instability such as during Covid-19. The pandemic has changed people's lives in many ways – not only in social relations, but also significantly altered the functioning of economy. The global pandemic disrupted the art market for two years, and 2022 was predicted to be the year that the industry restored at a more regular rhythm. Early in the year, it was predicted that sales would increase as the full slate of art fairs would resume and high-profile collections would be offered for auction. Mid-year studies on collector attitude also revealed upbeat purchase intentions. The year was undoubtedly defined by spectacular sales and events, but the outcomes were far more uneven, with performance varying by sector, region, and segment leading to slower growth than expected.

The COVID-19 pandemic made operating conditions for the art market particularly challenging. “Restrictions on travel, exhibitions, and events all contributed to a 22% decline in sales to \$50.3 billion in 2020, the lowest level since the beginning of the global financial crisis in 2009” (McAndrew, 2022, p. 19). In 2010 the market recovered quickly as well as the post-Covid sales in 2021 where “value reached \$65.9 billion in 2021 as almost all areas and major segments recovered, up 31% from 2020, bringing the market above its pre-epidemic level in 2019” (McAndrew, 2022, p. 19).

As sales and events resumed at a more regular pace in most regions in 2022, collectors and those in the art trade started the year with an optimistic outlook. Strong auction sales throughout the first half of the year resulted in numerous record prices being set. The dealer industry provided encouraging signs with its bustling fairs and exhibitions. With political and economic unpredictability, the escalating conflict in Ukraine, quickly rising inflation rates, supply-related challenges, and impending recessions in important markets, the context turned out to be more difficult than anticipated as the year went on (McAndrew, 2022). Tight zero-COVID regulations in China also caused several events and auction sales to be postponed throughout the year, which had a significant negative impact on the expansion of the art industry. Short-term disruptions have persisted due to high transmission rates that have been a result of these regulations' abrupt termination at the beginning of 2023. Global sales rose merely 3% year over year to an estimated \$67.8 billion, even though the other main markets, notably the US and UK, reported favourable results. Divergence in performance led to more muted growth in 2022, with predicted global sales rising by just 3% annually to \$67.8 billion (Ibid.).

Figure 1 Global art market sales



Source: Sales in the Global Art Market 2009-2022 (McAndrew, 2022, p. 20)

The last major recession in the art market was in 2009 where “sales fell by 36% to \$39.5 billion”(McAndrew, 2022, p. 21), which can be explained as a fallout from the global financial crisis that affected nearly every segment of the market. The art market recovered , when a flourishing Chinese art market and art sales in the US pushed the “values up by 44% to \$64.6 billion by 2011” (McAndrew, 2022, p. 21).

This time, geopolitical tensions and economic uncertainty had a negative influence on sales in 2019, thus the market was already under pressure before the pandemic-induced downturn in 2020. Early in 2020, when the pandemic first appeared, the market experienced an unprecedented crisis because of event cancellations and restrictions. Even so, the market had impressive resiliency, and internet trading helped preserve value, making the nominal year-over-year decline much less severe than in 2009. However, this has been matched by a recovery that is not as strong as the one from 2009 to 2011, with sales rising by 35% from 2020 to 2022 (Figure 1) (Ibid).

The Covid-19 pandemic has had a significant impact on the art market in Denmark as well as the global market, it has called for long-term reopening plans, composed exhibitions, cancelled events, and staff eagerly trying to keep up with budget plans. The national gallery of Denmark predicted a financial scenario of losing DKK 20 million (EUR 2.7 million) in 2020, additionally the Martin Asbæk Gallery in Denmark, Copenhagen had sales worth DKK 1.7 million (EUR 228.000) annulled just for the month of February 2020 – which means a zero turnover. With these numbers, it becomes clear, that people are being cautious about spending money in these uncertain times (Steiwer, 2020).

The art world is characterized by a high degree of uncertainty and risk. One major contributing factor is the lack of transparency in the market, with prices and sales data often kept private and difficult to access (Forbes, 2019). Additionally, the art market is subject to unpredictable trends and changes in demand, which can be influenced by a wide range of factors such as political and economic conditions, cultural shifts, and changing tastes among collectors (Codignola, 2003). Furthermore, the value of a work of art is often tied to its rarity and authenticity, both of which can be difficult to establish with certainty, particularly for works from earlier periods or from lesser-known artists (Erskine, 2022). The risk of fraud and forgery is also a concern in the art market, as unscrupulous dealers and collectors may attempt to pass off fake or counterfeit works as authentic (Baker, 2019). Finally, the cost of buying and selling works of art can be very high, with fees and commissions charged by auction houses, dealers, and other intermediaries, which can reduce the overall returns on investment in art and increase the risk of losses (Murphy, 2018). Given these factors, investors and collectors must carefully consider the risks and uncertainties inherent in the art market before making investment decisions. With the uncertain times, it also becomes clear that the art world is characterized by a high degree of uncertainty and risk. One major contributing factor is the lack of transparency in the market, with prices and sales data often kept private and difficult to access (Forbes, 2019). Additionally, the art market is subject to unpredictable trends and changes in demand, which can be influenced by a wide range of factors such as political and economic conditions, cultural shifts, and changing tastes among collectors (Codignola, 2003). Furthermore, the value of a work of art is often tied to its rarity and authenticity, both of which can be difficult to establish with certainty, particularly for works from earlier periods or from lesser-known artists (Erskine, 2022). The risk of fraud and forgery is also a concern in the art market, as unscrupulous dealers and collectors may attempt to pass off fake or counterfeit works as authentic (Baker, 2019). Finally, the cost of buying and selling works of art can be very high, with fees and commissions charged by auction houses, dealers, and other intermediaries, which can reduce the overall returns on investment in art and increase the risk of losses (Murphy, 2018). Given these factors, investors and collectors must carefully consider the risks and uncertainties inherent in the art market before making investment decisions.

This leads to questions such as why people choose to invest in art despite its uncertainty, both in terms of high inflation, the aftermath of covid 19 - but also purely in terms of all the risks involved in investing in art in general. The aim of this project is to identify and examine the factors that influence the decision-making of investors in the art-market with a focus on the role of uncertainty and risk.

What factors drive individuals in Denmark to take part in the contemporary art market amidst the current economic uncertainty?

Research Design

The project is based on qualitative research, and it is structured as follows: firstly, a problem area is presented and provided with a research question. Secondly, major literature and scholarly debates are presented for elaborating the state of art of the elements under study. Thirdly, the methods used to carry out the research are delineated and illustrated with the coding techniques the group engaged with to produce data. Fourthly, an elaboration of the theoretical framework and the concepts is applied on the empirical material to interpret it. Fifthly, a report of the crucial parts of the interviews are presented and analyzed using theoretical hypotheses and concepts. Here, an interpretation of the interviews is used for production of own data. Finally, a conclusion highlights the main findings and reflections on the factors which drive individuals to store wealth in art amidst economic uncertainty.

2. State of art

This section aims at condensing the main literature used for elaborating the problem formulation and research question. It is divided into three sub-chapters: *Risk and uncertainty in the art world*, *Is art a safe asset class?* and *Fundamentals of contemporary art*. The first aims at highlighting the scholarly debate concerning a sociological perspective on the notion of risk-uncertainty related to art. The second briefly delineates scholarly opinions on art and whether it can be seen as a safe asset class. It is mostly concerned with the financial characteristics of a piece of art. The third aims at providing underlying dimensions of art such as supply and demand, how it obtains value and how it can be used as a speculative asset. The sub-chapters are fundamental for acquiring knowledge regarding the topic.

2.1 Risks and uncertainty in the art world

Perspectives on risk and uncertainty

The consumption of highly idiosyncratic goods is highly personal; the whole process is very subjective and depends on a unique object-viewer interaction. In other words – the risks and uncertainty are high. Risk and uncertainty are pervasive in modern society and yet a universal understanding of the role and function of these concepts remains elusive. The debates and discourse surrounding the concepts are mainly depending on subtly, but critically conceptualize what risk and uncertainty mean, imply, and what can or should be done about them (Dempster, 2014, p. 25). How do we define a risk?

Negative perspectives

If we simply look at the most held conceptualisation of risk, it would be most often associate with *hazard*. According to William Rowe (1977), risk is simply about balancing direct and indirect gains and losses, ensuring that risks have been cost-effectively reduced, and verifying that risk inequities are examined – in other words, identifying, measuring, and evaluating the outcomes resulting from natural and technological hazards. The approach to managing risk discussed here has been confirmed by scholars in various fields, including social sciences. These experts have found that uncertainties, whether they are caused by nature or humans, and whether they are real or perceived, lead to risks that can negatively impact social systems, institutions, and people. This can be referred to as a harmful association with risk. Therefore, the primary objective of comprehending uncertainty and its related risks is to reduce them as much as possible and ideally eliminate them entirely (Dempster, 2014, p. 28).

Balanced perspectives

An alternative perspective on risk and uncertainty is a more balanced approach to risk. Here it is separated from uncertainty and seen as only one side of the coin, whereas the other side is seen as the reward - in other words the 'risk-return trade-off'. The concept of the 'risk-return trade-off' implies that as the level of risk increases, the potential for return also increases. Therefore, if one desires to achieve higher returns, they must be willing to take on more risk. This idea can be captured by the well-known adage, "no pain, no gain." (Dempster, 2014, p. 29).

The difference between risk and uncertainty is important to understand for this approach. Risk is measurable and associated with a specific probability of an outcome, while uncertainty is immeasurable and unpredictable. The ability to measure risk allows for calculated decisions based on information and assessments, leading to the development of a risk management industry and tools like Value at Risk. By managing risk, creative practitioners can become active managers of future possibilities. The mastery of risk has been a defining feature of modern society, but the increasing complexity of risk management techniques has also led to the downfall of social and economic systems. Critics argue that reliance on overly general assumptions and complicated models can lead to overestimating their effectiveness in capturing "immeasurable uncertainty" (Dempster, 2014, p. 31).

The art market has seen substantial growth in recent years, leading to excitement among new and potential investors and art world players. However, the recent past has shown that a balance needs to be struck between formal modelling of uncertainty and the ability to deal with the unknown. To succeed in a rapidly changing environment, a "robust and successful social and economic landscape, including the art market, must allow for multiple and appropriately modified approaches that ultimately enable variation, adaptation, and responsiveness in the face of unknowable uncertainty and unpredictable change." (Dempster, 2014, p. 30). Economists have long considered how uncertainty and risk affect entrepreneurship. In the art world, practitioners operate in an uncertain world fraught with risk. The ability to understand the environment, foresee changes, and be willing to act upon risky forecasts in the absence of complete information is critical for success. Entrepreneurs are defined by their ability to coordinate the factors of production and bear risk for the chance of profit. Risk-taking is seen as an inescapable part of business activity because economic activity is itself defined as the commitment of present resources to an uncertain future.

In the art world, risk-taking is a hazard, however, a balanced perspective of risk is seen as highly positive. Sociologists have emphasized the need to value risk in recent years, but as a social construct rather than as a straightforward measurement of objectifiable and quantifiable values that relate to some degree of probability (Ibid.). They are concerned with contextualizing risk and estimates of risk are treated as socially constructed notions that are framed and shaped by different societal actors and institutions. The way in which risk is perceived – and therefore acted upon – is not guided by objective

measurement but rather determined by subjective opinion within a highly politicized and social process. People make choices about the risks that are acceptable and which of them are not, and therefore about those they will face and manage over others.

In summary, both economic and sociological perspectives view risk-taking as a necessary component of entrepreneurship and as only one side of the opportunity generation and value creation equation. In some circumstances, taking risks can be seen as an essential component of the process for performance, innovation, and healthy development (Ibid.). Risk is should not always be seen as a bad thing, as an acceptance of it, it is part of natural social processes wherein people continually evaluate what can be considered acceptable or not and what they should pursue accordingly. This stands for a balanced perception of risk where risk is not seen neither negatively nor positively but rather as part of sociological processes (Dempster, 2014).

Uncertainty and the art world

Some studies have examined the dynamics and characteristics of uncertainty and risk in market-driven creative industries such as the film and music industries. These industries face significant management challenges due to the unpredictability of consumer demand and product performance. Because the consumption of unique creative goods such as art is highly subjective and difficult to categorize, measuring or modelling them in the aggregate can be challenging. Caves (2000) explains how creative industries deal with extreme uncertainty on both the demand and supply side and why they are structured in the way that they are. However, there is still a lot of work to be done in understanding uncertainty and risk in creative industries. The art market has not been studied systematically in relation to risk management (Dempster, 2014).

The creative industry is an uncertain world where risk-taking is a central part of the function of both classical entrepreneurs and artists. The creative process itself can be considered a type of risk-taking, where artists create opportunities for unexpected occurrences and use uncertainty to enhance their creativity. The French abstract painter Jean Héllion equated art with risk-taking and artists define themselves as risk-takers, rule-breakers, and boundary-destroyers. Risk-taking demands courage, curiosity, and spontaneity, but it must also be informed by skill and sense and managed, not avoided. However, the report falls short of specifying which risks are relevant and how they should be managed. The interest in making use of uncertainty within artistic practice has increased in modern times, where artists use formal methods to allow for the occurrence of chance events that become part of the artwork (Ibid.)

The idea of embracing uncertainty and taking risks to unlock creativity is not a new concept and has been explored by various theorists such as Carl Jung and Sigmund Freud in the early 20th century.

Emile Durkheim, known as the father of sociology, also believed that periods of great uncertainty and unrest could lead to the greatest periods of creativity, as art existed outside of standard moral conventions. The creative industries, including the art world, are known for their high levels of uncertainty, which can result in both significant opportunities and losses. The celebration of risk-taking is often associated with innovation and artistic excellence. Although attempts have been made to model uncertainty in the film and music industries, studies on industry-specific risks in the art world are rare. It is important to understand the main sources of uncertainty and associated risks in the art world because entrepreneurs and practitioners in this field must deal with it, and risk is a critical component of the creative process in this industry (Ibid.).

2.2 Is art a safe asset class?

Most of the studies concerning contemporary art prices and market have been carrying out over the past two decades as “the global art market has exploded over the last ten years, nearly doubling in size” (Mandel, 2011, p. 1699). Scholarly debate associates this phenomenon with the possibility of buying art which could deliver a higher return compared to gold and bonds. Late research, in fact, stresses how “art investment is shown to be more profitable than government bonds and gold” (Frey & Cueni, 2013, p. 2; Renneboog & Spaenjers, 2013). The claim is supported by the Sharpe ratio, which is an economic-mathematical index which collate the return of investment over its risk (Pav, 2021).

The purchasing of art could “offer protection against inflation” (Frey & Cueni, 2013, p. 3) by transforming cash into something more illiquid that is less likely to lose value overtime. In these regards, Öztürkkal and Togan-Eğrican (2020) point out that art is a hedging¹ option which enables the investors or whomever purchase it, to differentiate the assets portfolio “decreasing risk and enhancing returns” (Öztürkkal & Togan-Eğrican, 2020, p. 485). Art’s reliability may even surpass and outshine the stock market over the course of a crisis or economic downturns (Mandel, 2011).

By this perspective, the art market has evolved by becoming exclusive to few wealthy individuals, due to the dramatic increase in artworks’ prices over last decade. The purchase of expensive art pieces paved the development of “art investment vehicles”, such as “Art Funds”, i.e., funds wherein a group of investors can cluster money to purchase a piece of art, which will be sold in the long term and whose revenue distribute among the investors (Mandel, 2011).

¹ “Hedging is an advanced risk management strategy that involves buying or selling an investment to potentially help reduce the risk of loss of an existing position” (Fidelity, 2023)

Concurrently to the “Hedge dimension” characterizing the purchase of artworks aiming at lessening the economic risks related to financial turmoil, some scholars have been focusing on art’s acquiring as a safe haven-seeking action ascribed to its “low or negative correlation with other asset classes” (Kopyl & Lee, 2016, p. 455). This means that whereas traditional assets’ returns may decline, art could decline to a minor extent or even gain a positive return. Overall, safe-haven-assets are meant to protect the investor who owns them by period of financial instability. By contrast, the debate surrounding art raises questions related to the expected price appreciation and tastes of the artwork, whose valuations are “more uncertain than for most financial assets [...] (and) art investing include high costs, illiquidity, and lack of transparency” (Ilmanen, 2011, pp. 218–219). Observing the phenomenon of art procurement from a non-economic perspective, the possession of an art piece is meant to enhance the social status of the owner, thus, steering the motives behind art purchase towards a more individual perception. On this note, as well as the economic return, art may also yield psychic return, stemming from the pleasure and satisfaction in owning a painting or canvas (Frey & Cueni, 2013).

2.3 Fundamentals of contemporary art: supply, demand, and value

The literature on fundamentals of contemporary art highlights the underlying processes within this market such as supply and demand. According to Beech (2015), the market forces ask suppliers only to provide what customers demand, or at best to meet demand with the highest possible standards; this, in line to Llewellyn Smith (1924), falls miserably short of the principles underlying artistic practice. Artists do not supply what the market demands, or give consumers what they want, in other words, the producers of art are not motivated and incentivised in the way that typical commodity producers are.

In the contemporary art market, the science of Economics fails to explain and predict the demand and supply of art as the “artist do not attempt to supply what their collectors demand” (Beech, 2015, p. 35). Regarding the pricing of a piece of art, the value attached to it is not only dependent on its quality, but the crucial part is the market value. For example, when a piece of art is ‘selling out’, it means that it will be a lack of quantities available in the market, so therefore, the consequence is that the item gets automatically more value. Llewellyn Smith (1924) distinguishes artwork from other type of luxuries due to, this kind of asset is not based in desires or demands established by consumers, instead, the mere desire or demand has value. A great example of this is the case of the death and the effect that it has on the demand of art. According to Ekelund (2000) the factor is the inability of living artists completely to assure demanders that the market for their art will not be “spoiled” in the future by “overproduction”. On this note, the death or anticipated death of the artist make the artwork even more valuable. To wit, the uniqueness of the limited production that the artist provided when he was alive, is what makes the work very valuable in terms of limited edition (Ekelund et al., 2000).

In terms of supply and demand, the more artworks of a specific artist are situated in public museums, the smaller number of artworks will be available for sale, therefore, the more the value of those works for sale (Ekelund et al., 2000). The conditions in which the artwork has been preserved is a factor that the market considers. This is assessed by experts according to the period. There were times where restorations were classified as invasives giving rise to the detriment of originality, which nowadays is an element that subtracts value rather than adding (Bastoni, 2022). The authenticity of the work can be assessed in a technical way, or by applying a subjective analysis. Nonetheless, the subjectivity is not considered by art critics in order to judge “factors such as the clarity of execution and the mastery of the medium used, independently from style and era” (Bastoni, 2022; Dempster, 2014).

2.4 How does contemporary art obtain value?

Art value is surrounded by a broad scholarly debate, which seeks to understand how the value of art is assessed. Dempster (2014), for example, argues that the value of contemporary art is linked to the perceived current and future success of the artist, rather than the long process of historic validation. The potential trajectory of an artist market evolution can be divided into three phases plotting them against two axes: cultural and economic. Firstly, the formation starts when the artist gets graduated from art school. The students’ networks are relevant in promoting and endorsing their talents, as galleries commonly use artists as scouts for other promising artists. Secondly, find an art gallery that will act as an agent or intermediary between the artist and other market participants, such as art critics and reviewers, private collectors, curators, and museums. In the beginning, this process takes a local level, but further on, it gets more international. Thirdly, the expansion. As the international reputation of the artist increases, it will get more attention from big international galleries in different key markets such as London, New York, Paris, and Hong Kong: “Some artists move to a bigger and more established gallery as part of the expansion phase” (Dempster, 2014, p. 73). What characterizes this period is a broadening of the international art network (as it becomes a more diverse ecosystem), and ultimately a wider endorsement of the artist’s work and career (higher cultural value). The relevance of analysing the commercial side is that, as individuals, it is expected a significant rise in prices, and therefore, the economic value of the art piece also increase together with the demand of artwork. Thirdly, the consolidation. The biggest risk in the contemporary art market remains to change in tastes and preferences among tastemakers, which can have a significant impact on the perception of the cultural and economic value of modern artworks. It could sound impossible to measure the changes in taste and the risks indeed, but it is possible with a methodology to track the sentiment and opinions of a carefully selected group of art market participants. “By capturing the sentiment and opinion of a wide range of tastemakers from the contemporary art market, we might be able to come closer to the insider’s perception of value and risk” (Dempster, 2014, p. 75). The survey is conducted every six months and

includes questions about the overall contemporary art market, perceptions about risk and speculation, as well as sentiment toward individual artists' markets (Dempster, 2014).

Furthermore, the scholars debate indicates that the value of a piece of art is given on behalf of three factors: the intrinsic value of the piece, the social value of art and the commercial-market value. One of the most difficult processes is to determine the intrinsic value of a piece of art, due to this one does not depend on statistical data. It is a highly subjective emotional value, connected to how a specific work of art makes the observer feel, what sensations it provokes, and, of course, this cannot be held or shown. The social meaning of a piece of art is related with the self-projection of sentiments and feelings that viewers develop at the moment to observe the artwork. Moreover, the social value of art comes from the capacity of gathering individuals for the purpose of a communal experience, in other words, it creates a general shared feeling towards the same piece of art. Nevertheless, the commercial value of an art piece is established by collective consensuses, exactly like currency. (Bastoni, 2022).

Regarding the art market Chiara Bastoni (2022) states that art purchases can take place either in the primary market, by purchasing from the artist, or in the secondary market, when buying art pieces that have already been purchased before. The latter is regulated by supply and demand. The market value of art, thus, is determined by galleries and auction houses, but the background of the piece of art like the historical importance or have a certain meaning in the development of history, or the history of ownership once it enters the secondary market help new works or works resold on the market to be priced (Bastoni, 2022).

When referring to art, the negotiations for artworks can be displayed in two different markets. The primary market is the one where the production of the art goes directly from the artist to its first purchaser. It is also the market where the price is established mainly by the artist himself and his dealer, for example, an art gallery. On the other hand, the secondary market is regulated merely by the demand and supply. If we combine all the elements from the primary and secondary market, it is possible to arrive to the conclusion that the market value is determined by galleries and auction houses, but the background of the piece of art - like the historical importance, either have a certain meaning in the development of history, or the history of ownership once it enters the secondary market help new works or works resold on the market to be priced.

In conclusion, the value that the market assigned to the artwork is extremely related to the artist who produced the work. Whether the creator is known or in the process of being famous, makes a big difference – which can be explained by the fact that the value is measured in prices, and these are established based on the artist's exhibition history, sales history, and career level. In general, the greater the demand for the artwork of an artist is, the higher the prices are on the market.

2.5 The speculative side of art

The speculation is defined by Kaldor (1939) as “the purchase (or sale) of goods in view to re-sale (or re-purchase) at a later date” (Kaldor, 1939, p. 1). There is a distinction between regular purchase and sale and speculative purchase and sale. The latter implies an expectation that the market price of that commodity will grow in the future yielding a profit. On the same line, according to Vishmidt (2018), speculation is considered as a mode of production in the sense of the financial speculation. The latter is defined as the intensification of capital’s tendency for future-oriented growth. Financialised capital operates to capture the present value that has not yet been produced, through instruments such as debt, options, and derivatives. The risk, and specifically its management through algorithmic formulas and other standardised and specialised mathematical applications, as well as via the automation of trades, is what underlies a speculative mode of valorisation. “Art in its contemporary register, is both speculative commodity and a species of future-oriented practice” (Vishmidt, 2018, p. 2). Vishmidt (2018) indicates three main elements that can be practiced when speculating on a piece of art: The first one concerns how art speculates on its territorial or institutional claims to expand or displace its space of possibility in the sense of value. The second concerns the artistic practise as a speculative thought, in which art is not identical with its objects, instead, art materialises the experience of non-identity in the way that it performs a break between material and structure, subjectivation and reification. The third one establishes that artists behave as the prototype of the entrepreneur. In other words, the artists views itself as being a financial instruments, who are allowed to gather all kinds of data and material and reproduce them as artworks, or in the same line of the entrepreneur, to reproduce them as profit (Vishmidt, 2018).

How does art create speculation? The key argument is that speculative capital is not considered as unproductive capital, but speculation itself constitutes a mode of production. In other words, “financialization is not an unproductive/parasitic deviation of growing quotas of surplus-value [...] but rather the form of capital accumulation symmetrical with new processes of value production” (Marazzi, 2011, p. 48).

In conclusion, the speculation in art can be understood in two different ways. Firstly, as a mode of production, due to the artist is considered as an entrepreneur and his artwork has value of production. Secondly, the role of the artist as an integrant part of the community, surrounded by constant social events that can modify the value of the piece.

3. Methodology

3.1 Philosophy of social science

The project takes a constructivist stance. This approach dates back to the 20th century and claims that the knowledge is in the head of the individuals and it is subjective (Glaserfeld, 1995). By positioning ourselves in the constructivist sphere, we are able to address levels of reality that are produced by social actors (Delanty, 2002). The group has its own understanding of the case at hand, and acquire knowledge through experiences, ideas and processes it engages with. Remarkably, since all kinds of experiences are intimate and subjective and, as constructivist researchers, we understand that our knowledge is not passively developed but inherently influenced by our backgrounds and by the participants' who take part in our research.

We explore the field of contemporary art market, using idiosyncratic perceptions and positions. Our knowledge is relative as mostly based on observations. Additionally, the results of the research do not represent neither the objective truth nor the reality, but rather the participants' realities interpreted by our thinking and constructs. Eventually, in conducting qualitative research, the group brings personal insights, idealizations, and generalizations when both engaging with the participants of the interviews and interpreting their opinions (Flick, 2018; Ültanır, 2012).

3.2 Qualitative Method – semi-structured interview

The project uses semi-structured interview as the main method to collect qualitative data to answer the research question. Semi-structured interviews are sufficiently structured to approach specific dimensions the research aims at exploring without confining the opinions of the participants. The open-ended questions contained in the interviews create space for probing questions for clarification or reciprocal critical reflection between the participant and researcher (Galletta, 2020).

The recruitment of the participants aims at gathering people who live in Denmark in order to get an insight into the art investment market in the Danish landscape. Our desire is to obtain heterogeneous participants. As a common criterion, all the participants must be buyers involved in purchasing of physical contemporary modern art. In addition, the group prioritized to interview two amateur buyers, two owners, and one curator from professional contemporary art galleries. When choosing the participants, the aim was to have an equal number of male and female interviewees, whose age range between 25 and 50 years old. Nevertheless, this selection of participants cannot be considered sampling as the interviewers do not seek to identify specific behaviours within a group, but a wide spectrum of opinions deriving from all the participant in order to elaborate the answer to the research question. In conclusion, the interviews are conducted physically face-to-face apart from one which is conducted on

zoom. As the theme of the interview does not focus neither on body language nor on social interactions, it is not mandatory for the group to conduct only physical face-to-face interviews.

The questions formulated for the interviews seek to gather socio-economic individual opinions inherent to the purchase of art. The interview is partly driven by the concepts of value, uncertainty, and risk, which often recur in the questions of the researcher. The order in which the participants are interviewed plays an important role in shaping and further developing the interview questions. In other words, the first interview offers new insights which are then textually applied to either new or existing main, follow-up, and probing questions in the following interview sessions. This is beneficial for the group to be more specific and detailed conducting a responsive interview where the interviewers' attitude improves the outcomes of the interview (Flick, 2018).

Presentation of the participants

To broaden the spectrum of opinion gathered in the semi-structured interview, the group carry out five interviews. Two of the interviewees are amateur art buyers whereas one is curator and two are owners of modern and contemporary art galleries. The heterogeneity among the interviewees in terms of their background, ideas, status, and attitude, result in a diversified array of opinions on such topic.

The participants are presented as amateur buyer 1, art gallery owner 1, art gallery owner 2, art gallery curator, and amateur buyer 2. Remarkably, all the interviewees buy art from the primary market.

Amateur buyer 1 (28 y/o) buys paintings of modern and contemporary art together with her husband (32 y/o). She enjoys art for showing off when having friends over at her 3-bedroom apartment in the embassy quarter of Østerbro. She believes that is safer to invest in a piece of art you can see and have at home, rather than keeping the saving in a bank or investing them in stocks that are not tangible. Her view on contemporary art is more *materialistic* compared to the other participants, i.e., she sees in contemporary art an asset where to store savings. Her husband buys art as well. She perceives the purchase of art as buying a piece of history. She stresses the fact that art represents a footprint for the generation to come. Furthermore, the paintings she buys reflects her identity and clothing outfits. She and her husband invest in upcoming artists by trusting their "guts", as they do not have a degree in art or finance-related subjects, but rather an artistic familial background.

Art gallery owner 1 (50 y/o) owns a shop and art gallery where he sells contemporary paintings of different sizes, both bought and drew by him. He relies on art sales as solely income. He got a scholarship to attend prestigious courses Boston Academy of Arts, but he decided to focus on what he likes to do, i.e., drawing, buying, and selling contemporary art. He perceives contemporary art as a way of communicating feelings and ideas. He believes that a painting at home gives certain vibes and make

the owner feel relaxed. When describing art, he puts focus on the material qualities of the pieces he buys such as used technique, style, and idea behind. He provides an interesting view on how art buyers are sometimes “fooled” by the price attributed to a piece of art, to explain how the price is socially constructed and does not represent the real value of that piece.

Art gallery owner 2 (46 y/o) is interviewed online and he is the owner of a renowned art gallery. He buys contemporary art paintings from emerging artists who he knows. He also collects contemporary paintings for leisure. He states that art means everything to him. His life gravitates around art in terms of job and family. His wife works in an art auction house, his father is educated in history of art, and her mother collects arts. He organizes exhibitions in Denmark and around the world. He has many years of experience in screening the works of emerging contemporary artists, whose value, he argues, would only increase overtime. Moreover, he stresses the importance of keeping the piece of art in a safe place as well as paying an insurance for it.

Art gallery curator (29 y/o) is interviewed in an art gallery, where she is the curator, i.e., oversees the exhibitions consisting of contemporary paintings on canvas and sometimes particular visual experience within them. She has expertise concerning the value of art and how the contemporary art market works. She has an amateur collection of paintings from emerging artists she knows in person and has previously attended a bachelor’s degree in history of Art. She stopped collecting when beginning to work in the gallery where the price range of the artworks is much higher than the paintings she used to collect. She believes that people are less likely to invest in art unless they are already personally or professionally involved in the arts.

Amateur buyer 2 (28 y/o) collects contemporary Vietnamese paintings on canvas, which she buys online from a variety of group of emerging artists. She asserts that owning a piece of art at home gives her the feeling of living in a luxurious place and owning beauty and a valuable object. Buying a piece of art for her is like transferring money into an asset. Before buying a painting she always compares similar styles and artists with the prices at which they sell their work in order to understand whether she is purchasing for the right price. Her family is not into the art world; thus, she is the only participant buying art who has not an artistic familial background.

Ethical and practical considerations

The interviews implicate some ethical issues which require considerations by the group. Money-related topics can be perceived as sensitive and therefore the interviews are required to be anonymous. For this reason, the interviewers present an informed consent to the participant in the beginning of each interview session. Since the interviews are carried out in Denmark and the scope of the research

concerns personal opinions on contemporary art, the group should not reveal neither the identity of the participants nor their specific geographical position. The researchers seek to avoid any possible traceability stemming from the project report. As a solution, the names of the participants are not disclosed, and their specific geographical position are not reported. Thereby, the group used semi-structured interviews that has “an ethical responsibility to ensure participants are aware of the potential for such outcomes” (Husband, 2020, p. 7).

Although the topic is not extremely sensitive, the ethical considerations could avoid any sort of detriment for the participants and their business activities. The participants, in fact, often refers to their current wealth in terms of pieces of art they possess. Thereby, they would not disclose certain financial-personal details if they knew they were not going to be anonymous from the beginning. Thus, anonymity is beneficial both for the participants’ sensitive amateur information and for the interviewers’ research objective and variety of raw data.

Limitations and constraints

The group identifies one main limitation when adopting semi-structured interviews from conducting the research. It stems from the lack of willingness by art buyers -both amateurs and professionals- to give their consent to be interviewed. For this reason, the saturation point is not fully reached in the research. The findings of our research may not be representative neither for the participants categories nor for the art investment market itself. However, the limitation is absolved by the five participants who offer an extensive array of opinions, and by the scope of research which does not aim to compare groups within the art investment market. Additionally, the interviews are time-consuming and time constrain arises during the project work (Flick, 2018). Finally, at the scale of a first-year project, the scope of the spectrum within the art investment market in the landscape of Copenhagen, Denmark is limited in terms of time and availability.

3.3 Qualitative Content Analysis and Thematic Coding

To carry out the analysis, the group uses a method which is a combination between Qualitative Content Analysis and Thematic Coding. In fact, both techniques suit our research, and each procedure has fundamental steps that the other does not involve. By using only one of the two, the group would overlook specific themes emerging during the interviews that contribute to giving a thorough answer to the research question. The methods will be illustrated and discussed highlighting how a combination of both is the optimal approach for conducting the analysis.

Qualitative Content Analysis

The semi-structured interviews are conducted using existing concepts given by the literature and the theoretical framework as a guideline. Hereafter, in order to organize the vast quantity of data gathered during the interviews, the group creates a coding frame. The latter is based on categories that are applied on the empirical material stemming from the interviews and not vice versa. The categories are theory-based as encompass the main concepts presented in the theoretical framework. Additionally, the coding frame includes some sub-categories that delve more in details and represent codes identified after having carefully read the interview transcripts. They are defined based on the major areas addressed in the interview sessions (Flick, 2018).

Table 1 Coding frame

Coding frame		
Categories	Description	Sub-categories
Risk	Situation where future outcomes can be foreseen/calculated (risk management)	Value of art
Uncertainty	Situation where future outcomes cannot be foreseen/calculated	Covid 19, Financial Crises, Global risk and Vulnerability
Investment	Something which is procured in view of a future financial return	Subjectivity, Safety, Familial background
Socio-economic status	Socio-economic individual position within a given population	Prestige, Social Rewards, Respect

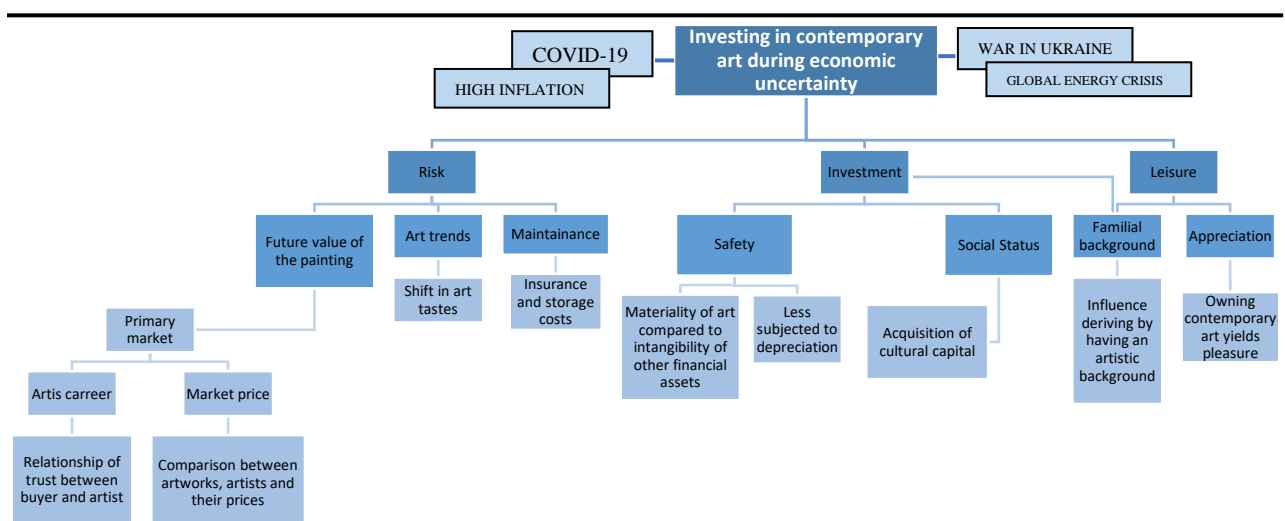
Source: elaboration by the authors

The Qualitative Content Analysis allows the creation of sub-categories based on the content of the interview. That is, it is possible to generate more detailed notions that do not appear in the main categories in the first place but are developed after having conducted the interviews. In addition, this method is systematic, as it requires tackling each category individually allowing a careful analysis of each without overlooking important aspects. At the same time, the group acknowledges that the method is limited when, instead of simplifying the interpretation of the opinions related to a specific category, it may obscure their profoundest content. This means, that the analysis of passages in the transcripts may be biased by the coding frame and its categories chosen prior the interviews (Flick, 2018).

Thematic Coding

As the group reflects on the disadvantages stemming from using the Content Analysis, it also applies some of the pivotal points of the Thematic Coding. The latter is engaged after outlining the main theory-oriented categories and sub-categories in the coding frame. Although the group uses the main categories as a guideline for conducting the interview, it further delves into the specific themes which emerge from each interview session. To wit, it often happens that during the conversation the participant rise new perspectives which are not taken into consideration by the interviewer in the first place, and as relevant for answering the research question, need to be explored thoroughly. The researchers thus temporarily outdistance themselves from the main concept-oriented questions, to explore new areas that vary according to the participant. Remarkably, the new themes emerging from each interview are related to the sub-categories of coding established with the Content Analysis based on the interview transcript but represent the profoundest individual opinion regarding the category and sub-category. In other words, the individual understanding of each sub-category (Flick, 2018).

Figure 2 Thematic Structure

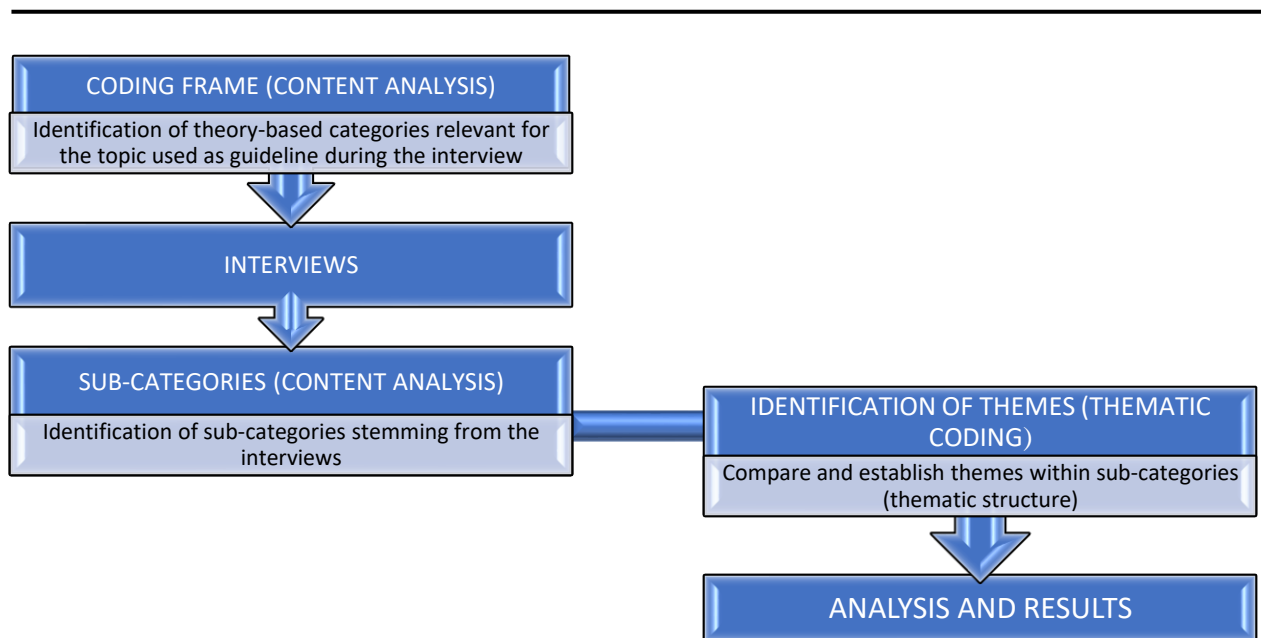


Source: elaboration by the authors

The thematic structure (figure 2) displays themes emerging from the sub-categories of the coding frame and sub-themes based on recurring domains of opinion the participants address in the interview. For example, in the sub-category of “investment”, the group identifies a domain regarding “safety” and one regarding “cultural capital acquisition” as recurring in the interview with most participants. Furthermore, two sub-themes are identified within the “safety” theme. Interestingly, although very specific, sub-themes domains are identified in more participants and drive the group to report them in the project.

Thus, the Thematic Coding balances the disadvantage deriving from utilizing the Content Analysis. The group seeks to be as representative as possible, in terms of opinion from both amateur and art gallery buyers, hence adopts both techniques to carry out research. Furthermore, such identified themes may occur across different categories of participants and could be used for comparative studies between the two. In the case at hand, for example, themes identified in the category of amateur art buyers, are also found in the group of gallery buyers. At the same time, themes recurring in art gallery buyers are absent in the other group. Therefore, the groups understands that the categories elaborated for guiding the interview are perceived differently across the participants and need to be screened in order to enhance the outcomes of the research.

Figure 3 Coding process



Source: elaboration by the authors

Figure 3 displays the order in which the coding is organized. Initially, a coding frame is established as a guideline for the interview; after the interviews, the sub-categories are identified and added to the coding frame and within them important themes to reveal patterns among the participants. As displayed in the figure, Thematic Coding complete the Content Analysis yielding more representative results which would not be as representative by only using the Content Analysis.

4. Theoretical Framework

4.1 Prospect Theory: an analysis of decision under risk

The prospect theory emerged from the traditional economic theory that assumes that individuals make decisions based on rational calculations of expected utility, however Daniel Kahneman and Amos Tversky (1992), who are the fathers of the theory, argues that people's decisions are often influenced by biases and heuristics. Prospect theory is a descriptive theory of decision-making that seeks to explain how people make choices when faced with certain outcomes. It suggests that people evaluate outcomes, not in terms of absolute gains and losses, however in terms of changes from a reference point, such as their current wealth or status quo. In other words, reference dependence: it assumes that people evaluate outcomes based on changes from a reference point, rather than the absolute value of the outcome itself. An example of this is, if you imagine that you are given a choice between guaranteed \$50 gain and a 50% chance of gaining a \$100 instead. Then, according to the prospect theory, most people would choose the first option, rather than betting on the \$100. On the other hand, when it comes to possible risk of losses, the people find themselves choosing between either 100% chance of losing \$50 or 50% chance to maintain their money or 50% chance to lose them all. People would choose this second option because they "become risk seeking and take the gamble over a sure loss, in the hope of losing nothing" (Murad, 2017). Another example of this is, a gain of \$100 may be perceived as less valuable for a person if their wealth is already high, while the same gain of \$100 may be seen as more valuable if the person is currently struggling financially.

Prospect theory identifies several key psychological biases that have an influence on decision-making under risk. A key prediction of the prospect theory is loss aversion, which refers to the tendency for people to be more sensitive to losses compared to gains. I.e., people are more willing to take risks to avoid losses than to pursue direct gains. Secondly, there is the endowment effect, which refers to the tendency for people to value things more highly when they own them than when they do not. Which the theory argues, can lead to situations where people are unwilling to sell something they own for a price that they would not be willing to pay for the same thing if they did not own it (Tversky & Kahneman, 1992). Another important concept in Prospect theory is the notion of diminishing marginal utility. This means that people exhibit diminishing sensitivity to changes in outcomes as the magnitude of the outcomes increases. In other words, people are more sensitive to changes in small outcomes rather than in large outcomes. I.e., people may be willing to take a small risk to gain a small reward, but they may be unwilling to take a larger risk to gain a larger reward. Moreover, another key prediction is probability weighting. The theory predicts that people do not weight probabilities linearly, however they overweight small probabilities and underweight large probabilities. Which is related to the

certainty effect. They also prefer certain outcomes over uncertain outcomes of equal expected value and are influenced by the way information is presented or framed – which is the framing effect.

Prospect theory also describes the role of heuristics, or mental shortcuts, in decision-making. These heuristics can lead to biases in decision-making, such as the availability bias, which occurs when people make decisions based on the information that is most easily accessible to them.

Overall, Prospect theory has important implications for understanding human decision-making in a variety of contexts, including finance. By considering the cognitive and emotional factors that go beyond rational calculation of probabilities and expected values. The understanding of the concepts, assumptions, and predictions of the prospect theory can help in gaining insights into how people make decisions in the face of risk and uncertainty (Tversky & Kahneman, 1992).

The relevance of prospect theory

The research question ‘what factors drive individuals in Denmark to take part in the contemporary art market amidst the current economic uncertainty?’ explores the motivations behind art investments during challenging times. The hypothesis, which combines the framing of investment options and trust in the auctioneer, aligns with the principles of prospect theory and sheds light on crucial factors influencing investment decisions in such circumstances. Prospect theory suggests that decision-making is not solely based on rational calculations of expected values and probabilities but is also influenced by cognitive biases and heuristics. In the art market, where investment decisions involve significant risk and uncertainty, trust plays a crucial role in shaping investors' choices. Trust in the auctioneer or the entity facilitating the art transaction can impact investors' risk perception and subsequent decisions. Additionally, trust in the auctioneer or the entity facilitating the art transaction becomes vital during uncertain times. When investors have a high level of trust in the auctioneer, they may perceive the investment opportunity as less risky, leading to more favourable risk evaluations and higher likelihood of investment. This is linked to the concept of reference dependence in prospect theory, where the reference point for evaluation is influenced by trust and confidence in the auction process. On the other hand, a lack of trust or scepticism towards the auctioneer may amplify investors' risk aversion, as they may perceive the investment as more uncertain and prone to potential losses. The integration of the element of trust into the framework of prospect theory, it becomes clear that the level of trust in the auctioneer can significantly shape investors' risk preferences and subsequent investment decisions in the art market. Therefore, the framing of investment options, incorporated with trust in the auctioneer, acts as driving factors behind individuals' investment decisions in the art market amidst economic uncertainty and global crises. By considering these factors within the framework of prospect theory, the project gains insights into the motivations that drive individuals to invest in art during challenging times.

4.2 The concept of Social Status: a matter of appearance

The concept of social status crosses several disciplines, such as Anthropology, Political science, and Economics. Sociology, however, is the discipline which better delves into the reasonings behind the existence of social status. The concept is also part of a broader sociological framework -the theory of social status- aims at defining and providing key hypotheses to understand the processes that lead to establishment of social status among the society. The project, however, focusses on this specific notion. The definition of the concept “in most cases it is seen as a dichotomy high to low or achieved versus ascribed social status” (Nikolova et al., 2016, p. 181).

The social status pertains to the position or role of an individual in a social hierarchical structure, “understood as a form of social stratification in which social position are ranked” (Nikolova et al., 2016, p. 183) according to specific criteria. One indicator for assessing social status refers to income and wealth. Further measures such as education, occupational level, cultural and legal position can determine the individual status, however, with a minor impact compared to the income and wealth indicator. The term *social status* is often mistakenly substituted with “social class” in common categories such as “upper class”, “middle class” or “working class”. Nevertheless, the word “class” belongs to the discipline of political economy and sociology and have been largely explored with Marxism. Yet, “class” does not necessarily mean “status” and vice versa. Social status better describes a social process whereas class is rather an ideology which refers to a “social position” in the society, in terms of religion, occupation, and political ideology (Nikolova et al., 2016). Moreover, the earliest studies on status from Weber (1978) indicates that “whereas the place of classes is within the economic order, the place of status is within the social order, that is, within the sphere of the distribution of honour” (Gane, 2005 (1978)). Certain people are often attributed to the upper class which is automatically translated into high income, rich, or wealthy individuals (Lee et al., 2018). In fact, “it is accepted that wealth and prestige [...] define high social status” (Nikolova et al., 2016, p. 181).

The combination income-wealth, however, is not the more obvious indicator for assessing social status as the terms differ from each other. The former refers to the earning whereas the latter to the assets accumulated at a certain point in time (Lee et al., 2018). Income can vary according to externalities which may occur such as a financial crisis and sudden unemployment. Thereby, it is subjected to fluctuations during given period of times. If we stick to the income as the only parameter to assess the social status of an individual, it would not be completely truthful as many externalities come to play. On the other hand, wealth is mostly understood as material, but also as symbolic in case of education, behaviour, acculturation, and knowledge. Here, a key hypotheses is that wealth is an accumulation of tangible and/or intangible assets that, depending on its volume, increase one’s social status (Nikolova et al., 2016).

This is effective for exploring the purchase of art, as when buying a painting, for example, the buyer instantly enhances its social status and therefore its position in the society. Whether on purpose or not, owning a piece of art enable the individual to have a certain socio-economic appearance.

Part of the Social Status's key assumptions are already used in many art-related works. Works in the contemporary art market such as the one from Yogev (2010) seeks to understand the status dynamics within the contemporary art market. The studies explore the logic behind the evaluation process of a piece of contemporary art as based on socially constructed judgments that are made by market actors who possess a high-status. Thus, the objective is to understand how social status mechanism affect "the social definition of what is perceived as high-quality products" (Yogev, 2010, p. 513). Yet, Hannah Wohl (2019) indicates that status plays an important role in the collection of contemporary art. Hereby, the status of a collector matter in accessing information about emerging artists. Access which lower-status collector do not enjoy to the same extent. Thus, "status is associated with legitimacy"(Wohl, 2020, p. 229) and is used to obtain information on emerging pieces of art more efficiently than lower-status art buyers. The already existing high-status of some buyers is further enhanced by the ownership on paintings they are sure will increase in value. On the same note, the studies conducted by Olav Velthuis (2008) relates to the sociological question of status stemming from owning a piece of art. He explores the price of contemporary art arguing that its price reflects "the willingness of consumers to pay for the status the possession of artworks confers" (Velthuis, 2008, p. 186). It is suggested, thus, that art ownership relates to reputation and status. The sociological framework of social status is applied on Economics to apprehend the origin of contemporary art economic (price) and social value (status).

Social Status in Prospect Theory

The concept is used within the Prospect Theory for two main reasons. First, it can be drawn a parallel between social status and investing in contemporary art in uncertain circumstances being conscious of the risk which come with it. The attitude and behaviour of the art buyers in decision-making processes matter in defining its *social status*. From this position, who is willing to take the risk of investing in art is seen as somebody confident, educated, and intelligent. Secondly, individuals do not make rational decision exclusively based on economic return. In other words, individuals invest in art in view of enhancing their social status. The decision-making of acquiring cultural capital -which in the case at hand is a piece of art- is rational only to some degree. In large extent, in fact, the process is disturbed by irrationality deriving from the opportunity to gain also non-financial gains.

The hypotheses behind the follow analysis in the research indicates that the individuals invest in art to distinguish themselves by ordinary people. As contemporary paintings are visual, it is hypothesized that the people who possess a piece of art enjoy showing it to their friends and relatives. By doing so, they

establish themselves as belonging to a higher status, which does not inherently depend on their income or wealth, but only on the ownership of a canvas. The whole social construction characterizing art partly reflects the social construction of status attributed to the people who buy it.

The concept has been used in many art-related papers and projects, but it has not been specifically used concurrently with the Prospect Theory. By using the main assumptions and corresponding hypotheses, the research does not involve a focus strictly on social status, but rather on a plurality of factors. The hypotheses stemming from the established theoretical framework are tested during the interviews and in the analysis.

5. Analysis

In this section we condense and analyse the empirical material stemming from the semi-structured interview with our participants. The section is divided in four sub-chapter: *The impact of Covid*, *Art's future financial value*, *Artist-buyer relationship*, and *Familial background*. The first highlights how the pandemic affected both amateur and contemporary art gallery buyers. It refers to social status and shift in financial preferences analysed with the theoretical framework's main assumptions. The second chapter analyse opinions concerning how the buyers forecast the future value of the piece. It lays out important aspects of the artist career in determining art prices. The third describe the relationship between the art buyer and artist. It is explored how trust affects the individual decision-making behaviour when purchasing a piece of contemporary art. The last chapter analyses the influence of an artistic familial background as point of reference for investing in art rather than other asset classes.

The impact of Covid: the shift towards contemporary art

The participants share different opinions concerning how the pandemic affected the investment behaviour of people and whether it had repercussion on the financial preferences of the individual. Surprisingly, the participants directly involved in the art market argue that during covid 19, their sales in contemporary art increased. Art owner 2 for example implies that the lockdown temporarily changed the tastes of people who, rather than spending money in their usual daily routine, began to buy a commodity -contemporary art- which could yield many benefits at once.

(During the pandemic) I doubled my sales [...]. That's because the people couldn't travel, you couldn't go out and eat, you couldn't spend your money and going out and eating and traveling. So, they were sitting at home, looking at their boring white walls. And when they were doing the Zoom call (videoconferences), everybody could see that they had an art piece behind. So, it is to mark themselves as people with cultural capital and money [...] For that reason, everybody started buying original art and sending this message (App. III, p. 49-50).

He further elaborates referring to the people marking themselves as owning cultural capital and money, just by showing a painting. He argues that one benefit the art yielded was the augment of social status. A hypothesis is, that there is a significant association between social status and buying into the art investment market as well as purchasing a piece of art as he states:

there's a lot of prestige involved a lot with crazy game selling and buying art, just crazy. People, especially, I'm glad I'm anonymous, but a lot of newly wealth people...they come from nothing, they have to find the cultural capital that they don't own. And that's art (App. III, p. 50).

He bases his argument on art as a mean to acquire cultural capital and therefore wealth, in people who do not possess this capital from the beginning.

According to prospect theory, individuals' decision making is influenced by cognitive biases, including the need for social validation and the pursuit of status. In the context of art investment, owning and collecting art is often associated with prestige, cultural sophistication, and social distinction. The prospect of acquiring a valuable artwork can increase individuals' perceived social status, leading to a positive framing effect in decision-making. The need for social recognition and the aspiration to be regarded as someone with refined taste and cultural capital together with the principles of reference dependence and relative utility in prospect theory. Individuals may be motivated to invest in art and participate in the art market to signal their social standing and obtain approval from their peers in society in general. The expectation of social rewards, e.g., admiration, respect, inclusion with art circles, can overshadow the potential financial risks or uncertainties associated with art investment. By linking prospect theory to the hypothesis, the underlying psychological mechanisms that drive individuals to invest in art for social status gets highlighted. Additionally, understanding the powerful influence of social validation and status-seeking behaviors provides a valuable insight into the dynamics of the art market and the motivations behind individuals' investment decisions.

On the same lines, according to the curator, as the people were cooped up at home during the lockdowns, art acquired more importance in the households and not only in terms of social status. She elaborates further.

I think a lot of people got really involved in their homes. So, art as an object got a special status because all of a sudden, like you're sitting cooped up at home, and it in that way, like from an interior design point of view, definitely. But also, I think people were looking for other things, as [...] stocks were losing value, and all these things happen. And we just saw that people were really interested in engaging more emotionally or even politically and collecting in that way (App. IV, p. 51).

Remarkably, she pertains to stocks which at the time of the pandemic were falling in prices. Here, she compares contemporary art with stocks. From a financial perspective, thus, she implies that people preferred to buy a piece of art in which they could safely store their money, rather than in stocks. Her point leads us to a fragment of an interview stemming from our conversation with amateur art buyer 1, where she is drawn again an analogy between contemporary art and other financial products, such as crypto valuta.

Interviewer

You, you mentioned the word investment. Like invest, you said "invest". And time. What's your idea of investing then in art?

Amateur art buyer 1

Like, a lot of my husband's friends invest in crypto valuta. [...] He would never do that! And...because he, you know, long time ago chose to invest in paintings, he is a painter himself...an artist...If you may. So...he just chose to do that a long time ago. And then now it's

like, it's, it's just funny...cause now all his friends are like..."okay, I could have maybe done the same instead of paying like 5000 Kroners to a crypto account, and then seeing them being deleted the day after", you know, they should have been buying into a piece of art. And then they have it and they know that they have it.

Interviewer 2

Also, because crypto is something that you don't have physical. Yeah. So, for you guys. It's also about the fact that you have a painting at home, and you know that it's secured. Yeah, at home because it's there and it's still valuable, it's under control.

Amateur art buyer 1

Yes, exactly. Exactly. And that's not the same, you know...of something you're scared of going down in value. And especially because when my husband and I invest in art pieces, we invest in upcoming artists where we see potential. We like to buy into not only piece of art that we like...hmm...but rather buying into their journey of becoming an artist (App. I, p. 42).

Amateur art buyer 1 presents the example of her husband when clearly comparing a piece of art with stocks. Her arguments refer to the tangibility of a piece of art compared with the immateriality of the stocks. She believes that having a physical asset at home makes it less inclined to depreciation, at least in the first place of an economic crisis such as Covid-19.

The curator's perspective on the increased importance of art in households during the lockdown can be linked to Prospect Theory. In the context of art acquisition during the pandemic, people may have perceived stocks as high-risk investments due to the volatile market conditions, leading to potential losses. However, art as a physical object may have been seen as a safer investment, both in terms of preserving its value and providing emotional or aesthetic value during the lockdown. The curator mentions that people were looking for other things as stocks were losing value, indicating a shift in preference towards physical assets like art. According to Prospect Theory, individuals may be more willing to invest in assets that provide a sense of security and minimize perceived losses. Moreover, the analogy drawn between contemporary art and other financial products, such as crypto valuta, further supports this perspective. The participant in the interview contrasts the tangible nature of art with immateriality of crypto investments. They express a preference for investing in paintings that they can physically see and feel and secure at home, suggesting a perceived lower risk of depreciation compared to intangible assets like cryptocurrencies. Overall, the curator's observation and the amateur buyer's viewpoint highlight how prospect theory may have influenced individuals' decisions to invest in art during the pandemic. The tangibility, emotional appeal, and perceived stability of art as an asset may have made it a more attractive option compared to unstable financial markets.

Art's future financial value: individual assessment of an artist career

The interviews offer a glance on how both amateur and art gallery buyers perceive and calculate the current and future financial value of contemporary art, including possible gains and losses. The financial value assessment of a contemporary artwork depends upon many variables that the buyer must consider. Remarkably, the participants highlight the importance of knowing and following emerging artists buying their paintings on the primary market before they become famous. Art owner 2 gives a clear example.

I have a guy right now that I've worked with him for years, and five years ago nobody wanted to buy his pieces. Now, he is becoming the most important young Danish artist. Everybody wants his art, I have more than 100 people on waiting list for original pieces (App. III, p. 50).

The right forecasting of an emerging artist can yield to huge financial returns in the long term. Hereafter, he introduces an argument based on how the value of specific paintings from famous artists will never decrease in the future.

...some artists and some arts have become what we call capital art; they are so recognized that the value can only raise and never decrease. For example, if you have 100 million to buy a Picasso today, then you will be able to sell it for 200 million. So, the price won't be less. It won't be worth less [...] So, it becomes a never-ending growing asset in a way (App. III, p. 47).

His argument stresses that specific pieces of art may yield ever-growing financial returns. In these regards he also provides an overview of how the individuals “screen” the artist they buy the artwork from, to forecast the future value of it and maximizing the return on the investment.

Screen the artist [...] it's important that it's someone that is in for the long run that really wants to work hard. There are a lot of things...you have to screen the artist for before it becomes interesting. But coping with whether or not it's a good investment (App. III p. 49).

By using the verb “coping” he implies that there is some risk involved in screening the artist, as he cannot be sure whether the purchase of the artworks will be a good investment or a potential loss. In the same vein, the curator believes that the artist's career reflects the prices of contemporary art. She outlines three levels of art.

we generally talk about sort of three levels of art, you have like this sort of level one, which is of students, which you can get really cheap, but you also have no idea where the career is going. And then you have sort of levels or middle market, like the established. And it's more secure, because they do have like, a good career, and they are in museum collections. And then you have the very top of the market (App IV, p. 52).

Yet, her reasoning underlines what it may be common knowledge among art buyers, who seek to position themselves in one of the three levels of art. These can be paired with three levels of risk

depending upon the career of the artist. Each level may yield to a financial return or a loss, however, there are some variables that impede the individual to assess the future value of the painting as well as its potential return or loss. Risk in buying a painting is also addressed by owner 1 who refers to the advantage of buying directly from the artist rather than from the secondary market.

...you have to be aware of what you're buying. If you're buying something second-hand, it's more of a risk. Of course, if you're buying it from someone who said they bought it from them. You can never know. That's why it's best to always buy directly from the artist... (App II, p. 47)

All the participants assert that it is best to buy contemporary art in the primary market, from artists with whom there is an existing relationship, and who the buyer trusts because knowing that is receiving an original work at a right price. However, the amateur buyers have access to less information regarding the market and emerging artists, thus, they define the value of a piece of art by comparing its market price with others of similar style and artist skills. For example, art buyer 2 implements a personal strategy to understand whether she is purchasing at the right price.

I'm in the group of Vietnamese painters [...] they post I think, a lot of art. [...] they post like weekly or monthly and then from like, some 100 painters. [...] I will check the price with them then I can compare the different styles...how it looks like, and I will say whether the price is below or higher than the actual value (App. V, p. 56).

The participants' opinions are based on their perceptions of price at which they buy the art, future value, and eventually the forecast of the artist's career. Both amateur and gallery art buyers see the value of art as being highly subjective and hard to forecast. The contribution of the Prospect Theory in the next chapter sheds light on the individuals' behaviour when buying contemporary art.

Purchase of contemporary art: buyer-artist relationship based on trust.

In the empirical material gathered during the interviews it can be identified how relationship between the artist and the art buyer in the primary market influences the decision-making process when buying an artwork. For example, the curator claims to participate in contemporary art exhibition with artists she knows and to buy paintings directly from them.

So that sort of started off the collection, because then there were pieces that I was personally invested in, and I knew the artist, and I was supporting them directly [...] I buy pieces that either like speak to me, or I know the artist, or I've been following them for a while (App. IV, p. 51).

It can be understood that the relationship with the artist is fundamental to buy the right painting. The curator, trusts the artists she knows and can directly select them and their work, assessing whether their

skills make of the painting a good art piece. On the same line, art owner 1 confirms to buy exclusively from artists he knows.

I do buy art from some of the other artists I know in (place). Because I know, it's not only because it will probably be worth something for my grandchildren someday or something, but it's also a part of history... (App. II, p. 45)

During the conversation, the interviewers grasp that, for an art buyer knowing the artists is extremely important to cope with the uncertainty surrounding the art investment. In fact, by purchasing in the primary market the art buyers minimize the risk of future losses stemming from the purchase of a seemingly original art piece. He further elaborates.

I would ensure myself that this is not a replica of some sort. The artist is an original, expressing something that he originally makes. [...] if you're buying from, from an artist, you know, his name, you know, you go into his gallery or buy it at an exhibition. If it says oil on canvas, it has to be all on canvas. If not, then you get your money back, because you know, so you're guaranteed, pretty good guarantee that it's...that it's a real thing (App. II, p. 47).

Knowing the artist, thus, it is synonymous with securities and guarantees. This hypothesis was supported by art owner 2.

Interviewer

What do you think that makes the piece of art high value?

Art owner 2

Who deals it and who buys it. Which artists become expensive, has 99% nothing to do with the art. Well, of course, sometimes it's the art that can be really good, but that's like the dream scenario. But that's just not how it works. [...] A lot of trust is combined with selling art. I have a lot of clients that buy because I show them something that is worth buying (App. III, p. 50)

In these regards, Prospect Theory provides valuable insight into the hypothesis that individuals are more likely to buy a piece of art if they trust the auctioneer/seller. Decision-making is heavily influenced by cognitive biases and heuristics, and as mentioned in the theoretical framework trust plays a crucial role in shaping these biases.

This makes it clear that trust and investments are two phenomena that go hand in hand. When individuals trust the auctioneer/seller they are more likely to perceive the investment opportunity as less risky. Trust acts like a psychological anchor, reducing the perceived negative outcomes and potential losses that are associated with the art purchase. This perception corresponds to the principle of loss aversion in prospect theory, which suggests that individuals are more sensitive to losses than gains. As a result, when individuals trust the auctioneer/seller, their risk aversion may diminish, which makes

them more inclined to engage in art transactions. Trust as a phenomenon also interacts with the framing effect in prospect theory. Positive framing, such as a transparent and reliable information provided by a trusted seller, can increase individuals' positive perceptions of the investment, and enhance their willingness to buy a piece of art. By understanding the role of trust within the framework of prospect theory contributes with a valuable insight into the psychological factors that influence art purchasing decisions. So, establishing trust between sellers and potential buyers becomes crucial for facilitating art transactions and encourages a positive environment in the art investment market.

Familial background: Prospect theory on art investment

Art investment is a complex decision-making process influenced by various factors, including individuals' backgrounds and psychological biases. One hypothesis amateur art buyer 1 suggests is that individuals with an artistic background are more likely to become investors in art compared to those from non-creative backgrounds.

Art buyer 1

I believe that buying into art depends on your background... I mean my husband introduced me to the art market, and he used to be an artist selling paintings for like four years in Bulgaria. His mom is an artist too, a painter as well. So, he has it in his blood. So maybe if he didn't have all that it wouldn't be paintings he was buying into.

Interviewer

Right, so...it depends also on the background.

Art buyer 1

Exactly. Exactly. Like before he bought into painting, he already had the, you know, interest for that kind of art (App. I, p. 44).

She makes a clear point which is also addressed by art owner 2, as he claims that:

So, my wife is an art historian. Her father is an art historian. Her mother is from the Academy in (place). So, my mom is into art collecting. So, art is both my job and my family (App. III, p. 49).

During the conversation the group understands that it is thanks to their familial background that both amateur buyer 1 and owner 2 today invest in art. They both assert that money should be invested in art only if the buyer likes it and already has a familial background involved somehow in the art market.

To understand this phenomenon, the prospect theory highlights the impact of reference dependence, framing effects, and loss aversion on decision-making. This means, that individuals with an artistic background may reveal distinct decision-making tendencies due to their unique perspectives and experiences. First, reference dependence suggests that their evaluation of potential gains and losses associated with art investments may differ from those without a creative background. Their artistic sensibility and understanding of the aesthetic and cultural value of artworks can influence their risk perception. They may be more inclined to appreciate the subjective aspects of art and take risks in the art market. Secondly, the framing effect reinforces the hypothesis by emphasising how the presentation of investment options can sway decision outcomes. Individuals with an artistic background often have a strong emotional attachment to art by viewing it as a symbol of personal expression and cultural significance. The framing of art investment opportunities can resonate more deeply with their creative sensibilities, even influencing their decision to invest. Positive framing, highlighting the artistic and cultural merits of an artwork, can display a stronger response from these individuals and increase their likelihood of investment. Thirdly, prospect theory's concept of loss aversion contributes to the hypothesis. Individuals with an artistic background may be driven by a desire to preserve and support the artistic community. The fear of missing out on opportunities to contribute to and be a part of the artistic world can motivate them to become investors in art and artists. Art investor 1 explained how her and her husband chooses to invest in upcoming artist they believe in and to become a part of their journey.

When my husband and I invest in art pieces, we invest in upcoming artists where we see potential. We like to buy into not only a piece of art that we like... hmm... but rather buying into their journey of becoming an artist (App. I, p. 42).

The investors sensitivity to potential losses, not only in financial terms but also in terms of artistic value and cultural significance, may overweight concerns about financial risk, leading to a higher propensity to invest. By linking prospect theory to the hypothesis, the project gains valuable insights into the factors driving individuals with an artistic background to invest in art. Their unique perspectives, risk perceptions, emotional attachment to art, and motivation to support the artistic community contribute to their inclination towards art investment compared to individuals from non-creative background. Exploring these dynamics within the framework of prospect theory contributes to the project by showing an understanding of art market behaviour and sheds light on the role of psychological factors in art investment decision-making. Moreover, the interplay between prospect theory and the hypothesis regarding individuals with an artistic background becoming art investors highlights the significance of cognitive biases and heuristics in the art market. An understanding of how these factors influence decision-making can inform market participant and art institutions, enabling them to better comprehend the motivations and behaviours of individuals investing in art amidst economic uncertainty and global crises.

7. Conclusion

This project sheds light on the complexities and dynamics of the art investment market. It demonstrates how individual's behaviour towards art is influenced by a variety of social and economic factors. Risks and uncertainties have a significant role in the art world, stemming from the subjective nature of art consumption and the difficulty of categorizing and measuring its value. Art can be perceived as a safe asset class, offering both financial and cultural value, although its value and maintenance depend on acquisition methods. The demand and supply of art are subjective and linked to factors such as limited editions and specific artists, while the value of art can vary over time based on the artists career trajectory. Speculation is an inherent part of the art market and can contribute to capital accumulation and value creation. Prospect theory provides insights into decision-making in the art market, considering cognitive biases and the trust placed in market analysis. The acquisition of art works carries social status implications, allowing consumers to acquire cultural capital along with financial capital. However, another variable motivating people to purchase art is the social differentiation connected with the purchase and possession of art. This is accomplished through status and several principles associated with respect, confidence, and prestige. The Covid-19 pandemic changed the functioning of the economy and therefore also had a profound impact on the art market, such as operating conditions challenging and with political and economic unpredictability the art market had stagnated like many other areas of the economy. On the contrary, the interviews contradict this statement and on the one hand, the fact that people were cooped up in their homes made them more aware of their white walls and on the other hand, auctioneers saw a doubling of sales. Overall, the pandemic lead to a shift towards contemporary art and increased demand, but also heightened risks and uncertainties. Emotional factors play a crucial role when purchasing art. As many interviewees pointed out, contemporary art yields pleasure. This means that people buy art despite economic uncertainty for their psychological well-being and to satisfy their desire to have a specific artwork they like. Besides yielding pleasant feelings, art is likely to increase in economic value over time, and it can generate surplus profits for collectors. Therefore, individuals engage in buying art works they are beneficial both in terms of mental and financial health. Finally, this project highlights the multifaced nature of the art investment market, encompassing risk, value, speculation, social status, and the impact of external factors, and provides valuable insight into understanding the dynamics of this complex market.

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Appendices

Appendix I: interview with art buyer 1

Interviewer: Perfect. We got the sign here. Amazing. So, I'm just gonna proceed to ask you some questions. First of all, feel free, of course, to elaborate as much as you want.

Interviewer: First, yeah, our project is about finding out the advantages and disadvantages of storing wealth in art. By storing wealth, I mean, storing money, you know, that is you buy a piece of art, to basically store money, because if you leave money, let's say in the bank account, as we live in an inflationary world, they're gonna lose value. So, it's about like, transforming money in something, in something else.

Participant: And when you when you say, like, can you be a little bit more specific? Is it painting sorted out in general? Or is it like down to cloth and jewelleryes?

Interviewer: Yes, that's a good question. Well, our scope of research is on physical art, which does not include sculpture, it just about canvases, and paintings on frame. And both modern and contemporary art,

Participant: okay.

Interviewer: The differences is that modern art goes from the nine hundreds onwards, whereas contemporary art, it's the artist who paint them, is still alive. That's all the difference.

Interviewer: I want to start asking you if you can describe in few words and sentences. or in the way you want, what art means for you.

Participant: Art for me is, first of all a way to express feelings in a nonverbal way. It's also for me about, like, to create an identity. For example, the paintings we have in my apartment, we... it's not like we identify with the paintings, but it does have...you know, the same kinds of... Okay, okay, kind of reflect how we dress. Oh, yeah. It's a painter, who is also a fashion designer. My favourite clothes is from that designer, because of all the prints. And he also he also makes paintings of them. So, it's like, for me it's also a way of, you know, show how you are.

Interviewer: Yeah, like showing your identity.

Participant: Oh, yeah. Exactly. And then it's also for me -if I have to say three things- it's also about create something in the time we're living in. And then for someone else, you know, in like 200-300 years can see how we were, you know... back in the days by just looking at the paintings.

Interviewer: So, you leave something for the future.

Participant: Yes, yes exactly...footprints.

Interviewer: Thank you. And then this leads also to the second questions. What motivates you to buy art? Is it just...I mean, based on what you said before... Is it just because then you, you would identify yourself? So, is it leisure? Or is more like there's also an economic-financial side?

Participant: For me, I'm...not sure. What is that you said?

Interviewer: Leisure. Leisure is like... for pleasure.

Participant: Okay...So, if you asked me...one you're ago, probably would have answered something else when I'm about to, but for me...after I met my husband, it's...you know, with the Ukrainian War, you know, all the stock markets and everything. Then for us, it's like, paintings, sculptures -I know, you didn't say it's sculpture- but like in general, gold, clothes, paintings, materials...

Interviewer: So, assets!

Participant: Yes. It's for us a way to be secure. At the moment, my husband has his own company. And when he has a lot of money, he likes to like to invest in paintings and in gold. So... when... for better times. And if his money is not stored in the bank, then we know we are safe, because we have a lot of materialistic things that are worth, you know.

Interviewer: You, you mentioned the word investment. Like invest, you said "invest". And time. What's your idea of investing then in art?

Participant: Like, a lot of my husband's friends invest in crypto valuta.

Interviewer: Okay... Yeah.

Participant: He would never do that! And...because he, you know, long time ago chose to invest in paintings, he is a painter himself...an artist...If you may.

So...he just chose to do that a long time ago. And then now it's like, it's, it's just funny...cause now all his friends are like..."okay, I could have maybe done the same instead of paying like 5000 Kroners to a crypto account, and then seeing them being deleted the day after", you know, they should have been buying into a piece of art. And then they have it and they know that they have it.

Interviewer 2: Also, because crypto is something that you don't have physical. Yeah. So, for you guys. It's also about the fact that you have a painting at home, and you know that it's secured. Yeah, at home because it's there and it's still valuable, it's under control.

Participant: Yes, exactly. Exactly. And that's not the same, you know...of something you're scared of going down in value. And especially because when my husband and I invest in art pieces, we invest in upcoming artists where we see potential. We like to buy into not only piece of art that we like...hmm...but rather buying into their journey of becoming an artist.

Interviewer: Right.

Participant: Because then he knows that he would buy like a painting for 7000 kroner, but then the year after it could be worth 30,000. That's a paint that is now in our apartment...very cheap...but you know,

Interviewer 2: that's kind of also a risk or something about the fact that you buy. You said that your husband is buying art from upcoming artists...

Participant: Yeah.

Interviewer 2: ...so, it's like he puts money in something that is very risky...

Participant: Yeah.

Interviewer 2: ...And, like, there's a lot of uncertainty around that.

Participant: Of course.

Interviewer 2: How do you cope with that?

Participant: So, like people who are very much into crypto, they know what they're doing. Because they maybe they have some...I don't know.

Interviewer: Maybe they have like...some sort of degree or...education, formation?

Participant: Maybe like economics or whatever! But my husband is maybe a little bit of a trendsetter and he see...he's a first mover kind of guy.

So...I think he trusts his guts more to what is like the next big thing... more than he trusts his guts with economics and, you know, trading and crypto valuta.

Interviewer 2: So, so it's because of the, you would maybe say that it's because of the confidence that he has in himself...

Participant: Yeah.

Interviewer 2: ...that makes him putting money in something that is so risky and uncertain.

Participant: Yeah.

Interviewer 2: And do you also think that it's because of your economic state that you are a little bit wealthier...that you get to do this? Or do you think that if you weren't wealthy enough, you would take the same risks?

Participant: Yeah. First of all, we are not wealthy!

Interviewer 2: I know, but you get what I mean?

Participant: I know, we wouldn't be that wouldn't be buying paintings, if we didn't have the money. But if we didn't have the money, we didn't have anything to secure. So yeah...

Interviewer: It was about this because you mentioned the word risk. And...well, risk is defined as something whose probabilities of the possible outcomes are known, whereas uncertainty is where the randomness of outcomes cannot be expressed in terms of specific probabilities. And by saying that, I would like to connect to the COVID 19. So, to the period of uncertainty, we lived, and we probably are still living in. I heard you mentioned like, all the like turmoil and the period of uncertainty when you were buying art to secure yourself a future.

Participant: Yeah.

Interviewer: Could you elaborate a bit more on that?
If you remember at least that period...your reasons to buy art, rather than for example, buying gold or buying something else.

Participant: Okay...

Interviewer 2: Maybe more about what made you buy into the art world instead of gold or flats or some assets where you are like...if you buy an apartment, even if it won't go up in five years, you're sure that you will get the same amount of money when you sell it.

Participant: Yeah

Interviewer 2: It's a bit more of a secure way of putting your money into something whereas art can go both ways.

Participant: Yeah.

Interviewer 2: Even though you trust your gut, it can go both ways. So, what makes you take that risk to do that in these uncertain times as you just mentioned, because of the COVID 19 and everything.

Participant: okay, let me just think...

Interviewer: of course

Participant: Is it okay if I speak into Danish?

Interviewer: Absolutely.

Participant: Okay. So, my husband has a lot of gold and...he put his money in gold and then he puts his money in paintings and with the gold it's like, you know, he shows off when he's out of our apartment...and with the paintings he shows up when we're, you know, having people inside our home...

But when it comes to invest in gold, every time you buy something new, or like put money in gold, he's like: "so if you know something really bad comes to happen", where we would have to leave the country, like with the war in Ukraine or whatever...he's like "we go" ...and he could take me and my two daughters to Sweden. And this gold, this gold ring could take us from Sweden to Norway, like he's planning with the gold. So, the gold is for like the more worst-case scenarios, and the painting is like... it's not he doesn't invest in the painting, for them to save us in 'the worst-case scenarios' - it is more of a secure investment if we were to need cash here and now – for instance flight tickets for my daughters to come to Denmark to visit, because they live in Bulgaria. And the paintings are something nice to have, and if necessary, you can sell it however that is not the goal when we buy paintings.

Interviewer 2: Yeah, so it's like...when he invests in gold, it's more about the fact that in the worst-case scenario, this can take us from A to B. If I sold this ring, it would take me from A to B with my daughters and my girlfriend. However, with the paintings, it's more like: "now we're still at home, everything's not going bad. I just didn't make enough money this month. So, I'll just sell this piece of painting and I can get my daughters from A to B.

Participant: Yeah.

Interviewer 2: But it's not necessary.

Participant: And then it's still something else. And it's still something nice to have nice. But you can sell it if it's necessary. And he has two daughters in Bulgaria. So, if his company is, you know, is not doing very good, and no money comes in...then we can still have paintings and still get the daughters, you know, and then we can buy the tickets and get them for those for those money. But with the gold it's more like for investing in, you know...

Interviewer 2: Necessary stuff

Participant: Yeah. So, it's pretty difficult for me to explain...

Interviewer 2: Do you think that...it could be kind of like... Now you said that when you put your money in gold and jewellery, it's more for the secure investment that will take you from A to B whereas the paintings is also just to have something nice at home.

Participant: Yeah, and it's nice to be at home and be like “okay, I am not having any jobs right now, my husband is not having a lot of plans” but we can see we can you know feel we can see we have it all here, we are secure. Maybe we don't have a lot of money but... we can get it if it's necessary. Just by having it...it...

Interviewer: It gives you security.

Interviewer 2: Also think that now we talked about the fact that you buy into art because you believe in the artist, and you don't have the background to for instance put your money in crypto, so do you think that it's also related to what kind of hobby you have how you invest?

Participant: Yeah, for sure. I believe that buying into art depends on your background...I mean my husband introduced me to the art market, he used to be an artist selling paintings for like four years in Bulgaria. His mom is an artist too, a painter as well. So, he has it in his blood. So maybe if he didn't have all that it wouldn't be paintings he was buying into.

Interviewer: Right, so...it depends also on the background.

Participant: Exactly. Exactly. Like before he bought into painting, he already had the, you know, interest for that kind of art.

Interviewer: Do you think that art -paintings- can be both in order to elude taxation, that is, you don't store your money in the bank and therefore you're going to be taxed more, but you store your money into an asset which you keep at home, and it doesn't figure on the on the taxation?

Participant: I'd like to say YES on my husband's behalf. I didn't even know.

Interviewer: All right.

Interviewer: You were touching on positive aspects of storing wealth in art. I would love to ask if you can mention one advantage of buying pieces of art...

Participant: I would never recommend anyone to buy a painting. Unless it was because I thought it was, you know, it would never be about the money. It wouldn't ever be about me telling you “This is a good investment for you”. I would never do that. So, the only reason I would be saying to you, hey, you should have this painting in your or whatever. It's because maybe you would like it...

Interviewer: You wouldn't see it from a financial perspective.

Participant: No, I wouldn't. But then again, all this buying into art, and you know, use it as an investment. It's still very new for me.

Appendix II: interview with art gallery owner 1

Interviewer: We would like to ask you, if you could describe what art means to you?

Participant: It's a very broad question. But what it means to me is a way of expressing myself, of course. But it's also a way of communicating. For me, art is I want to communicate something beautiful, something that people will enjoy having at home, and come home after a hard day maybe and look at the painting and feel relaxed. And you know, just give them a good vibe, generally.

Interviewer 2: But do you also buy art yourself?

Participant: Yeah, I do. I do buy art from some of the other artists I know in (place). Because I know, it's not only because it will probably be worth something for my grandchildren someday or something, but it's also a part of history, it's a part of when I see somebody doing something that's very beautiful. Also, also, because I like beautiful things. I don't particularly like art that's ugly, or, you know, some art is on purpose ugly, in order to express something and I respect that, you know, not that I don't like it, but I like something to make me feel happy.

Interviewer: And this then leads to the other question. Do you see art as a leisure, something you doing the free time, or, or more of an investment, when you buy something, a piece of art...

Participant: I see it as both. Yeah, I see it as both. I believe that art is worth more than saving money, or gold or whatever, you know, it'll always increase in value, especially to myself, for myself...

Interviewer: ...it's something is something that that you feel, or somebody that you know, for sure that, for example, like a piece of art is going to be more valuable in the future?

Participant: I know for sure. Yeah, I believe so. You know, of course not. I don't think all art increases in value. But generally, if it's a good job they've done and they've done it with their heart. Then I think it'll definitely increase in value. So

Interviewer 2: how do you cope with the uncertainty and risk when buying a piece of art, you can't make sure that it will increase in value...

Participant: ...I mean, when I buy art, I do it for myself, I don't do it because I want to make an investment...if I want to make an investment maybe I would buy a house.

Interviewer: That makes sense. Makes sense. Yeah.

Participant: But you know, it's not as an investor, I buy art. It's because I like it.

Interviewer: and do you think that a piece of art can be bought in order to elude taxation? That is, instead of storing, for example, your money in a bank. They will figure and your taxation would be higher, probably...

Participant: Well, I'm sure I'm sure that's true. I've never thought of it that way. But I agree that certainly it's, it's like stocks, but I would believe that if you as an investor know about art a little bit and know its quality, and not just some passing fad. And I think it's a very good investment. And can be a jackpot 23 years, 100 years...

Interviewer: Could you mention just well as our project, of course, it's about finding advantages and disadvantages of buying art...storing wealth in art. Yeah. Could you mention then one disadvantage of storing your money in a piece of art? What could...

Participant: ...what could the disadvantage be? Yeah. Well, if you store it badly, if you put it in direct sunlight or something, it will fade. So...

Interviewer 2: ...so it's more about the storage of the painting.

Participant: Yeah, you have to you have to know what you're doing. I knew art curator in the (place), you know, very big gallery and, and she would have people come and bring her art to restore it and things and somebody brought her Rembrandt because it had been in the sun, and it was destroyed. It's worthless. So...

Interviewer: ...if you decide to buy an expensive piece of art, you have to know how to maintain it. Do you paint yourself as well? Okay, and do you...Do you have a degree in art? Or have you studied for it?

Participant: Well...both my parents are artists; my father was an art teacher. So, I learned from very young. And I got a scholarship to go to the Boston Academy of Arts, but I never went I came to Denmark instead.

Interviewer 2: So, do you think that your interest in for instance, when you buy art comes from the fact that you have a creative background?

Participant: Absolutely, I think I think, you know, I see many people buying art, or I know, you know, “that’s not going to, it’s not a good investment”. Because they buy something, people that don’t know about art, they’ll buy a piece of art, because “it’s very detailed, it looks like a photograph” you know. And they think, “oh, it’s fantastic”. But it’s, you know, it’s maybe just sort of...I found, there’s two sides of art, you know, one of it is just talent of reproducing something. And the other one is talent of expressing oneself, you know, if you just copy something...I mean, somebody can be very good at copying a photograph, they take a very nice photograph, and they copy it looks exactly like a photograph, you know, and people, some people that don’t know about art, and they think “it’s fantastic”. But the composition may not be very nice. And you know, it’s just, it just looks very realistic. So, if you don’t know anything about art, you will think, “oh, wow, that’s so good”. But it doesn’t mean anything. Maybe it has no composition, or symbolism or anything that’s worth.

Interviewer 2: Maybe, if we go back a little bit to people that invest this recording, we go back to people that invest because you perhaps know more about it than we do. Then do you think that it’s only like some people that do have insurance enough in flats, or a gold or anything, and then they do invest in investing in art and paintings as a hobby, maybe? Do you think that people who, for instance, had a little amount of money and had to choose between flat or painting that they would actually choose the painting, even though they don’t have other security investments?

Participant: Yeah, I see what you mean. I think, you know, it. That’s the question. Because I’ve seen in modern days, you know, very rich people, they buy some art. “That’s crap”. I mean, in my opinion, but because they bought it for \$17 million. Then everybody else says, “Oh, it must be worth money, because he bought this for \$17 million”. And that’s one way of I think in the world, they whitewash money also. Yeah, because they say they sold it for 17 million, but they only sold it for 2 million. You know... there’s been some scandals like that. So, I think I think the art world can be full of crooks in that in that sense, and just people who inflate the value of something. Just, you know, I don’t know, I heard a story maybe. But this is this is a cool story, that...when a Picasso’s exhibitions on the first ones, he actually bought his own paintings. But then people come, “oh, everything is sold out”. So, you know, that gives you a strategy. Yeah, you know, but I think generally, people that know about art, even if they’re using very little money, they might buy better art than the guy who has millions of dollars. He’s just buying it because his friends think, “Oh, this is fantastic...It’s a known name, and”...

Interviewer: We could also argue that the value of some painting is like constructed, just constructed by this kind of strategy.

Participant: And also, you know, some people, I find that there’s a lot of art that I call scandal art, or they make some kind of “hype” about, you know, like... I remember there was one artists he put, he had an exhibition where he had a whole bunch of goldfish and blenders. Okay, so you went in and all these coefficient blenders and you could choose to press the button and blend the fish...to kill it. You know? So, this gets the newspapers attention. And this is one way this artist can get attention. But is he really making art?

Interviewer: That’s also a certain boundary.

Participant: you know...So I think the ADAM movement was very interesting because they were the first ones to do this. An artist he took a can, and he put shit...his own shit inside it, and then canned it. And this is “artist shift”...they sold it, you know, it’s worth a lot of money now because it was the idea you know, it was like...and also the idea may be to take a white canvas and say, “Oh, this is a piece of art”...it’s bullshit but every 10 years, I see some new artists, he puts up white canvas and calls it art....

Interviewer: That makes sense.

Participant: But that’s what I mean. It’s very subjective. You know, sometimes artists are more blah, blah, blah, than they are real artists, you know, they come up with some good ideas. And people think “oh, yeah, that’s, that’s a great idea. That’s okay, great concept”. But he’s really not doing something. Maybe in a sense, my painting is a user’s paintings, you know, something that people can use to put in their house and to make the decorated, maybe it’s a form of decoration, maybe somebody else will think my art is bullshit, because I’m just trying to make something beautiful that people can decorate their home. And it’s not really creating new something or another, you know, many artists would like, at one point...I think it was World War Two, saying, “Oh, yes, but the Impressionists, they’re just painting a beautiful world. And they’re not showing the world as it really is”. Then you have this discussion, “what is the world?” Do you want to just paint the ugly things and show the ugliness of the world? Or do you want to enjoy your life? Something beautiful, so subjective...

Interviewer 2: When you make a painting, do you think about whether or not like this is going to be valuable at some point?

Participant: I tried to challenge myself, I think I’m the biggest. I’m trying to impress myself. Yeah, that’s the way I paint. Because if I’m just trying to impress somebody else, I will grow tired of it and my inspiration will vanish. Because... I have to always challenge myself and I’m always trying to make something prettier than I did before. With a more advanced technique or freer...I think the challenge is always as an artist to my father said to me, always, you know, “you have to learn everything there is about art and then forget it all”...and create like a child, children! They are Excellent painters, you know, when they just paint a little house with the square and stickman and it’s just beautiful. You know, sometimes the composition is perfect, perfect and grown up people then they think too much and they analyse it overanalyse it, it becomes too strenuous to look at...

Interviewer 2: how do you set the prices of your paintings?

Participant: My wife does that for me because I always set them to cheap! And inflation nowadays...I have to for me, it's always like oh my god, but I want to I want the average people to also afford my paintings... I just don't want that to become something that just rich people can come and buy...but then they can buy a poster of course but you know, sometimes when I find somebody...I like somebody you know, then I give them a good price...

Interviewer 2: for you it's more about the you rather sell a painting at a lower price and know that it will do something for someone else in their homes?

Participant: If it's really when I can see somebody who really loves my work, then of course. But I also have to live of it... you know, I'm lucky I have to shop here because in theory I can live off of selling my posters and postcards and magnets and all that shit. And just of course if I want to build my house higher so we have more space to live. So, my paintings is usually what pays for the luxuries in my life.

Interviewer 2: Yeah, makes sense that it was nice and your paintings are really cool.

Participant: Thank you.

Interviewer: I love colours.

Interviewer 2: Yeah, I love them.

Participant: I learned mainly to use colour from my father, he's Mexican and the tropics have more of a tradition to use strong colours, and many Danish people say "Isn't that a little bit too much?"

Most of especially the previous generation of painters, you know, Renaissance and you know, they always black, very dark, very realistic also with the colours, but sometimes it feels like they were afraid to take it not. Because, sometimes you see, the colours are very bright here in the morning and evening, you know, the colours are beautiful. And... I think a lot of artists have been afraid of all but if somebody says what is not realistic, very much before the Impressionists art was beginning to, you know, it's just pretty boring, because they think they wanted to become like cameras. They wanted to paint exactly like, what you see.

Interviewer 2: When you put money in an artist, right? If you buy a painting, or something else, is there, like, how would you make sure that it is something valuable? Like, is there any steps that you go over?

Participant: Yes, absolutely. I mean, I would ensure myself that this is not a replica of some sort. The artist is an original, expressing something that he originally makes. But also, you know, nowadays, you can even print 3-D. So, it looks like a canvas. You know, if you're on vacation, and you see a canvas, "what is beautiful, it only costs 200 euros", but it's just a print made in China, you know, sometimes even printed, and then they paint a little bit on top of it. So it's actually a forgery, of sorts, you know, they have, they have 15 more of them in the back room...

Interviewer 2:

So maybe that's also disadvantages in the art world that it's difficult to figure out if it's originality?

Participant:

I don't think so. If you're buying from, from an artist, you know, his name, you know, you go into his gallery or buy it at an exhibition. If it says oil on canvas, it has to be all on canvas. If not, then you get your money back, because you know, so you're guaranteed, pretty good guarantee that it's that it's a real thing. Even though I know that some artists, they make a painting, or they have a photo, and they send it to somebody who paints it for them. And then they sell it as their own. Which is not illegal, you know, because it is your creation. Let's say...I made something on a computer for say, a designer painting. And I give it to some guy in Poland or somewhere to paint it. And... you know, and I think an example, in a way is also. Oh, what's this Chinese guy is a very big name that like two names the same name. But he does very big things. He makes big pieces of art out of Lego and many different things. And he comes up with the idea, and then he gets all his workers to make up for justice, which is also art. I mean, there's nothing wrong with that. It's also a good investment. If you buy one of these, I'm sure they're worth a lot of money. And they will be in the future. Also, because he's a big artist and has many ideas. It's sort of like sculptors also they would be the great sculptors, they have students to cut out the big parts, and then go in and make the details and finish it up. But it's under his supervision. So, it is his art. Whether it's Michelangelo or somebody else...

Interviewer 2: but like so from maybe big artists, then there's a lot of maybe you can say a black market for that. Like you have to be aware of the black market?

Participant: Yeah...you have to be aware of what you're buying. If you're buying something second-hand, it's more of a risk. Of course, if you're buying it from someone who said they bought it from them. You can never know. That's why it's best to always buy directly from the artist...

Interviewer: ...as their primary market. And yeah, rather than several Name. Exactly, exactly. Unless the secondary market like the artist has already a great name.

Participant: Yeah, I mean, I'm sure there's many people are experts in buying second-hand art because you can find the jackpot there. You know, if you're walking around in some, somebody's loft, they have an old painting, it's a Rembrandt, Van Gogh, which has been hidden for three generations. So that's a lot of money in it, if you have the intelligence to see that it's a real painting. You know, even the experts have been fooled....so you have to take a risk.

Interviewer 2: But what do you do? For instance, when people do remember in Denmark, with the (DANISH WORD) What do they do with the stolen paintings, where do they sell it?

Participant: Yeah, they steal a painting. The only place they can sell it is some private collector, eccentric collector, maybe some Saudi Arabian collector who has millions and millions? And he's like, "oh, yeah, I'll buy this, you know, I know it's worth 100 million, but I can buy it for 2 million, but nobody can never show it to me". And he can have it in his bedroom. Because friends can see it and they don't know anything, maybe. But it's, of course, a few generations later, he might be able to his family might be able to sell it and make a lot of money. Okay, but you see, it's also happened recently that gripped paintings that were stolen from the families, the Jewish families that had them from the Nazis. And then two generations later, the family, who owned it and bought it and bought it on commission is like a portrait of their grandmother or something. And they say, "Look, this painting is ours. It may be in the museum in Budapest or whatever, but it's our painting", and they've won the case. So this artist is also a hereditary, you know, inheritance...

Appendix III: interview with art gallery owner 2

Interviewer: Could you describe what art means to you?

Participant: Personally what does it mean to me? it's my life, hobby. It's my work. It's my job. I've collected art myself, since I was like, 15 years old. I'm 46 today. So, my wife, is an art historian. Her father is an art historian. Her mother is from the Academy in (place). So, my mom is into art collecting. So, art is both my job and my family. And it's, it's everything I do. And today, I make exhibitions not just in Denmark, but pretty much around the world.

Interviewer: what motivates you to buy a piece of art then?

Participant: If I like it. In my case it's very different from what many people think of as being good art. But your perception of art is often something very different from what is the art that is that is going to be valuable.

Interviewer: how can you discriminate between the art that is valuable, and the art that is not valuable? How can you do discriminate?

Participant: You cannot always say. It's a soft line, and you can never exactly say what will become worth a lot of money. But it's safe to say that if someone that is not in art, falls in love with something that everybody falls in love with, then is already something that art is moving away from. Because then your brain will be cultivated to think that this is the right type of art.

Interviewer: How do you cope with uncertainty? Let's say you buy a piece of art with the idea that you are going to sell in the future.

Participant: Yeah, then I might be the wrong person to talk to because I don't buy art to resell it. I buy it because I collect them because I love. Some things can become very valuable and then make sense to sell it sometimes to buy new art, because I collect like that. But I don't buy stuff just to see become more valuable and then sell it. I have clients doing this. But that's not how I buy art.

Interviewer: What would you say about storing wealth in art? What do you think about it? Do you think that art can be used to store wealth?

Participant: Yes, very much. Markets are different of course. But in Denmark, and a lot of European countries at least selling a piece of art, the extra value you get is tax free. Which isn't if you buy bitcoins or stock or assets like this likewise in real estate, you must pay tax from the earnings. At the same time, some artists and some arts have become what we call capital art; they are so recognized that the value can only raise and never decrease. For example, if you have 100 million to buy a Picasso today, then you know you can sell it for 200 million. So, the price won't be less. It won't be worth less. Because everybody with a lot of money needs this asset to store money sometime in a while. So it becomes a never ending growing asset in a way.

Interviewer: But now we're talking about people with a lot of money? If you meet more regular people, and people that don't know much about art, you will also recommend it as a way of storing their money in?

Participant: No, I would never recommend art at that level of wealth that you're talking about, you should only buy if you like it. Yeah, but that's it, when you start looking into it, there is in a country like Denmark, maybe like five people like you, your galleries, where if you buy at these places, you can expect the art to at least keep the value, or even become more expensive. But you should never ever buy art, if you don't like it, or if you can't really afford it, then art is very, very difficult assets to make money on, very difficult. So, if you do have money that you don't have to use for food or shelter, or your children or whatever, and you want to try this, the way to go would buy the young talents, and I could easily I point out five, six talents that I know will become more valuable, at least most of them. So, you would have to buy maybe not just one artist, but maybe like five to 10 artists, like when you buy the stocks on the stock market. And then you can be lucky that one, two or three of them actually grows a lot in value. And then that will make up for the ones who just bought that didn't know.

Interviewer: When you invest in upcoming artists, there's still like some uncertainty and you somehow also do take a risk. How do you cope with that? Like, is there some specific question that you go over? Like does he have this does she have this...

Participant: Screen the artist. I'm looking very much into how it's important. It's not looking like something we already know, it's important that it's someone that is in for the long run that really wants to work hard. There are a lot of things...you have to screen the artist for before it becomes interesting. But coping with whether or not it's a good investment. It's just bought it if you like. When you buy a television or an iPhone, you know it has value. But you enjoy it as long as you own it. If you can buy a piece of art and enjoy it, then it's already worth everything you gave. If it becomes more expensive then you can sell it and make more money

Interviewer: Do you think that with the pandemic and with inflation people are looking more in the ways on art investments and that market?

Participant: Yes. From 2019 to 2021, I doubled my sales. Without struggle, it just doubled.

Interviewer: Why do you think that happened?

Participant: That's because the people couldn't travel, you couldn't go out and eat, you couldn't spend your money and going out and eating and traveling. So you and you were sitting at home, looking at your boring white walls. And when are doing the Zoom call, everybody could see that they had an art piece behind. So, it is to mark themselves as people with cultural capital and money, you have to buy something that people could see in the background. For that reason, everybody started buying original art and sent this message.

Interviewer: There's also something like status in buying art?

Participant: there's a lot of prestige involved a lot with crazy game selling and buying art, just crazy. People, especially, I'm glad I'm anonymous, but a lot of newly wealth people...they come from nothing, they have to find the cultural capital that they don't own. And that's art.

Interviewer: That is a good point for us. How would you how would you define like the liquidity of art. How easy is to transform something like a piece of art into money?

Participant: It's like selling real estate, if you have a good salesperson, if you have the right product, it is easy to sell. I have a guy right now that I've worked with him for years, and five years ago nobody wanted to buy his pieces. Now he's becoming the most important young Danish artist. Everybody wants his art, I have more than 100 people on waiting list for original pieces. It's very easy to sell. So it's the right product. And then this young guy, like so close to me, I just bought for myself on my own for my own collection. That would be difficult for me to resell right now. I mean, at least I would have to pay, I would have to accept getting less than I paid.

Interviewer: But I think now we're also thinking about the process. Like when you buy a piece of art, and if you're looking to in five or 10 years, maybe it will go up in value. Like there are some storage issues also, like you have to make sure that it stays safe. And all of these things. Do you think that that's something people think about? Or do you think people think about it before buying a piece? Now you have like a whole house to put it in and all of this, but is it something that you say to people before.

Participant: You have to have a very large collection before it makes it difficult to store it. You can just hang it on your wall. So and then that's the thing is from, again, I'm anonymous, yet we have already cast collection has become very well valuable. And the most annoying part about this is the insurance money we have to pay a lot of insurance to, to actually if the house burns down, you know, so, so the insurance thing is an issue. But if you buy a castle or some of the other items for justice, capital art, then you most often don't have it at home in Switzerland, especially there's some big art banks where you store your art pieces. So you never see them. You just buy it, own it, put it in that location. And when it's time to sell it to steal it from there. And most often that piece don't even go out of that place. It's just changing owners.

Interviewer: In terms of in our project, a big part of our theoretical framework is about how the value of art is create, and also we have a section talking about the career of the artist, and also the trends and risks. What do you think makes the piece of art high value?

Participant: Who deals it and who buys it. Which artists become expensive, has 99% nothing to do with the art. Well, of course, sometimes it's art that can be really good, but that's like the dream scenario. But that's just not how it works.

Interviewer: So it's maybe also a personal thing. Like, if you and me are friends, and you tell me, he is good. You need to buy this piece of art, then it's like an emotional thing that I trust you.

Participant: A lot of trust is combined with selling art. I have a lot of clients that buy because I show them that something is worth buying. Of course, again, especially younger clients, if you guys made some money and want to buy art piece, you would be more likely to buy something that you just really love than someone that is 50 years and has a million kr, then he must just take my advice and buy what I told him to buy.

Appendix IV: interview with art gallery curator

Interviewer : Thank you. So, first of all, thank you for participating today in our interview, we promised we'd be brief. And we are conducting a project on nonspecific about art market but rather art seen as a financial asset. And therefore, they will want to investigate advantages and disadvantages of storing wealth in art, rather than other asset classes. And we would like to start asking you, it's a broad question, but you could describe what art means to you?

Participant Well, I have a background as an art historian. So in that way, it's a huge part of my life. I studied art, I've worked professionally with art, I am personally interested in art. So, at this point, I think it's pretty much my entire life. My friends, who are artists, just, it's everywhere for me. So, it's one of those things that's really hard than to put into words, what it means to you, when you're that engaged with it. It's like air, water, fruit.

Interviewer : Do you buy pieces of art? What is the motivation behind it?

Participant: Yes, I do it. I also collect myself. Its kind started off when I was still a student, I worked as like a freelance curator every once in a while, and often with my friends. And I would always buy like one piece from every show. I was engaged in somehow. So that sort of started off the collection, because then there were pieces that I was personally invested in, and I knew the artist, and I was supporting them directly. Then I stopped pretty much instantly when I started working here, because we have monthly exhibitions. Sometimes we have two exhibitions a month. And it's a completely different price range than what I personally buy. So, it stopped pretty abruptly.

Interviewer : Do you also buy art in view of like, let's say selling the paintings or the piece of art, like, in the future, or you're just buy them because you like them?

Participant: Just I buy with, with my heart. I buy pieces that either like speak to me, or I know the artist, or I've been following them for a while. It's never with any sort of financial gain in mind.

Interviewer : But somehow for the to the future you could do selling the paints?

Participant: I could, but I don't think I would. I know that people like it's very strange to me to sell them because I don't know the people who did it personally. But I mean, of course, who knows if I'm like, if I don't have any money or losing my home or anything. Sure, I'll fill that. But it's not something I see myself doing.

Interviewer : would you say that you can see art as wealth storage?

Participant: Absolutely. I mean, I worked personally with art, so absolutely.

Interviewer : what do you think that makes a piece of art valuable? Do you think it depends on the artis or in the art itself? Do you think it is a trend?

Participant I think it's many things thing. The art world is a very complicated infrastructure you have like the artist resume you have there. You have trends, of course, you have speculation, which just is sometimes not really that logical, you have history, you have a secondary market that that is also involved. So, so it's many, many different things. And there's definitely also trends.

Interviewer : Let's say that we meet on the street, and I don't know that you are an art specialist, you would suggest me like to storage wealth in art?

Participant: I think it's a long game, right? It's not you can't really flip it like a house. So, you'd have to have either the resources or you'd have to be emotionally engaged with it for it to really make sense.

Interviewer : That makes sense. I mean, now you are involved into this business or this field. But would you ever invest your money into art if you weren't an art especially?

Participant: I don't think so. And it's also because it's hard money. I mean, it feels kind of like the cherry on top for many people, which I totally understand is what you get once you do have all the other things. It's rare that people start there unless they are somehow personally or professionally involved in the arts.

Interviewer : Do you think that the pandemic context influenced people to get into art?

Participant: absolutely, I think it's a combination of like, I think a lot of people got really involved in their homes. So, art as an object got a special status, because all of a sudden, like you're sitting cooped up at home, and it in that way, like from an interior design point of view, definitely. But also, I think people were looking for other things, like as, the sort of hamster wheel idea, stocks were losing value, and all these things happen. And we just saw that people were really interested in engaging more emotionally or even politically and collecting in that way. Which art It's amazing in that way, because you get an object, but you also kind of get social capital and cultural capital.

Interviewer : Do you think ilike art could be also a matter of social status? Like owing a piece of art

Participant: Absolutely. And I think that's why a lot of people collect. I think there are specific artists, where it's definitely, like, it's also something to show off.

Interviewer : And do you do buy maybe art from the primary market? Or like, also secondary market?

Participant: I buy from primary market

Interviewer : So you know, the artist,

Participant: Yeah, or I buy from a gallery

Interviewer : I want to invest my money in a piece of art, let's say a Canvas from the primary market. Do you think that it could be risky in view of the future? That is cool, like the painting somehow lose value?

Participant. Yeah, I mean, we generally talk about sort of three levels of art, you have like this sort of level one, which is of students, which you can get really cheap, but you also have no idea where the career is going. And then you have sort of levels or middle market, like the established. And it's more secure, because they do have like, a good career, and they are in museum collections. And then you have the very top of the market. We're talking like Picasso, all of those artists where you'll be fine.

Interviewer : And then, how do you cope with uncertainty surrounding? Like for example an emerging artist.

Participant: I usually use the image of like buying an apartment. Like if you buy an apartment, you are going to buy somewhere that you want to live. But you're also not going to make a bad investment. It's that kind of weird, you're balancing those things. And it's kind of hard. You're looking for quality, and you're looking for some sort of promising aspect of it. But at the same time, it just speaks to you, and you like it, if it loses value. I'm not going to be sad.

Interviewer : That is the benefit of the emotional side.

Participant: Yeah, exactly

Interviewer : Do you think that art canvases paintings can be bold in order to taxation somehow?

Participant: I think yeah, he of course it can. But I mean, that's also why in Denmark, we have like special legislation for art. Like if you buy for more than I believe it's more than 50,000 kr you have to give a lot of personal information, both on the primary and the secondary market. Also, there is specific, like tax legislation in Denmark regarding art for both auction houses and galleries.

Interviewer : Can you elaborate more regarding the legislation because actually we don't know much about it

Participant: It's interesting. I'm not the expert on this in the gallery, but basically, it's to avoid what we call black money in Danish. So, once you buy a piece of art, if you buy for more than 50,000 with us, we have to get like your passport, we have to get print of your ID we look at if you're buying it for a company, we're looking into what kind of company is this. So, there's all this stuff that we have to gather in order for you to buy it.

Interviewer : So, it is like buying a car or a flat, that kind of asset

Participant: Yes. Exactly

Interviewer : If you were able regarding about this financial and more asset management context, if you were able to mention one advantage and disadvantage of investing in art. Which one you will say?

Participant: I mean, the disadvantage, I think with investing in anything is the stock market. And its unpredictability. I mean, we're seeing that right now. Like we're kind of in a freefall, aren't we? So that's a disadvantage of our investment. And as well as any other kind of investment. I think the advantage of investing in art, or maybe the, from my personal point of view is that I like the idea that I'm, I'm buying, basically a part of history, I'm buying of our contemporary time on buying a little sliver of what's happening right now. And someone's point of view on that. And I mean, we've been creating art for, what 70,000 years, so it's not going to go away. It's a part of being human. And it's just, it's nice to be able to support that also financially.

Interviewer : Well, that makes sense. Like, you buy a piece of temporary time. And then it's like footprint builds. Interesting. I'm thinking if I have no other questions, because we touch all the points, we want to touch with you.

Participant: I think you should investigate the Danish legislation on the whole taxation thing. Because it's, very relevant to your case, and especially working with Danish galleries.

Interviewer : The financial markets nowadays is crazy. And one of the reasons why we asked also for the taxation is because we can observe nowadays, like people, instead of moving 1000 dollars of millions in a plane, or traveling with a lot of money, then just buy a piece of art and then just travel with it. It's kind of related to the watches market. Nowadays, If you have a Rolex, and they get a problem in the middle of vacation, you can just sell it. So, it's a kind of moving value from different parts.

Participant: No. And that's the whole point of that. Law is to avoid that.

Interviewer : What do you think, as an art specialist, about the new kind of art called NFTs?

Participant: Yes, we had an NFT exhibition in the gallery and it was the first gallery exhibition with NFTs. And it was right when it was all like, everything was happening. Then there was a platform being honest and ITU had a big sort of talk about it. And there's all this stuff going on. So it felt really promising. We sold zero. Yeah. And it's still like such a *ish* thing because people are still unsure of like, is it just speculation because I don't think that appeals to serious collectors. And at the same time, it's like what are we like, how are we valuing this like even coming up with the prices for that show? It felt like well, what are we doing? Like we're just saying numbers

Interviewer : Is like if I want to apply the reasoning that you just said to us about buying a piece of time with a canvas. What are you buying then with an NFT?

Participant: Well, I think the advance of digital art and nfts Is that so much of our life is online right now and we are in many ways like digital beings and what better way to like to interpret that than through digital art so it does not make sense, but I think it would in 10 years let's see what happens.

Appendix V: interview with amateur art buyer 2

Interviewer: Hello, hello, thank you for participating in this interview, we are conducting a project on advantages and disadvantages of storing wealth in art, that is, storing your money into a piece of art. We are narrowing the focus of the project to paintings and canvases, both modern and contemporary art. So modern art we mean art which goes from the 1900s, whereas contemporary, there are arts which are were made from somebody which are made from somebody who is still alive. And today, we want to just, we are treating art as an asset class, like you compare it with gold or two real estate to whatever, like something you can store your wealth in. And we would like to ask you, if you could you describe what art means to you? I know that it's a very broad question. But still, if you can describe in whichever you want.

Participant: So, at mean to me that is luxury. So, when you like a painting, and then you are able to afford it. And then when you buy it, you hang it to the wall. And it's so much about your personality is how you see the world. I feel like art in some degrees is fulfil my, my hobby, my...my dream, my wish. So if I have some good art surrounding where I am living, then I feel like I live in the luxury space.

Interviewer: So, you relate having owning like a piece of art as like being in a luxurious place?

Participant: Yeah. Colours in the art give me the feeling of luxury.

Interviewer: Okay, that's good. And do you? Well, then what motivates you to buy art? So probably you just you just said that. But could you elaborate a bit more like, because you're using your buy art, right? You collect that? But why? Why do you buy it? Like, Is it for leisure? Or also to also think when buying it, you're basically storing your money into something? Right? So of course, of course, I guess it's for measure, there is like it's nice to have it there on the wall. But then is there also a second, a second objective, you know, in in buying art for you, do you think?

Participant: Second objective? Yep. I will say that. When we when I see the fine art or the one I like or in some degree that is, is made me feel like okay, I want to own them. So, owning art is the way that I feel like I have some, some, I own some beauty, some valuable asset. That is it wouldn't appear in the other kinds of assets, for example, like an apartment or a car or something like that they are in different value. So, the art give different value with the normal assets.

Interviewer: And do you think that owning arts, it's also a matter of social status? Do you think that by owning something, then you can show off and you can like show yourself as somebody else, like somebody who is wealthy because you own a piece of art?

Participant: I will say to show the social status is very...I wouldn't have that purpose because as my husband used to tell me that...he encouraged me to invite his friend to come to see the painting, but I had never tried to do that. So, for me, it's very personally reason that I don't try to like to improve my social status by art.

Interviewer 2: And above from feeling that art makes you feel fulfilled... the emotions and everything. Trying to relate it with our project that we're trying also to figure out if people that collect art does besides that maybe can make you feel all of these things....also you can think that is a good investment or let's say a place to storage wealth....let's say that you have to the opportunity to buy a Picasso or an apartment you will choose art...

Participant: I will say that is obvious in the sense of...when I pay for a pay for a painting. Of course, that that is spending that I like to have, but on the other hand, I will not pay for the painting that that like so. So, that is not worth....like, Okay, if I will say that that painting is potentially that everyone love it, or at least in some degree or people, if they have a basic understanding about art, they will realise they can recognise in which level that painting is at. Then and then yes, this, obviously that, if that, that pending is not worth with that money I pay, I would never buy it.

Interviewer 2: So, you see at the end, like a place to store wealth.

Participant: Yes!

Interviewer: Well, I mean, you know, that in case something happened, you know, that you could sell your paintings, if you want to...in order to, you know, the to get money. Right? I mean, do you think that you could do that?

Participant: And yeah, in some situation of life, that maybe I need to sell it, then yeah, then that on the painting that I collect, might be give me a bigger price compare with that the price that I bought them.

Interviewer 2: in our project, we also talk about the risks and uncertainty about art. How you could be fine the way that you like, deal with risk and uncertainty? Like the moment that you go to buy a piece of art what tells you that that piece of art will be met like it will worth more in the future? Or at least will be stable in the long run?

Interviewer: What are your like? Securities, like, what's your reasoning when you when you buy a piece of art? And how do you cope with uncertainty surrounding it? Because how do you know whether the artist is an emerging artist? Or if it's a good

art is or is not, you know, it's your personal taste, of course, but then what do you think when you buy a piece of art? in view of the future of course.

Participant: Well like I say, like I said before that if someone wants to, the taste of art, then probably they have to, to be in many groups that they'd be able to see the art every day. So, I'm among collectors so I'm being that in every group of not every but in many groups that the painters they post their work every day, and also learn from book and learn from go to the museum to see what fine art in different periods of life is. So, I will say that I'm not in that poor of very rich that collect art in in that way. So, when you a little bit fallen in love with that and so much learn about it, then you have the expert eyes when you see the art. And for me also when I collect the art is...I also divert my collection with a different way of painting. So, for example, not only are you on Canvas is also wooden painting or painting on a sealed lock, something like that. So different types of painting that I knew that if that trade is in the painting will disappear one day so that. So, the way I do.

Interviewer

The painting you showed us right before like the big one, then it's kind of ruined, like there's a little bit a piece it is ruined, right? So, would you I mean, it could also be a risk, right? That's the thing that you don't maintain the painting properly and therefore, when you want to resell it, and it's going to be worth less. Yeah, because it's a bit ruined. Right? So, I mean...we think there's also some risk in there, right? Yeah. So, it's not as for reasons storing wealth in gold. Because gold then of course, like, all these resistant, like it is not going to change, you know, but still painting it's a bit....

Participant: Yeah, exactly. It's really, and it's also the main limitation of my collection, because all the painters are in Vietnam. And yeah...if I want to maintain some of them, like the one is just about a bit damaged, it is difficult for me to so I need to contact them and then they show me how to, to maintain them.

Interviewer: Do you think that the art, the paintings can be bought in order to elude taxation?

Participant: Yes, I think that risk is (unknown word) that is like a dilemma that can be an advantage or disadvantage based on how many things that, for example, like the risk of the taste of the market that you can't control. For example, like, you could say that, that painting is that you like it, sometimes we like it personally. But if it's not the trend of the market, then it is kind of difficult to sell them.

Interviewer: But do you think that, well, let's say I buy I buy a piece of art because I have a lot of money I want to...I want to kind of get rid of you know, like, then I put them into a painting and they they're not in my bank account and therefore I you know, I'm tax it less because I have less money in the bank account, but I have then other money in a painting that is in my place. So do you think that it could also be bought for that reason? To lower you know, the taxation, if it makes sense? I mean, not that I'm saying that you do it for that, but like, from your perspective or your personal opinion...

Interviewer: ...it's more about like in view of saving money. So rather than keeping your money in your bank account, you keep your money into this form, which is an art...but the piece of art is at your place at home, right? So nobody knows that. This is probably worth it. 50,000 kroner.

Interviewer 2: The question is like, now when you buy the art, you think of disadvantage of eluding the tax. Because in today's world we have two different trends. The avoiding and eluding. The avoiding taxes is what is called "wash money" and what is illegal, but the "eluding way" is this kind of painting people storage wealth they don't pay taxes, they still get the money, but they don't pay by any kind of tax for the money that is stored there. But I think the question more interesting for me would be do you think that as an advantage when you go to buy art and you don't really take in consideration about the taxes?

Participant: I never take consideration about the taxes maybe because of my painting may not be in that very high value that I should consider the tax. But I will say if someone like by the very high value painting then for sure they will consider the tax but it's everything related to the money and value the always considered a tax. Also, with an apartment or every assets that you have...

Interviewer: Do you have any background, Like in your family...is there any artists or somebody who, before you bought art or it just directly started from you? These things of like buying a piece of art?

Participant: I don't have a background of the family related to the art.

Interviewer: Okay, so it's just up to you. And you're the first member of your family who was collecting art?

Participant: Yes.

Interviewer: Interesting. Then, I mean, we'll ask you, I think this is a question if you can mention at least one advantage of storing wealth or money in art, and if you could mention one disadvantage of storing wealth in our disadvantage.

Participant: Well, for me one advantage is that somehow, I feel like people not even buy at in the right price. That way why for me, one advantage is that I foresee that in the future that art that I bought...maybe I will be able to sell it at a good

price...and also collect out in like, occasionally, that and then I feel like a little bit greedy, but also like...collected one by one, this gives me the feeling of like, saving, like I put something more in my account more and more.

Interviewer: That makes sense. But back to what you said first, like...you said that people are not good at evaluating art, that's what you said? So, you could end up selling your paintings at a higher price, because people are not really able to or not capable or really knowing like, how to how to evaluate a piece and therefore, they believe you and they say "okay, then I buy at this price at this price". Is that what you meant?

Participant: Yeah.

Interviewer: Okay. So, then before you talk about the disadvantage, I would like to ask you, what do you think makes the value of a painting like, how would you define the price of a painting?

Participant: Like I said before ,that when you have the eyes of a little bit like expert in the field, and you can compare that for example, in one gallery such kind of art, like...for example, I say in contemporary painter concept and everything, and something like that, then you can compare the price and you can see, "okay, that one is quite cheap compared with how fine it is". Also, for example, like, so, I'm in the group of Vietnamese painters, and whenever they saw that, they post I think, a lot of art. So, their works, they post like weekly or monthly and then from like, some 100 painters so, I saw a lot of art every day then...I will see that I will check the price with them then I can compare the different styles...how it looks like with a price and I will say whether the price is below or higher than the actual value.

Interviewer: ...You investigated by comparison that's how you do. What are the disadvantages then concerning storing wealth in art, what would you say about it?

Participant: Disadvantage, I think is that the damage in art and you are not expert to maintain it. This would be a disadvantage.

Interviewer: Yeah, the thing that is not durable. It depends on how you how do you store it like how you keep it, right. Makes

Participant: Yeah, but also for some art, or for example, like the painter they sell it for so long time, but they wouldn't find any buyer. Then probably that art was left for so long. But this doesn't mean that it does not have value. But the long-time make the art not staying in the same colour or maybe some fall down/fall off. So that it also would be. The life of art is not the same for every source of painting.