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ARTRANK AND THE FLIPPERS: APOCALYPSE NOW?



Logo used by SellYouLater.com (now ArtRank.com), 2014

Despite its professed love for perversion, the art world, it would seem, is quick to moralize when it comes to the rules of buying and selling the objects in which it trades. According to the prevailing order, one must not only have sufficient funds, but first be socialized according to an established routine of openings and other rituals, and in these contexts, demonstrate one's sincere non-mercenary intent before gaining access to the elite circles of the art market. Enter the flippers, the aggregators, and the advisors, among other intermediary agents, who are perceived as denaturing this system. As economic sociologist Olav Velthuis argues here, however, the impact of this activity is due not to the form of these new transactions (as indeed, back room deals have always taken place everywhere), but in their blatant visibility.

The contemporary art market seems to be in a permanent state of moral panic. [1] Akin to the mods and rockers whose deviant behavior was seen, in Stanley Cohen's classic anthropological study, to disrupt and destabilize British society in the 1960s, the market's most recent folk devils are a website, and two collectors referred to as "art-flippers." [2] The website is ArtRank.com, which brags about its ability to identify emerging artists. To do so, it collects data about these artists ("over three million historic data points," it claims), processes these (using "complex algorithms developed for investment banking," says its founder Carlos A. Rivera), rates the artists, and sells early access to the list for 3,500 dollars. A bargain, at least once you have read the website's FAQs, which mention that "the algorithm facilitated a 4200 percent return on investment over a 16 month period." In order to convince potential clients of the value of its service, hyperbole is apparently a prerequisite. [3]

The idea of ranking artists is hardly new. In 1970, the German journalist Willi Bongard developed the *Kunstkompass*, a top 100 of contemporary artists based on their reputation in the international art world. Ever since, Bongard's list has been published annually by German business magazines. The website ArtFacts.net likewise ranks contemporary artists on the basis of their exhibition history; ArtPrice.com does the same on the basis of their total sales revenue at international auction houses. [4]

What is new is the comprehensive and predictive way in which ArtRank seeks to monitor the market. Comprehensive, because it not only collects public information on exhibitions and auction prices, but also digital information on the artist's visibility and popularity on social-media platforms such as Facebook, Twitter, and Instagram, as well as insider information about the artist's production capacity or the amount of collector interest in his or her work. Predictive, because it does not just seek to identify who *is* emerging, but who *will be*. Akin to the statisticians of the American supermarket Target, who, in a widely circulated news story, knew a teenage girl was pregnant before her father did, just by analyzing her spending patterns, ArtRank thinks it knows who the next successful artists will be even before the artists' own gallerists are aware.

Another difference between ArtRank and its predecessors is that it markets its knowledge much more aggressively. Four types of artists populate its classification system: "buy now," "early blue chip," "sell now," and "liquidate." By providing such

blunt sales advice, ArtRank, ostensibly, could have substantial impact. If collectors would enact its buy and sell recommendations (which is questionable) and if artists would fail to respond to these enactments (even more questionable) this could result in their careers spinning out of control; the rankings are inherently unstable. Appearing on the “buy now” list causes prices to rise, moving artists onward to the “early blue chip” and eventually the “liquidate” lists. Having arrived there, the artist – according to ArtRank’s logic – will see that the market is now flooded with his or her work; price levels will then collapse, leading to a loss of confidence within the art world, and, in the worst case scenario, a untimely end to an artist’s career. The ArtRank career, in other words, is the very opposite of the stable, gallery-based trajectory, in which dealers slowly develop their artists’ markets, raising prices so prudently that they never need to be cut.

Rivera, who initially called his website SellYouLater.com, could not care less about this destabilizing effect. The current market happens to be driven by hype, so don’t shoot the messenger. Indeed, whereas in the 1970s the *Kunstkompass* could safely be ignored because it was the work of a maverick out of tune with the art world, ArtRank seems to blend in. In particular, it caters to the demands of a new type of collector: The “flipper,” a term borrowed from financial markets that refers to short-term investors who buy shares of a given company when they are first listed on the stock exchange, at the time of their initial public offering, only to sell them very soon after for a profit. In the art market, the term has been mostly applied to Stefan Simchowitz, a former Hollywood producer who sold his business for 200 million dollars and has concentrated on art collecting ever since. [5] Simchowitz bought the work of such current (or perhaps, “just-peaked”) art stars as Sterling Ruby, Tauba Auerbach, and Oscar Murillo when their prices were still low. He claims to work as an art consultant for around a hundred collectors; those collectors are encouraged to buy and sell quickly because it creates “virality” from which artists can benefit. Endorsing the same market morality as the artist’s traditional dealer, he in other words claims to serve the artist’s interests, and presents himself as a patron, not a profiteer. This virality is played out predominantly on social networks, which Simchowitz (at the time of writing: 119,075 followers on Instagram, 40,450 on ArtStack) uses avidly by permanently posting photos of art he encounters.



Danh Vo, „Alphabet (B)“, 2011, exhibited at „Transforming the Known. Works from the Bert Kreuk collection“, Gemeentemuseum Den Haag, 2013

The second collector who figures prominently in the art market's latest moral drama is Bert Kreuk, a Dutch entrepreneur and contemporary art collector, who, within one year, became embroiled in two widely publicized controversies. [6] In the summer of 2013, he presented parts of his collection in the Gemeentemuseum in The Hague. Within two months of the exhibition's closing, Kreuk sold eleven works from that show at Sotheby's November auction in New York, and not long after, tried to sell 29 more through S|2, the auction house's gallery for private sales in London. These included works by, among others, Jacob Kassay, Alex Israel, Alex Hubbard, and Oscar Murillo (at the time of writing all were mentioned on ArtRank's "sell now" or "liquidate" lists). Kreuk, who lives in the United States, characterizes himself as an "active collector," and claims to have bought and sold around 5,000 works over the past 20 years.

This past summer, another controversy ensued when the media reported on a lawsuit filed by Kreuk against the Vietnamese-born, Danish artist Danh Vo. According to Kreuk, Vo failed to deliver an artwork that the collector claims to have commissioned for the aforementioned Gemeentemuseum exhibition: Kreuk is seeking 1.2 million dollars in damages, which is equivalent to what he would have to pay to acquire a similar work by this artist were he to buy from the secondary market. Vo and his galleries, however, vigorously deny the existence of such a purchase agreement.

DEVIANT BEHAVIOR

Over the past year, ArtRank, Simchowit, and Kreuk have attracted widespread media attention, including coverage in such international newspapers as *The Guardian*, the *New York Times*, and the *Financial Times*. Almost invariably, the tone of these articles is alarmist. Citing Rivera or Simchowit, they set these figures up against artists, gallerists, and collectors who condemn the trio's approach to art and erect symbolic boundaries to distance themselves. [7] In doing so, the media has contributed to polarizing the debate and amplifying the panic. The New York-based art critic Jerry Saltz, for example, called Simchowit "the greatest art-flipper of them all," who embodies "everything that's gross about this new breed." Meanwhile on Twitter, Belgian collector Alain Servais characterized Kreuk as "an art-flipper more toxic than Simchowit." Others accused Kreuk of opportunistically using the museum to increase the economic value of his collection.

Sociologists and anthropologists have interpreted episodes of moral panic such as the one provoked by ArtRank, et al., as a response to deviant behavior that is seen as a threat to moral order. Rivera, Simchowit, and Kreuk deviate from the established cultural categories that have structured action and interaction on the modern art market since its inception in the late nineteenth century. Market participants are socialized into these categories. They come to see art as a category of symbolic goods whose financialization

should at all times be blocked and whose commodification can only be performed legitimately under specific circumstances. [8] Works of contemporary art are drawn into the commodity phase in a highly ritualized manner, accompanied by an opening party among other acts. The only legitimate commodity context for contemporary art continues to be the white cube, which is a highly ideological, decommodified space in which references to money and the market are suppressed. Within the gallerist's business repertoire, a work of contemporary art should no longer be described as a commodity after its first sale. [9] To achieve this, gallerists talk about "placing" work in the safe hands of a "good" collector. This good collector is easy to recognize, since his or her behavior is scripted in detail. The collector should be "passionate" about art and "follow" the artists whose work he or she collects; the collector should be interested in donating work to a museum, and should not even consider reselling the work for a profit. If the collector wants to part with a work, he or she is expected to first offer it back to the artist's gallery.

Given these morals of the market, Simchowitz and Kreuk are obviously "bad" collectors. They equate all works of art with investment objects, and see no harm in sending them back into the commodity phase time and again. However, Simchowitz and Kreuk define the categories of good and bad collecting practices differently. They see repeated sales of art as a virtue, not a vice: The more frequently a work gets sold, the more people form attachments to the work, by appreciating, studying, and discussing it. Within their art world, value is not accumulated slowly and secretly by gallerists promoting an artist or by private collectors holding on to their work, but rapidly, through public circulation. They are not so much interested in symbolic value (which is bestowed by a small, elite group of gatekeeping institutions who have the power to consecrate works of art) as in what one may call viral value: the value of widespread popularity, instant recognition, and high visibility. Unlike symbolic value, it is conferred by the multitude; like symbolic value, it may be converted into financial value. By both advocating and performing this view, the trio is seen to undermine the market's categorical order.



Artist Laurie Anderson receiving a cake for her 60th birthday at The Kitchen Benefit Art Auction, New York, 2007

What makes ArtRank, Simchowit, and Kreuk particularly hard to swallow for their adversaries is the familiarity of their behavior: What they do in public is done privately by those who “behave” as proper gallerists and good collectors. After being called “toxic” by Servais, Kreuk pointed out that the Belgian collector was himself planning to sell works by Gerhard Richter and Frank Stella. In spite of their passion for art, many collectors sell, but covertly through private deals or anonymously at auction. Likewise, many gallerists speculate on the secondary market. And if it is necessary to get a work of art sold to a client, they do not hesitate to package it as a safe financial investment. “Hypocritical” is therefore the trio’s ready reply.

The panicky response of gallerists, artists, and good collectors also makes sense given that their interests are being undermined: What is at stake with the rise of the art-flipper is a struggle for symbolic dominance in the art market. The dominant cultural categorization has long provided gallerists with power. For instance, it has inspired them to act as patrons for their artists instead of adopting the role model of an ordinary business representative; it enables them to pamper certain collectors and harass others when the gallery’s artists have waiting lists for coveted works of art. If contemporary art is recategorized as an ordinary commodity or as a speculative object, the gallerist’s symbolic perks will be taken away. But the interests of gallerists, as well as critics and institutions, are threatened in another way, too. Throughout the twentieth century, the art market functioned according to some version of what the American sociologists Harrison and Cynthia White have called the dealer-critic model. [10] Within this structure, the gallerist was the key intermediary who tried to promote an artist, while critics and institutions were needed for establishing value. Once these figures had consecrated the artist’s work, a market could emerge. Rivera, Simchowit, and Kreuk, by contrast, seek to bypass both parts of the White’s equation: that of the dealer as well as

the critic. ArtRank's implicit claim is that we need only big data and advanced algorithms to mediate art. Mediation here equals commensuration. In ArtRank's world, all a collector wants to know is a single number, distilled from the plurality of valuations that an art object has set in motion.



Instagram, screen shots

Likewise, Simchowicz undermines the interests of galleries; he has alluded to this sphere as “the system,” the “New York-centric environment,” and (speaking of Gavin Brown and Michelle Maccarone, among other US dealers generally perceived as cool/good) the “traditional mafia.” He criticizes these galleries for holding on to “old models” and refusing to adapt to a new, digital environment. Indeed, unlike other cultural industries (music, book publishing, film), which over the past few decades have been reconfigured dramatically, the Internet has hardly had an impact on intermediation in the art market. The popularity of Instagram suggests that a digital alternative to the gallery model is feasible for contemporary art as well. The Instagram model is particularly attractive for artists who prefer to manage their own careers, are sensitive to the traditional gallerist's patronizing (protecting, promoting) attitude, and fail to see the 50 percent cut the gallery takes from the sale price as fair. The same goes for collectors who find the gallery model

too much of a bother. They do not form their taste in art by visiting exhibitions, reading magazines, talking to gallerists, or hanging out with artists, but by surfing Instagram and leaving likes on Facebook. Clients of Simchowitz who are steeped in popular culture or have accumulated their wealth as Silicon Valley entrepreneurs understand the virtual communication of the link and the like better than the symbolic communication of the white cube and the waiting list. In short, they see the Internet as a democratic, liberating force that can potentially erode the gallerist's symbolic stronghold.

EXAGGERATED RESPONSE

Although the perception might be that the moral order of the market and the interests of its traditional participants are at stake, the question is to what extent they really are. Statistical evidence suggests that flipping has hardly become prevalent as a market practice. The number of artworks that are “flipped” (defined as being resold at auction within three years of creation) is stable and low. According to analysis of the art market research firm Tutela Capital, it concerns less than 2 percent of all works entering the auction market. In 2007, the numbers were no different. Contrary to what many think, the holding period for works of art made by emerging artists (defined by Tutela as artists under 40) has increased rather than decreased: Before reselling a piece by a younger artist, a collector, in the second half of the 1980s, would keep it in his collection for, on average, less than five years; in 2010, this expanded to just over five years; and nowadays, the norm is almost eight. [\[11\]](#) In short, market velocity should hardly raise concern.



Instagram, screen shots

The reason for this may be that the rise of the art-flipper has been limited to a single circuit within the art market – one that is concentrated along the West Coast of the United States, with most artists working in a specific style, sometimes referred to as “processual abstraction.” [12] Other market circuits do not know equivalents of Simchowitz or Kreuk. Moreover, Rivera may boast that on ArtRank’s launch, he already had 80 applications for his paid services, but his site’s biggest success so far has been with the news media. Once the panic subsides, the website may well be forgotten.

Like classical bouts of moral hysteria, the art market’s latest serves to maintain order and draw boundaries between good and bad behavior. In doing so, traditional gallerists, collectors, and artists may well succeed in containing the rise of the art-flipper and the impact of ArtRank. It will be much harder, however, to contain the cultural changes, such as the informalization of the public’s engagement with contemporary art, as well as the structural reconfigurations of the art market induced by new media and the utilization of algorithms, which have given rise to ArtRank and the flipper. As a result, which actions and interactions are legitimate in the art market and which are not, will become much harder to define.

NOTES

- [1] This article loosely builds on: Olav Velthuis, "Morele paniek op de kunstmarkt," in: *Metropolis M*, 5, 2014, pp. 52–55.
- [2] Stanley Cohen, *Folk Devils and Moral Panics*, London 1972.
- [3] On ArtRank, see: Edward Helmore, "Buy! Sell! Liquidate! How ArtRank is Shaking Up the Art Market," in: *The Guardian*, online at: <http://www.theguardian.com/artanddesign/2014/jun/23/artrank-buy-sell-liquidate-art-market-website-artists-commodities>; Georgina Adam, "Where Art is Off the Wall," in: *Financial Times*, February 28, 2014, online at: <http://www.ft.com/intl/cms/s/2/0435f4aa-9ef3-11e3-8663-00144feab7de.html#axzz3GCMJq9ki>.
- [4] Alain Quemin/Femke van Hest, "The Impact of Nationality and Territory on Fame and Success in the Visual Arts Sector: Artists, Experts, and the Market," in: *Cosmopolitan Canvases. Globalization of the Market for Contemporary Art*, ed. by Olav Velthuis/Stefano Baia Curioni, Oxford, forthcoming.
- [5] On Simchowitz, see: Andrew M. Goldstein, "Cultural Entrepreneur Stefan Simchowitz on the Merits of Flipping, and Being a 'Great Collector'," in: *Artspace*, online at: http://www.artspace.com/magazine/interviews_features/stefan_simchowitz_interview; Katja Kazakina, "Art Flippers Chase Fresh Stars as Murillo's Doodles Soar," in: *Bloomberg*, online at: <http://www.bloomberg.com/news/2014-02-06/art-flippers-chase-fresh-stars-as-murillo-s-doodles-soar.html>; Jerry Saltz, "Saltz on Stefan Simchowitz, the Greatest Art-Flipper of Them All," in: *Vulture*, online at: <http://www.vulture.com/2014/03/saltz-on-the-great-and-powerful-simchowitz.html>; Dan Duray, "Stefan Simchowitz vs. the Art World," in: *New York Observer*, online at: <http://observer.com/2014/05/stefan-simchowitz-vs-the-art-world/>.
- [6] On Kreuk, see: Abigail R. Esman, "On Art Markets, Art Collecting, And 'Flipping': Bert Kreuk Responds," online at: <http://blogs.artinfo.com/culturalaffairs/2014/09/08/on-art-markets-art-collecting-and-flipping-bert-kreuk-responds/>; Alexander Forbes, "'Art-Flipper' Bert Kreuk Sues Artist Danh Vo for \$1.2 Million," in: *Artnet News*, online at: <http://news.artnet.com/market/art-flipper-bert-kreuk-sues-artist-danh-vo-for-12-million-93788>; Alexander Forbes, "Bert Kreuk and Danh Vo Speak Out on \$1.2 Million Lawsuit," in: *Artnet News*, online at: <http://news.artnet.com/market/bert-kreuk-and-danh-vo-speak-out-on-12-million-lawsuit-99370>.
- [7] Symbolic boundaries are conceptual distinctions that people make in everyday life to form social groups on the basis of feelings of similarity and difference. See: *Cultivating Differences. Symbolic Boundaries and the Making of Inequality*, ed. by Michèle Lamont/Marcel Fournier, Chicago 1992.
- [8] Olav Velthuis/Erica Coslor, "Financialization of Art Markets," in: *Handbook of the Sociology of Finance*, ed. by Karin Knorr Cetina/Alex Preda, Oxford 2012.
- [9] Olav Velthuis, *Talking Prices. Symbolic Meanings of Prices on the Market for Contemporary Art*, Princeton 2005.
- [10] Harrison C. White/Cynthia A. White, *Canvases and Careers. Institutional Change in the French Painting World*, New York 1965.

- [11] Tutela Capital, Analysis of Holding Period for Young Artists Since the 1980s, Brussels 2014, online at: https://www.tutela.net/TC_youngArtists.pdf; see also: Lorne Manly/Robin Pogrebin, "Barbarians at the Art Auction Gates? Not to Worry," in: the *New York Times*, online at: http://www.nytimes.com/2014/08/18/arts/design/barbarians-at-the-art-auction-gates-not-to-worry.html?_r=0.
- [12] Cf. Viviana A. Zelizer, "Circuits of Commerce," in: *Self, Social Structure, and Beliefs. Explorations in the Sociological Thought of Neil Smelser*, ed. by Jeffrey Alexander/Gary T. Marx/Christine Williams, Berkeley 2004, pp. 122–44.



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