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# Market Chats: What Masterworks and Ozy Media Tell Us About the End of the Traditional Art Fair



Yayoi Kusama, Pumpkin, 1993. Photo by Justin Tallis of AFP via Getty Images. In Masterworks.

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**Introducing...our (new) column where each month we take a deep dive into the ever evolving art market.**

Despite highly publicised physical returns of Frieze and Art Basel, the traditional art fair, with its ongoing communications crises and financial struggles, is faltering under the strain of growing scrutiny, shifting market appetites, and more.

TEXT: Reena Devi

IMAGES: Courtesy of various

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Yayoi Kusama, Pumpkin, 1993. Photo by Justin Tallis of AFP via Getty Images. Image courtesy of Masterworks.

Art fairs, which faced the economic brunt of the pandemic, seem hell-bent on returning full force for their physical editions in the second half of this year but make no mistake, traditional art fairs are in crisis.

After all, corporate or PR spin can only work for so long. This seems to be the case across other mega industries, where big name, sprawling companies may be thriving financially but are struggling to have their day in the sun—corporate spin failing in the face of leaks, whistleblowers, and rigorously sourced investigative journalism.

Just this month alone, Netflix, one of the most  
(<https://mobile.twitter.com/jeffbezos/status/1444431829214248960?s=21>)  
fawned-upon big tech companies, is facing a communications and employee relations crisis (<https://puck.news/netflix-has-reached-a-p-r-inflection-point/>) following a controversial comedy special. Facebook is also dealing with their own ongoing version  
(<https://twitter.com/fbnewsroom/status/1450154004730707972?s=20>) of such a crisis. The failings of Ozy Media, a digital media company known for raising red flags regarding its audience size claims, was recently exposed when *The New York Times* reported

(<https://www.nytimes.com/2021/09/26/business/media/ozy-media-goldman-sachs.html>) that its co-founder impersonated a YouTube executive on a call with investors.



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Art Basel 2021 in Basel, Switzerland. Image courtesy of Art Basel.



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Installation view of Lehmann Maupin's booth at Frieze London 2021. Photo by Linda Ny Lind. Image courtesy of Frieze.



Art fairs, especially those run by megalith companies, have not been exempt from similar reckonings over the past few years. Before “Rupert Murdoch’s (<https://www.vanityfair.com/style/2021/08/true-colors-post-covid-art-fair>) less Fox News-y son” swept in to save the day, Art Basel’s parent company MCH Group was facing budget and management issues in 2019. During this period, an internal memo on the company’s struggles was reported in detail by *Artnet*. The memo revealed that shareholders were unhappy about MCH Group’s decision to sell off its Live Marketing Solutions division, which offered services for live events. More recently, *Vanity Fair* reported (<https://www.vanityfair.com/style/2021/08/true-colors-post-covid-art-fair>) behind-the-scenes troubles at Frieze due to the “monetary expectations” of their parent company Endeavor and the “hands-on approach” of its famous (<https://www.youtube.com/watch?v=BBHISD6TMGY>) CEO Ari Emanuel.

Even the ongoing hubbub (<https://www.cobosocial.com/dossiers/art/art-basels-flagship-fair-returns-irl-with-push-and-pull-between-past-and-future/>) of brisk sales, thanks to an art market with deep pockets, coupled with widespread relief (<https://news.artnet.com/market/frieze-london-sales-2021-2019893>) to be around art and people IRL, could not stop industry insiders from raising pertinent concerns. This ranged from the regurgitating of sales figures provided by galleries and auction houses without (<https://twitter.com/charlieburns/status/1444935180813312006>) disclaimers that said figures are typically not independently verified, to the impact of market frenzy on young artists.

Young British painter Issy Wood, who had a solo booth with Carlos/Ishikawa at Frieze London, a solo show at their London gallery, and her artwork *Eggplant / car interior* (2019) hammer at a record-breaking £327,600 (<https://www.theartnewspaper.com/2021/10/15/frieze-2021-young-british-painters>) at Phillips, all in one week, did not shy away from detailing her experience of collectors “threatening (<https://www.theartnewspaper.com/2021/10/15/frieze-2021-young-british-painters>) me with doom via text, or attempting to poison me against my collaborators, or yelling at me over 12 voicemails, or asking me for naked photos whilst assuring me they’re All Business,” in her book *BUT WHO’S COUNTING*.

While a lot of what is wrong with art fairs are also flaws in the larger art market, current moves by major players are highly indicative of growing cracks in the art fair industrial complex.



(<https://www.cobosocial.com/wp-content/uploads/2021/10/noah-and-rebecca.png>)

(Left) Noah Horowitz. Photo by Mike Coppola. Image courtesy of Getty Images; (Right) Rebecca Siegel. Image courtesy of Frieze.

Much can be construed from the departures of Frieze's Americas Director Rebecca Ann Siegel in August and Art Basel's Americas Director Noah Horowitz in July, both with no successors in place. Even more can be said about Dominique Lévy, Brett Gorvy, Amalia Dayan and Jeanne Greenberg Rohatyn merging (<https://www.nytimes.com/2021/08/31/arts/design/art-gallerists-lgdr-consortium.html>) their galleries into a one-stop shop known as LGDR, with plans to no longer participate in any major American art fairs. It is equally telling that Frieze launched (<https://www.frieze.com/fairs/no9-cork-street>) a year-round space in London for galleries to showcase their art via temporary pop-up exhibitions, over a slowed down pace of four weeks, as compared to the art fair frenzy.

While local and regional art fairs still have some appeal, especially in places such as Asia where they can be a gateway to untapped local collector bases and dynamic art scenes, the increasing popularity of pop-up spaces (<https://www.tatlerasia.com/culture/arts/hk-lehmann-maupin-gallery-taiwan-pop-up>), gallery weekends (<https://www.nytimes.com/2021/06/07/arts/design/london-gallery-weekend.html>) or art weeks offer less expensive and logistically consuming (<https://www.theartnewspaper.com/2021/10/13/brexit-blues->

at-frieze-due-to-red-tape) ways to access the local and regional. To this point, Art Basel is backing Art Week Tokyo's inaugural edition running from 4 to 7 November 2021.

But the most telling sign regarding the fate of the traditional art fair is the success of Masterworks, which effectively taps into our current zeitgeist, the YOLO economy (<https://www.nytimes.com/2021/04/21/technology/welcome-to-the-yolo-economy.html>). A financial investment platform that purchases blue-chip paintings to securitise and sell them as fractional investments to individual investors, Masterworks became valued at more than US\$1 billion (<https://www.axios.com/why-masterworks-is-worth-1-billion-91df789b-a685-47a8-a047-74619ef0a139.html>) in October.

Founded in 2017, the company does the opposite of an art fair, or even the traditional art market, in that it does not promote or sell art as “a noble (<https://www.axios.com/why-masterworks-is-worth-1-billion-91df789b-a685-47a8-a047-74619ef0a139.html>), uplifting, or aesthetic consumption good.” Artworks, by the likes of Banksy and Picasso, are sold purely as an alternative asset class via a business model that allows Masterworks to flip works at a “10% (<https://www.axios.com/why-masterworks-is-worth-1-billion-91df789b-a685-47a8-a047-74619ef0a139.html>) gross profit every time it buys”, while keeping 20% of the upside on the art it has already sold, along with a management fee.

The fact that this type of business is being valued so lucratively shows what kind of creature the art market is morphing into, and no art fair can feed that kind of investor appetite sustainably in the long run. Maybe art fairs should become something else entirely—art by various artists, galleries and non-profits viewed and bought in the Metaverse through a secure and authentic decentralised financial model. But that's a contentious discussion for a whole other column.

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