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Geography of Valuation: a Real World Laboratory Approach using the Example of Basel Art Fairs

Max-Peter Menzel
Universität Hamburg
Geography
max-peter.menzel@uni-hamburg.de

Tina Haisch
Bern University
Economic Geography
tina.haisch@giub.unibe.ch

Abstract

In recent years we could observe a revival of cities, connected to an augmented concentration of creative activities in particular neighborhoods. Existing arguments explain this phenomenon by in-migration of highly qualified creatives, driven by consumption and propensities for amenities. Yet, these approaches lack both explanations for the economic conditions under which these forms of migration take place and their connection to changing geographies of production. We argue that under conditions of uncertainty, which especially exist in creative industries, an important driver for being geographically close is not the production of new knowledge, but the negotiations and evaluation about what knowledge is of value. We therefore move the perspective from the supply side to the demand side of knowledge processes, and from production to selection. We exemplify our argument with two art fairs as real world laboratories: the Art Basel and the SCOPE. Both art fairs describe situations where the value of objects is negotiated. Yet, both places differ in uncertainty about the value of objects. Uncertainty about the value is mitigated via extensive face-to-face interactions. We argue that these processes of negotiating about uncertain value leads to spatial concentrations.

Introduction

In recent years we could observe a revival of cities (Florida 2002, Glaeser et al. 2001). This revival is connected to a transformation of 'the urban' by an augmented concentration of creative activities in certain neighborhoods (e.g. Kreuzberg/Berlin, Williamsburg/New York). These neighborhoods in central urban districts, characterized as "hot spots", are accompanied by an "an invasion of international creative pioneers" (Holm 2013, p.171) and increase in rental prices. Additionally, these neighborhoods spread. An de Meulen and Mitze (2014) for example showed that Berlin had five isolated hot spots in 2008, which were connected to one large hot spot in 2013.

Existing arguments explain this connection of urban growth by an in-migration of creative and highly qualified into cities,, driven by consumption and propensities for amenities like fancy bars, art galleries, restaurants etc. (Clark et al. 2002). However, these arguments based upon changing consumption behavior and lifestyle choices are criticized for not being able to explain how these processes transform cities as sites of production (Storper and Scott 2009).

Additionally, a view into the micro-geographies of different industries in three Canadian cities presented by Spencer (2015) showed that only creative industries were spatially concentrated, while science-based industries are spatially disperse. This divergence indicates that it is not necessarily a quite broadly defined creative class, including lawyers, researchers, managers etc. responsible for these recent transformations of cities. Instead, it seems that especially creative industries depend on require interactions in spatial proximity and transform these places.

Furthermore, the economics of aesthetication (Reckwitz 2013) and authenticity (Gilmore and Pine 2007) associated with creative industries increasingly emanate to other fields like food or craft based production. To summarize, a broad range of industries that cannot be distinguished by human capital (Glaeser et al. 2001), industry class (2009) or occupation (Florida 2002), but by their production of aesthetic associations, play the crucial role in contemporary urban transformation. Therefore, the crucial process is what Reckwitz (2013) describes as "The associative giving of meanings, which are connected to material carrier (words, pictures, sounds buildings, behaviors) and to sensual perceptions and emotions" (Reckwitz 2013, 143, own translation).

To investigate the interplay between these processes of aesthetication and urban development, we built upon classical notions that novelty is created when different knowledge is combined and these combinations take place in diverse and densely inhabited cities (Jacobs 1969, Glaeser 1999, Storper and Venables 2004). Yet, we diverge from this classical canon by arguing that the crucial process for the processes at hand is not the creation of novelty per se. Instead, it is the valuation

of knowledge. By negotiation about what novelties, objects, events are of value, value is given is given to these entities (Hutter and Stark 2015, Moeran and Pedersen 2011).

Valuations take place in all industries. Yet, valuations require extensive forms of interactions and negotiations when trajectories (Dosi 1982) or standards (Aspers 2009) that help to define the value are missing. These conditions exist also in new and emerging industries when different technological approaches and designs compete (Dosi 1982, Abernathy and Utterback 1978, Audretsch and Feldman 1996). However, in industries depending on the production of symbolic associations, this uncertainty is not limited to a particular phase. Instead, its evasion of clearly defined trajectories and the resulting uncertainty is the defining entity of these industries (Reckwitz 2013).

We argue that under these conditions processes of valuation require geographical proximity as well as diversity to dispute “what is of value”. These qualities are given in dense urban quarters. In doing so, we explain contemporary urban transformations not as a result of consumption or lifestyle choices, but by economic necessities of particular sectors, like the so-called creative industries (Pratt 2009). By investigating valuation and not on knowledge recombination, our paper focuses on the selection side of evolutionary dynamics (Metcalf 1994).

We exemplify our argument that valuation leads to concentration under conditions of uncertainty by using two art fairs as real world laboratories: the Art Basel and the SCOPE. These art fairs are global market places for art. As the value of an artwork cannot be derived from its attributes or assessed according to certain standards (Aspers 2009), negotiations between exhibitors and visitors about value are the crucial processes. This setting, where value is assessed and not novelty produced, allows to distinguish processes of valuation from that of knowledge recombination, Furthermore, these fairs take place in a spatially and temporarily restricted environment, providing comparatively controlled conditions like in a laboratory experiment. Using these examples, we show that it is not the knowledge production per se that requires geographical proximity. It is the valuation on what novelty has a value.

Explanations for Contemporary Urban Growth and Geographic Fragmentation

After a phase of urban decay due to suburbanization, a revival of cities is observable since the 1980. This revival is connected to in-migration, renewal of urban infrastructures and gentrification processes.

These processes are highly selective. This selectivity takes place on several levels. The first level is the level of the city. Not all cities are affected. These processes started in large cities that were highly integrated into global networks (Sassen 2001). Later, this development affected generally large metropolitan areas. The second dimension refers to the inner-city structure. Processes of urban renewal and transformation took place in particular urban neighborhoods. Third, this development is strongly connected to the emergence of a creative class (Florida 2002) and the growth of creative and cultural industries Graham (2002).

Additionally, these processes of urban growth and geographic fragmentation seem to accelerate and become more pervasive (Florida 2002). An de Meulen and Mitze (2014) showed that creative quarters from single locations became pervasive in urban development. Potts and Cunningham (2008) showed that the importance of creative and cultural industries for urban growth rose to an extent that they themselves became a location factor for other industries, thereby accelerating urban growth. To conclude, these recent urban developments correlate with an upcoming of creative industries that are concentrated in certain quarters.

Amenities as Driver of Urban Concentrations

There are several explanations that connect this recent growth of cities with the rise of creative industries and activities. Most approaches describe a transformation of cities from places of production to places of consumption (e.g. Florida 2002, Glaeser et al. 2001, Clark et al. 2002). While traditional accounts would argue that cities grow when industries create jobs and the environment they need, which again attract people (e.g. Storper 2009), the new approaches argue that jobs follow people and therefore cities grow when they attract highly qualified and creative people. These people would find jobs, as firms would follow them or create their own firms. Therefore, policies of cities would have to focus on providing an environment that these highly qualified and creative people like.

Different strands of literature align to this argument. Glaeser et al. (2001) argue that these highly qualified are attracted by rather traditional amenities like safe streets, good labor markets, suburban homes supply, and low tax rates. Clark et al. (2002) describe cities as “urban entertainment machines” that have to provide amenities like concert halls, museums, galleries, fancy shops to attract highly qualified people. The best known is perhaps by Florida (2002). He argues that cities especially grow when they attract certain kinds of people: the creative class. He further argues that in addition to amenities, the creative class searches for places with an open and tolerant climate (Haisch and Klöpper 2015).

This literature that argues that jobs follow people is strongly criticized by Storper and Scott (2009). They argue that these accounts cannot explain how production systems evolve and how cities produce growth. Additionally, they argue that the amenities that attract people have to be produced firstly, and it is the local industry that produces these amenities. While recent accounts like Florida (1999) react to these critics and argue that a tolerant environment makes resource allocation more efficient, they do not explain why this relation seems to be more important nowadays than for example during times of Fordism.

Jacobs' Externalities and the Learning Economy

The traditional production oriented argument for the growth of cities is offered by Jane Jacobs (1969). She argues that cities are places where people "add new work to old work", i.e. knowledge is combined and recombined. These possibilities to produce new novelty via re-combinations led Glaeser (1999) to argue that a city's growth is fostered by its diversity. Upon this literature, Frenken and Boschma (2007) argued that it is not simply diversity that fosters growth, but this diversity has to be related. When the knowledge is too distant for actors to be able to comprehend each other, knowledge is not recombined and novelty not produced (Nooteboom 1999). Therefore, this variety must be related to produce novelty as basis for growth.

Geographical proximity is necessary when regular face-to-face interaction are required, i.e. when knowledge is tacit, complex, and difficult to combine (Maskell and Malmberg 1999, Sorenson et al. 2006, Storper and Venables 2004, Menzel 2015). With the move towards a learning and knowledge economy (Lundvall 1991), it can be expected that processes of re-combinations of knowledge to produce novelty would increase. As Jacobs (1969, 1961) based her argument on interactions taking place on the streets and within neighborhoods, also the importance of places, urban neighborhoods and city quarters in which these knowledge is re-combined would increase.

Most studies support this reasoning. However, they are often based on the regional level (Frenken and Boschma 2007, Glaeser 1999). A view on smaller geographical scales shows that these assumptions not necessarily hold. Spencer (2015) compares the micro-location of science based and creativity based industries. He shows that science based industries spatially disperse and located in suburbs and low-density neighborhoods. Thus, especially those industries that usually are connected with the learning economy are not the main drivers for the contemporary urban developments.

The reason for their spatial dispersion might be the decreased importance of geographical proximity for knowledge processes due to codification of knowledge, as knowledge codification leads to permanent spatially disembedding of knowledge processes (Sturgeon 2003, Amin and

Roberts 2008). Other accounts argue that knowledge not simply spills over, but follows relations (Breschi and Lissoni 2001). Therefore, relations are important for knowledge re-combinations and not geographical proximity per se (Kogut and Zander 1992). Furthermore, studies point out that the processes that require geographical proximity vane during industry evolution. Geographical proximity is only important during particular phases, for example during the emergence of regional industries and spatial concentrations during industry maturity result from inertia (Menzel and Fornahl 2010).

While Spencer (2015) showed that science based industries are geographically dispersed, he also showed that what is concentrated in dense and diverse urban neighborhoods are creative industries. Also other studies show that particular quarters are affected by “creative pioneers” (Holm 2013). As a result, distinct places with a high concentration of creative industries emerge. Spencer (2015) argues that differences in knowledge production are responsible for the different geographical patterns of science based and creative industries. Creative industries need to combine and assess more divergent knowledge than science based industries, which requires more interaction. However, this reasoning does not explain, that contemporary urban restructuring is quite broader than limited to creative industries (Florida 2002).

Valuation as Driver of Urban Concentration

Consumption based theories that argue that cities grow because highly educated people increasingly appreciate urban amenities (Glaeser et al. 2001), hereby spurring diversity and urban growth (Florida 2002). Other studies show that these processes are especially connected to creative industries, due to their specific knowledge creating processes (Spencer 2015, Pratt 2009). While, these approaches cannot explain the functioning of urban economic systems (Storper and Scott 2009), it cannot be denied the phenomena described show contemporary forms of urban economic transformation (Clark et al. 2002).

We intend to present an additional argument to this discussion. We start with the phenomenon of restructuring of urban quarters and urban growth described by the consumption based approaches. However, we describe the reasons for these phenomena not from consumption-oriented preferences. Instead, we argue that economic reasons are responsible for these developments.

Our argument is knowledge based, as it emphasizes that economic processes based on knowledge opportunities are responsible for contemporary urban growth. However, it deviates from

accounts based on Jacobs externalities as we do not focus on the production of novelty alone. Instead, we emphasize that valuation is the crucial process.

Valuation a practice by which actors give value to something. Entities are qualified according to social norms, standards or personal values (Thévenot et al. 2000). In this perspective, objects do not intrinsically have a certain value produced via work or defined by its utility, which discloses by testing and evaluations. Instead, value is constructed via social and personal values and transformed into a market value (Aspers 2009). As Moeran and Pedersen (2011, p. 12) stated, "It is this qualitative symbolic value that is then exchanged for a quantitative economic value."

An example for these processes of valuation is the German soft drink Bionade. This soft drink was produced by a small rural brewery in Southern Germany that was close to bankruptcy. Bionade, however, was not successful in the region of the brewery. Instead, it became only successful when people in clubs and bars of certain counter-cultural scenes in Hamburg and Berlin started to drink Bionade. These people appreciated the story behind the drink of a small brewery creating a successful drink and refused to sell the small company to large companies like Coca-Cola. Bionade became a symbol of an alternative, sustainable and ethical life style. Although this drink was produced in rural areas, it was valued in the big cities. This valuation, i.e. the practice of giving value to something, we argue is the crucial process in contemporary urban economic development. Nowadays, Bionade belongs to the global food company Dr. Oetker. By losing its narrative, Bionade also lost its symbolic value and its economic turnover collapsed, although the drink itself did not change.

Valuation Perspectives

Valuation actually is an old concept. John Dewey formulated his "Theory on Valuation" already in 1939 (Dewey 1939). He uses the three notions of praise, prize, and price to describe the process of how social practices and norms result in an economic value.

There are different contemporary approaches on valuation. Scholars like Boltanski and Thévenot (2006) see value creation in dependence of social norms, conventions etc. Others like Callon (1998) apply an actor network approach to investigate how actors calculate the value of an object. Yet, they share the perspective that valuation is a social practice of giving value that connects everyday with economic life (Hutter 2015).

Valuation has to be distinguished from other terms. While valuation describes the social practice by which value is given to something, notions of worth, or values (Stark 2009) describe non-monetary values, like social or ethical norms, upon which valuation bases. It also differs from Branding. Branding associates a certain meaning to an object (e.g. Pike 2009). Valuation is the

process by which a value and significance is given to this association. Valuation also differs by the term “preferences”. Valuation describes how these preferences form, and how valuation depends on social norms (Boltanski and Thevenot 2006).

Valuation differs also from another important approach from economic sociology: the social network perspective. Social networks describe how actors organize their activities under according to their position in a social network as well as its structure (Granovetter 1985). This is a supply-oriented perspective, as markets, prices and demand are taken for granted. In contrast, a valuation perspective is demand oriented, i.e. it investigates how prices and the conditions for the exchange of goods are constructed (Beckert and Aspers 2011).

There are intersections between these two approaches in economic sociology. Burt (2004) for example described how network positions in structural holes enables managers in an US electronic corporation to produce more ideas. Furthermore, he emphasizes that the contribution of his study is that these ideas are also better valued. He argues that the reason for this better evaluation is that managers posited in structural holes know many different perspectives, which enable them to generate ideas that can be comprehended by other managers with different backgrounds. While he emphasizes the importance of valuation, the ideas in his study have a fixed intrinsic value, and they only have to be communicated properly to disclose their value. A valuation perspective would investigate the norms and social processes that led to the selection of ideas, i.e. how these ideas were made valuable.

The quality of valuation becomes apparent in Aspers' (2009) distinction between standard and status markets. Standard markets comprise goods whose value can be defined by their attributes, like cars and their performance indicators. As such, they can easily be compared to other, similar products (other cars). Classification contribute to define and evaluate the value of a good, for example in the wine industry (Garcia-Parpet 2008). In contrast, the value of a good in status markets depends not on the relation of a good to a definable reference system. Instead, it is defined by who else owns, buys, or consumes this good. Value in this market thus depends on the identities of actors involved and upon which an actor defines the value of an object. Valuation is important in both markets. In standard markets, value is defined by quality standards and market differentiation results from the extent different goods meet these standards. In these markets, the standards, i.e. the scales under the quality of a good is assessed, is socially constructed. In status markets, actors value a good according to others, especially to those buyers with a high status, as they reflect what is valued in the market (Aspers 2009).

Aspers (2009) argued that the standard and the status market are often intertwined. A gold ring includes gold whose price can be assessed according to certain standards. However, the value of the artwork involved cannot be derived from the hours of working involved, but from how others

appreciate the ring. Furthermore, many studies on valuation started with art markets. Actually, Dewey started his theory of valuation at the example of art criticism (Dewey 1939) and also many contemporary approaches focus on this sector (Velthuis 2003). However, a valuation perspective has been applied to a variety of sectors like scientific work (Karpik and Scott 2010) and food (Garcia-Parpet 2008). Therefore, although processes of valuation are most obvious in cultural markets like art, processes of valuation are also found to be important in other markets.

Valuation, Uncertainty and Geography

In the following, we base our framework on the work of Callon (1998). He adopts an actor network theory perspective and define the value of an object by its links, attachments and entanglements and how they find their way into a calculation, of both buyers and sellers (Callon and Muniesa 2005). To describe the information upon which buyers and sellers make their calculations, we use the links an object has to other entities (Thomas 1991; Callon 1998). Thomas (1991) describes this way how gifts and goods differ not by their physical qualities, but by their links: "Gifts are inalienable things which move between people who are mutually entangled in an array of rights and obligations" (Thomas 1991, p. 14). These links of the gift allow a calculation. For example, who gave a gift, or in which context the gift given, serves as basis to calculate who owes and who shall receive a gift. Callon (1998) argues that also the economic value of goods depend on links, i.e., the manifold connections, references, links, and associations an object has. Consumers make their buying decision on the attachment a good has to other entities (Callon et al. 2002).

For links finding their way into a calculation, they have to be "visible," and for a calculation to be feasible, the number of included links has to be limited. In short, a calculation requires "framing." Framing is described by Callon (1998, p. 16) as follows: "a clear and precise boundary must be drawn between the relations which the agents will take into account and which will serve in their calculations and those which will be thrown out of the calculation as such." Valuation therefore describes the processes that define which relations, links and entanglements of an object are included in a calculation.

Valuation of a good depends on the visibility of its links. While these are clear in standardized and established markets, they are unclear under conditions of uncertainty and when something new is integrated (Hutter and Stark 2015). In these cases, valuing a good depends on the decisions, assessments, and signals of others (Aspers 2009). Thus, there is much uncertainty involved. Aspers (2009, 125) describes this uncertainty as follows: "in markets that are not based on codified knowledge, actors have to find out what is going on, and what is good and bad, at the same time as they find out who the important actors are."

Due to these uncertainties, and the dependence on the decisions and choices of others, studies showed that valuation processes are highly time and place dependent (Kjellberg et al. 2013), in arenas of debate and justification (Thévenot et al. 2000). These arenas are often concrete places. Hutter and Stark (2015) for example distinguish between sites of professional valuation e.g. in art ateliers, the court, dining rooms etc. and sites of consumer valuation like homes, concert halls and cinemas. Therefore, there are micro-geographic dynamics behind valuation processes. These micro-geographies not only enable interaction, they only allow people to observe the decisions, opinions and behaviors of others.

Coming back to the study of Spencer (2015), he found a different geographical pattern of knowledge neighborhoods or science based and creative industries. He argues that different forms of knowledge production are responsible for this different pattern, along defined trajectories and within firms in science based firms and combining divergent knowledge in creative industries. This surely is the case. However, we would argue that the reasons for the high concentration of creative industries is not only its specific knowledge production process. Instead, we would argue that the crucial process in these industries is the valuation of knowledge, i.e. which novelty creates affection, is new, and has a certain meaning. In short, we argue that valuation leads to spatial concentration.

Laboratories of Valuation: Art Fairs in Basel

We will exemplify our argument that valuation leads to concentration with the example of two art fairs in Basel: the SCOPE and the Art Basel. Both fairs take place in Basel at the same time. However, they exhibit different segments of the art market. While the Art Basel belongs to the most important fairs for art (if not the most important art fair (Thompson 2011), the SCOPE is a lower tier fair. We investigate the two art fairs for five reasons. First, as no standards exist and the value of an artwork cannot be derived by its attributes, it is a suitable object to study valuation processes (e.g. Beckert and Rössel 2013, Velthuis 2003). Additionally, a setting where the objects are already produced allows separating valuation from generation of novelty. Third, art fairs are temporarily and spatially limited events (Rinallo and Golfetto 2011), which also internally are shaped by a particular geography of booths, exhibitions and rooms for events. The highly structured event of a fair resembles a laboratory situation, where valuation processes can be tested under nearly controlled conditions. Fourth, we deliberately chose contemporary art, as its value is less clearly defined than in more established fields of art. Fifth, the two fairs exhibit different degrees of uncertainties. As we will describe in the following, the value for pieces of art is quite clear at the Art Basel, while often opaque at the SCOPE.

Therefore, the two fairs provide examples of how actors deal with different degrees of uncertainty in a delimited geographical context in a limited time. Investigating these art fairs therefore resembles a laboratory approach; with the exception that this laboratory is placed in the real world.

Method and Data

We did field studies at the fairs in June 2014 and 2015. Altogether we conducted 33 qualitative interviews with gallery owners and artists, 13 of them at Art Basel (13), and 20 at SCOPE (20). Five additional interviews with the organizers of the art fairs, art critics, curators, and gallery owners were conducted. Interviews at the fairs were especially focused on gallery owners. We investigated the processes of valuation by focusing on price construction and negotiations about the value of an artwork. Questions were for example: why did the gallery select this artwork?; what defines the value of the artwork?; is the artwork already sold? (and who bought it?); did the gallery sell other pieces of art?; why, when and how these pieces of art were sold?; and why did the gallery chose to exhibit at this particular fair?

Interviews conducted at the art fairs lasted between a few minutes to over an hour. There were only brief opportunities for interviews, as representatives were involved in their business. Potential customers or colleagues partly interrupted the interviews at the fairs. Our experience reflected those of others conducting research at fairs. Andreae et al. (2013, p. 197) described it as follows:

“For social scientists accustomed to deploying the usual repertoire of research methodologies, the trade show performance presents a fleeting target that does not always lend itself to lengthy interview, focus groups or even detailed qualitative surveys. In consequence, normal research methodologies may not be practical, depending on the nature of the show itself.”

Potential interviewees did not refuse to talk to us when we mentioned our intention. However, everything that would look like a standard interview situation (recording, making minutes, following a questionnaire) would result in the breakup of an interview. Therefore, the interviews usually took the form of a discussion about a particular work of art that was exhibited. From this discussion about the artwork, we could state our questions about the selection and valuation processes.

Most interviews at the fairs were conducted by both authors. Minutes were recorded during or directly after the interview. Interviews outside the fairs were recorded and transcribed. After a brief discussion and an exchange of understanding, the transcript of each interview was produced.

Interviews outside the fairs were longer and more formalized. Additionally, we used information gathered during different discussion sessions, and participated in informal talks during the fair as well as at evening events. We added documents published by fair or industry organizations and own observations to this material.

Data from the interviews, informal talks and documents have been analyzed through an “abductive process” (Dubois and Gadde 2002) by constantly moving back and forth between theory and empirical results, in order to reach a deep understanding of the subject. Categories have first been defined according to the theoretical thoughts. The empirical data was then challenged by theoretical considerations and vice versa (Miles and Huberman 1994) over several rounds of categorical adaptation.

Before the Fair: Calculating Value

We base our analysis upon the links an artwork has and upon which the price of an artwork is calculated (Thomas 1991, Callon 1998). We distinguish between three forms of links: links to discourses (e.g. in media), documented places of physical presence of the artwork, as well as prices, both of previous sales and prices of connected artworks (e.g. from the same artist, the same epoch, the same art field). Exhibitors make their calculations upon these links and they do so before the actual fair starts. Therefore, prices reflect links that already existed before the actual exhibition.

These three forms of links were different for pieces of art at Art Basel and SCOPE. Pieces of art were stronger involved in art related discourses and covered by media at Art Basel as compared to SCOPE. Due to the missing media coverage of artworks exhibited at SCOPE, awards were important for price calculations for exhibitors at this fair.

We found comparable differences between the two fairs regarding the previous physical locations of an artwork, such as museums, collections, or galleries. Artworks exhibited at Art Basel often have a considerable history of presence at different places, many of them quite renowned. We did not find respective links for artwork at SCOPE.

An important indicator for calculating the price for an artwork is its price announced or achieved at previous exhibitions. As prices tend to rise between exhibitions, even if the artwork was not sold, previous exhibitions and sales send a strong price signal for the next exhibition. Previous prices exist mainly at Art Basel, to a lesser extent at SCOPE.

Another rationale for calculating the price refers to the positioning of an artwork in the field of art. Interviewees stated that they calculate prices according to the relation a work of art has with

other works of art from the same artist. A work of art is valued and evaluated within the whole work of a particular artist and these price calculations also consider the price developments of other artwork from the same artist.

These forms of links were more complex at Art Basel and least extensive for the artwork exhibited at SCOPE. However, missing previous sales, media coverage, and place of previous exhibitions, all made links to other works of art as well as the artist an important element in the price calculations for the artwork exhibited at SCOPE. We found several examples where the price was set according to the normative impetus described by Velthuis (2003), as gallery owners sets the price to appreciate the artist. Furthermore, we found examples at SCOPE where these opaque links to other objects of art led to two particular reactions. First, the gallery owner mentioned taking the craftsmanship of an artist and materials into account when setting a price. This form of calculation that refers to the discrete artwork was not found at the Art Basel. Second, the artwork exhibited at SCOPE was often especially produced for this fair. Buyers usually do not know other works of the artist and therefore are not able to value a particular work of art within the complete works. Gallery owners did mention that artists take this missing knowledge of potential buyers into account when they produce an artwork for a fair. As a result, artists make a piece of art more accessible and comprehensible by cutting codes and connections to their other pieces of art, and in doing so make it easier to sell.

This overview shows that links of exhibited artworks differed between Art Basel and SCOPE. At Art Basel, works of art are complex entangled by a certain history of exhibitions at renowned places, discussions in art media, and previous prices. At SCOPE scarcity of the above described links made craftsmanship and comprehensibility of an artwork important parts of a calculation.

At the Fair: Disclosure of Links

When exhibited at a fair, works of art are integrated into a new environment. The physical arrangements of art, the talks at the booth, the workshops and documentations, and the sheer amount of exhibited works of art create an environment where different calculations of buyers and sellers are tested against each other. While exhibitors made their price calculations before the fair, buyers use the information they get at the fair to make or refine their calculation (Rinallo and Golfetto 2011). For the calculations of sellers and buyers to match, they should be framed in the same way, i.e., based on the same links. The previous section described different links of artwork exhibited at the Art Basel and Scope. These differences are the reasons for the different prices for artwork at the Art Basel and the Scope. This section describes how the different environments and settings at the two fairs affect disclosures of links. Knowing the links of an artwork and

knowing which of these links are included in a calculation reduces uncertainty about the value of an artwork.

We used our framework of links to discourses, places, and prices to describe different forms to disclose links at the art fairs. The discursive environment of an art fair consists of public talks, discussions, catalogs, and fair related publications. Art Basel provides a catalog with an overview of each participating gallery, and which includes artists and pictures of all exhibited artworks. Additionally, the fair hosts a talk series where artists, curators, critics, collectors, and art journalists give insights on recent debates about art and the functioning of the art market. Furthermore, the Baloise Art Prize, one of the highest remunerated art awards worldwide, is given at Art Basel. At SCOPE, we did not find this extensive coverage. No talks or panels were held, no awards are given, and the fair did not publish a catalog on the art presented at the fair. Therefore, the density of a discursive environment decreases from Art Basel, via LISTE to SCOPE.

Another indication about the value of exhibited artworks is given by the physical arrangement of booths and artworks, i.e., the position of galleries in the fair, the size of the booth, the relation to its immediate environment, and the arrangement of pieces of art within the booth. Especially at Art Basel, the size and location of the booth expresses the actual status of the gallery in terms of reputation and importance in the global art market. We found examples at Art Basel, where a change in reputation is reflected by a change in the physical position of a gallery in the fair space. One gallery owner told us the following:

“At the beginning, we had a bigger booth, now we have a smaller one, but we actually would like to have a bigger one. In order to preserve continuity, we nevertheless took that booth, that we do not lose the booth the next year.”

At the booth, exhibitors try to build environments that fit to the artwork and they arrange the artwork in relation to its built environment. The possibilities are framed by a modular exhibition space at Art Basel and SCOPE, where the booths can differ in size and form, but not in height, light and color. Within the booth, exhibitors use the space to disclose the connections between different pieces of art as well as to the artist. Exhibitors at SCOPE mentioned that they selected artwork for the fair that fitted together and arranged it accordingly. Exhibitors at SCOPE showed only few artists, sometimes only three or four, and in one case only one. This selection allows for exhibiting a larger number of pictures from each artist, which helps to decode connections between the different artworks. However, galleries at Art Basel usually exhibited up to ten artists and often showed only one or two pictures of each artist. These results show that especially at SCOPE, where the environment provides little help in disclosing the links of artworks, exhibitors apply strategies at the booths to show the connections of an artwork.

Additionally, fairs are market places where supply meets demand and where buyers and sellers compare prices. The two Basel art fairs serve as global markets that gather galleries and collectors from different parts of the world. Interviewees emphasized that the size of the market created by the fairs enable galleries to get in touch with collectors that are interested in artwork that are difficult to find in smaller markets. Moreover, large fairs also enable galleries that represent artists at the fringe of the field to sell their art. The sheer size of the market allows for a variety and density.

However, the two fairs differed in the visibility of supply and demand. At Art Basel, exhibitors and buyers usually knew each other, and have been in touch before the fair. The gallery sends a catalog containing the artworks that will be exhibited at the fair to mainly long-known collectors, and gallery owners usually know which collectors will visit the fair. Moreover, collectors get catalogs from several galleries. They therefore have a good overview on the market before the fair actually starts. This market overview exists only to a smaller extent at SCOPE.

To conclude, fair organizers and exhibitors at the two fairs differ in their strategies to make links visible. At Art Basel, there is a rich discursive environment, arrangement of the booth, and a previously known supply and demand. At SCOPE, however, this environment is mostly missing. Exhibitors substitute this missing environment by booth bases strategies, e.g., via arrangements of art.

At the Fair: Negotiations about Value

Uncertainty about the value of an artwork is reduced when links upon which sellers made their calculation are visible also for buyers. The previous sections showed that the two art fairs differ in three aspects. First, they exhibit pieces of art that that differ in their links. Second, the two fairs provide different environments to disclose links and reduce information asymmetries. Art Basel provided a complex environment where links are systematically disclosed during talks, within catalogs and via forms of physical representation. At SCOPE, however, these disclosures mainly take place at the booths.

These conditions affect the uncertainties about how to value an artwork. Due to missing environment like workshops, media coverage and art catalogues, links of artwork remain more opaque at the SCOPE than at the Art Basel. Although the artwork exhibited at the Art Basel has a considerably higher price than those exhibited at the SOPE, the uncertainty about the value of artwork at the SCOPE is higher than at the Art Basel.

This section describes how exhibitors and visitors deal with these different degrees of uncertainty at these two fairs. In doing so, we focus on the negotiations between sellers and buyers that take

place at the booths. We found two differences between the two fairs in this respect. The first difference refers to time, i.e., the duration of negotiations and the day when the galleries made their most sales. At Art Basel, artwork was sold quickly. Galleries already expected many sales and most galleries we interviewed at Art Basel made large parts of their turnover during the first two days of the fair. At SCOPE, interactions between gallery owners and artists on one side and buyers and collectors on the other were more extensive and sales usually took place on the last day of the fair. Buyers visited the gallery several times to discuss an artwork, its background, the artist, the gallery, and which collectors already have collected the artist. Additionally buyers often brought friends and/or partners to discuss different perspectives. Exhibitors used these days to describe the artwork and its various, but often weak links. The fair enabled these lengthy forms of communications, during which links became visible for potential buyers. Furthermore, only at SCOPE did we find galleries where an artist was present. When we talked to these artists about their intention to be at the fair, they explained that they were interested in seeing the reaction of visitors to their artwork and to talk to them about their art. Of course, there may be a bias. Many of the artists whose work is exhibited at Art Basel are already dead, which reduces their probability of physical presence. However, the presence of artists fits into an overall picture where galleries rely on the setting at the booth to disclose the links of a work of art when these links are opaque or an environment to disclose links is missing.

The second difference between the three fairs was the volatility of turnovers. Galleries at Art Basel uniformly sold most of their works. At Art Basel, when a work of art was sold, it was replaced by a new work of art from stock. Galleries exhibiting at SCOPE showed more variety in sales. We found both galleries that sold most of their works and replaced sold artworks from stock, and those that sold nearly nothing. Actually, the latter were in the majority at SCOPE.

Conclusion: The Geography of Valuation

Interactions, negotiations, and market dynamics differed strongly between the Art Basel and the SCOPE. The environment at the Art Basel made links visible. This visibility decreases uncertainty about the value of an artwork. At the SCOPE, in contrast, this environment misses. Lengthy interactions were necessary to disclose links and to negotiate the value of an artwork. And even with these lengthy interactions, uncertainty was still high and resulted in highly volatile markets.

The example of the SCOPE describes valuation processes under conditions of uncertainty about both the links of an object and the value of its links. Thus, the processes we observed at SCOPE describe those prevalent in industries in which actors permanently redefine what is of value. This condition refers especially to creative and cultural industries. Forms of standard setting exist also

in these industries. Yet, most creative industries evade these forms of standardization (Pratt 2011).

Most scholars consider the necessity to interact face-to-face as crucial driver for being geographically close and concentrated (Maskell and Malmberg 1999, Storper and Venables 2004; Menzel 2015). Our study supports this reasoning. However, it deviates from the perspective that it is especially knowledge production that requires these face-to-face interactions. Our case shows that no knowledge production was involved. Instead, visitors and exhibitors negotiated about the value of artworks. In doing so, our findings show that geographical face-to-face interaction is also important when it is uncertain what kind of knowledge is relevant, important, or of value. This valuation process inherently is one of selection. We therefore point out, that also selection has a distinct geography.

Following this argumentation, a reason for the increased concentration of creative activities in dense urban quarters is that these permanent interactions are not only necessary to produce novelty, but also to value and evaluate novelty. This condition would explain why in the example of Spencer (2015) especially creative industries and not science industries concentrate. Lack of standards and definable trajectories require permanent interactions to evaluate and reassure what novelty is important, of value, and creative.

Yet, we would assume that the geographies of novelty production and valuation are different. Studies show that novelty production via interaction requires permanent interactions (Menzel 2015). Studies like Breschi and Lissoni (2003) and Giuliani (2007) point out that due to these processes knowledge not simply spills over, but follows relations in which these lengthy interactions take place. In contrast, studies on valuation emphasize the importance of certain situations taking place at particular sites like places of work or places of consumption (Hutter and Stark 2015). Thus, there is a different temporality between valuation and novelty production. We assume that this different temporality leads to a distinct spatial expression of valuation practices. Valuation under conditions of uncertainty about what has a value requires diversity of places, people and situation, to permanently integrate and reflect on other perspectives. These conditions are given in urban quarters. Therefore, especially those industries in which what is of value permanently has to be negotiated require such places. With the rise of these industries, with increasing uncertainties about what is of value, like in times of crises since 2008, the propensity to spatially concentrate increases.

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