

Understanding price formation in the art market through expert interviews

Comprender la formación de precios en el mercado del arte a través de entrevistas con expertos

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Abstract

This paper investigates how prices are formed in the contemporary art market, a space defined by symbolic value, strategic opacity, and institutional gatekeeping rather than transparent economic logic. While existing research highlights the importance of artist reputation, market trends, and aesthetic appeal, little is known about how these factors are understood and operationalised by the key actors who set prices. Drawing on fourteen in-depth interviews with art dealers, auction house professionals, advisors, and collectors across primary and secondary markets, this qualitative study reveals that pricing is a multidimensional process shaped by reputation construction, emotional resonance, provenance, market segmentation, and strategic withholding. Rather than following fixed formulas, price formation is a fluid negotiation embedded in narratives, social capital, and perceived legitimacy. Emotional factors—what some call the “aesthetic dividend”—and evolving expectations regarding transparency also play a central role. By focusing on the life experiences of market participants, this research uncovers the informal

Resumen

Este artículo investiga cómo se forman los precios en el mercado del arte contemporáneo, un espacio definido por el valor simbólico, la opacidad estratégica y el control institucional, más que por una lógica económica transparente. Si bien la investigación existente destaca la importancia de la reputación del artista, las tendencias del mercado y el atractivo estético, se sabe poco sobre cómo los actores clave que fijan los precios comprenden y operacionalizan estos factores. A partir de catorce entrevistas en profundidad con marchantes de arte, profesionales de casas de subastas, asesores y coleccionistas de los mercados primario y secundario, este estudio cualitativo revela que la fijación de precios es un proceso multidimensional moldeado por la construcción de la reputación, la resonancia emocional, la procedencia, la segmentación del mercado y la retención estratégica de información. En lugar de seguir fórmulas fijas, la formación de precios es una negociación fluida, imbricada en narrativas, capital social y legitimidad percibida. Los factores emocionales —lo que algunos denominan el “dividendo estético”— y las expectativas cambiantes en torno a la transparencia también

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and often hidden logics of valuation, offering a more grounded and relational understanding of how art acquires monetary worth. The findings suggest that future research should integrate qualitative insights with quantitative modelling to better capture the complexity of cultural markets.

Keywords: Art market valuation, price formation, reputation economy, cultural capital, qualitative research.

Introduction

The valuation of artworks continues to challenge standard economic explanations. Unlike financial assets determined by supply and demand, art prices depend on subjective assessments, institutional dynamics, and opaque practices. The literature discussed herein—from sociological studies of markets to qualitative field research—demonstrates that pricing in the art world resists standardisation due to the inherent complexity of artistic value, the role of intermediaries, the symbolic nature of consumption, and the institutional mechanisms of reputation-making.

In the contemporary art market, intermediaries play a pivotal role in constructing and negotiating prices. This process is inherently influenced by factors such as reputation, subjectivity, and strategic opacity. Art market intermediaries, including auction houses and galleries, utilize strategic sensemaking to navigate the complexities and uncertainties inherent in art pricing. As noted by Samdanis and Lee (2019), the processes of strategising and adjusting within uncertain environments such as the art market often unfold in a non-linear manner, highlighting the need for intermediaries to respond dynamically to changing market conditions and perceptions. The subjective nature of art valuation is further exacerbated by the varying levels of information and expertise among market participants. This subjectivity leads to differentiation in pricing based on the reputations of the artists involved and the perceived

desempeñan un papel fundamental. Al centrarse en las experiencias vividas de los participantes del mercado, esta investigación descubre las lógicas informales y, a menudo, ocultas de la valoración, y ofrece una comprensión más fundamentada y relacional de cómo el arte adquiere valor monetario. Los resultados sugieren que las investigaciones futuras deberían integrar el análisis cualitativo con modelos cuantitativos para comprender mejor la complejidad de los mercados culturales.

Palabras clave: valoración del mercado del arte, formación de precios, economía de la reputación, capital cultural, investigación cualitativa.

quality of their work (Beckert & Rössel, 2013; Bruno et al., 2018). For instance, experienced brokers can provide more accurate pre-sale estimates and facilitate sales, effectively reducing opacity in an otherwise unclear environment (Bruno et al., 2018).

Despite these insights, relatively little is known about how price-setting occurs in practice—how the actors within the market, subjectively assess value, deploy reputation, and negotiate prices in a setting marked by both cultural meaning and economic stakes. This study addresses that gap by asking: How is price determined in an opaque, subjective, and non-standardised art market where cultural capital, emotional resonance, and institutional signalling intersect with economic value?

The aim of this study is to uncover the core dynamics of price formation as understood and practiced by market insiders. Rather than focusing on abstract market trends or econometric models, it explores the life experiences and strategic practices of those directly involved in shaping value in the art world. By focusing on qualitative, in-depth interviews, the research provides a grounded view of how pricing decisions are made in a system characterised by ambiguity, narrative construction, and symbolic capital. In doing so, it contributes to a deeper understanding of the informal mechanisms and cultural codes that influence art valuation—mechanisms often overlooked by conventional analyses.

The paper proceeds as follows. First, it synthesises the paramount contributions of key scholarly works that highlight the challenges of determining price in the art market. These include the role of reputation and uncertainty (Beckert & Rössel, 2013), the diversity of pricing strategies (O’Neil, 2008), and the influence of intrinsic, demand-driven, and structural market factors (Ning, 2024). Collectively, these sources underscore how art pricing remains a field of interpretive struggle within a market that is both symbolically laden and economically speculative. Next, we present the methodology of the study, which is based on semi-structured interviews with fourteen expert stakeholders representing a diverse cross-section of the art market, including dealers, advisors, auction professionals, and collectors. The findings section then thematically analyses the data to elucidate how reputation, intrinsic qualities, provenance, emotional resonance, scarcity, and the distinction between primary and secondary markets influence price construction. Finally, the paper concludes with a reflection on the implications of these findings for both theory and practice, and it outlines pathways for future research, including the potential for mixed method approaches that bridge qualitative depth with quantitative modelling.

By shifting the analytical lens from abstract models to the experiential logic of art market professionals, this study offers a novel contribution to our understanding of value creation in cultural markets. It reveals that pricing in the art world is not merely an economic act but a deeply relational, affective, and strategic process—one governed as much by gossip and storytelling, social positioning, and institutional endorsement as by materials, size, or technique.

Literature review

Theoretical foundations: Markets for singular goods and the persistence of uncertainty

The construction of prices is influenced by relational dynamics within the market. As Preece et al. (2016) suggest, the negotiation of value involves the complex interplay of stakeholder

narratives and identities. This is particularly relevant when considering the role of reputation, which Beckert and Rössel (2013) argue derives from a collective assessment by art world professionals, including critics and gallery owners. These professionals help establish the perceived value of an artwork, shaping its price based on both artistic merit and market trends.

The foundation for understanding art market opacity, where the details of negotiations and transactions are not fully transparent, lies in Beckert and Rössel’s (2013) study, which situates the art market within the framework of economic sociology. They argue that the art market is a “market for singular goods” (Karpik, 2010), wherein pricing is not based on objective, measurable criteria but rather on intersubjective judgments and reputation hierarchies constructed within the art world. This strategic opacity employed by intermediaries allows them to maneuver more effectively. According to Ivanova (2016), such opacity can generate a perception of unreliability in the market, complicating financialisation efforts, as potential investors face a lack of data transparency. This condition is beneficial to certain intermediaries. By controlling the flow of information and creating perceptions of exclusivity, intermediaries can enhance the perceived value of artworks. The complex pricing environment allows intermediaries to adopt various negotiation tactics, often relying on less aggressive strategies to safeguard successful transactions, thereby reinforcing their bargaining power within a non-homogeneous market (Lamprecht & Thum, 2023).

Beckert and Rössel (2013) underscore that the fundamental uncertainty of artistic value stems from the lack of standardised quality metrics. Buyers cannot rely on calculable utility or material input costs. Instead, they depend on “quality signals” issued by high-status intermediaries—such as critics, curators, and prominent gallerists. This creates a layered, reputation-driven field in which pricing is not only opaque but structurally resistant to transparency.

This framework directly challenges neoclassical economic models which presume rational agents

and transparent information. In the art market, price formation is less about supply and demand and more about symbolic value recognition by elite institutions. Thus, the art market functions more like a reputation economy than a commodity market, a point echoed by Bourdieu (1996).

Subjectivity, pricing strategies, and the role of intermediaries

Art market intermediaries, such as auction houses and art galleries play a crucial role in the establishment and negotiation of artwork prices within a market characterised by high subjectivity, variable reputations, and strategic opacity. These intermediaries not only mediate between artists and collectors but also leverage various strategies to influence price-setting mechanisms.

Research indicates that the reputations of both the artist and the intermediary significantly affect the perceived value of artworks. For instance, Taylor and Coleman (2011) highlight that the reputation of auction houses plays a critical role in achieving varying prices for identical artworks, emphasising that reputational disparities can lead to different auction outcomes. Moreover, Beckert and Rössel (2013) argue that the valuation process in the art market is largely intersubjective, reliant on collective assessments by art professionals who confer reputation upon artworks and artists, which significantly influences market prices. This collectivisation of reputation elevates certain artworks while inducing price variability across different sales platforms, reinforcing the notion that intermediaries serve as essential gatekeepers within the art market (Ursprung & Wiermann, 2010).

O’Neil (2008) adds a complementary dimension to Beckert and Rössel (2013) by focusing not on institutions, but on individual artists negotiating value under economic and cultural constraints. Her ethnographic study of 53 artists in the U.S. presents rich qualitative data on how pricing decisions are made at the grassroots level of the art economy. O’Neil identifies five key pricing determinants among artists: size of the artwork, production expenses, market

expectations, status (reputation), and personal valuation of the work. However, no uniform strategy exists. Artists often reject economic rationality in favour of personal, aesthetic, or moral considerations. For instance, some increase prices based on career milestones (e.g., museum exhibitions), while others intentionally keep prices low to remain accessible or to reflect anti-commercial values.

Notably, O’Neil (2008) finds that while market logic (e.g., “what the market will bear”) plays a role, many artists resist lowering prices during downturns due to the symbolic degradation such actions might imply. This further reinforces the argument that pricing is tied more to perceived value and community legitimacy than to economic fundamentals.

The presence of multiple and sometimes contradictory pricing “scripts” (Velthuis, 2013) underscores how art markets rely on social norms and tacit knowledge, often opaque to outsiders. Thus, pricing strategies are not only diverse but deeply embedded in social and artistic identity—making them resistant to standardisation or transparency.

Subjectivity is also integral to the negotiation process. As noted by Lee et al. (2024), artworks are often valued based on social signals—factors such as popularity, market trends, and narratives surrounding the artists. Their findings reveal that in emerging markets, these social signals can more reliably predict artwork prices than mere visual characteristics, underscoring how subjective perceptions shape price formation. This highlights the evolving nature of art valuation, where subjective narratives intertwined with factual attributes influence buyer decisions and resulting prices (Spee et al., 2022).

Additionally, the influence of artwork-specific factors comes into play, as illustrated by research from Gurjar and Ananthakumar (2023), which identifies how attributes such as artistic technique and the socio-economic backgrounds of artists can be integral to pricing strategies. This nuanced understanding of both the artistic and economic context of art contributes further to how intermediaries establish prices strategically.

Intrinsic qualities, market demand, and intermediary influence

Ning's (2024) comprehensive paper provides a more formalised typology of pricing determinants from a managerial and economic perspective. Dividing factors into intrinsic attributes of the artwork, demand-side influences, and market-specific intermediaries, the study offers a structured lens through which to examine pricing mechanisms.

Intrinsic attributes—such as the date of creation, rarity, materials used, and size—are often assumed to have a direct bearing on price. However, as Ning (2024) acknowledges, the perception of quality is inherently subjective and context dependent. For instance, older works may command higher prices not only due to scarcity but because of accumulated historical significance—a factor itself subject to shifting curatorial and collector trends.

Demand-side dynamics, including macroeconomic trends, education levels, and cultural shifts, further complicate the picture. Art is an elastic good; its consumption correlates with wealth and discretionary spending. Thus, prices fluctuate in response to broader social sentiment—another layer of opacity that differentiates it from markets governed by intrinsic utility or industrial production costs.

Finally, market intermediaries—galleries, auction houses, art fairs, critics—emerge as key agents in shaping price. These actors do more than mediate transactions: they actively construct value. Through curation, marketing, and selective promotion, intermediaries can amplify or dampen an artist's market profile. This supports Beckert and Rössel's (2013) claim that reputation, not objective characteristics, drives valuation in the art world.

Ning's (2024) analysis, while rooted in more traditional market analysis, ultimately confirms the fundamental opacity of art pricing: the number of influencing variables, their non-linear interaction, and their subjectivity make transparency exceedingly difficult.

Reputation, legitimacy, and market hierarchies

Beckert and Rössel (2013) further explore how institutions such as art schools, galleries, and critics generate legitimacy through selective

inclusion. They show that galleries follow structured pricing scripts: starting artists low and increasing prices with career advancement and institutional recognition. Yet, these scripts are not fully rational—they function as social conventions that help mitigate uncertainty rather than eliminate it.

Moreover, their data demonstrate that auction prices—considered more “market-driven”—are more volatile and responsive to individual artwork reputations. In contrast, gallery prices are often smoother, more controlled, and based on long-term positioning strategies. This suggests that even secondary markets, which one might expect to reflect clearer demand signals, are shaped by institutional narratives and reputation rather than intrinsic value.

The consequences of this are significant: artists with access to high-reputation institutions see their prices climb, regardless of measurable output quality. Conversely, artists outside of elite networks struggle to achieve price growth, regardless of skill or originality. This creates entrenched market hierarchies and limits price transparency.

Furthermore, the phenomenon of artist collaboration adds another layer of complexity to price negotiation. Radermecker (2020) discusses how the reputation of a less-established artist can significantly impact the perceived value of collaborative works, influenced by psychological factors such as the law of contagion, which underscores the significance of reputation in the valuation process. This reflects a broader trend in the art market where brand building and artistic identity are critical to price determination, as observed by Sjöholm and Pasquinelli (2014).

The aesthetic dividend and emotional value

The aesthetic dividend and emotional value of artworks comprise two significant dimensions that shape how art is perceived, valued, and consumed across various contexts. Both direct emotional engagement and the aesthetic qualities of art contribute to its overall worth, not just in market terms but also in personal and cultural contexts.

The concept of the aesthetic dividend (Teti et al., 2013) refers to the non-financial returns from owning or engaging with art. Emotional attachment, aesthetic appreciation, and symbolic capital all influence the willingness to pay for artworks.

Aesthetic experiences invoke emotional responses that can be profound and transformative. Serrao et al. (2024) highlight that emotionally charged artworks often elicit empathetic experiences and vicarious emotions in viewers, suggesting that the aesthetic experience is not merely about visual pleasure but also about emotional resonance, which can serve adaptive functions in human psychology. This perspective is reinforced by Kim and Choo's (2016) discussion on how the display of art in retail environments can evoke positive feelings and enhance customer satisfaction, demonstrating the spillover effect of art's emotional impact in various settings. Consequently, aesthetic value transcends the visual; it also embodies emotional engagement and personal significance to the viewer.

This introduces a level of personal subjectivity into the valuation process that further clouds transparency. Unlike commodities such as gold or real estate, the perceived value of a painting may vary wildly based on personal taste, nostalgia, or even political resonance.

Thus, even if all other variables could be controlled, emotional resonance introduces unpredictable volatility into art pricing. This is compounded by the symbolic nature of art consumption, often used to signal status, education, or cultural capital—another reason collectors may be willing to pay a premium for artworks beyond any calculable financial return.

Additionally, the role of intermediaries in enhancing both the aesthetic dividend and emotional value further complicates this landscape. Lee and Lee (2016) argue that art fairs serve as platforms for branding emerging artists, effectively creating narratives that contribute to the cultural meaning attributed to artworks. By facilitating exposure and engagement between artists and potential collectors, intermediaries not only boost the artists' profiles but also shape the narratives surrounding artworks, thereby heightening their aesthetic and emotional appeal.

The interplay between cultural valuation and emotional engagement is pivotal in understanding how artworks achieve perceived worth. Herrero (2009) asserts that the price of art should not solely be considered from an economic standpoint but must also encompass cultural and emotional dimensions, as well as the beliefs and values assigned by art market actors' impact on both market prices and the understanding of art's significance in society. The multidimensional nature of aesthetic value, which includes emotional, social, and cultural factors, challenges the notion that art can solely be reduced to monetary value.

Institutional blind spots and calls for reform

A recurring theme across the literature is the lack of standardised pricing models. While tools such as repeat-sales indices (e.g., Mei Moses) offer partial transparency, they are limited by sparse data and high variability between artists and media.

Further, the lack of public data on primary sales, opaque negotiation practices, and the prevalence of informal agreements (e.g., "preferred collector" discounts, insider deals) all contribute to a pricing system that defies full disclosure. While financial markets are heavily regulated to prevent manipulation and insider trading, no such regulatory framework governs art pricing—despite the enormous sums often involved.

This opacity undermines market efficiency and creates significant entry barriers for new collectors, artists, and even researchers. Several scholars advocate for more systematic data collection, clearer provenance standards, and the development of valuation models that integrate both qualitative and quantitative metrics. Yet, the tension between artistic autonomy and market rationality continues to resist resolution.

The literature consistently reveals that the art market is opaque, subjective, and institutionally embedded. Rather than functioning as a transparent market governed by supply-demand dynamics, it operates as a socially constructed field in which reputation, aesthetic appeal,

intermediary strategies, and emotional investment all shape pricing in unpredictable ways. These dynamics leave pricing decisions open to contestation, often reliant on personal networks, institutional affiliations, and implicit cultural codes. While quantitative models such as repeat-sales indices attempt to introduce transparency, they remain inadequate in accounting for the symbolic, affective, and strategic dimensions of art valuation.

It is precisely within this context of ambiguity and informational asymmetry that this study positions itself. By shifting the analytical focus from external market indicators to the internal logic and lived practices of market actors, this research aims to: identify the core factors driving pricing decisions; unpack the role of key intermediaries in shaping perceived value; and expose the informal strategies employed by galleries, auction houses, and collectors. Through qualitative interviews with these insiders, the study seeks to shed new light on the often-hidden social mechanisms behind price formation—thereby advancing a more nuanced and grounded understanding of how valuation unfolds in the contemporary art market.

Methodology

This qualitative study is based on semi-structured interviews with fourteen experienced stakeholders—dealers, advisors, auction specialists, and collectors—representing both primary and secondary markets. The focus on intermediaries and collectors reflects the aim of examining those who translate artistic value into market prices. To ensure conceptual coherence, the sample was limited to participants who share comparable roles in price negotiation and exchange. Artists, although sometimes involved in setting primary prices, occupy structurally different positions—motivated by expressive rather than transactional logic. Including them in the sample could have conflated value creation with value realisation.

The sample includes four art dealers, operating in New York, Paris, and Milan, who manage mid-size and internationally recognised galleries and are directly involved in pricing emerging and established artists. It also includes three

senior professionals from top-tier global auction houses, responsible for sales strategy, pricing research, and international consignments.

Three art advisors were selected for their diverse profiles: one working with private collections and corporate clients in the U.S.; another advising institutional buyers and collectors of African diaspora and emerging artists; and a third with deep connections in the European modern and blue-chip segment.

Finally, four collectors were interviewed, including a high-profile American buyer active in art fair acquisitions, a Paris-based collector with a focus on digital and generational artists, an Italian design-focused collector active in foundations, and a mid-career European collector with strong curatorial engagement. Table 1 summarises the respondents.

Table 1. The list of interviews

Respondent role	Location / Focus	Market segment
Art Dealer 1	New York – Mid-size gallery	Primary
Art Dealer 2	Paris – International gallery	Primary
Art Dealer 3	Milan – Established gallery	Primary
Art Dealer 4	New York – Emerging artists	Primary
Auction Specialist 1	Global – Top-tier auction house	Secondary
Auction Specialist 2	Europe – Modern and contemporary	Secondary
Auction Specialist 3	US – International consignments	Secondary
Art Advisor 1	US – Private & corporate clients	Mixed
Art Advisor 2	Europe – African diaspora & emerging	Mixed
Art Advisor 3	Europe – Modern & blue-chip	Mixed
Collector 1	US – Art fairs & high-profile	Mixed
Collector 2	Paris – Digital & generational	Mixed
Collector 3	Italy – Design & foundations	Mixed
Collector 4	Europe – Curatorial engagement	Mixed

Interviews were conducted from January to April 2025 via in-person meetings and video calls. Sessions lasted 60–90 minutes and were recorded, transcribed, and coded thematically using NVivo. Topics covered included pricing criteria, negotiation strategies, reputation effects, and market opacity.

The interviews were structured around a semi-standardised guide designed to elicit both consistent cross-role insights and in-depth, role-specific expertise on art pricing. All fourteen respondents were asked a core set of ten questions focused on identifying the primary factors influencing price, assessing the role of reputation and intrinsic qualities, understanding emotional and psychological elements, and exploring the distinctions between primary and secondary markets. In addition, tailored follow-up questions were asked based on the interviewee's role to delve deeper into their specific pricing responsibilities and strategies. For example, dealers were asked about pricing trajectories for emerging artists, auction specialists discussed pre-sale estimates and bidding psychology, advisors reflected on valuation guidance and negotiation support, and collectors shared their purchasing criteria and experiences with value evolution.

This expert group offers a balanced and international sample of practitioners across market tiers, buyer types, and pricing responsibilities—ensuring the validity and richness of insights into the informal and strategic mechanisms that shape price formation in the art world.

While this qualitative design provides deep insights, it also carries constraints. The sample size is modest, centred primarily on Western art markets, and relies on insider perspectives. As such, the findings are not generalisable but offer grounded understandings that can inform broader, mixed-method research.

Results

To decode how art pricing operates in practice, this study draws on the insights of fourteen seasoned professionals—dealers, advisors, auction specialists, and collectors—each

immersed in decisions that define value in the contemporary art market. Conducted between January and April 2025, the interviews offer a window into a market where pricing is not just an economic act but a symbolic, affective, and relational negotiation.

Rather than uncovering a singular pricing formula, this article illustrates how value is constructed in an ecosystem shaped by reputation, narrative, scarcity, emotional pull, and opaque but mutually understood codes.

Pricing as a multidimensional construction

Across roles, participants described pricing not as a static output, but as a careful orchestration of variables—artist trajectory, market trends, production complexity, and perceived cultural significance.

A dealer noted, “We price with the long game in mind. It's not just about what the work could fetch today, but what it signals for the artist's next move.” Another described the balancing act between internal alignment and external appetite: “You have to read the room—sales history, collector buzz, curatorial interest—then layer in material costs and ambition.”

An advisor working with corporate clients explained, “For many of my clients, especially in the U.S., the artist's representation and auction visibility are starting points. If the work has institutional backing, we're talking about a price bracket that feels defensible.”

Meanwhile, a collector emphasised the subjective dimension: “Sometimes I buy a piece that is not the most technically ambitious, but it completes something in my collection. That context justifies the price for me.”

The centrality of reputation

Perhaps the most consistent theme was the primacy of the artist's reputation in shaping value. Yet reputation was viewed as layered—spanning critical acclaim, institutional validation, collector enthusiasm, and cultural resonance.

One dealer put it bluntly: “Reputation is the scaffolding. Without it, the price is just a number.” An auction specialist added, “We have

sold works where the medium or size would not normally warrant the hammer price, but the artist's reputation carried the day."

Interestingly, an advisor highlighted the evolving construction of reputation in the current market: "It is no longer just about being in MoMA. If an artist is part of a cultural conversation—on Instagram, in group shows that resonate politically—they can command prices that do not align with traditional markers."

Collectors echoed this. "I have paid more for works that were not the strongest in the show, just because I trust the artist's trajectory," said one, while another remarked, "There is a 'halo effect'—reputation inflates everything around it."

Intrinsic qualities: Necessary but not sufficient

Although participants acknowledged the role of intrinsic attributes (medium, size, technique), these were consistently described as secondary to context.

An auction specialist explained, "Yes, a large oil on canvas might suggest a higher price than a small drawing—but only if the artist's market and practice support that logic. We do not price by square inch."

A collector added nuance: "I love craft and finish—especially with Italian abstract artists—but a beautifully made work by someone unknown does not mean it is worth €50,000. Context matters."

An advisor who works with emerging markets pointed out that non-traditional media can challenge pricing assumptions: "Performance art or textiles can sometimes outprice paintings—not because of material value, but because they represent innovation or cultural urgency."

Across roles, the consensus was clear: form alone does not determine value—it must resonate within a broader system of recognition.

Provenance and institutional history: Anchoring value

Institutional validation and provenance were described as critical tools to anchor pricing in narrative and mitigate risk.

An advisor emphasised, "Provenance is not just about avoiding fakes—it is about tracing the story of a work. If it has been shown at a reputable institution, that adds weight—both financially and symbolically."

Auction specialists rely on provenance as a confidence mechanism: "When collectors see that a work came from a respected collection or a major retrospective, they understand the price better. It gives the work pedigree."

Collectors agreed. One reflected, "A good provenance is like a passport—it tells you where the work has been, who believed in it, and why it still matters. I have passed on works I liked because their history did not convince me."

Dealers working with both historical and contemporary art highlighted the narrative value of prior exhibitions: "Even an artist-run space show can matter if it fits the artist's arc."

Emotional resonance: The aesthetic dividend

Many respondents described an emotional or psychological surplus that shapes willingness to pay—a dimension often ignored in price indices.

A dealer explained: "We have had collectors cry in front of a work. At that point, comps do not matter. That's the emotional multiplier at play."

One collector candidly admitted, "I have spent more than I should have on pieces that hit me viscerally. I might never resell them—but that is not the point."

An auction professional confirmed, "The aesthetic dividend—the emotional payoff of owning a piece—can push prices well beyond rational calculation. Especially in high-stakes sales, emotion becomes the tipping point."

For advisors, this emotional logic was something to anticipate and manage. "I help clients name that feeling—and decide whether it is worth the premium," said one. Another noted, "For many collectors of colour, it is not just about owning art—it is about belonging, identity, and legacy. That emotional charge is part of the price."

Primary vs. secondary market dynamics

The interviews revealed a clear dichotomy between primary and secondary markets, not

just in pricing strategies but in collector expectations and narrative control.

A gallerist shared, “In the primary market, we shape the story. Pricing is slower, more strategic, more controlled. In the secondary, history speaks louder than we do.”

An advisor echoed this: “In the primary market, you are investing in potential. In the secondary, you are buying a record.”

Auction house professionals emphasised data: “In the secondary market, prices must be justifiable with comps. We have less room to invent—but more risk if we misread momentum.”

Collectors, too, observed this divide. “When I buy primary, I am entering a relationship. When I buy secondary, I am evaluating a deal,” said one. Another remarked, “In primary, opacity is part of the dance. In secondary, it is about due diligence.”

Overall, the primary market is relational and forward-looking, while the secondary market is transactional and retrospective.

Scarcity and strategic withholding

Scarcity was repeatedly identified as a pricing lever—but not an absolute value in itself.

An advisor warned, “Scarcity only matters if people want it. A unique piece by an under-recognised artist does not sell unless there is demand.”

Dealers discussed scarcity as a strategic tool: “We sometimes hold back works to create anticipation. That drives up demand—but it must be done with credibility.”

Auction specialists manage scarcity carefully: “We control visibility and supply. One-of-a-kind does not equal valuable unless there is a context of desire and market trust.”

For collectors, scarcity was compelling—but not enough. “I will not buy just because it is the last one,” said one. “I need to believe in the work.”

In digital markets, new rules apply. As one collector shared, “True scarcity online means verified metadata and traceable ownership. It is a new kind of uniqueness.”

Transparency: Between trust and strategy

On the topic of transparency, views diverged—often along generational and functional lines.

Auction professionals acknowledged growing expectations for price visibility, especially online, but maintained that discretion preserves negotiation flexibility: “Our VIP clients expect bespoke experiences—not public tags.”

Dealers shared a similar position. “Transparency helps with trust, especially for new buyers. But full disclosure can dilute the sense of exclusivity that fuels desire.”

Advisors noted a cultural shift: “Millennial collectors expect transparency—they want to know why something costs what it does. You cannot just say ‘this is the price’ anymore.”

Collectors expressed ambivalence. “I do not need to know everything—but I want to understand the logic,” said one. Another shared, “I am okay with some opacity—if I trust the dealer. It is when logic breaks down that I hesitate.”

Ultimately, transparency is a negotiated value—not a standard—and often serves as a symbolic marker of access and insider status.

Shifting practices: Digital influence and generational pressures

Across roles, participants observed that pricing practices are evolving—driven by technology, generational expectations, and new asset categories.

Digital platforms have changed collector behaviour. “Buyers now show up with screenshots and price comparisons,” noted a dealer. “That is new.”

Auction professionals are adapting with tiered visibility and predictive tools. “We offer price ranges online, but keep the final ask private,” said one. “It is a dance between access and mystique.”

Advisors reported that younger collectors bring cryptographic expectations—especially in digital art. “They want provenance on-chain, fractional ownership options, even dynamic pricing,” said one.

Collectors themselves acknowledged that pricing is more fluid: “During art fairs, I have seen works go up in price mid-negotiation,” shared one. “Demand creates pressure, and sellers respond fast.”

This points to a future where pricing is not static but responsive, digital, and context-sensitive—blurring the lines between market logic and emotional tempo.

Conclusion

This research set out to explore a question at the heart of contemporary art economics: how is price determined in an opaque, subjective, and non-standardised art market where cultural capital, emotional resonance, and institutional signalling intersect with economic value? By engaging directly with key actors—dealers, advisors, collectors, and auction house professionals—this study has brought to light the informal, affective, and market dynamics that shape pricing in ways that remain largely invisible to external observers or econometric analysis.

One of the clearest findings is that pricing in the art market is not governed by a universal formula, but instead by a complex choreography of narratives, power relations, and perceived legitimacy. While traditional economic factors such as supply, demand, and production costs are not irrelevant, they are consistently subordinated to more fluid and culturally embedded considerations—reputation, provenance, institutional affiliation, and market timing.

Reputation emerges as the keystone of valuation. Not only does it serve as a proxy for quality and risk, but it also offers a form of cultural validation that enables actors to justify higher prices and reduce buyer hesitation. Yet reputation is itself a social construct, built through curatorial inclusion, critical reception, peer recognition, and increasingly, online visibility. This makes the pricing process both strategic and fragile—vulnerable to reputational shocks, shifting curatorial trends, and evolving collector values.

Equally significant is the role of emotion and symbolic meaning. Interviews revealed that the so-called “aesthetic dividend”—the psychological and emotional benefit derived from owning or experiencing a work of art—frequently overrides rational considerations. Collectors spoke openly about falling in love with a piece, while dealers

and advisors discussed how narrative framing could increase buyer willingness to pay. Auction specialists described bidding environments where ego, fear of missing out, and passion led to unexpected price surges. This emotional logic, while difficult to quantify, is a consistent and legitimate driver of price formation.

The study also underscored the relational and contextual differences between the primary and secondary markets. In the primary market, prices are shaped by narrative control, strategic positioning, and access management. In the secondary market, pricing is more reactive and data-informed, tied to auction history and comparative benchmarks. These two markets function according to different rules, and participants shift their pricing strategies accordingly. Scarcity plays a role in both, but only when coupled with demand and credible market positioning.

Perhaps most revealing, however, was the tension between transparency and opacity. While digital platforms and younger collectors are pushing for clearer, more accessible pricing structures, many market actors continue to use discretion and selective disclosure as tools of control and differentiation. Transparency is not simply an ethical imperative in the art market—it is a strategic choice, carefully negotiated depending on audience, context, and positioning.

These findings contribute a fresh layer of nuance to our understanding of art pricing, particularly by capturing the lived practices, emotional stakes, and strategic calculations of those who operate within the system. Yet they also highlight limitations in prevailing models of market analysis, which often seek to explain pricing behaviour using linear, data-driven tools that struggle to accommodate the symbolic and qualitative aspects of value.

Given the complexity uncovered in this qualitative study, there is a pressing need for future research to adopt a mixed-methods approach—one that combines the deep, interpretive insights of fieldwork with the pattern recognition and scale of quantitative analysis. The current study lays a strong foundation for such an endeavour

by identifying the key dimensions that could inform more structured, data-driven modelling.

Specifically, future research could explore:

- Reputation modelling using quantifiable proxies such as institutional exhibitions, publication mentions, social media metrics, and gallery affiliations.
- Price trajectory analysis based on repeat sales data and historical pricing information from databases such as Artnet, Artprice, or internal gallery records.
- Sentiment analysis of collector and critic language in reviews, press releases, and social media to assess emotional value in more systematic terms.
- Network analysis to map the relational structures that influence pricing—such as advisor-dealer-collector constellations or artist-institution alignments.
- Behavioural experiments to understand how storytelling, framing, or scarcity influence perceived value in controlled environments.

These efforts would benefit from integrating index-based tools, such as repeat-sales indices (e.g., the Mei Moses Index), adjusted to account for artist-specific variables, market tier, and the context of sale. Such indices could be developed or refined by collaborating with auction houses, galleries, and collectors willing to share anonymised data.

Ultimately, this would enable researchers to triangulate between subjective narratives and market patterns, offering a more comprehensive and empirically grounded picture of how pricing functions in the art world.

The art market has long been criticised for its opacity, exclusivity, and resistance to normative economic modelling. Yet this study suggests that what often appears irrational or opaque is in fact structured by shared but informal logic—codes of conduct, relational protocols, and cultural scripts that insiders understand and perform.

Rather than attempting to replace these informal mechanisms with rigid quantification, the goal of future research should be to clarify and contextualise them—making the invisible infrastructure of pricing more legible without

eroding the richness that makes the art world culturally and economically distinct.

In this way, the next phase of research can move from interpretation to index-informed infrastructure—building bridges between art market actors, academics, and policymakers to foster a more transparent, equitable, and intellectually robust understanding of value in one of the world's most fascinating and complex cultural markets.

The study concludes by calling for collaborations between market professionals, scholars, and policymakers. However, such bridge-building faces real challenges because the art market's exclusivity and informational asymmetry preserve insider advantages. Effective cooperation will require mutual trust, shared ethical standards, and incremental transparency initiatives.

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