J Cult Econ
DOI 10.1007/s10824-009-9099-x

BOOK REVIEW

Don Thompson: The $12 Million Stuffed Shark: The Curious Economics of Contemporary Art

Palgrave Macmillan, 2008, ISBN: 9780230610224

Kathryn Graddy

Received: 23 April 2009 / Accepted: 23 April 2009

Don Thompson's "The $12 Million Stuffed Shark: The Curious Economics of Contemporary Art" is an interesting compilation of many different facets of the Contemporary Art market. The book is written around a central thesis—that branding is responsible for the popularity and prices of contemporary art.

Thompson begins the book by focusing on Damien Hirst's sculpture of a shark, "The Physical Impossibility of Death in the Mind of Someone Living." Thompson is highly critical of this work and uses this work as a springboard to his next three chapters—and primary thesis of the book—that Contemporary Art is all about branding and only about branding. Suitably, chapters 2 through 4 are entitled "Branding and Insecurity," "Branded Auctions," and "Branded Dealers." Thompson has formed negative views both of Contemporary Art and of Contemporary Art dealers, and he uses these chapters to advance these views. This is evident in comments like "one should remember that the key part of the word contemporary is 'temporary'" (p. 25). Thompson is equally critical of art dealers. Describing a potential visit to a dealer, Thompson writes "If you do enter and avoid immolation [here Thompson refers to an earlier comment], there is still the fear that the dealer will treat you as an unwelcome intruder or worse, as an idiot, and will patronize you" (p. 28). Thompson believes that artists, dealers, and auction houses have conspired to brand certain artists, thereby driving up their prices.

Whether or not one is persuaded by Thompson's arguments, the book as a whole is very informative and wonderful reading. The book has a lot of information to contribute regarding contemporary artists and the prices of their art, not just at auction sales but also at dealer sales, a part of the market that can be secretive and difficult to understand.

K. Graddy (✉)
Brandeis University, Waltham, MA, USA
e-mail: kgraddy@brandeis.edu

Published online: 16 May 2009

The author, Don Thompson, has spent much of his career as the Nabisco Brands Professor of marketing and strategy at Schulich School of Business at York University. His explanation for the popularity of contemporary artists and their art is branding. Self-promotion and promotion by interested parties has created these brands and this branding is what makes the art valuable.

Thompson supports this view by beginning his chapter on Damien Hirst with a quote attributed to Hirst, “Becoming a brand name is an important part of life. It’s the world we live in” (p. 61). Thompson then proceeds to detail the many different ways in which Hirst has exploited his brand such as opening up a retail store and selling silkscreens of his work, “For the Love of God”—a life-sized cast of a human skull, with human teeth, and numerous diamonds adorning the skull.

The important question—which is impossible to empirically address—is whether Hirst’s work is important and expensive because he has branded himself or whether Hirst has become a “brand” because his work is important and expensive.

In addition to focusing on Damien Hirst, Thompson profiles Andy Warhol, Jeff Koons, and Tracy Emin by writing about the three in a single chapter. As with Hirst, Thompson does little to hide his skepticism regarding the artistic merit of these artists, and invokes quotes to show that others share his beliefs. He ends the chapter with the paragraph:

> Warhol, Koons, and Emin are great examples of “You are nobody in contemporary art until somebody brands you.” Or until you brand yourself, at which time the world’s major newspapers and art magazines will feature your Pink Panther sculpture and promote it as something to be taken home to masturbate with, a bargain at only $1.8 million. (p. 84)

Thompson also examines artist’s relationships with money, in a critical light. He states that “No one was more committed to money than Andy Warhol” (p. 184). He then quotes Warhol: “Say you were going to buy a $200,000 painting. I think you should take that money, tie it up, and hang it on the wall. Then when someone visited you, the first thing they would see is the money on the wall” (p. 184). This quote and a quote that Hirst and Thompson attribute to Hirst’s manager, Frank Dunphy: “‘art should chase life while the art world chases money; if you start chasing money with art the whole thing is fucked” (p. 184) have double meanings. Thompson has ignored a potentially much more complex subject. The reader cannot help but wonder if their “obsession” with money is first a psychological explanation for them as to why their paintings are worth so much money—though this would be an area of research for psychologists rather than marketing or economics professors. In other professions, an interest in money is taken to be less objectionable than interest in money by an artist, creating an interesting interplay between high prices for art an artist’s motivation.

Thompson explores the complex relationship between the artist and the dealer with more subtlety than his exploration of the artists’ relationship with money. As many artists will describe, there is a tense relationship between an artist and a dealer. At markups of a 100%, artists will often complain of exploitation. At the other end of the spectrum are allowances that galleries provide to artists. Thompson reports that most top galleries, and many mainstream galleries, pay monthly stipends to artists. He states that the gallery White Cube pays stipends of 1.1 million pounds per month, as advances on future work, and Gagosian pays considerably more. He also states, quite correctly, that neither the dealer nor the artists really like these arrangements. Artists are resentful of these arrangements as they now owe work to dealers. Often, they feel a need to produce which can be counterproductive for creative work (though, as many academics know, a need to produce can also be productive!). For dealers, it is expensive and can be a risky proposition.

Thompson is also very good at providing the human side of the artist dealer experience. He states that currently galleries provide artists with accounting services, as well as, in the words of one dealer, "alcohol rehab and nanny services" (p. 46). Historically, this is best described in the Marlborough gallery's relationship with Francis Bacon. The gallery paid Bacon minimal prices for his work, but provided Bacon with the services of a personal assistant, Valerie Beston. Thompson states that Bacon would often destroy his own work that he did not like, and part of Beston's job was to save these canvases from destruction, as well as collecting new work and organizing his private life in detail, including laundry bills and lovers.

Thompson's coverage of the mechanics of buying and selling art is very strong and informative. Topics range from choosing an auction house at which to sell your work to the important role of Art Fairs, and many topics are introduced that are worthy of further study by economists. One such topic is the role of guarantees, and the fact that guarantees can be sold to potential bidders. A bidder in the room now becomes the owner of the object when the bidding is below the guarantee. If the guarantor does not wish to own the object, he has incentive to bid up the price of the object to the guarantee price. This can be harmful to other bidders. As explained by Thompson, prior to the lot being auctioned, the auctioneer must state that someone with a financial interest in the art being offered may be bidding on the lot. However, there are also other reasons why the auctioneer might make this statement such as the involvement of a bidder who is in the process of divorce and who is bidding on family art.

The ability of auction houses to provide financing is another act that is interesting. Sometimes, as is demonstrated by the infamous purchase by Alan Bond of Van Gogh's Irises, the auction houses can get into trouble. Bond, an Australian businessman, defaulted on the purchase after paying a record price (at the time) for the painting. This is an interesting measure by auction houses to increase interest—and prices—for an item.

The role of Art Fairs has increased in recent years, and Thompson addresses their new importance in detail, listing the top fairs as Maastricht, Basel, and Miami. He also usefully describes the way that art fairs provide an equalizing force for the dealers to compete with the auction houses, but also an expense that dealers must live with in order to remain viable. The true but somewhat depressing part of art fairs, confirmed by Thompson, is that they are a terrible way to actually view art. Against that, and from an economic point of view, buyers are at least able to "see" a wide variety of art side-by-side.

Throughout the book, Thompson cites specific artists, their art and the prices that they actually achieve at auction, and the prices that they are rumored to have fetched through dealers. On page 58, he compiles these prices into an especially interesting table on Art Price Records. The auction prices in these records are all verifiable. The prices of works sold privately are of course not verifiable, and he makes it clear later in the book that many of these prices are suspect. This does not diminish the interest of the table, but should be better noted on or near the table.

Another table of interest was compiled by Thompson after he posed the question "Who are the great contemporary artists?" to dealers, auction specialists and other experts. From this question, Thompson has produced a list, displayed on page 56, of 25 artists. Undoubtedly, many experts would quibble with this list—Thompson acknowledges this himself on the previous page by saying that no two people came up with the same list. Nonetheless, the list provides a useful starting point for novices becoming acquainted with contemporary art. The fact that no two people came up with the same list is not necessarily damning—economists would certainly not agree on the top 25 contemporary economists.

This book was published in September of 2008, just before the financial crisis hit the world and the art markets. Citing reasons that the contemporary art market will probably not suffer a really disastrous crash as in 1990, Thompson states that high art prices reflect "the buoyancy of the financial markets and the concentration of income that has occurred all around the world in the past twenty years." Thompson should no more be criticized for this comment than anyone who has purchased stock in the last few years. As every reader knows, the financial markets have been anything but buoyant. So, how have Contemporary Art auctions done since the book was published?

The February 5, 2009 auction at Sotheby's had only 27 lots for sale with a total pre-sale estimate of 16.55 million, compared to 70 offered in February of 2008 with a total pre-sale estimate of 72 million. The number of 2009 offerings were only 38% of the 2008 offerings, and the total pre-sale estimate was only 23% of the 2008 offers. Likewise, the February 11, 2009 auction at Christies had 31 lots for sale with a total pre-sale estimate of 15 million, whereas the February 2009 sale at Christie's had 54 lots for sale with a total pre-sale low estimate of 71.7 million. At Christie's, the number of 2009 offerings were 57% of the 2008 sales, but the total pre-sale estimate was only 23% of the 2009 sales. At this point of the crisis, sellers were not putting up art for sale, hence the decrease in lots. It is difficult at this point to tell how much of the difference in price estimates is due to poorer art or to a shift in prices.

Thompson states that the tell–tell sign of the art bubble bursting is disastrous back-to-back sales at Christie's and Sotheby's. Generally, disastrous sales means that many paintings go unsold (or are bought-in, in auction terminology). On the contrary, 25 out of the 27 lots (93%) for sale at the February 5th sale at Sotheby's were sold, and 79% of the lots at the Christie's sale found buyers, which historically is a good result. (For example, between 1982 and 1994, on average over a long time period, about 70% of paintings were sold in Contemporary Art auctions at Christie's in London.) So, while the number of paintings on offer has declined, there have not so far been disastrous back-to-back sales.

Perhaps the Achilles' heel of the book is not the thesis, which can easily be laid aside or disagreed with, but with some unfortunate inaccuracies. Thompson does not discuss accuracy until the postscript: this review ends with a discussion of some discrepancies and lack of references apparent in the book.

This book contains a lot of "facts". At one point Thompson states that "full-time artists over the age of thirty-five have double or triple the total income of museum guards" (p. 183). This is an interesting fact, but there is no reference to back this up. Furthermore, there are inaccuracies in parts of the book that can be easily checked out. For example, there appear to be two mistakes in the description of the Christie's-Sotheby's price fixing scandal. On page 97, Thompson states that Christie's CEO, Christopher Davidge, avoided prosecution by refusing to go to the United States for a trial. That is not true. Christopher Davidge was granted immunity from prosecution provided that he testified for the government, which he did. In all likelihood, Thompson has confused Davidge with Anthony Tenant, Christie's Chairman, who avoided prosecution by staying out of the United States. Thompson also states that Sotheby's paid an additional $140 million in criminal penalties. Sotheby's was fined $45 million by the US government and GBP 12 million by the European commission. This works out to about $63.6 million, using the exchange rates at the time. Sotheby's was also responsible for half of $256 million in civil penalties imposed upon the two auction houses by the settlement of a class-action lawsuit. Hence, it is unclear how Thompson has calculated $140 million. Although these discrepancies by themselves are rather minor, the larger worry is that there are also others.

Although the discrepancies and lack of references create a flaw, this flaw is balanced by the wealth of information provided on dealers. It is exceedingly difficult to get information from dealers. Some years ago, I was trying to get pricing information from a dealer. Not only did she refuse to give me any information on prices, but she also insisted that the size of the painting has no correlation whatsoever with price, a statement that has been repeatedly disproved. The amount of information that Thompson has gleaned is rather amazing, and even if some of it is not exactly correct, this information is useful for anyone who is interested in understanding the art world better.

In the postscript to the book, Thompson states that "Much of the anecdotal material and some of the numbers in the book are single-source stories and facts that many I talked to had heard and retold" (p. 253). This statement would have been much more usefully made in a preface, rather than a postscript. It is also unfortunate that some of the facts that could be checked out were not checked out and referenced. References would have usefully separated out fact from hearsay and would add credibility to the book. Given the nature of the art world, Thompson can be forgiven for being less than precise at times, but the inaccuracies and lack of references is the most serious flaw of the book as it leaves the reader wondering which parts of the book are fact, and which are fiction.

Overall, Thompson's book "The $12 Million Dollar Shark" is an interesting book to read, both for the general population and for students of the economics of the arts. Readers will find a plethora of information on how the art world really works. While reading the book, however, it is important to keep in mind two caveats. First, not all information that is stated as fact may be correct. Secondly, branding may not be the cause of expensive pieces of contemporary art. Work may be expensive because it is culturally important or innovative and therefore in great demand.