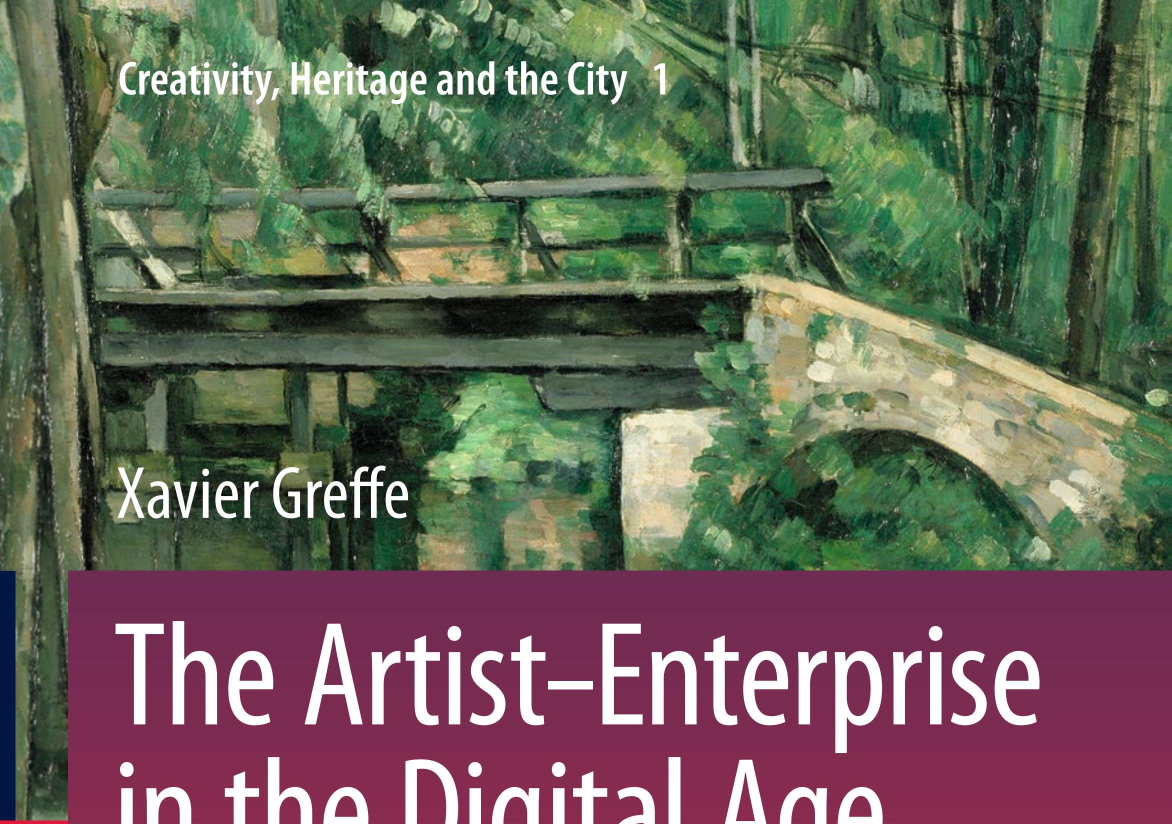
Creativity, Heritage and the City 1



Xavier Greffe

The Artist–Enterprise in the Digital Age

Springer

Creativity, Heritage and the City

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Chapter 1
Introduction

The artist is a familiar figure in western societies as he provides them with images as well as aesthetic, critical and messianic values. But as the artist's image evolves, people believe that he can generate new activities, while some even consider him capable of pioneering fresh development. In 2011, the management of the Versailles Palace invited the contemporary artist, Bernar Venet, to adorn its open spaces with his sculptures consisting of steel arches. These works of art were commissioned on the recommendation of the Belgian Engineering and Design Department, which had designed the Millau viaduct, and a Hungarian workshop frequently used by the artist. The project had a budget of € 2.5 million, but 90 % of this amount was to be raised by the artist with the help of his partners and well-wishers.

We stress this economic dimension to draw attention to the relationship between the artist and a culture driven by an entrepreneurial spirit and the market. It would be an exaggeration to see this as something really new: the artist has always been an "entrepreneur" in the sense that he executed projects by bringing together diverse resources and was frequently obliged to adapt himself to the constraints imposed by the market which could influence his choices. But though this relationship may not be new, it has certainly become more complex due to the proliferation of expressions such as *artist-entrepreneur, artist-financier, artistic enterprise*, etc. The term *artist-enterprise* will be used in this book to convey the growing importance of the economic dimensions of artistic creativity. Even when he is on his own, the artist has to demonstrate or manage a variety of skills, sign contracts both in the early and later stages of his activity, and also maintain relationships and networks that enable him to attain his artistic and economic goals. He is no longer simply an entrepreneur managing his own skills, but he is the enterprise itself.

How can this change be explained? For a long time, it was believed that the artist combined in his person both ingenuity and virtuosity, though in varying proportions: he was the embodiment of a particular skill, an exceptional talent or genius, a quality that was enough by itself to determine the existence and recognition of a work of art. But today, he is seen as a more complex being: more often than not he is

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part of a network, he needs the support of other artistic skills, he has to establish his presence in the world of art so that he is known and his skills are recognised, he must look after and protect his interests in the form of intellectual property rights, etc. These multiple dimensions are evident when you look at the leading audiovisual companies, who know how to divide and outsource these jobs, or even visual artists like Takashi Murakami and Jeff Koons who head teams of several hundred persons. It is not so obvious in the case of a small amateur dance company, an independent sculptor or writer, but they face similar challenges in this age of globalization and digitization. Even though the globalization of markets provides welcome niches for the development of specific areas of production, it also leads to the rise of organizations specializing in prospecting and gathering information. While Gutenberg was responsible for the passage of works of art into the modern era by facilitating the reproduction of contents of a particular type in a wide variety of "containers", the digital era has gone much further by allowing these contents to do away with the very notion of the "container". It is therefore necessary to put in place new mechanisms for determining their correct value. In both cases, the artist's entrepreneurial dimension is strengthened.

The *artist-enterprise* thus finds himself at the confluence of two dynamics of production - artistic and economic: artistic because he invents new expressions and meanings and economic because these expressions must be translated into monetary values for their emergence in the market. The artistic dynamic is a part of a long process of artistic enhancement and only an artist can say whether it has reached the point of presentation or equilibrium. The economic dynamic is dependent on the constant endorsement of his works by the market to ensure his survival as an *artist-enterprise*. The tension created by this disparity is further aggravated by another tension: the need to overcome a number of risks so that the *artist-enterprise* can progress. Even when the *artist-enterprise* acquires fame following the public recognition of the quality of his work, he must know how to manage a complex combination of skills and resources.

The expression *artist-enterprise* is different from the commonly used expression *artistic enterprise* which attributes a social reason to the artist. Such an enterprise produces something special like an artistic good, but once its originality is accepted we come back to the enterprise's generic approach as a mechanism designed for the rational adaptation of means to their ends. This is the starting point of the course known as *Arts Management* which concentrates solely on the marketing of artistic products as something distinctive because it has to draw the consumers' attention to these new products. However, it subsequently casts aside the original dynamic of artistic creation to concentrate solely on optimization. The notion of *cultural enterprise* is very close to the notions of *artist-enterprise* and *artistic enterprise*. While an *artistic enterprise* is involved in the creation of artistic products, a *cultural enterprise* influences values and behaviour by exhibiting works of art and organizing educational programmes. There is certainly a continuum between art and culture, and progress is possible because the behaviour of the artist and the people around him determines the social condition. But we would like to concentrate on the level of artistic creation to avoid diluting its analysis by taking other processes into consideration. The distinction between them may often be tenuous but their objectives are quite different.

Critical enterprise is another commonly used expression where the artist is asked to cast a critical eye on the world around him and contribute to the creation of new symbols, behaviour patterns, goods and services so that the *artistic enterprise* becomes a *critical enterprise*. This could be considered as the consequence of the widespread "culturalization" of the economy or the post-modern desire to satisfy the specialized demands and the reflective nature of consumers with greater efficiency. Artists may even be used as consultants or experts together with other experts and the "new management of capitalism" can thus salvage the critical dimension of the artistic discourse. There is no doubt that such a shift exists, but here too the goals are changing rapidly. It tends to fuse the originality the *artist-enterprise* with the goal of wider social communication. The expression *artistic enterprise* is quite close to the expression *artist-enterprise*. Defined by Yann Toma as the conjunction between an entrepreneurial venture and an artist, it provides the artist with a symbolic and legal protective filter. The *artistic-enterprise* therefore helps to set up an interventional network for developing the artist's ability to innovate and adapt to the prevailing circumstances. This approach is relevant but not complete: it mainly sees in the enterprise the signs indicating the existence of an artist rather than the social matrix that he must put in place in order to put his creative talent to use.

However, we prefer the expression *artist-enterprise*. In the first place, it emphasizes the fact that all artistic activity is necessarily an "enterprise" because it depends on resources and networks. It broadens the concepts of genius, creative forces, monsters, etc. instead of disparaging them. And finally, this expression emphasizes that this enterprise should remain artistic when it appears on the market.

Having anticipated the problems likely to arise in relation to the concept of *artist-enterprise*, it is also necessary to foresee their magnitude. The *artist-enterprise* essentially produces and distributes artistic goods and services. This definition does not however convey much because the term is quite flexible covering plastic arts, performing arts, heritage conservation, audio-visual products, video games, toys, fashion and perfumes. Since the range of goods normally produced by such artistic activities is very wide, utilitarian values are increasingly associated with aesthetic values in their economy. If we follow this line of thinking, we will end up claiming that an *artist-enterprise* mobilizes artistic resources regardless of the goods produced, which would mean that he could exist in any sector of the economy!

The concept of the *artist-enterprise* could therefore be extended to so-called creative actors who go beyond the classical system of "visual arts – performing arts – heritage conservation – writing for the audio-visual media" to follow in the footsteps of the creative industries. But this can happen only if the artistic motive remains impelling enough to differentiate them from the purely utilitarian motives underlying production, so that the demand for these goods and services depends on their aesthetic and symbolic appeal.

On the other hand, legal differences should not lead to a breakdown even though they may have varied effects. The expression *artist-enterprise* does not demand a particular type of legal structure: it could be an independent activity, a self-owned enterprise run by an individual, an association of amateurs or a contemporary art foundation, a publishing house run as a limited company or an audio-visual enterprise employing thousands of talented persons run as a public company. Irrespective of the legal structure, these institutions face the same problems as the *artist-enterprise*: uncertainty regarding the recognition of their works by the market, difficulty of finding resources, management of hybrid skills covering both artistic and technical areas, etc. Another trait that is common to them is their dependence on networks like all other artistic activities.

This book seeks to explain the singular nature of *artist-enterprises*, the forces that drive them and the strategies they employ.

We will begin by retracing the changing circumstances that led artists to work in complex organizations and define themselves in institutional terms. The starting point of this development was collective establishments like the workshops of the Renaissance. But these trade associations or guilds were gradually rejected by the art fraternity, the market and even the law and led to complications of a different kind: problems of obtaining materials from suppliers located in distant places, problems of cooperating with persons having skills other than artistic and the difficulty of obtaining information through complex networks. The progressive dematerialization of works of art was responsible for the emergence of another significant trend. Although works of art were prized for a long time for being unique, the advent of digitization changed their character: they were transformed into algorithms that could be reproduced ad infinitum, implying thereby the appropriation of their shared or collective value. Finally, while in the past artistic activities were in demand for their intrinsic value, today they are in demand for other reasons: education, health, decoration, etc., which encourages the artist to participate in other enterprises and obliges him to compete on an equal footing with people in other fields. The artist becomes an enterprise not only because he is himself a project but because he is required to master other areas of specialization that are complementary and synergetic in this context Chap. 2).

Under the dual influence of digitization and scanning, the context in which an artist-enterprise functions has changed considerably. For a long time the artist-enterprise was confined to producing works of art and industrialized cultural goods. Today, a growing number of products combine aesthetic and functional dimensions as seen in the realms of fashion, surface coating materials and even gastronomy. They are known as cultural products. While in the first case these goods and services were sought by users for mainly cultural reasons, in the second they are sought for reasons that are more or less cultural. This expansion has led to the introduction of new dynamics that are increasingly described as the mediatisation of objects and the thingification of media where digitization/scanning can exert considerable leverage (Chap. 3).

Consequently, the artist-enterprise's economic footprint is substantially larger than in the traditional statistical approach to the artistic domain and it is advisable to visualize the new boundaries clearly. The logical conclusion of this debate would be to examine the principal statistical measures employed today and, by doing so, bring to light the increasing overlap between the arts, cultural and creative industries. Instead of being considered from a purely static approach, the economic footprint of artist-enterprises can also be envisaged from another angle keeping in mind the dynamic of the ripple effect it can have on development. This is not a new debate, but it assumes greater significance in the contemporary context: It is essential to know whether the activity of artist-enterprises is an element of development or its consequence (Chap. 4).

We will then examine how some artists successfully forged these necessary, though diverse, links between artistic enhancement and capitalization. The first example – Hokusaï – serves as an illustration of the urge to escape from the clutches of a pre-modern economic system that was often stifling by taking advantage of technological as well as economic and social innovations. Five other examples – Tiffany, Gallée, Diaghilev, Coco Chanel and Walt Disney – concern artists who openly declared themselves entrepreneurs to take up the challenges of the market, and they did it deliberately. As for the last example – Andy Warhol – he takes us into the very midst of contemporary art and introduces us to an *artist-enterprise* who could almost be described as an *artist-financier*. The links between artistic creativity and economic productivity are quite clear and point out that art markets are in no way different from other markets when it comes to innovation, instability and speculation (Chap. 5).

The originality of the artist-enterprise will therefore depend on two fundamental points – artistic creation and economic viability. The problem then is to bring together these two parallel dynamics and make sure that they remain fully consistent over a period of time. The predominance of purely artistic reasoning would lead to a dead-end owing to the lack of resources, while the predominance of purely economic reasoning would deprive the artistic element of all its content. It is very difficult to achieve this delicate balance since the environment is likely to change in accordance with the volume of activity: in the early stages of their existence, many artist-enterprises are simple craftsmen suffering from the lack of recognition, but as they grow bigger, they are exposed to organizational risks (Chap. 6).

This overlap of artistic and economic reasoning occurs in an uncertain environment arising from the novelty of artistic products. There is no doubt that, like other economic operators, artist-enterprises too know the exact source of their market value: an adequate response to a new problem, the proper organization of their field of activity and exceeding the minimum level of consumers. They also have to overcome the obstacle of the "Nobody Knows" phenomenon caused by uncertainty, whether it is the uncertainty regarding the satisfaction obtained by consumers from the consumption of a product that they have never tried before or the uncertainty of producers regarding the number of consumers likely to buy the product. Confidence is thus the principal means of facing this challenge, a confidence that is produced by the interplay of different dynamics (Chap. 7).

In a digital environment, it is necessary to provide a concrete base for this recognition and confidence by organizing adequate monetary resources. This poses a particularly serious challenge when contents are multiplied and commonly duplicated. The artist-enterprise will first have to attract attention towards his products and then devise suitable price strategies. Earlier, the need to allow persons and communities without sufficient means to access culture was frequently mentioned when dealing with these problems. Today, however, there is a continuous duplication of contents due to the artists' need to make a living from their creative talents. The responses to these challenges are to be found in the mobilization of new business models like *Freemium, Wikipedia, Google, Open Source*, etc. The artist-enterprise is then faced with another challenge: the inevitable problem of liquidity. He must be able to bear heavy costs even before his products reach the market and there is no certainty that they will sell! Liquidity is therefore the most serious problem and the issues of price-determination and organization of funding should therefore be treated as a serious challenge and given the utmost priority. Price-determination methods, pooling of funds, sponsorships and micro-support systems will also be treated as new models (Chap. 8).

Any artist-enterprise will have to develop its own creative process. It should be kept in mind that the artist-enterprise is obliged to create within an existing institutional framework. Public institutions are rarely involved today and even the formula that dominated the management of nonprofit organizations for a long time is now losing its efficacy due to the constant need to find new sources of funding. This leads to the continuous hybridization of forms and institutional structures built around the artist-enterprise. Further, the artist-enterprise is dependent on a wide variety of human resources: skills of a general as well as specific nature, special talents and even genius . . . This poses a very unusual challenge: the artist-enterprise may himself take charge of "managing his skills", often because he is working alone or he may delegate this "management of skills" to an agency; he may take the lead and directly manage the talents and skills that he has brought together; he may manage the core activities and increasingly subcontract non-artistic tasks, etc. Regardless of the type of management, one common problem is low returns: a problem for which laws protecting intellectual property rights provide no definitive solution. In this context, the intangible nature of his products obliges him to frequently opt for informal exchanges through networks and districts, which makes his geographical location as important as the specific nature of the institutions involved (Chap. 9).

Artistically creative artist-enterprises are obliged to seek the help of markets to find the resources necessary for their activity. They do not enter in pre-existing markets; they have to create new markets where they are not even sure of finding buyers. Novelty, rather than price, thus becomes the variable that determines the behaviour of both suppliers and buyers. By novelty we mean a new configuration of the good that distinguishes it from those already available in the market. Several options are then possible: One option is to reduce the risk factor by limiting oneself to "renewing" the novelty which means making superficial changes in the product so that it is sufficiently similar to the existing product in the consumers' eyes. This encourages the production of kitsch in order to persuade the consumer to buy a pseudo-novelty, a strategy providing greater financial security to the producer. A second option is to opt for a more creative process within a limited time-frame in order to recover investment; Finally, the producer may decide to risk everything by opting for a completely novel product without specifying a time-frame, which boils down to a lottery. This is the economic version of the avant-garde strategy that pushes the producer to 'overshoot' since the expected receipts do not allow him to cover his investment "judiciously". We face three types of artistic markets: "Avant-garde", "Edgy" and "Absorption". Whatever this market, since art goods and cultural products are constantly recreated, the intensity of artistic activity depends on the location of artist-enterprises as it can facilitate and sometimes restrict the exchange of ideas, pooling of services, presence of required talents, etc. (Chap. 10).

Then it is rather difficult to contest the importance of the link between artist-enterprises and the new creative economy. Artist-enterprises play a significant role in the present-day economy: they are no longer a restricted sector of the economy which was treated sympathetically because the transition from art works to cultural products cuts across several sectors nurturing creativity in the social, economic and environmental domains (Conclusion, 11).

Supporting the coming together of artistic and economic perceptions would amount to *morphing* in a way. Since *Gryphon Software Corporation* brought out its new software *Morph 2.0*, there have been numerous cases of reconstitution of images, persons and even symbols meant to serve as new references, and we have even witnessed the appearance of a perfect counter-communication as opposed to the commonly accepted methods of communication.

In the beginning, this morphing was often intended to put an end to the principles of humanism and feminism supported by traditional dualisms like nature/culture, living entity/artefact like Dana Haraway's famous declaration, "*I would rather be a cyborg than a goddess*".

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Chapter 2
New Challenges for the Artist-Enterprise

Today, an artist's creativity depends in a large measure on his ability to build networks and coordinate assorted skills. This is particularly true of the leading audio-visual companies and to a lesser degree of sculptors, small dance companies, eco-museums, etc. But even in the latter instances, artists have to depend on computer software, logistic and marketing services and sources of funding. They are therefore obliged to adopt a business model. This is not a recent phenomenon, because if one looks at the way Rubens and Titian ran their studios, it could be said that they were the forerunners of Walter Disney and Andy Warhol.

However, due to certain factors, present-day artists find themselves hampered by the constraints of the business model. Even though it was believed for a long time that the artist combined in his person the qualities of ingenuity and virtuosity, his role is now being increasingly reduced to that of a creator of concepts, which obliges him to outsource certain tasks and employ skilled helpers. While his work space is divided into a private space for the tasks related to production and preparation and a public space for operations related to sales and display, he is now faced with the blurring of these boundaries (due to on-site production) and the invasion of his private space by new inventions like the mobile phone. Although, at one time the essence of a work of art was its uniqueness and there were attempts to monitor its financial consequences (through the *droit de suite* or the artist's right to a share of the proceeds of successive sales of the original work after its initial sale), the digitization of works of art brings into play the most complex processes of value adjustment. Finally, while artistic activities were earlier in demand for their intrinsic value, they are now sought after for a wide variety of reasons such as education, health, decoration, etc., which encourages the artist to join other enterprises or compete with them on an equal footing. The artist has consequently become an enterprise.

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2.1 The Figure of the Artist

It is not very surprising that artists have always been controversial figures. After having emerged from a strictly regulated guild system at the end of the Middle Ages to be subsequently controlled by the academic system that encouraged them to develop similar characteristic even as it legitimized their status as artists, they now have to deal with a market based on selection principles that determine whether an artist's work is accepted or rejected in accordance with current preferences. Finally, it could be said that there are today as many different types of artists as there are people who want to be recognised as artists.

There are nevertheless certain trends or approaches that continue to dominate. They became apparent for the first time in the nineteenth century when the logic of the art market prevailed over the last vestiges of the guild system, which had passed on its mantle to the art academies. Two of these trends merit special attention: Bohemianism and art for art's sake which came together to create an original movement that was least concerned with the market and observed society with detachment, mostly pessimistically and sometimes ironically, with the intention of laying bare a reality that was not visible to those who were a part of this society!

2.1.1 Bohemianism

Bohemianism is generally associated with Henry Murger who defined this new approach to art in his book *Scènes de la vie de bohème* published in 1851. There is no doubt that he was aptly qualified to do so. Son of a tailor who doubled as a janitor and a working-class woman, Murger spent his early years as a member of a group of young artists living in the Latin Quarter who called themselves the "water drinkers" because they were too poor to afford wine. Among the members of this group was the photographer Nadar. Murger became famous when *Scènes de la vie de bohème*, a collection of loosely related stories, was published in serial form in a local magazine of the Realist School. These stories describe the adventures and sufferings of his friends like Schanne whose names are barely disguised. It is interesting to note that these writings later inspired composers (Puccini) and filmmakers (Marcel L'Herbier and AkiKaurasmaki) with each period creating anew the persona of the unconventional Bohemian artist.

But what is the exact significance of this movement which became all too rapidly the symbol of an individual wanting to live on the fringes of society and unwilling to follow its rules? In a lecture delivered in Paris in 2012 during the exhibition *La Bohème* at the Grand Palais, Ségolène Le Men invites us to look at Courbet's paintings as the artist had actually had the opportunity of meeting a lot of Bohemians in the course of his travels. She also points out that Courbet portrays himself more or less indirectly in many of his paintings by resorting to allegoric condensation. In the painting *L'Atelier du peintre* (The Artist's Studio), Courbet depicts himself sporting an "Assyrian" beard, a detail, which struck his contemporaries. In *L'hallali du cerf* (The Kill of Deer), he puts himself next to the man stabbing the deer. He also includes Bohemians in many of his portraits depicting peasants. In one of his self-portraits, he portrays himself as a stray dog, the dog being a totemic representation of the artist. However, Bohemianism was not a new theme as exemplified by Caravaggio. On the contrary, what was new was the artist's desire to flaunt his Bohemian status as a man condemned to linger endlessly on the fringes of a society that does not understand him and pushes him away when he comes too close.

Of course, the expression 'Bohemian lifestyle' refers to an unconventional existence devoid of any kind of order or rationality. Well before the nineteenth century, this expression was based on the double metaphor of rejection by mainstream European society and eternal roving to which the Bohemian or Romany people were condemned. The Bohemian artist still leads a vagabond existence willingly starving him and living in dilapidated lodgings.

Even in a modern industrial society, the artist's situation has not changed and he remains a marginalised person with his head in the clouds. Very soon the Bohemian artist started looking for a path that would lead him to redemption, glory or even death, like Gerard de Nerval and Modigliani. Under the cover of eccentricity, he feigned to be different and put on an air of prophetic solitude. It could thus be said that Bohemianism was as much a philosophy as a way of life, a philosophy that was an explosive mixture of romanticism (insouciance, camaraderie, tender love and artistic ambition) and realism (helplessness, disillusion, cynicism and the fear of failure) in a newly industrialised world that Erik Satie would describe as "a wide-eyed young girl".[1]

2.1.2 Art for Art's Sake

A deeper understanding of Bohemianism enables us to fathom the exact meaning of the expression 'art for art's sake' first coined by Théophile Gautier in the preface to his novel *Mademoiselle de Maupin* (1835). The expression was subsequently used to claim the artist's independence from society and freedom from the obligation to perform any moral or didactic function. As a matter of fact, a better expression would have been 'art for the artists' sake', because it maintained that artists alone had the right to judge the quality and evolution of their works. Further, it was a way of putting an end to the growing antagonism between an art admired by society and artists despised by the same society. It was a way of allowing artists to be the only ones permitted analyse their works and to enjoy the benefits of their acknowledged contribution to the arts giving rise to the famous saying "*Nothing that is useful can be beautiful*".

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[1] Gay, Peter. 2007. *Modernism: The Lure of Heresy From Baudelaire to Beckett and Beyond.* New York: W.W. Norton & Company. p. 83.

As a matter of fact, this doctrine has rarely been taken literally and when it was, it was only used as a means to escape the rigours of the Academy of Arts and morality, particularly the debate of the relationship between art and morality opposing pessimists and optimists. The belief that none other than an artist can be entrusted with the assessment of art because morality is no longer a benchmark led the English poet Swinburne to declare that art was moving towards adulthood. In 1871, a group of Belgian painters spoke of “free art”. But this hardly reduced the conflict between artists and the bourgeoisie as seen in two literary works: Balzac’s unfinished masterpiece and Manette Salomon by the Goncourt Brothers. Sure enough, paths diverged and the doctrine of art for art’s sake supported the trend that led to the secular canonisation of artists ranging from Vasari to Wagner. There was a new religion as G. B. Shaw wrote in *The Doctor’s Dilemma,* “*I believe in Michael-Angelo, Velasquez and Rembrandt, in the power of drawing, in the mystery of colours, in the redemption of things by eternal beauty and the legacy of art is to have my hands blessed. Amen, Amen* ” (Quotation from: Gay [1, p. 314]).

2.1.3 The ‘Modern’ Artist as Defined by Mirbeau

Does that mean we have progressed? It is not so certain. Having claimed independence and crossed all bounds, it is still necessary to know how to deal with this power and the answers are far from simple. Painters and sculptors have demanded freedom by waving the banner of protest, but as Borrell points out the artist-king is “powerless” and his kingdom is no more than “a studio transformed into a place of passion and experimentation” [2, p. 23]. Freed of all constraints, the artist is driven to become modern, so much so that each one becomes modern in his own way. Baudelaire’s invitation and Rimbaud’s command to artists to be “absolutely” modern led to the heroism of modern life rather than to the creation of a clear identity. This was undoubtedly the way Mirbeau portrayed the life of artists in the late nineteenth century to bring out their multiple facets [3]. Still later, in 1907, he would undertake a more concise analysis: Of what use are artists? [3, p. 426]. Primarily, an artist is one who always speaks the truth. The artist must always remain in the background and keep himself out of the way in his endeavour to represent reality faithfully. But once photography made an appearance and when there were two different and antithetical conceptions of reality – Meissonnier’s and Courbet’s – it became difficult accept this cogent proposition. As a result, the modern artist is perhaps one who speaks the truth, decides what should be the objects of ridicule and points out the misconceptions of the middle class. Thus he expresses his interest in Puvis de Chavannes for his “uncommonly high level of artistic individuality”. But for this, it is necessary to move from the artist’s work to his personality, which rubs off on his work. The antithesis of frigid and immutable Beauty is Beauty expressed by “ability, totally personal in nature”. The great artist, he says, in one “who is also a great poet who does not belong to a specific time, school, coterie or routine” [3, p. 73]. An artist ought to be judged on the basis of his originality and individuality and not on the basis of the immutable criteria of archetypical Beauty or the judgement of history. As a result, drawing from the artist's internal strength, it is possible to say of him that it is he who portrays nature and, therefore, life. Nature will never again be a mere backdrop or a piece of scenery but a living organism subject to thrills, emotions, excitement. That is why we must pay tribute to the Impressionists so called because what they portray is not a simple landscape but the feelings evoked by it. Nature does not exist by itself. What is important is the artist's response to nature, which is undoubtedly coloured by his personality. Thus Mirbeau compares Monet's "lyrical" perception with Pissarro's. The latter, he says, "has his own distinct perception, very delicate, very subtle, very charming, but a perception habituated to an excellent synthesis of drawing and colours" [3, p. 334]. He goes even further to acclaim these "masters of light" and asserts the primacy of the eye over the hand, thus moving to a more conceptual art. And if he admires Rodin, it is because the sculptor succeeds in "making marble, bronze and clay throb with life", "bringing to life these inert blocks with a warm and panting breath" and "imparting movement to these lifeless materials" [3, p. 319]. As a result, the artist can express the intangible qualities of nature which Baudelaire believes are elusive, something that Monet accomplished so well by recapturing "a quality that the Japanese alone had achieved so far and which seemed to be a lost secret", the secret of expressing "the impalpable, elusive quality of nature" [3, p. 383]. The artist paints what is invisible and far removed from any kind of reality. His endeavour then is not so much to represent as to suggest the world's secret intensity. But as time moved on Mirbeau declared that the modern artist was also one who could express his sorrow in this context. He cites as an example Rodin's work, which, he claims, recites the poem of human suffering [3, p. 385]. Finally, to crown it all, it could be said that the artist ends up by assimilating nature. These qualities are evident in Monet who wants to submit nature to his artistic disposition, and even more so in Van Gogh who, instead of getting absorbed in nature, "absorbed it, forced it to accommodate his wishes, mould itself to his way of thinking, follow his flights of fancy and even submit itself to his characteristic distortions". "Van Gogh," he declares, "*possessed in a rare measure the quality that allows a man to differentiate himself from another: style (. . .) or the affirmation of one's personality*" [3, pp. 383–385]. No neurosis or deviation is seen in this art, which, it could be said, is the healthiest of all arts. At the end of his life, keeping in mind the example of the Nabis, he came to the conclusion that painters do not seek to depict nature but, without denying it, they simply replace their visual relationship with the world with a Baudelairean sensual relationship while their art plays on the entire gamut of the viewer's sensibility. The artist is fascinating because he conveys a mesmerising sensuality, but at the same time his does not fail to raise doubts as he refers only to himself: is painting therefore devoid of meaning unless it is seen in the context of painting? Bohemianism and art for art's sake led to artistic freedom which would later be subjected to serious pressure – from technology and globalisation of markets. Speaking of artists, Mirbeau describes them as sorrowful companions who "splinter interminable and monotonous time, pierce it with the savage strength of their genius and meticulously free humanity from its dullness". But does 'an empty protest' serve any purpose?

2.1.4 The Artist as a Trendsetter

This theory, which questions the place occupied by the young in the art world, has inspired a large number of American and Spanish sociologists whose writings have been analysed by Canclini [4]. Their thinking is based on an analysis of the place occupied by the young in society in general and in artistic activities in particular. Many of them would like to be more deeply involved in this field. They are considered to be particularly receptive to all that is happening in the world and in the dissemination of signs, values and references, especially because they are proficient in the latest technologies, are constantly connected, but are also capable of transcending the traditional cleft between the time devoted to work and leisure. To these characteristics must also be added the ability to handle simultaneously several types of networks and mediums, which is responsible for their ability to change mediums and functions (for example move from production to distribution). It is an important ability since it increases their capacity to deal with hyperconnectivity and hyper-contextualization. As it has already been pointed out, this makes it easier to define microcommunities that promote exchanges between them.

Hence they occupy a position of strength in the realms of distribution, exchange and production of cultural values. This has given rise to the expression 'trendsetters'. It means that they are able to use art to develop their creative skills, something that is not possible in many other sectors of activity. As a result, they are more interested in the 'here and now' on the basis on their own experiences and express new demands that are likely to evoke responses from themselves as well as others thus giving rise to new trends. They cooperate or adjust their responses to unexpected problems such as contagion, infiltration, invasion and interference. They prefer to express themselves through the Internet or new areas of culture where new and original experiences abound, where the notion of work is dissipated by the idea of reinvention as a result of which these realms of cultural consumption become domains of cultural reinvention.

2.2 Reorganization of Artistic Activities

Does the artist still conceive and execute "his" work on his own? To those interested in an art history revolving around the names of reputed artists and those who cultivated the look of the quintessential romantic artist described by *Damien Hirst* as "the hairy guy with paint all over him", this would appear rather obvious. But today Jeff Koons, dressed in a formal suit, also represents the typical artist, supervising 47 assistants painting on canvas digitized transparencies of magazine pictures selected by Koons himself! Unable to define the artist's role, we have to admit that what we now have before us is an enterprise.

2.2.1 Examples from the Renaissance

Going back in time, we find that the works that are now described as works of art were not seen as such when they were created and they existed on the fringes of other human creations. Carpenters, shoemakers and poets were all treated on a par since it was believed that the occupations they pursued were similar. In fact, the term "art" meant the opposite of what it would mean later as, for example, in contemporary art where it implies the rigorous use of the right method to obtain the desired results. For Aristotle, it was the propensity to create things in a rational manner. According to Galen, it was a system of general rules. On the other hand, in the case of music and poetry, it was soon accepted that there was no need to follow any rules apart from one's own inspiration. The Romans made a distinction between the liberal and the "vulgar" or popular arts. Though the former were based on intellectual activity and the latter on physical activity, they were both compatible with the widespread notion of art as a rational activity. The artist was thus considered as an artificer, a skilful maker of things, and the roles played by intuition and technical aptitude remained quite vague.

Like other manual workers, artists worked in groups in studios that took care of the production and sale of their products. This system led to the division of labour between those who were known to be skilled and those who were still learning or between masters and apprentices. But in both cases, it was necessary to make a distinction between art and technique. Dürer recognizes this in his *Painter's Book* where he says that a person engaged in artistic activities should have a "natural aptitude" [5, p. 162]. Consequently, the artist's studio was often a hereditary institution and a well-known painter or sculptor was generally known as the son of such and such painter or sculptor. These studios functioned like regular enterprises in the sense that they produced their own inputs. Brushes and colours, fillers and varnishes were all produced or prepared in the studio. Only raw materials were procured from outside. The artist was a technician before he became an artist and he had to be well versed in every step of the process. These studios or *botteghe*, as they were called in Italian, often produced the same type of works: bridal chests, parturition tables, wall-hangings, stained glass windows, etc. These works were bought not only by members of the bourgeoisie and but also by princes, often copied from products that could be described as mass-produced. The studio looked after the sales and was consequently on friendly terms with the buyers. The more innovative studios, which generally introduced new techniques and processes, attracted the attention of the richest buyers and accepted commissions from them. Considering painting, the use of perspective when depicting landscapes and people and subjecting space to geometric configuration played a very important role. As a result, an element of speculation emerged in the studios together with practical elements and as some workers started studying and gained deeper knowledge, they began to acquire libraries.

With the dawn of the Renaissance, things began to change very fast. Once a studio became famous, the division of labour became more flexible, especially when it was commissioned to execute large works (frescos, altarpieces, etc.). What is more, some studios like Titian's *bottega* in Venice became real holding companies: he held interests in a series of studios working in related areas like woodwork. Titian's studio even trained foreign apprentices, regarded as future "ambassadors", and employed engravers to reproduce all or some of his works to create his own brand. Finally, he found in the writer Pietro Aretino a real publicity agent whose job was to publicize the work being done in Titian's studio all over Europe. It took some time for others to adopt this practice and once it became common, there was a fierce competition between studios, especially those of Titian and Tintoretto. The famous artist thus assumed the mantle of a manager and one can discern behind the masterpieces and the great masters of the Renaissance an aggressiveness that is not visible today. As a result, the studios devoted less time to training and preferred to hire trained workers already established in their profession. Increasingly, the training process took place outside the studio and aspiring artists learnt to copy, the first step taught in art schools and academies, which got together to make this practice the most important component of an artist's training. By substituting practical training in studios with learning in art schools, there was an attempt to increase the skills of future artists, who started believing that their talents should bring them the recognition that could not be gained through their knowledge of a particular technique. Gradually, artists began to consider themselves on a par with aristocrats, which changed the nature of contracts and partnerships. For example, *Caro's Letter to Vasari* says, "*I leave the choice of subject to you. . .keeping in mind that painters paint their own ideas and intentions with more love and care than those of others*" [6, p. 216]. The painter's elevation from a mere executor to an "originator" was a very gradual process. This change is best illustrated by Botticelli who gives expression to the painter's consciousness of his originality by writing in the upper corner of his painting *Mystic Nativity*, "*I, Sandro, painted this picture at the end of the year 1500 in an Italy torn by conflict . . . by drawing inspiration from chapter XI of Saint John's Apocalypse, which relates the second misfortune or the Devil's outburst of anger which lasted three years and a half before it was shackled . . . as in this picture . . .*" [7, pp. 31–81]. The artist had to cross two more stages before he and his enterprise could be considered as original creators owing much more to artistic talent than to their knack for "solving problems". The first stage was personal recognition: artists began to sign their works and their signatures gradually became valuable on their own accord; they started showing themselves as equals of the powerful persons of their time like Velasquez who painted himself as a part of the royal family's entourage by showing his own reflection in the mirror. The second stage was their escape from the rigid structure of the guild which had become too restrictive: they managed to get themselves classified into a separate category of tax-payers to distinguish themselves from craftsmen and they set up academies which could be used as a weapon in their conflict against the tyranny of master-craftsmen and guilds.

Both Rubens and Rembrandt showed that this division of labour was indeed advantageous, but they proceeded each in his own manner. Rubens had a very big studio in Antwerp [8, p. 82]. Once he had decided on the theme of the painting and prepared a sketch with oil-colours, he delegated the rest of the work to his assistants. Occasionally, he would furnish the sketches of some portraits or landscapes, but not always. On the contrary, he intervened without fail during the final stage of this collective work adding a few details and retouching others as he thought fit. He recognized the fact that the extent of his intervention varied and when deciding the price of a painting, he charged a much higher price for paintings to which he had contributed extensively. Rembrandt, on the other hand, essentially painted alone even though most of his life he ran a reputed studio. His assistants painted other pictures, usually on their own. Thus there was collaboration and interaction of talent, which was reflected in the quality of the work produced in the workshop, but not simultaneously in each of the works.

In this respect, Rubens's workshop followed a fairly strict division of labour while Rembrandt's studio maintained the existing boundaries between artists having specific skills. Both the studios functioned as an enterprise, but followed different principles. Rubens behaved more like an entrepreneur and organizer while Rembrandt behaved like an independent painter working on his own [9, p. 102]. Rubens also made prints of his completed paintings, a practice he gave up as he grew older. Rembrandt, however, did not do this often and this brings out the difference in their innovative skills. It must also be pointed out that other artists of this period, particularly Leonardo da Vinci and Michael Angelo, to some extent, balked at the idea of subscribing entirely to the studio system.

2.2.2 Painting by Proxy

Another significant change concerned the relative share of intuition and technique in artistic talent. Over the years, the artist ceased to be a simple craftsman in the sense that the quality of his work reflected his talent, which was defined as the ability to see things that were not apparent to others.

In the *Dada Almanac* (1920), Jean Arp, Tristan Tzara and Walter Serner claim that a work of art can be executed by proxy: "*A good painter is one who can give orders on the phone to a carpenter*" [10, p. 95]. Around the same time, Moholy-Nagy, who brought together the different streams of the Russian avant-garde movements of *constructivism* and *suprematism*, believed that the brush had ceased to be relevant and that the artist-engineer could display his works en masse in public. He put this idea into effect by drawing three sketches that he got industrially reproduced on enamel. It was thus concluded that the "*result was not an industrial product and not even a model, but a work of art that had been carefully thought out* *and executed; a suprematist work of art that appears on a material support and not on canvas*" [11, pp. 31–32].

As for Picasso, he did not hesitate to ask Françoise Gilot and his nephew Javier Vilato to complete his works like *The Kitchen* in 1948, thereby putting into practice his famous words, "*If I were to telegraph my sketch to New York, any painter could turn it into a decent painting. A painting is a sign, just like a road-sign saying No Entry.*"

Another series of changes started with Yves Klein in 1960 who experimented with a style called *Anthropometry* using naked female models covered with blue paint as living brushes. These models were pressed against the wall or laid upon the floor in the presence of an audience, which also enjoyed the accompanying music. Klein was content to play the role of a major-domo, giving occasional instructions to his models. What are more surprising are his comments on his method of work: "*By proceeding in this manner I remained clean and did not stain myself with colour. The work was done in my presence, under my guidance and in cooperation with the models…*" By avoiding all physical contact with the work, Klein felt that not only could he do his work without dirtying himself but he could also remain in control of his idea [12, pp. 173–177]. Rauschenberg proceeded in a similar fashion with his *White Paintings* executed with an ordinary roller used by house painters. They were totally blank and only the shadows of the people who came to see them changed them into pictures [13]. What is even more interesting is that when a few years later Rauschenberg was asked to send his work for an exhibition in Stockholm's *Moderna Museet*, the painter told the conservator, Ponthus Hulten, that the work had disappeared but that he would send him the measurements and the white pigments so that it could be recreated. And it was done! Not only did the artist not paint the picture, he did not even supervise the painting! Cage followed the same path in his musical composition titled *4'33', which* was absolutely silent except for the eventual murmurs of the listeners [14, pp. 127–139].

Warhol speeded up this change with the introduction of stencils, silk-screens and a wide range of assistants. In 1962, he produced 32 stencilled pictures of a can of Campbell soup. But by using the silk-screen process he was able to increase his "productivity" considerably, as testified by the hundred odd portraits that were later reproduced in large numbers [15, pp. 150–157]. Warhol rationalized this detachment of the artist from his work by citing a motive that was as original as it was prophetic, namely his desire to be no more than the owner or head of an enterprise, his desire to be a machine: "*The reason I'm painting this way is that I want to be a machine.*" Besides, he always took the back seat giving prominence to his assistants: "*I am happy just choosing the objects*" [15, p. 164]. As one of his assistants, Gerard Malanga, writes: "*Each painting took about four minutes, and we worked as we could, trying to get the image right, but we never got it right… Andy embraced his mistakes. We never rejected anything. Andy would say, 'It's part of the art*'" [15, p. 170].

Globalization brought another dimension to this talent: his ability to move from one activity to another. In her book, *The Wahrol Economy*, Currid shows that in today's cities – because that is where, she believes, all creative activities are concentrated – artists can move without any difficulty from one type of cultural product to another: a musician may be an actor and a fashion designer; a visual artist could be an actor and a writer, etc. This may explain why it is easier for them to remain in the artistic world even when their income from their main activity continues to be quite low [16, p. 116].

2.2.3 The Idea Takes Precedence

This change is rationalized by the conceptual art movement which holds that the idea or concept is much more important than the execution. According to the conceptualists, the idea is transformed into a machine that creates art; this means that skill or virtuosity no longer play a role in the artist's ability. Only the idea matters and everything else is of no importance, especially since proxy to save time can do it. The artist no longer needs to be the executor of his work. Thus Sol LeWitt declares, "*In conceptual art the idea or concept is the most important aspect of the work. When an artist uses a conceptual form of art, it means that all the planning and decision-making are done beforehand and the execution is a perfunctory affair*" [17, p. 78].

At the end of this evolutionary cycle, we have two extraordinary artists who do not fit into any category, Jeff Koons and Damien Hirst.

To put it briefly, 20 of Koons' works sold at astronomical prices at auctions fetching over a million dollars each, thus rewarding Koons' enterprising spirit [18, pp. 347–351]. To understand his way of interpreting art, it is necessary to recall how he "executed" his seven monumental works for Berlin's Guggenheim Museum. He chose pictures from magazines, converted them into digital slides, projected these slides on canvas and then asked his assistants to paint the images reproduced on the canvas. In this particular case, he used 47 assistants! When asked why he did not paint the canvases himself, Koons replied, "*When you have forty-seven people doing something, I have to be watching all processes. And my vocabulary isn't just the execution of it; it's also a continued conception of where I want my work to go in another area. So it has to do more with the reality of being able to be in a position where I can continue to grow as much as possible as an artist, instead of being tied down in the execution of work.*"

Damien Hirst is equally frank; his audacity whets the media's curiosity, as they are loath to miss the consecration of a new Picasso in the making! [19, p. 19]. He prefers to get somebody else to execute his work on the computer, even in exceptional cases. His primary job is to conceive an idea and then ask himself who will translate it into a painting. In this respect, it can be said he has been influenced by Marcel Duchamp who said that all paintings, no matter what they are, are nor more than *Readymades* because they are executed with the help of ready-made objects and an idea [19, p. 85]. As for his assistants, Hirst thinks that they are better qualified than he is to paint the works for which he takes credit: "*The best person who ever painted spots for me was Rachel Howard. She's brilliant.*

Absolutely brilliant" [19, p. 90]. And adds a little later: "*The painter has stopped being this hairy guy with paint all over him. He became a guy in a suit.*"

2.3 Breaking Up Space

For a long time, space in art was clearly demarcated and defined in the realm of both production and consumption. On the production side, the painter's studio or the music composer's home served as a space for reflection and execution. As for consumption, a public space, a theatre, a concert hall, a museum or a gallery served as a point of reference.

So how have things changed? These spaces have merged in the case of the visual arts where artists produce their work on the spot keeping in mind the inherent features of the spot that has been selected, even though the work may disappear when the exhibition comes to an end. These spaces are now broken up. For example, a traditionally public space where cultural consumption normally takes place is split into specialized and private spaces like a youngster's room where the computer, the USB switch and the mobile phone constitute the basic cultural setting.

In both cases, the artist is forced to make use of new skills, enter into partnerships with new individual or institutional actors and somehow become an enterprise like so many others.

2.3.1 Producing in Display Areas

Today a growing number of works are produced not in studios but in the very spaces where they are to be displayed.

Let us recall the starting-point of this change [20]. When he ceased to be a craftsman, the artist renounced the commercial system that permitted him to sell his work from his studio, which doubled as a shop and became more dependent on exhibitions, galleries and salons to reach out to a wider public. Some artists preferred to act more independently and open their own exhibition area, called a *lieu d'audace* (in French) to display their work to the public. Thus, in 1777 Jean-Baptiste Greuze held an independent exhibition to prove that he was not a genre painter as classified by the *Académie Royale*. Soon, other artists, who were unwilling to display their works in joint exhibitions with artists having the most diverse talents, followed suit. Courbet went even further. Taking advantage of the Universal Exposition in 1855, he exhibited his paintings in a temporary structure adjacent to the official exhibition area in the Exposition grounds even though he did not expect to get the same viewers.... However, the basic principle remained the same for a long time: the artist painted in one space and exhibited his work in another.

But things began to change slowly. In the *minimal art* movement of the 1960s, the exhibition area or setting played a major role in the conception of a work of art giving rise to the expression *pratique in situ* (site-specific installation). This led to greater interaction between the conception, execution and exhibition of a work of art because there was a growing interference in the artist's work from those in charge of the site or those who commissioned the work. Daniel Buren reflected this artist's reaction to this interference in his "Exhibition of an Exhibition" (*Exposition d'une exposition*) in 1972 [20, p. 125]. So if a work of art is to be conceived and executed keeping in mind the place where it is to be kept or its uses, it is the artist who must dictate his conditions rather than conservators and other officials.

Installations of contemporary art stress this new principle. Works executed *in situ*, which are often designed for a special event and are therefore of a temporary nature, require more and more audio-visual equipment, computers, numerous support systems and, of course, space. The creation then goes through complex procedures involving suppliers and service providers, all kinds of workmen, consultants, assistants, etc. This means that the artist exercises a minimal control over the entire operation. He is simultaneously a painter, videographer and performer, the architect of a new space, the director of his own production . . . To create *Double Negative* (1969–1970), Michael Heizer had to use a bulldozer and dynamite!

Due to increased costs, this has led to the emergence of a new economic system pertaining to works of art. Works are produced on demand at places where their creation is preceded by the search for a buyer; thus private orders take precedence over public orders. The procedure regarding new sponsorships laid down by the *Fondation de France* (*Nouveaux commanditaires de la Fondation de France*) is intended to support the creation of works of art and their settings and calls for a joint effort by three types of actors: one or more sponsors, a mediator and an artist. The sponsor specifies the nature of his commission and the mediator selects an artist capable of satisfying his requirements. There are several organizations playing a role similar to that played by *Art Angel* or *Artists Spaces* [21]. There are also formulas for partnerships of the kind set up by *Nuit Blanche* in Paris. To organize this kind of installation-cum-show, museums appeal to the generosity of corporate sponsors, like *Pernod-Ricard*'s sponsorship of Daniel Buren's *in situ* creation for his exhibition in New York's Guggenheim Museum in 2005 or LVMH's sponsorship of *Casino* by Annette Messager, created for the French pavilion in the 2005 Venice Biennale.

There is nothing traditional in the way a work of art is conceived considering that it leads to new types of division of work and economic functions: "Technical skills (lighting, sound-effects), use of technology (audiovisual software), logistics (transport of equipment), legal services (insurance), etc., have become an integral part of artistic activity". [20, p. 127]. The artist can no longer be an interface going back and forth between the person who has commissioned the work at one end and a body of service providers at the other; he must become an enterprise.

2.3.2 Consumption in Private Space

For a long time, culture was consumed in public spaces. Once it was accepted that works of art should be accessible to as many people as possible, museums ceased to be curio cabinets. Festivals were organized in accordance with Jean-Jacques Rousseau's formula as applied to Geneva "*to strengthen the coming together of citizens with an open heart and conscience*" [22, p. 380] and his diatribe against another form of collective consumption, the theatre: "*There you are Sir, the kind of theatre that is needed in a Republic …*" [22, p. 213]. Today, this method of consumption is being fragmented. Some artistic goods are consumed collectively, others individually. Some are available through collective modes of transmission and are shared while others have to be obtained through direct purchase. Some are consumed in the form of programmes where the content changes continuously while others involving a direct purchase are the result of an irrevocable decision.

How can we explain the importance assumed by private, particularly domestic, space in the consumption of such goods? Private space, which was restricted for a long time only to the practice of reading, has benefited by the entry of audio-visual equipment into households. But unlike the traditional media that fitted into the daily routine of family life (radio and television programmes in the post-war period), the new media have introduced a new time-frame that has disrupted the traditional rhythm of family life. As Dominique Pasquier explains, "*These uses give a meaning to technology, but not vice-versa …. Concentrating on the domestic cultural sphere also means understanding the social significance of objects on the basis of the space they are allotted and through social relationships that develop around their use… and it is advisable to make a distinction between the processes of privatization and individualization*" [23]. Though privatization corresponds to the consumption of activities that were formerly consumed during public events, individualization shows that even within this sphere practices vary from one individual to another, benefiting not only from the increase in the availability of equipment but also from the privatization of access to this equipment. Access to music is one of the most revealing aspects thanks to the spread of portable players (outside the domestic space and also within it), and this is evident in the fact that in a country like Japan, the consumption of music through the Walkman is considered to be higher than through all other modes of consumption taken together. This multi-equipment too has numerous consequences. It has led to the disappearance of what were once described as family audiences, although television still brings together some members of the family at certain times of the day.

From the artist's viewpoint, this privatization of spaces has a significance that can take him away from the beaten path. At the aesthetic level, he has to face the constraints created by the new media. At the economic level, he may have to directly look after the distribution of his works and establish contact with the relevant portals. In both cases, these skills cover heterogeneous fields and since he is not in a position to acquire all these skills, he is obliged to cooperate with people who are already practicing them, which is likely to lead to contracts, disputes and litigation – in other words everything that constitutes the life of an enterprise.

2.3.3 Overlapping of Roles and Spaces

Today an abundance of self-edited contents are available on the worldwide web, some presented as original creations and others as an adaptation, revision or improvement of existing contents. Digitization has increased the speed of this interference to such an extent that it has become impossible to distinguish between what was there earlier and what is new. "*Everybody is a creator, everybody is an author*" is the new slogan of Web 2.0. This has led to a marked shift in the debate on music piracy: though some people denounce this practice, others believe that these exchanges give rise to a new information system that is more even, less dependent on the selections made by record majors and constitutes a movement that enriches references as each person adds his or her own contributions to another person's music.

This proliferation of exchanges has given birth to a new cultural actor, the "Mediated community", which is of two types. The first type of community encourages its members to express themselves; it wants more and more people to take part as they will be the main providers of the information posted on a site. However, interpretation is more important than writing and innovations are meant to improve the presentation, circulation and comprehension of the information that is collected, which is why it is has been called a Viennese Café. The second type of community goes beyond simple interpretation: it is involved in the production of contents, which is why it is called a collective creative workshop. Even though everybody may not write, the production can be considered a joint effort, if only because most of the time these sites are "copyleft" and value the presence, even if tacit, of persons other than recognized contributors. These contributions are made without worrying about the availability of an audience and the users are linked together by a feeling of solidarity.

The artist inexorably becomes a part of this Internet community, which uses his work as a basis and then sends it back to him with comments together with suggestions for additions and modifications. He must therefore learn how to control the effects of this interference as it will determine the value of his work. This is done by obtaining information illegally or by investing in it, by protecting it or transferring it, in short by controlling its pricing.

2.4 Distancing Contents from Containers

Digitization is now present in all artistic activity. There is not a single day when an artist's contribution to a new creative procedure, his role in reducing production costs or his recourse to new marketing methods is not highlighted. Nor is there a day when the phenomena of piracy, attacks on intellectual property and even the veracity of transmitted messages are not denounced [24]. In these circumstances, artists are often called into question. In the beginning, artists thought that digitization would facilitate the on-line sale of their works and that the on-line bookstore *Amazon* was only a precursor of a globalized on-line opera or a permanent on-line biennale. Today, the Internet determines the content of the artist's activity as well as the social and economic value of his work; it would not be an exaggeration to say that we are now witnessing a true revolution, comparable to the one analysed by Benjamin when he examined "culture in the age of mechanical reproduction". To prove our point, we will stress the motives of digital art, which is undoubtedly the latest paradigm of a work of art in the present context.

2.4.1 Digital Art: Has Hollywood Become Hollyweb?

How is digitization a challenge for the artist? *A priori*, it influences his work as a producer of art: he has at his disposal software that allows him to simulate shapes and sounds (if he is a painter, a designer or a musician) or test the resistance of his materials (if he is a sculptor or an architect). But digitization also modifies his relationship with society at large.

To demonstrate these changes, let us look at a digitally executed work of visual art [25, pp. 387–398].

On a purely technical level, digital images "are composed of minute 'discreet' fragments or elementary dots, each one of which is assigned a digital value which determines the position of these dots in space and gives them their colour. Thanks to these values, each fragment is an element that is completely discontinuous and distinct from other rigorously quantified elements. The computer has in its memory only a table of numbers from which it is possible to obtain a visual translation in the form of a video or a printed image. Once an image is reduced to a table of numbers, it can be changed by just manipulating these numbers or it can even be sent or saved by sending or saving the numbers" [26, p. 230]. The peculiarity of these works lies in the use of a technology based on the break in continuity, a principle employed by Pointillist painters like Seurat in their use of colour. It is only a method devised to serve the artist.

Does this innovation amount to no more than the use of a new technology or is it supposed to make this technology an end in itself, which will have different economic implications as Pflieger has pointed out? [25, p. 389]. For example, if it is a digital photograph, it will not be very different from an analogue photograph.

But if it is an interactive work, the problem is rather complex and it raises the issue of the transient nature of the work, its efficacy and whether it really calls for the use of digital technology. Digital works refer to the aesthetics of something transient, but which exists in real time and reproduces itself *ad infinitum*. There is no more destruction leading to nothingness but instantaneous regeneration: "*What we have here is a generative system which repeats ad infinitum the processes of birth, growth, life and death. As a result, there is no return to the starting point, only uninterrupted dynamic development*" [27].

An artist's activity must take into account the three possible ways of understanding well-being. The first refers to biological well-being, the outcome of an emotion experienced as a reaction to essentially physiological needs (such as the requirement of light, the reaction to noise, the feeling of space, etc.): the aesthetic dimension in this case refers to the individual user's "health" and the construction of symbolic representations is minimal. The second concerns hedonistic well-being or the pleasure derived by the individual user from objects or installations on display. It refers to an individual and subjective experience that goes beyond simple sensory perception and if there are any symbolic representations, they are related to the individual's history or past experiences. The third relates to cultural well being which is simultaneously a part of individual experience and collective exchanges: what we have here is a spatial scale that transcends physical sensations and individual subjectivity. The analysis of aesthetic emotion takes into account its full significance and it is for the artist to identify how the novelty has been appropriated.

Keeping this new perspective in mind, does the artist use contemporary tools in the same way earlier artists used the brush or tools for sculpting stone, wood, etc.? A major difference arises because the "digital artist" can no longer work alone even though the concept of the work remains individual. Producing a digital work requires support from computer specialists and engineers and the result is definitively the collective production of an individual idea as "abundantly" illustrated by the productions of Koons [27, p. 350] and Hirst [27, p. 90]. The creation of a digital work is a long drawn-out process requiring substantial economic investment: it took 4 years to write the programme for *RGB Land 2006* and 6 months to generate the image.

As a result, the artist's residence has acquired a new significance [25, p. 390]. *Le Cube* is a creative centre specializing in digital work set up at Issy Les Moulineaux in 2001. It aims "*to create an environment favourable to the emergence of innovative artistic projects by providing access to digital tools as well as technical and logistical assistance in production-related matters*" [28]. Besides making the general public aware of digital techniques, *Le Cube* has about 20 professional artists in residence every year. The latter have access to a production platform furnished with the latest equipment (real time 3D, motion capture, etc.). Equipment is also available for use by the general public: 80 multimedia computers connected to High Speed Internet, Wi-Fi, creative tools (movie and digital cameras, colour-mapping tables, etc.) in addition to licenses of 500 varieties of multimedia software [25, p. 393].

The artist can no longer work in isolation – he is the head of an enterprise or at least a team coordinator with economic responsibilities. Digital creation involves the coming together of the artistic, scientific and economic domains. The artist has to keep up with the times and explore new areas of creation. This has led to the production of contents that are light, varied, frequently amateurish, unfettered by rules and regulations and sometimes even gratuitous, defining a new industrial model that could be called *Hollyweb*. This type of production may amount to no more than the enrichment of existing contents, which may be further enriched from time to time in the future. If the *Hollywood* model refers to the representation of a concept based on the relation between the human eye and nature which we will call "eye-nature", then the *Hollyweb* model refers to the representation of a concept based on the relationship between the human brain and information or "brain-information" [29]. The two models do not exclude each other. While the *Hollywood* model is based mostly on an organic approach to goods experienced in time, the *Hollyweb* model is based on an ecological and multimodal approach. While the public for the "eye-nature" model comprises ordinary consumers, the public for the "brain-information" model consists of gamers and designers. While the *Hollywood* model tends to give a concrete form and shape to the product, the *Hollyweb* model is meant for disembodied and disembedded contents that could be called "web-goods". When there is little scope for the development of diversity, it becomes an intrinsic part of the *Hollyweb* model. While the *Hollywood* model gives rise to the tyranny of best-sellers and blockbusters, the *Hollyweb* model thrives on micro-cultures and gives rise to a "cybereconomy" that allows each person to be a consumer and even a producer of anything he may desire [29, pp. 810–811].

2.4.2 Pricing in the Digital Age

By dissociating the contents totally from containers, digitization has brought to the fore the challenges posed by copying and piracy thereby reviving the issue of pricing.

In the beginning, the price of a work was decided mainly by the technique used and the size of the work. Later, the production cost was eclipsed by the artist's reputation. The role of distributors, e.g. galleries, is openly accepted because the investment for protecting a work of art is very high. In the early stages, the artist may need financial support from a gallery, a sponsor or even a museum, and this could lead to partnerships for raising funds or for procuring equipment. In the later stages, the creation of a market involves a lot of work in terms of communication and information. Selling a digital work does not require an intermediary, "the creations are stored in a virtual space and can be seen anywhere in the world if you have access to the Web". Cybernauts can connect to a number of works, download some of them and ask for an authenticity certificate by e-mail. The level of dematerialization is raised to the maximum and questions the role of the gallery in the pricing process. The very nature of the art market is likely to change from a narrow market consisting of actors who know one another, and who also know the rules of the well-established game, to an infinite market whose potential demand is beyond the expectations and understanding of traditional actors.

Apart from the problem of cost, which is often minimised due to the elimination of containers, there is a new challenge posed by copying which affects all digital works and those using a digital support. To understand the importance of the risks posed by copying, it is necessary to look at the problem from an historical perspective. Before the invention of printing, all literary works were copied by hand to make them available to readers. The content was thus inseparable from the container; it was therefore easy to control the distribution of a work, very few copies of which were available. Following the advent of printing, it became possible to distribute the contents in a large number of containers. As the production cost of containers came down very rapidly with the increase in their number, it became economically advantageous for a buyer to buy a pirated copy because he did not then have to contribute to the financing of the container. Similarly, it was cheaper for a pirate to copy the contents because he did not have to finance their production cost and he was sure of selling a work priced lower than the Authorized Version. The author and the publisher had to depend on the enforcement of royalty and copyright laws for their efforts to be adequately compensated. With the coming of digitization and the Internet, the production cost of contents was reduced to zero and the user became the copier: authors and publishers found themselves in an extremely difficult situation as they could no longer even identify the physical medium to start proceedings to protect their rights.

Thus digitization severely compromises the pricing of artistic goods. The first strategy to overcome this difficulty is to mobilize the original actors who are unknown at the time, namely those who provide access. Today, as the major beneficiaries of the circulation of artistic works, they have to perform their role as a portal in accordance with the imperatives of artistic creativity. But this is hardly ever the case because such operators take shelter behind their status as telecommunication operators and refuse all responsibility for their actions, which bring them enormous financial gains. The second approach is to accelerate the pace of artistic creation so that you are always one step ahead of the copiers, [30] but the economic principle behind the fight against piracy has no meaning in an age when distribution is instantaneous. The last approach resorts to the use of new business models based on the same principle: recreation of divisibility. Thus a particular work can be produced in different mediums and in many different forms as a result of which it would be possible to sell the derived products instead of selling the original creation. These approaches may often prove to be no more than stopgap measures, but they have one trait in common: they make the artist move away from partnerships and personally supervise the execution of contracts in a changing technological environment.

2.5 Changing Values

Artistic activities are always shown as creating values that arise from the satisfaction of artistic needs. At a secondary level, they are sometimes shown as giving rise to other kinds of satisfactions pertaining to education or knowledge, health or well-being, integration or assimilation, economic or territorial development, etc. It is thus possible to add extrinsic social or economic satisfactions to intrinsic artistic satisfactions.

In their book, *Gifts of the Muse: Reframing the Debate about the Benefits of Arts*, published in 2004, McCarthy, Ondaatje, Zakaras and Brooks claim that we should leave behind the cultural wars that have in recent times opposed the supporters and opponents of public subsidies by emphasizing the extrinsic values of artistic practices and the monetary resources that can be raised by doing so [31]. What are the benefits? There are benefits in the realms of education and knowledge in the sense that culture improves our ability to understand and assimilate new types of knowledge. There are also health benefits for elderly persons affected by the aging process as well as for patients suffering from depression, Parkinson’s disease, psychiatric problems, etc. There are in addition benefits with reference to behaviour such as better self-control, greater understanding of others’ needs and a more open attitude towards the community in which we live. Further, there are social benefits in the form of a better attitude towards social interaction and greater ability to build social and organizational capital. Benefits are also available through the improvement of consumption spaces as for example, the renovation of *Le Bon Marché* in Paris at the end of the nineteenth century and investments in the improvement of products and stores by industries producing luxury goods.

Such extrinsic benefits are impressive, but they can also give rise to severe tension. The very efficacy of these actions is questioned. According to many observers, the extrinsic benefits of artistic activities can be enjoyed only if they are genuine and follow a regular pattern. Besides, there must be an “experience” as pointed out by the Irish novelist Joyce Cary who believes that the artistic process is a translation, not from one language to another, but from a state of being to another, from something received into something created, from the “sensual impression” of mechanical thinking into a critical act [32]. That is why he describes a work of art as a suspension of potential communication [32, p. 41]. This way of looking at things puts in perspective two views of artistic creation: the classical view, which considers creation as a reflection of reality, and the romantic view which believes that creation is a representation of emotions and imagination. The regular revival of practices is a determining factor but the high access cost may act as a deterrent.

The search for these extrinsic values may stir up a conflict between the endogenous logic of artistic creation and the exogenous logic peculiar to various extrinsic values such as social logic, health-related logic, economic logic, etc. The artist’s freedom can then be doubted because of the appearance of donors justifiably related to these new extrinsic values.

A compromise seems difficult and it is interesting to see how the debate on design has developed since design is actually one of the best illustrations of the possible collision between intrinsic and extrinsic values.

Design is often seen as the use of decorative arts for producing objects or as an activity that is both stylistic and functional. From the outset, it expects to break away from the traditional craftsmanlike approach because "a *design should be conceived as an object that can be reproduced industrially and not handcrafted by traditional methods as it is meant to be replicated. Its ineluctable functionality is practical, utilitarian, economic and even psychological and it obliges the designer to maintain a continuous balance between form and function*" [33]. As a result, the *designer* is a creator rather than a creative person because he has to translate his creative impulse into a standard economic product. It is this peculiar nature of *design* that is now stressed by specialists in contemporary art like *Bernard Ceysson* for whom *design* "*… characterizes an activity whose essential role is to give shape to industrially produced objects. A direct result of the debate which developed at the end of the 19th century around questions related to the democratization and synthesis of the arts and the possibility of producing mechanically and on a large scale objects indispensable for our daily existence*" [34]. The originality of *design* lies in introducing an element of creativity in day-to-day reality and envisaging mass production from the outset. It is not easy to arrive at this equilibrium as testified by the debate on the *designer's* identity.

In the early twentieth century, the myth of art as a creator of modernity replaced the axiom of art for art's sake and artists started taking interest in architecture and the applied arts. In the United States, product *design was established as a* professional activity and during the Great Depression on 1929, *R. Loewy*, one of the first design agencies opened with the marketing slogan "Ugliness doesn't sell". In France, the emergence of a demand for luxurious interiors in 1930 gave birth to the *Union des artistes modernes* (Union of Modern Artists) *whose* philosophy is evident in its *manifesto* which claims that it is "an *almost unquestioned rule that a standard form that can be fabricated easily and used naturally is bound to be beautiful*" [35]. In the 1960s, "classical modernity" (industrial society) entered a new phase (post-industrial society). The creators' freedom to invent was stimulated by the growing influence of the media and the emergence of cheap, attractive goods and materials that could assume an infinite number of forms. This was the age of plastics, polychromy, synthetic and inflatable materials and kinetic art. The most significant aspects of this transitory culture were the desire to arouse emotions through a personalized and differentiated language and the manipulation of illusion and fantasy. In the realm of architecture, post-modernism came as a revolt against hyper-functionalism leading to the development of an architecture that was inseparable from folklore and local concerns. *Venturi* advocated the coexistence of styles; he strongly condemned the *Bauhaus* dictum of "*less is more*" retorting that "*more is not less*" and even "*less is a bore*" [35]. There is no doubt that the most important change today is that artists are more aware of the constraints imposed by the market. *Garouste* and *Ben* designed dresses for *Castelbajac*, *Boisrond* designed motifs for *Boussac* fabrics, the *Di Rosa* brothers designed toys for *Starlux*. Artists thus started collaborating with industry and enjoyed a certain amount of freedom in terms of innovation and expression. D*esign* enhances the attractiveness of a product or a work of art and also the work of the artist and the craftsman.

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Chapter 3
Cultural Products

In order to understand the environment of the artist-enterprise, it is important to note that the goods it produces generally have both utilitarian and aesthetic dimensions. This rules out the traditional dichotomy between artistic objects having no functional utility and products or tools that are devoid of any aesthetic dimension. In this context, the term “artistic”, and especially the term “cultural”, should be understood in a wider sense since cultural goods are in demand for a variety of reasons. Besides, the term “cultural products” covers an array of goods ranging from works of art to branded and luxury goods including the events organized around them that have become inevitable today. As Guy Debord says in his famous book, “*The roots of the entertainment industry are to be found in the field of economics which has expanded considerably and from which are derived the fruits that ultimately tend to dominate the entertainment market*.” [1, p. XI, Thesis 1] Thus what we are witnessing today is the “*conjunction of concentrated and diffuse entertainment systems and their fusion into a common integrated form of entertainment*.” [1, p. X, Thesis 2] In a way, what we see is a double movement arising from the diffusion of cultural goods: after having seen “the e*vident deterioration of human existence in terms of assets . . . the current phase where social life is totally preoccupied with the accumulated results of the economy has led to the transformation of assets into appearances on which an effective asset must depend for its immediate prestige and ultimate function. At the same time, individual reality has become social as it is directly dependent on social power and shaped by it*.” [1, Thesis 17, p. 9]

3.1 Economic, Artistic and Cultural Goods

The opposition between art and economics is often based on the divide between functional utility and aesthetic value or between substance and form. Satisfying needs is the primary goal of economics because of which substance is given priority

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over form. Doctrines like *art for art's sake* have supported such divisions to the point of belittling craftsmen who, unlike artists, sought to maintain a balance between form and function. That tradition drove Max Eastman to declare when saw artists associating with the spheres of production that they were impelled by the desire to kill their talent (Molotch, 2003) [2, p. 55]. Moreover, to escape the tyranny of content, some of them succumbed to the demands of the market and concentrated on form to such an extent that it finally led to the rupture brought about by abstract art. By treating cultural goods not only as works of art satisfying an aesthetic need but also as performing utilitarian functions, it is possible to create a more varied demand, reduce the amount of risk posed by recognition and raise funds for covering risks related to organization.

Notwithstanding their nature, cultural products incorporate these functions in diverse proportions. In extreme cases, there may be products that have lost their utilitarian value but possess an aesthetic and/or semiotic dimension and others that have little aesthetic or formal value as compared to their functional value. Nevertheless, transgressions are possible like the one committed by the artist Duchamp who exhibited an object that had lost its utilitarian value but also had no recognized aesthetic value. Contemporary economics lays stress on the aesthetic value of goods as a basis of differentiation of products and identification of consumers. So, are "cultural products" sought essentially for their aesthetic value without any detrimental effect on their utilitarian function? Here again, we have the extreme case of works of art that have only an aesthetic or semiotic value. The creation of these cultural products is doubly obliged to the arts: artistic knowledge provides the references while artistic skills act as a driver for their production.

3.2 Mediatization of Things and Thingification of Media

The growing confusion between what is artistic and what is utilitarian, which cannot but play a major role in the definition of the two principles underlying the artist-enterprise, is supported today by a double movement: the mediatization of things or objects and the thingification of media. These expressions come from the seminal book of Scott Lash and Celia Urry: *Global Culture Industry (2007)* which strongly inspires the following development.

In the first case, the introduction of artistic elements in objects that were considered utilitarian, and not artistic until then, turned them into cultural objects the demand for which is increasingly sensitive to these artistic components.

Let us take the example of *Nike*. In 1962, a small company by the name of *Blue Ribbon Sport* distributed shoes manufactured by a Japanese company called *Onitsuka Tiger Track Shoes* in the United States. Soon the small American company decided to start manufacturing shoes and export them to the Asian market, with which it already had links. To boost their sales, it introduced a technical innovation incorporating foamed cushioning and waffled rubber treads in the soles. In addition, it moved its manufacturing facilities to the other side of the Pacific, notably Korea, to take advantage of low labour costs. This gave the brand a negative image, but it tried to get away by blaming local manufacturers for the ill treatment of workers. Gradually, it moved from Korea to Indonesia and then to China where wages were even lower. Evidently, this did not suffice to pacify public opinion, which had become increasingly intolerant of this kind of exploitative behaviour. But two decisions gradually changed its brand image. The first decision, taken as far back as in 1978, was to change its name to Nike after of the Greek goddess of victory. This was accompanied by a change in the company's logo, which now represented the wings of the goddess Nike and was designed by a student named Caroline Davidson for a fee of just US$ 35. What does this design suggest? "*The mythological figure of a flying goddess . . . puts an end to the bad terrestrial omens . . . she represents the moment when human destiny converges with time. . . she flies with the time even as she carries us with her. The suspension of her flight signifies that she allows good fortune to hover over us which drives away all nightmares, all tragedies from our minds . . .*" [3, pp. 134–135].

In fact, this logo effectively translates the changes in the market and its readiness to accept a product that is quite ordinary, a simple sport good, as well as the meaning that it seeks to ascribe to it. In the beginning, the "market" grew only because of technical innovations. But with the increasing popularity of jogging in the 1980s, the demand rose considerably and competition became more acute, particularly due to the increase in Reebok's market share. As a result, Nike had to face a market that was not only preconditioned by technological innovations but by a truly cultural demand, a challenge that the company was unable to face because it continued to believe that the market was ruled only by athletes and hence sensitive only to innovations addressing their needs: "*We then made aerobic shoes which were technically superior to Reebok's, but theirs were more attractive and colourful whereas ours were sturdy and clunky. It was necessary to take action and we began by changing the material and using a leather that was much more attractive.*" [4, p. 92] In fact the company had to shift its centre of attention from production to marketing or, in other words, base its entire approach on a new analysis of consumer behaviour, instead of concentrating entirely on the technical improvement of its product, and then move on to look for new outlets. While it was doing this, a new strategy came up: instead of concentrating on a single product, the company began to develop clusters of products that would satisfy these new modes of cultural behaviour and there was no reason to stop at just one product. They were encouraged all the more when they realized that the people who bought their products were not interested in using them for athletic purposes but as a means of showcasing their own identity or, even more, the identity that they wished to assume. Owning Nike products does not necessarily mean being a sportsperson but appearing like one and having all the attributes that are bestowed by the goddess of victory. And it was very important to foster this feeling in order to ensure that the same consumers would remain faithful to the same cluster of products. At the same time, it was necessary to personalize the product as much as possible and maintain the logo's message: create a desire and make sure that it is fulfilled. From this point of view, the logo was not as much a symbol of personalization as of a desire being fulfilled. The brand's visibility [5] plays a large part in guaranteeing an emotional link between the company and its clients. Nike then developed not only its brand but also sub-brands (e.g. Airline) and gave greater importance to design. With the transformation of its strategy, production became subservient to marketing and marketing to design. Thus, between 1995 and 1998, Nike doubled the number of designers (from 150 to 300) and tripled its budget for research and development, spending on average 6 months to a year to develop a new product whose production would require just a few minutes.

There is, however, another aspect of Nike, an inevitable outcome of the preceding aspects, which did not enjoy the same success: organization of publicity events. Since the goddess of victory could stop time, it meant that the brand inspired by her would also be able to stop it by organizing events, the simplest being the organization of sports events, which Nike managed admirably in the case of the most publicity-grabbing sport in the United States, basketball, which it adopted. The *dream team* that participated in the Barcelona Olympic Games was as much a "Nike" team as an "American" team. But this did not always work, especially when Nike wanted to make Brazilian football the mainstay of its international marketing strategy. The first reason was that Brazil lost the 1998 World Cup to France even though Nike had doled out US$ 200 million over several years to the Brazilian Football Federation (which, given the rampant corruption within the Federation, did not guarantee that the money benefited the sport). The members of the Brazilian National Football Team (*Selecao*) went to the extent of covering the Brazilian logo (*Ordem e Progreso*) on their jerseys with the Nike logo when they went on tour! The whole affair proved to be quite sordid when, following Brazil's defeat in the 1998 World Cup, a federal enquiry commission decided that Nike had interfered in the selection of players and undoubtedly had a hand in Ronaldo's indisposition in the final match. As for the second reason, the brand's strategy was just not suited to the Brazilian market where more than three quarters of the population was then totally unaware of the importance of brands and the prices they commanded, as a result of which Nike was not able to reap the same success in the world football market as in the spheres of jogging and basketball! [6, pp. 130–132]

The thingification of media, a trend which is a priori the exact opposite of the one described above, reduces the media to an object or, to be more precise, gives precedence to the logic of objects over the logic of the media which has created them. The expression 'thingification of media' could very well be understood in a simplistic manner where the media would be considered as things that can be used in a particular way to suit one's economic interests. For example, when a television channel selects only those programmes that are likely to maximise its audience and receipts, it gives up its cultural prerogative over information and communication. But the expression thingification or objectification of media can also have other meanings: thus pictures produced as works of art can become commercial objects, failing thereby to communicate their creator's message or replace it with another. Such an interpretation has serious implications: not only does it reveal that the boundaries between works of art and objects are extremely porous in today's world but that the meanings ascribed to objects can be very different from their creators' intended meanings.

Lash and Lury urge us to explore this path and consider the development of cartoons into animated films, particularly *Toy Story* and *Wallace & Gromit*, as one of the best possible illustrations of this trend. Cartoons have been with us for a long time in the form of comic strips and books. They related stories and it was like reading a book to the point that some pictures repeated letters or alphabetic symbols in their actual form. The characters moved from one incident to another, from one chapter to another, somehow managing to remain faithful to them. But these stories are not purely alphabetic because there is something more in the story, an abstract quality, because of which they become something more than the reality that is seen or read [6, pp. 130–132]. This 'something' clearly lies in the possibility of manipulating the image, modifying the shape or parts of the characters in the course of narration. This produces feelings of grandeur and wonderment because it is possible to identify the categories that modify themselves before our eyes, explaining the presence of a particular category and its change into another. If a character's neck is elongated after experiencing a particular emotion, he remains the same character but, at the same time, he is not the same any more. Sergei Eisenstein was referring to this singular quality of the cartoon when he made the following comment on Walt Disney's cartoons: "*Disney's animals, fishes and birds have the ability to shrink and stretch and somehow laugh at their own shapes*." [7, p. 58] As a result, it is possible to produce metaphorical changes as well as comic effects. However, Eisenstein is not very eloquent about the latter: "*The comic effect of a nose becoming longer than the original is a result of the dissection of the object's unity and the shape it assumes*." [7]

This ability to modify objects depended for a long time on two-dimensional space, which made these distortions possible and visible. Is it possible to extend this ability to three-dimensional space? If we were to add a palette of colours, the objects thus created would appear like living objects. It would then be easy to transpose them for commercial purposes from the virtual space of their birth into the concrete space of objects. Better still, according to Lash & Lury, it is possible to envisage a back-and-forth movement between the two-dimensional space of a cartoon strip and the three-dimensional space imposed by material objects, without the former appearing smaller than the latter [6, p. 88]. But it is precisely here that a problem arises because there can also be conflicts regarding the meaning or interpretation of messages communicated by these two spaces and it is necessary to know which one of them is more important.

To understand this, it is necessary to reflect on the raison d'être of the comical effect. According to Bergson, the comical element is a phenomenon that can appear only on the surface. It is a result of surprise, an unexpected occurrence, and it disappears as soon as you start analysing this unexpected element and trying to understand it. Being a reflex action, laughter cannot really be subjected to a profound analysis of this cause and effect relation: "*A man stumbles and falls while running in the street and passers-by burst out laughing. There is no doubt that they would stop laughing if they knew why he lost his balance*." [8, pp. 33–35] Laughter is thus the result of the lack, even though very brief, of physical stability [8, p. 24]. The comparison with *Toy Story* and also *Wallace & Gromit* is quite obvious because in both these cases the characters tend to act like machines, disconcerted at times because they cannot perform the manoeuvres expected of them, which provokes laughter. This is just the opposite of “real” life, which would provide both an assessment and its explanation. The comical element is thus associated much more with movements and gestures than with intentions and actions and that is why cartoon strips are essentially stories of movements linked to one another with variable rhythms and fluctuations which makes it possible to multiply the number of comic situations. This does not however stop the creators from introducing an element of fiction into the movie or television series to make it more attractive to viewers, the fiction often being correlated to the comical effects that the character is supposed to produce and not to the relationship between the character and the viewers. This polarisation brings the characters to life and turns them into a model for the creation of objects. As a consequence, there has been a spurt in animated films and, due to economic pressure there is an increase in the demand for toys representing the major characters following the film’s release, a demand that largely exceeds production capabilities [6, p. 95]. The media continue to create cultural products and market pressure is bound to affect the media’s reasoning. In fact, once an object is dissociated from the media, it becomes a medium in its turn, which brings us back to the first of the two major trends associated with global culture, which has now taken over our economy. The object will gradually give birth to new product lines which will help produce the emotional value associated with the character that serves as a reference. Once we have dissociated ourselves from the narration which had earlier presided over its presentation and description, T-shirts, handbags, toilet-bags, earrings, watches, etc. become the media and not only help to popularize the character but also give him a new lease of life and even more opportunities, because it is now possible to deviate from the reference narration which too is strictly controlled by market logic.

BBC, which controls the intellectual property rights of Wallace & Gromit, has issued 55 licences and created almost 300 products in association with a network of agencies spread all over the world with the slogan: “*We don’t create products, we give companies an opportunity to create products*.” [6, p. 98] At this stage, strategies for creating objects can change depending on the initial actors. In the case of Toy Story, its merchandising was entrusted to Disney, a world-renowned specialist in the field, with the result that the merchandise immediately reached widespread and culturally diverse markets even though it meant that the characters lost their familiarity. On the other hand, in the case of Wallace & Gromit, BBC laid stress on the more emotional and familial aspects of the characters and monitored the launch of different product lines to make sure that these qualities were maintained as far as possible.

3.3 Are Brands Associated with Products or Identities?

Brands have become very important, a fact that has received a great deal of attention in Naomi Klein's much criticised book, *No Logo* [9], as also in Celia Lury's more reflective book, *Brands: The Logos of the Global Economy* [10], according to which institutions, both private companies and public organizations, usually tend to convert themselves into brands [11, pp. 4–5]. The following figures suffice to reveal their importance: while in 2001, the hundred plus major brands represented a turnover of almost US$ 434 billion, this figure tripled in 2011 crossing US$ 1.258 billion! [12] This quantitative change was also accompanied by a qualitative change. We are now far removed from the brand used on cattle to show ownership, which first appeared in the sixteenth century, or even the classical brand of capitalism which was used to highlight a particular quality in order to convince consumers. Today the brand is supposed to lend a personality to its user and by doing so it has become a cultural product in itself. Furthermore, the brand is considered to be an asset, which by its very existence adds a new value to a product. It is more than a symbol and being a value in itself, it inspires the famous dictum: "*A product is what a company offers, a brand is what a consumer demands*." [13, p. 73] A brand value is therefore something that enables a consumer to acquire an identity and become a part of any community that he wants to; it is an operation that transforms an object into a media. Thus the brand has little to do with classical marketing strategies, except perhaps the way we hope to experience relationships and modes of behaviour that we wish to emulate and want others to adopt and the intangible values for which objects are only an anchor.

This leads us to an aspect that is often neglected in conservative analyses: the immaterial contribution of consumers to the advancement of brands that enables the latter to appropriate this contribution and convert the production of social values into the production of economic values. In 1996, Lazzarato defined this intangible contribution as "*the labour that produces the informational and cultural content of the commodity*" [14, quotation, p. 132], a definition which was modified slightly by Arvidsson according to whom it is "*the labour used to produce the immaterial qualities of goods and the conditions that ensure their further reproduction*" [15, p. 10]. This immaterial labour is free and performed without any coercion; it also adds to the effectively incorporated material labour and increases the product's economic functionality, thereby giving it social functionality. There is thus a social dimension, which adds its own effects to those of the economic process, which means that there will be conditions for reproducing the system, which ceases to depend directly on capitalist enterprise but depends on the consumers themselves. The direct use of labour is complemented or strengthened by the self-valorization of consumers as a result of which brands are able to sell their products at a price higher than their production cost. It is not really necessary to resort to circumlocutions using Marxist terminology to reach this conclusion, particularly since a complex debate is on to decide whether this immaterial labour is based on the material consumption of human energy [16].

Consequently, Arvidsson's observation is more pertinent. He says that this immaterial activity merges with the individual's efforts to produce cultural values on his own. This could be compared to another trait of global cultural capitalism: the emergence of a new culture resulting from the reuse of the media by controlling their orientation instead of simply following them. This immaterial labour actually uses the media, the most important of which is the Internet, to create the social values with which we surround objects. This adds to the mediatization of objects and the objectivization of the media. However, producers of objects are well aware of this when they devise the means to bring future consumers together on the Internet in order to catalyze the social factory of values that it is likely to create. The media combine with the object to ease the passage from consumption to experience, which takes for granted the voluntary contribution of consumers. The result of the transition to this *factory without walls* is that no sphere of society is now shielded from the determinism of capital accumulation. Brands have the effect of introducing the logic of accumulation into the so-called information society, and the opposition between superstructures and infrastructure loses its meaning to a large extent.

This emphasis on the role of brands also explains the new relationship between consumers and producers and the type of market regulation that it can lead to. If we give consumers the freedom to choose what they wish to consume and the meaning that they wish to ascribe to this consumption, can this freedom be complete? Of course, social control will no longer mean telling them what to consume, but rather how to behave in order to ensure that the system functions properly which amounts to deviating from the most traditional marketing strategies.

This story actually began before the Great Depression of 1929 when it was felt that the market had to be attractive enough to enjoy a greater social legitimacy and that it was advisable to buy new goods even before the old ones were worn out. Way back in 1927 an American journalist wrote, "*Our democracy is changing... it is the democracy of consumerism... The American citizen is important not as a citizen but as a consumer*." [17] In an address to businessmen, President Hoover supported this view by saying, "*Your work is quite simply to create desires and to transform people into machines seeking everlasting happiness*." [17] So it was necessary to move from a culture based on the satisfaction of needs to a culture intent on arousing desires. Marketing embarked upon this path posthaste even though it had to contend with the doubts aroused by the Great Depression and the ensuing wars.

The real change did not lie in this new problem; it lay in the fact that the object was no longer treated as a destination when satisfying a need but as a starting point for the development of other products and for learning from the experience. In addition to giving freedom to the consumer, this essential difference turned the object into a medium and opened up the possibility of a dialogue between producers and consumers. Marketing functioned in a loop because the producers did not really want to inflict a particular programme on consumers; they wanted to see which aspect of the object appealed to them so that they could make it an essential element of their lifestyle by offering emotional and social variables that were not purely utilitarian or functional. The very idea of a relationship became crucial because it showed that the producer and the consumer had both contributed to the making of the brand even though the latter's contribution was not direct. The brand thus became a media in the real sense of the term. This led to another problem: the problem of its relationship with other media, as each one of them had its own story to tell. As Jenkins pointed out in 2006 in his book *Convergence Culture*, "*the ideal would be for each media to tell the story that it can tell best, which means that you could begin with a film, move on to television and finally end up with an amusement park*." [18, p. 96] This convergence works not only in the case of stories but also brands, though a little differently, because it is advantageous to organize all the media coherently around the same theme. It is no longer a question of choosing the "best" media at any given time, but using all of them simultaneously. Harry Potter is a good example of this strategy because, although the original story belonged to the literary sphere, it entered the visual domain. This gave it a distinctive character, which in turn enriched both versions. Luxury brands have understood this strategy: though they often make their mark as a reference good – a travel accessory, a garment, a perfume, a watch – they soon give rise to a whole new line of products which become essential elements of a lifestyle that are closely monitored and developed further. However, consumers who cannot afford these products will not be left by the wayside; they will be provided with more affordable substitutes. The brands use these products as screens and the objects are well publicized: "*The brand and its logo function as signs of liquidity that circulate between places as varied as posters, windows, advertisements and events*." [10, p. 78] The producer makes sure that he does not lose the consumer and uses these different means to analyse him more deeply in order to devise better ways of stimulating him.

However, the status accorded by the brand to the consumer could create problems. If, on the one hand, the brand finds it advantageous to develop the consumers' ingenuity to produce experiences based on the objects offered to them, it is necessary to ensure that this freedom will not be abused to censure the brand. Also, brands tend to use another method of communication by encouraging their consumers to join on-line communities defined in relation to the brand. They try to unite a brand's supporters into groups in order to intensify exchanges between them and promote positive publicity to convince other consumers of the brand's benefits because this information may not have otherwise been treated as being of economic interest. Here again, obstacles may impede this strategy. If the brand wants to encourage the creation of such communities, it should not do so blatantly. Talking favourably about a brand does not necessarily lead to purchases; it is always possible that a publicity campaign may turn out to be detrimental for the brand. We may cite the well-known example of a community created by Volkswagen, which circulated a clip showing a terrorist blowing up a car. Despite the blast, the car remained intact! The automobile company had to do everything in its power to withdraw the film as it associated the brand with danger.

3.4 Dual Aesthetics? From Kant to Nietzche

We thus have before us a spectrum of cultural goods. A work of art, often defined by its lack of utilitarian value, can be contrasted with products having both aesthetic and utilitarian values even though the proportion between the two may vary from one product to another. Though it is quite logical to define such sub-sets of cultural goods, it is advisable to clarify their relationship. It may be useful in this case to return to the concept of aesthetics considered marginal until now [19]. In 1750 Baumgarten first proposed the term aesthetics in his book *Aesthetica* [20] where he claimed that sensitivity or *aestheta* is also a kind of knowledge like intelligence or *noeta* [21]. Though this distinction enables us to analyse beauty scientifically, it also raises many questions: What is art and what is its purpose? What art are we talking about when our discourses relate mainly to the plastic arts like painting and sculpture? Can't artists themselves interpret what they are doing without others having to do it for them? Is it possible to talk of beauty without minimum practice? One thing is certain: aesthetics will have to cut out a path for itself between philosophy and art.

We believe that the most relevant interpretation is the one proposed by Luc Ferry who claims that the true emergence of aesthetics lies in the fact that every "law" must now have its origin within humans and should not be decided by the Church or the king. He says that from the seventeenth century onwards, the law became "*in modern societies, the expression on an individual's personality which was undoubtedly exceptional, brilliant but human nonetheless*" [21, p. 17]. Representation of beauty no longer meant simple imitation but independent creation, which implied recognizing the possible difference between what is true and what is beautiful and, therefore, the need of a criterion to define beauty. The problem of creating beauty becomes quite evident because it is no longer a matter of imitating something even if the imitation is excellent. The *ancients* considered a work of art as a microscope existing within the ambit of a macrocosm that gives it its substance while beauty is associated with order where measurement and proportion prevail. But for the *moderns*, a work of art refers to subjectivity: harmony does not disappear from an order that transcends the world surrounding us; instead it focuses on what lies within us between our different faculties. Even if something is intrinsically beautiful, it may not necessarily please us. And, finally, according to our *contemporaries*, a work of art is an extension of a single person and does not reveal anything more than the progression of its creator. How can we then agree about something that lies beyond the pale of objectivity and essentially appeals to subjectivity? It could be said that aesthetics begins where philosophy ends and we will try to overcome this difficulty by defining the criteria of taste, which are not necessarily those of beauty [21, p. 40].

Kant thus finds himself opposed, on one side, by rationalists who do not believe in discussing taste because it has no scientific basis and, on the other, by sentimentalists who believe that the intrinsic subjectivity of taste rules out the possibility of any discussion. But Kant insists that we will not find ourselves in a blind alley if we agree to discuss taste because we will definitely find deep within us a more effective analysis of taste and therefore a way to judge taste. Although taste does not depend on scientific demonstration, it refers to intelligible things. In fact, beauty arouses in humans something that is intelligible to all of them on condition, however, that they know how to navigate between two traps: one consisting of the sublime or the purely pleasurable and the other of choosing the largest number or the indescribable. Kant starts from this point in *The Critique of Aesthetic Judgement*, the first part of his *Critique of Judgement*. He believes that an individual's judgement of what is beautiful is subjective and specific and at the same time universal: universal because it is possible to subject it to universal rules and specific because it is derived from a person's subjective experience. The complexity of this position stems from the fact that it is difficult to impose a taste based on universal values that are acceptable to all. Although a science of beauty is impossible since there is no fixed concept of beauty, it is possible to teach people how to judge taste. When we say that something is beautiful, we do not impose an idea of beauty but only suggest that each one of us harbours a feeling that urges us to find it beautiful. This leads to Kant's definition: "*Taste is … the ability to judge a priori the communicability of feelings related to a given representation …*" [22] He therefore proposes that we should find the concept of beauty in the fervour shared by people having the same taste. This Kantian conception proposes an essential basis for understanding the relationship between artists and politicians: the work of art is a source of fervour, which is, moreover, a collective fervour.

According to Nietzche, art should express the radical multiplicity of life; it should assume a truth and a reality that is more real than the reality of which we can perceive only the outward aspects. The pair *subject-object* is considered in perspective as also the *break-up of the subject* because we recognize the unconscious, that deep cavern of darkness. For the first time, man became the master of his destiny and after rejecting God, he put reason in proper perspective. It was no longer possible to transcend this perpetual change that is life.

As regards the relationship with the history of art, Nietzche falls back on Kant and believes that the best way to put Greek art in proper perspective is not to treat it as a model to be followed, but to discern in it what it predicts about us [23]. The Greece that we admire is a false Greece, which forgot that "knowledge" means first and foremost recognizing our "ignorance". This explains his partiality to Dionysian and Apollonian Greece. In *The Birth of Tragedy*, he talks of music, and the twofold influence of Schopenhauer and Wagner. By considering music as a means of attaining the contemplative Absolute, which is less submissive to the sentient world than the other arts, we uphold the desire to be reborn again and again, the will to live. But this Dionysian music is devoid of meaning if we ignore the Apollonian element representing beauty and light, which resisted for a long time the mysterious influences of the Orient. Thus we see Apollo collaborating with Dionysus to produce unusual sounds and rhythms that are the signs of vitality and Dionysus becoming the god of masterful dissonance, opening the way for an aesthetic that was fundamentally different from the obligatory Greek references. Aesthetics thus became a kind of applied physiology while art wielded a power of suggestion on the senses and on life and tragedy acquired a stimulating quality [23, p. 171].

It is difficult not to compare this new approach to aesthetics and the sub-set of cultural products that give rise to irrational behaviour provoked by mass regrouping and exclusion. Today, nothing is beautiful in itself or created spontaneously without considering the cause and effect. All we see are strong and weak desires. We can no longer say “I think”; instead we must say “it thinks”. So what we have here is the emergence of two approaches to aesthetics: the Kantian approach, which is limited to works of art in the traditional sense even though it does not explain much about the corresponding economic dynamics, and the Nietzschean approach which is more concerned with cultural products where the effect of more or less rational collective trends and movements explains a lot about the corresponding economic dynamic. We could go even further and assert that Nietzche foresaw the all-powerful movement of content-producers, who are simultaneously producers and consumers and who want to know quite rightly how their products are different from already recognized products. It is thus possible to find in the Nietzschean approach a series of observations and references that help us understand how and why aesthetics affects economic spheres, which are wider than those identified by the Kantian approach, and contributes to the political economy of art which is both wider and more open.

3.5 Is Luxury Creative?

One reason for the newly creative nature of the economy is the contribution of luxury since cultural products and luxury goods are considered as belonging to the same category [24]. It is observed that luxury goods are derived more or less directly from artistic creations and that they provide artist-enterprises with a market that enables them to face short-term difficulties. But it is doubtful if artist-enterprises really get any benefit considering that there is a greater pressure from principals financing luxury industries that could curb or even dry up the potential of artistic creativity.

To understand this situation, it is necessary to go back to Veblen’s definitions because the leading role attributed to the luxury industry can only be understood by going beyond them. According to Veblen, there are some goods (that were described as luxury goods in his time) that have a snob effect: they are bought because they are expensive and because their consumption sets the consumer apart. He also opposes this snob effect to the bandwagon effect seen in the case of goods that are bought because others consume them. What makes these two situations similar and remains pertinent is that the basis of consumption is no longer the utility-price ratio but the social effect that the consumption of a particular good is expected to produce, and this marks a transition from a purely functional environment to a cultural environment.

In a consumerist society, luxury goods are no longer restricted to political, religious and economic élites but are also available to other groups. Better still, by making consumers dependent on the brand, luxury goods can guarantee the sustainability of manufacturing companies and ancillary enterprises. LVMH produced not only luggage suited for very specific purposes in an age when the travel industry was developing very fast, but also goods sought as experiences attached to values that allowed the consumer to stand out [24, p. 20]. Thus the brand is not just the result of a product recognized for its exceptional qualities but also a door giving access to new experiences. But companies faced severe risks when they attempted to move from traditional elitist markets to "new" markets targeting an ever-increasing number of consumers. Whereas the first luxury good were produced by craftsmen or small companies employing exceptionally skilled workmen and took a long time to make, the new goods are produced by artist-enterprises who are part of large anonymous organizations bent on maximizing profits in the shortest possible time. These companies relentlessly cut down the efforts and time required for producing these goods as they give top priority to the economic aspect while marginalizing the artistic dimension.

Actually, manufacturers of luxury goods should seek to spread the values shared by consumers, keeping in mind the objectives of a particular society at a given time. They should strive above all to overcome the three tensions that traditionally oppose market enterprise and society: the tension between competition and cooperation, the tension between selectiveness and solidarity and the tension between opportunity and sustainability. They should therefore produce values, or at least contribute to their production, and only if this is practised in the long term will prices follow values to some extent. Others, who differ, claim that where these goods are concerned, consumers are not really buyers but shareholders who want to become part of a particular community by adopting a certain type of behaviour. This may explain why they are willing to pay a high price for these products. The much talked-about obstacles faced by many companies because buyers are not prepared to pay a little more for a better quality of goods are absent in this case because paying a little more enables the buyer to enter a new world!

If this luxury economy becomes characteristic of the present-day economy on account of its size, can it be considered a cure for all its ills?

On the one hand, the creative economy displays some remarkable traits. What is striking is the very novelty, if not the uniqueness, of luxury goods. The experience emphasized by the "new" economy consists increasingly of needs that are of a psychological and intangible nature and the behaviour of buyers who see their purchases as investments in themselves. Companies in search of novelty are likely to take risks, which may drive them to sacrifice skilled workers and opt for depersonalized production processes or even give in to kitsch to produce faster and at a lower cost.

On the other hand, the seductive appeal of luxury goods is short-lived and disputable. With companies sacrificing everything for growth, luxury goods may once again become superior goods in Veblen's terms, giving rise to envy and revolt [24, p. 46]. The diversion of flour during the *ancien régime* for whitening the wigs and hairdos of aristocrats and bourgeois instead of using it to make bread is a fine illustration of this phenomenon! Once a luxury good becomes a source of useless consumption, luxury is equated with privilege, regardless of the people involved [24, pp. 74–77].

Luxury goods aptly illustrate the positive and negative sides of the creative economy. But it is difficult to assert that they propose a model or that they constitute its essence because their characteristics do not in any way constitute the inherently distinctive traits of other activities.

But can luxury still be considered luxury? In 1966, when Yves Saint Laurent started his new line *Rive Gauche*, a brand selling ready-to-wear apparel at prices considerably lower than those of other design houses to capture the new market, there were few who saw it as an economic revolution. They treated it more as a friendly movement to entice people to consume luxury goods launched by the man who considered fashion as an intrinsically artistic creation [25, p. 33]. However, this movement would lead to the reorganization of the fashion industry along established capitalist lines: there is no longer a good that can be considered unique on account of its characteristics or rare; what we have instead is a pyramid of related goods, each one acting as a loss leader in an extensive market even if it means moving from the exceptional to the commonplace, all sold under the same brand. Incidentally, it is possible to find exceptional products that are made to order for a restricted clientele, followed by generic products targeting a larger group of consumers and finally a series of accessories and complementary goods, which are at times not even related to the garment industry (perfumes, watches, etc.), in order to share the brand with a much wider range of consumers and increase financial gains.

But the evolution did not stop there. Soon, the people in charge of these new pyramids understood that their interest lay in not just defining new lines of products that were linked with one another but in also controlling their retail sales. Though the economic model was undergoing a change, one characteristic of the initial model of the luxury economy subsisted: the retailer, or the person dealing directly with the end-buyer, was the one who made the highest profits, often higher than the one earned by the producer situated upstream. The actual producer of the novelty thus found himself in a paradoxical situation where he earned less than the one transporting it and putting it before the users, activities that did not involve any innovation and could even be considered useless. Fifteen years later, Vuitton's experience highlighted this phenomenon: Henri Racamier, the new manager of the company dealing in luxury goods, discovered that the profits earned by the brand's retailers were much higher than the producer's – usually twice as much – which evidently limited the possibilities of innovation and carried the risk of stagnation. This was due not only to the retailer's downstream position, but also because the latter was only concerned with selling the product and not with its innovation. As a result, the information provided by the retailer to the producer was rather misleading. It was not useful for finding new avenues to improve the product's quality but only confirmed a higher potential demand. So Henri Racamier decided not only to revise all contracts pertaining to representation and sale but also began to set up his own distribution network, especially in areas where sales were the highest. A few years later, there was a reversal of margins: the brand's margin rose to 40 % while the retailers' margin dropped to 15–35 % [25, p. 35]. What is important is that this change was brought about without any deterioration in the product's quality.

Another change associated with the change of ownership affected this sector as much as other industries. Having started as artisanal and family enterprises that were somewhat individualistic, they followed a tradition that supported products for their intrinsic features. Gradually, their ownership pattern changed, particularly because some of the heirs sold their share to banks or businessmen to make large short-term profits when the other alternative was to develop the business prudently without any risk to the family holdings. The new entrants into the firm did not necessarily follow the earlier policies because what mattered to them was not the product itself but its worth as a potential value chain. The Gucci case is very symbolic of this change: the large Tuscan company suffered considerable losses when its desire to expand its market ruthlessly led to financial conflicts. But it was perhaps the attempt of the LVMH group, or more precisely Bernard Arnault, to acquire Gucci that clarified the situation. When Bernard Arnault was asked why he wanted to buy Gucci (before he failed to do so on account of the strategic deal between Gucci and Pinault), he answered very simply that it was for purely financial reasons: Gucci shares were under-valued and its profitability rate, which was only half as much as LVMH's, could have been raised very easily through a change in management tactics [25, p. 41]. It is interesting to note that just a few years earlier, when he took charge of LVMH, the same Bernard Arnault had declared that "*the luxury goods industry is the only industry where it is possible today to make a luxurious profit*" [25, p. 49, 26, p. 106].

Any reference to luxury goods today does not fail to underline the cultural dimension of their consumption. However, the luxury industry is described as an industry of luxurious profit, which is perhaps the most appropriate contemporary definition as it explains several trends. The first one is market expansion. In 2010, it was estimated that many Japanese households possessed a cultural product bearing the Vuitton stamp. Incidentally, the brand takes great pains to monitor its local distribution networks to check on price and quality [25, p. 75]. Perhaps what is most significant is that the biggest buyers of luxury goods in Japan are single persons (called *parasite singles*) who are becoming richer and more numerous [25, p. 79]. The second is the progressive diversification of retail outlets of luxury goods that has made them more accessible. While the sale of these goods was limited for a long time to a few strategically placed stores, they are now being sold increasingly in departmental stores, shopping arcades, malls of all types, transport hubs, etc. This has caused storage problems because there is a greater need to maintain large stocks following which unsold goods end up by creating virtual "factory surface areas". As a result, on-line sales have become quite common with some successes (e.g. Net-a-porter.com) and also resounding failures (e.g. Boo.com). The experience of these sites shows that unless they tie up with other sites, on-line sales of luxury products will not be very high. They must adopt a more imaginative style of functioning, of the kind seen in the first workrooms producing luxury goods, and resort to large-scale customization. The expression "merchantainment" is frequently used in this context [25, p. 253]. The most recent trend observed in their production is simplification of operations and parcelling of tasks, which leads to the neglect of the artistic and artisanal dimensions of a skilled process based on rare techniques. The boundary between these two trends is less evident than imagined because there is no a priori reason to eliminate technological innovation and redefinition of production processes, especially since some of them can provide greater safety or precision in the making of these products. The real question is how far can one go along this path and at what point should the use of exceptional skills and materials be replaced by others to the point of impairing the quality of production? The manufacture of handbags is a case in point and not only because they are today the most commonly mentioned luxury item. There is no doubt that the performance of the companies active in this sector is very uneven with some having very high profit margins (Gucci and LVMH) while others are thinking of cutting down production (Hermès) even though they maintain a relatively stable level of skilled and high-quality products [25, p. 194]. Stitching methods have become a crucial point in this debate, so much so that when the production of these bags moves from traditional emblematic sites to very distant locations only to take advantage of low wages, the debate becomes much simpler…

The future of the luxury goods industry can be interpreted in two ways: on the one hand, it could continue as an industry that tries to remain in touch with the potential, or even imagined, needs of users by constantly innovating designs and improving the quality of goods and services on offer and by playing on both the tangible and intangible dimensions of its products and their consumption to achieve this end. On the other hand, it would be no more than a marketing strategy if it decides to attract consumers by using unconventional methods to become an industry of luxurious profits.

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Chapter 4
The Economic Footprint of Artist-Enterprise

What is the size of the economic footprint of artist-enterprises in terms of products and employment? There have been numerous efforts during recent years to measure it and very few countries and international organizations have been able to avoid this challenge. The estimates, however, are quite complex for at least four reasons.

These studies were often conducted for purposes of lobbying or advocacy. They expected to show that the importance of the cultural sector was growing significantly and that it had overtaken sectors that were hitherto considered the drivers of our industrial society like the automobile, steel and chemical sectors. It was believed to be new source of economic activity and employment, a new driver for growth, which would enable us to overcome the difficulties of industrial restructuring and improve living conditions. As a result, culture received substantial support from governments as well as local authorities, if only to cut down risks and uncertainties. Many of the forecasts were so unreasonable that some of these studies became self-fulfilling prophecies.

Even when they were based on the desire to explain and understand these challenges, they came up against methodological difficulties. Two of these difficulties influence the approach to indicators that are commonly used: the contribution to the product and the contribution to employment.

As far as the contribution to the product is concerned, these activities are often non-commercial and public bodies often control prices so that consumers can have easy access to them. It is therefore difficult to compare sectors based on very different functional dynamics. Even though they may be of the same size, a sector dependent on subsidies, like some cultural activities, does not have the same dynamic as a sector surviving on income from exports, and this does not produce the same conditions of economic sustainability in the long term.

As for employment, the problem is of a different nature: often fragmented into several small-scale activities, cultural employment cannot be considered as a reference for full-time or normal employment. Here again comparison becomes difficult because, although there is the concept of full-time equivalent employment that is supposed to act as a link, it could prove to be fictitious in a sector like culture

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while it is quite real in the pharmaceutical sector. Here again, comparisons are difficult even though they are tempting.

The term artist-enterprise could refer to an artist working independently as well as to a group of artists associated in a business enterprise. This does not pose any problems when we refer to the footprint of the domestic product because the activity of both kinds of artists can be treated as value addition. However, it is not the same when we refer to employment because it is then necessary to define the unit of reference: the artist or the company formed by artists. We will opt for the first solution, not to blow up figures, but simply because the available statistical sources do not give us any other choice.

In addition to these three difficulties, there is one more: the precise boundaries of the notion of artist-enterprises or, to be more precise, of the sectors where they are active. But unlike the earlier difficulties, this one could help us understand the footprint of artist-enterprises.

The space occupied by these artist-enterprises has expanded on the basis of a fairly simple reference. The production of a work of art implies that the user or consumer must move from one place to another to see it or benefit by it. Because of this, they are generally involved in activities connected with the plastic arts or the performing arts.

This first circle expanded following the “mass” production of works of art, which ruptured the boundaries of place and time and led to private modes of consumption quite different from those prevailing in the first circle. This circle encompasses cultural industries whose economic potential becomes apparent when it oversteps the traditional restrictions on the use of products and takes them to an infinite number of consumers, whereas earlier the same consumers were obliged to go to a few limited places to consume them. Of course, there are overlaps between these two circles, not only because some living forms of art have been industrialized (e.g. music), but because some activities that were a priori part of the first circle – such as visiting a heritage building – could assume an industrial dimension. In both cases, the demand for a cultural good depends essentially on cultural motivation, involving in this case the final consumption by users.

With the appearance of cultural products – explained in the previous chapter – a third circle emerges: the cultural resource is mobilized in this case to create a product sought by consumers for several reasons, some aesthetic and others utilitarian. The consumption is therefore intermediate in the sense that cultural goods are demanded in this case by the enterprise that defines a product as satisfying a consumer’s need without necessarily being of a cultural nature. As a result, the area covered becomes quite extensive. So much so that some consider it as an abuse, if not a betrayal, of artistic traditions now criticized for getting tangled with economic traditions. Since there is no reason why painters and sculptors should not be concerned about economic matters, there is no reason why the names of Chanel and Saint Laurent should be excluded from the domain of artist-enterprises.

To this we must add that the main point of this analysis is not only to isolate a footprint and its development over a period of time but to also find out whether, as it is often claimed, this footprint is responsible for economic growth or whether, on the contrary, it is only its consequence. Studies on this issue are very complex and few in number but it seems, and rightly so, that artist-enterprises have a ripple effect on growth only because the arts are considered in a wider sense and their direct use (as works of art) is integrated with their indirect use (as cultural products).

4.1 From Masterpieces to Cultural Products

4.1.1 An Initial Analysis of the European Union

Since the 1990s, numerous studies have been conducted to assess the economic footprint of artist-enterprises and, in this case, the footprint of employment in the cultural sector [1]. Most of these studies were undertaken in Europe because the disappearance of some of the traditional drivers of development logically led to the study of other sectors considered as more promising like culture and new technologies. This line of thinking was bolstered by an alarming observation: while economic growth in Europe had exceeded by 10 % growth in the United States during the period 1980–1990, the growth of employment in Europe was five times lower than that in the United States [2]. Also the principal aim of these studies was to estimate the number of jobs in the cultural sector. The first report published by the *Direction de l'Emploi de l'Union européenne* (Employment Directorate of the European Union) in 1997 [3] would mark the beginning of an uninterrupted flow of reports. The European report was soon followed by one published to coincide with the Birmingham Conference [4] chaired by United Kingdom even though the British government had officially accepted the term ‘creative industry’.

The first report is without doubt the more important of the two because it is based on the more classical and recognized definition of culture then prevalent in the European Union countries. It stated that the share of jobs in the cultural sector amounted to 2 % of the total employment. Percentages vary moderately from country to country (see Table 4.1) but they tend to increase in accordance with the size of the country. Thus Germany had the highest percentage of jobs in the cultural sector amounting to almost 3 % – largely because of the treatment accorded to arts and crafts while Denmark and Portugal had much lower percentages (1.43 % and 0.78 %). Though these figures give a general idea of the relative importance of these jobs, they are not completely reliable. The definition of sectors and their classification under different national accounting systems are not homogenous. The case of arts and crafts is very significant from this viewpoint because it refers to national traditions that have led to their integration in varied degrees into the realm of culture, and also because of the role of apprenticeship contracts. Even when *Eurostat* devised a more appropriate methodology, problems related to the classification of jobs persisted. These studies showed that jobs in the cultural sector had in fact increased during the period 1980–1995, but were extremely sensitive to

Table 4.1 Percentage of jobs in the cultural sector in several countries of the European Union (1995)

	Total	Performing arts	Heritage	Audiovisual sector	Others C. I.	Arts & crafts
Belgium	1.50	0.32	0.28	0.47	0.17	0.18
Denmark	1.43	–	0.12	0.61	–	–
Finland	1.46	0.40	0.37	0.31	0.08	0.30
France	2.56	20.63	0.23	0.72	0.15	0.59
Ireland	2.77	0.5	0.13	0.53	0.16	1.4
Italy	1.76	0.46	0.16	0.61	0.15	0.38
Netherlands	2.13	0.48	0.22	0.85	0.31	0.29
Portugal	0.78	0.26	0.08	0.19	0.05	0.18
Spain	2.15	0.3	0.14	0.41	0.52	0.52
Sweden	1.54	0.79	0.14	0.24	0.08	0.24
U.K.	1.91	0.32	0.25	0.69	0.08	0.10

Source: Greffe [3, p. 25]

changes in public funding, particularly the performing arts. As regards employment in the cinema and audio-visual industries taken together, the increase was more significant in the audio-visual sector as compared to cinema in the more traditional sense of the term.

These statistics, which do not take into account the expansion of the cultural field, continue to follow practices that are both classical and updated, as in the case of France, which has remained faithful to a rather classical approach to the concept of the artist-enterprise (see Table 4.2). It is interesting to note that the percentage of jobs is slightly higher than the percentage of value added, which means that these jobs are slightly less productive than jobs as a whole. This conclusion is quite normal in the domain of culture, which wants productivity to be lower than in other economic sectors because the replacement of capital with artistic works is meaningless.

4.1.2 A Contemporary Analysis of Culturally Creative Sectors: The WIPO Model

Things have changed perceptibly and culture is now understood in a much wider sense. It is important to see how the traditional discourse on cultural activities can be linked to the more contemporary discourse on creative industries. The creative industries are connected with many activities of our daily existence such as fashion, cinema, design, etc. They are considered to be the result of cultural activities, regardless of the rationality underlying their consumption and whether they are directly or indirectly cultural. The UK was the first country in the world to study the creative industries, and their formal definition can be traced back to the

Table 4.2 Number and percentage of jobs in the cultural sector in France in 2009

Total	**565,200 (2.30 % of total employment**
Jobs in audiovisual and performing arts sectors	**186,400**
Executives, technicians and workers	*112,900*
Artists	*73,500*
Visual arts and arts & crafts	**167,800**
Visual arts and fashion designers	*91,700*
Visual artists	*34,100*
Arts & crafts	*23,500*
Photographers	*18,500*
Literary occupations	**85,600**
Journalists and publishing executives	*59,200*
Translators	*15,800*
Writers	*10,600*
Architects	**50,800**
Art teachers (outside schools)	**47,200**
Documentation and conservation	**27,400**

Source: Cultural Data [5, p. 34]

establishment of DCMS (Department of Culture, Media and Sport) in the 'Creative Industries Mapping Document' (1998). But all European countries, more particularly France, Germany, Italy and Spain, did not adopt this definition as they felt that it was misleading. It could be said that all sectors are more or less creative which means that it is necessary to select more precise criteria to define them. But if it is not possible to find such precise criteria, then it is better to continue with the traditionally used term 'cultural industries'.

However, international organizations were less reluctant to change the terminology. In 2004, the United Nations Conference on Trade and Development (UNCTAD) set up the Multi-Agency Informal Dialogue Group on Creative Industries to prepare for the High-level Panel on Creative Industries and Development. UNCTAD released the "Creative Economy Report" in 2008 and then again in 2010 [6]. In 2005, WIPO (World Intellectual Property Organization) set up a Creative Industries Division to study the impact of intellectual property policies and practices on the creative industries. The definition proposed by the DCMS represented the first formal recognition of creative industries as "Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" [7]. The current DCMS definition includes 13 creative sectors. They are: Advertising, Architecture, Arts, Crafts, Design, Fashion, Films & Video, Interactive Leisure, Software, Music, Performing Arts, Publishing and Television and Radio [8].

According to UNCTAD, the creative industries [9]:

- are the cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs;

- constitute a set of knowledge-based activities, focused on, but not limited to, the arts, potentially generating revenues from trade and intellectual property rights;
- comprise tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives;
- are at the cross-roads among the artisan, services and industrial sectors and constitute a new dynamic sector in world trade [9].

According to the WIPO guide (WIPO, 2003), creative industries include cultural industries plus all cultural or artistic production, whether live or produced as an individual unit. Creative industries are those in which the product or service contains a substantial element of artistic or creative endeavour [10]. The current WIPO definition recognizes eight creative sectors. They are: Press and Literature; Music, Theatrical Productions and Opera; Motion Pictures, Video and Sound; Radio and Television; Photography, Visual and Graphic Art; Related Professional and Technical Services; Software, Databases and New Media; Advertising Services and Copyright Collective Management Societies.

More recently UNESCO has published a Report on Creative industries in collaboration with UN. The initial Reports (UNCTAD and UNDP, 2008; UNCTAD and UNDP, 2010) focused primarily on international trade in creative goods and services. This was logical, but started with a very limited scope. The "special edition" of the Creative Economy Report takes a different look at the sector presenting several notions of culture in a pragmatic manner: The Creative Economy, drawing on UNCTAD Reports; Cultural Diversity, following the Convention on the Protection and Promotion of the Diversity of Cultural Expressions (UNESCO 2005) and the Universal Declaration on Cultural Diversity (UNESCO 2001); Culture and Development, building on the work of the World Commission on Culture and Development that published Our Creative Diversity (WCCD 1996) and The Human Development Report (2004). The Report nursed very grand ambitions for the cultural economy, going far beyond the traditional statistical approach adopted by UNESCO [11]. It proposes alternative definitions, one of the most discussed being the so-called concentric model which makes a distinction between core creative arts (literature, music and performing arts), core creative industries (films, museums, galleries and libraries), related industries (advertising, architecture, design and fashion) and wider cultural industries (heritage services, publishing and print media, television and radio, sound recording, video and computer games). Since the report does not choose between such models, it has not been able to give a comprehensive statistical estimation of the footprint of artist-enterprises.

Today, the WIPO approach provides the best statistical assessment. On the one hand, it proposes a wider approach to the cultural sector encompassing the entire spectrum from works of art to cultural products and even economic products mobilizing cultural creativity in various ways. On the other hand, it is based on a strict methodology, which has been tested for the last 15 years in an increasing number of countries. This makes it easier to determine the size of the economic footprint of artist-enterprises. The principle underlying this study is to use as a criterion the existence of the copyright system (in the wider sense) or goods likely to give rise to copyrights. Thus four sub-sets are identified, the majority of which have been retained, the criterion being the relative importance of copyrights.

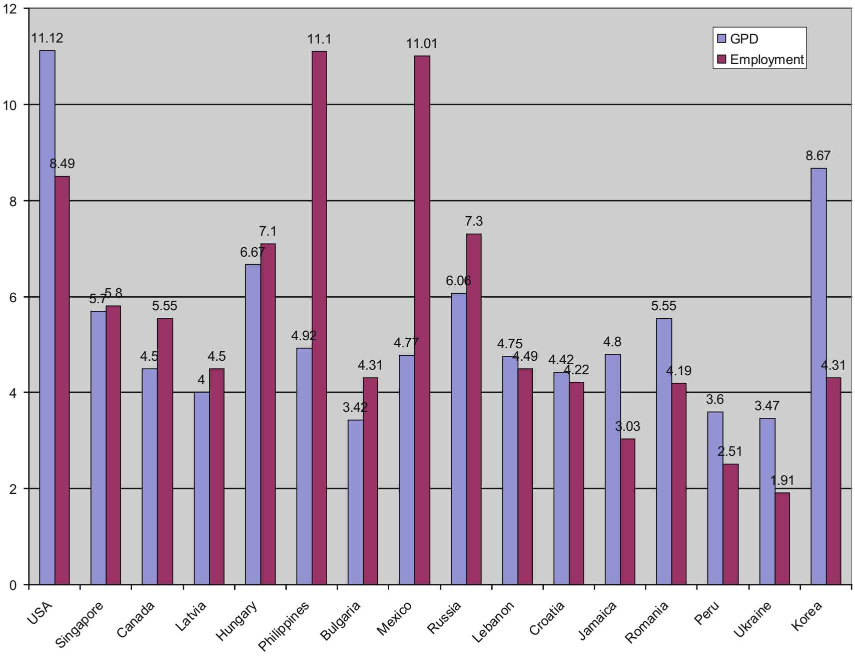
The four sub-sets are as follows:

- Core copyright industries are industries that are wholly engaged in creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter [11, p. 29]. Nine groups of core copyright industries are identified: press and literature; music, theatrical productions, operas; motion pictures and video; radio and television; photography; software and databases; visual and graphic arts; advertising services and copyright collective management societies.
- Interdependent copyright industries are industries that are engaged in production, manufacture and sale of equipment whose function is wholly or primarily to facilitate the creation, production or use of works and other protected subject matter [11, p. 33]. A first group includes manufacture, wholesale and retail (sales and rental) of TV sets, Radios, VCRs, CD Players, DVD Players, Cassette Players, Electronic Game equipment and other similar equipment; computers and equipment and musical instruments. A second group of interdependent copyright industries covers manufacture, wholesale and retail (sales and rental) of photographic and cinematographic instruments and photocopiers; blank recording material and paper. The distinction between these two groups is dependent on the closeness of the use of equipment with exclusive consumption of core copyrights products.
- Partial copyright industries are industries in which a portion of the activities is related to works and other protected subject matter and may involve creation, production and manufacturing, performance, broadcast, communication and exhibition or distribution and sales [11, p. 33]. This group is very wide and may deal with: apparel, textiles and footwear, jewellery and coins; other crafts, furniture, household goods, china and glass, wall coverings and carpets, toys and games, architecture, engineering, surveying, interior design and museums.
- Non-dedicated support industries are industries in which a portion of the activities is related to facilitating broadcast, communication, distribution or sales of works and other protected subject matter, and whose activities have not been included in the core copyright industries [11, p. 35]. This group includes general wholesale and retailing, general transportation and telephony and Internet.

The direct data analysis is based on two major indicators employed to measure the performance of the copyright industries: Contribution to GDP (%) and Share of Employment (%).

- The contribution to GDP varies significantly across countries from over 10 % in the USA to under 2 % for Brunei. With an average of 5.26 %, three quarters of the countries have a contribution between 4 and 6.5 %.
- The contribution of copyright industries to national employment is slightly higher than the share of GDP and stands at an average of 5.49 %. Nearly three

Table 4.3 Overall contribution of copyright industries to GDP and employment



Source: WIPO Studies on the contribution or the copyright industries [12, p. 2]

quarters of the countries fall in the range between 4 and 7 % contribution to national employment.

It is thus observed that the proportions ascribed to the cultural sector vary between 2 and 12 % of the GDP and the employment rates are in the range of 5–7 % (with an average of 5.26 % for GDP and 5.49 % for employment), when one accepts a broader conception of cultural products or industries benefiting from copyrights. Table 4.3 gives an estimate of the economic contribution of copyright industries in different countries.

4.1.3 Comparison of Perspectives: France

It is possible to give an exact analysis of these types of estimations in a particular instance if we take the case of France where there are three studies on this subject:

The first study was carried out by the statistical department of the French Ministry of Culture (*Service statistique du Ministère de la culture*) in 2013 on the basis of a fairly classical definition of the cultural sector, which has not changed much during the last 15 years. It relies on the 2009 Approach of ESSnet Culture, the European statistical system network on culture. This project has taken eight activity groups as the basis of the cultural domain: heritage, archives, libraries, books and press, visual arts, architecture, performing arts, audio/audiovisual and multimedia. Two new activities were added to this list: advertising (activities in this field are considered only in terms of artistic creation which means that activities related to the production of publicity material and marketing are excluded) and production of original crafts objects [13]. The Statistics Department of the Ministry of Culture has therefore estimated the value-addition in these sectors at €40 billion (or 2.2 % of the GDP) and production at €85 billion or 4.67 % of the total production.

The second study was published in the same year in a report prepared by the French Ministries of Finance and Culture and it was intended to assess the impact of culture. In this study, culture is perceived as consisting of three sub-systems:

- The first sub-system consisting of the perimeter or outer zone of culture concerns activities that may be totally or partially cultural but always based on proration. It formalizes the traditional sector by associating activities involved in the production of material used by cultural industries (paper, printing, etc.) and conservation of built heritage (building and construction work), as well as activities related to distribution, trade and repairs. This perimeter represents a value-addition of €57.2 billion or 3.2 % of GDP which is higher than the traditionally accepted figure of 2.2 % [14].
- The second sub-system – or contribution of culture to the economy – concerns mediated activities or intermediate consumption of cultural activities and it represents 5.8 % of the total value-addition in 2011.
- The third sub-system – or cultural outreach – concerns activities that make France more attractive and contribute to its cultural influence. They pertain to four sectors: fashion, luxury goods, applied arts and gastronomy. This is not an additional indicator but it only refers to the importance of activities mentioned earlier and represents 2.26 % of the GDP.

The third study, published in 2015, applies the WIPO methodology to the situation in France. It shows that in 2012 the culturally creative or copyright industries accounted for 7.02 % of the GDP and 7.29 % of the total employment [15].[1] Looking at past tendencies, it could be said that the percentage of these contributions has been changing slowly, even though it is possible to observe differences between the four sub-sets of copyright industries. Though they are more significant in terms of value-addition and employment, the "core" copyright industries, are gradually changing with time and have a positive external balance. On the other hand, partial copyright industries, which are closer to the world market than core copyright industries, are more prone to fluctuation and suffer from a negative external trade balance. Their position is therefore significant and they produce a ripple or multiplier effect through their numerous ramifications. Their behaviour in terms of employment is quite unusual: they display a certain amount of indifference towards value-added; they account for some of the most skilled and stable jobs as shown by their share of the total number of full-time jobs (7.29 %) which is higher than their share of the total active population (6.55 %). On the contrary, although creative industries perform reasonably well during periods of growth, and even low growth (1999–2008), they do not act as automatic shock-absorbers in times of crisis as it is sometimes claimed. In addition, their productivity and their contribution to exports are not as high as it is often asserted.

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[1] It also shows that they represent 9.54 % of exports and 11.46 % of imports.

4.2 Are Artist-Enterprise a Driver for Development?

The economic footprint of artist-enterprises is significant on account of their size. But is it significant from the point of view of their dynamic? The debate on the role of cultural activities as a possible driver for development has been recently expanded to ascertain to what extent the development of jobs in the cultural field contributes to economic growth or whether it is one of its numerous consequences. Such debates are often more polemical than scientific and our answers to this question are based on the study conducted in France at the behest of the Ministry of Culture [16].

This study has analysed job movements in the cultural sector and in the employment sector as a whole to find out if, in the first place, they share a common history and, if so, what is the change in each of these two variables that can best explain the change in the other. Apart from major methodological difficulties – which will be mentioned briefly – it should be pointed out that the very term cultural job can give rise to a double approach. On the one hand, it concerns jobs in the cultural sector regardless of their area of artistic specialisation and even areas where no specialisation is involved. On the other hand, it refers to artistic professions, whatever the sector of activity they are involved in, whether cultural or not. We will look at the two definitions side by side.

4.2.1 A Partially Common History

Over a long period of almost 30 years (1975–2008), the two indicators of cultural jobs followed the same trends, though slightly different, as jobs in general. Though we observe a general increase, we also observe a disparity between cultural jobs and general jobs in the different sub-periods under consideration (see Table 4.4).[2] The

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[2] The long-term elasticity between the GDP and cultural jobs is positive and 100 %, which means that a long-term variation of one of these two variables results in a variation of the same amount in the other.

Table 4.4 Average annual growth: GDP: Employment in general, Cultural Jobs, Cultural Professions

En %	GDP	Employment	Jobs in the cultural sector	Cultural professions
1975–2008	2.22	0.57	1.66	1.67
1975–1985	2.45	−0.01	1.14	0.89
1986–1995	2.18	0.45	2.25	2.23
1996–2008	2.07	1.09	1.60	1.83

Source: Ben Salem, Greffe & Simonnet. [16, p. 40]

Table 4.5 Average annual growth of cultural sub-sectors

En %	Audiovisual sector	Performing arts	Plastic arts	Publishing	Heritage	Cultural products
1975–2008	1.19	3.29	5.74	0.24	−0.28	2.37
1975–1985	1.31	4.88	4.70	−0.28	1.66	3.14
1986–1995	0.28	2.91	8.71	1.17	−0.96	3.49
1996–2008	1.79	2.37	4.26	−0.06	−1.25	0.92

Source: Ben Salem, Greffe & Simonnet. [16, p. 43]

decline of the employment component of growth has been calculated for the economy as a whole because the average annual rate of growth of 2.27 % over the entire period corresponds to an average annual rate of growth of only 0.57 % for employment in general. On the contrary, this rate rises to 1.66 % for cultural jobs and to 1.67 % for cultural professions, which is clearly higher. The sub-periods show sharper changes, but even so there is no change in the general diagnosis.

If we argue only in terms of cultural sub-sectors, we observe significant differences (see Table 4.5). Like the aggregate cultural sector, sub-sectors like the audiovisual sector, performing arts and plastic arts display the same trend as the GDP, but each one is different from the others. The growth of jobs in the audiovisual industry is the lowest and that in the plastic arts is the highest during the period 1986–1995. It is after this period that the growth of jobs in the performing arts began to decline, dropping from 5 to 2.5 %.

4.2.2 What Are the Causal Links?

If total employment and cultural jobs have a partially common history, it is advisable to find out which one of the two variables is the determinant variable and which one is the determined variable. It is a rather complex study and we will mention only its principal results and refer our readers to the basic study for a more detailed analysis. A careful perusal of this analysis reveals six principal results:

- The common history of employment in general and cultural jobs was essentially linked to the performing arts and later to the plastic and visual arts.

- The causal link is directed towards growth leading to the development of cultural activities and not in the opposite direction, particularly in the case of performing arts and publishing, which account for more than half the jobs in the cultural sector.
- In the plastic arts and, to a lesser extent, in the audiovisual sector, there is more autonomy and they do not reveal the same dependence as the performing arts.
- Jobs in the heritage sector seem to be very susceptible to the economic climate.
- Jobs in the performing arts seem to be very dependent on macroeconomic changes. The most obvious explanation would be to claim that there is an automatic link with tax collection and subsidies as the latter are dependent on the former.
- The audiovisual, plastic arts and cultural products sectors –covering almost the entire range of artist-enterprises – increasingly produce a ripple effect on the economy which is relatively stronger than the effect produced by the performing arts [16, pp. 52–53].

4.2.3 Can the Emergence of Artist-Enterprises Be Explained?

The same research has analysed the reasons behind the emergence (and disappearance) of artist-enterprises. Although the database and the periods are the same, the method is different and data are organized according to geographic zones, or regions, which provides a very wide sample group [16, pp. 61–62].[3] The principal results are given below [16, pp. 63–67].

- Artist-enterprises are emerging in large numbers in urban areas as a result of increasing population density. This is particularly true in the case of plastic arts, performing arts and to a lesser extent in the audiovisual sector.
- Economic climate and income play an essential role in the proliferation of cultural activities, but not always in the expected manner. Thus an increase in regional unemployment gives a boost to the emergence of artist-enterprises, undoubtedly because local authorities in some countries encourage young people to join these sectors. In the same way, a drop in wages can increase the supply of cultural products; but at the same time it is likely to reduce the demand for these products. However, the net effect is slightly positive.

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[3] The data have been obtained from two different sources. The data related to the demography of companies and institutions (obtained from the SIRENE and INSEE bases) have enabled us to prepare a series of data bases of the stocks and creations of cultural institutions at the regional level for the period 1993–2008. These series were further divided into four sectors: the cultural sector as a whole and the Arts, Performing Arts and Audiovisual sectors. Reference to surveys on employment conducted between 1993 and 2008 enabled us to determine the situation in each region on an annual basis regarding the major aggregates likely to influence the creation of cultural institutions.

- A high percentage of youth in the population has a positive influence of the creation of artist-enterprises, especially in the audiovisual sector, affecting both supply and demand, which move in the same direction.
- The ratio between executives and workers, which is an indicator of professional and social differentiation, has a negative effect on the creation of artist-enterprises, particularly in the visual and performing arts sectors. This happens because the presence of a large number of executives means that that there is less chance of diverting this work force towards cultural activities and freelancing.
- The hypothesis that the appearance of artist-enterprises necessarily depends on the availability of qualified workers has not been verified.

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Chapter 5
A Permanent and Polymorphous Figure

The development of the artist-enterprise over the years elucidates the link between an artist's creativity and economic viability.

The first examples that we shall take up in this chapter – Hokusaï – is of an artist who exemplifies the emergence of the modern art world in Asia. It serves as an illustration of the artists' need to get away from an often stifling economic system by taking advantage of technological as well as economic and social innovations to increase its income from its work. In this case, reproductions played an important role calling attention to their relevance and their constraints.

The next five examples – Tiffany, Gallée, Diaghilev, Coco Chanel and Walt Disney – are of artists who openly declared themselves entrepreneurs and unabashedly wooed the market to sell their products. Their nature enabled them to widen the scope of visual arts to encompass fine crafts, performing arts, the fashion industry, cinema and television. Though the main issue remains the same, these different domains show that the boundary between what is beautiful and what is useful, between art and pleasure, is easily transcended when one works in these areas. And finally, they also show that failure and success follow each other.

The last example – Andy Warhol– take us into the midst of the contemporary art world and introduce us to the new artist-enterprise who could almost be describes as an artist-financier. The links between an artist's creativity and the economic returns ensuing from it are justified and they show that the art market certainly does not lag behind other markets in terms of innovation, instability and speculation.

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5.1 Hokusai

Born in 1760 near Edo (present-day as Tokyo), Hokusai was born in a family of a poor farmer. Although he was adopted into the family of Nakajima Ise, a mirror-maker in the Shogun's court, he was let go after a short time [1, p. 9]. He then worked as an apprentice for a bookseller and taught himself the art of drawing while selling books. Due to his drawing skills he was able to join a printmaking workshop lead by Katsukawa Shunsho, a leading woodblock print designer of the time, who specialized in prints, studio that was well known for painting pictures of the popular actors of the Edo stage. Although his first works are unremarkable Hokusai slowly increased his skills in woodblock print design. In the workshop studio system prevailing in Japan at that time, a young artist was required to mass-produce lower-cost ink-line prints in the beginning and then to work himself up to the finer polychrome compositions. His earliest identifiable work, a print of the popular Kabuki actor Segawa Kikunojo, was created at the early age of 19. We see him work with numerous ideas and themes and – responding to the fine training of the Katsukawa tradition – how he starts to experiment with numerous ideas and themes. He first became famous for his imaginative prints, which combined images and texts in an often-innovative fashion. His abilities in composing surimono also introduced him to the brush paintings consisting of a picture and a short poem, which shows that he mixed freely with the drifting community of poets in Edo, with whom he came to mix freely. While the paintings were first done on paper, the poems were carved directly on wood.

Having made his mark as a woodblock print designer, Hokusai also concluded elaborate polychrome paintings (or nikuhitsu) to his repertoire. His activities were accompanied by increasing economic independence from which he would periodically retreat due to the lack of budgetary restraint. He consistently spent more than he had, although he was able to earn more that most of his contemporaries, because, unlike other engravers and artists of the time, he worked alone and not as part of a studio that received regular orders for works that were usually commonplace. His fame and success brought him numerous orders from the Yoshiwara district and he had the freedom to express himself in a more unconventional manner.

This originality manifested itself in the adaptation of numerous themes and designs that he had picked up from foreign texts, received through his interactions with the intellectuals of the time, a cultural hybridization that added to his fame. While participating in the production of illustrated books, he introduced Chinese and European themes and designs into his woodblock print characters, and referred, for example, to the European technique of chiaroscuro in his prints. He was also one of the first woodblock print designer to one Prussian blue, an artificially created color imported to Japan a few decades earlier. The extensive use of this striking blue color was a factor in his later acceptance and popularity in Europe and in the USA.

The year 1814 was a landmark in the reception of Hokusai's life for this was the publication year of the first volume of his Manga (literally Scattered Drawings), a series of art manuals that became his most famous works in the West. Numbering a total of 15 volumes, they contained numerous drawings of people, animals and landscape that came to heavily influence western artists. He was able to find a wide domestic audience for these books that were bought mostly by amateur painters, looking for motifs. He drew these pictures, which were the forerunners of the famous paintings he executed later, mainly during his trips to Nagoya on the Tokaido Road between Edo and Kyoto. Finally, this work testifies to his renown as more and more students were being inspired by his art. His book publishing business became very successful as he brought out new editions of manuals published earlier and printed new manuals to meet at the growing demands of booksellers.

Having gained fame as an artist as well as achieving economic independence, he continued creating new, innovative image. At he age of 60 years old, he not only successfully returned to surimono but he also created an acclaimed series of prints on seashells. We know him best for his groundbreaking series on the view of Mount Fuji, which he also started 3 years later. He accepted a commission to make 36 engravings for illustrating poems on seashells, each of them depicting the shell mentioned in the particular poem. However, dissatisfied with his work, he contacted a publisher named Nishimuraya Yohachi regarding a project that he finally took up when he was almost 70. The prints features representations of Mount Fuji both from the distance and up close. In the beginning there were only ten of them including The Great Wave and Mount Fuji in a Storm. These prints were extremely successful – from both the artistic and commercial viewpoints – and the publisher asked him to make additional designs in the new set increasing the number from the original 36–40. The prints became famous for a number of reasons, including his extensive use of the imported Prussian blue, his references to Kano school paintings and his reception from western. Building on the success of the Fuji series, Hokusai created several other landscape print series, including ones on bridges, waterfalls, and classical poems. The prints display Hokusai's use of respect for the majesty of themes from nature and his imaginative interplay of colors and very simple lines.

He seemingly possessed limitless energies and continued to produce prints designs into old age. He also used a wide range of names with which to sign the works, as was common for the artists of the time. He even planned to sign them under a new name, Manji, meaning 'ten thousand years', but his publisher explained to him that it was better to sign them under his old name, which was widely known, as commercial recognition was worth more than the presumed artistic quality. In 1834 he published what many consider the best-designed set of woodblock print books ever created, namely the One Hundred Views of Mount Fuji, at a time when the market for prints was undergoing a violent depression. In his old age, his habit of overspending finally caught up with him and he kept moving from house to house, keeping one step ahead of his creditors. Numerous letters survive from this time detaining difficulties with money. Nonetheless, helped by his able daughters, Hokusai continued designing prints and painted daily ink drawings pictures of the famous lion (shishi), perhaps in the hopes of warding off ill fortune. While persisting with the lion series, he painted numerous other pictures of animals – a veritable bestiary. He died at the age of 90 after completing his last work, A Dragon on the Slope of Fuji, a painting still full of vitality. In earlier, when he was still in his sixties, he wrote, “*When I am eighty six, I will have made more progress, and when I am ninety, I will have penetrated the mystery of things… At one hundred I will decidedly have a divine understanding of these things and at one hundred and ten every dot, every line that I draw will vibrate with life. May those who live long enough see if I keep my word!*” [1, p. 65] And although he did not quite make it to this goal, his life was undoubtedly full of innovative energies, and he remained a strong, creative artistic personality until the end of his long and remarkable life.

5.2 Louis-Comfort Tiffany

Louis Comfort Tiffany (1848–1933), the American artist and designer could be considered as one of the greatest creators of glassware of modern times. He is known for his distinctive blend of creative, scientific and economic skills. Actually, the scientific component is very important since glass is made by fusing sand, silicon dioxide or silica with various additives in different proportions to produce the desired effect. It is a liquid substance that does not have the regular structure of normal crystalline solids. It should be considered as a mobile super-cooled liquid whose precise viscosity can be controlled by heat. Because of this peculiar nature, it is possible to change its colors by using different mixes of materials. Another source of artistic differentiation is the manufacturing process. The hot process molds glass when it is still in a viscous state. The cold process is used more commonly in jewelry making and is a combination of techniques used in sculpture and etching. A third source of artistic differentiation is the temperature used to stabilize the material into glass and the use of corresponding molds and processes [2, p. 186].

As a matter of fact, Tiffany was initiated into glassmaking through jewelery. His father, Charles Lewis Tiffany, was the founder of Tiffany & Company that sold stationery and fancy goods in New York. He was very successful and reinvested the profits from his business to employ American craftsmen to work on glass. In the middle of the nineteenth century, he became one of the most important jewelers of New York with a branch in Paris. He was also very well known for selling articles of pure silver at a time when the development silver mines had created a very vibrant market for silverware. Among his foreign customers were many European kings and emperors.

Louis Comfort Tiffany studied painting in Paris where Léon Bailly introduced him to oriental landscapes. He was also influenced by the ideals of the Arts and Crafts movement, and all through his life he would give the utmost importance to artistic creativity, but without neglecting the economic dimension [3]. In fact, he believed that an enterprise could provide a relevant framework for creative cooperation between artists. Thus in 1877–1878 he formed the Society of American Artists (with John La Farge and Augustus Saint-Gaudens) to improve the quality of American painting and market it successfully. During the same period, he did a lot of work in the realm of interior designing and contributed to the redecoration of the Mark Twain House in Hartford and the White House during the presidency of Chester Alan Arthur (1881–1885).

He demonstrated that things could be done collectively and he never took decisions that would separate the following elements: acumen for business, affinity for teamwork and a great sense of creativity. He operated through two different business organizations: Tiffany Glass Company in Brooklyn (1885) and Tiffany Studios in New York (1889). After his father's death, these businesses were merged with the original Tiffany & Company. ln 1892, Tiffany established the Tiffany Glass and Decorating Company in Corona, Long Island to make art glass on a very large scale by bridging two important artistic and economic movements – Arts and Crafts and Art Nouveau. He produced glass objects based not only on his own style but also his favorite ornamental designs inspired by natural and animal shapes. He was in fact one of the very first to use the term *art nouveau* which had its origins in Samuel Bing's gallery *Maison de l'Art nouveau* which opened in Paris in December 1895. As for Bing, he paid tribute to Tiffany by writing "*Tiffany saw only one means of building the perfect bridge between various branches of industry: the establishment of a large factory, a vast central workshop that would consolidate under one roof an army of craftsmen representing every relevant technique...*"[4] Others, however, opined that Tiffany had recreated the Renaissance workshop in the form of an industrial studio, simply by substituting paints and bronze with glass!

His inspiration and inventiveness were boundless. In Paris, he was deeply impressed by Impressionism. In the US, he designed and produced numerous stained glass windows for churches. He experimented with the diversity of colors and developed a market not only for church interiors but also residential interiors. As his professional activities increased so did his exchanges with artists abroad like Charles Rennie Mackintosh in Scotland, Victor Horta in Belgium, Antonio Gaudi in Barcelona and Hector Guimard in Paris even as he continued to demonstrate his artistic inventiveness and business acumen.

It was his shrewd business sense that led him to manufacture lamps. He took advantage of his experience in colored stained glass design and earned substantial profits because lamplight became cheap following a 90 % reduction in the price of paraffin by Rockefeller-owned Standard Oil. But this was just the first step, the next being the use of electric light that replaced both paraffin and gaslight and heralded a more eco-friendly process. Tiffany's venture into luxury lamps, distinct from other mass-produced articles, brought about a sensational technological change in the way homes were lit. Whereas his contemporaries like Gallée and Majorelle considered vases and furniture as essential elements of interior decoration, Tiffany felt that lamps added an extra touch to the beauty of the home [5]. This led to the creation of works of art that were also functional: the Wisteria lamp introduced the shade with an uneven edge, the Dragonfly lamp had a twisted base in the shape of a water lily; the Pond Lily lamp had 12 lights of iridescent glass sprouting from a metal base. But his interest extended beyond lamps for home use. With Edison, he designed the first moving picture theatre in New York using as a model the Folies Bergères in Paris, which had mesmerized him! But despite his phenomenal success in the area of lam-production, he did not forget that artistic creativity is a precious asset and he put it to full use to design glass windows and screens inspired by Toulouse-Lautrec, Degas and Whistler for Samuel Bing's gallery in Paris.

In 1892, he created a new division called Tiffany Furnaces to produce a special new kind of multi-layered glass known as Favrile (handmade). This new material stood out because of its visual properties and its colors and was used for making a series of gorgeous new vases. In the early 1900s, he employed 100 of the world's best glassworkers, paying them the highest wages and encouraging them to implement their own ideas. He systematically reinvested the profits from his Tiffany jewelry workshops to experiment on special metallic effects in his foundry and these, combined with rare colored glass, led to the production of "jewel vases". He developed a ravishingly rich glass with a rough surface that he named Lava, inspired by fragments he had found near Mount Vesuvius. He experimented with pottery too, using his genius to create new color glazes, emphasizing the role of ivory, beige, ochre and rare browns and greens. He also invested in an enamelling department that produced enamel-on-copper vases [6].

The years following his father's death in 1902 were very difficult for Tiffany. Later, he lost a valuable "colleague", Emile Gallée, and his deputy in Paris, Samuel Bing. He also saw the new President massacring his decoration of the White House for unknown reasons. Everything Tiffany had put into the White House was destroyed.18 He was very upset when the Armory Show (1913) introduced Modern Art from Paris to America, especially as he had invested in the production of decorative objects inspired by the philosophy of Art Nouveau rather than Modern Art. He found himself increasingly isolated in a new world he did not admire, which increased his feeling of loneliness. In the early 1920s, he shut down his Favrile production center and sold off the stock as it had gone out of fashion. He died in 1933 at the age of 84.

But the biggest blow was that his art, no longer in demand, was increasingly criticized and soon forgotten. However, a few collections survived and after the Second World War, there was a kind of revival of Tiffany's art through the opening of new museums and the display of Tiffany's collections and exhibits in major museums.

5.3 Emile Gallée

Charles Gallée, who started his career as a painter of porcelain, married well and managed to set up a shop and then a glassworks and a lamp factory. He worked initially as a sub-contractor for Paris-based companies and later became an independent manufacturer. He earned a sizeable reputation as a manufacturer of Bohemian-style colored enameled glass. Like the Saint-Louis and Baccarat crystal works, he opened his own showroom on the Boulevard des Capucines in Paris. His son, Émile, first studied the liberal arts, including botany, and was later sent to Germany and then to Meisenthal to learn the techniques of glassmaking. He was deeply influenced by this education, which familiarized him with the evolutionary theories popularized by Geoffroy Saint-Hilaire and Darwin. He would not forget them in later life when he declared that he wanted to "*study plants, trees and flowers both as an artist and as a scientist*" [7, p. 147]. During a trip to London with his father, he visited the Victoria and Albert Museum, deemed a temple of industry, where he discovered decorative references very different from the Turkish decorative objects that served as models for the Sèvres Manufactory in France. However, a more authentic influence discernible in Gallé's work, and through him in the products of the Nancy School, was that of the Japanese artist Hokusaï. In addition to the furniture workshop and the crystal works in Nancy, Gallé soon took over the management of three other glassworks: Saint-Clément, Meisenthal and Raon-l'Étape. He established a work regime that was draconian in terms of working hours but also very progressive in terms of social coverage and wages. It was a mixture of paternalism and continuous training, in keeping with his humanistic principles, that made him espouse all the great causes of his time.

Gallé thus emphasized in his work themes inspired by nature, as seen in his famous "dinner service decorated with a leafy pattern". But he was also interested in other things apart from porcelain-making and manufactured furniture and glassware, inventing the famous glossy finish on glass and crystal [7, p. 152]. He believed that a decorative object serves many purposes: utilitarian, aesthetic and even social. On one of his renowned works, the chalice-shaped vase called Le Figuier, he put two tear-drops as a reference to Victor Hugo's lines: "*Because all men are the sons of the same father, they are the same tear and come out of the same eye*." In his woodwork, Gallé tried to marry form with function, which was the hallmark of the Art Nouveau movement.

Gallé was not the only entrepreneur known to have chosen this direction. The manufactory of Rambervillers in the Vosges brought in artists from Nancy like Majorelle, Gruber and Bussière to create models for moulded pieces and architectural elements of flambé stoneware. Auguste Majorelle started as a pottery painter specialized in copying Lunéville faience. But he gradually moved on to making painted furniture and set up a large factory in Toul. He was very successful even though he went through a very difficult patch just after the Franc-Prussian War. His products thus bore the stamp of both Rambervillers and the Nancy School. With the help of catalogues and sales outlets, he was able to bring down the unit cost of his wares and successfully adapted himself to the fast-changing tastes in this field [8].

But more than all the other artists of his time, Gallé wanted to bridge the gap between art and industry in a way that was quite different from the one suggested by Ruskin who advocated a return to cottage industry [9, p. 18]. He believed that the marriage between art and industry should follow a new type of collaboration between man and machine leading to a large variety of products. At the bottom of the scale there would be cheap quasi-industrial products. Higher up there would be products made to order with higher production costs, which the Nancy School called *modèles riches* (elaborate models). Still higher, there would be the *pièces d'exception* (exceptional pieces), created for special occasions in limited editions and sold in art galleries. The object was to emphasize the connection between products of a more industrial nature and handcrafted products. This required a close collaboration between handcrafting and industrial design. Unlike the Arts and Crafts movement, the yardstick of economic viability rather than social revolution measured this linkage between art and craft [10].

By the end of the nineteenth century, the Nancy School had brought together artistic references, handcrafted products and the possibility of using machines with the overall aim of improving day-to-day life [11]. … Later, after the Universal Exposition of 1900, Gallé made an earnest appeal for the reorganization of applied arts. He said, "*I am not proposing a rearrangement of the excellent fine arts associations that already exist in our region but a move to overcome the serious shortcomings … After the exposition of 1900, there are indications that our studios in Lorraine are faced with the danger being cut off due to the overall development of art-based industries all over the world… An important task would be to replace isolated initiatives with joint efforts which, we are sure, would lead to a greater development of art-based industries in Lorraine and also to a more efficient management of the industrial and commercial resources of our province reputed today for it artistic creativity and its contributions to the modern decorative style* … »p [8, pp. 56–57]. This appeal bore fruit and on February 13, 1901, 78 enterprises joined the association. People have wondered what drove Gallé to launch this association which brought together his principal competitors, some of whom were not averse to adopting dishonest means against him. But Gallé sensed and affirmed that this association would be beneficial to all because it would enable them to pool their resources and protect some of the advantages and assets peculiar to Lorraine.

Hence he was in favor of a joint effort to ensure the quality of their products and oversee the training of workers without which the negative image of some members would rub off on the good reputation gained by others: "*It is time that those who create a truly vigorous style raise a hue and cry against the poor-quality workers who are likely to mar one of the strongest revivals recently observed in the art of furniture … They imitate without understanding … They wish to copy the creators and also surpass them, they want to create art and enrich themselves at he same time…*" [10, pp. 56–57, p. 212] The association started a revue, Art et Industries and launched an adult education program for craftsmen and in 1904. The Museum of Decorative Arts in Paris became a place for meetings and discussions between artists. The association even tried to introduce a curriculum in accordance with its aesthetic principles in the *École professionnelle de l'Est*, which displeased the *École des Beaux-Arts* in Paris, which opposed it incessantly. This elicited a bitter reaction from Gallé who said, "*We do not intend to set up a new school of fine arts. What we need are simple courses for workers conducted by masters in design and practising professionals who have faith in the spirit and the productive principles of our system and in the future of our industry.*" [7, p. 210]

This bitterness would mark the final years of his life, particularly his relations with Majorelle and Daum. Gallé felt they were copying his work in order to avoid the effort of creating afresh and thereby saving the corresponding costs: "*Instead of stupidly bracketing of my name with the names of my imitators, it would be better to give precedence over them to my faithful students and collaborators. Daum and Majorelle have received awards for plagiarizing my works . . . What we have here is modern impudence, the wonderful result of the encouragement of plagiarism by members of the jury: everywhere they have given the same award to the inventor and the imitator*." [12, p. 137] Gallé became increasingly isolated as he refused to sacrifice the aesthetic dimension on the altar of economic speculation. He prophetically declared that the source of all difficulties was the reluctance of buyers to pay a little more to obtain a work whose aesthetic value was infinitely greater. Following his death in 1904, numerous members of the Nancy School admitted that there was an insurmountable chasm between the arts and crafts and industry: "*The problem of the relationship between the artist who creates (the design) and the industrialist who reproduces it is still to be solved*." [13, p. 11]

5.4 Sergueï Diaghilev

Diaghilev was one of the most multifaceted personalities in the history of Russian art and, somewhat paradoxically, he gained fame mostly in foreign countries, with the support of foreign audiences. Born in Novgorod in 1872, he spent his childhood in Perm and his youth in Saint Petersburg. While a student at Moscow University, he met Alexandre Benois who went on to play an important role in the management of cultural affairs during the Bolshevik Revolution before being appointed a curator in the Hermitage Museum. Diaghilev gradually established himself as an art critic and an organizer of exhibitions [14, p. 214]. He had very firm views on the importance of expression in works of art and the message they convey and refused to attribute any social purpose to art. He founded the magazine, The World of Art (Mir Iskusstva), which expounded at length these views which ran counter to the views of those who wanted to make art a tool of political expression as well as those who did not want it to play any role whatsoever. His dynamism led him to increase the number of projects and stage Léo Delibes' ballet Sylvia in the Imperial Theatre, an experiment that did not bear fruit as disputes with other participants forced him to resign. Diaghilev's first contact with ballet thus ended in a resounding failure. He resumed his work as an art critic and organizer of exhibitions, among which was an exhibition of Russian art at the *Salon d'automne* in Paris in 1906, which was a great success. Having gained an entry into the art world in Paris, he began to organize concerts in the city. His efforts to promote traditional Russian music were crowned with success as he brought in the most eminent singers, taking care to innovate by including in the program the unpublished works of Scriabine. He then turned his attention to opera and mounted a production of Boris Godounov featuring new artists and unusual costumes which aroused the enthusiasm of the Parisian public.

Then, in 1909, he organized a series of ballets, which, he believed, would launch a cult of sensuality like Isadora Duncan's performance in Saint Petersburg in 1904. He planned to create a veritable "business model" for the purpose by associating a multitude of participants who would together follow a path of adaptation, rehearsals and execution. Many of the dancers and singers were employees of the Imperial Theatre, but Diaghilev used them only in summer when they were free from all statutory obligations and could directly enter into a contract with Diaghilev. This system – which gave birth to the *Ballets Russes* – was difficult to implement because these artists were needed for rehearsals during the time they were performing in the Imperial Theatre. This gave rise to conflicts as a result of which the Tsar forbade them to take leave of absence in order to participate in rehearsals for Diaghilev's projects. Further, as there was no other dedicated infrastructure, this small group was transported from Russia to Paris once it had fulfilled its obligations in Saint Petersburg. There was therefore very little time for practice and rehearsals and the quality of their performance went down. However, he was able to resume the old model with the help of sponsors.

On May 19, 1909 the first show opened at the *Théâtre du Châtelet* in Paris with three ballets: *Le Pavillon d'Armide, Prince Igor* and *Le Festin*. The response was extremely enthusiastic; but there was also an element of surprise and the key words used were creativity, explosion and absolute novelty. The writer Anna de Noailles wrote, "*It was as if creation which had stopped on the seventh day had started all over again … It was something completely new in the world of art… a sudden burst of glory*." [15, p. 1] The dancers enthralled the audience, especially Nijinski who was practically a debutant then. What was the real reason behind this success? It could not have been the libretto and the music, which were already well known. It was also more than the elegance and the grandeur of the sets, which, following Diaghilev's wishes, transcended the artistic level to become symbolic. It was undoubtedly the successful marriage of various forms of artistic expression that Diaghilev had cleverly brought into play. The stagecraft was flawless and expression was paramount to the point of becoming the very essence of the ballet. Diaghilev decided that he would henceforth hold "premiers" every year, and he commissioned Debussy, Ravel and Stravinsky, and later Prokofiev, to compose ballets for him. Artistic circles in Paris unanimously welcomed the idea while Saint Petersburg, somewhat irked by Diaghilev's excesses, expressed its displeasure when the ballets were staged later on the banks of the Neva. Although Firebird, and later Petrushka, represented a departure from the traditional themes of Russian art, they stressed the universal character of Diaghilev's productions.

Diaghilev then felt the need to set up a permanent company and he decided to recruit on a permanent basis artists who had nothing to do with the Imperial Theatre [15, p. 181]. It was a serious challenge because he had to be financially independent and increase the number of productions to be staged all over Europe. This led him to set up base in Monte Carlo and make Paris his launch pad; there were also numerous tours in England, Germany and, during the First World War, in USA and Spain. The Ballets Russes underwent several changes with numerous disputes between Diaghilev, Benois, Nijinsky, and even Stravinsky. But, at the same time, they also met with tremendous success that heralded the advent of a new art form like Petrushka. Many observers agreed that the exotic character of the productions having its origins in traditional Russian culture was now counterbalanced by an exceptional artistic meticulousness. Stravinsky, who used Petrushka as a base when composing The Rite of Spring (*Le Sacre du printemps*), was quite aware of this [16, p. 227].

Diaghilev, however, took care to ensure that his productions were in tune with what the targeted public wanted and he tested his bolder innovations on the Parisian public rather than on the Italian or English public. He took measured risks because he was concerned not only about artistic creativity but also about the economic viability of his productions, knowing full well that sponsorship could never be a permanent solution. As a result, he made a decisive choice by moving from opera where, he felt, there was little opportunity for innovation to ballet, which provided ample scope for creativity and growth as it was a unique blend of music, dance, costumes and sets that could attain perfection. This is also what gradually drove him to abandon the more traditional themes of Russian art and embrace novel ideas that played on the criteria of formal expression, which, at the time, constituted a kind of globalization. He also knew that when financial conditions became difficult, it was better to return to the more classical pieces which led him to revive Sleeping Beauty after the First World War, even though some of his friends looked at it as a kind of artistic regression.

Diaghilev used all available means to ensure the artistic excellence and the economic viability of his ballets. When the ballet *L'après-midi d'un faun*e based on Debussy's composition did not meet with the expected success, he appealed to Rodin for help and the latter wrote a rather enthusiastic article in Le Matin, whose genuineness is somewhat suspect. After this really revolutionary ballet, which had aroused mixed reactions, Diaghilev decided to invest his ballets with a more classical appeal. Following the difficulties encountered during the production of The Rites of Spring, Diaghilev inserted a special clause in Stravinsky's contract for the production of The Nightingale stipulating that "if The Nightingale's opening night created an uproar like the première of The Rites of Spring, it would not be repeated since the performance was scheduled to take place in the main Opera House".

Although the early years of the First World War did not disrupt the performances of the Ballets Russes, things would soon become difficult, particularly since the tour in the USA was not profitable. But Diaghilev's image as one who had brought Russian art into international limelight did not change. Thus after the February Revolution, his name was proposed by the artists and intellectuals of Saint Petersburg for the post of Minister of Culture in the Kerenski government. Diaghilev received a telegram to this effect when he was in Rome but he declined the offer. Some believed that he was hesitant because of the political instability in the country, but others felt that he did not want to go back because he was afraid that he would be forced to give up the Ballets Russes. Diaghilev redoubled his efforts and used his reputation to get the most famous modern artists of that time like

Picasso, Derain and Matisse to collaborate in designing the sets and costumes for his ballets.

A few years later, Diaghilev met Lounacharski who had come to Paris in his capacity as Cultural Commissioner. The possibility of inviting the Ballets Russes to tour the Soviet Union had been under consideration for some time. It was also hoped that there would be at least one visit by Diaghilev whose authority in the matter of avant-garde movements related to the revolution was never in doubt. The discussion between the two was tense and it was quite paradoxical that while Lounacharsky seemed to be the face of bourgeois art, Diaghilev appeared to be the true revolutionary in this field. When Lounacharsky explained to Diaghilev that Russian art had acquired a great international reputation after the success of an exhibition of ancient Russian icons in Vienna, Diaghilev said that he did not know where to look! He understood that he would not be appreciated if he were to express his ideas in Russia and he also knew that he would never see his native Russia again. The report submitted by Lounacharsky at the end of his visit to Paris was equally significant and would have serious consequences in the future. He wrote, "*I think that Diaghilev is an exceptional organizer … historically an innovator in the field of artistic expression … Unfortunately, things did not progress the way they should have …*" [17, pp. 215–217]

Things became more and more difficult for Diaghilev as he had to face growing criticism from the White Russians in Paris who did not pardon him for having sided with the revolutionaries in the early years. In addition, the Soviet government became increasingly hostile and his family had to bear consequences of this hostility after his death. However, after his death he gained recognition from all those who had worked with him regardless of the differences they may have had in the past.

5.5 Coco Chanel

In 1909, Gabrielle Chanel, who was deeply interested in hat designing, opened her first millinery workshop on Rue Molestant in Paris. The following year saw her opening a boutique on Rue Cambon [18], which would soon become legendary. Thanks to her relationships, she was a regular visitor to places frequented by the fashionable set and she opened a boutique in Deauville in 1913 followed by another in Biarritz in 1915. Since this shop was located far from the battlefront and closer to Spain, it was patronized by a wealthy Spanish clientele and she was able to make up the losses suffered in Paris. In 1930, she employed more than 200 men and women in her different workshops and factory. She started life with practically nothing having been born in a poor family and educated in a Catholic monastery where she was treated as a poor orphan. She began earning her living as a cabaret singer and ended as the queen of the fashion industry and in 1931 was given a contract by Hollywood to design costumes for its film stars.

What were the reasons behind her success? During the first part of her life, she developed skills to satisfy the demands of a market that she felt would become important later. Born in Saumur on August 19, 1893 (which is why shortly before her death she chose the name Chanel 19 for her latest perfume), her parents were poor peddlers in the Auvergne region. Her mother died when she was quite young and her father abandoned the children to the care of their maternal grandparents who sent little Gabrielle to an orphanage. When she was old enough to leave the orphanage, she joined the Notre Dame de Moulins where her sewing skills were recognized and she was allowed to work in fashion stores, especially the Maison de Grampayre [19]. Moulins, being a garrison town, had a large number of tailoring establishments for stitching and repairing military uniforms. In the evenings, she often sang with he friend Adrienne in the cafés of Moulins and Vichy, where she was nicknamed Coco after the title of a song that she sang very often. This enabled her to make the acquaintance of many cavalry officers and enter a world where she developed her talents as a modiste by designing hats. Driven by her skills and her curiosity, she decided to set up her own business with financial help from two of her patrons, Etienne Balsan, a gentleman stud-farmer, and Arthur 'Boy' Capel, probably the only man she really loved, who left her to marry another woman shortly before his death in an automobile accident in 1919. Her artistic instincts brought her tremendous success [20, pp. 124–125]. She opted for simple lines at a time when women were encouraged by the ongoing war to favour them [21]. She used light and comfortable fabrics like jersey. The hats she designed for women heralded their rapid emancipation in the post-war years [22].

She worked hard and engaged in serious research as she did to launch her perfume Chanel 5 in 1920. It was a blend of 80 different fragrances and the first perfume that could be described as a true product of synthesis, as earlier perfumes were usually made from the extract of a single plant. She spent a lot of energy making this perfume. After meeting Beaux, a famous perfumer of Grasse, through Colette, she asked him to work on something startlingly new and very different from the smell of the cheap soap of her orphanage days. In addition, she wanted a perfume which would be different from the one used by the person gifting it! With Beaux's help, she blended the fragrances of jasmine, Bulgarian roses, magnolia, musk from Indo-China, etc., which were then chemically processed. She tried out the resultant perfume with Beaux in a Cannes restaurant where she observed the reactions of those who passed by their table on which the spray was kept. When five lines of perfume were stabilized, Coco Chanel chose one of them, taking care to tell Beaux that he should increase the proportion of jasmine to make sure that the price would be very high. The one she chose was the fifth line – Chanel 5!

The 'little boy' look and the 'little black dress' were the hallmarks of this intensively creative period. But Coco Chanel did not work in vain as borne out by the Hollywood contract. Though she initially accepted the invitation to design dresses for Hollywood's stars, she soon gave up the idea as she wanted to remain independent and did not want her talent to be controlled by the whims and fancies of movie stars. On her return to France, she exhibited a collection of jewelery she had designed herself. She maintained close relations with the art world all through this period, which gave her the opportunity to design costumes for many plays, ballets and operas the sets for which had been designed by Picasso, like Cocteau's Antigone, Diaghilev's Blue Train, etc. Her acquaintances also included leading politicians like Clémenceau in France, Churchill and the Duke of Windsor in England, and she would take full advantage of these contacts when she went through a difficult phase.

The period that followed was more turbulent [23]. The marketing of Chanel 5 gave rise to severe problems as Coco Chanel felt that she was not getting her rightful share of the profits. She came into contact with Pierre and Paul Wertheimer, the wealthy proprietors of the famous Bourgeois perfume company. Unable to entrust the marketing of her perfume to her relation Bader, she agreed hand over the task to the Wertheimer brothers on the understanding that she would be entitled to 10 % of the profits, essentially because her company Parfums Chanel S.A, which was in charge of the production and distribution of perfumes, had contributed 10 % of the capital while the Wertheimers had contributed the remaining 90 %. Even today people wonder why she entered into such an unfavorable arrangement, which deprived her of enormous profits. It seems that she was not in a position at that time to invest large sums in the production of the perfume, because she did not want to lose control over her fashion business by concentrating on the perfume sector. Because of this agreement, the Wertheimers eventually gained total control over Chanel's activities even though in the beginning, she was the fifth wheel of the company Les Parfums Chanel S.A., her sole guarantee being that the products marketed by the company would be of top quality. She continued to be at the losing end and the numerous lawyers she employed during this period could not change the course of things. Although Chanel's success as a creative artist was never in doubt, commercial and financial success eluded her. Coco Chanel knew full well that she had suffered enormous losses due to this agreement, but when she needed money after the Second World War, she did not hesitate to renegotiate it with Pierre Wertheimer and give him a substantial portion of her shares in the company in return for an undertaking that he would look after her day-to-day expenses. At the same time she managed to get the first contract modified so that she would henceforth get 2 % of the world sales of all Chanel perfumes, thereby ensuring that she would have enough money to see her through her old age.

Like many other entrepreneurs, in 1936 Chanel had to face a serious workers' strike and the occupation of her factory; she resisted both, not understanding why her employees were unwilling to accept conditions that she herself had accepted meekly when she was employed in small stores in Moulins and Vichy, and did not think twice before dismissing 300 woman workers![20, p. 139] However, on the advice of her lawyers, particularly de Chambrun, she retracted her orders; she was afraid that if the lockout lasted too long it would affect her fashion shows at a time when her foreign competitors (particularly Schiaparelli) were not facing the same social problems. Once things had settled down, she became even more famous after designing the costumes for Cocteau's Oedipus Rex the following year. At the same time, her jewellery and perfumes were highly appreciated at the international exhibition of arts and technology.

The war was a rather ambiguous period for Chanel with some patriotic actions and others of a rather controversial nature. In fact, she had to leave France and live in Switzerland at the time of the Liberation and she returned to Paris to reopen her salon only in 1953. Re-establishing herself was not an easy task, but by dint of hard work she regained her place in the world of fashion. However, as far as her employees were concerned, she continued to be a hard taskmaster. Actually, things had moved very fast: thanks to her indisputable talent she was able to win universal recognition as an artist-enterprise, but her emotional life was difficult, full of ups and downs, and all said and done, she was a lonely woman.

Chanel died on 1st January 1971 in her suite in the Ritz in Paris, on a Sunday, the only day in the week that she did not like because she could not call her assistants and work with them. She had tried to busy herself with the preparations for the imminent presentation of her next collection and she was well aware that she could be severely criticized for it as she had been criticized for her new perfume Chanel 19 launched a month earlier, which had not met with the same success as its predecessor. Nobody knew the exact size of her fortune, the money having been put in a trust in Liechtenstein called Coga (COco-GAbrielle) and her will was so vague that some of her presumed heirs claimed that they did not get anything. There was also another secret will which allowed the Wertheimers to control the Chanel empire [20, p. 293]. The brand lost some of its value after her death, but it was reinstated later with the opening of the ready-to-wear department, Chanel-Boutique, where ensembles in knitted fabrics were developed. But it was undoubtedly the coming of Karl Lagerfeld that breathed a new life into the fashion house. Not only did he make full use of his creative abilities as a designer but he also made it the focus of media attention. Under Lagerfeld, there was close supervision of suppliers to maintain a tight control over the company's rare and distinctive know-how. The company continued to manufacture products that no longer sold well just to protect its brand image even as the popularity of ready-to-wear garments led to a relative fall in prices and a general lowering of demand for quality [24, p. 376, pp. 215–217, pp. 328–329]. The House of Chanel has kept up with the changing times with its fashion shows bearing a likeness to international exhibitions of contemporary art!

5.6 Walt Disney

Walt Disney was born in Chicago in 1901 and raised on a farm in rural Missouri where he spent a lot of time observing and drawing animals, which would later prove to be a fount of inspiration and humor [25]. Although his family circumstances were difficult, Disney always saw the family as an essential unit in society and the only source of lasting happiness. When the farm failed, the family moved to Kansas City where his father set up a newspaper-distributing business. Disney experienced the hardships of a working life even during his school years, but that did not stop him from developing his talent for drawing by attending art classes in his spare time. He started by drawing cartoons for his school newspaper and when he was 18, he decided to become a newspaper cartoonist. In the meantime, he also developed an interest in animation. After working in an advertising company as an animation cartoonist, Disney set up his own animation company where he perfected a new method combining live action and animation. He was mainly inspired at the time by Lewis Carroll's Alice in Wonderland and by cartoon-strips in newspapers called 'comics' in England and 'funnies' in America.

But Disney differed from his contemporaries on one point: he realized that animation without sound was not really effective. However, he did not have enough money to invest in sound equipment and cinemagoers were not willing to spend more for this type of film! But with the development of new technology, he was able to overcome this difficulty 10 years later and produce his first live action/animation short based on Alice in Wonderland. This brings into focus the conflict between artistic and economic innovation which Disney was able to surmount. But in truth, Disney's real innovative skill lay in making Alice in Cartoon Land with an 8-year-old girl called Margie Gay.

He first set up a small company, Laugh-O-Gram Corporation, which made several short animated cartoon films interwoven with live action. Even though they were low-cost films, he was unable to bear the financial burden: all the materials and equipment he used had been bought on credit. Incapable of repaying his debts, he ended up bankrupt. His only wealth at the time was his camera and a print of Alice. He disbanded his team and used his camera to set himself up as a freelance news photographer making Kansas City his base and selling his footage to Pathé, Selznick News and Universal News, all based in Hollywood. To add to his earnings, he filmed weddings and funerals at $10 to $15 each. He did not starve, but he was often forced to live off canned beans [25, p. 54].

His contacts in the news studios persuaded him to open a new production company, but in Hollywood this time. So he sold his camera to buy himself a ticket on the California Limited in July 1923. He went back to making animated cartoons, drawing heads, mouths and eyes. He also found a distributor for his first Alice short and a deal for a new series called Alice Comedies.

The first movie cost him $750 in all and he sold it for $1500, his first real profit. He collaborated with his cartoonist friend Ubbe Iwerks from Kansas City. Though Disney provided the basic ideas, many of the more effective features sprang out of the animation process itself, where Ubbe Iwerks' contribution was important. One of the more popular cartoon characters (created by Iwerks) was a rabbit called Oswald with long ears, long feet and a little knob of a tail. Unfortunately, Disney lost the rights to Oswald and he felt the need to invent a new character. Disney said in a chat that when he was in Kansas City, he had become fond of a mouse that lived in his desk. Recognizing its potential as a loveable cartoon character, Disney carried the mouse with him to Hollywood and later released it. And Mickey Mouse was born after 16 trial drawings!

While Mickey, still in his infancy, entertained audiences against background music provided – as was the practice in those days – by the movie theatre, Warner Brothers released The Jazz Singer, a picture with integrated sound, in 1927. Disney jumped for joy at the possibility of including dialogues and music in his cartoons and did not share the apprehensions of other producers in the face of this revolution. But as Disney did not have the required sound equipment, he had to depend on pure entrepreneurial improvisation. He had to face copyright problems when using the new sound process and things were far from easy for a small company like his. Faced with demands from the copyright holder, he had to devise his own methods to get around the problem. Thus Mickey made his debut in Steamboat Willie, the first fully synchronized sound cartoon, shown in 1928. It was a huge success, both because of the introduction of sound and the quality of the new images. Disney could now borrow money from the banks, and he hastened to produce a series of musical shorts called Silly Symphonies.

Other characters invented by Disney soon made their appearance on the screen: Minnie Mouse, Figaro the Kitten, Chip the Chipmunk, Pluto the Pup, Goofy the Dog and Donald Duck. His cartoon The Three Little Pigs made in 1932 finally vindicated Disney's stress on dialogue and songs in animated films. The movie initially got a cool reception from distributors because it had only four characters: the three pigs and their enemy, the wolf. They said, "Walt is cutting down on characters to save money." The movie was saved only when Disney decided to introduce a theme song 'Who's afraid of the big bad wolf' composed by Frank Churchill, which turned out to be one of the greatest hits of the twentieth century. However, hard times were ahead and in 1932, during the Great Depression, Disney released for exhibition his first cartoon in Technicolor, Flowers and Trees. When Disney invented his world famous cartoon characters, he turned to Nature as a source of both imagination and humor. He cleverly anthropomorphized his characters by mixing animal and human characteristics and behavior, which largely explains his future success. A dog remained a dog while being endowed with human traits, obstinate determination and fury [25, p. 114].

Nevertheless, he was not as innovative in business matters as in the realm of artistic creativity and the Great Depression had severe repercussions on his small enterprise [26, pp. 35–43]. But Disney believed that the distance between his artistic imagination and his need for commercial success was not much because poetry, humor and entertainment brought these two dimensions together. And looking at the quality of the corresponding inputs and output, this was very evident. He regarded color as a godsend, almost as crucial as sound, because it added enormously to the realism of his pictures, and he was among the very first to experiment with Technicolor. He recruited the most talented persons available for scripts, designs and voices. Disney never compromised on these points. In fact, his production costs were six times higher than those of his competitors. Since Disney put excellence above all other considerations, the studio barely made a profit despite the popularity of its productions because the incoming cash was immediately invested in new technology and better artists.

With the availability of color, the improvement of background techniques and the perfection of the sound track, Disney broke free from the limitations of the animated cartoon to make a feature-length fairy tale. He conceived Snow White and the Seven Dwarfs in 1934 and in 1938 it was exhibited in cinemas all over the world. The film introduced numerous artistic and technical innovations that transformed the art of cartoon films. It consisted of over two million drawings and was a huge critical and commercial success. It took long to produce, as it was difficult to delineate the different characters and involved numerous experiments in realistic human animation. But though success was imminent, there was a looming fear that some of the characters – the dwarfs in particular – may give rise to controversy: "*Dopey could have been attacked as making fun of a mental defective; Sleepy and Sneezy could have been seen as a cynical exploitation of medical conditions; Grumpy and Bashful could have been considered as objectionable. But Happy and Doc were politically correct!*" [25, p. 119].

Despite his success, Disney was essentially a product of the Arts and Crafts and Art Nouveau movements and intended to remain so. His first instinct was to return to nature and, thanks to the success of Snow White, Disney was able to finance four major feature films between 1938 and 1944: Pinocchio, Fantasia, Dumbo and Bambi. The dinosaur sequence in the prehistoric swamp in Fantasia was the first modern exploration of the age of reptiles for the benefit of children. The dances in this movie are extraordinary feats of anthropomorphic animation. Many classical compositions gained universal popularity through this film.

Later on as his success grew, Disney devoted less attention to the animation department and turned to films on nature with less animation and more realistic shots, without loosing the distinctive 'Disney' touch. The True-Life Adventure series provided a fascinating insight into the world of animals and proved to be a big commercial success (The Living Desert). Later on, he returned to animation, experimenting with novel ideas and new technology: One Hundred and One Dalmatians (1961) used the new Xerox camera, Jungle Book, Disney's last animated film, used new recording techniques to transform animal voices recorded by leading actors while Mary Poppins (1964) employed the new chat technology. He thus created a new "Disney culture" that lived long after his death. True to his culture, The Lion King made in 1994 shows animals in a vividly realistic environment, drawn and coloured expertly by artists after countless studies of real lions, but with the sequence movements assisted by computers [25, pp. 117–118].

Moving from cartooning to new forms of entertainment, Disney remained faithful to nature although he sometimes gave it a surreal character. He also wanted to combine it with a fantasy world. He used his creative genius to satisfy the human demand for popular art as entertainment. There was very little distance between his artistic ability and his business acumen. He presents a perfect synthesis of the artist-enterprise and there are few others who demonstrate it so clearly. He came up with the concept of Disney Parks that would be implemented later by his companies: he himself was actively involved only in the creation of the original park set up in Anaheim in 1955. There is a significant difference between the history of Walter Disney, artist and entrepreneur, and the history of the company, which has been through many successive avatars. But the Disney magic is still alive and will forever remain the legacy of a man who proved himself an exceptional mix of artistic and economic creativity [26, p. 268].

5.7 Andy Warhol

The only artist who can be considered as a universal model of commercial and entrepreneurial skills is indisputably Andy Warhol. There is no doubt that this appraisal may lessen the importance of his contribution to artistic creation and interpretation. But it was a genuine characteristic, particularly because Warhol, though a practicing Christian and a very generous person, did not really care for the legitimacy that it conferred upon him given his provocative nature.

Born in a poor family of Slovakian immigrants in Pittsburgh (Pennsylvania) in the 1920s, Andrew Warhola (his given name) was the youngest of several children and his family put in a lot of effort so that he could continue studying. While one of his brothers had to drop out of school to support the family after their father's death, young Andy, who showed early artistic talent, went on to study commercial art at the Carnegie Institute of Technology in Pittsburgh [27].While still a student, he was fascinated by Hollywood and was the proud owner of a sizeable collection of autographed pictures of famous stars.

But Pittsburgh did not offer enough scope for him to develop his talents as a commercial artist, especially since his fascination for Hollywood attracted him to the bling-bling of the art world. So he left Pittsburgh and settled down in a very modest dwelling at 216 East 75th Street in New York, which his mother found hard to accept (and to clean)! But success came early together with a Bohemian lifestyle. Remembering this period of his life, he wrote later, "*I started as a commercial artist and I would like to end as a business artist*."[28] He owed his success partly to the lessons he had learnt from The New Vision by Moholy-Nagy, a distinguished member of the Bauhaus movement. This book, published in 1928, explained that collective work should take precedence over the personal creations of a truly gifted artist. Even better, Moholy-Nagy believed that works of art should be mass-produced: "*I found no argument to oppose the wide dissemination of works of art even when they are mass-produced … The naive utopian desire of collectors is hardly justifiable … It goes against the cultural opportunities offered by mass consumption …*" [28, p. 89]. Having established himself as a successful commercial artist, Warhol began to explore technical innovations, the most important being the development of a new process of silk-screen printing for Vogue and Harper's Bazaar. He was not content to be a simple magazine illustrator: he designed show windows of department stores, album covers (especially for jazz albums), book covers, etc. In the late 1950s, he set up Andy Warhol Enterprises Inc., and he bought a house – 242 Lexington Avenue – where he set up his studio.

It was during this period that he created his most original works. Warhol, who had already made a name as an advertisement illustrator and a dandy, was influenced by several artists, the most important among them Jackson Pollock who freed Americans from the influence of European painting by destroying cubist space and stressing the flatness of the canvas with his crisscross patterns and ‘drippings’. In Pollock’s paintings the centre disappeared under the intertwining streams of paint that were meant to express feelings rather than illustrate them. The second artist was De Kooning who showed through his ‘action painting’ that the painter stands as much for struggle as for reflection. He was also influenced by Rothko since painting was a source of permanent tension for him and drove him to adopt the ‘color field’ style. The famous art critic Clement Greenberg who believed that visual art should limit itself only to the visual experience and eliminate all other considerations reinterpreted all these trends.

On the other hand, Warhol also endorsed Duchamp’s aversion for all ‘retinal art’, maintaining that painting should obey the diktat of the mind. This gave rise to numerous art forms like the creation of ‘happenings’ (Fluxus), physical manipulation (Body Art) and revolt (Junk Culture). Conventional painting made way for Action Painting whose principal representative Rauschenberg, followed by Jasper Johns, incorporated in his paintings non-traditional materials and objects (Combine Paintings.) They remind us of Duchamp’s Readymades, but they are Readymades of a totally new type [29].

Warhol was influenced by all these trends, except that unlike previous artists he was driven by overtly commercial motives and was determined to make money. From the 1950s, he took greater interest in painting and held several exhibitions of his work, one of his favorite themes being shoes as he had started his career making drawings for shoe advertisements [29, p. 98].

5.7.1 Entry into Pop Art

However, his reputation as an advertisement illustrator prevented Warhol from participating directly in exhibitions displaying the works of members of various art movements and he realized that he needed an image change. In 1956, he was able to exhibit his work in a group show at the MOMA – but in the guise of a commercial artist and the subject of his painting was . . . a shoe! But he was determined to rise above these influences to prove his originality and he finally made his name through the medium of pop art that reigned supreme in the early 1960s. There is no doubt that he clearly remembered Moholy-Nagy’s message when he made the following observation about American consumer society: “*What is great about this country is America started the tradition where the richest consumers buy essentially the same things as the poorest. You can be watching TV and see Coca-Cola, and you can know the President drinks Coke, Liz Taylor drinks Coke, and just think, you can drink Coke too. A Coke is a Coke and no amount of money can get you a better Coke than the one the bum on the corner is drinking. All the Cokes are the same and all Cokes are good.*”[27, p. 78] He intended to embrace this popular art form that was fast, cool and sexy unlike romantic culture based on individualism or abstract expressionism based on experiments that were occasionally simple but generally quite difficult. He felt that the only way to come full circle was to present as a work of art mass-produced pictures of those very consumer goods that make America such a great country because all its citizens are equal. He was sure the public would only be too happy to find in museums objects that are a part of their daily life, but are incidentally invested with a certain charm. The object enters art at the same time as it enters day-to-day life and therein lies the originality and, according to some, the miracle of Pop Art. Duchamp paid tribute to this new style of painting and these new Readymades saying, "*If you take a can of Campbell's soup and reproduce it 50 times, it is not because the retinal image interests you. What interests you is the concept which wants to include 50 cans of Campbell's soup on one canvas*." "Marcel Duchamp Talking about Readymades" (Interview by Phillipe Collin, 21 June 1967), in Museum Jean Tinguely, Basel (ed.), Marcel Duchamp, Ostfildern: Hatje Cantz, 2002 [exh. cat.]: pp. 37–40 As J.P. Keller writes, "*Pop Art presents fewer images of objects than objects of images*." [27, p. 23]

In addition to the aesthetic aspect, there was also a commercial challenge that went beyond the artist's simple motivation of earning money. Without doubt, this applies more to Lichtenstein than to Warhol. When Gene Swenson asked him, "What is pop art?" the artist replied, "I know nothing about it. Perhaps commercial art as a subject?" As a matter of fact, he said, this art leads to the glorification of the object and the use of reality in works of art leads to a sort of artistic mercantilism. The artist selects, simplifies, multiplies and removes all connotations so as to become aware of the uninspiring insensitivity of the commercial surroundings in which he is immersed. The stereotyping of the medium of expression corresponds to the stereotyping of the subject, but it is much less stereotyped than the bill presented to the buyer!

Though Warhol was convinced that he had to be a part of this movement, he joined it after many others and his flamboyant lifestyle prevented him from winning the spontaneous sympathy of art dealers like Leo Castelli who promoted cutting edge contemporary art. He wondered for a long time what he should paint to mark his entry into the world of Pop Art and there are several anecdotes regarding this. But the common theme of all these anecdotes is that when he asked his friends and acquaintances what he should paint, they asked him what he liked the most in the world to which Warhol replied, "Money". There are, however, many versions of the response this elicited from his friends. While some told Warhol, "Then paint money – one dollar bills", another response is supposed to have been, "*Paint something that everybody sees everyday, something that everybody recognizes – soup cans*." [27, p. 88] The result was 32 Campbell Soup Cans displayed in his first solo exhibition in July 1962 in the Ferus Gallery of Los Angeles. Initially, the art world did not show any interest in his work but a collector bought all the six paintings on display for $1500. Warhol was in the habit of planning in advance what he expected to earn from year to year and at that particular time he was lagging far behind what he had planned to earn during that year; so he willingly sold the six canvases to Robert Scull (the owner of a big car rental company) who became famous as a result! Warhol then made the principle of repetition the basis of his art and, soon after, he displayed in New York's Stable Gallery canvases that have become very famous since then, particularly 100 Bottles of Coca Cola, Marilyn and Elvis.

5.7.2 Industrialization of Production

To earn a lot, it is necessary to produce a lot – just like a machine. Although Warhol established his reputation as a singer and a filmmaker in the years that followed, they will be remembered in art history as the time he industrialized his production methods, especially through the use of silk-screen printing that he had also used in the past. But this time he used a diversity of substrates and replaced the silk-screen with stencils, using the new method to prepare a portrait of Marilyn Monroe a month after her death. His work was based on the repetition of modular pictures which were actually photographs filtered by a special process to eliminate their sharpness. This industrialization was carried to such extremes that his assistants duplicated even the artist's signature. The price of these pictures was fixed in advance and followed norms that varied little and the financial returns benefited mainly those who worked there or spent some time with the artist. This style of functioning was severely criticized by those who considered it a complete sham based on the invention of a totally deceptive truth. But his work was part of a powerful intellectual movement which Marshall MacLuhan explained as follows: "*Looking back on the past, we all have to admit that the age of mass markets has created conditions required for the establishment of a world order of beauty ...*" [30, p. 124].

In 1963, Warhol set up his studio in a big loft on East Street, just opposite the YMCA, which he called the Factory. Its walls were covered with tin foil and all the furniture and even the floors were painted in silver, which earned it the name Silver Factory. The Factory was simultaneously an art studio, a stage for theatrical performances, a studio for making experimental films and a recording studio for his rock band The Velvet Underground. While some of his assistants worked on making silk-screen prints, others shot films and still others made pictures of ... shoes, etc. There was no real division of work and Warhol was present all over as he was interested in all forms of expression. He was surrounded by musicians and freethinkers who kept the place alive day and night. Warhol was thus able to combine commercial success – for as he said, "*Making money is art and working is art and good business is the best art*" – with public success through his mythical icons and the branded products of the 1960s. According to some observers the Factory typified the chaos then prevalent in an America characterized by the use of drugs and free love. But for others it was a crucible, a kind of "nowhere" reminiscent of a Renaissance workshop rather than an eighteenth century salon.

After the assassination attempt which left him clinically dead for several minutes, Warhol opened a second Factory in 1968 at 33 Union Square Street and then a third one on Broadway in 1974. One after the other, these Factories brought together a growing number of artists, musicians and actors. The songs of The Velvet Underground, produced by Warhol, were recorded in the Factory and several experimental films were shot there, but they did not meet with the expected success. It was also a meeting place for writers like Truman Capote, Allen Ginsberg and W. S. Burroughs.

After 1972, Warhol returned to painting, which he had given up in the mid-sixties to concentrate on filmmaking, with portraits of celebrities like Mick Jagger, Marilyn Monroe and Mao Zedong. He revived his reputation as a socialite and an international dandy and stepped up the production of his old series of mass-produced works with the overt aim of making money. He became a model figure excessively eulogized by admirers of pop art while his predecessors considered him an outsider utterly devoid of scruples and solely motivated by commercial gains. As for the original abstract expressionist movement, its votaries complained bitterly that the triteness introduced by Warhol had deprived painting of its experimental and emotional content. They were undoubtedly passing off as their own Warhol's remark that there was not much difference between a department store and a museum, the latter being older and better.

200 One Dollar Bills was sold for almost $ 40 million, upon which Warhol ironically remarked that it would be much cheaper for the buyer to stick the 200-dollar bills on his wall. Willem de Kooning taunted him one day shortly after the assassination attempt, saying, "*You are killing art, you are killing beauty and you are even killing laughter*." [30, p. 148] However, Warhol had done a great deal to draw the public toward what is called art. Warhol was the first to claim that advertising, fashion, Velvet's music and the Mona Lisa belonged to the same world and that good taste was inexistent. Rather than being the leader of Pop, Warhol was its best propagandist. He signaled the end of the twentieth century by heralding the beginning of the next. In fact, he could be considered a forerunner of attitude-based multimedia art now practised by the new generation of artists. Warhol was ahead of his times in all respects: clothes, manner of speech, scandal, search for publicity, painting portraits for money [30, p. 152].

He was a part of a system in which money was paramount, but he frequently went against the system. He democratized the image using it like any other tool and distanced himself from the elitist view of things. However, he also contradicted himself by claiming on the one hand that he should have continued to paint soup cans and, on the other, that one should not pander to those who ask for the least and are satisfied with little. But one thing was absolutely certain: earning money was considered an art, perhaps even the highest form of art. He died in 1987 at the age of 58 of a heart attack after a routine gall bladder operation in a New York hospital.

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Chapter 6
Fitting Artistic and Economic Dynamics

The artist-enterprise finds himself at the confluence of two production dynamics, artistic and economic: artistic because he invents new expressions and meanings and economic because these expressions must be translated into monetary values so that they can enter the market. If the artist-enterprise does not create a synergy between these two dynamics, he will find himself in an impossible situation. However, he encounters two difficulties related to differences in time frame and validation.

The artistic dynamic is part of a long process of artistic improvement and only artists can decide whether it has reached the point of equilibrium. The economic dynamic, on the other hand, depends on the regular validation of the artist's works by the market to ensure the survival of the artist-enterprise. While artistic dynamics may be long and uneven, economic dynamics are short and regular. But if they are confused, they could have unacceptable consequences; it is therefore necessary to avoid excessive divergences.

When the artist-enterprise supplies artistic goods and services to the market, he faces the risk of a lack of recognition, which means that there will be no demand. He must also organize production in such a way that the costs to be covered are not excessively high. These two risks may give rise to divergences as the minimization of one usually implies the maximization of the other.

6.1 The Two Perspectives

6.1.1 Artistic Densification

In a series of studies, Galenson tries to explain the differences in artistic creativity and consequently, the different methods of realizing market value. He makes a distinction between the artist who creates and innovates in conceptual terms and the

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one who innovates through experiments [1, 2, pp. 94–104]. The conceptual artist tries to convey new messages, deciding a priori the message he wants to convey, even before the work is executed. The experimental artist bases himself on his earlier work and tries to introduce new visual or pictorial sensations into it. He proceeds slowly, introducing marginal changes and does not hesitate to return frequently to the same theme by making small adjustments as though he were groping his way forward. His work takes shape and defines itself gradually and his talent takes time to gain acceptance, at least as compared to the conceptual artist.

To illustrate this difference, Galenson compares Picasso to Cézanne (a comparison that is debatable because some interpretations of Cézanne's work could very well put him in a different category). According to Galenson, Cézanne is an experimental artist and we see a proof of this in a letter he wrote shortly before his death in 1907: "*Now it seems to me that I see better and I think more correctly about the direction of my studies… Will I ever attain the end for which I have striven so much and so long? I hope so, but as long as it is not attained a vague state of uneasiness persists which will not disappear until I have reached port, that is until I have realized something which develops better than in the past… So I continue to study… I am always studying after nature and it seems to me that I make slow progress*" [3, p. 13]. Another of his quotations is even more striking as he says, "*I am trying to paint.*" Thus the experimental artist is continuously searching for a visual stimulus. As the art critic Fry pointed out later, Cézanne was dissatisfied with his work only because he knew that he would never attain what he was aiming at; his situation could be compared to an asymptote – always close to his goal but never quite reaching it. He was in a way sucked into a process of artistic improvement that he could not abandon and as a result of which his last works were the ones that fetched the highest price in the market.

This continued, patient effort to arrive at the right style does not seem to be a characteristic of Picasso. Unlike Cézanne, he declared, "I never search, I find." And in 1923, he wrote, "*…the way I paint should not be considered as an improvement or an advancement towards an unknown ideal… I have never conducted trials and experiments… Every time I have something to say, I paint it as I see it in my mind* [3, p.17]." This contrast between Cézanne's slow development and Picasso's brilliant breakthroughs has been pointed out time and again by numerous critics who have tried to explain it by claiming that Picasso painted things as he saw them in his mind and not what he actually saw. Evidently, this did not mean that Picasso painted on the spur of the moment, an image often associated with him that he frequently encouraged, perhaps ironically. When he painted *Les Demoiselles d'Avignon* in 1907 at the age of 26, he made more than 400 rough sketches, the result of which was one of the most important pictorial revolutions in the history of art [2, 4].

Galenson analyzes this difference between Cézanne and Picasso, not for aesthetic reasons but to illustrate the differences in the two artists' economic careers, especially since it deals with hypothetical careers as they were reconstituted a posteriori on the basis of the recognition they received. It is actually just starting point that we shall take up later.

The first criterion refers to the number of references to these painters at different stages of their lives in publications and books on art. According to Galenson, innovative conceptual artists find more frequent mention in a relatively smaller number of works while innovative experimental artists find mention in a much larger number of works. Thus Duchamp is mentioned 72 times in 19 works, while Pissarro is mentioned 38 times in 34 works. By proceeding in this manner, Manet and Courbet could be classified as innovative conceptual artists, while Degas and Monet would be assigned to the second category. Such a criterion does not however allow us to differentiate Cézanne from Picasso, even though Galenson has used both of them as prototypes.

The second criterion refers to the age at which the painter concerned saw the largest number of references to his works in books on art history. Cézanne was cited the most (31 times) at the age of 67, while Picasso was cited the most when he was 39. The new classification is very similar to the previous one. Seurat, like Duchamp, is ranked among conceptual artists (both of them were relatively young when they found mention in books of art), while Monet and Degas are categorized as innovative experimental artists who were older when they were mentioned.

The third criterion is the selling price of the artist's works and the expected income from sales because any increase in price is bound to affect the artist's previous works and vice-versa. Galenson then analyzes the variations in the price of works over a period of time. The price of Cézanne's works increased regularly during his lifetime with a slight drop after he reached the age of 45 followed by a recovery after he turned 65. On the other hand, the price of Picasso's works peaked when he was about thirty with a relative fall in value after that. The price of Cézanne's works continued to rise reaching the maximum as he drew closer "to his asymptote" while the price of Picasso's works began at a very high level, in 1907 to be precise, with Les demoiselles d'Avignon [2, p. 13].

Galenson then extends this analysis to many other cases. Considering the Impressionists as a whole, he observes that the works of those he describes as experimental artists, like Camille Pissarro and Edgar Degas, saw their prices peak by the time they reached their forties while the works of those he considers conceptual artists reached their maximum value by the time they were thirty – for example Georges Seurat with his painting Dimanche après-midi à l'ile de la Grande Jatte (Sunday Afternoon on the Island of La Grande Jatte), which is supposed to have created a revolution in the expression of colour. Two decades later, another painter, Marcel Duchamp, would benefit from a similar price rise for his *Nu descendant l'escalier* (Nude Descending a Staircase), a painting that is supposed to be the static representation of a movement and is often considered to be the third most important painting of the twentieth century after Les demoiselles d'Avignon and Guernica. Looking at twentieth century American painters, Galenson, who follows a method called the "econometrics of aesthetics", finds that the trend was just the opposite in America. There was a major appreciation in the value of works of experimental artists when they were in their fifties (Rothko, de Kooning, Pollock, etc.), while the maximum appreciation in the works of conceptual artists took place when there were in their forties (Lichtenstein, Rauschenberg and Warhol) and sometimes even when they were in their thirties (Jasper Johns and Franck Stella) [2, p. 17].

Turning his attention to literature, Galenson considers Dostoyevsky as the quintessential experimental artist because he was constantly trying to improve his novels. His masterpieces, especially The Brothers Karamazov, were written towards the end of his literary career with the earlier works serving as philosophical experiments. On the other hand, F. Scott Fitzgerald is seen as the prototype of the conceptual artist, The Great Gatsby having been written when he was 29. In the realm of poetry, Rimbaud is an ideal example of the conceptual artist as he wrote the *Le Bateau ivre* (The Drunken Boat) at the age of 16 and theorized about his contribution the following year in his *Lettres du voyant* (Letters of the Seer) addressed to the poet Izambard. Galenson compares him to another poet, Elizabeth Bishop, whose major work, One Art, was written at the age of 65 whereas she wrote her first poems when she was just 14.

He has also taken examples from other areas, for example from the realm of sculpture where Rodin qualifies as an experimental artist. His *Monument à Balzac* was created when he was 58 after numerous experiments unlike the sculptor Boccioni who created his major work Unique Forms of Continuity in Space when he was 31. In the realm of theatre, Ibsen is an experimental ¬artiste as he wrote Hedda Gabler when he was 62 and Alfred Jarry a conceptual artist having written *Ubu roi* when he was 23.

In the case of cinema, Galenson applies this dichotomy to film directors opposing Orson Welles to John Ford by adhering to the criterion of age. Godard revolutionized cinema with his *A bout de souffle* (Breathless) in 1960, while Clint Eastwood, who started as an obscure actor, gained fame as a director only in the 1990s. He uses this to add a few extra touches to his differentiation between the conceptual and the experimental artist. The former is influenced by moralistic motives while the latter is driven by the desire to entertain. The former considers the film as a piece of writing, the latter as a succession of images. But what about Truffaut? Though treated as a conceptual artist, his early death may perhaps have prevented him from becoming an experimental artist! [3].

Thus the dissimilarity between the conceptual and the experimental artist, which Galenson initially based on the interpretation of creativity, leads to different ways of assessing the value of their work, even though it could easily lead to rather pretentious and superficial deviations as in his treatment of film directors.

But it also strengthens the logic underlying the artist-enterprise. There could be a tussle within the artistic enterprise between the effort to reach artistic excellence and the desire for economic gains. Some artists may prefer to devote a long time to improving the quality of their art and give less importance to economic concerns, but without completely ignoring their existence. Other artists will not only consider the possibility of branching out or breaking away even though it may not always be for economic reasons. There is no doubt that the originality of the artist-enterprise is born out of the tussle between these dynamics which are for the present only two differences in temporality.

How can we claim that all artistic activity is original without admitting once and for all that it is essentially different from all other activities, that it is the fruit of genius, which is after all an easy way of avoiding the real problem? Often, the debate revolves around whether creative work can be considered as work [5, pp. 31–58]. Once Kant's thesis that "*beauty is the form of an object's purpose as long as it is seen in the object without representing a purpose*" is accepted as the starting point, the question that arises is how to attain it. No artist denies that art is work, but it is not ordinary labor, it is done in an uncertain environment requiring the exercise of judgement and adaptation.

We may therefore draw inspiration from Goodman who is less interested in the existence of art as such and more in the emergence of references that can be described as "artists" performing a certain type of activity [6, p. 312]. As Morizot says, "*Goodman remains indifferent to questions that interest analytical aestheticians who he accuses of indulging in excessive and sterile criticism . . . he refuses to go back to the existential and cultural sources of creativity and explain the ultimate meaning of art . . . he limits himself to explaining the regularity of underlying semiotic and logical operators in the hope of drawing some conclusions of a general nature without going into the diversity and the superficial glossiness of appearances . . .*" ([7, pp. 12–3, quoted by Béjean, p. 235]). According to Goodman, artistic creativity lies in the ability to differentiate symbols.

Béjean takes the example of designing gardens to explain artistic creativity and the application of these principles of improvement [8], The clients and the gardening expert begin by drawing up a "plan for planting" after sorting out all the details about its actual "execution" to produce a "work (of art) in the form of a garden". The clients may accept some deviations from the original plan due to ground realities such as the nature of the terrain and the work involved, provided the expert remains faithful to the basic principles. Since no one can specify ex ante all the possible details that matter, different choices have different meanings. The notion of detail then acquires an added meaning: it no longer refers to the precision needed to complete the work but to a question the answer to which gives a meaning to the whole: "*plantation operations are not separated from designing operations and the act of putting plants into the soil on the selected plot of land makes it possible to create aesthetic effects and extend them in several dimensions that are not visible in normal plans such as transparency, textures, sounds. . .*" [9, p.24] The artist-enterprise is then characterized by the challenge posed by details as well as the time and resources that are required.

A comparable example is seen in the working of enterprises dealing with the restoration and conservation of heritage sites which must be able to foresee as many hazards as possible at the time of drawing up the contract. However, they face a serious risk of coming up against new problems once the work starts. Here again, the "details" acquire immense significance from the artistic viewpoint even though they may appear to be economic obstacles that must be overcome as soon as possible! Thus the famous entrepreneur Quelin said, "*You never know what you* *are going to find when you actually start the work, but the artistic solution must be respected even if the economic solution becomes more complicated.*" This explains why the time taken by archaeological excavations is usually three to ten times longer than planned, unless they come to an end because the sponsor has stopped funding them. As for the relations between the film producer and the director, they are subjected to a lot of tension when the "final cut" is being readied or during editing since the former is more interested in wrapping up things so that he can start earning returns on his investment while the latter may want to delay matters to ensure that the artistic value of the finished product is as high as possible.

During the project's first stage – whether it is a garden, a film or a monument needing conservation – new meanings emerge and get enriched as the project advances. Artistic production moves in the opposite direction as compared to the process of simplification because each movement, which finally leads to "artistic improvement", is analyzed keeping in mind the aesthetic effects that are created or sought to be created. Improvement thus seems to be a process that gives a meaning, unlike precision: "*Hence, while the logic of articulation mobilizes languages and symbolic objects whose significant properties are stable and well defined, the logic of improvement "reopens" all the significant properties of any symbolic object*" [10, p.23].

This act of artistic improvement is part of a longer process that does not end with the completion of a particular work. The artist's activity is generally based on a tradition or an "artistic reference" that enables him to understand the meanings and aesthetic effects of the envisaged objects. But the artist constantly updates his work with new elements containing new meanings and having new aesthetic effects that will produce new signs and symbols. Improvement refers both to the conception of the work as well as the artist's assessment of it. Hence the designer must simultaneously think of the formal elements like shape, texture, colour, light, etc. and also of value systems [8, p. 245].

Improvisation will then combine with the attention to detail. Improvisation certainly has an element of spontaneity, but it is also involves interpretation based on the artist's criteria. It may also involve a learning process in the sense that the artist must learn to imagine instead of simply repeating. In some cases, improvisation is kept relatively under control, even if it is only because the situation involves a collective action (an orchestra and a musical score) as in the case of a jazz arrangement. In other cases, it may call for some kind of organization or makeshift arrangement with the artist controlling several types of possible resources in a framework allowing greater scope for freedom. But in either of the two cases the artist is never completely free nor is he an automaton as assumed by standard economic theory. The artist has personal and productive knowledge accumulated over a period of time which undergoes constant change regardless of the work through which one tries to understand him at a given point of time.

Artistic creativity thus leads to the emergence of new concepts within the field of knowledge. Let us take the work of designers as interpreted by Hatchuel [8]. Traditionally, the form and function of the objects to be created have been the subject of debate and the designer's action appears to combine the two as a result of successive approximations. Hatchuel proposes an explanation for this black box by making a distinction between formal systems (form, texture, color, light…) and value systems ("functions" that are not reduced to utility functions). The designer then selects formal systems as "conceptual parameters" for the purpose of attaining the desired value systems at the end of two successive operations. The first operation consists of trimming which adds to the object's internal as well as external value without in any way affecting its identity. The second operation is innovative: there is an effort to create a sense of discovery, of liberation, of a breakthrough leading to a sudden reconfiguration of the world of objects. The object then represents not just a new value but a new entity.

6.1.2 Economic Sustainability

The dynamic of economic sustainability (or viability) is totally different. We may start with the premise that economic logic is never very keen about attention to detail and improvisations that are costly in terms of time as well as money. Its code is stable and pre-established whereas the artistic improvement logic code is always changing, constantly in a state of flux.

This pre-established code is justified because it is necessary to evaluate and distribute revenues at fixed intervals. The economic producer is subjected to a certain number of clearly defined imperatives: covering costs to ensure a minimum viability, which is the aim of all non-profit enterprises and maximizing the value of a product during a given span of time, which is the aim of all profit-making enterprises. This constraint could also be expressed in a different manner. In the early stages of a process, the producer and the artist try to design a product keeping in mind an ideal situation that contains the rules of future evaluation. But though these rules remain the same for the producer, they change for the artist, as he has to decide between several possible "aesthetic effects" which implies the beginning of a completely new cycle of design-judgment.

This constraint is a result of both market prices and the time and the means required for artistic work and also for the improvisation and the attention to detail that it involves. In addition, and especially in this case, it is considerably different from the logic of artistic improvement and the space-time within which the entrepreneur is confined, and even though he may renew himself regularly, he is not constant. In other words, the producer should attain these objectives within each time period, even if the respective results accumulate and the "savings" achieved during a particular period benefit only the following periods. The sequence of measurable time frames within which the entrepreneur must function does not conform to the long time needed for artistic improvement. In both cases we witness the emergence of works of art, which will be economically worthwhile but have a different perspective. An artist will be defined by a set of works, each of which will raise (or lower) the value of others while the entrepreneur will have to account for each product or for each cluster of products individually during a given period [11, 391p].

Is it nevertheless possible to prolong this economic cycle to bring it closer to the time required for artistic improvement? Experience shows that it reaches its limit very quickly. On the one hand, consumers need time to recognize and accept an artistic novelty and the producer cannot therefore expect to realize a substantial economic value as long as consumers do not accept the product. On the other hand, this time should not stretch out indefinitely. When a government subsidizes a cultural activity, it is understood that results cannot be obtained quickly and that the returns on these public funds can be assessed only after some time. There are debates on whether this period can be prolonged so as to coincide with the artist's temporal logic or whether it should be short and coincide with the constraints faced by those who fund such activities like banks and governments. Recent experiences show that public donors are not aware of this or do not understand the argument in favor of prolonging the required time span and they would therefore prefer it if artist-enterprises obtained the required funds from the market! The fact that artistic creation is not synchronous with economic creation or that the dynamic of artistic improvement does not coincide with the logic of economic capitalization poses a serious problem [12].

6.2 Two Dynamics to be Maintained Side by Side

6.2.1 Preventing Time-Lags

The two dynamics of the artist-enterprise, artistic and economic, have different time-frames which can give rise to serious instability. The problem of giving the finishing touches to a work, whether it is visual art, a film or a live performance, as well as problems related to the date of release or exercising the right to regret, could give rise to tensions. For economic reasons, a manager may insist that the work should be completed immediately even as the artist hopes to postpone the date of release because he wants to further improve the work even though he may have thought for a moment that it was almost ready. From the manager's viewpoint, a detail just needs to be clarified or fixed, while for the artist it could involve a sensitive review of his work. The artist-enterprise must foresee this eventuality and combine these two dynamics of artistic improvement and economic viability in such a say that he provides for some extra time.

A situation where the economic dynamic becomes "too" important would make the artistic improvement dynamic too weak: consumer acceptance would also be much lower and such enterprises are doomed to failure or forced to seek other alternatives such as, for example, the logic of pure entertainment. Thus economic viability would move faster than artistic improvement if entrepreneurs manage to fix prices at an abnormally high level by taking advantage of market opportunities.

This could also happen due to the arrival of "insiders" in the market with goods of a lower quality or, even better, using works of art as a bait to attract consumers, particularly in the leisure industry. One should be more cautious about the likelihood of consumers abandoning these markets after some time. For want of better management, there is a big risk that some producers may change their clientele or their activities, a risk that is further increased by the departure of artists.

On the other hand, the failure to attain economic viability during the desired time period will compromise the life of the artistic community and encourage it to consider a future outside the concerned enterprise or even leave the artistic field. This is often explained by the growing time-lag between the attempt to reach a particular level of excellence and the difficulty of getting the market to recognize it, a risk which has become more pronounced since the advent of the Internet has increased manifold the possibility of accessing artistic creations without being bound by the constraints of ownership. The artist-enterprise will try to create business models to recover the value more efficiently by either resorting to speciation in the case of works that cannot be reproduced or by raising prices when faced with long queues of buyers. If the imbalance persists, artists seeking such improvement can express themselves in other mediums or in other fields.

The development of the Moscow Art Theatre (MAT) illustrates the difficulty of reconciling these two time frames. This theatre company, established in 1898 by Konstantin Stanislavski and Vladimir Nemirovic-Dantchenko, brought about radical changes in the conception of direction and acting and contributed to the revolutionary artistic fervour in the years preceding World War I. Many contemporary actors have incidentally recognized the importance of "the Method" or method acting, the theatrical technique developed by Stanislavski and subsequently popularized by the theoreticians of the Actors' Studio [13, 14].

At the end of the nineteenth century, Russian theatre went through a crisis like theatre in the rest of Europe with plays devoid of any special interest, standard productions, dull sets and unattractive costumes. This deterioration was reflected in the economic condition of the actors. The Moscow Art Theatre (MAT) hoped to come out of this crisis by changing its repertoire and production methods. There were several debates to identify the best methods of managing this kind of theatre. Thus, Ostrovski, the famous Russian dramatist, declared that patrons would benefit by surrounding themselves with art specialists. Others preferred to keep patrons out of the picture and wanted the theatre to be exempted from all censorship. One of them was Mamontov, the builder of the largest railway in Russia who founded the Russian Private Opera in 1885. But soon there was a consensus that new directors capable of changing the sensorial experience and contributing to artistic improvement should be encouraged. Theatre cannot be equated with the simple transposition of a text or emphasis on good diction. It should appeal to "*the public's sensory perception, to its intuition and imagination and use the theatrical volume in its totality*" [14, p. 13].

What then was the basic idea of the MAT's founders? As Chevrel writes, "*(Stanislavski and Nemirovic...) first noticed the failure of the existing theatre and the need to create something new*" [14, p. 35]. To increase its artistic value, they felt it was necessary to provide special resources for direction, which was an original idea: "*Unlike the practices prevalent in the Imperial Theatres, the administration [under Nemirovic] would take care of theatrical and artistic requirements. It was agreed that each play would have its own sets, costumes and accessories and that the stage presentation would be a harmonious whole with all the elements working together to fulfill the author's intentions [...] The two men treated their task as an artistic mission and they believed that the reform they planned was the most important in the realm of theatre*" [14, p. 35]. Nemirovic was responsible for the administration and the strategic choice of the repertoire while Stanislavski was responsible for the artistic dimension. Finally, it was decided that the new enterprise would be a joint stock company, which would bring together a significant number of industrialists to support the theatre.

However, differences soon arose between the two managers. One of them was due to the difference in their social backgrounds: Stanislavski belonged to an upper middle class family of Moscow dealing in textiles while Nemirovic was from a Georgian lower middle class family little inclined toward artistic activities. Even more important, Stanislavski was a seasoned actor while Nemirovic was closer to the press and the domain of theatre criticism. While Stanislavski believed that the theatre company would grow if it had a presence in the provinces through the creation of branches as well as training schools for actors financed by industrialists, Nemirovic wanted the MAT to stabilize its base in Moscow and win over a loyal audience which would justify artistic risks, winning his case on this point. While Stanislavski wanted to take economic risks to promote artistic creativity, Nemirovich vetoed the production of some plays to ensure the theatre's financial viability. A letter from Stanislavski addressed to Nemirovic in 1904, treats this issue very convincingly: "*Disagreements irrupted between us the moment we moved away from our main agreement that you would exercise the veto in literary matters (meaning thereby the choice of the repertoire) and I would exercise it in the artistic domain. Both the vetos are now in your hands and the balance is disturbed. However, in my area, I am confident and I believe I am stronger than you; I do not poke my nose in literary matters and I do not compete with you; I am only learning. Our theatre has lost its stability, it has become literary. Its artistic dimension is advancing slowly and this troubles me, it deprives me of satisfaction and dampens my spirits*" (Stanislavski quoted by Chevrel [14, p. 48]). Also, when Stanislavski wanted to introduce new elements in the organization of rehearsals and acting methods, he met with resistance from some of the actors instigated by Nemirovic. He did not hesitate to write, "*If I give any advice or an order, everybody screams, 'He is making a mess', and nobody takes the trouble to try and understand my reasons [...] if I give the smallest bit of advice in artistic matters, the expression on everybody's face seems to say, 'What an odd fellow'*!" [quoted by Chevrel, 14, p. 47]. Stanislavski felt that artistic improvement was no longer possible in the MAT and thought of setting up a studio with another theatre personality, Meyerhold, while remaining a part of the MAT. Nemirovic, however, would not listen to him and concluded, *"[...] the quicker you put an end to the most glaring mistake in your life, the better it would be for the Theatre and for yourself and also* *for your artistic reputation*" [14, p. 54]. The balance between the desire for artistic improvement and the desire for financing its costs was disturbed. Their industrialist patrons, particularly Morozov, finally got tired of this friction between the two. In 1912 Nemirovic asked the shareholders for full powers by proposing a way to resolve the conflicts leading to the final breakup: "If one of the founders wishes to terminate his relationship with the 'Art Theatre' company and the other wants to announce his intention to continue operating the company on different principles, the founder who wishes to leave should cede to the latter all rights accruing to his holding in the 'company' on the basis of a special agreement between them" [14, p. 60]. Stanislavski left the company and took refuge in the Studio once and for all.

6.2.2 Is It Possible to Bring the Two Components of Economic Viability Closer? The Double Risk Principle

The challenge facing the artist-enterprise is not limited to the difference in the time-frame between artistic improvement and economic viability. It also lies in the fact that the project's economic viability implies that there should be a demand for the product, which presupposes a minimum recognition of the artist's talent, and that the costs should be under control, which presupposes the artist-enterprise's ability to work in an organized manner. The two sides of the market should concur, but that is not always the case.

The artist-enterprise has to face a double risk – on the artistic front and also on the economic front. As a creative endeavor, the artist-enterprise should draw attention to the product's novelty through a process of legitimization or recognition by visitors, spectators or users. After inspiring confidence in them, he can build a capital that will grow with future recognition but may also diminish if there is disappointment and disillusionment. This capital based on fame is not acquired once and for all, but has to be carefully maintained so that it does not fall below the threshold where distrust would take over. It is thus possible to speak of the "risk related to recognition" which comes into play with the creation of every new artistic product. As an organizer, the artist-enterprise must take care to put together sufficient resources for producing a work of art; these resources may change when other works are produced or they can be combined if several works are being produced simultaneously. The risk here is that the artist-enterprise may not be able to manage this constant change of required skills or efficiently control the management and the costs associated with the different forms of organization needed. He is thus faced with a second risk, which can be described as an "organizational risk". These two risks can lead to poor economic returns: firstly, because the demand is likely to be inadequate and secondly because the costs of production are likely to be too high. To ensure economic viability, care should be taken to avoid both these risks.

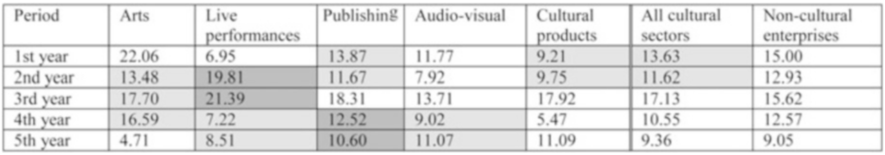
All artist-enterprises are exposed to these risks, though in varying proportions. The future of a visual artist or a small theatre company trying to set up on their own will depend on the quality of their first project and its recognition by the public. Hence the main risk that they face is that of recognition even before they are faced with the organizational risk. But if they are successful, they will soon have to face the risk related to organization. Film producers, book publishers and even companies making video games have to work simultaneously on several projects. Hence they are continuously exposed to organizational risks, even though it is believed that their recognition risk comes into play only after they reach a certain volume, if only because they have a "brand value".

While verifying the validity of these hypotheses, we come upon an original diagnosis of the viability of artist-enterprises. In the course of our research on the birth and survival of cultural enterprises in France, we put these hypotheses to test [16]. Beginning with one indicator, namely incidence, defined as the probability of the disappearance of an existing enterprise during a given period of time (1 year, 2 years, etc.). The performance of various cultural enterprises was compared and this is what we found (Table 6.1).

"Traditional" arts organizations (visual arts, live performances and heritage) are particularly exposed to the risk of lack of recognition. The probability of their disappearance is quite high during the first few years, but it decreases with the passage of time so that at the end of 5 years the incidence is the lowest. This can be explained as follows: once they gain recognition, they face organizational risks even though they may be quite low. The success of the first project thus opens the door to the "world of art", as Artur Danto puts it, and confers a kind of gain from fame that could increase (or disappear) with the passage of time.

On the other hand, enterprises that are a part of cultural and creative industries do not progress smoothly. They do not disappear as often as the previously mentioned enterprises in the early years of their existence, but after a certain period

Table 6.1 Rate of mortality of new enterprises



Period	Arts	Live performances	Publishing	Audio-visual	Cultural products	All cultural sectors	Non-cultural enterprises
1st year	22.06	6.95	13.87	11.77	9.21	13.63	15.00
2nd year	13.48	19.81	11.67	7.92	9.75	11.62	12.93
3rd year	17.70	21.39	18.31	13.71	17.92	17.13	15.62
4th year	16.59	7.22	12.52	9.02	5.47	10.55	12.57
5th year	4.71	8.51	10.60	11.07	11.09	9.36	9.05

Source: Greffe and Simonnet [16, p. 60]

The *grey coloured boxes* indicate that the incidence is comparable in the concerned sector. Thus, in the case of live performances, the incidence during the second year is comparable to that in the third year while the incidence in the fourth year is comparable to that in the fifth year

(3 years). The risk of lack of recognition is therefore more limited but they face a substantial organizational risk throughout their lifetime. In the audio-visual industry, the incidence is relatively stable or low. In this sector, the organizational risk is predominant and persists for a long time while the recognition risk seems to be both lower and more stable. The situation in the book publishing industry is somewhere in between so that the risk of lack of recognition does not decrease significantly but the organizational risk increases.

6.2.3 Should Aesthetic Value and Functional Utility be Linked More Closely to Overcome the Viability Risk?

Is there a way of simultaneously reducing the risk posed by the lack of recognition and the organizational risk so that artistic production gives rise to sustainable markets? The two risks can be different: to ensure better recognition, it is necessary to produce high quality goods in which case the organizational costs will be high. On the other hand, with better recognition it is easier to cover organizational costs.

The discourse on culturally creative activities reveals possibilities that are open to discussion but whose presence is increasingly felt. By considering a cultural good not just as a work of art that satisfies an aesthetic need but as a good also performing an utilitarian function, it is possible to mobilize a more varied demand, reduce the risk of lack of recognition and collect the funds needed for covering organizational risks.

Let us start with a simple example: the example of the Japanese toy industry and the role played by Takashi Murakami cited by artists themselves. In his book Plastic Culture, Woodrow Phoenix shows that since the advent of vinyl, a growing number of artists have been involved in the creation of toys [17, pp. 79–87]. Taking into consideration the evolution of toys since the 1960s and especially the way new materials have brought in new modes of expression and distribution, he is able to claim that "*urban vinyl can be seen as a phenomenon whereby the toy – a commercial object – is transformed into art*" [17, p. 84]. By playing on the flexibility of references peculiar to their culture, Japanese artists like Takashi Murakami and Yoshioto Nara have produced toys inspired by their own drawings and paintings.

Murakami, incidentally, has explained it clearly in his Manifesto of Flat Surfaces presented at the Tokyo Superflat exhibition in 2000. From this viewpoint, it is possible to reconcile the evolution of art in Japan with popular and commercial culture, not because it wants to be seen as commercial but because by invading all aspects of day-to-day life it lends itself easily, without any betrayal whatsoever, to this commercialization of cultural works. Such forms of expression contribute considerably to bring culture within the reach of everybody, especially the young who are intimidated by museums, which are by nature selective. This did not deter him from creating in 2003 a new type of museum, the Superflat Museum, in cooperation with toy manufacturing companies Kaiyodo and Takara, whose products were sold in shops open round the clock amid objects of daily use. Murakami designed little figures inspired by his creations that lent themselves to different contexts because of their simplicity [17, p. 85]. He has objected to all accusations of commercialism and self-publicity as various consumer groups have adopted his figures, though for different reasons.

The growing importance of cultural products such as arts and crafts, fashion, digital images, etc. combining aesthetic values with functional utility will therefore create a new perspective enabling artist-enterprises to jointly control the risks posed by the lack of recognition and effective organization. The opposition of art to economics is often based on the rift between functional utility and aesthetic value. The doctrine of art for art's sake has supported this rift to the extent of belittling craftsmen who, unlike artists, tried to maintain a balance between form and function.

Designers try to avoid this dichotomy between the basic substance and the substance of form while artists often like to play on this confusion between form and function, like the famous garden bench meant both for people taking a walk and for flowers (Quoted in Molotch [18, p. 55]). The history of fashion in the early twentieth century is a good example. So is the history of the motorcar, which is often forgotten. The famous Model-T, which became the symbol of Fordism, could not be modified to give it a more rounded shape: it could not be done with the existing machinery and the physical layout of the factories made it impossible to incorporate more flexible machines in the production process. Further, the Motel-T was available only in black. Ford quipped, "*Any customer can have a car painted any color that he wants so long as it is black!*" General Motors, on the contrary, hired the men who designed cars for Hollywood's leading stars and introduced different colored models as well as a more rounded shape both in the front and the rear to provide storage space even for the spare wheel. General Motors also developed special grade steel allowing greater flexibility of design. This, together with the elimination of screws, enabled the company to develop new shapes that were aerodynamically more efficient and aesthetically more appealing, so much so that people spoke of sculpted cars. As Barthes remarked in another context, while observing the reaction of visitors to the Citroën models at the Paris car show, "*… the motor car is today the almost exact equivalent of the great Gothic cathedrals … an impressive creation of that era, designed with passion by unknown artists, consummated in its image, if not its use, by an entire people who appropriate it as a perfectly magical object …*" [19, p.31] It is possible to satisfy needs while offering a variety of shapes which become tools for conquering new markets [20]. The good then acquires a meaning that transcends its function and its symbolic value yields real logos, leading to the membership of a particular circle or even a new ethnic group.

Whatever the products, these functions are present in different proportions with two extreme cases: one where an object that has lost all its utilitarian value while acquiring an aesthetic and/or semiotic dimension is seen as a work of art and the other where the object's aesthetic value or shape is not as important as its functional value so that it is treated as a generic product. Thus cultural products become products that are sought after for their intrinsic aesthetic value which does not detract from their utilitarian function. The semiotic value plays the same role here as the aesthetic value, so that for many observers, the real characteristic of a cultural product lies in its semiotic or symbolic dimension. At that point, many products acquire a cultural dimension and the enterprises making them are described as artistic!

6.3 Between Artistic Improvement and Economic Viability: The Example of Decorative Crafts

Since the Renaissance, the craftsman making decorative objects has been recognized as an actor combining economic and artistic functions and his studio as a place where the creative process converges with the constraints of economic viability. He is usually an independent worker, living more or less on the periphery of the market and creating employment only for himself and perhaps an apprentice. What we have here is not an enterprise but a profession exercised by an individual, a reminder of the past rather than a lever of modernity. But if we start with this contrasting view, it is easier to understand what an artist-enterprise stands for.

6.3.1 Separating the Artist from the Craftsman

Banxandall's description of the working conditions of artists during the Renaissance, who were regarded as craftsmen, is an inevitable starting point for such a study. Studios, professional bodies and guilds constituted the social framework of artistic activities even as a few changes were gradually taking place [21].

As the studios became bigger, there was a clear-cut division of labor, and the artist was distinguished from the craftsman. The artist was supposed to discover something different rather than copy or recopy existing works. He had to show "originality" and "genius" rather than simple "skill". He began to live on the margins of the dominant economy, a phenomenon further accentuated by romanticism [22]. The craftsman, whose talent was not recognized, was reduced to a skilled manual worker. This image prevailed and craftsmen were henceforth classified among manual workers. After the French Revolution, the position of craftsmen improved to some extent and they became a little more independent instead of being bound by restrictions imposed by their guilds, but more often than not it was only because of the agreements between the more powerful among them. In addition, the advantage of being independent was soon offset by competition due to heavy costs imposed by the capitalist production system. Actually, this was the time when Marx decisively condemned craftsmen, who he believed were the vestiges of a pre-capitalist production system and hence incapable of mobilizing the virtues required for the development of productive forces. The double criteria of manual work and self-employment became more widespread to which were added others like small-scale production, independence (at least in legal terms), supposed proximity of markets, the fructification of a family legacy combined with traditional activity, etc.

William Morris In these circumstances, the ideas of William Morris (1834–1896) conveyed a completely new message. In the beginning, Morris shared many of the ideas that inspired Ruskin who said, "*Not to say anything of the desire to create beautiful things, the dominant passion in my life has always been the hatred of modern civilization.*" [23, p. 33 s]. Like Ruskin, he wanted the simplicity of the craftsman's manual work to be applied to modern industry. But whereas Ruskin was more interested in giving philosophical lectures exalting the past, Morris wanted to play a very active role in the debate on social transformation and made his mark more as a militant socialist than as an admired creative artist. Morris was also impressed by the thinking of the architect G.E. Street (1824–1881), who held that the architect – who can be considered as a true craftsman – should be not just a builder but also a painter, a blacksmith and a maker of stained glass windows, and the monument should be in harmony with the site on which it is built. This philosophy inspired Morris when he built a house for himself, the Red House of Upton, in Kent. Described in 1862 by the pre-Raphaelite painter and poet Dante Gabriel Rossetti (1828–1882), as "more a poem than a house", the Red House featured murals and wall hangings embroidered with motifs of brightly colored flowers, trees, animals and birds. The interiors were decorated in a medieval Gothic style enhanced by the use of vibrant colors.

Morris did not stop with this private project and wanted to give expression to his ideas on a commercial scale. In his decorative arts firm, he started making decorative objects and designing interiors, which closely associated fine art and decorative art. His firm undertook wall decorations (based on pictures or standard works), carving, stained glass, wrought iron work (including jewelry) and furniture. In 1862, Morris designed his first wallpaper with a bird motif called Trellis. In 1865, the firm, and also the Morris family, moved to more spacious premises in Bloomsbury and, in 1875, the firm was restructured as Morris & Company with Morris as the sole owner. In 1877, Morris opened a shop at 264 Oxford Street, and the following year a workshop in Hammersmith making woven carpets. In 1881, a tapestry workshop was set up in Merton Abbey, in Surrey. During the years 1860–1870, he appealed to other companies to copy the textiles produced by his company and offered to provide his designs to others, particularly the Royal School of Needlework. Established in 1872 to provide “decent employment to poor but well-born women” in the restoration of old works and the creation of new works, the main objective of this school was to restore “*ornamental needlework to the noble place it occupied in the past among the decorative arts*” [23, p. 38].

By joining the emerging philanthropic movement, Morris soon realized the sharp difference between his ideal of democratic art and the realities of the market. His untiring attempts to create high quality products at a reasonable cost remained a dream, while only the rich could afford to buy his products with a high added value. There was interest in crafts only in areas outside London because the same movement was trying to revive regional crafts, both to help craftsmen and ensure the survival of traditional crafts techniques [24]. Thus the Golspie Society was founded in 1849 in North Scotland to preserve the traditions of lace making, spinning, weaving and knitting. The new movement reflected the philosophy of the Arts and Crafts Movement with its collective housing schemes providing free accommodation and training in crafts [25].

6.3.2 Is the Craftsman an Artist-Enterprise?

Modern economists associate the entrepreneur with traits like uncertainty, risk, opportunity, innovation, etc., which reinforce one another [26]. When economic theory was still in its infancy, Cantillon defined the entrepreneur “*as the person who buys the means of production and/or goods at a particular price but resells them at an uncertain price*” [27, p. 6]. A few decades later, J-B. Say stressed the role of the entrepreneur as an organizer fulfilling needs, a task demanding “moral qualities that are not commonly found together”. Without being affected by subjective considerations, Schumpeter viewed it as an innovative function defining new products, new combinations of products, etc. The difference of opinion between those who consider the entrepreneur as a risk-taker and those who see him as an organizer persist even as Knight rightly reaffirms specific nature of the entrepreneur as one who takes risks that others do not wish to take, and is rewarded as a result [27, 28].

However, these analyses make no mention of the craftsman, who is mostly treated as self-employed worker. Recently, his image was rehabilitated by the “small is beautiful” philosophy and he saw himself endowed with all or some of the traits associated with the entrepreneur. He was seen as capable of imagination, seizing opportunities, taking risks and earning profits, and he could do it much better because he was not part of any bureaucratic system nor was he affected by entropy like big enterprises. Although he is subjected to uncertainty like any other person or organization launching new products, he is able to control the innovation process from the outset unlike big enterprises where the division of work may also affect the identification, channeling and assimilation of an innovation.

Thus the craftsman is now more than an actor marginalized by industrialization and globalization, he is homo faber rather than animal laborans [29]. According to Sennett, it is absurd to treat the craftsman as a vestige of an outdated capitalism as Marx considered him to be. On the contrary, today he is an actor having all the economic and social traits that we are trying to inculcate in contemporary capitalism [30]. His knowledge of a particular technique or skill serves not only to perpetuate his legacy but even more to develop his imagination. His talent encourages him to innovate, but it is his enterprise that makes him opt for new and feasible solutions like any entrepreneur, in the best sense that can be attributed to this term.

It was therefore a mistake to think that the craftsman, who was once an integral part of the Renaissance "studio", did not have the makings of an entrepreneur. Like the enterprise, the studio was already a space where there was frequent confrontation, often of a conflicting nature, between a productive force and an authority: the history of many studios is full of incidents of workers wanting to move away from those in charge and set themselves up independently. Thus while the apprentice imitated and the journeyman made suggestions, the master gave the project its final shape. So when the master's assistants left him and he started working as a craftsman, he remained an entrepreneur: but he was the entrepreneur of its own talent. His artistic dimension became stronger in these circumstances because it had become impossible to separate an expression from the technique that was used. He could preserve his originality only if he was capable of producing what he visualized on his own.

Sennett believes that two conditions are needed for the craftsman to succeed in his endeavor: the desire to make good things and the ability or aptitude to make these good things [30, pp. 261–263]. The expression 'good things' refers to the quality of the new or reproduced objects, but not to the manufacturing process. To attain this quality, the craftsman must be prepared to push himself to the limits of his creativity; this may not be possible in the early stages, but in the course of time his latent faculties will be able to express themselves. At the same time, he must understand that contingencies and constraints can be advantageous and this should make him expand the definition of the problems to be solved instead of allowing him to be overcome by a self-destroying perfectionism by doing more than necessary. The qualities that Sennett attributes to the craftsman are the same as those attributed by the economist to the entrepreneur: combining imagination with aptitude; identifying the problem; defining a relevant issue. As Diderot was one of the first to point out, the craftsman is a person who retains his ability to reason and uses his capacity of understanding.

Another "entrepreneurial" dimension of the craftsman that needs to be emphasized is his ability to build social capital [30, p. 279]. The craftsman possesses skills that have been accumulated over generations and are made available to others. To support his thesis, Sennett gives the example of the famous Stradivari whose secret disappeared after his death, not because he was unknown during his lifetime but because he did not look beyond his work. The craftsman's ability is valuable not only because of the knowledge involved but because of the strength of his conviction. Metcalf sees in the craftsman a combination of aesthetic refinement and social knowledge [31]. His work cannot be seen only from within as Greenberg suggests. It needs to be studied from the outside as it reveals his relationship with other human beings and contributes to increase their well-being [31, p. 5]. When the Bauhaus movement recommended the production of simple objects by gaining mastery over a particular type of material, it wanted to increase the self-respect of those who were working to improve the quality of life of the object's users. It could even be said that in this case the second aspect would soon gain precedence over the first so that the crafts came to be recognized as an aspect of modernity. The craftsman's work would thus add to everybody's self-respect. This supported the ideas expounded by Ruskin and Morris but through the careful management of a social upheaval!

6.3.3 *Do Artists and Craftsmen Share a Common Aesthetic? The Japanese Example*

To point out how the paradigmatic craftsman's enterprise can serve as a model for the artist-enterprise, let us take the example of Japan where the artist and the craftsman have never really been considered as belonging to two different categories, particularly from the aesthetic viewpoint [32, 33, pp. 399–408].

A whole philosophy of aesthetics underlies this fusion of art and craft. The first principle lies in the belief that the most important thing is the beauty of everyday objects, which rejects a priori any opposition between the utilitarian or functional object and a work of art [34, p. 66]. The artist-craftsman produces objects used in day-to-day life. It should be remembered that many objects symbolizing this craftsmanship were designed for use during the tea ceremony, which was an extremely important rite in the daily life of the Japanese.

The second principle resides in the much-valued link between an object's functional and aesthetic dimensions. The term "use" must be understood in a wider sense: a good design adds to the object's functionality and no matter how useful an object, its ugliness detracts from its quality [34, p. 128]. There is no cleavage here between matter and spirit, but a beauty peculiar to these handcrafted objects "*... embodying grace and sensitivity, warmth and familiarity... rather than grandeur and sublimity*" [34, p. 127]. This union between the functional and the aesthetic is subtle and actually constitutes the essence of Japanese craftsmanship according to Jarves who says, "*In Japan, objects of everyday use combine neatness and usefulness... They know where usefulness ends and ornamentation begins*" [35].

The third principle lies in the relative share of natural elements and creative genius. However the personality of the artist-craftsman should not be so powerful as to cast its shadow over an art object: "*It is the object that should shine, not its creator*" [34, p. 53]. This does not imply the absence of individuality, but it stresses the predominance of the traditions of the community to which the artist-craftsman belongs. In other words, it means that perception is more important than knowledge. Subsequently, this belief was used to underline the difference between the Japanese tradition and the Western tradition, the artist in the Western sense being one who expresses his personal genius through his creation. Some will go even further to claim that the path of genius or self-confidence (jiriki-do), which is also a difficult path (nangyo-do), should not prevail over the path of confidence in an external force (tariki-do), which is tradition in this case. The artist's signature leads to a very sterile conception of art, where the artist finds himself imprisoned in his individuality and curbs the advancement of society [34, pp. 156–157].

The fourth principle resides in the opposition between beauty and ugliness. True beauty does not lie either in perfection or in imperfection, but in a realm where such distinctions no longer exist, where the imperfect gets identified with the perfect: "*So great is the beauty that I describe it as irregular for want of a better word*" [34, p. 41]. Beauty is enhanced by the shapes and irregularities bestowed by nature, and a beauty that exists only in comparison to ugliness is not true beauty [36, p. 50]. Here, there is a divergence between various systems that can be synthesized in the following manner. In European countries, the division between fine arts and decorative arts and/or applied arts has only become more marked while it remains limited in Japan [35, p. 22–23 et 146].

Wherever the distance between them is limited, the link between artists and craftsmen remains positive and gives rise to exchanges that are fruitful for the economy. Artists can inspire and revive references by gaining mastery over materials and methods, while craftsmen can add to the beauty of utilitarian objects and improve the quality of objects of daily use [35, p. 262]. Whenever the distance increases and all links disappear, both sides stand to lose. Dissociated from even the basic social functions, artists can give free play to their ideas whose recognition will depend on the market, which reacts quite unpredictably [35, p. 279]. Excluded from the world of art and its references, with little possibility of gaining recognition from it, craftsmen are marginalized and hence find it even more difficult to get recognition for their high quality products; not protected by intellectual property rights, their products are easily copied and eliminated from the market [38].

6.4 Between Artistic Improvement and Economic Viability: Design Studios

The aim of a design studio is to create what is best at a given time, no matter what the domain. It must therefore explore new areas and push back the boundaries, but always with the idea of creating something that is useful to others. Undoubtedly, this last criterion suggests that there is a difference between a design studio and the artist-enterprise. But this difference seems contestable when one analyzes the motives behind the different operations involved in designing: ideation, visualization, narration and creating prototypes.

6.4.1 Ideation

How does one identify the best design among several new designs? To do so, it is necessary to follow a process that can be described as ideation or distillation, which is often presented as a means of defining a new product having all the desired qualities specified at the outset. This already rules out looking backwards to find a solution that can be copied to some extent from others. On the contrary, it means identifying several "new" elements and then choosing the best among them. So the secret lies in asking oneself the question "What if...?" before proceeding any further. Many new products and services would never have been invented had it not been for this way of posing the problem. Thus Grameen Phone became the main source of tax revenue for Bangladesh when the Grameen Bank asked itself why it should not use its microcredit network, which covered the country's remotest villages, to develop new communication services? Similarly, the UK-based Zopa Bank wondered why it could not organize a system of direct lending between individuals (peer-to-peer lending) instead of going through a costly banking network.

It is therefore advisable to look for possible epicenters of novelty. Starting with the available resources and then deciding on a new development pattern can do it. This was the case with Amazon.com, which envisaged a system of on-line retail marketing and services as an extension of its initial project of an on-line bookstore. The idea was not only to create a new type of service connected with reading but also assist publishing companies by suggesting new methods of managing their stocks. Such epicenters are easy to find due to the emergence of new types of users. For example, the makers of new health monitoring gadgets, who earlier supplied them only to health professionals, have started selling them to the general public which is now better educated, taking advantage of this knowledge to improve their own information systems. With so many different opportunities now available, any choice is usually preceded by a discussion on their respective merits. This means choosing criteria for assessing different opportunities. Several precautions must be taken so that this exercise, which can be described as a kind of brain storming, produces results: there should be a consensus from the beginning on the situation and the rules determining the choice; the protagonists should be placed outside their normal environment to ensure that their preferences are not influenced solely by their past experiences and emotions.

But do these processes correspond to what happens in the case of artist-enterprises? The answer is yes. In order to make the most of the desirable qualities of new materials, artist-enterprises can not only use these materials in the place of existing materials but also make new products by taking a gamble on their acceptability. The emergence of new behavior patterns can serve as an incentive for designing new products and cultural services, as we have seen in the field of music. On the other hand, it is also possible to question the collective aspect of this ideation, which is supposed to guarantee the relevance of the future product! Artists also communicate when they create their works, but their way of communicating may be different. The book The Warhol Economy shows that this communication takes place through "social" encounters. Artists meet one another informally at parties and exhibitions, discuss their projects, give advice or receive it from their colleagues, etc., to the extent that the book's author considered these meetings as the key to the success of New York's artists. Without going too far back in time, we could say that the same forces drove the artists of Montparnasse and Montmartre.

6.4.2 Visualization

Visualization is of strategic importance for both artist-enterprises and designers. It consists of using drawings, diagrams and written notes to define a demanding task and choose the most promising among the novel ideas that come to mind. A visual representation makes it possible to emphasize the key elements which will decide the success or otherwise of the product in question. This will breathe life into the project and make it possible to delve into its static as well as dynamic dimensions. This visualization can be done in many different ways. It can be done with the help of post-its outlining an idea. It can also be done with the help of drawings, which allow the artist to explore the links between the picture's different components. Their main advantage is that they clarify concepts or proposals and prevent contributors from talking of different things while they seem to give the impression of talking about the same thing. Often, not being able to decide whether to consider the same representation as a challenge or a solution, parallel opinions are expressed. Finally, visualization allows the artist to explain to all the members of the staff the type of process in which they are going to participate, and that too in an easily understandable manner. This design strategy is even more useful for the artist-enterprise because the idea can be more easily illustrated with the help of a painting studio. As Picasso once said, "I begin with an idea and it becomes something else." But it is true that in the case of the artist-enterprise aesthetic judgment will occupy the central position whereas in a design studio it would share its territory with other considerations. What the artist wants to do through a picture is to express an idea or a value with the help on an image or signs that can be understood by a large number of people. To achieve that, he will use this idea as his base, but continue his search among various possible forms until he finds one that he feels will best convey his message. There is thus a strong similarity between a design studio and the artist-enterprise.

6.4.3 Narration

What is the purpose of telling a story? Undoubtedly to make something that is not easy to believe more credible, to clear doubts and convince people that things can be connected and can develop more smoothly than they think. As in the stories narrated to children, the listener is transported into a world where he is more receptive to novelty, particularly if this world becomes imaginary which would then be something quite different. Hence design studios see a triple function in this method of finding their “best novel element”. Something unreal or uncertain is turned into something tangible: the story actually blurs the boundaries that separate the present from the future, reality from a plan; it also helps to reduce doubts that may be entertained regarding such changes. The process or the way it occurs is explained: it is more effective if the story is simple and the number of protagonists as few as possible so as not to confuse the listener. Finally, listeners are mobilized to support the project, whether it is those who expect to benefit by it or those who contribute to its execution.

Irrespective of its origin, the story can be told in different ways. A story told orally serves as a reference, even though it resorts to imagery. Members of the group to be convinced can enact such stories. There is no guarantee that things will proceed as expected because of discrepancies or lack of coordination between actors. These stories can also be printed and distributed, sometimes in the form of cartoon strips. The advantage here is that a larger number of people can be covered, but the disadvantage is undoubtedly the loss of the desired dramatic effect.

The story-telling method creates a feeling of proximity with the artistic enterprise. There is no doubt about this, so much so that some art forms play on synchronicity rather than on diachronicity, like painting a picture or even some contemporary art installations. Will artist-enterprises opt for this method? There is no certainty. Whatever the mode of expression, many artists treat story telling as an excessively conservative or academic mode of communication that relies on past references instead of desired changes in references and on the exaltation of heritage rather than on the exaltation of creation.

Should one go further and see a quasi-societal trend in this predilection for stories and narratives? As Richard Senett puts it, “Enterprises should appear beautiful to travelers passing through.” To succeed, enterprises should produce lasting stories that will stabilize the radically changing surroundings; their virtue will no longer lie in their conformity with principles that are still questioned, but in their flexibility, their desire to follow the current of changing circumstances, which the story can manage marvelously by becoming the symbol of this fluid modernity!

6.4.4 Making Prototypes

Making a prototype is usually a crucial stage in the designing process. When imagining the "best novel element", the designer has to decide whether he is capable of coping with future constraints that could range from the 'physical' acceptance on his work by his future users to his spontaneity. In a design studio, this prototype is understood differently depending on whether the designer adopts the architect's, the engineer's or even a purely commercial point of view. A prototype is more useful if the designer considers it as a tool for the future and keeps in mind the opportunities it can provide. He should not be satisfied with the first version even though it may appear complete, but he should explore other possibilities instead of opting right away for the very first idea.

It is quite relevant to draw a parallel with the artist-enterprise because the latter also makes similar "preparations". The numerous sketches show that a painter does a thorough preparatory analysis of a picture or a sculpture to get an idea of the final project. There is however one difference: while a design has to depend on information regarding the product's future reception, the artist's prototype is developed within the aesthetic field. If it were not so, efforts at artistic improvement would be considerably less effective as compared to the efforts to increase its viability. We would then find ourselves in a situation where the actions of design studios are less compatible with those of the artist-enterprise, particularly those depending on the "consumer's viewpoint". Apple selected this model for its iPod. The company noted that music-lovers wanted a simple system that would give them easy access to the music of their choice. Apple therefore developed a system linking iTunes and iPod in such a way that music-lovers could download music without any risk. This model has proved to be very successful in the realm of design, especially by using a tool called an "empathy map". After identifying a target consumer (or a group of consumers), the designer tries to answer the following questions: What does he see? What does he hear? What does he think? What does he say? How much will he lose? How much will he gain? Evidently, it is not easy for an artistic enterprise to adopt this model.

6.5 Is It Possible to Go beyond Arts Management?

If the artist-enterprise has to simultaneously ensure artistic improvement and economic viability, does he have the tools to analyze their management? The theory of Arts Management is supposed to provide these tools, but it is doubtful if it is capable of doing it.

Born in the United States in the 1970s, the theory of Arts Management tries to show how arts and cultural organizations, whose managers are usually more concerned about product logic than market logic, can adapt themselves to economic imperatives (Chong, Derrick. 2002 (2nd edition). *Arts management*. London &

New York: Routledge). Chong, incidentally, regretted the fact that cultural organizations are too often managed by artists who do not pay sufficient attention to the prospects of their commercial growth as they are obsessed with their artistic concerns. Some writers have used the term "cultural administration" (Dewey 2004) in a bid to return to the classical model of organizing a "cultural enterprise" by successively taking into consideration strategy, marketing, monitoring, management of human resources (HRD), etc. Ultimately, the only specific duty of the cultural entrepreneur is to find financial resources (a difficult task indeed) for artistic activities since the market does not provide funds spontaneously.

This approach has to overcome three obstacles.

In the first place, it underestimates the ground realities in the artistic sector that covers numerous small-scale activities still in the process of being properly organized in addition to big well-established companies. As a result, it mechanically transposes the approach of the entrepreneur-organizer that is planned in advance, while what we really need is a "vigilant coordinator".

The supporters of arts management often consider artistic creativity as a kind of ex post creativity validated by the market as in the case of many other activities that are deemed creative such as research and development organizations. There is no automatic connection between the artistic creativity and the one that is valorized by the market, even though such a connection would be considered "ideal". Artistic creation responds to the permanent interactions between conception and evaluation, returning to the past and leaping into the future, preparing to respond to needs that may not have arisen yet and which can rarely be foreseen, which means that the logic behind this creativity is endogenous. In the case of Arts Management, the notion of "creativity" is considered to be extrinsic to the activity in question. Even in creative industries, expression finds it difficult to overcome this problem by eliminating the tension between these two types of creativity, one that evolves with a process and one that is decided by the sponsor or the market.

Finally, some concepts seem to be tacked on rather than incorporated appropriately. A good example can be found in the marketing of arts: how can one promote an artistic good in a more or less preset market? To preserve the logic of innovation peculiar to the artistic domain, marketing should promote both the work and its artist. However, Butler (2000), like Chong, has insisted for a long time that the marketing of arts should focus on the "product" rather than on the "need". By doing this, he underestimates the fact that the artist is constantly changing as far as his frame of reference is concerned and it is therefore difficult to claim that he will gain recognition at a particular moment. In cases where such changes cannot be ignored, there is a tendency to "focus" on a particular work although its emergence changes the significance of previous works as well as that of present frames of reference. Reactions to price movements in the art market amply indicate that when the price of a painting goes up, the value of other works by the same painter also increases and vice-versa. In this context, traditional marketing is not effective.

In cases where Arts Management expects to identify a relatively stable situation, the artist-enterprise plans a trajectory that will take full advantage of the opportunities arising out of incertitude. Arts Management occasionally senses such discrepancies, for example when it detects some instability in the project or a discrepancy between the product and need, etc. But detecting such instabilities does not lead to the recognition of a new type of relationship between the artist and the manager: the manager continues to control commercial risks and incertitude to the best of his ability, while incertitude should be used as a lever to promote artistic and economic potential.

The artist-enterprise has now become a series of narrations or stories. His development no longer depends only on objective conditions but on the meaning attributed to him by different parties and the coherence that this produces. When viewed from this perspective, the analysis can also apply to all other enterprises, but it points out that the dynamic of the artistic enterprise cannot be perceived in purely commercial terms because it also refers to the dynamic of signification as it is in the interest of the signified to combine into new signifiers, which in their turn will become the signified.

This changes the traditional view of the market because it shows that in this case economic activity is not just the simple trading of goods whose value is known in advance. Guillet de Monthoux (2004) shows that artist-enterprises go beyond the traditional representations of supply and demand by enhancing the value of the back stage preparations of a show (how a work is conceived) as well as its presentation (how it can be judged). He cites Wagner's work as an example of this balance [39]. Since he could not tolerate the conditions in the theatre and opera in his time, Wagner tried to create a new "model" for the theatre at a time when the Italian theatre was predominant and discouraged the presentation of novel artistic performances. Wagner conceived a new model for the theatre redesigning both "back stage" and "front stage" organization. As far as back stage organization was concerned, he wanted to change prevailing practices and as regards the front stage, he wanted to create a new space for the judgment of his works, even if it meant dislodging the orchestra to put the audience in direct contact with the actors. Thus the concept of foresight, which is a cardinal element in the discipline of management, was seriously impaired.

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Chapter 7
Trust as a Market Driver

How does the artist-enterprise create market value for his products? When posing this question, we concentrate on the constraints of economic viability without paying due attention to the accompanying process of artistic improvement. The artist-enterprise is bound by a production logic based on the assumption that the original value can be realized only if he can win the confidence of those who use his products. In order to build and spread this confidence, the artist-enterprise resorts to several stratagems like envisaging a common and shared value, transforming consumers into partners and even co-producers and hybridizing cultural references. In this context, the tools traditionally used to define traditional strategies for developing enterprises have to be put in perspective. Whether it is methods combining "strengths-weaknesses-threats-opportunities" or approaches based on product cycles, they are founded more often than not on the economic success of an exogenous and static logic, which is particularly alien to the logic inherent in artistic improvement peculiar to the artistic enterprise.

7.1 Environment Required for Creating Value

7.1.1 The Logic Underlying the Production of Value

It is possible to distinguish between three types of logic underlying the production of values: assembly-line logic, studio logic and network logic [1, pp 22–44]. In the case of *assembly-line logic*, the enterprise tries to coordinate the different stages of the production process to ensure that they are properly integrated, efficient and the cost is optimal. Assembly-line logic generally applies to industrial production, for example the automobile industry. There is greater value accumulation due to the simplification and standardization of manufacturing processes, economies of scale, etc. As far as the consumer is concerned, the product value is determined by the

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reduction of production costs, which benefits him in the long run. In the case of *studio logic*, the enterprise tries to find the most appropriate solution to a new problem. This solution is based on a hypothetical demand and it mobilizes specific skills to resolve it: the studio of a visual artist can be used as an example in this case. As production costs are difficult to control, competition is determined by the quality of the finished product. In the case of *network logic*, value is created by an increase in the number of users. It is therefore dependent on communication aids like the mobile phone, the fax and the Internet because it is possible to reach a large number of potential users. The producers of such goods can make a profit by adding new names to the list of existing consumers. Once the number of consumers reaches the threshold where the effects of the network make themselves felt, it is necessary to persuade them to take an interest in a product whose usefulness is not yet clearly apparent. Beyond this threshold, care must be taken to ensure that consumers continue to patronize the original enterprise instead of buying from its competitors. These three types of logic that determine the value of a good may converge so that big enterprises may either sell their patents (in which case they follow studio logic) or use them themselves (in which case the follow assembly-line and network logic).

The artist-enterprise is essentially dependent on studio logic because he has to identify a new problem and decide on what he thinks is the most appropriate solution. But he may also resort to assembly-line logic when his production reaches a certain level. Thus audio-visual products require a system that covers all operations from production to distribution and sales. The experience of the film industry shows that these three stages need to be properly integrated because a difficulty arising in any one of these stages can have a negative effect on the other stages. Any deficiency in production will later lead to difficulty in selling the product, a poorly managed marketing system will detract from the value of the product, poor distribution will affect the product's profitability, etc. Each of the stages in the chain gives rise to a "moral risk" for the other stages and fears that the efforts made by others may not match with its own efforts! Major film companies, ranging from Pathé to Sony-Columbia, were created only to overcome this problem of moral risk: by consolidating the chain of command to their advantage, they manage incentives and rewards jointly. This also explains why these companies choose to control distribution (and often confine themselves to it): because it forms the interface between production and sales. Artist-enterprises may eventually reach the dimension of a network. Video games, legal and illegal exchange of music files and televised information create a strong interdependence among individuals, which is considered very desirable. Artist-enterprises can thus be included in this logic because consumers associate semiotic dimensions with cultural goods like fashion.

7.1.2 Trust as the Logic for Validating Value

Consumers confer a market value on a product when they choose it. This choice depends on the usefulness of these artistic goods to consumers, as well as other variables described as value levers. The basic lever in this case is the price and enterprises will do their best to attract consumers by determining prices that are as reasonable as possible. Other factors may inhibit or catalyse these consumption-related decisions, especially the functionality of a good, its specific qualities as compared to others, etc.

In the arts goods market, three other levers can influence consumer behaviour. The first, which is primordial, is the incertitude about the consumers' choice. This means that they probably know less than the producers about the nature of the good on offer. This difference or asymmetry of information can be quite high, for example when a buyer wants to acquire a work of contemporary art. On the other hand, it will be much less when he is buying a novel brought out by a particular publisher if he has read and appreciated his earlier publications. The second lever is the criticality of the purchase is for the buyer. Some purchases are out of the ordinary such as attending a festival at a distant venue or buying a work of art (except in the case of art lovers or collectors who can be considered professional consumers). Others are more common, such as buying a cinema ticket or going to an exhibition. This criterion is not always evident because it acts simultaneously on two levels: frequency and expenditure level. The third lever is the influence of the behaviour of other users on a consumer's decision because of the effects of fashion, snobbism or social networks. By combining these different levers, it is possible to identify a certain number of environments which will act as a benchmark for enterprises which want to know how they should behave in the market.

Let us consider a situation where social effects are limited, which could be due to two reasons: asymmetry of information and the criticality of the purchase. Their combination allows the artist-enterprise to envisage four possible situations.

The first situation corresponds to the frequent purchase of products which are cheap and do not give rise to serious problems regarding information. The buyer knows almost as much about the product as the seller and does not need any specific information. It is an ordinary purchase and does not involve a special financial effort; it could be the purchase of an ordinary cleaning product. The buyer then evaluates various products according to their price and it is to the producers' advantage to control the price. This situation can be described as belonging to the realm of *merchandise*.

The second situation also corresponds to the frequent purchase of products that are cheap but there is a lack of information about them. It could be the purchase of a weekly or a magazine, a book or a record. This situation corresponds to the purchase of "ordinary" artistic goods. The buyer tries to get extra information, and brands, logos, the producer's reputation and image play a major role in determining his choice. For the supplier of such products, the best strategy lies in distinguishing himself from his competitors even if it means reducing his profits. This is the realm of *branded goods*.

The third situation refers to the purchase of unusual products and raises serious problems regarding information such as the purchase of a work of art or a journey of discovery. The supplier's personality and experience (reputation, image, brand, etc.) can reduce the incertitude, act as a guarantee and instil confidence in the buyer.

The price plays an important role, but it will be a determining factor only for the experienced consumer. This is the realm of *confidence goods*.

The last situation refers to the purchase of rare or expensive goods but does not raise any serious problem regarding information. The consumer will evaluate the offer mainly on the basis of functionality but he will try to negotiate the price. This would be the realm of *capital or equipment goods*.

This initial view underlines the peculiar nature of the arts goods market as compared to other markets which generally converge in the realms of confidence goods and branded goods.

It is possible to further elaborate on this concept by taking into account the significance of social effects, which tend to reduce the incertitude because the purchase will depend less on information than on the reactions of those who have already bought the product. Two criteria matter in such a situation: the social dimension of the consumption and the criticality of the envisaged purchase for the buyer. When fulfilling these criteria, it is possible to identify four more situations.

The first situation corresponds to critical purchases made with inadequate information and without the possibility of obtaining information that the behaviour of others could offer. This applies to *works of art* where, due to the absence of a marked social dimension, problems related to recognition and confidence persist.

The second situation corresponds to more ordinary purchases where the decision is impeded by inadequate information. This situation arises in the case of *branded goods* as the purchase of a book or a DVD which has just been released as part of a collection that the consumer normally "consumes".

The third situation corresponds to ordinary purchases where the decision is now influenced by the decision of other consumers using the same product. The decision here is linked to the existence of an indication, either objective or subjective, regarding the buyer's interest in consuming the product in question. This takes us to the domain of "interactive products", with reference to the existence of an objective (network effects) or subjective (semiotic good) interdependence.

The last situation corresponds to critical purchases, the decision regarding which is influenced by the decision of other consumers of the good. There is no longer an effort to get in touch with all the consumers but only a part of them. This is the domain of *club-goods*, like socially selective cultural practices (haute couture, cruises coupled with cultural tourism, etc.).

These strategies can be described as elementary. As markets change with time, some goods can move from one category to another and what we have then is cycles. As a result of technical as well as economic changes, a product can become democratized. The real price of recorded music now has no relation to the high price that was charged when records were first manufactured and the same is true of some reproductions of works of art. The problem then is less about benefiting from the confidence reposed by each consumer than about maintaining one's reputation in the market. Another cycle may emerge when a good has an element of interactivity because of technical or social reasons. In that case, the reputation that has already been acquired is associated with a minimum level of consumption. Finally, after concentrating on one segment of the market, the artist-enterprise may want to explore a larger but less profitable segment. The suppliers can then choose between two types of equilibrium: produce little to earn bigger margins; produce a lot but earn lower margins – situations that can be found in the domains of live performances, cultural holidays and even audio-visual albums.

7.2 Building Trust

Just as there is a large variety of situations, there are also a large number of pricing strategies. In the case of art goods treated as club-goods, the artist-enterprise may set apart certain distinctive products and try to earn the highest possible margin of profit on their sale. The real value has nothing to do with the satisfaction obtained by the consumer, which depends on the appreciation shown by other consumers and not on the product's inherent usefulness. As for interactive products, it is in the interest of the artist-enterprise to adopt a pricing policy that will benefit the first voluntary buyers or he may even use them as guinea-pigs to attract other customers by giving the product free to them. It is possible to launch promotion campaigns proposing a lower price if a purchase is made by a particular date and after the expiry of the date, the product can be sold at a considerably higher price. Thus conservative consumers will subsidize the bolder consumers willing to take a chance. If the choice is subjective, it is necessary to set a new trend. It would be advisable to highlight certain specific characteristics of the good after ensuring that they are suitable for consumer groups already existing in the market.

But generally speaking, the confidence generated by the artist-enterprise will be the corner stone of any pricing strategy. There are three ways of doing it: build and share a common view of things where suppliers and buyers can become partners; transform consumers into co-producers; hybridize cultural references.

7.2.1 Sharing a Common View: From Criticism to Marketing 3.0

How does one create confidence in a potential consumer of artistic goods and services? It is possible to use the skills of an expert specializing "in the reduction of incertitude" by hoping that the consumer's confidence in his judgement will have a bearing on the goods on offer. It is also possible to show the consumer that the enterprise shares the same view about things to create a feeling of complicity.

The world of art has long believed that criticism can help reduce the consumers' incertitude by offering them its expertise. In the beginning, art criticism tried to reduce the influence exerted by academies by putting forth a non-corporative view about the quality of works presented to the public [2]. In France, Roger de Piles opposed the intolerance of the academic doctrine during the conflict opposing drawing to the use of colours. The Academy took up the cause of drawing considering colour to be of little consequence. Roger de Piles took the opposite stand claiming that coordinating the effects of light and dark tones was something specific to painting. According to him, drawing does not have an independent existence in a painting. The Academy sent him a reply on June 12, 1671 upholding the primacy of the study of drawing, but at the same time recognizing the place of colour. After increasingly heated exchanges between the members of the Academy, Le Brun declared that, "those who grind [colours] would occupy the same rank as painters were it not for drawing". In his *Dialogue sur le coloris,* published in 1673, Roger de Piles renewed his charge by directly attacking the Academy and opposing the quality of Rubens' work to Poussin's even though he knew that the Academy has little respect for Rubens. Painters and writers ultimately supported this position while there was division of opinion within the Academy. De Piles thus played the role of an art critic by creating interest among the public in favour of his own position [2]. His criticism underlined that it is necessary to transgress the rules of art whenever needed to allow genius to flourish. Diderot, one of the first great art critics, supported this change when he said, "*Rules on art have turned it into a routine… They are useful for the ordinary man but harmful for the genius*" [2, pp. 131–134]. The critic's role expanded with the development of the art market. The critic somehow transcended his role of a well-informed specialist and became a kind of advisor to buyers. His neutrality is of the utmost importance and the existence large number of critics provides a guarantee to the consumers.

Can other agents also contribute to the reduction of incertitude? In his book *Creative Industries* (2000), Caves says that one of the principal mechanisms responsible for cultivating taste is the portal or, even better, the person who programmes the portal. Many sociologists believe that the effects of fashion are not at all natural but these "gatekeepers", who devote their energies to open avenues in which consumers can enter freely, can manipulate them. According to Blummer, a fashion is not decided by a few enlightened minds followed by a mass of buyers but by a process of creating an audience, beginning this those of write critical articles in magazines under their control [3, pp. 275–291]. Hirsch, who holds the same view, points out that the incertitude about how cultural goods will be received in the market can only mobilize the network of gatekeepers: "*Entrepreneurial organizations in cultural industries require competent intelligence agents and representatives to actively monitor developments at their input and output boundaries. Inability to locate and successfully market new cultural items leads to organizational failures*" [4, p.642]. Those who reduce this incertitude are known by different names. According to Caves, they act as both gatekeepers and certifiers. Howard Becker calls them aestheticians while for Rob Walker they are magical individuals.

Another way of gaining the consumers' confidence is to share with them the same view of things. By proceeding in this manner, it is possible to remove suspicions about opportunism and open the door to confidence.

Marketing is not always welcome in the cultural domain as there are many impediments to its successful implementation. The logic underlying the development of works of art should remain faithful to the logic guiding the artist and should not be affected by the expectations of consumers, who may not be well informed about the interest aroused by such products. In addition, different methods are used for accessing or acquiring cultural goods. In the classical process, the consumer recognizes the existence of a need that requires satisfaction, looks for means to satisfy this need and chooses what he wants keeping in mind his financial constraints. But visiting a museum, watching a live performance, buying a record may satisfy more complex needs combining utilitarian and symbolic dimensions, individual and group dimensions, etc. Finally, the cultural consumer is not necessarily the person who places the order, nor is he the client. In the case of cinema, for example, clients are those who consume; in the case of heritage, the clients are the local municipal authorities, while the users are the actual visitors to these sites; in the case of leisure-time activities, those who dictate the choice may be families, financers, local municipalities and users, children, etc. It is therefore unusual that the same person should simultaneously be the tax-payer (financer), citizen (decision-maker) and user (consumer) who has been described by some as a “3C” user [5, pp. 131–132]. Despite these reservations, Arts Management has recognized the importance of cultural marketing. In 1982, Holbrook and Hirschman showed how the group dynamic of young music consumers conjured up the group dynamic of a “tribe”. In 1983, Hirschman pointed out the limitations of the classical concepts of marketing in the area of art goods: “*It is proposed that the marketing concept – as a normative framework – is not applicable to two broad classes of producers because of the personal values and social norms that characterize the production process. These two types of producers are artists and ideologists*” [6, p. 46]. Referring to the work done earlier by Mokwa & alii in the 1980s, Colbert & alii (1993) showed that by resorting to innovative practices, suppliers of art products bring into play “prototyped” products which do not necessarily have a market and whose success is therefore impossible to predict. To support this innovation logic, marketing should be focus on the work as well as the artist and only then turn its attention to the search for a “potential market” [7].

Hence it is not a question of elementary marketing and we are closer to *4C marketing than to 4P marketing*. In 1960, McCarthy identified the four major components of 4P marketing: product, price, place and promotion. In the last decade, several people have stressed the simplism of the 4P theory when applied to the cultural domain: competition with other forms of leisure becomes complex, including those connected with the Internet (streaming, video games, films, music); the demand for active participation of consumers is increasing, like *Harry Potter* fans who participate in forums to discuss what will happen next [8]. All this puts in perspective the importance of price in the decision to consume. A study conducted in 1996 of four big American cultural organizations concluded that 41 % of consumers were more concerned with the content than the price and only 8 %

among them considered price as a determining factor: “4P” marketing thus made way for “4C” marketing (Consumer, Cost, Convenience and Communication) [8, p. 14]. According to the 4C theory, instead of concentrating on the product, marketing should concentrate on the consumer and his requirements. Instead of looking only at the sale price, marketing should remember that the price is only a small fraction the total cost of art consumption. Instead of being able to access the product everywhere, marketing should find out if it is convenient for the consumer to access it in the places where it is found [8, p. 21]. Finally, instead of providing unilateral information about the advantages of a product, marketing should open a debate with potential users to adapt the product to the manner in which it is consumed and find out if they are satisfied with it. The enterprise should therefore agree to adapt the product on offer so that it meets with the users’ aspirations and their active participation will then determine the final quality of the goods or services provided. Marketing is becoming more comprehensive and moving from marketing 1.0 by going up a one-way street to reach marketing 2.0 or interactive marketing just like Web 2.0.

It is now being suggested that we should move even further and envisage marketing 3.0 [9]. Consumers will not buy just for the sake of buying: they will buy if they can communicate with enterprises whose values correspond with their own. For effective marketing, it is necessary to recognize an appropriate area that is common to the supplier and the buyer. Unless the supplier enters the area and makes himself known, he will not be able to attract the consumer’s attention and claim his time. Fair trade, where producers and consumers work together because they both want to attain the same values of sustainable development, is an example of this type of marketing. Kotler & alii have explained this movement by dividing the marketing strategy into three phases: attention, comprehension and value. In the first phase, the enterprise tries to attract the consumer’s attention. In the second phase, it tries to introduce an element of closeness or emotion. In the last phase, the enterprise should appear to consumers as a source of identity, integrity and value. Because of this, the artist-enterprise’s commercial success does not depend solely on his image among consumers, the general public or an audience.

7.2.2 *Changing the Consumer into a Co-producer: Hello Kitty and Pokemon*

Many artists want to cross the boundary that separates them from the public and get the latter to participate in the creation of a work of art. It is one of the oldest artistic traditions going back to the Greek theatre without which the cathartic effect expected from the arts cannot be experienced. This idea has been expressed at regular intervals to define new theatrical spaces and new manifestations of drama. In contemporary art installations, it has acquired a new dimension with visitors being invited to move an object, change the lighting, etc., giving the work the meaning they desire!

Surprisingly, cultural enterprises have now adopted a similar approach by producing figurines or little characters to open up a double possibility for those who acquire them. The user can create an imaginary world that he or she can change at whim. It has also led to the expansion of the capitalist market economy with the inclusion of an economy based on the exchange of gifts, as these objects lead to an infinite number of exchanges that strengthen a personal imaginary world. By making consumers feel confident that they can create the universe they desire and by encouraging them to share their adventures with others, these producers rebuild the confidence of shattered individuals and help them to find a meaning to their life. There is no doubt that the Japanese cultural industry provides the best example of this movement, especially the makers of *Hello Kitty* and *Pokémon*.

However, circulating pictures of characters or figurines is not a new idea and one can go back in time, much before Walt Disney, to show that the birth of a print industry in Epinal in eighteenth century France led to an intense activity centred around the purchase and exchange of prints. It was a way of teaching children as well as a means of entertainment, information and political communication [10]. The *Imagerie d'Epinal* prospered in the town of Epinal where the Pellerin family produced playing cards and dominoes (wallpaper of the period) as well as religious pictures. In 1796, Jean Charles Pellerin, who was a clock-maker, wood-carver and manufacturer of cards and wallpaper, realized that enamelled clock faces were no longer in demand. So he replaced them with clock faces made of printed-paper and coloured with the help of stencils. When the Revolution broke out, he replaced religious subjects with secular subjects and later put political subjects side-by-side with secular subjects to avoid press censorship. These prints, which often contained riddles, became increasingly popular but after a while they came under the influence of the media and were treated simply as an expression of idiosyncrasy [11].

In Japan, this movement goes back much further in time because the making of prints – called *manga* in Japanese – has always been a major artistic activity. The vogue for prints joined the floating world to describe the principal elements of Japanese society, from the depiction of emblematic landscapes (numerous views of Mount Fuji) to the portrayal of actors in the streets and on the bridges of Edo (as Tokyo was known earlier) [12]. These pictures were widely circulated throughout the country where people needed permission from the Shogunate to travel. They expressed three fundamental dimensions of Japanese culture: the predominance of visual representation (the Japanese language is based on pictorial signs rather than on alphabets), the custom of giving gifts which obliges the recipients to give return-gifts and the shortage of space which makes them suitable for use in homes as they not occupy any space [13].

Hello Kitty
The popularity of this picture industry became apparent with the emergence of *Hello Kitty* and the philosophy of its creator Shintaro Tsuji. There is no religious or political messaging here as in the case of the Epinal Prints nor is there a mascot as with Disney. There is a set of characters defining a good that is supported by another good, not to promote its sale but only to send a message and to communicate. These characters are used to prop up a generic product that is usually quite ordinary and they confer upon it a special significance in the eyes of its owners.

The images are inspired by a trend popular among pre-adolescent girls defined by cheerful pictures often drawn by hand (the *Kawai* segment of popular Japanese culture). The drawings are simple and devoid of sharp contrasts. Natural elements that are included are metaphorical and soothing (e.g. stars). The idea is to be “cool”. To understand this complex combination, observers must lose themselves in a world of fantasy, a fantasy connected with things that makes you forget the hardships of your daily existence, for example by letting you play with your mobile phone when you spend long hours commuting by public transport. This fantasy is an invitation to build your own universe, your own dream world.

Shintaro Tsuji, the first person to understand the full import of this venture (even though he claims that he did not expect it to be such a tremendous success with a turnover that soared from zero in 1969 to US$ 6.1 billion in 2010), was the founder of the company *Sanrio* that launched *Hello Kitty*. He started his venture with the production of ordinary goods, but soon realized that they sold very well if they were embellished with pictures of flowers [13, pp. 62–66]. To increase his profits, he hired artists to draw pictures, which he treated as a source of intellectual property and not just a trademark. Initially, the artists were hesitant to create a brand based on an animal, something that had already been done by Disney. But finally they opted for a figure that was close to a cat but was actually a little girl, soon followed by a bear (*Pinny-Mu.*) The simplicity of these characters was intentional: the idea was that the pictures should be easy to understand and should also encourage collectors to exchange them (or the clothes designed for these characters); at the same time they should be meaningful. According to Shintaro Tsuji, the drawing of *Hello Kitty* was chosen from among several sketches because she is cute, wears a bow which symbolizes her desire to brings people together. However, she has not been given a mouth in order to stress her kind-hearted silence and make it easy to attribute the desired meaning to her.

A person who owns this figurine and displays it feels that it improves her image and her day-to-day life. She can give it whatever meaning she wants because the characters are simplified and open to different interpretations: what is important is to give free rein to one’s imagination. The characters displayed on objects of everyday use – purses, wallets, mobile phones or computers – confer a special image on their owners in the eyes of others. This is particularly true of young girls who walk on Sunday afternoon in Tokyo’s Harajuku district where each one describes her own imaginary world and tries to share it with others. This is often called a *Lolicom culture*, though it has little to do with Nabokov’s novel! Some criticize this phenomenon because they feel that young people behaving in this fashion lose their identity. But they forget that these young people are really trying to escape from the restrictions imposed on them by an often stifling society, while seeking a certain amount of personal solace: "Once the products have been depersonalized, the characters give them a different personality… All these elements end up by overcoming the feeling of alienation that is imposed on us by this merchandise." Sanrio franchises its characters only for products of daily use.

The market economy continues to circulate pictures of this meaningful character. It encourages those who have these pictures to exchange them with others. It gives rise to a whole system of gifts and return gifts, so that the imaginary world thus created also becomes an imaginary society. The founder does not leave us in any doubt on this issue when he says, "Selling something which people want to buy is one of the ways of doing business …But I thought, goods that I want are also something other people want. So we wanted to make goods, which people want to send to somebody as a gift. The idea is that goods are for social communication purposes and that has been accepted worldwide." This habit of giving gifts is based on a strong tradition of communication prevalent in Japanese society: if you receive something free, you must also give something, an unending cycle that can be quite costly. It is therefore necessary to find a balance between this compulsion to give gifts and the cost of the gift, and Sanrio seems to have found it by fixing a very low price for the pictures that are constantly exchanged. As the number of people participating in this kind of communication is very large, a giver does not have to keep in mind the specific nature of the receiver when choosing a character for gifting [12, p. 50]. The makers of *Hello Kitty* have gone even further – they are not just content with creating a free and meaningful world. They see it as a means of smoothing over tensions within families. Rather than face direct confrontation, which is generally unpleasant, family members find it easier to discuss things by becoming a part of this imaginary world.

Economic success has accompanied artistic improvement in this case. There is little to discuss about the economic success of this venture: 22,000 products, an annual turnover of half a billion dollars between 1978 and 2002, a recognition rate of more than 80 % among young Americans in the 18–23 age group! After the success of the first character, the continuity of artistic creation has been maintained, underlining a typically Japanese characteristic: the fear of being confronted with a single model that could become oppressive. Entire families of characters are thus being marketed: *Chiizuikka, Mamemoga* (a minuscule whale), *Tarepanda*, the ubiquitous animal whose name literally means "the dreaming panda", *Buru Buru*, a dog without a mouth which does not bark, etc. These kind and charming characters have an enduring communicative value: absence of force, absence of a precise message, absence of a changing pattern, all elements that give free rein to the imagination of those who have them so that they can give them any meaning they wish.

Though the phenomenon of *Hello Kitty* has been exceptionally successful, it would be a mistake to limit its success only to the use of pictures. The production of tiny characters, usually less cheerful than those associated with *Hello Kitty*, has led to the same conjunction between artistic improvement and economic profit, like *Pokémon* for example.

Pokémon

In a book that is frequently used as a reference, Allisson talks of the *pokémonization* of the world and it is very likely that this description is not at all exaggerated [14, p. 214]. Here again, the movement is quite old and its origin can be traced back to the years following Japan's defeat by the United States. This defeat provoked the Japanese to rethink their way of looking at their surroundings and concentrate on what would one day become their major strength: the integration of technical phenomena in a natural environment, a fusion of the human being with the robots that he builds.

The story began in the 1970s with the creation of *Doraemon*, a cartoon character in the form of a small blue robotic cat with a big head and big wide-open eyes, who lives with a sweet little boy. This cat has several instruments that can be interchanged with those belonging to its master. Thirty years later, in Pokémon, the environment had changed considerably and the world of fantasy was replaced with a fictional world. This time, its protagonists were not content with attracting objects and controlling them but they wanted to catch monsters and train them [14, p. 50]. What started as a part of the market economy is now an economy based on the tradition of giving gifts. Not only can the characters be transformed, but they can also be exchanged with other people having similar characters.

In the beginning, *Pokémon* was only an element in a video game. It was bought 6 years after its creation by Nintendo, which introduced lot of technological changes. So it became a *manga,* then a set of trading cards produced by the *Media Factory*, then a cartoon and finally a very large number of toy figurines whose pictures figured on a lot of products ranging from bags of rice to aeroplanes! [14, p. 217] But one thing that remains constant and faithful to the spirit of its creator, Tajiri Satoshi, is the image of a "being" that is capable of facing warlike situations and also communicating gently. The fact that these characters were born in a very simple but interactive game makes *Pokémon* a universe that brings people closer to each other. Tajiri believes that it is possible to recreate a world that disappeared after the commercialization of social relations by capitalism: the world of direct personal relations. So he created an interactive setup where relations are literally fragmented, and there is nothing to stop these figures from being exchanged and re-exchanged. As Allisson writes, one of *Pokémon*'s messages will be to graft an economy based on the exchange of gifts on an economy based on accumulation [14, p. 219].

There is however a significant difference between *Hello Kitty* and *Pokémon*. The world of *Pokémon* gives less importance to gentleness than the world of *Hello Kitty* and leaves less space for the creation of a cheerful fictional world. It is still possible to give a meaning to the universe, but this time it is a changing universe whose boundaries are being pushed back by us. The virtual world becomes the basis of a person's self-realization; it is a world where, once again, the boundaries between humans and technology are porous with the individual ending up as a prosthesis of varied elements. Technology is omnipresent here while it is totally absent from *Hello Ketty* and (for the record) purposely hidden in Disney's creations. Thus we find a world where as Allisson puts it, "*Pocket monsters, the currency of the play* *here, are simultaneously traded and accumulated; they build capital for the player but also relationships with others. Pokémon are gifts as well as commodities and the communication Tajiri and Nintendo so self-consciously intended for this playscape evokes a premodern past but also a postmodern future of virtual relations, animated commodities, spirited getting… The monster economy laid out by Pokémon simultaneously serves as a template for, and corrective to, conditions of millennial capitalism*" [14, p. 221]. Is this a purely Japanese strategy? Certainly not, if one were to believe Allison and Uchida according to whom the profits earned abroad are considerable, reaching billions of dollars! But this has been possible because of adaptation, which raises the more common problem of cultural hybridization.

7.2.3 Cultural Hybridization

How can value be created in the world market? Here too, several Japanese companies have shown themselves capable of understanding not just the advantages of exploring other markets but also of establishing themselves in these markets.

This trait, popularly known as *Japan Cool* or the *J Culture*, has caught the fancy of ethnologists and sociologists. Many of them use as a reference the book written in 1990 by Appadurai which describes the dimensions of the cultural hybridization process: people capable of understanding the stakes involved (*ethnoscape*); ideas (*ideoscape*); images translating this hybridization (*mediascape*); machines to broadcast them (*technoscape*) and flow of funds (*finanscape*) [15]. According to Appadurai and others, these conditions are present in Japan, which has entered the leisure and culture markets and its companies have been extremely successful. Moeran draws attention to another point: while American culture constantly stresses its American character, the Japanese have been promoting their culture as an "odourless" culture since the 1980s, which incidentally led Murakami to vehemently denounce it during his exhibition in New York, ironically titled *Little Boy* (the name given by American pilots to the bomb dropped on Hiroshima) [16, pp. 5–8]. Also, it is necessary to understand what we mean by culture, a meaning that corresponds to Adorno's definition: "*The culture industry fuses the old and familiar into a new quality. In all its branches, products, which are tailored for consumption by masses and which to a great extent determine the nature of that consumption, are manufactured more or less according to plan. The individual branches are similar in structure or at least fit into each other, ordering themselves into a system almost without a gap*" [17, p. 85].

This desire to eliminate the Japanese influence on cultural products in order to increase their value in foreign markets, mainly American and Southeast Asian markets in this case, is not natural. Undoubtedly, these products do not bear very distinctive signs connecting them with Japan, but this is the result of a serious effort on the part of the Japanese [18].

In his remarkable book, Allison gives an example of this effort in the case of the *Power Rangers* invented in Japan and then distributed in the United States [19, pp. 93–127]. In post-war Japan, the myth of super heroes, associated with the individual exploits of Japanese heroes from the Middle Ages and the technical possibilities made available by the growing robotization of Japanese society, is becoming increasingly popular. Its first representation was however quite gentle, a child called *Tetsuwan Atomu* who showed the Japanese that the atom could be used for purposes quite different from their tragic experience of 1945. This led to a succession of characters capable of changing into space heroes, possessing – thanks to technology – extraordinary powers that even allow them to "morph". In addition, other groups of heroes gave birth to figures called *Go Renja* (The Five Rangers). This collective dimension played a determining role in their success because groups of children, essentially boys, could morph into Rangers. Finally, the creation of *Power Rangers* marked the passage of Fordist cultural industries to a postmodern cultural system because it played with the shapes of tools used as instruments of defence with each one deciding what it wanted to morph into [19, p. 97]. Allisson compares this world created for entertaining children and the world their parents face in their working life where Japanese entrepreneurs highlight polyvalence and flexibility.

The adventures of these five rangers capable of physical transformation were made into films. But though these films were very popular in Japan they did not meet with the same success in the United States. These five characters did not particularly move the American public, as they did not visibly conform to the Hollywood code. The American company (Fox), which collaborated with the Japanese producer (Toei), changed some of the components: it was necessary to have well defined enemies and clearly marked action, give more importance to space than to natural events (which receive more attention in Japanese mythology) and, finally, substitute American dress wherever the character's Japanese traits were too obvious and therefore appeared strange to the American public. The new series, presented in 1993 at the same time *Jurassic Park* was released, was given a significant title, *Mighty Morphin Power Rangers*, and became very popular. The behaviour of these rangers was closer to that of Hollywood's super heroes than to the moral code of the Japanese *samurai*. Of course, this boosted the sale of action figures and as the chairman of the Japanese company said, "The show is a fantasy and the toys make this fantasy possible."

Another featuring a team of magical girls followed this series featuring the five rangers, but this time the characters were more concerned with the latest fashions than intergalactic fights, even as they showed that a group of girls working together can reach a high level of solidarity and efficiency. Called *Sailor Moon*, this series found it more difficult to gain acceptance in the United States because there was too much stress on clothes and hairstyles. Further, according to those who understood the hidden meaning, there were fairly frequent allusions to the girls' sexuality and possibly violence in their relations with others. The hybridization which made their success possible in the United States resorted to two ploys: a marked change in their style of dressing and the elimination of anything that could in any way provoke sex or violence. But after the dolls were changed, the young American public accepted the new films more readily than the originals [20, pp. 128–162].

7.3 Significance and Limitations of Traditional Management Tools

A large number of tools have been suggested by the proponents of Arts Management to help cultural enterprises to define their pricing strategies, such as the SWOT method, the product cycle, analysing the obstacles to entry, etc. Without referring to it directly, these tools can introduce some of the elements needed to build confidence. But they also tend to misjudge because they are not very sure if the analysis should concentrate on the conjunction between the two dynamics of artistic improvement and economic capitalization. We will explain the difficulties that are encountered by two of these methods, the SWOT analysis and the product cycle.

7.3.1 The SWOT Method

The *Swot* or *Atom* method is the one that is most frequently recommended for analysing the value created by an artist-enterprise. It proposes a logical sequence that successively identifies strengths, weaknesses, opportunities and threats. To demonstrate its pertinence, we will assess the results of its application to four cultural enterprises: a cultural centre, *La Condition publique* in Roubaix [21], two cinema halls in Paris, *Le Latina* [22] and *La Pagode*, and a publishing house, *La Table ronde* [23].

First let us consider the *strengths*. One of the major strengths of *La Condition Publique* is its personnel since its recruitment policy stipulates that one third of the persons employed by it should belong to Roubaix, which means that its staff and the local population have similar expectations. State support is also considered to be strength since state subsidies account for 75 % of its revenue. The third strength of *La Condition Publique* is the choice of programmes, which are sufficiently diversified to satisfy the demands of local communities and individuals. *Le Latina* is a cinema hall, which specializes in showing Latin American films and also organizes other events. Its trump card is that it only shows films in their original version and in a convivial atmosphere having developed an identity that is halfway between a cinema hall specializing in art and experimental films and a cultural centre. Its location in the Marais district enables it to attract a fairly large audience. In fact, what this analysis underlines is that a structure of this type can survive only in the midst of a big metropolitan city. *La Pagode*, which is the only cinema hall in Paris's 7th arrondissement, offers a very unusual choice of films and boasts of a film club that gives a free hand to film actors. Located in a unique architectural setup that is particularly suited to promotional events like film previews, it has all the advantages enjoyed by notified historical monuments such as tax exemption on expenditure incurred for repairs. In addition, it must be remembered that it is the only cinema hall in Paris's richest neighbourhood, which means that its inhabitants have enough time to see what is going on in the cinema hall. In the case of *La Table ronde*, it is claimed that its small size enables it to centralize all its decisions and actions. This gives it a human face and allows it to make the most of its staff's ability to react to external stimuli and receive its authors in the best possible conditions. It is however doubtful whether these arguments can really be determining factors in the publishing market.

What about the *weaknesses*? One of the most obvious weaknesses of *La Condition publique* is its lack of profitability, which explains its deficit (30 % in 2011). Another weakness is that it is under the control of regional authorities as well as the central government. In the case of *Le Latina*, its programming is unpredictable because of the uneven public response to art and experimental films, and it sometimes happens there is no change in the programme for 3 months because it has not been able to get new films. In addition, due to the lack of clientele for matinee shows, the cinema cannot make full use of its equipment despite selling tickets at a reduced price. Finally, the paucity of resources prevents it from expanding its publicity efforts that would increase its audience; it therefore depends essentially on written communication. But these weaknesses are only the negative side of its strengths! *La Pagode* suffers because of the fall in cinema audiences in Paris even though it accounts for only 0.1 % of the French capital's cinema seats (16,000 occupied seats per year). There is no doubt that it is located in a rich neighbourhood but most of its population is ageing. In the case of *La Table ronde*, its small size, which is considered its strength, becomes a weakness from the viewpoint of authors looking for the advantages of a big publishing organization in term of means and profits.

What are the *opportunities*? One opportunity for *La Condition publique* is the use of new technology. Another opportunity is its legal transformation into a public institution of cultural cooperation, which allows it to apply for subsidies directly without having to go through intermediaries. But this procedure depends to a large extent on factors beyond its control, which does not allow it to frame a proper strategy. *Le Latina* is very sensitive to everything concerning the Latin American world. Thus the programme *Brésil en fête* allowed *Le Latina* to increase its audience at least for some time, through a series of documentaries, festivals and retrospectives on Brazil. Once again, it is dependent on external factors as the network CultureFrance organized this programme. Since it is located in an upper-class neighbourhood of Paris, *la Pagode* is supposed to have a local clientele from a well-educated high-income group that can appreciate the artistic dimensions of films. However, the number of cinemagoers is going down and this cinema hall has put all its hopes in its membership of the *Gaumont* network and the use of the membership card. In *Table ronde*, the increasing involvement of editors and their close relationship with authors are considered to be the main opportunities.

What *threats* do these cultural organizations face? *La Condition publique* is severely threatened by substitutes like films and sports. In addition, the public does not seem to be particularly interested in its programmes as if it were enough to have a cultural organization without any obligation to participate in its activities. Finally, having to live on government subsidies puts the organization in a permanent state of subservience. Competition from multiplexes is the principal threat to *Le Latina*, because of the different kinds of "passes" introduced by the big distribution networks. *La Pagode* suffers due to competition from cable networks showing films, the availability of films in DVD format and pirated copies. For *Table ronde*, the main threat is the accumulation of deficits over the years.

These analyses are quite useful as they provide information about factors that play a determining role in the life of artist-enterprises. However, they give rise to reservations on four counts. They are tautological since strengths represent one side of the coin and weaknesses the other and the same is true of opportunities and threats. Though it may be the same coin, its significance changes depending on whether you are looking at the head or the tail. These analyses refer more often that not to possible solutions that lie outside the enterprise or to a restructuring of their surroundings, which is beyond their control. The underlying approach, which depends on certain benchmarks during each of its four stages, defines the situation of the enterprise in relation to its mainstream, or in terms of relative advances and delays. They are therefore static perspectives leading to the announcement of a few modifications rather than the identification of the path that should be followed. Finally, what emerges from all this is that there is no analysis of the links between what could be a dynamic of artistic creation and a dynamic of economic viability. Internal debates have been marginalized and the future of these enterprises is generally expected to depend on a *deus ex machina*.

7.3.2 The Product Cycle Method: The Example of Contemporary Theatre

Management experts claim that the approach of the product cycle method is worth diagnosing and recommending. This approach assumes that every new good or service passes through four successive phases: introduction, growth, maturity and decline. The method therefore consists of finding out at which stage of the life-cycle the product is currently placed so that suitable measures can be taken: make sure that introduction leads to growth; ensure that development follows the widest possible expansion; make the maturity phase last as long as possible; manage the decline by gradually redeploying resources mobilized until then to take advantage of other opportunities. But in the case of artistic activities, these four phases must also include the specific attitudes of consumers of cultural goods and services. In the introductory phase, consumers are innovators; during expansion, they are "early adopters"; during maturity, they are late adopters; and during the decline they are latecomers.

To analyse the relevance of this method, let us consider the case of contemporary theatre and the future of organizations that are trying to develop it. No matter which theatre it is, it is currently very difficult to ensure its viability, especially when it is a question of moving away from a popular repertoire to embrace contemporary theatre. An essentially avant-garde movement, contemporary theatre traces its origins to the *Théâtre Libre* (Free Theatre) established en 1887 by Antoine, a stage actor and director who was keen to break away from old theatrical conventions. His work is usually characterized by trans-disciplinary productions where cultures, themes, languages and actors meet in the same space. He does not hesitate to select themes like violence and the world's dismal condition.

How can the product cycle analysis be applied to this case? The introductory phase is rather slow. It takes time to convince consumers to see a contemporary theatre production, and pay for it. It is necessary to prove oneself in terms of potential as well as in economic terms and a number of seats are usually set aside for special invitees (institutional, financers, programme planners, journalists, networks), laying more stress on the promotional aspect than on the sale of tickets. The demand is expected to increase during the growth phase. Lowering the price of tickets could stimulate it; but this measure could also be interpreted negatively, in which case the alternative would be to sell the tickets online at a lower price so as to reach out to new groups of consumers and provide more external stimulation. Maturity implies that problems relating to the recognition of the production's quality have been overcome: the play is a success or/and the hall is sufficiently full so there is no increase in the deficit. Regardless of success, this phase is shorter in the case of contemporary theatre than other cultural products: a play is presented in the same hall for a period lasting from 4 days to 2 weeks and true maturity consists in presenting it in other circuits or in other halls. When the product enters its phase of decline, several decisions are available to the artist-enterprise: withdraw the product from the market; maintain the status quo vis-à-vis its competitors; expand its activity. Maintaining the status quo is not feasible because each show involves considerable expenditure, which will turn into a deficit. Withdrawing the product from the market at an appropriate time makes sense only if the producer is ready to stage another play in its place. Two alternatives can be envisaged: "working-progress", which means showing the public a play that is still going through the production process, and public readings to test the acceptance of the new product that is being planned.

In actual practice, both these methods are very common: the play is quickly withdrawn which means that the introductory phase has not led to the expansion phase; the play is a big success, but its maturity phase is cut short because of the unavailability of the hall where it is being staged or the unavailability of actors who have to honour other commitments. In such a case, it is possible to use other mediums like cinema to promote the product or to move to other circuits, perhaps in other countries. The choice of solution depends on the direct relation between the public and the product being offered. Rather than speak of consumers as implied in the product cycle theory, it is better to speak of a public because we find ourselves in the presence of a double effect already mentioned in this book: the snowball effect and the fashion effect. These effects, which refer to the manner in which the challenge posed by incertitude can be overcome, are more important here than the product cycle.

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Chapter 8
Challenge of Attention, Curse of Liquidity

Once artistic goods are recognized, it should be possible to realize their value. But it is said that the absence of adequate purchasing power makes it difficult acquire artistic goods. This has given rise to the debate on the importance of public grants and patronage. One of the biggest challenges today is the difficulty of monitoring how contents are used following the disappearance of containers and the dematerialization of goods. In this age of digitization, this challenge has become crucial and has led to the proliferation of new business models such as *Freemium, Wikipedia, Google, Open Source*, etc.

Even if this problem is solved, artist-enterprises are faced with another challenge: the problem of raising funds. They should be able to bear heavy costs even before the good can be put on the market and without any certainty of being able to cover the costs already incurred! Film production is a striking example of this challenge: it is necessary to spend hundreds thousands of Euros, if not millions, without being sure of the returns on this investment and there is every possibility that it may end up in a loss. Every time Spielberg directed a film for Universal Productions, it was said that it would either be his highest earning film or that it would be his last. But this is also true of activities other than film production! The problem of raising funds takes precedence over all other considerations and obliges artist-enterprises to look for new pricing strategies and pool resources from several potential financers.

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8.1 Realizing Value in the Age of Digitization: New Business Models

8.1.1 From the Risk Posed by Copying to the Possibility of Getting Recognition

When the intangible element in artistic creation can circulate without any restrictions and even without a container, it becomes difficult for the artist-enterprise to claim ownership of its value.

It has been suggested that one way of solving this problem would be to provide free access to information which would make users aware of the advantages of paying for a good and respond more favourably to the call of the market. This debate, which generally revolves around music, is more complex than it appears. Consumers downloading music from the internet can discover new musicians while record companies can mobilize new sources of income in spite of online piracy. A study of the behaviour of students in French institutions of higher education (*grandes écoles*) revealed that after downloading music files, 70 % of the students questioned were prompted to buy CDs that they would not have bought otherwise [1]. In fact, as Moreau points out, we have two opposite types of people: those who download a lot of music files and then buy CDs (explorers) and those who download them but hardly ever buy CDs (pirates) [1, pp. 79–96]. The former delete more than half of the downloaded MP3 files as compared to the latter preferring to buy CDs instead. But in 2007, Liebowitz indicated that the increase in the number of young internet users was accompanied by a fall in the sale of records. Presuming that this is true, it is still advisable to ascertain whether a ban on file copying would remedy the situation. Referring to Gary Becker's stand on copyright, many feel that piracy is not really affected by legal restrictions: irrespective of the penalty, the real deterrent is the likelihood of a prison sentence, which in this case is very slight for a number of reasons [2, pp. 227–46]. Record companies are therefore obliged to consider new business models: should they make the original more costly since its possession is bound to generate a large number of copies? Or should they sell music online at a very low price?

This debate holds one lesson for us: whatever the business model, it is necessary to catch the attention of potential users. Thus "attention" itself becomes a value and the first condition for appropriation. As Herbert Simon pointed out, when there is plenty of information available, we tend to pay less attention to it: "*... in an information-rich world, the wealth of information means a dearth of something else: a scarcity of whatever it is that information consumes. What information consumes is rather obvious: it consumes the attention of its recipients. Hence a wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it.*" [3, pp. 40–41], The internet has only exacerbated this problem with the constant increase in the number of screens, hypertext links and blogs in both public and private spaces.

The print media stresses the importance of fulfilling this condition when adopting new business models. A marketing strategy, known by the acronym AIDA (*Attention Interest Desire Action*), associates the creation of attention with the formation of desire and the passage to action, which in this case leads to a sale [4]. In the first stage, attention is exchanged for information; in the second stage, a good is offered for sale to the person whose attention has been gained. In the beginning, attention is focused on the demand for leisure and cultural activities, which are similar in nature, but gradually with the help of search engines, it becomes possible to capture and hold the attention of more specific audiences, in the hope of creating a dynamic link that will continue in the future between a spectator of artistic programmes and a supplier of non artistic goods. This model, which gave birth to an entire series of analyses grouped together under the heading *double-side*d models, is giving rise to more problems instead of solving them because there could be a conflict of attention. When advertising finances the print or any other media, it is assumed that we are all influenced by advertising, but it must be borne in mind that there may also be people who have an aversion for advertising. When advertising influences a majority of its readers, a newspaper can depend on advertising revenue and reduce its price. But when the majority of readers are averse to advertising, the newspaper cannot depend on advertising revenue and has to raise its price. In an extreme case where there is complete aversion to advertising, the only source of revenue will be the volume of sales, in which case there is just one side and the user is the only payer.

8.1.2 Free Distribution: From Free to Wikipedia

Providing a product totally free would certainly have been considered an act of foolishness a few decades ago, even though the media had already started providing some services free because their production costs were covered by revenue from advertising. The first solution is therefore quite simple: all or some consumers continue to receive a product free of cost because others are willing to pay a price that will cover the cost of the goods given free to them [5, p. 80].

In the first model, called the *free model*, the consumer receives support from another actor who is interested in attracting his attention: this model is based on a double-sided market where the free distribution of goods or services is financed by advertising, usually through the medium of what is known as commercial television. The print media has adopted this model with the Swedish daily *Metro* playing a pioneering role. The newspaper is distributed free in areas having a high concentration of readers, and its size has been reduced to match the time available to the reading public [5, p. 81]. This economy is therefore based on urban and peri-urban transport: the size of the readership is important and the time available for reading (as well as the volume of paper) depends on the time needed for commuting. The cost of paper and the expenditure on the editorial team are minimized while advertising revenue covers the costs of production and distribution.

This free access model, which includes the double-sided market model, has developed considerably in recent times with Google being the most striking example. The basic principle of the *Google business model* is the display of advertisements that will be seen by internet users looking for information on its site [6]. In this way, the time required for searching and obtaining information on *Google.com* is directly transformed into capital in the form of attention benefiting advertisers (*Adores*). But unlike commercial advertising which covers a huge mass of viewers, some of whom, though not all, are potential buyers, these advertisements "get adjusted" according to the nature of the search so that the relationship between the target and the message is quite close [5, p. 98]. The methods used for buying advertising space on the site are hence different from those in other media: the advertisers have to make a bid based on a key word so that Google can ensure that the value it has created is profitable. In this context, the effectiveness of advertising depends directly on the total number of internet users, which has led to an increase in the services provided by it (*Gmail, Googlemaps, Picassa, …). Google* has gone even further by displaying its own publicity messages on other sites (*AdSense*). These sites receive payment according to the type of internet users they are able to mobilize. Thus *Google* is at the centre of three segments: the segment consisting of advertisers who pay, the segment of internet users who enjoy the free services provided by *Google* and the segment consisting of associated sites which are paid according to the opportunities they provide. The income earned in this manner enables *Google* to finance its infrastructure, manage its relations with the threes segments consisting of internet users, advertisers and new associated sites and devise new methods to expand these segments.

The second model, called *Freemium*, derives its name from the contraction of the words *Free* and *Premium*: the user obtains a basic service free of cost on the internet but has to pay the cost price for additional services [5, pp. 82–83]. An example of this model is *Frick*, a picture-sharing site bought by *Yahoo* in 2005. Anybody can upload his or her pictures on this site free of charge but with certain restrictions on the number: since the storage capacity is limited, there is a monthly ceiling on the number of pictures that can be uploaded. On the other hand, by subscribing to the site, it is possible to upload as many pictures as you want and access other special services. This example underlines the two principles on which the *Freemium* system functions: the cost of the service provided free to users is very little and eventually some of the free users are expected to become paying users.

There is no doubt that the all-round champion is *Skype,* which, for a long time, has been considered either an enigma or an object of derision by telecommunication companies. How is it possible to reduce the cost of a very long distance communication, including video, to practically zero? The principle is simple: circulating communications via internet so that a large percentage of the costs is externalized. Users pay an access cost to the local server at a rate slightly higher than the cost of corresponding telecommunications. *Skype* has a very low profit margin but the number of users is so high that it is enough to finance infrastructure and service costs. It could be said that by adopting this business model, *Skype* has changed from a "telecommunications operator" into a software company. The conditions for the success of this business model are thus quite clear: externalizing almost all the costs incurred for providing the service to users and benefiting from the increase in the number of users to cover the costs incurred. The first condition was fulfilled by definition while the second was fulfilled in a short time because the system proved itself very attractive to users by providing them unexpected benefits. In 2008, Skype declared that it had registered 400 million users since it was set up in 2004, managed more than a billion calls and earned an income of $550 million in a single year in 2008! [5, p. 93].

The principle-underlying *freebie marketing* or the *razor and blades model* (also called *bait and hook*) is slightly different from the preceding models because, though it begins with free distribution, it ends up with the consumer paying for the product. In the beginning, when a good or service is offered free to the consumer, the producer has to bear a loss. But he ensures that the beneficiaries of these services will be obliged to pay for them later so that he can make up the initial loss and even earn a profit subsequently [7].

One of the earliest examples of this model was the strategy employed by King C. Gillette who, in 1904, distributed safety razors free to consumers so that they would buy the disposable razor blades manufactured by him in order to use the free razor. Today, mobile phone dealers use the model more commonly. They sell the phone at a very low price but insist on a long-term service contract from the user, which is very profitable for the producer. Everything depends on the speed at which the beneficiary can be drawn into the paying circuit and the ability to prevent him from leaving it! Brands and patents play a very significant role here because they restrict the consumer's choice to a limited space that he cannot leave without losing a lot of money. Apart from Gillette and mobile phone dealers, there are companies like HP, Epson and Canon, which sell inkjet printers at a very low price, but cartridges and accessories at a very high price.

Wikipedia illustrates the last model, which is known as the associative business model. It takes advantage of the coexistence of two types of consumers – free and paying. The former want a good that they can use without having to pay for it. The latter, on the other hand, are prepared to pay for the existence of a good to which they attach a lot of value even though they may not be able to afford it. The producer finds this advantageous because the consumers who are willing to pay will not hesitate to finance the consumption of those who are less interested. This applies to *Wikipedia,* which differs from the *Freemium* model since it is a model based on voluntary service and altruistic motivation.

The conditions for the functioning and viability of this model are not obvious. It assumes that there is a category of consumers who attach an existence value to the service offered even if they cannot use it themselves, an assumption that mostly applies to social activists and movements led by civil society. It also assumes that after some time, those who have benefited from a free service will join the ranks of those who have willingly subsidized this good or service and its future consumers. It is therefore necessary to maintain a link between the two categories of consumers since the costs incurred for one category are borne by the other.

8.1.3 Recreating Divisibility

Other strategies depend on the divisibility of the effects of cultural goods so that each of these effects is able to capture of values [8, p. 52 s].

In the case of *windowing*, the artist-enterprise tries to divide a potential art market into several segments. The content can be packaged in a wide variety of containers. For example, a film can be successively released to the public and shown in a cinema hall; it can be sold in the form of DVDs and Video on Demand; it can be shown on pay television channels, commercial channels and even free channels [8, p. 54]. This does not change the nature of the film nor does it rule out the possibility of it being illegally downloaded from the internet, but the main aim is to catalyze all possible forms of consumption in accordance with the different types of users and the means available to them. The real difficulty here is that the same potential consumer is addressed so that the opening of a new window will have the effect of eviction to another access model. Also, the sequence followed when releasing the film in different forms is of prime importance, to the extent that the difference of rules and regulations in various countries can create additional difficulties in the case of global products., [9, p. 323–333], [10, p. 297–322].

In the case of *versioning*, the producer provides different qualities or versions of a good, which are sold at different prices. Thus a book can be published first in a *hardcover* edition and after some time in a *paperback* edition or even in an electronic version, without ruling out the possibility of transcribing it in an audio-visual version [8, p. 55]. *Versioning* is a powerful economic model. Thus *The Lord of the Rings* was published and republished in a dozen forms in different series. By changing the form and the price it is possible to reach consumers who begin by being disinterested in a good and also those who find the initial launching price prohibitive. Though *versioning* is said to be vertical in the case of books, it can also be horizontal with the same content being differentiated to suit the requirements of each consumer. This is also known as *customization* (employed for some types of software). Here, the artist-enterprise may also find it advantageous to sell the content to a company dealing in a different area without the fear of seeing his own earnings go down. The market, which opens up after the first profit is registered benefits from the reputation acquired by the good as a result of the first deal. *Dora the Explorer*, produced by *Nickelodeon* in 2000 is a good example of this phenomenon. Launched initially as an educational programme for girls, this animated series has nothing to interest boys. But following its success, the Nickelodeon group launched a spin-off meant for boys called *Go, Diego*,*Go!* with Diego, Dora's cousin, as its hero. In both these cases there was an attempt to expand the market to extract as much value as possible.

The same content can also be used indirectly to create related merchandise or spin-offs which are open to direct appropriation. Several forms are possible: the sale of a film's music in the form of a CD; the use of a novel as the basis of a film-script or vice-versa, the use of an audiovisual product as the basis of a book; or, finally, and this is the best known form, the creation of products based on the characters of a film. From Walt Disney to *Hello Kitty* and *Pokémon* (or *Pocket Monsters*), these character-related products continue to proliferate and become more diversified. The competition between groups of consumers is still not as stiff as in the preceding cases, as fashion and imitation have a considerable effect [8, p. 57].

This strategy has become crucial in the audiovisual sector, as seen in the development of Steven Spielberg's career, Disney having always been way ahead of his time. Spielberg wanted his film to be treated as an *event film* while Julia Phillips, his producer at Universal Studios, believed that the cost of making it should be subsidized by a "cluster of products" with the *product film* itself becoming a product that could give rise to a whole range of related merchandise [11]. Spielberg's early films, Duel and Jaws, were meant to be event films. But when editing Jaws, his producer wanted to make it a *product film* in addition to an event film so that an unmistakable economic dimension would be added to its cultural character. There was a bitter conflict between them and the only concession that the producer could extract from the director was the marketing of tee shirts and books on the fear of sharks in the town of Amity. But Spielberg soon changed his stand and in his following film, Close Encounters of the Third Kind, he gave his consent to the manufacture and sale of several types of merchandise through a company he set up called *Entertainment Merchandising* and shared the profits from their sale with Universal Studios, which had produced the film. What followed is enough to make you dizzy. In 1941, he earned between 6 and 10 % of the selling price of a large number caps, swimsuits and fruit juices. ET was associated with almost 50 types of merchandise, including Hershey's candies used during the film's first scene to enable Eliot to win over Puck (many confectionary companies had refused to lend their name to this scene for fear of being seen as associated with a monster, not knowing that the film would become so popular with children). The peak was reached when Jurassic Park gave rise to a thousand different merchandising products! [11, pp. 68–129].

The last strategy recreates an indissoluble link between the content and the container such as video games encapsulated in video consoles. It is thus possible to control access to the content by associating it with a private, dedicated and exclusive support which has to be bought and does not permit any kind of copying or piracy. This bundling strategy can lead to a situation where manufacturers like Sony and Microsoft compete with each other to increase the sale of their consoles [8, p. 60]. At one time, video game enthusiasts who were very particular about their physical characteristics bought these consoles. The cost of making them was very high but their selling price could not be pegged at a high level due to stiff competition. This often resulted in a loss, which could be made good in two ways: changing the games as fast as possible to recuperate a part of the deficit and making their consoles compatible with games produced by other software companies to make them more attractive and earning some money on the side by distributing games made by other companies. Nintendo, however, opted for a different business model. The Kyoto based company wanted to give the general public a user-friendly product. Its *Wii* video games console is less sophisticated but its distinctive feature is its wireless controller, the *Wii Remote*, which can be used as a handheld pointing device that allows the user to run the programme through his own movements. As the console was considerably cheaper to run and independent producers continuously offered new programmes, Nintendo earned money on both sides of the market whereas Sony and Microsoft earned enough on just one side to make up for the losses on the other side! [5, p. 105–6].

An even more complex situation is one where one type of content needs to be associated with another type that can find buyers more easily. Let us take the example of a magazine: if it contains only political news, it does not interest art lovers, and if it only contains news about art it will not attract those who are interested in political news. It is to its advantage to simultaneously give both kinds of news instead of specializing in a particular area that attracts fewer readers. Group sales can increase profits because they actually reduce the heterogeneity of readers. The bouquet of television channels offered by a cable-operator is another form of *bundling* based on the diversity of contents.

8.1.4 The Long Tail Model: Selling Less of More

Chris Anderson's observation that the digital world offers new possibilities of capturing economic value is based on a very simple principle [12]. It would be an illusion to expect high profits by selling a few cultural products even if they are properly targeted. But it would be profitable to sell a large number of products in small quantities since several niche markets can be exploited simultaneously. This is based on the assumption that storage and delivery costs will be minimized but these two constraints do not affect the digital domain as it offers unlimited capacity for storing signs and enables the seller to respond rapidly to a demand. In addition, this model takes into account contemporary changes in democratization because many individuals are now capable of producing, recording and sending videos, music, software, etc. Finally, with the help of search engines it is possible to disseminate the required information at next to no cost.

Platforms like *Netflix, eBay, You Tube, Facebook, Lulu.com,* etc., make this strategy pertinent. Let us consider the last site, *Lulu.com*: its objective is to disseminate among potential authors the tools required for publishing their writings without being subjected to the restraints and obstacles in the distribution market. In addition, when there are more authors, there are also more readers because those who publish their manuscripts continue to download the writings of others in order to read them. Finally, though many manuscripts circulate in a digital format, the site also undertakes to print them on paper at a very low cost and to distribute them through other networks. This model can therefore be described as a multi-sided market where every participant becomes a side; and with the long tail model, it is possible to build up a large supply over a period of time. The traditional publishing system is thus turned upside down. A potential author is no longer obliged to go through a strict screening by publishers and distributors. Publishing and printing costs are much lower because they correspond to actual sales and there is no need to store unsold copies of books only to destroy them later.

One may think that this business model is applicable only to intangible goods, but it is also valid to tangible goods as seen in the toy industry. Thus the Danish toy company Lego, which has sold millions of small plastic building bricks since 1949, had to look for new methods of creating and capturing value in the face of growing competition from other toy manufacturers. To succeed, it accepted orders from consumers for special sets to build an original design with a large choice of shapes and colours. As these orders did not match in the beginning, it was necessary to manage a large number of slots in the hope that each one of them would eventually lead to value realization. This led to the emergence of a new economy for the Lego Group, which is now geared to supply original designs that it can profitably reinvest in later.

8.1.5 Resorting to Indirect Appropriation?

Even if the value of a good is realized, a particular artistic content can be consumed many times by a single user or by several users because it is intangible [13, p. 945–957]. In this case, the actual value of the content is determined by the cumulative value of its different uses, but it is best appropriated through the sale of the corresponding support, which is eventually just a single copy of the product. How can this cumulative value be appropriated? A classic example is public libraries where a particular book is meant to be loaned several times, a phenomenon amplified by the possibility of making an unlimited number of photocopies. The first principle in this case is to tax the original for future copies, as in the case of blank CDs. In addition, it is possible to discriminate between different categories of users in order to include the value of these multiple uses. Thus scientific journals have different subscription rates for individuals and libraries. When it is not possible to discriminate between buyers, there is an option of developing a market for goods on loan as in the case of video cassettes and DVDs.

8.1.6 Open Source, or Redefining Problems

But should an artist-enterprise realize the value of his creations on his own? As opposed to the traditional situation where an artist sought to capture the value of the products of his creativity, we now have a situation where ideas and programmes circulate in all possible directions and where it is not necessarily advantageous to give effect to the results of one's efforts on one's own. As Chesbrough points out, some firms may find it advantageous to look for ideas in other firms instead of within their own setup and get others to put into effect the results of their research. Baumol shows that American companies engaged in research and development certainly hold on to their patents but are more likely to entrust their implementation to others. Innovations can thus be easily transferred both inwards and outwards and a distinction is made between "Outside-in" innovations and "Inside-out" innovations. In the case of Outside-in innovations there is an agent wanting to use the creations of another person, community or company while in the case of Inside-out creations, artists-enterprises prefer to get the results of their work exploited by others or enter into partnerships for their exploitation. This movement is so strong that it is explains the reason for the disappearance of almost half the companies in the fields of plastic arts, design and video games, where a creator shuts down his company after ceding the rights to his creation and sets up a new business venture to take up another creative challenge.

8.1.7 Virtualizing Resources: Cloud Computing

Film distribution is now undergoing the same kind of changes that music experienced 10 years ago. For a long time film producers turned a blind eye to the problem by claiming that the threat was far from imminent, but today it is as easy to download a film as it is to download music on a USB port.

Film producers are therefore trying to respond to this challenge by hoping to that they can use virtualized resources against those who indulge in copying by creating a more sophisticated infrastructure known as "Cloud Computing". On the one hand, there is an array of extremely powerful computers spread all over the world, and on the other, there are personal tools like desktops, Smartphones, tablets, etc. used to download programmes at a cost much lower than the price of outdated DVDs. These tools just need an interface, internet and an application like Apple's iCloud. It is now possible to buy from Ultraviolet, a virtual video-library, most of the products of Warner Bros, Paramount Pictures, Sony Pictures and Universal Studios. The problem however is that this will not prevent hackers from using fictitious names and lists of passwords to hack into the system and download whatever they want to the detriment of other users. It could almost be said that producers protect their own interests by making honest consumers pay for the losses caused by dishonest consumers!

Cloud Computing not only raises hopes of selling one's products easily but also of producing them in better conditions, as producers can rent the services of powerful computers without having to invest in the machinery required for film production.

8.2 The Inevitable Problem of Raising Funds: The Curse of Liquidity

8.2.1 *From Movie Industry to . . .Adam Smith*

According to an "unwritten law" of the culture economy very few products are profitable although one does occasionally come across a product that promises better chances of offsetting losses accumulated by other products. This is without doubt an extremely optimistic assumption. In his analysis of Hollywood's film industry, De Vany has shown that profits are earned by a small number of hits and losses are spread over a large number of failures. He thus repeats the old Hollywood cliché: "*The profits from one film make up for the losses of nine other films*." [14, p. 1–34] But things are not so simple because to make a film, it is necessary to have ample liquid assets to finance its costs even before this 90 % negative and 10 % positive principle can come into action!

The film industry can be used as a reference in this case too. There are production, distribution and exhibition costs. While the last two costs are proportionate to the actual audience, production costs are incurred from the onset without any reference to the number of future spectators and must therefore be written off. The funds mobilized from the time the project is first conceived cannot always be recovered. The same is true of the costs involved in staging a show, preparations for which can sometimes take years. During this time costs accumulate as artists have to be booked according to their availability, auditoriums have to be reserved, sets and costumes prepared, rehearsals to be paid for, etc., without having any idea of the kind of reception the show will finally get from the public. The expression "sunk costs" needs no explanation: costs are sunk because they have to be incurred even if in a worst case scenario there is practically no demand for the show. And even if there is a demand, it will be necessary to manage the problem of funds to cover the expenditure incurred in the beginning, since even in the best of situations you need time to start making money and even more so if the show turns out to be disappointing.

In that case, why do artist-enterprises venture into markets where there is no insurance against such risks? Adam Smith provided an answer to this question in his analysis of lotteries [14, p. 24, 15]. When a person buys a ticket, the possibility of winning the lottery is not very high. But if many people buy lottery tickets, the amount to be won becomes more attractive inciting people to take more risks. In addition, producers soon realize that when the product in question involves the maximum risk, the best way to overcome the difficulty is to offer many more products or, as advised by Adam Smith, buy more lottery tickets. A very good example is that of literary publishing houses in France that bring out thousands of books less than 5 % of which are really profitable.

The artist-enterprise will thus begin the hard way, earning little or nothing and not even knowing if his earnings will go up after some time, but at the same time without ruling out the possibility of ample success. If the amount needed for the production of the film *Titanic* was $300 million, its consolidated receipts exceeded $2 billion! But the producer must have enough funds to start with without knowing for sure whether he will recover his investment eventually. The problems of pricing and looking for funds are weighed down by this incertitude.

8.2.2 The Pricing Pathway

The difficulty of raising funds is enough by itself to change the way prices are determined. Traditionally, the price is fixed so as to gain the maximum profit possible. In reality, this leads to two types of behaviour: either the company determines its costs for the quantity of goods it expects to sell and divides this cost by the quantity or it observes its competitors and fixes a price that will allow it to enter the market and remain there. But faced by the problem of not having adequate funds, the company must sell its products as fast as possible, and begin selling, if possible, even before the good or service is actually available. The initial *loss-leader* price must be low enough to attract customers and it can be raised after some time, which means following a strategy of gradually increasing the price instead of fixing it once and for all. Offering a product at a loss-leader price to attract customers is risky because it increases losses and delays the anticipated results.

This strategy is effective only if the good is distributed among consumers whose behaviour is observed by others or, better still, consumers who are in a position to influence others. Critics could be included in this category, but then they are be more likely to “support” the sellers.

One variation consists of launching the sale of a new product with a price that is lower than its cost so that consumers grab the opportunity and help the market to reach the required threshold in terms of the quantity sold. This is not easy because it is necessary to fix a deadline for reaching this threshold after which the price will be increased substantially. Thus book publishers announce that books will be sold on a subscription basis at a lower price before a particular date. Similarly, producers of stage shows will sell tickets at a lower price during the promotion campaign, museums will allow free entry on the opening day of an exhibition, etc. This is what happened in 2010 when the Greek government charged visitors to the Acropolis in Athens a very low entry fee of just €1, but the fee has been increased at regular intervals since then. However, the success of this strategy is unpredictable and two difficulties are likely to arise. Firstly, Competition Commissions or Tribunals allow loss-leader prices only if the quantities offered at these prices are sufficiently large and proportionate to the size of the market, which may go against the producers’ interests. And secondly, the consumers’ response will probably be negative once the price is raised: they may in fact decide not to buy a good which was recently available at a relatively lower price.

Since deciding a *loss-leader* price is a complex issue, it is better to decide the price once and for all and offer subscriptions to consumers right from the beginning [8, p. 60]. Their structure can be based on a number of formulas ranging from a discount proportionate to the number of entries to a high fee for the first visit followed by a decreasing fee for subsequent visits with several intermediate formulas.

Subscriptions solve three problems. Though the element of incertitude is not completely eliminated, it is possible to reduce it by combining new cultural goods that are difficult to appreciate with goods that are already known. Organizers of stage shows are aware of this and often include a contemporary piece in a programme consisting of well known and popular pieces, a strategy used even by a prestigious theatre like the *Comédie française* which introduced a contemporary play by Lars Noren among those by classical playwrights like Molière and Racine. In France, where it is compulsory for National Drama Centres to stage at least one new play every season, the risk arising from the lack of recognition obliges them to adopt the subscription strategy. Secondly, subscriptions constitute a substantial part of the producer's funds even before the artistic good is placed in the market. This eliminates finance costs. By selling just once instead of several times, it is possible to save on management costs. Finally, since the product offered is generic, it is possible to target the market as a whole without having to provide niches for specialized goods.

But subscription also has its limits. It may suffer from a lack of flexibility, especially in the case of stage shows. For example, asking theatregoers to book their seats several months in advance dampens the enthusiasm of many potential consumers and discourages them from subscribing. Also, there is a growing tendency to ask consumers to choose only four out of the five events that have been scheduled or exercise their right to regret. Sometimes, artists are averse to the subscription formula arguing that it means selling off their work cheaply. "All the music in the world for just €10 per month, it is ridiculous!" is a refrain that is heard quite often. But the subscription formula can also ensure a better redistribution of income among creators and encourage experimentation because its cost is then either marginal or zero.

Does the subscription formula entail losses for artistic organizations? This criticism is quite baseless. In the Centre Georges Pompidou, the cost of the annual pass increased 4.6 times between 2002 and 2012 while the entrance fee per visit increased 7 times, which means that it now amounts to 3.3 visits instead of 5 earlier. There is nothing to show that those who hold such cards make full use of them to make the subscription pay for itself or even earn a profit. Further, there is no guarantee that without this formula visitors would be willing to pay an entry fee for each visit and that membership therefore represents a loss of income. Finally, the marginal cost of an extra visitor is zero when the site's absorption capacity in terms of services is not reached. On the other hand, there is practically no reason why this advantage should be extended to short exhibitions that have a higher per-visitor cost and face a risk of overcrowding.

When managing the pricing strategy over a period of time, it is necessary to take into account the competitive environment around the artist-enterprise and one mistake must be avoided at all costs. As it has been frequently pointed out, an artistic good is unique because it is a product of creativity. In addition, the artist-enterprise stands to gain by creating confidence in those interested in his products as it can lead to a stable relationship with them since they prefer to deal with a supplier in whom they have confidence rather than buy from an unknown person. But this does not mean that the artist-enterprise enjoys a monopoly that allows him to fix his prices without taking into account other artist-enterprises. This means that even though the competition may not be direct, it can still come into play. He therefore finds himself in a mixed situation that is described by economists as monopolistic competition! Every artist-enterprise is a monopoliser of his own products, but he enters into competition with others when dealing with a wider range of art markets, for example the market of art exhibitions in Paris, musical comedy in New York, etc. The artist-enterprise then has to face two types of buyers. Buyers of the first type are attached to his products even if they are more expensive than other alternatives available: this is known as preferential demand. Those of the second type are more volatile and their decision to buy depends on the relative price of the different goods on offer: this is called fractional demand where the artist-enterprise expects to share the market with other enterprises depending on price movements.

This distinction explains some peculiarities of the artistic market such as, for example, the stable price of tickets for stage shows where artist-enterprises do not find it advantageous to vary their prices, except in extreme cases where the entire demand is of only one type: preferential (where the price would be raised) or fractional (where the price would be reduced). Instead of treating organizations staging live shows as cartels because their prices hardly ever vary, this should be considered as the effect of a peculiar market structure. Similar situations arise in other art markets too because the novelty element can give rise to monopolization or preferential demand even without the enterprise having to make any change in the market structure. Thus the successive Harry Potter books gave rise to a captive audience of Potter fans who were ready to pay a higher price to read new episodes. The enthusiasm shown by a singer's fans supports this hypothesis. If the producer were to raise his price in such a case, he would not lose all his buyers contrary to what happens when there is pure and perfect competition.

Once the pricing strategy is selected and the changes in price levels envisaged, there is a final margin of manoeuvre when formulating the pricing strategy: their differentiation as compared to the average price. This does not happen in artistic markets where there is a single transaction between two specific trading partners, but it is the rule in the area of stage shows, monuments, etc.

Let us take the case of a monument or a museum that can accommodate only a fixed number of visitors. How can the demand be reduced to correspond to this capacity? In the first place, the management can allow the quality of the service deteriorate: even if the site can accommodate only a certain number of visitors, it is possible to admit a larger number which will lead to a deterioration of the quality of service. It is also possible to reduce the number of visitors by increasing the entry fee until the demand falls to the level of the supply. But in that case, it will lose a part of the visitors who would have been willing to pay a price higher than the cost of production! So it is better to influence the users' behaviour by adjusting the price: it is advisable not to discourage excess visitors but persuade them to come at another time when the site's capacity is underutilized. This system is the most desirable because it allows all entry to those wanting to visit the site. It is then possible to freely admit at all times visitors willing to pay a higher price for the advantage of visiting the monument according to their convenience, while those agreeing to come at fixed times will be charged less. This is like selling two different products instead of one: the show which the spectator can see at a time of his choice by paying a higher price and the show that the spectator can see at a fixed time by paying a lower price.

Other types of price differentiation are intended to reduce the cost of accessing culture according to subjective criteria such as the users' income level or their socio-professional category. This is an old practice, free access being its main manifestation. Today there is opposition to this principle of free access because the organization is deprived of resources by allowing free entry to persons who could well afford to pay the price of a ticket. Subjective discrimination could therefore be counter-productive because instead of achieving the desired objective it could end up costing more than demanded by social justification. Also, there are now may other mechanisms of price differentiation such as passes and vouchers issued by public authorities that give their holders access to various services at reduced rates.

Several recent innovations have drawn attention to price mechanisms that make it easy to attract the required funds. *Micro pricing* is one of the possibilities opened up by technological innovations [16, pp.180–2]. One case of micro pricing is where you can buy a particular quantity of an audio visual programme or an article in a literary magazine or a few photographs from a collection. This classical operation has a great advantage: it can mobilize consumers who do not want to pay for the entire programme because they are interested only in some portions but are prepared to pay a relatively high price for the portion they want. The second case involves sending requests for low-cost subscriptions, costing let us say €1, through a text message on the mobile phone in the hope that this request will be validated by a simple click. This sometimes requires a complex technical setup: it will be necessary to involve an intermediary who will probably have to be paid according to the density of the traffic. The real problem is that such intermediaries are sought after not only by artist-enterprises but also by various other businesses in areas such as health, training, environment, etc. hoping to arouse a wider interest in their activities.

8.2.3 Raising Funds

When he tries to raise money for his business operations, the artist-enterprise is treated with suspicion and even scepticism by financers. Since there is no guarantee of returns and he is not able to offer any surety, as his capital is intangible and cannot therefore be mortgaged, the artist-enterprise is frequently forced to approach several sources of funding to fulfil his financial requirements. It is therefore the sad fate of every artist-enterprise to do the rounds of potential financers to raise the funds he needs.

When he sets off on this difficult quest, he may, at best, be entitled to some tax advantages according to his status, but a lot depends on the country and the prevailing system. He can then hope to borrow money knowing that the cost of the loan will be lower either for him or for the lender. This applies to the film industry in France. Since 1985, there are companies financing films and audio visual programmes (*Sofica*), whose shareholders can make a considerable saving on taxes. They give loans to both individuals and companies and the invested amount can be deducted from their net taxable income up to a limit of 25 % per year of the net total income, subject to a ceiling. In the archive market, the system set up by *Fonds Aristophile* permits the artist-enterprise to save tax under the head of culture. The purchase of a work of art, a manuscript or an autograph exposes the buyer to the hazard of a change in their value and the cost of information and management, which can act as a deterrent. To alleviate these risks, buyers can approach mutual funds run on the lines of investment funds. Thus the *Aristophile Fund* assumes the responsibility of selecting and acquiring works of art in public and private auctions. It buys them on behalf of potential investors and manages them during the storage period and the investor has to sign an agreement to this effect with *Aristophile*.

When trying to raise funds, the artist-enterprise first approaches banks and other specialized institutions likely to advance money. He may also attempt to raise money through overdrafts, loans, etc. When faced with corresponding demands, the bank's decisions are usually based on two main criteria: an estimation of the risks involved and the borrower's ability to repay the loan, which is really one and the same thing for the artist-enterprise who has only one project. In fact, artist-enterprises find it difficult to satisfy the requirements of banks, and the fragility of the art market only adds to the inadequacy of the guarantees that they can give to lending institutions [17, p. 57–82].

But why approach banks? In many places, the bank is the nearest lender of funds. In addition, once a bank agrees to give a loan, other financers treat it as a confirmation of the economic viability of the project or the company. There is no doubt that this concern for "economic returns" from an artistic activity is regrettable, but it cannot be denied that many public institutions, which are no longer willing to give grants on the basis of recognition criteria, insist on economic criteria! A study on the creation of artistic organizations brings to light an interesting paradox. On the one hand, the involvement of banks has a negative effect on the life-span of artist-enterprises as it triples their risk of closure. On the other hand, the involvement of a bank in a financing plan encourages other public financing institutions to lend, thus halving the risk of closure [17, pp. 75–81]. How do we explain this? If banks have the ability to recognize good projects and sanction loans only to them, the interest to be paid to the bank endangers the survival of artist-enterprises; at the same time, the approval of a bank loan has a favourable effect as it indicates the project's intrinsic viability and leads to grants from public institutions. These grants make it easier for the artist-enterprise to pay the interest charged by the bank and there is a considerable improvement in the situation as a whole.

Finding financers who are less interested in short-term economic gains and more in the organization's long-term value is a solution that any creative organization would normally desire. However, artist-enterprises rarely have access to *risk capital* unless they can convince the financer of their ability to make a profit. Considering past experience, it is only small companies making video games, film-makers expecting to make a box-office hit or television channels with a lot of potential for getting advertisements that can hope to get funding from this source.

Hence, what is needed in this case is a particular type of risk capital, the type provided by *business angels*. While traditional financers of risk capital expect a return on their investment, *business angels* only ask for a symbolic return, which reduces the constraints on artist-enterprises in terms of fund management and profits. In addition to giving funds these *business angels* give advice and, if the need arises, even represent the artist-enterprise and support his case before institutional lenders. Sometimes, *business angels* get more deeply involved and ask for a place on the company's Board of Directors or for a partial ownership of the organization. But the number of such *business angels* is not very large and they receive numerous requests for help. According to some studies, only 10 % of the requests are considered and 3 % receive financial assistance. Another type of funding similar to that provided by *business angels* is *sponsorship*. The sponsor provides a certain amount of money if the artist-enterprise promises to fulfil certain objectives.

Some financial institutions extend small loans or *microcredit* to persons wanting to start a new business. Such loans are generally extended in sectors providing services to people, but artist-enterprises can also apply for them. In France, the latter get 25 % of the loans disbursed in this manner while the sector providing services to people gets 40 %. The amount of the loan is very small (ranging on an average from €3000 to 10,000 in France in 2014), the conditions of repayment are flexible and they do not require a big collateral. In addition, voluntary workers and those who have taken early retirement can provide assistance in the form of advice or suggesting the correct procedure. These micro-loans are often disbursed by specialized organizations benefiting from a combination of public, community and private funds as well as tax rebates.

There are high expectations from this type of funding because the default rate is not higher than for other types of loans. In fact, it is often lower, a fact that contributed to the social success of the *Grameen Bank* in Bangladesh. In some countries, the success rate is very high. Resources contributed by the local community often finance Microcredit organizations and their beneficiaries are therefore under a strong moral pressure to repay the loan. There is no doubt that we have learnt these lessons mainly from developing countries where microcredit plays a crucial role, for example when a person wants to move from the cultivation of subsistence crops to cash crops. But it is becoming more and more common in Europe.

This formula does not however have unanimous support. Some believe that it is relevant because it does not insist on financial guarantees and provides working capital. According to others, this formula is just a sham because it does not really solve anything and is only a disguised form of consumer credit. The solution lies undoubtedly in merging this procedure with other types of financing keeping in mind a broader perspective.

Patronage is a much more common method of raising funds as it rectifies by definition the quasi-structural financial weaknesses inherent in artistic activity. The American example, which is not very well known, can provide an important lesson. In the United States, many private cultural organizations were set up in the areas of heritage (museums) and stage shows (music societies organizing concerts, theatre groups, etc.). The vast majority of these institutions went bankrupt at the end of the nineteenth century making way for foundations, associations and other types of non-profit organizations. After their bankruptcy, these organizations were obliged to look for resources other than the *box office* and they turned in particular to patrons and donors at the street level. In order to get donations from them they had to be convinced that these donations would not be used opportunistically or transferred to swell their profits artificially. The organizations employed two closely linked mechanisms: they became non-profit organizations and invited patrons to become members of their newly set up management councils. In this way moral hazards were eliminated and the sector could develop in a more realistic manner.

But how do these organizations adapt themselves to the behaviour of their patrons? They certainly do not believe that they are driven by pure altruism! While earlier, patronage was practised by rich people who enjoyed the feeling of giving, it is practised today by companies who give their money to fulfil their own objectives ranging from building their image to displaying their interest in culture, and even as a part of their advertising strategy. Further, it is no longer a matter of just giving money but of sharing their values in order to gain economic benefits from these donations. On the other hand, the cultural policies of companies embrace *low culture*, the culture of minority groups, digital culture, etc. The difference between avant-gardism and mass consumption or between ‘high’ and ‘low’ culture is no longer important unlike the choices made by in the past by patrons like Barnes: no matter which segment is targeted, it is important to create new experiences. The demand for funds will therefore be considered from this point of view and the money will be used for the benefit of the community as well as the company.

Apart from *patronage*, there is also *micro-patronage* under which support is obtained from households which may not be particularly well off.

Formulas of this type have been recently introduced in Europe and in France. The Association for Maintaining Alternatives in the Area of Culture and Artistic Creation (*Amacca*), set up in Brittany in 2009, was responsible for launching this movement in France. To support its activities, this art organization approached a certain number of persons for a modest sum of money to be paid at regular intervals, for example €1 per week or €52 per year. When multiplied by 2000 or 3000 "patrons" this modest commitment can guarantee a working capital of €100,000–150,000 which would be quite sufficient, it being understood that the "patrons" would have free access to the product or service financed by their donations. It follows the same principle as the *Association for Maintening Agricultural Activities*, a system under which a group of residents support a local farm in order to maintain the quality of life in rural areas. Those who set up Amacca applied this concept to the artistic domain due to the decrease of public subsidies to culture and the maladjustment of cultural indicators as far as the audience is concerned.

A different type of funding consists of collecting donations from people seeking membership of organizations like the Association of Friends of the Quai Branly Museum (*Amis du musée du quai Branly*). A part of this money is set aside to buy art objects from private collections. The difference between micro pricing and micro-patronage is not much in this case.

Funding through budgetary grants has always played an important role in the domain of art with well-known national variants. These grants have two advantages: a relatively low cost of access and the absence of excessively severe constraints. Studies show that resources obtained in this manner play a significant role. The difficulties faced in mobilizing private capital are cited as a reason for the large-scale recourse to grants or other types of assistance from the government. In France, one out of three art organizations (31.9 %) receives government assistance and about one out of thirty (3.7 %) is set up with the help of such grants, while on an average these proportions are respectively one out of five (27.1 %) and one out of fifty (2 %).

However, the global financial crisis, which started in July 2007 with the spectacular fall in the value of mortgages in the United States, gave rise to a widespread shortage of funds. Though a few rare countries continue to increase government grants to culture, for example France at a real rate of +2 %, other countries like Spain, whose number is larger, have reduced them drastically. In this context, some countries have modified their grants system to make it more effective since they are not in a position to maintain it. In April 2009, the *National Endowment for the Arts* announced a grant of $19.8 million for organizations in the field of theatre and literature on condition that they had received NEA awards during the four preceding years. In March 2009, the *Arts Council of England* set up a support fund of £40 million for art organizations affected by the recession with the aim of helping them to repay their bank loans! In Spain, the government announced an endowment of €22 million to support 2 % of the funding of cultural organizations, but the administrative procedures for obtaining this assistance are extremely lengthy. On the other hand, prizes and awards seem to have come back into fashion. This paints a very positive picture of the quality of the artist-enterprise and his projects. Actors in the arts sector continue nevertheless to plead for their development.

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Chapter 9
Organizing the Artistic Process

Every artist-enterprise should assume an institutional form to ensure that its activities are suitably remunerated and its rights respected and this applies as much to the activities of artist-enterprises as to others. It may also be pointed out in this context that the problems now faced by artist-enterprises are similar to those faced by other enterprises: handling a multiplicity of contracts with the problem of deciding exactly which part of the work should be done in-house and which part should be outsourced as well as a large number of business deals as art is now largely dependent on contracts. This constant change in the situation of the artist-enterprise means that his creative processes need to be carefully organized because the adjustment of his strategies and management methods generally require a frequent redefinition of his boundaries. These dynamics are visible at three levels: the choice of activities that he expects to execute himself and those that he proposes to delegate to others, sub-contract or outsource, knowing that it will then be necessary to give an institutional form to the enterprise that he expects to manage directly; the mobilization of artistic talents that can be used for different tasks and easily moved from one activity to another at different periods of time; the selection of various types of networks, both formal and informal, to help the artist-enterprise to become more creative.

9.1 Institutional Life Cycles

9.1.1 Taking "Mild Constraints" into Consideration

The artist-enterprise has two options: what to keep under his direct control and what to obtain from other sources with the proportion between the two changing over a period of time. This is what economists call the "Make-or-Buy" decision. According to Coase, the entrepreneur can always choose to make a product

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in-house, either entirely or partially, or get it made by other companies according to specifications and then sell it [1, 2, pp. 97–104]. In the first case, he has to organize the corresponding "hierarchy" and bear some of the costs of organization and supervision known as internal transaction costs. In the second case, he saves on "internal" costs but has to bear the costs for the preparation, signature, execution and verification of the corresponding contracts with his "suppliers" which are known as external transaction costs. If internal transaction costs are higher than external transaction costs, it is better to get the product made by another company instead of making it himself and vice-versa. But, according to Coase, though there may be problems regarding the scope of the directly controlled activity, the company's legal status is not likely to raise any.

Even though it appears very attractive, this theory does not cover the wide variety of problems encountered by artist-enterprises. Since specialized skills are required, personnel must be hired either on a permanent basis (work contracts) or for a single activity (user's contract), but the field of activity or the legal status are never decided once and for all. In view of the difficulties arising from the uncertain nature of their work, it is not advantageous for artist-enterprises to set up a private for-profit company. As pointed out earlier, private non-profit organizations are more common in the realm of culture. Impelled initially by the need to reassure sponsors, these organizations now tend to argue that given the uncertain nature of the final product, a consumer is likely to hold the profit-making mechanism responsible for what he thinks is a "high" price benefiting the enterprise at his cost. As for the supplier, the only means to protect himself from this accusation of opportunism or moral risk is to opt for the non-profit model of management!

This argument is further strengthened by the need to put up with a few mild constraints in the early stages of the project even though these constraints may become more severe when things have stabilized. Thus an artist-enterprise does not find it advantageous to assume the status of a private limited company right from the beginning, as he will have to pay a dividend to his shareholders and be judged according to his financial performance. But when he needs more funds, for example for expanding his company, it will be more advantageous for him to assume an institutional form and become a for-profit company as it will be easier to raise capital.

The reasons for changing the company's institutional structure could also be fiscal when a non-profit organization provides highly remunerative services and earns a profit. It then becomes impossible to benefit from tax laws that do not cover these new activities. Also, there is no reason why these new activities should benefit from tax advantages meant for non-profit organizations. Finance ministries everywhere are usually very alert when it comes to putting a stop to such practices, which not only reduce their tax revenue but also vitiate competition with other arts organizations governed by more restrictive tax laws. Some artists like Steven Spielberg, who has set up a film and television production company called Amblin Entertainment, do not hesitate to create wholly commercial ventures to manage their commercial interests and avoid confusion with their artistic activities.

When an artist-enterprise is obliged to diversify his operations, he may set up either a technological or an entrepreneurial venture. Thus a company producing software for video games does not have to make the consoles in which these games are not only inserted but locked in, even if it means reciprocal shareholding in the company manufacturing the consoles. These reasons could be of a technical nature. If a product can be easily copied, a small creative company may find it advantageous to entrust its distribution to a bigger company capable of handling investigations and eventual conflicts even if it means entering into a collaboration agreement. There could also be logistic reasons as consumers are scattered all over the world.

If a diachronic viewpoint is adopted, the situation can change substantially during the life cycle of the artist-enterprise. When planning operations, he must choose the solution that promises the best results. But as soon as he reaches a certain level of activity, he has to redefine the boundaries of the company according to the nature of the activities he wants to handle on his own or delegate to another company.

9.1.2 The Scope of Activity of an Artist-Enterprise: The First Steps

The first question posed to an artist who wants to become an artist-enterprise is whether he expects to manage his business on his own or take the help of intermediaries.

9.1.2.1 Managing One's Talent on One's Own

The first option available to the artist is to manage his talent on his own. In France, the law of January 2010 defines the status of the self-employed entrepreneur. The artist is required to declare that he will handle all business-related formalities, comply with the ceiling on the turnover, even though it is necessary to envisage changes in the turnover figure over a period of time, and will not come under the VAT regime which means that he cannot be forced to pay the value added tax. Thanks to this system, artists benefit from a simplified mechanism for calculation and payment of income tax; they are exempted from a number of other taxes; they are allowed to exclude from their taxable income the amount calculated as the turnover of their staff as well as grants. But, on the other hand, it is almost impossible to deduct professional expenses.

However, this system does raise some problems. The self-employed entrepreneur's activity can be unilaterally redefined or amended by the tax department if it is found that the self-employed entrepreneur does not show the required initiative in the organization of his business, his work schedules and his clientele or employs technical means that he has not devised or selected personally. Even the slightest hint of dependence on external sources means that the artist cannot enjoy the status of a self-employed entrepreneur. Because of this, it is next to impossible to combine this system with the periodic employment system, since every contract between an entrepreneur and a stage artist is assumed to be a hiring contract. The assumption that the artist is a wage-earner is maintained even if it is proved that the artist enjoys the freedom of expression in his art, that he is the owner of the whole or a part of the equipment that is used or that he himself has hired one or more persons to assist him.

9.1.2.2 Should Management Be Delegated? Agents, Managers and Other Intermediaries

Even as he maintains his status of a self-employed entrepreneur, the artist can entrust the management of his interests to an agent or a manager. The latter then acts as a professional intermediary between the artist and other actors by advising him and looking after his interests [3]. This phenomenon is certainly not new. In sixteenth century Seville, Pacheco showed how painters who set up independent guilds readily entrusted to members of their entourage the task of overseeing their contracts and even their day-to-day purchases [4, p. 34]. In the realm of opera, the impresario soon became an obligatory figure, particularly because the venues where operas were staged were scattered all over the country and often located in distant places [5]. The agent is thus an outsider who, having a capital of more or less verified connections, is keen to share the value created purely by artistic talent. In the field of music, these intermediaries play a bigger role because orchestras have to travel and change programmes and are dependent on talents that are not available at all times [6, p. 48]. As the terms ‘manager’ and ‘agent’ are used simultaneously, it is necessary to define them clearly. The agent makes the necessary efforts for obtaining proposals and contracts. His job usually ends with the signature of a contract between the artist and a third party and he is not usually concerned with the execution of the contract or keeping track of the artist’s business affairs. The manager, on the other hand, oversees the artist’s day-to-day affairs and is expected to assist him to move ahead. Three conditions play a determining role: the manager must prove his creativity and his responsiveness by showcasing an artist and pushing him forward; he should have easy access to funds and be capable of investing them judiciously to promote the artist among his connections; he should have an impressive address book or network of influential contacts.

The relationship between an artist and his agent and manager and the type of contracts between them can be quite varied starting with the standard contract. While the artist often prefers a relatively short-term contract in order to be free to engage another person to look after his affairs, the manager prefers a long-term contract. When an artist makes his debut in the world of art, the manager puts in his best efforts knowing that profits will follow. According to the French law, the initial contract should not be for less than 2 years, but it can have an exit clause permitting the termination of the contract before it expires. Generally speaking, the manager receives as remuneration for his work and services a percentage of the payment received by the artist. This amount usually varies from 15 to 30 % of the total amount received, but could be as high as 60 % if the artist is a beginner and the manager is well-known. When the artist becomes famous and needs several managers to organize his affairs and shows, he can hire one manager to organize his shows, a second to look after the marketing, a third to manage his image and his appearances on television and radio and so on, provided he does not disregard a previous contract signed with another manager. It may also be mentioned that there are other contracts fulfilling more or less the same objectives but signed with other actors within the system, such as the artist-in-residence agreement under which the artist is given a place to work and in return he is asked to take part in projects and events. The group or cultural institution hosting the artist-in-residence project can have several objectives such as enhancing the value of a natural or cultural heritage site or promoting the creation and presentation of contemporary works of art. For the artist, this is an opportunity to create and experiment in a different work environment with means that are not usually available to him. It can also be an opportunity to make his methods and works more widely known.

These agents and managers now come under a wider category that can be described as intermediaries of artistic work. They have become so ubiquitous that one wonders if they do not actually diminish the image of the artist-enterprise who has become a toy in the hands of these intermediaries who are by and large well intentioned. Their main role is to bring the supply of artistic skills closer to the demand. Thus, on the supply side there are agents and managers and on the demand side there are casting directors, advertising and communication agencies, etc., the difference being that in some cases they are genuine intermediaries while in others they are employers parading as intermediaries to control the talent market more effectively. But no matter on which side they are placed, intermediaries are responsible for reducing the potential earnings of artists by charging a commission on the artist's income: they are paid according to the artistic value that is created while they should be paid according to the cost of the services they render. Also, artists take their help when they have no other option and try to reduce their role to the minimum. They are fully aware that some of these services demand a level of specialization that can be acquired only by devoting less time to their artistic activities, but they also know that eventually they are likely to lose more in the process. With the establishment of United Artists, artists waged a constant battle to bypass intermediaries so that they could take charge of the supply and management of their own artistic talents! As opposed to this negative view of intermediaries, the situation in other fields, especially literature, is very different: agents are in a position to maintain the equilibrium between publishers and writers since publishers find it more difficult to deal with agents than writers. But this does not mean that all writers benefit by this situation.

9.1.2.3 Interference: Managing Intellectual Property in the Digital Era

It is absolutely necessary to manage artistic property rights from the very beginning of an artistic activity and neglecting this problem could lead to unpleasant surprises at a later stage. The dematerialization of works of art by reducing them to an algorithm, which can be presented on a variety of supports thus making them independent of the original support, makes it increasingly difficult to control artistic property rights.

An artist-enterprise, for example a writer (or his publisher), can give an operating license to a production company allowing it to turn a literary work into a film, a television serial, etc. The license must mention the different types of supports that can be used for the product as well as the specific conditions governing their distribution, something that is not always easy to foresee. The history of videodisks is a good example as many of the earlier contracts covered rights only over optical supports while these same rights were later used for making CD/ROMs without making any extra payment. Instead of giving licenses, an artist-enterprise may prefer to participate in the making of "cultural products" by using his assets to set up a partnership. He can join a partnership combining three types of skills or assets: contents, technical know-how and marketing skills. These partnerships expose the content-holder to two problems: monitoring the use of his assets and sharing profits.

If he is not able to adopt any of the above solutions, the artist-enterprise may prefer to receive a lump sum for his contribution waiving all rights to the final product. Many well-known writers do not hesitate to opt for this course of action, but a writer must be very famous indeed to enjoy the privilege of receiving a one-time cash payment from producers. Selling to the highest bidder, which amounts to giving up all rights to eventual monetary gains, is not profitable for all artists. One example is the situation prevalent in the United States in the nineteenth century when foreign authors were not entitled to the protection enjoyed by American writers until 1891. Because of this, American publishers would print the book in the United Kingdom and pay the authors a lump sum. There was nevertheless a major obstacle in the form of a stiff competition between these pirate publishers. American publishers therefore agreed on the following code of conduct: when one of them announced the publication of a British novel, all others would desist from undertaking a similar project. The system worked quite well and was rarely opposed. However, while Harper printed all Thackeray's novels with his consent after a down payment. Another American publisher who violated the code of conduct laid down by American publishers brought out The Virginians. In a few rare cases, the American government acquired the rights to a book and put it in the public domain. A famous example from the field of science is that of Daguerre and

Nahon who ceded their rights to the process of photography they invented in return for a one-time payment from the French Academy of Sciences, which brought them a handsome lifetime pension [7].

9.1.3 The Artist-Enterprise's Position After the Diversification of His Activities

The situation changes when an artist-enterprise takes charge of the development of his activities. The principal solution is outsourcing. It involves entrusting to another organization all or a part of his work, which was done in-house until then. This allows the artist-enterprise to concentrate on his core activity by getting rid of activities having little added value and take advantage of the skills and knowledge of other actors. It is extremely important to determine his "core activity" and it would not be wrong to say that it essentially includes activities that enrich the process of improving his artistic skills in preference to other activities. Thus bookshops, cafes and tea-rooms, air-conditioning and electrical services, cleaning and maintenance services, sale of tickets, services in charge of the security of premises, etc. are outsourced.

The most significant example in this regard is undoubtedly that of the Quai Branly Museum [8]. There are 200 persons working in this museum, a relatively small number as compared to other museums in Paris. By way of comparison, it may be pointed out that while the Quai Branly Museum has only 200 persons on its staff, the Centre Pompidou has 1200, the Orsay Museum has 700 and the Louvre has 2000. This is the direct consequence of a management system based on a "multiservice contract". This contract is given after inviting tenders for the supply of goods and services and involves taking charge of all these services. It includes the performance of certain specified services and their supervision, coordination and interface between various service-providers, assisting the public institution in operations related to all construction work and procurement of technical equipment. Since there is only one interlocutor, the museum's workload is reduced. Instead of having to deal separately with each service-provider, *Thales Faceo*, a facility management service, is the sole interface. The number of contracts having been brought down to just one, the work related to finding suitable agencies to perform different services and drafting several contracts is reduced.

This type of outsourcing is usually based on franchise contracts because they cover several management-related risks. Museums provide the best examples of this type of outsourcing. Since its reopening in 2000, the Centre Georges Pompidou has developed a large number of activities through outsourcing. Thus there are three bookshops including one managed by Flammarion, a *Printemps Design* store which offers a large number of designer products and three restaurants. These different franchises allow the museum to provide targeted services for symposiums and companies, even on days when the museum is normally closed, something that it could not do by using its own staff. When it grants a franchise, the Centre Pompidou receives a fixed amount plus a share of the profit on sales. This amounts to more than 15 % of the Centre's own receipts, while the direct management of all these services could easily have led to a loss. The Institut de France, which owns the Jacquemart-André Museum in Paris, has entrusted its management to the company *Culture Espace*, which runs its tea-room among other things. The tearoom has a distinctive character, very different from the museum's traditional activities, and plays host to persons and organizations who do not necessarily visit the museum. The financial profits are high, but it was noticed after some time that what is even more advantageous is the enhancement of the museum's image. On the other hand, the bookshop in the Tokyo Palace has reported losses showing how difficult it is to make a profit through the sale of books. Two conditions must be fulfilled to ensure the success of a franchise agreement: a continuous stream of visitors and the sale of supplementary products, which raises problems of supplies, logistics and management.

Generally speaking, institutions resort to franchises because the proportion of people coming to a museum for reasons other than seeing the exhibits continues to rise and now exceeds a quarter of the total number of visitors. Franchises play a determining role in attracting new visitors. One out of two visitors visits museum shops and one out of five makes a purchase for an amount that is at least equal to the price of the entry ticket. Some institutions encourage such consumers as much as genuine visitors, especially in places like the Villandry Château having vast spaces where access is free which benefits all the shops on the premises. All this confirms in a way Andy Warhol's famous comment, "One day, museums will become shops and shops museums."

9.1.4 Mutualization, Sharing Administrative Responsibilities and Regrouping

Faced with the precariousness and fragility of markets, many artist-enterprises set up collective organizations to share costs. This mutualization is often the result of employment-related issues as indicated in 2007 by the ARCADI Report on dance companies in the Ile de France region. The report describes their requirements: primarily, access to personnel and basic administrative services; advice on dissemination and execution; and finally, sharing premises for rehearsals [9]. This mutualization can be formalized in varying degrees, beginning with the exchange of advice (33 %) and going on to the sharing of personnel (9 %) and premises (25 %).

Mutualization gives rise to various problems. If it involves sharing of material resources, members should not be scattered over a large geographical area, planning of requirements should be coordinated and responsibilities clearly defined. If it is a matter of sharing intangible goods such as reservation software, ticketing, accounts related to personnel management, conditions for the use of licences should be clear from the outset and all eventualities should be foreseen. If it involves sharing financial assistance, the legal framework should be extremely precise to avoid the possibility of actors joining hands to exploit a situation.

The most difficult part is sharing skills and talents because it is then necessary to ensure that their mobilization is conducted with the same intensity regardless of the area in which they are going to be used. The ARCADI Report points out that one job in CDI is too costly for this type of structure, so the first reaction is to hire casual workers, a “solution” that is somewhat unreliable since the use of casual workers may not guarantee the degree of professionalism required. An original solution would be to constitute groups of employers, especially for upgrading and proper placement. Established as far back as in 1985, their objective is to create “real jobs” taking into account the number of part-time activities in different companies. They thus allow several artist-enterprises to share a particular skill, which they require only for a limited period. These groups can take the form of cooperative societies or associations and two conditions must be fulfilled for their proper functioning: the needs of the group’s members must be similar so that it is easy to coordinate their functioning and the aim of the activity should be quite clear in terms of both time and space. Each member of the group then pays for the use of the skill for the corresponding duration, plus a small charge for the number of days when it is not used. One example of such groups of companies in the cultural field is the *Union chorégraphique interrégionale de Champagne Ardennes et de Picardie*, established in 2010. It includes two theatre companies, *Icosaedre* and *Le Guetteur*, and initially, the main attraction was to have one administrative team instead of two. Later, the group expanded to include other types of jobs and includes at present six persons who would not have got a full-time contract had they been employed by only one of the two companies [9, p. 45].

The *Groupement d’Intérêt Économique* (*GIE* or Economic Interest Grouping), whose structure is simpler than that of a trading company but more efficient than that of an association, follows the same pattern of sharing premises and resources for the benefit of its members. Among the *GIE*s said to serve public interests, their added value lies in the mobility of artists and companies they promote at the European level. The most renowned among them is without doubt *GIE ARTE* established in 1991 in Strasbourg including, in addition to *ARTE* France and *ARTE* Germany, 400 permanent associations and about a 100 associations of a sporadic nature. Another type of association consists of cooperative enterprises promoting certain types of activities and employment whose structure is suited for voluntary group activities for sharing management and making it more durable. This type of association is more suited for salaried associates, which is why it is very similar in structure to producers’ cooperatives. However, the two structures must be differentiated: the first is engaged in autonomous activities within the framework of an organization based on the principle of sharing; the second is characterized by the unification of activities. It therefore allows its members to pursue their projects without being obliged to set up their own organizations. The already set up organization oversees the administrative work of each “salaried entrepreneur” (payment of subscription fees, taxes, billing, etc.), allowing them to test the full-scale model of what could eventually become an organization under their direct control. Experience however shows that this framework is generally transitory: if projects fail, it is necessary to restructure the organization without further delay; but if they succeed, it is worthwhile to eventually establish separate management structures for each “salaried entrepreneur”. In Alsace, the *Artenréel* association was established in 2004 to provide a suitable administrative and legal framework for different artists. It tries to facilitate cooperation and sharing to encourage its members to build their own organizations in the future, as they cannot all be cast in the mould of the existing organization. *Artenréel* is incidentally very attached to the principle of assigning individual responsibility, which means that it works essentially with individuals and not with groups.

To resolve problems related to financial organization and gain stability in the course of time, artist-enterprises would find it advantageous to associate other institutions with their management; although this would reduce their autonomy, it would increase their viability.

The artist-enterprise may thus agree to involve several institutions in his management. This is the case with public institutions of cultural cooperation, particularly in France. Traditionally, there were public institutions of an administrative nature and public institutions of an industrial and commercial nature enjoying a certain amount of autonomy. But there was strict supervision and the system failed to take into account an important issue of our times: local authorities tend to interfere too much, but it is also true that they cannot interfere if they do not work together. In 2003, the reintroduction of decentralization brought in a new tool: public institutions of cultural cooperation allowed local authorities to cooperate with the central government and also among themselves. In fact, only three categories of institutions could be constituted as public institutions of cultural cooperation: museums, institutes of higher education and production and organizations concerned with the performing arts such as musical ensembles, opera, theatre companies and dance companies. Thus the personnel required for these stage performances (actors) can now be hired under private law contracts, even by public institutions [10].

Under another model, a whole group of artist-enterprises are members of the same decision-making and management body which leads to complete sharing of responsibilities. This is what is happening in Italy today. Thus in 2008, Venice put all its museums, which came under the city administration and were managed until them by specific local bodies, under the *Fondazione Musei Civici di Venezia* whose board of directors includes representative of the city administration, public institutions, private companies and sponsors in order to mobilize the maximum skills and resources. In addition to this board of directors, there is a steering committee, a scientific committee and an accounts supervisory committee. The *Fondazione* obtains its funds from the sale of tickets and the income from the sale of artefacts in museum shops and from restaurants as well as donations, especially those collected during special events organized by museums. Some of these services are outsourced through contracts offering attractive incentives. On the other hand, the *Fondazione* tries to ensure that entry charges are not raised exorbitantly from year to year as in the case of other European museums [10, pp. 56–59].

9.2 Is It Possible to Govern Talent and Genius?

The artist-enterprise brings together specific skills and talents, and Caves claims that this heterogeneity of skills is characteristic of any creative enterprise [11, pp. 1–4]. There is no doubt that this heterogeneity is only a starting point as many enterprises, even very small ones, bring together a wide variety of skills. But by combining specific types of human resources with talent, or even genius, as some would put it, which determines the enterprise's success, the artist-enterprise exposes himself to very special challenges [12, pp. 111–121].

9.2.1 Skill, Talent, Genius and Myth

The management of human resources has relied for a long time on the notion of qualifications. For employers, it was a means of classifying employees in a wage-based hierarchy; for employees it was a means of putting their education and training to advantage. But today the notion of competence, defined as the sum total of a person's knowledge, practical skills and behaviour, tends to carry more weight than academic qualifications [13]. This semantic shift is important since the objective and social content underlying the notion of qualifications makes way for a more subjective and fragmented approach to workers. No individual can be substituted by another, even if they have the same kind of qualifications because they do not have the same competence. Hence there is an attempt to regulate this criterion of competence by making a distinction between generic and specific competence. Since a certain amount of substitution is possible, generic competence can accommodate organizational principles based on qualifications and hierarchy. But this does not apply to specific competence, especially in the case of artist-enterprises, where the terms talent and genius are used to set them apart from other organizations.

The notion that talent and genius are "predetermined" signifies something unique. Did not Kant define the fine arts "as the arts of genius, the latter being the mind's innate disposition through which nature imposes its rules on art"? Three characteristics can be identified: originality, exemplariness and unpredictability, described by Kant in the following words: "*genius is the talent of producing something whose precise rules cannot be laid down . . . its creations should at the same time be models and . . .be proposed to others for imitation . . .*" [14, pp. 58–59].

Can this concept of genius be accepted at face value or does it need to be "formatted"? Some believe that genius is the result of hard work and the acquisition of knowledge and skills due to which a person stops being ordinary and becomes original. Genius is therefore not inborn but a potential quality that each one of us can acquire. Others believe that genius reveals itself when people display capabilities that are well beyond what is possible through conventional means, a quality that Valéry saw in Leonardo da Vinci. Genius is not the result of hard work, but it arises from the nature of the work. Does this comparison make it easier to separate genius from talent? According to Voltaire, genius boils down to talent, which itself is the ability to succeed in a chosen art, a definition which does not really apply to those who, like Shakespeare, do not follow the rules prevailing in their times. According to Edmond Heuzé, genius, hard work and talent have nothing in common. He cites the example of Utrillo, a genius devoid of talent who was forbidden by his mother Suzanne Valadon to study painting![15]. Shaftesbury, who holds an intermediate view, declares that genius expresses itself by following the rules, but in areas where rules differ from one another, and by building bridges between them. What matters therefore is not the "work" but the "world" of a genius.

So, are there special conditions that favour the emergence of geniuses? There are numerous philosophers and artists who have stressed the role of malaise, impulses and even sickness in their emergence. Aristotle believed that sickness and melancholy produce genius. Nietzsche felt that a sick person's ability to take care of himself was a trait of genius. Dostoyevsky considered epilepsy a means of opening one's mind to the world's revelation. Proust found the source of literary talent in the agony of insomnia. Freud believed that the human conscience is capable of nurturing a potential source of genius. Nietzsche supported this idea; he saw in Greek tragedy the means of reconciling the individual's tendency to consider himself bound by his human limitations and his ability to transcend individualism, displaying thereby characteristics of both Apollo and Dionysius.

There are also a large number of people who think that the emergence of genius depends on historical conditions. One case, which has been studied extensively in this context, is that of Beethoven. As P. M, Menger says, "Beethoven's career is a paradigm of cascading changes that transformed the composer's social status at the turn of the 18th century" [16, pp. 967–999]. There have been several interpretations of his case. Thus Adorno sees Beethoven both as the prototype of the revolutionary bourgeoisie and the creator of a kind of music that was fully independent from the aesthetic point of view and therefore free from any kind of sycophancy [17, p. 13]. For others like Tia DeNora, the social structure plays an important role. The principal actors responsible for the emergence of his genius were macro actors: Beethoven's early creative endeavours were supported by the Viennese aristocracy, but this did not deter it from competing with the new bourgeois elements of Viennese society who were quite happy to pay to attend public concerts [18]. The artist who has an advantage over others is one who has a larger social capital, who is 'submissive' enough to bow to the social dynamic, but also sufficiently 'enterprising' to adopt a new position. The only way to escape from social determinism is to build such networks. In Beethoven's case, what played a determining role was the variety of professional roles he played: he was simultaneously a performing artist, a composer, a publisher and an organizer. Not in a position to produce social capital in the sense in which it is understood today, he produced capital in the form of published works that opened access to a “hospitable aesthetic territory”.

Should the concept of genius be extended by the concept of myth? The latter gives a central place to social factors since a myth is built through collective and shared support. This myth makes an appearance especially when an “artist” behaves like a character out of fiction, imposes an ideal on the group and somehow functions like a religion. Thus Roland Barthes considered Greta Garbo with her frosty look as the myth of silent films and the child-woman Audrey Hepburn as the myth of the talkies. In both these cases, a substance becomes plastic, ductile or volatile as dictated by the social images that cling to it. This access to the reality of a myth influences the manner of approaching and managing those who embody the myth. The mythical artist becomes a bunch of skills, which should forestall his devaluation; he should realize that the slightest gesture on his part, whether in his private or his professional life, will be responsible for his rise or fall. Regardless of debates on the distinction between skill, genius and talent, the one element that predominates is the market value of artist-enterprises decided by the presence of this skill that is so specific that it determines in many cases the quality of his products and his recognition by the media [19, pp. 122–143].

Economists admit this indirectly when they say “the winner takes all” [20]. A talented artist ends up by earning a large amount of money from his activity while other skilled persons associated with him earn just enough to make a living. The former is indispensable for success the others are not. There are three possible explanations for this phenomenon: exposure of these activities to the media and the size of the market, because the bigger the market, the more likely it is to recognize talent and turn it into genius; the fierce competition between producers to sign contracts with such artists leads to substantial differences in income; the acceptance by public opinion of prices way above the normal validates the existence of this phenomenon. This thesis is similar in some ways to the economics of stars and superstars explained in terms of both demand and supply, supply because the development of the media has created enormous possibilities for economies of scale, and demand because incertitude is reduced by the renown acquired by the artist (or imposed on him). These two characteristics reduce the difference between talent and fame in the form of differences in income [21, 22].

9.2.2 But Is It Possible to Define an Artist?

From the statistical viewpoint, artists figure in all culture-related professions, which are themselves dependent on professional, managerial and technical workers in the Anglo-Saxon world, and who are generally found among company executives and in top-and middle-level intellectual professions in France. There are professions whose artistic identity was stabilized long ago – writers, dancers, actors, musicians, painters, sculptors and architects. To this list can be added professions that were earlier considered technical, commercial or classified as crafts, but were gradually included among cultural professions: film and television producers, photographers, graphic artists, illustrators, industrial and set designers, art directors and skilled craftsmen. Finally, professions related to conservation, documentation and teaching of art are now also included in this category.

Europe has tried to harmonize these professions on the basis of three criteria: functional (professions involving creation and interpretation related to the functions of heritage-identification and conservation and auxiliary techno-artistic and technical functions); hierarchical (a distinction is made between full-fledged professions and intermediary functions); extension due to contiguity: thus, architects are surprisingly associated with "town-planners and traffic engineers" [23]. As P.M. Menger has pointed out, the inclusion of professions among artistic professions usually depends on how the cultural policy is framed. Thus in the United Kingdom there is a clear distinction between heritage and creative industries because culture is a sector that mobilizes qualities essential for the entire economy.

The boundaries between artistic talents and non-artistic skills keep shifting in these different domains. Let us consider the distinction made by film production companies between jobs located above and below the dividing-line [24, p. 8]. At one time, producers, directors, scriptwriters and actors were placed above this line and all the others below it. Today, the number of those above the line has increased considerably. Besides producers, there are co-producers, executive producers (all they do is to monitor a resource or a talent that is important for making the film such as, for example, an option on a book), associate producers, deputy producers, in fact all those who manage to insinuate themselves into the process. This distinction is also seen in other artistic fields beginning with the most traditional: the theatre. The producer and art director, the director and actors are placed above the line, while below it can be found the casting director, the wardrobe master, the electrician, the sound technician, etc., all the professions that are trying hard to get themselves recognized for their artistic contribution and for better pay-scales which are presently quite unrealistic [24, p. 37]. The scene in the music and record industries is quite different due to the development of new technologies where the sound engineer tends to move from below the line to above it.

All said and done, it is difficult to decide the criteria for artistic professions. The definition of a profession according to the knowledge and skills it requires, which makes it possible to claim expertise, is no longer valid when this expertise is measured in terms of reputation. Just as differences in reputation and remuneration can be substantial, the correlation between training levels and reputation and remuneration levels is less than in other professions and makes it difficult to adopt a stable definition. This leads to the emergence of a plurality of criteria regarding the profession. Economists Frey and Pommerehne acknowledged this plurality when they proposed at least eight criteria to define the artist: "time devoted to artistic work; size of income from artistic activities; being considered an artist by the public; being recognized an artist by other artists; quality of artistic work produced (which implies that the notion of quality should be defined in one way or another); belonging to a group or an association of professional artists; professional qualifications (diploma/degree from a school of art); response of each individual to the question: ‘Am I an artist?’” [25, pp. 23–45]. This last criterion, generally used in surveys conducted by national statistical institutes, leads to a totally subjective approach to the profession since it is difficult to correlate self-declaration to measurable criteria. In general, responses to such inquiries have a subjective portion while any reference to the activity’s social aspect can be considered objective. As for artists, self-definition is totally subjective and comes close to what can be called social weightlessness.

9.2.3 Should Talent Be Managed In-House or Should It Be Controlled from a Distance?

When managing artistic resources, it is necessary to decide whether it would be better to manage them in-house or rely on remote control methods in the form of service contracts or agreements with companies, as it is then possible to avoid the direct responsibility of their “management”. Should a theatre company have its own tailor’s shop for making costumes or would it be preferable to entrust the job to professionals outside the company? Should a museum manage its restaurants and cultural mediation services on its own or should it sub-contract them to other agencies? Would a film studio want to manage the entire chain of film production in-house or would it find it advantageous to entrust the special effects to a specialized agency?

These decisions depend on two factors: the frequency of the activity and the specific nature of the talents required. If the activity is frequent, it is better to monitor the talents in-house and amortize the corresponding management costs. If it is less frequent, it is better to engage these talents as and when needed, even if there is a risk that they may not do their jobs adequately. It is not advantageous for a museum to organize an educational service if school children are not among the museum’s regular visitors, even if it means engaging a specialized person when such visits take place; but it would be advantageous to organize a regular service if there are daily visits by groups of school children. It is not advantageous for an opera to hire a special type of singer needed for just one part of its repertoire on a long-term contract when it requires a versatile singer. The institution’s strategy should be framed in the following manner. If the talents required are of a very specific type and they are not required frequently, it is better to engage them as and when required. But if these talents are required frequently and they can be easily moved from one service to another, it is better to have them directly under one’s control.

This does not always correspond to the actual situation faced by artist-enterprises who manage specialized talents in-house (long-term contracts with film stars), and outsource non-specialized skills (marketing, cleaning services, etc.). The traditional interpretation based on the two criteria related to the specific nature of the talents required and the frequency of requirement should be fine-tuned and two other criteria should be considered: firstly, the value of a particular skill for the institution and associating an element that could improve the institution's image and reputation; secondly, the importance of this skill for the institution's normal activities. A famous juggler may be useful in one particular opera but it cannot be said that it is a skill that is normally used in operas. On the other hand, a tenor may be more difficult to manage but he can enhance the opera's international image. Depending on how far these two criteria can be fulfilled, three situations are possible.

If the skill required is important for maintaining the quality of the service produced by the company and is closely connected with the nature of the institution, the artist-enterprise will find it advantageous to manage this skill in-house through a permanent work contract so as to bind this type of talent to the institution (the type of singers corresponding to the type of music the organization specializes in or the type of actors corresponding to the type of theatre the institution is involved in). In the beginning, it is generally a direct work contract for a variable period, but this is precisely the principle followed by troupes and companies who prefer not to employ talent for a long period (more than one full season) considering that they correspond to a series of products or services offered by the company. If there is any risk regarding the kind of response a show will get, the company may prefer to depart from the normal procedure and propose an "activity" or "coproduction" contract under which the risk of the failure of a product will be shared by the artistic talents.

If the skill sought by a company is very valuable for its activities but does not correspond to its specific nature, the artist-enterprise will find it advantageous to sign a contract covering a specific activity. This is likely to happen when there is a change of circumstances: when an artist attains stardom and his presence is enough to guarantee a show's success, he will find it advantageous to change the nature of his relationship with his employer and prefer to choose his long-term partners instead of associating permanently with one partner. The artist expects to benefit from the earnings brought by his fame and the company can no longer hold on to him permanently. An extreme situation would be one in which the artist ends up gaining control of the institution as a result of his success and "associates" the company with his own name or sets up a new company bearing his name.

However, if a given skill does not play an important role but corresponds nonetheless to the institution's permanent activity (e.g. extras, sales representatives, etc.), the artist-enterprise will have the choice of giving a standard contract to employees or outsourcing the jobs to other companies which will have to bear the cost of managing and maintaining these resources. Thus there will be a difference between temporary workers, full-time salaried workers and contract workers. However, if the skill does not play an important role and does not correspond to its basic activity (e.g. cleaning services), the company will find it advantageous to seek the assistance of specialized agencies that supply the required personnel or undertake to directly provide the required services [24, p. 8].

The changes that have taken place in Hollywood's studio system bear witness to this assumption. Cinema started as a 'cottage industry' just like the shows presented in fairs and carnivals that it had to compete with in its early days. It was then a very close-knit environment because the same artist, whether it was the Lumière Brothers or Charles Pathé, supplied the projection equipment and the film. This carnival-like character disappeared due to several factors: the agreement between producers to standardize their equipment; the emergence of feature and fiction films at the same time; the emergence of stars, which made it possible to differentiate products and capture markets by selling films by themselves, without the equipment.

To conquer increasingly wider export markets, producers slowly began to combine all the resources needed to produce a film into a stable and permanent entity [26]. At that time, actors were hired under a work contract having a minimum duration of seven years with an option clause that benefited the studio. All the artistic workers, including scriptwriters, composers and musicians were regular salaried employees. They were all concentrated in specific areas, which they did not leave, and this made it possible to shoot similar scenes one after another for different films. The installations were used continuously and the sets too were used simultaneously by a number of films. Everything was organized in a hierarchical manner including the separation of functions with the producer in charge of financial matters being placed higher than the art director. This system proved to be very efficient, especially since it was more suited to making films that were not very original than to films demanding greater attention and resources, which led to the distinction so dear to Hollywood between A-class or quality films and B-class or ordinary films [27].

This system changed during World War II. Some stars wanted to choose their roles and also a share in the profits. The major studios adjusted to these demands by giving contracts for increasingly shorter periods and introducing profit-sharing clauses depending on the film's success. The Paramount Decree was another factor that brought about a change leading to new configurations in the major studios: since they no longer had their own exhibition networks, the major studios were obliged to improve the quality of their films and increase the proportion of A-class films as compared to B-class films [28]. The appearance of television strengthened this trend and obliged Hollywood majors to produce spectacular films superior to the programmes shown on television which led to a fall in the total number of films produced.

The present period is described as a period of productive flexibility. The major studios, which at one time had combined the three basic functions of film-making – production, distribution and exhibition – have given up production partially to return to distribution, exhibition having already been taken away from them by the Paramount Decree. Some majors thus sold (or sub-let) vast tracts of land on which their studios stood and started making films, one after the other, mobilizing all their resources to enter into job contracts instead of time-bound contracts. The outsourcing of activities that were not indispensable became a regular practice and this led to the emergence of a multitude of specialized companies (sound effects, special effects, etc.). Artists started asking for a share in the profits and this drove the majors to look for greater commercial success to earn more money, which is why blockbusters have become so important [29].

This system of managing artists and directors gave rise to complex arrangements. One of the most well-known examples is the negotiation between Spielberg and Lucas on one side and the Hollywood studios on the other preceding the making of The Raiders of the Lost Ark [30, p. 186]. The former, who were already famous, asked for a signing amount of $5.5 million (1.5 million for Spielberg and 4 million for Lucas) out of a total budget that they estimated at $20 million (in the mid-1980s), plus a percentage of the receipts (and not profits) which were expected to bring in more than $60 million only in the American market. None of the majors agreed to this deal considering it too costly for the studio. Ultimately it was Paramount, then led by Eisner, which jumped at the opportunity and the film ended up by earning almost thrice the anticipated receipts! This contract gave rise to many comments, but the one that best describes the situation is undoubtedly the one made by a female Hollywood producer: "*It should never be forgotten in the case of contracts and negotiation, that it is all a question of greed. It is not the contract's clauses or the fine-print that matter, it is your desire to conclude it and the price that you are prepared to attach to it*. . .*Negotiating well is putting a price on your appetite and holding on to it* . . ." [30, p. 78].

9.2.4 The Two Networks

The traditional approach to the management of human resources is based on two preconditions taken together: the role of each stakeholder in the company should be defined in a clear and stable manner and these stakeholders should share common values. In the case of art institutions "*. . . the definition of tasks is vague in most cases [. . .]*" so that "*. . . it seems that this particularly unstable universe [. . .] is itself connected with specific traits of artistic activity that cannot be formalized. This is further strengthened by the paucity of existing management systems where [. . .] tasks are not accurately defined, where devices for coordinating actors are only just being introduced and, finally, where evaluation systems are almost inexistent*" [31, p. 109]. Consequently, classical tools used for classifying and evaluating professions still pose a challenge. In addition, it is still possible to find in some places a "clan" culture which resists all attempts to rationalize management: "*In an art-related business, the introduction of the management of human resources clashes with this clan culture and fuels fears [. . .]. Some artists find it difficult to recognize the contribution of each member to the company's cultural project (taking care not to reduce the company to just that one artistic project) and will continue [by adjusting differences] to question the primacy of the artistic function.* [Similarly], *the management of human resources introduces criteria of promotion and recruitment in addition to the initiatory testing of the ground and a gradual access to responsibilities which confirms this "clan culture"*. [Finally], *the* *appearance of new professions like those of management experts [...] is often experienced by artists as an intrusion into their reserved domain*" [31, p. 40].

Artists' expectations can therefore give rise to a conflict of values and objectives between a leading managerial function and an operational creative centre. Is it not possible to rely on a common base consisting of a few minimal objectives recognized in advance? Would not a joint management model be able to combine artistic and commercial objectives? Chiappelo (1998) thus proposes a "binomial" notion of management to resolve sociological tensions caused by the "criticism of management by artists" [32].

Stakeholders can be divided into two networks, one external and the other internal. The external network consists of donors, financers and consumers or users and it usually constitutes the base of the board of directors. The internal network includes the manager and the staff or those who constitute the creative talent and those who provide skills of a more general nature. This internal network must fulfil the objectives fixed by the external network. Voluntary workers are a part of both external and internal networks.

It is the artist-enterprise's responsibility to coordinate the actions of the two networks by acting as the spokesperson of the internal network vis-à-vis the external network and the spokesperson of the external network vis-à-vis the internal network. This task is difficult to perform, especially when there can be a wide variety of objectives as in the case of non-profit organizations. Current hypotheses suggest that the administrators' objective is to mobilize a large number of users. The personnel will tend to ensure the high quality of services rendered. This does not however mean that it will spontaneously take care of the administrators' preferences. These networks, both external and internal, should combine their efforts to define the nature and quantity of services rendered. Numerous conflicts could arise and restructure the traditional debate between autonomous creative reasoning and exogenous commercial reasoning. Some crosscutting alliances may intervene, for example when some human resources express their preference for quantitative rather than qualitative management, but at the same time, others may intervene in the opposite direction. Instead of involving just one or a few persons, these conflicts may involve different coalitions, which can give rise to difficulties in matters of governance. The artist-enterprise should prevent such conflicts by avoiding excessively complex organizations, which is why it is important not to handle some jobs directly even if are necessary for the production of artistic goods and services.

9.2.5 Managing by Incentives and Penalties? Building Reputation Capital?

What is so special about the management of talents in a creative organization? There is nothing to support the traditional view that the governance of skills depends on the position of the artist-enterprise. According to the mainstream view, a company is an agent like the others who try to adapt themselves as rationally as possible to the constraints they encounter. There is therefore little place for the values, beliefs and collective dynamics that drive a company; it is necessary to emphasize instead the importance of systems based on a combination of incentives and penalties that could induce its actors to adopt one type of behaviour in preference to another. This depends on the company's approach, which may give more importance to problems related to exchange rather than the creation of new resources beginning with the development of artistic talents.

In the case of artist-enterprises, the continuous creation of knowledge is a consequence of the process of artistic improvement as well as the accumulation of capital in the form of reputation so that there is no sense in depending exclusively on a logical and stereotyped relationship between information and reaction. Whereas the traditional view treats variations and differences in behaviour as shocks to be absorbed or faults to be eliminated, the artist-enterprise views them as conditions of survival. The artist-enterprise stands to benefit if artistic talents pool their doubts and queries to produce something new in art. The hierarchy will no longer have to subject every actor to a regime of incentives and penalties, but encourage them to cooperate by exchanging information among themselves and thus incite them to greater creativity. Instead of treating the company as a processor of information where the cognitive dimension of agents and their ability to process knowledge are pushed into the background, it is advisable to consider the artist-enterprise as a processor of knowledge. The hierarchy does not give this knowledge a priori but it is acquired through a process of selection and a combination of judgements. It cannot be stored in just one repository where it is catalogued and classified in order of importance. It is ingrained in the practices of small active groups and communities possessing a deep knowledge of things. The management's role will then be to encourage meetings and exchanges between groups of companies instead of acting like those who create hierarchies and encourage anonymous relationships. Communities that play a role in the life of the artist-enterprise become indispensible, not just as an expression of sectorial interests but as vectors of a crucial learning process.

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Chapter 10
Markets and Networks

Artistically creative artist-enterprises are obliged to seek the help of markets to find the resources necessary for their activity. Traditionally, they should be able to enter independently without having to build relationships that would lead to agreements unfavourable to consumers. The same could also be said about the latter because "an enterprise is a drop in the ocean of supply" just as "a buyer is a drop in the ocean of demand" and competition leads to the highest possible price for producers and the lowest possible price for consumers.

However, this approach does not comply either with the nature of artistically creative enterprises or with the behaviour of buyers of artistic goods. Enterprises do not function in pre-existing markets; they have to create new markets where they are not even sure of finding buyers. Buyers can influence each other's tastes and the way they express their needs. Enterprises often cooperate with one another to boost their creativity, share costs, etc., when they are creating new products. Buyers set up associations and communities. Here too, traditional methods are making way for new ones as seen in the emergence of cultural districts and social communities.

10.1 From the "Art World" to Artistic Markets

This shift in standard methods is not evident in artistic markets. In fact, economists have to deal with several interpretations of art worlds, art systems and fields of force that challenge their claim that they can explain what is happening without even entering the area and criticise their inability to foresee speculative or abnormal price fluctuations.

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10.1.1 Are Analyses of the Art World Possible Without an Economic Analysis of the Art Market?

The terms ‘art world’, ‘art system’ and even ‘artistic field’ occupy a crucial place in the study of the arts by human and social sciences. Generally speaking, they deal with several levels: the mechanisms through which art can contribute to the production of culture in society, a system involving several actors that somehow marginalises a world characterised by genius and risk and the principle of force fields that brings the markets analysed by economists closer, but for other reasons. Evidently, these terms interest us only insofar as they relativise the notion of market to explain economic movements related to art.

The contemporary term “artworld” is used by Arthur Danto in an article published in the *Journal of Philosophy* in 1964 [1, 2]. Analysing the changes that had occurred in the production of art objects following World War II, he says, “*To see something as art requires something the eye cannot descry – an atmosphere of artistic theory, a knowledge of the history of art: an artworld.*” [1, p. 577] He said that Andy Warhol’s works illustrate the need to talk of an “artworld” and not just “artworks”. He was able to justify his theory when Warhol exhibited his *Brillo Boxes*, painted in his studio, in New York’s Stable Gallery. Warhol’s boxes were almost identical to those manufactured by the Brillo factory, which were designed by James Harvey, a second-generation abstract expressionist painter. There was nothing distinctive about these industrially produced boxes and one wonders why some people saw them as works of art. There is no doubt that the boxes exhibited by Warhol were made of wood while those seen in stores were made of cardboard. Undoubtedly, the latter were provided with tampons to protect them from wear and tear while the boxes created by Warhol were not, but these details are not important. Danto claims that “invisible” differences related to signification are incorporated in the object. In this case, they consist in inviting the viewer to consider from an aesthetic viewpoint objects that are normally seen as utilitarian instead of presenting ‘readymades’ like Duchamp. The boxes communicate Warhol’s desire to go beyond abstract expressionism, even though he fully recognizes its value and expresses his faith in a beautiful commercial world unlike the Pre-Raphaelites or the votaries of the Arts and Crafts movement. The *Brillo Boxes* take the place of William Morris’ hand-woven textiles produced a century earlier. They invite us to look at the ordinary world as something beautiful so that even a tin becomes interesting and is not seen as a mere container of nourishing food and every place of consumption appears poetic. This is what made Liechtenstein exclaim like Warhol, “Isn’t it a wonderful world out there?”

The term ‘artworld’ actually goes back further in time since it was first used by Dickie to point out that what creates a work of art is not the artist’s intention but his perception of things leading to the recognition of an artistic designation system that is more complex than it appears at first sight [3]. But there is no doubt that it is Becker’s *Art Worlds*, published in 1982, that serves as a reference in this domain [4]. He points out that the production of so-called works of art is the result of collective activity or even cooperation between several actors, each one of whom contributes to their actual consumption in his own way through his works.

To describe these art worlds, he uses the approach employed to analyse the professional world. Thus he does not invent a new approach, a new theory or a new methodology but applies to the artistic domain what sociology does in other domains of social life. His approach is in line with the interactionist theory and breaks away from the view that treats art as a "separate world". In contrast to Dickie and Danto, he lays stress on the principle of collective activity. Becker applies to art the interactionist theory of the sociologists of the Chicago School showing how in this field, as in others, individuals interact incessantly with existing social structures, but try to avoid two extreme scenarios: one where the individual faces society alone and one where the individual is treated only as an instrument [5].

Becker continues to base his analysis on two principles. The first is the principle of collective activity which means that no individual is more important than another in the creation of art – an idea, he admits, he has borrowed from the craft tradition of the Bauhaus School which believes that the person who produces is at least as important as the one who provides the idea and vice-versa. He analyses seven successive operations that he considers equally important: developing an idea, executing it, bringing together the required materials and mechanisms, finding time and money, distribution, evaluation and defending the rationality of these creations for the future. Each of these stages calls for special tasks and skills and it is essential to know how many persons need to be mobilised if they are to be properly coordinated. So what is the artist's role in this in this context? Becker does not define it explicitly but he acknowledges its importance and the fact that it supports the entire process.

The second principle is the principle of convention which makes it possible to fit these different stages together and determines the combination of the tangible and intangible resources needed. According to Becker, this convention depends on the result envisaged for the activity concerned. It changes in accordance with the concept that can only be inspired by artistic genius and calls for the same kind of cooperation, or at least a minimal compatibility, between the artist and his audience. This principle is inspired by the idea of instrumental rationality or, to borrow a more recent expression, the sustainability of an artistic activity. Becker does not exclude the possibility that these rationalities may be based on different types of valorisation that are not exclusively economic. He also points out that it would be possible to reject them, but he warns that it would then be necessary to bear the consequences. In any case and unless he enjoys the benefits of sponsorship or personal wealth, the artist can never escape the constraints that should be identified at the onset. As a result, the choice of the product will, or must, depend on the analysis of the potential audience of the artistic activity. It should be remembered in passing that there are three kinds of public: the general uninformed public, the specialised public and the public consisting of other professionals from the art world and the latter should help the other two groups to understand the salient points of an art work [6].

One of the objections raised most frequently against Howard Becker in the numerous reviews that followed the release of his book is that his sociology does not treat art as art but as any other profession and the type of cooperation he recommends for the production and distribution of aesthetic objects is the same as that needed in other fields. But Becker has never evaded the issue. In his preface, he explains that he has considered "*art as a profession, and takes more interest in the forms of cooperation employed by those who create works than in the works themselves or even in their creators in the traditional sense*" [4, p. 21].

Pierre Bourdieu's interpretation of the art world is radically different from this interactionist sociological approach. In his *Les Règles de l'art. Genèse et structure du champs littéraire* (1992), the notion of 'field' plays a central role very different from the views and connections stressed so far by the expression 'art world' because the author underlines the dynamics peculiar to the artistic field and not simply the existence of cooperation. Bourdieu says that the art world cannot be reduced to the simple identification of a population or even a sum-total of individuals associated through interaction. This world – now called the artistic field – is based on structural relations between positions (and dispositions) competing to appropriate a symbolic capital. These positions refer to something very different from occupations or skills to which one would be tempted to compare them because they exist independently of those who occupy them, for example the various literary genres in the field of literature. They define their hierarchy even as they compete with one another. Further, they themselves may be the result of conflicts between collective actors. This hierarchy of positions is determined by the way the capital in a given field – for example the literary field – is distributed among them, which is usually unequal. The gains produced by the existence of this field generally assume the form of a symbolic capital because it is a field of symbolic production. At the same time, they assume the form of economic gains resulting from the dynamics peculiar to the specific field but also depending on how they are articulated with the dynamics at work in other fields. Moreover, these different positions correspond to markers like prices and earnings, manifestos, reviews in the print media, etc.

Other fundamental concepts like 'habitus' (an individual's personality structure) and 'cultural capital' help in understanding why actors behave in a particular manner. The term 'cultural capital' is crucial in this context because it is clearly more opposed to the notion of 'market' than that of symbolic capital. As a matter of fact, this term replaces the hypothesis of consumption sequences where one tries to achieve a balance between gains and costs, a long-term trend in which certain forms of capital are invested in preference to others. Besides, as opposed to economic capital, which may be subject to transactions, cultural capital serves essentially to support the trajectories of different persons and their ability to fathom the different kinds of cultural consumption that are possible.

A field's structure in terms of positions and dispositions keeps changing and this calls for an analysis of the laws underlying this dynamic. According to Bourdieu, this dynamic is determined not only by internal or external reasons related to artistic creation but is also influenced by changes in its environment. In a given field, actors having a monopoly over some forms of capital will employ protective strategies while new-comers will try to impose themselves by resorting to unorthodox references. But despite this overt antagonism between ‘insiders’ and ‘outsiders’, there is a tacit alliance between them that allows the field to continue to exist. This is partly due to the habitus resulting from the field’s structure, which also prepares individuals to exist in it and can explain the coexistence of orthodox and heterodox elements, even if the latter have to be defined in terms of specific sub-fields.

Another source of this dynamic is the existence of another force field defining the place occupied by different forms of capital regardless of the field under consideration. Also, in addition to the internal conflict within the force field, for example the literary field, there are conflicts outside this field leading to a competition between the two dynamics. If the specific field under consideration enjoys a great deal of prestige, and therefore a considerable symbolic capital, the hierarchy produced will be of a decisive nature. On the contrary, if the specific field has a low prestige, the resultant hierarchy will lose its social influence leaving the main role of structuring to the dynamics of the economic capital. If we were to take the example of an avant-garde field that is relatively independent of society, symbolic issues will prevail over economic issues. But according to Bourdieu, if we assume that Hollywood movies stand for mass consumption, economic stakes are bound to gain an upper hand over symbolic stakes. There are also examples to the contrary. For instance, a Nobel Prize for literature could lead to greater recognition in terms of both symbolic and monetary capital. Far from getting entangled in the analysis of a theory frequently denounced as being too mechanical or structuralist, this tension between the autonomy peculiar to the field of symbolic capital and the heteronomy characterised by power equations allows art to question the functioning of society. This is precisely the aim of all those who have had to use the expression ‘art world’ after Danto. Having accepted this, the advocates of the art world believe that autonomy based on this principle is much weaker than the one resulting from the free will of actors, as pointed out by Becker himself: “The notion of the field is more a matter of metaphor than a simple attempt at description. [. . .] The idea of the world as I imagine it is, in fact, very different. Certainly, that too is a metaphor. But the metaphor of the world – which the metaphor of the field does not seem to do – contains people, all kinds of people who are doing something that requires them to pay attention to one another, to consciously take into account the existence of others and consequently give shape to what they are doing. In such a world, people do not act automatically in response to mysterious external forces around them. Instead, they gradually develop their lines of activity, taking note of the way others respond to what they are doing and adjusting their future action so that they can try to act in a way that fits in with what others have done or will probably do.” [7]

10.1.2 The Basis for Analysing Cultural Markets

Do these analyses of the art world marginalise the significance of a market-based approach? Certainly not, provided we do not ascribe to the economic analysis a function that it cannot and should not assume in such a case: resolving the aesthetic debate.

As a matter of fact, the approaches adopted by Danto and Becker leave the door wide open by simply pointing out that several arguments are at work in these artistic fields and that it would therefore be unnatural to give priority to an economic argument. In Danto's case, it is a matter of essentially defining a qualification that, once accepted, fits in with economic arguments. In Becker's case, his interactionist sociology may help in understanding how the management of artistic systems functions and putting in perspective the relationship with a necessary economic approach without necessarily posing a problem. Things become more complex when we come to Bourdieu because in his view there is a constant interaction between the symbolic and the economic. These two perspectives don't just coexist but they penetrate each other and are in open competition even if it is acknowledged that there are areas of autonomy in different fields of the symbolic capital. But this does not easily open the door to market-analysis. Bourdieu is more keen on bringing to light the dynamic underlying the reproduction of various forms of capital without referring to the traditional concepts of demand and supply but by giving priority to the concepts of capital reproduction. This field dynamic is not focused on price-determination (or use-value). Instead of concentrating on interactions between agents defined in a complementary manner but on the need for social actors to reproduce their positions, these actors are obliged to follow their own rationale that allows them to determine their possible trajectories relatively independently. Even when interactions resulting from different economic powers are repeated, the solution is provided by the hierarchy of the fields in which they are located. Some of them may be satisfied with this reasoning based on redefined Marxist concepts and hope that they will not have to dwell too much on the functioning of markets, a trap that the vast majority of Marx's disciples have frequently fallen into. It is difficult to ignore the fact that the reproduction of different types of capital defining these interactions may dispense altogether with market analysis. It is quite true that when concluding his analyses, Bourdieu often agrees – although that is not his real intention – with the most recent conclusions of market analyses.

10.2 Markets for Artistically Creative Products

10.2.1 The Determinant Variable: Novelty Not Price

Novelty, rather than price, thus becomes the variable that determines the behaviour of both suppliers and buyers. By quality we mean a new configuration of the good that distinguishes it from those already available in the market. Since the producer contributes the novelty factor, he enjoys a monopoly. But unlike traditional monopolistic markets, he is not always in a position to exploit this situation because consumers do not know in advance what kind of satisfaction the use or possession of this new good will bring them. This variation in quality is the result of the creativity factor, which may mean modifying an existing product (adaptive creativity) or designing an entirely new product (strategic creativity). There is a general tendency to develop one's own ideas instead of improving upon those proposed by others. But it is difficult to integrate this approach with economic analysis which still considers creativity either as a free good whose emergence is difficult to explain or as something taken for granted. Economists have thus proposed certain thresholds: Schumpeter between invention and innovation; Kirzner between the different degrees of sensitivity of entrepreneurs to innovation; Caves for the need to respond to the rise of transaction costs; Winter for the disruption of routines; Magee for the accumulation of sufficient stocks of specialised knowledge by some entrepreneurs that allows them to convert them into new ideas when required; and Romer by keeping in mind that the circulation of ideas being free, some shrewd entrepreneurs will know how to exploit them! In this situation, the least that can be done is to advance a hypothesis: the presence of artistically creative assets is a necessary condition though it may not be sufficient.

In any case, the behaviour of the novelty's producer radically changes this stereotyped view of the market. The issue is no longer to produce at the lowest possible cost goods that potential buyers know will be useful. It is to offer something new that is therefore less known, or even unknown, to potential buyers for whom price is just one of the many factors that will influence their decision. The artistically creative producer will then have to convince potential consumers that it is worth buying these new goods which, as pointed out earlier, means creating a relationship based on trust. Since the entrepreneur gains by distinguishing himself radically from his competitors, he makes his decisions on the basis of his knowledge of consumers rather than his rivals' actions: the supply dynamic no longer depends only on the supposed dynamic of demand but on a dynamic that is inherent to supply. The competition to produce novelty goods involves very high expenses and it is not known how far a producer will be willing to go. Given the uncertainty of tastes, the producer of novelty goods will employ a strategy that uses as reference novelties already available in the market, knowing full well that moving away from the commonplace implies higher investments and uncertain yields. Several options are then possible:

- One option is to reduce the risk factor by limiting oneself to "renewing" the novelty, which means making superficial changes in the product so that it is sufficiently similar to the existing product in the consumers' eyes. This encourages the production of kitsch in order to persuade the consumer to buy a pseudo-novelty, a strategy providing greater financial security to the producer.
- The second possibility is to opt for a more creative process within a limited time-frame in order to recover investment.
- Finally, the producer may decide to risk everything by opting for a completely novel product without specifying a time frame, which boils down to a lottery. This is the economic version of the avant-garde strategy that pushes the producer

> to ‘overshoot’ since the expected receipts do not allow him to cover his investment “judiciously”.

In the case of artistically creative goods, the consumer too eludes the standard analysis; the novelty creates a lot of uncertainty and relativises the role of prices, which forces him to go against the dictates of economic rationality.

To understand this, it is necessary to begin with the notion of ‘experience goods’ whose utility is not known in advance [8, 9]. This utility can be understood and assessed only through the experience of consumption – which gives rise to the expression ‘experience goods’. Unlike what are known as ‘classical goods’ whose characteristics can be usually analysed and assessed in advance, the ability of experience goods to satisfy the consumer is known only after they are bought. The first experience will give the consumer a certain amount of expertise, which can be treated as information capital, except that the novelty factor will allow only a part of this capital to influence the individual’s future choices. But economic analysis marginalises the investigation of this type of behaviour because it makes the economic approach dependent on the sociological approach. This has given rise to the famous diktat of the masters of the Chicago School *De gustibus non est disputandum* (in matters of taste, there can be no disputes) which leads us to assume that individuals entering the market have a clear scale of preferences regardless of the goods’ quality. In addition, the attempt to change consumer tastes when new goods are available in the market can create the impression that the goods’ utility will go on increasing which leads to the hypothesis that there is no satiety which is the exact opposite of the basic hypothesis of diminishing marginal utility. This combination of hypotheses has nevertheless been explored by some economists through the principle of chronic dissatisfaction of desire or even the principle of positive addiction [10]. Alfred Marshall referred to it in the context of a good that is truly creative – music. Innumerable consumers listen to music and as they learn more about it and about musical environment, they become more sensitive to its finer points and derive more pleasure from one hour of listening irrespective of the music being played. This experience, comparable to the accumulation of information capital and the analysis of cultural goods, has been further enriched by Bourdieu’s theories of habitus and cultural capital. This somehow brings us back to the starting point: when there is uncertainty, individual preferences are bound to follow a certain pattern, even if it is socially predetermined. Experience goods would then become relatively classical economic goods depending on the intensity of the experience.

It is no longer possible to be satisfied with the neutralisation of the novelty factor’s effect on the behaviour of both consumers and producers. The novelty may be radical and it may be impossible to determine its utility on the basis of the stock of information available to an individual. In addition, there may be other patterns of decision-making that are more suited to an uncertain environment like, for instance, the bandwagon effect. In line with Veblen’s snob effect, some consumers will demand goods not so much for their intrinsic qualities but because they are sought after by others. Even the demand and consumption of the most rational person will be determined by the experiences, judgements and constraints of the people around him. It is in fact possible to distinguish two social effects: a positive effect where a consumer's purchase increases the value of a good for other persons consuming the same good: this is the bandwagon effect updated by Leibenstein in 1950 [11] and a negative effect where the demand for of a good by individuals of a higher income level is inversely related to its demand by individuals of a lower income level: this is the snob effect. These two effects – bandwagon and snob – are sufficiently important to question traditional analyses even when they are updated by analyses of information capital. Finally, there is a marketing process that is widely recognised by the film industry – word of mouth marketing. There is no doubt that consumers are unaware of the quality of a film before they see it; but they decide to see it because others who have already seen it tell them that it is good [12]. This phenomenon has become very widespread due to the opportunities provided by the internet and it could be said that social communities wield considerable influence in this respect. It would therefore be advantageous for producers of novelties to work with them.

10.2.2 Three Art Markets: "Avant-Garde", "Edgy" and "Absorption"

Apart from the price mechanism, other adjustment processes are at work in creative goods markets. Even markets aiming at equilibrium are exposed to risks because the novelty factor brings with it an element of chronic instability. It is therefore important to understand whether the paths opened by these instabilities will converge later or will give rise to more serious divergences. There will be different kinds of markets depending on the extent to which the two disruptions affecting them are linked:

- The first disruption is found on the supply side: the competition triggered by the novelty intensifies the tempo of development of new products and the actual prospective demand acts as a regulator;
- The second is located on the demand side: when buyers find it difficult to recognise the quality of the good being sold, their decisions are not rational in the economic sense as they are influenced by social and personal considerations.

The essential characteristic of the creative goods market is therefore a lack of connection – which may be more or less acute – between the rationales of supply and demand whereas in a standard market consumer behaviour is determined by price. The novelty factor disconnects the functioning of the market from the price mechanism. There are three possible scenarios depending on the severity of this disconnection: an 'avant-garde' market is a market where rationales of supply function endogenously to subsequently create a demand for the product; an 'edgy' market is one where there is less disconnection due to prior demand but it is now resistant to novelty items making suppliers wonder if their choices will be validated; a 'main-stream' market – or 'herd market' – where the disconnection is blunted because there is marginal competition between suppliers and a marginal novelty product is easily absorbed by existing demand.

10.2.2.1 The Avant-Garde Market

In the 'avant-garde' market the dynamics of supply and demand are "independent" and far apart and even if there is a supply dynamic there may not necessarily be a demand dynamic. Suppliers are not only obliged to distinguish themselves from other suppliers in the race for novelty, but they also have to create a demand for their product.

The term 'avant-garde' does not belong to the economic sphere; it has its origins in the army. Saint Simon introduced it into the industrial domain and it finally made its appearance in art circles. Why consider from an economic angle a concept that does not belong *a priori* to market economics? It creates the impression that suppliers are willing to enter a market in the absence of demand and these suppliers are even prepared to accept that there will be no future demand. This question has been answered, as we have pointed out earlier, by Adam Smith in his famous passage on lotteries. A ticket-buyer's chances of winning a lottery are negligible. But as more people decide to buy lottery tickets, the amount to be won becomes more and more attractive and incites them to take risks. Similarly, a producer may adopt an avant-garde strategy if he is a gambler by nature. Another observation that can be added is that when a good exposes its creator or/and producer to the maximum risk, the best way to surmount this difficulty is to offer a wide range of goods or, as Adam Smith suggested, buy many lottery tickets. By doing so the possibility of making profits increases because it is very likely that among the goods on offer there will be at least one that could be a winner. In addition – but indirectly in this case – the new activity thus created may arouse the interest of potential consumers and produce gains later, if not immediately. Finally, a supplier will not hesitate to invest large amounts to be able to win the first round of sales of the novelty item opposing one producer to another. Producers of cultural goods get together in as rational a manner as possible when there is chaos or in completely unforeseen situations [13, 14]. The lottery principle has been revived today due to globalisation and spread of social media which has expanded markets and the size of lots to be won.

Evidently, we cannot confine ourselves to the example of the lottery system even though it explains the dynamic underlying this type of market. Producers will not wait for a solution to fall from the sky and they will try to organise a meeting with potential consumers, few as they may be. The likelihood of finding a Durand-Bruel or an intermediary prepared to take the enormous risk of buying goods that may or may not sell is really a historical accident. It is therefore necessary to create a "buzz" and this can be done in many different ways. A trade show or an exhibition is one of the most effective ways of attracting attention. An apt illustration of this situation is the release of new books in autumn in France when hundreds of books enter the market but less than five gain recognition.

10.2.2.2 The Edgy Market

A second type of market can be described as an ‘edgy market’. In such a market, though there are buyers for a product, the competition between suppliers is so stiff that they have to constantly create new products even if they have to face an extremely narrow, and therefore highly risky, market barely capable of absorbing the new product. In other words, as a result of stiff competition at the creativity level, some producers deliberately become excessively precocious vis-à-vis taste and demand size [15]. The situation is vastly different from the previous situation: there are existing consumers who have patronised these producers in the past, but the market size and particularly the relations between producers and some consumer segments based on loyalty can make such an unpredictable strategy successful even though it is necessary to maintain one’s positions and anticipate changes in demand sooner or later. Enterprises must respect quality, which may come into conflict with quantity. This strategy smacks of a Ponzi scheme in the sense that suppliers who choose this path take it for granted that there will always be buyers for novelty items. However, the gap between the novelty item on offer and the one already accepted by consumers may be too wide and it can be reduced only if influential or affluent consumers accept this new item and produce a bandwagon effect on other demand segments [16].

The notion of monopolistic competition can explain this challenge. What we have here is a market where elements of monopoly and competition coexist. Each company sells its own distinctive product but consumers may satisfy their requirements by buying from any of the several companies in the market [17]. So even if they already have a clientele, producers are not sure whether they will be able to retain it when they change their products or services, knowing full well that they must sooner or later improve their products since “quality” is a decisive factor. In this context, a producer who improves the quality of his products gains a relative advantage and can hope to add to his preferential demand a fractional demand at the expense of others. But if the relative quality of his product deteriorates, he cannot attract this fractional demand and is likely to even lose his preferential demand. This “edgy market” is thus based on “sales acceleration”.

How should a producer react? Certainly not by creating a cartel – although this type of market may incite him to do so – because it would mean lowering quality and abandoning all creativity to produce run-of-the-mill goods. This is not very likely to happen in the case of enterprises with a large intangible dimension because entry costs for competitors are low. The only solution would then be for the supplier to make his preferential demand less sensitive to the improvement of the quality of his competitors’ products than to the improvement of the quality of his own products. He could retain the loyalty of this preferential demand by building a brand by announcing that the desired quality is being maintained despite logical and customary changes in the product. Thus in the area of perfumes, there is an attempt to achieve this objective through dramatization by producing promotional videos at the institutional level [18, pp. 30–37, 19]. But it is not certain if this strategy playing on the consumer's emotions will suffice to create novel perfumes. The positioning of perfume brands generally gives priority to exoticism, seductiveness and the rareness of ingredients or materials. As Heilbrun wrote, "Olfaction is neither a sense related to proximity (like touch or taste) nor is it a sense related to distance (like sight or hearing); it is of an intermediate nature, an area where marketing has but recently developed expertise. While perfume takes pride in its strong sensory powers, marketing seems incapable of tackling it directly; it can do it only in a roundabout way" [19, p. 32]. In the present case, the brand should "build a bridge between tangible aspects (linked to the product's polysensory nature) and conceptual aspects (linked to the values and rhetoric communicated by the brand)". It is necessary to play with memory and ensure that "the object and the user use and modify each other in close synchrony" [20]. The ego expresses itself through its possessions and not just through what it consumes [21, p. 11]. But the example of olfaction may prove to be too complex in the sense that perfume, which conveys emotions, can oblige the subject to step out of himself or herself [22, 23]. The brand therefore adds a social dimension to the duo of conceptual and tangible elements. Attachment to a brand indicates a rapport with others and it is likely to benefit by representing the use of perfume as the creation of a suitable ambience [24, p. 38. 14]. The olfactory brand is therefore a melting pot of the transmission of effective gestures and values [25].

10.2.2.3 The Absorption Market

The 'absorption' market comes closest to the standard market having a significant number of existing consumers willing to accept the novelty on the assumption that it will be manageable. As for suppliers, they must choose a novelty item that is adaptive rather than strategic and ensure that any element likely to attract buyers will not raise problems of recognition. The ease of recognition is the main force behind the development of this market, but there is also a need to innovate constantly because as soon as a novelty is introduced, there will be attempts to surpass it with the help of characteristics that are already recognised and accepted. Undoubtedly, the market for films is an apt example in this case. Producers wanting to make new films will take steps at the onset to facilitate their absorption by including elements that have contributed to past successes such as a well-known actress, the sequel of an earlier story, etc. The brand in this case obviously reduces the uncertainty even if the brand image could lose its credibility in the long term due to the repetition of disappointing experiences. In brief, it could be said that it is necessary to create novel items, even it they are not really so, because the persuasiveness of kitsch is a very significant factor.

10.3 Arts Districts

10.3.1 Creativity, Proximity, Contiguity

Artistic goods and cultural products are constantly recreated due to the artist's desire for improvement and gaining mastery over skills, variability of tastes, new opportunities offered by globalization, etc. The intensity of artistic activity depends on the location of artist-enterprises as it can facilitate and sometimes restrict the exchange of ideas, pooling of services, presence of required talents, etc.

This need for proximity varies according to the nature of the risks faced by artist-enterprises. When incertitude is limited and it is possible to work with a network of stable companies, it is advantageous for companies to build a corresponding network but it is not necessary to move geographically closer to one another. The satisfactory working of this network reinforces the confidence and capability of every member to fulfil demands in the best possible conditions. This accumulated capital of confidence becomes so important that it is not in the interest of any of the partners to leave the group or be excluded from it, which could happen if a member behaves opportunistically to the detriment of other members. When there is a lot of incertitude, for example when consumers' tastes are liable to change suddenly, it is not possible to continue in the same manner and it is necessary to innovate very fast, redefine goods and mobilize new talents. Let us take the case of pop music, which faces considerable incertitude regarding tastes and the nature of the demand. There is a strong concentration of activities related to composition, recording and publication in some areas. Maskell & Lorenzen explain this incertitude as the conjunction of several features: the very short life of CDs; considerable incertitude regarding public tastes and acceptance of the product; the variety of partners to be brought together to create a new product, some of them being casual musicians and others more stable. Comparing the pop music industry with the furniture industry, they rightly point out that the latter does not feel the same need for proximity due to the stability of tastes and demand, the longer life of products and the less frequent need to change [14].

Networks cannot always provide a solution because there is no reason to believe that all members of the same network are capable of radical change. On the other hand, spatial proximity can create "weak ties" (in Granovetter's sense) that can be mobilized whenever there are unforeseen changes. When companies, which have accepted similar challenges, make an effort to join a widespread network keeping a long-term prospect in mind, the district has to adjust as efficiently as possible to the rapid changes in demand. This also applies to artist-enterprises as their activity is determined by creativity and incertitude.

10.3.2 Are Networks a Source of Adaptation?

Networks do not necessarily depend on geographical contiguity, but they allow their members to adapt themselves to new conditions of work. They are often informally created private networks which can become solid structures like the *Friches* networks in the Ile de France region or the European networks whose basic principle is to encourage creation in the field of plastic arts and urban shows in these New Cultural Territories.

Other networks can give rise to public-private partnerships. Sometimes, they are essentially public organizations as the government recognizes the advantage of such bodies. The British Renaissance Network reveals both the goals and limitations of such networks. In the early stages, the Renaissance Network, set up around the Hub or an organization bringing together the principal museums of a region, was justified by three reasons: fulfilling visitors' expectations and demands which is beyond the financial capabilities of museums; making better use of frequently ignored artistic potential; improving the image of old-fashioned institutions, which are not really indispensable, in the eyes of the public. There is no doubt that it was necessary to strengthen their finances, which is the government's job, but it was also necessary to ensure that resources were used as efficiently as possible, which meant increasing the number of employees and improving their skills at the local level. It was then decided to set up a group of four of five museums with a variable geometry around a Hub museum benefiting from financial assistance, which could serve as a centre of excellence and a resource centre for other museums. To make this system effective, the Hub had to take action to mobilize varied collections.

After working for 8 years, this network consisting of local networks was assessed and restructured. There was a risk that the components of these networks would marginalize the objectives of the cultural policy to satisfy some specific concerns. The hubs could also turn into screens and prove to be counterproductive. Also, it became necessary to guide the network controlling local networks. So a system of governance was put in place to cross the local dimension with the transversal dimension. On the one hand, members' responsibilities were organized more effectively at the local level around the Core Museums; on the other hand, a set of transversal managers were appointed to make the members familiar with the objectives of the group as a whole.

10.3.3 Are Arts Districts a Source of Creativity?

10.3.3.1 From Limoges to Bollywood

The theme of the arts district [26, p. 265 onwards] is without doubt closely associated with the film industry and particularly Hollywood. In the beginning there was no reason why film studios, which were then located in the eastern part of the United States, should set themselves up in Los Angeles other than the salubrious climate and the availability of cheap land. At the foot of Hollywood Hill, it is possible to shoot outdoors all through the year thanks to the bright Californian sun (even though film-makers soon started shooting the major portion of their films indoors). The easy availability of land enabled them to acquire vast tracts at a very low price. Further, the establishment of several studios in this area attracted artistic and technical skills enabling producers to find the human resources they needed and artists and technicians to find employment. Thus Hollywood became an "open-air market", and all kinds of adjustments could be made almost instantaneously. If it is difficult to find a better illustration of an artistic-industrial district than Hollywood, this honour is now shared by Bollywood, to the extent that Bollywood has now become as much of an artistic genre as a film production centre located in Mumbai [27].

Another example is that of the arts district of Limoges. In this impoverished region, Turgot, the Intendant of Limousin, introduced the porcelain industry. Looking for new sources of activity, he found large deposits of kaolin, which prompted him to establish the porcelain industry, the local requirements having been satisfied until then by the import of porcelain goods from Saxony. In the wake of this public initiative, several local companies like Havilland and Bernardaud came up in the area. Realizing the importance of constant innovation, Charles Havilland employed a resident artist as far back as in 1872. He entrusted him with the task of setting up a team of his choice but reserved for himself the right to select the products to be marketed. Since he knew that all major contemporary artistic trends originated in Paris, he also opened a workshop on Rue Michel-Ange in Auteuil where Félix Bracquemond, who was already famous, gathered around him the ceramist Chaplet, as well as artists like Gauguin, Manet, Degas, Puvis de Chavannes and Adrien Dubouché. The workshop became the quality-control laboratory for products whose ornamental style influenced the entire porcelain industry of the period. Léonard Bernardaud, who began his career as an apprentice in the Delinières factory in 1885 and became its head in the course of time, doubled the area of the workshops and opened up new markets for his products in France. In 1911, he opened an office in New York to eliminate intermediate costs. Like Havilland, his heirs mobilized artists like Van Dongen, Buffet, César, Roy Lichtenstein and Raymond Loewy who designed successive collections. In addition to this artistic development, Limoges also owes its success to the preservation of traditional crafts techniques shared by a large section of the population. The coexistence of artists and craftsmen produced an atmosphere conducive to creativity, which continues to benefit the district, although it now faces competition from cheaper goods of an inferior quality.

Those who stress the idiosyncratic dimension of art products support this approach to the arts district. These products depend on specific conditions of production and their nature would change if there were any changes in local production factors, both tangible and intangible, and their combinations. Hence their production is not indifferent to the nature of their environment and location plays a crucial role, the examples of Murano and Limoges being frequently mentioned in this context. But it is advisable to be prudent, as this reasoning cannot be carried to extremes. Wherever it is present, this idiosyncratic character is explained by the existence of specific raw materials and the preservation of specific skills. There is however no reason to insist that these two factors cannot be "extended" to other places over a period of time, as seen today in the legal debates on the guarantee of origin or the recognition of geographical brand names. This observation also applies to the image associated with major metropolises like Paris "The City of Light", New York "The City that Never Sleeps", Los Angeles "The Sparkling City", etc. These images have above all a metaphorical dimension, which, even though it casts a positive light on all their activities, cannot serve as a panacea.

10.3.3.2 Demonstrating Pertinence

Does the geographical proximity of artist-enterprises really have a decisive effect on their functioning? This question needs to be asked because geographical proximity not only encourages competition between artist-enterprises but also compromises their viability, for example in the case of theatres and museums. Thus, while the positive effect of synergy described earlier can be negated by the negative effect of competition, it is not possible to say in advance whether the former will prevail over the latter.

A study measured these two effects and their net benefit on the basis of data on new cultural organizations in France [25]. The indicator selected for this purpose is the life span of these organizations (whether an organization existing at the beginning of the year is likely to survive till its end). Normally the synergic effect tends to increase the life span while the competition effect tends to reduce it. Several appraisals were made on the basis of the indicator pertaining to the condition or geographical proximity of artist-enterprises as well as an objective indicator regarding their survival rate. When artist-enterprises in the same activity sector are located close to one another (for example several visual artists or several theatre companies or several audiovisual companies), they are more competitive and their life span is reduced on an average by half. But if these artist-enterprises belong to different artistic sectors (with visual artists, theatre companies and audiovisual companies existing side-by-side), the synergic effect is very strong and it increases the life span of artist-enterprises four times, which is considerable.[1]

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[1] The overall result can be confirmed in different cultural sectors [25, pp. 351–355]

- In the case of arts and crafts, the overall result is weak, but it does not really change matters because the positive effect of synergy (0.29) neutralizes the negative effect of competition (2.31). This means that the rate of mortality is divided by almost 3 due to the synergy effect whereas the rate of mortality is multiplied by 2.31 due to the competition effect.

The net effect is therefore positive and this leads to the conclusion that geographical proximity or the existence of an arts district increases the chances of survival of artist-enterprises. This result should however be modulated in accordance with the type of artistic activity. However, this does not apply to stage performances where the effect of competition is so strong that it largely exceeds the effect of synergy: their rate of survival is reduced four and a half times by competition while it increases only four times due to synergy. This is undoubtedly so because the market is essentially local, which means that when a new company enters the field, it directly reduces the share of the established companies, at least in the beginning.

Like artist-enterprises, arts districts will give rise to the effects that are expected of them if they know how to remain creative in artistic as well as productive and economic terms. The problem is to maintain an atmosphere conducive to creativity by creating the required jobs and incomes. But they are certainly not protected from harmful consequences. Some companies may use the district's image to make the most of available opportunities, but this could have an adverse effect on it. Also, not paying attention to training in order to economize on costs will lessen its potential in human resources, a consequence that will eventually affect all the participants in the district, etc.

10.3.3.3 What Conditions?

Districts revolving around arts and culture are extremely varied. The actors themselves create some of them spontaneously: skilled craftsmen, artists, publishers, producers, etc. while others are created deliberately by state cultural policies. Some are specifically urban, others associate local and farm products with cultural activities. Some do not enjoy any kind of protection while others obtain a label of quality or guarantee which acts as an intellectual property right with its double dimension: encouraging innovation and creating an income for the producers. Some are able to escape from the constraints of location due to a high demand for their products (publishing, arts and crafts and fashion), others are constrained by the location of some of their inputs (restaurants, precious objects, archaeological

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- In the case of the visual arts, this result is reinforced by the positive effect of synergy (0.29) which clearly neutralizes the negative effect of competition (1.70) (it must be remembered that the coefficients should be interpreted as multipliers).
- In the case of stage performances, this result is reversed because the positive effect of synergy (0.29) is clearly dominated here by the negative effect of competition (4.61), which leads to a net negative effect due to concentration in one area.
- In the case of book publishing, the overall result is strong because the positive effect of synergy (0.29) clearly nullifies the negative effect of competition (1.48).
- In the audio visual sector, this overall result is even stronger because the positive effect of synergy (0.29) adds to the positive effect of competition (0.91): this tends to justify the reference to *Hollywood* or *Bollywood* as a vindication of the cultural district theory which is comparable to Marshall's industrial district theory.

resources, aromatic plants, etc.) This gives rise to an incontestable interpenetration of tangible and intangible capital, which are more often than not separated by governments, which are themselves compartmentalized! But whether it is Hollywood, Bollywood or Limoges, there has to be continuous adjustment, which is possible due to the availability of information and the presence of social capital and an atmosphere conducive to creativity. The arts district then becomes a close-knit community, which uses the levers of exogenous growth in its efforts to satisfy external markets and also promotes indigenous growth because the proximity of "actors" encourages imagination and creation of new products.

This is not particularly evident. Arts districts often have their origin in urban neighbourhoods where skilled craftsmen gathered together mainly because of the guild system. Situated in the heart of the city and immersed in its markets, their life was closely linked to the availability of land. However, urban development often went against them. The phenomena of speculation and gentrification reduced their living space and forced them to move their workshops to the city's edge, if not outside it. Changes in land-ownership patterns obliged them to give up their traditional commercial networks, which usually involved face-to-face meetings with customers. Skilled craftsmen and artists were thus obliged to deal with their clients through intermediaries, which made them dependent on merchants who preferred standardized goods to personalized and hand-made products. Creativity suffered as they started producing for uninterested and anonymous consumers through an intermediary who found it advantageous to standardize his wares as much as possible. Today, there is a movement in the opposite direction to revive and reorganize the central and impoverished districts of many cities in order to improve their image. The main difficulty encountered in the course of these attempts is not financial because there are many partnerships at work. It is mainly the outcome of policies seeking to reconcile local cultures with the global culture leading to the gentrification and dissolution of the last vestiges of traditional cultures.

The transmission of skills and business enterprises is also a major challenge. It is essentially seen only in terms of continuity within the family and profession and any deviation is considered a loss of identity. Also, the determinant factor is not so much the transmission itself as the environment in which it takes place. Preventive actions are possible such as the creation of service platforms or special training with the idea of transmitting skills to the next generation. In fact, those practising a profession would be more willing to transfer their knowledge and skills to a person they have seen at work and whose professional qualities and culture they appreciate. But often this transmission has to be organized within the framework of a more centralized system like the system of National Living Treasures prevalent in Korea and Japan, which identifies the skills to be preserved as well as the persons responsible for their transmission.

Every arts district has a scientific dimension that cannot be marginalized since it is wrong to insist that a profession cannot benefit from technological innovations in the name of preserving authenticity as this can sometimes have suicidal consequences. In some cases, these districts depend on recent technological developments – especially those in the audiovisual sector – and they have to bear the cost of corresponding innovations, which is often not possible for a single artist-enterprise.

In other cases, these districts try to keep alive traditional skills, which have come down from previous generations, by enriching them further with available innovations.

The affirmation of intellectual or artistic property rights is a constant problem in the case of intangible goods, which run the risk of being copied as soon as they appear in the market. So unless it is possible to resort to copyrights or patents, the producer has to depend totally on the brand name, which is the weakest form of protection of intellectual property. So how does one go about protecting a collective brand, as in the case of *appellation contrôlée* with a guarantee of origin? In many cases, networks are established to define a logo, if not a brand, and assign it only to club members. Apart from this initial effort, it is difficult to approach courts or higher authorities to uphold their rights. Like WTO, governments should try to get the regional Unions to recognize the existence of collective artistic property rights, but current discussions on this subject indicate that the tendency is to reduce them even in the areas where they exist (agricultural produce) instead of extending them to areas where they do not yet exist.

The limited nature of some districts often makes us think that they are not really interested in the international dimension. However, because of their artistic dimension, they are intrinsically involved in the exchange of ideas across borders. Their development will be accelerated if they can avail of facilities to participate in transactions and investments in areas situated quite far from the area of origin. Platforms offering export services are hence indispensables, even though the advent of the internet has changed things considerably. Incidentally, many artist-enterprises insist that what matters most is exhibiting their works and gaining recognition, which is why it is necessary to reduce the cost of accessing exhibitions, art fairs, competitions and other art-related events.

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Chapter 11
Conclusion: The Artist-Enterprise in a Creative Economy

It is rather difficult to contest the importance of the link between artist-enterprises and the creative economy. Artist-enterprises play a significant role in the present-day economy: they are no longer a restricted sector of the economy which was treated sympathetically because the transition from art works to cultural products cuts across several sectors nurturing creativity in the social, economic and environmental domains.

Under the influence of technological innovations, particularly after the advent of the Internet, processes related to the production and consumption of artistic goods and cultural products have changed. In addition to the difficulties peculiar to the art economy, which has always been problematic due to the absence of commercial profitability, there is a new challenge posed by freebies. What has happened is that in the name of freedom of information, artistic goods are treated as "information" and are supposed to be provided free of cost with music, and probably audiovisual entertainment in the near future, being a perfect illustration of this new economic context. At the same time, we are witnessing the development of new business models making access to artistic goods more and more costly or concentrating more on certain goods to the detriment of others. Today artistic goods and cultural products are increasingly distributed through portals, either by important Internet players or by leading commercial brands. Besides, it is quite striking that the same actors, Google among them, who once pleaded for the free circulation and availability of cultural goods, which were likened to information goods, now intend to set up direct or indirect payment mechanisms that will be highly selective. The problem, incidentally, is not so much paying for these goods but the possibility of these portals subjecting creation and cultural diversity to a filtering process.

All said and done, it could be said that the supply of artistic goods is higher than it has ever been but that it is more and more "the same", a paradoxical situation considering that numerous goods are presented as examples of creativity and novelty. The artistically creative economy faces the risk of becoming a "world order of beauty", an expression laid by Warhol. The issue is not so much to recognise the importance acquired by artistic activities in the economy as to ensure

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that it will not lead to the creation of powerful filters. It is heart-warming to note that small social communities feel more free and creative in the shadow of the giant Culture web, but the driving force is on the other side. In a remarkable book, Robert Levine describes these dominant players as parasites and that is the crux of the problem [1]. Those who now have the power to decide are they really interested in artistic creation or are they mainly interested in turning artistic activities into moneymaking machines?

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