

## Economic Analysis of China's Contemporary Art Market

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**Abstract:** The formation of the art consumption market is inevitable for economic development to a certain extent. The unique commodity and spiritual dual attributes of art consumption determine the particularity of the art market. But from an economic point of view, art creation is art production, and it forms a consumption behavior with the audience of art. Since its birth, the Chinese art consumer market has experienced germination and improvement in more than 20 years, but there are also serious problems in it. This article proposes solutions to these problems through thinking about the development of the Chinese art market, as well as prospects for the future development of the Chinese art market.

### 1. Introduction

With the rapid development of the national economy, my country's industrial class has also undergone great changes compared with the past. The top three are the stock market, the real estate market and the Chinese art market. Since 2003, the Chinese art market has completed the transition from a collection market to an investment market, with more complete market functions, more effective market management systems, and an upgrade from primary to advanced in terms of market level. This article takes the Chinese art supply side, the demand side and the market intermediary as the research objects, analyzes the art trade channels to make a corresponding summary of the current situation of the Chinese art market, and analyzes the current situation of my country from the perspective of economics and international trade models. The art trade market raises questions and prospects.

### 2. Art Market Concept

In a basic sense, the art market is a market where artworks are traded as commodities. Art creators, owners, demanders and intermediary markets are the main part of it, plus national laws and regulations and relevant departments' regulations. Supervision manages and regulates these main parts and constitutes the basic system of the auction industry. my country's art intermediary market can be roughly divided into three levels in terms of market scope and corresponding functions: the primary market's business scope is galleries, art shops and art products, and the intermediary company is mainly responsible for the sale and trade of art products and corresponding Transfer of ownership of works. There are two business models in the primary market, one is the full power model, that is, the intermediary company will be fully authorized to act as an agent for the trade of works after receiving the approval of the buyer and the seller. Another business model is that the intermediary does not have the ownership of the artwork, but only accepts the commercial commission of the owner of the artwork to sell it in the trade market, but the subject of the transaction is the buyer and the seller, and the transfer of the ownership of the artwork is also between the buyer and the seller. In between, the intermediary aspect is only used as a medium of transaction. The main body of the secondary market is the auction company, which mainly completes the transfer of ownership through the intermediary behavior of the auction company. Therefore, the business model of the secondary market is simpler than that of the primary market. It is similar to the second trade model in the primary market. It only accepts the commercial entrustment of the art owner to sell on its behalf in the trade market. The main body of the work is

the buyer and the seller, and the transfer of the ownership of the work is also between the buyer and the seller. The intermediary is only a medium of trade. The tertiary market is art fairs, and some service business activities related to the trade of art products, specifically, the evaluation, appraisal, and exhibition of art and art products.

In a broad sense, auction is a means to complete the allocation of market resources and corresponding price equilibrium; in a narrow sense, auction is a market trade behavior at a certain time, location, and corresponding market rules. The concept of auction originated in the West. It is a mechanism that determines the final price through certain clear rules of market economy trade and the bidding behavior of bidders, and configures and standardizes market resources through the price of artworks; In other words, the intermediary and organizers of the industry arrange the determined time and place to transfer and buy and sell artworks in the form of open, fair, just and transparent bidding. The Western understanding of auction is: "Auction is a market mechanism in which participants in a market economy trade market make quotations based on their own needs and the value of commodities, and complete resource allocation and price constant based on a series of rules." The basic function of auction is to complete the market pricing of traded goods, and to complete the increase in the value of goods through transfer, bidding, market value positioning and other methods in the trade process.

### **3. The Development Status of China's Art Consumption Market**

The art business has developed from the initial personal behavior to the company-based (including media, galleries, auction houses and other institutions) and moves closer to the direction of capital operation. The foundation of capital operation is to achieve rapid growth of economic benefits through the use of small and large, through capital and commodity value changes and skills. These traditional business units began to reorganize for the purpose of maximizing profits, and some enterprise alliances and artist alliances have emerged as new forms. Galleries and auction houses began to set up branches to facilitate cross-regional chain operations, and began to merge and combine companies to strengthen their competitiveness. Enterprises, museums, and art galleries have become major consumers in the high-end art market and have repeatedly set transaction records, becoming a vane and a huge driving force for the advancement of the art market.

The core of art consumption is both the means of sales and production. According to the Marxist understanding of art consumption, art production is art consumption. The artistic status of Chinese artists has also improved with the rise of the art market. The holding of auctions, on the one hand, promotes the consumption of artworks and promotes the increase in transaction volume; on the other hand, it also raises the popularity of artists. Many artists rely on auctions to double their own worth. At the same time, it also objectively promotes the rapid development of Chinese art market. Connect with the international market.

Since the market economy, the concept of art collections has been gradually replaced by art investment. People buy art not only from the perspective of artistic aesthetic needs, but also see the high profits behind the capital operation of art. The manipulation of the art market will continue to expand. Art consumption is established at the time of economic development and prosperity. Artists' art production will definitely compromise and transition from subjective creation to marketization. They will also gradually lose the ability to see things from an absolute artistic perspective and participate in overall changes. Among them, the art works are continuously entertained and popularized.

That is, the combination of elite groups, practitioner groups, and mass groups. These three groups of people and art production constitute the consumption structure of Chinese art consumer groups. The elites are the main consumers of art products and price controllers. In the process of artistic consumption, the elites, on the one hand, use a sense of responsibility for artistic creation and production, leading the public's aesthetics, so that art has a higher spiritual value; on the other hand, they participate in the regulation of the art market by enhancing the value of art products

Price trend.

#### 4. Construction of Chinese Art Market

Because the art industry itself has great market potential and large profits, it has attracted the coveting of some illegal businessmen. They make a lot of fakes to get huge profits. According to statistics from relevant departments in the past two years, the probability of counterfeiting in auctions has greatly increased, and the proportion of counterfeit products in serious cases has reached more than 70%. The circulation of calligraphy and painting in the market is relatively good, which leads to the appearance of counterfeit works of some famous works of art, and even the fake ones. According to relevant news reports, thank you counterfeiters have a certain degree of regionality. For example, there are more fakes of Zhang Daqian's works in Sichuan, and more fakes of Qi Baishi in Beijing, and Guanshanyue fakes in Guangzhou have the largest number of fakes. . Regulatory regulation of the industry is mainly aimed at the disorderly competition in the art intermediary agencies in my country at this stage, and the art works are fake. Strengthening the supervision of the art market is the basic guarantee for the healthy development of the entire industry. Specifically, it is necessary to strengthen the daily management of the art trade market and administrative law enforcement, and formulate clear penalties for false, counterfeit, and illegal trade. Regarding unreasonable phenomena and even violations of laws and regulations in the course of trade, they should be rectified and dealt with strictly in time. For the auction industry, relevant tax policies should be strictly implemented, which will increase the cost of fake auctions and reduce or even eliminate the occurrence of fake auctions.

According to the development status of my country's art market and the specific conditions of intermediary entities, the author believes that strengthening the capacity building of art market intermediary entities at this stage is the only way for the future development of the entire industry. The author believes that in order to improve the quality of the entire industry intermediary market, we should start with the following aspects: First, raise the entry threshold of the art trade intermediary entity, and control the quality of the intermediary entity from the source. Then a sound exit mechanism needs to be established. This can reduce the risks faced by excellent market intermediary entities in the trade process, reduce operational errors and unsustainable operations, and reduce possible losses in the course of competition. Finally, it is necessary to rectify and reform the original business philosophy and operating methods, adhere to the basic philosophy of sustainable development, maximize the benefits while ensuring that the operation is legal and reasonable, and improve the gallery operating mechanism and broker system so that it can be used in actual work Give full play to the role of supervision and regulation. Strengthen the training of potential artists, ensure the innovation and originality of artworks, and ensure the source of sustainable works.

The development of online auctions is relatively short. It is a new type of commodity trading method that has emerged in recent years with the development of Internet technology and the integration of auction concepts. Online auction is to use the Internet trade platform to publish the information of the artwork that needs to be traded, and then transfer the ownership of the artwork to the bidder with the highest price through competitive bidding. According to statistics, at this stage, the number of domestic online auction sites in my country exceeds one hundred. The business scope of online merchants is very wide. From personal idle goods to real estate, automobiles, and artworks are all their business objects, without too many limitations. The online auction of artworks was first started by Guardian Online in 2000. In the first online auction, Guardian Online took a multi-special, all-day approach to try. This is the first time that an online auction has appeared in people's vision. In the process of online auctions, the bidding time for lots is generally a few days. Relatively speaking, the consideration and preparation time left for bidders is more sufficient, which can reduce the occurrence of "impulsive" consumption to a certain extent. One of the advantages of online auctions. The biggest advantage of online auctions is its convenience. As long as bidders have access to the Internet, they can participate in the auction. This saves a lot of trouble and also saves time, transportation, and accommodation. In addition, the openness of online auctions can reduce the occurrence of malicious collusion, and complete detailed records of the entire process through network technology, providing an accurate basis for regulatory authorities.

## 5. Conclusion

At this stage, the false heat of my country's art market is constantly fading, and the comprehensive quality of buyers and sellers and intermediaries is constantly improving, and people are more rational in the auction process. On the whole, China's art auction market is constantly improving and improving, but there is still a certain gap in comparison. These gaps are specifically manifested in the formulation and improvement of laws and regulations, the management strength of the regulatory system, and the degree of regulation of the auction industry. To solve these problems, it is necessary to first obtain the attention and support of relevant state departments, regulate relevant laws and regulations, strengthen the construction of supervisory systems, cultivate excellent auctioneers, and improve the comprehensive capabilities of intermediary entities.

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