

KUNSTRAUM B

**Introduction
to
Funding
Marketing
and
Market
within
the
Art
Sector**

KUNSTRAUM B

A. Introduction

- I. Kunsttraum B
- II. The German "Kunstverein"

B. Fundraising

- I. Structure
- II. Fundraising for Institutions
- III. Fundraising for Artists
- IV. Innovative funding methods
- V. VG Bild Kunst
- IV. KSK

C. Marketing

- I. Art fairs
- II. Internet
- III. Foundation of an Off-Space

D. Art Market

- I. Data base
- II. Development of the art market
- III. Useful advice for artists

KUNSTRAUM B

A. Introduction

I. Kunsttraum B

II. The German "Kunstverein"

A. Introduction

I. Kunstraum B

(www.kunstraum-b.de)

- Non-commercial gallery
 - Small budget of 15.000 €
 - 10 exhibitions per year
 - Small grant program with regional focus on Kiel, Poland, Russia
- Baltic states?

II. Kunstverein

1. Character

- Non-commercial gallery
- Organized as a NGO
- Based on membership

2. Abandonment

Showroom for new positions

≠ Museums

A museum builds a collection and takes charge of science

≠ Gallery

Galleries concentrate on the commercial aspects of art

3. Legal structure

- Regulated by law in the German Civil Code (§§ 21-79 BGB)
- Board of directors (usual three)
- Minimum number of members
 - 7 persons for the foundation
 - 3 for maintaining existence
- Legal entity governed by private law
- One man one vote

KUNSTRAUM B

4. Facts

- 270 organizations
(Guaranteed standard by the AGDK)
- 120.000 members all together
- History of over 200 years

5. History

- First formations in the years 1800 – 1840
 - Albrecht-Dürer-Gesellschaft e.V.,
Nürnberg (1792)
 - Kunstverein Hamburg e.V.
(1817)
 - Badischer Kunstverein e.V.,
Karlsruhe (1818)
- The idea: break the absolute monopoly
of the nobility on art
 - The impulse came from bourgeoisie

KUNSTRAUM B

- First half of the 19th. Century
 - Shareholder system
 - Participating in art production
 - No difference between commercial and non-commercial functions
- Second half of the 19th Century
 - Decreasing importance
 - Many new museum foundations
 - First wave of industrial patrons
 - Movement to the "Verein" with regular fee

KUNSTRAUM B

After world war II

- Support of young artist
- Support of experimental art
- Art boom in Germany
- Governmental financial support of big institutions

After German reunification

- Deep difficulties in the branch
- The state reduced his subsidies
- New approach to the financing
(Sponsoring, Third - party funds)
- Tendency to so- called "off spaces"

6. Estonian Non-Profit organization

- Law on Non - Profit Organizations
- 2 Persons for funding
- In 2003, there were 19.269 non- profit associations
- Tax reduction:
 - Individuals 5% of tax relevant income
(Germany 20 %)
 - Legal Persons 3 % of tax relevant income
(Germany 20 %)

III. Foundation of an Off-Space

Three steps:

- Foundation
- Enlargement
- Professionalisms

KUNSTRAUM B

1. Foundation

- Small Artist Corporation
 - Minimum 10 persons
 - Comparative high membership fee, 10 € per month
 - Aim: finance a show room
 - There will be an interest from the artists just by Internet publicity (Mail list and facebook)
 - Besides: Network building is much easier
- Even as unknown artist, you will have aver- 10 spectators!

2. Enlargement

- Mix up the profile with third party persons
- Papa, Mama, girlfriend/boyfriend, best friend and the poor, lonely lawyer from around the corner
- Play the social card; there are many very lonesome also middle age people, get them.

→ This is the dirtiest work... , but also the most important time

Anyhow, at last in this stage there probably will occur first problems and some of the founding team will leave...

3. Professionalisms

- After having 25 members you can work with funding methods
- Sponsoring
- Project funding
- Budget title
(Won't be discussed)

KUNSTRAUM B

B. Fundraising

I. Structure

II. Fundraising for Institutions

III. Fundraising for Artists

IV. VG Bild Kunst

V. KSK

I. Structure

Public sector

- **EU**
(Institutional funding, project funding, public foundation)
- **State or Federation**
(Institutional funding, project funding, public foundation)
- **Region or federal subjects**
(Institutional funding, project funding, public foundation)
- **Local authorities**
(Institutional funding, project funding, public foundation)

Private Sector

- **Sponsoring**
(commercial)
- **Foundation**
(non - commercial)
- **Association**
(non - commercial)
- **Individual**
(patronage, donation, crowd funding)

II. Fundraising for Institutions

- Third-party funding (Drittmittel)
 - The term was developed in the public sector, probably universities:
 - First - party funding
(e.g. Budget of the University)
 - Second - party funding
(e.g. other public financial resources of the university)
 - Third - party funding
(e.g. financial resources from private foundations)

KUNSTRAUM B

The term is still in flux

- Now the term is also used in the private non-commercial sector also
- Possible determination:
Non-commercial funding of private or non-regular public financial resources

KUNSTRAUM B

1. Institutional funding

Title in the public budget

- No third-party funding
- Political decision

(Will not be discussed)

2. Project funding

a. EU

(ec.europa.eu/culture)

„Large cooperation“

- Minimum: 6 Partners in 6 countries
- 3-5 years duration
- 50 % maximum funding amount
- 200.000 - 500.000 funding

KUNSTRAUM B

"Small cooperation"

- 3 partners in different countries
- 2 years
- 50 % maximum funding
- 50.000 - 200.000 € funding

KUNSTRAUM B

Currant Cost Funding

- Culture network
- "Multiplication"
- Up to 80 % funding!

Tourism and External Relation

- Tourism
(Governed by the local authorities)
- Culture and external relation
(European Commission Representatives)
 - European workshop
(Governed by the European commission in Russia)
 - European network
(Governed by the European commission in Russia)

KUNSTRAUM B

Other Programs

- Education and Culture
- Youth and Culture
- Film and Culture
- Research and Culture
- Enterprises and Culture
- Citizenship and Culture
- Employment and Culture

a. European Culture Foundation

(www.eurocult.org/grants)

- The average award is 15.000 €
- The maximum is at 30.000. €
- Transnational context
- 444 applications and awarded
- 31 grants
- NCCA Kaliningrad got it

b. Federal Republic of Germany

- Bundeskulturstiftung
(www.kulturstiftung-des-bundes.de)
- Goethe - Institut
(www.goethe.de)
„German art export aide“
- ifa (Institut für Auslandsbeziehungen)
www.ifa.de
„German art export aide“
- Creative industry support
www.kultur-kreativ-wirtschaft.de
more focused on individuals)
- Bund
Support of German Culture in East Europe!
Interesting for Tartu and Tallinn
But: Legal base: Displaced Person Act

c. Germany: Federal Subjects (Länder)

- Small Budget for international cooperation
→ irena.scheicher@mbk.landsh.de
Deadline: 28.2. 2012
- Most funding opportunities are linked to residents

d. Local authorities

→ In general no international institutional funding for foreigners

e. Foundations

- Data Base International
 - Foundation centre
(www.foundationcenter.org)
550 foundations
- National (Germany)
 - DIZK
(www.kulturfoerderung.org)
Federal Data Base
More than 3000 members
Well maintained
- Regional (Schleswig Holstein)
 - Database of Schleswig - Holstein
(www.schleswig-holstein.de/Kultur/DE/Kulturfoerderung/Stiftungen/stiftungen_node.html)
Over 100 foundations

Further Institutions:

- Robert Bosch Stiftung
(www.bosch-stiftung.de)
 - „Management of culture“-
Program for the MEE–States
 - Institution can submit employees

- **Stiftung West-östliche Begegnung**
(www.stiftung-woeb.de)
 - legal successor of the German–Soviet Friendship association!
 - Auferstanden aus Ruinen...
 - But: very interesting budget
 - About 500.000 Euro per year
 - Special culture program
 - Cross-cultural dialogue
 - Rather small projects
 - Very good partner for a start up

Schering Stiftung

(www.scheringstiftung.de)

- Project funding
- "Innovative projects"
- "Eastern Europe"
- Minimum: One part of the project should be based in Berlin

F. C. Flick-Stiftung

(www.stiftung-toleranz.de)

- Emphasis: inter-cultural dialogue
- Emphasis: youth exchange

Stiftung Genshagen

(www.stiftung-genshagen.de)

- Emphasis:
German-French-cooperation with
"eastern neighbors"
(Especially Poland?)
- Mainly Berlin-based projects
- Conferences, publications, residences

KUNSTRAUM B

f. Associations:

- **A:moK**

Aktion: mittel- und osteuropäische Kunst e.V.
(www.a-mok.org)

- Polish emphasis
- Berlin-based

KUNSTRAUM B

- **Mit Ost e.V.**
(www.mitost.org)
 - "Alumni Program of the Robert Bosch Stiftung"
 - "Outsourcing Program for fallen Robert Bosch Lectures"
 - At time no Baltic cooperation
 - Quickly changing program

KUNSTRAUM B

- **Most e.V.**
(www.most-bruecke.de)
 - Network organization
 - Business-oriented
 - But also exhibition funding
(E.g. „friendly meeting“)

3. Sponsoring

a. Introduction

- Commercial support based on contract:
The sponsor pays for a benefit in the domain of public relations.
- Possible partners:
 - Service sector like banks, insurances, lawyers, design
 - Non-innovative sectors like oil industry, energy contractor, beverage industry
 - Try to build products:
Invitation cards, poster, fix sign at the gallery

KUNSTRAUM B

b. Forms

- Membership for commercials!!!
 - Project sponsor
 - Main sponsor for a certain time
- Never: big fat symbols

c. Ideas

- AHK:

(www.ahk-balt.org/mitgliedschaft/online-mitgliederverzeichnis)

International German Chamber of commerce
379 members

- Estonian Chamber of Commerce and Industry

(www.koda.ee/en)

KUNSTRAUM B

Do the others have sponsors?

- Tartu Kunstimaja
- Tartu Kunstimuuseum
- Adamson-Eric Museum
- Eesti Kunstimuuseum
- Draakoni Galerii
- Kanuti Gildi SAAL
- Kumu Art Museum
- Tallinna Kunstihoone
- Tallinna Linnagalerii

KUNSTRAUM B

- Tourism agencies Estonian Tourist Board (www.visitestonia.com)
- Temporary rooming
 - Luda Gallery in St. Petersburg
 - "Luda" became famous (for a year)
- Agreements
 - Use special products as promoter
 - E.g. agreements with a wine store

III. Funding for Artists

1. General information

- www.kunstfoerderung.org
 - Stipendium + Kunst
 - 327 hits !
- www.kunst-stipendium.de
- www.transartists.nl/news/deadlines.html
- www.citedesartsparis.net
- www.artnet.de/magazine/dossier/stipendien/stipendien_eigenbewerbung.asp

2. European Union

- No currently running Programs
- Last call 2009

3. German Federation (Bund)

- No direct program
- The federation has no competence title

Exception: Bundeskulturstiftung

KUNSTRAUM B

- **ifa (Institut für Auslandsbeziehungen e.V.)**
(www.ifa.de)
 - Support concerning residence in Germany
- **Goethe - Institut**
(www.goethe.de)
 - No permanent programs
 - You should look what is going on
 - At time nothing concerning culture in Estonia
- **DAAD**
(www.daad.de/deutschland/foerderung/musik-kunst/04986.de.html)
 - Very well installed residence program, but:
No personal application possible

KUNSTRAUM B

Political Foundations

- In many cases association
- Funded by the Federation
- Political Background
- All have grant programs
- General about 1000 € (e.g. CAS)

KUNSTRAUM B

Most important ones:

- Friedrich-Ebert-Stiftung (SPD)
- Friedrich-Naumann-Stiftung für die Freiheit (FDP)
- Hanns-Seidel-Stiftung (CSU)
- Heinrich-Böll-Stiftung (Grüne)
- Konrad-Adenauer-Stiftung (CDU)
- Rosa-Luxemburg-Stiftung (RLS) (Die Linke)

4. Federal Subjects (Länder)

There are 16 subjects, have a look...

The federal subjects have the competence title

Often cooperation with local associations

Grant program of Schleswig - Holstein

- 1000 € minus ca. 250 € current costs
- Workshop and flat
- Duration 3 - 6 months

KUNSTRAUM B

Organisations

- Künstlerhaus Eckernförder
(otte1.webspaces.vektorrausch.net)
- Künstlerhaus Lauenburg/Elbe
(www.kuenstlerhaus-lauenburg.de)
- GEDOK Schleswig-Holstein
(www.gedok-schleswig-holstein.de)
→ Only females!

Grant Program Mecklenburg - Vorpommern

- Künstlerhaus Lukas
(www.kuenstlerhaus-lukas.de)
 - 1-2 months
 - 500 - 1000 € per month
 - About 130 grants per year!
 - Many partners in the baltic region
- Schloss Plüschow
(www.plueschow.de)
 - About 5 grants per years

Grant Program of the City Hamburg

(www.hamburg.de/stipendien/179884/stipendien-kb.html)

- Direct program
 - 10 Grants 820 €
 - Duration: 12 moth
 - Exhibition + catalogue
- Fleetstreet Resident Program
 - Organization is a theater
 - interdisciplinary
 - Duration: 6 months
 - 500 - 1000 €

KUNSTRAUM B

Others

Akademie Schloß Solitude
(Baden Württemberg)

→ Maybe best reputation in Germany!!!

→ International background

Duration 12 months

→ Grant: 1000 €

5. Foundations

Arthur Boskamp-Stiftung

www.arthurboskamp-stiftung.de

- 2 material grants (2000 €)
- Exhibition
- Catalogue
- Workshop

KUNSTRAUM B

6. Associations

- **Nord Art**
www.kunstwerk-carlshuette.de
 - Exhibition of 200 artists per year
 - 32.000 sqm
 - Biggest exhibition in northern Europe
 - Free application!!!
- **Kunstraum B**
www.kunstraum-b.de

IV. Innovative funding

1. Crowd funding

Determination:

Acquisition of a determined amount of outside capital to finance a certain project

Commercial crowd funding:

Participation in the success of the business

Non-Commercial crowd funding:

Mostly within the culture sector

→ Interesting for us

History

- ArtistShare.com, founded by Brian Camelio in 2000
→ He is seen as pioneer in this field
- The band Nemesea started at "Sellable" a crowd funding for their new album on august 2006.
→ They got the 50.000 \$ needed on November 2nd. 2006.
- Kickstarter.com is leading in the US
→ 2.800 financed projects till September 2010
- The project "Diaspora" planed a social network with a secure data policy. Instead of 10.000 \$ they got 200.641 \$.Even Mark Zuckerberg donated a money amount.

Platforms in Germany

- In Germany there are at least 5 platforms:
 - inkubato
 - mySherpas
 - pling
 - Startnext
 - VisionBakery
- Startnext is leading
- Results:

All in all there had been 310 projects. 120 of them could be financed → Statistical chance of 39%

 - 76.515 €, 1st. quarter
 - 122.003 €, 2nd. quarter
 - 154.833 €, 3rd. quarter
 - 353.351 €, collectively

2. Temporary utilization

Situation:

- The common retail store is going down and down
- Concurrence of big corporate groups
- Many free offices and small business rooms

Idea:

- Possibility to use them for free or very cheap
- The rent is one of the highest costs for a Gallery

Arguments:

- Form of City marketing
- Better than empty houses and shops

V. VG Bild Kunst

Organized as an e.V.

1. Tasks:

- Encashment of collective agreements
(Agreement with print media association)
- License organization
(Copy right, subsequent decisions)
- Lobby the copy right
(Comment the legislative process)

2. Conditions:

- Free access
- Contract base
- Individual copy right gratification
- Individual portioning of the collective agreements
- Administrative fee 10% percent
(e.g. subsequent decisions)
- About 5 -6 %
(e.g. copy right)
- Partner of the EAÜ
(EESTI AUTORITE ÜHING)
www.eau.org

KUNSTRAUM B

3. Pay scale

- Internet (61 € till 100 cm screen)
- Bock (39 €, 3000 ex. color)
- CD - Cover (232 € 1000 ex.)
- TV (174,00 till 30 sec.)
- Postcard (76 €, 1000 ex. col.)
- Newspaper (91,00, 250.000 ex.)

4. General income

- Print media agreement 19.934 Mio
- Photo copy agreement 14.175 Mio.
- Cable TV agreement 7.391 Mio. - Copy right 5.232
- Subsequent decisions 3.901

VI. Künstlersozialkasse

(Social Security for Artists and writers)

- Approximately 20 % of the monthly income
- The artists need to pay only about half the cost of the own contributions (50 %)
- Artists work approximately under the same condition as employees
- The other contributions pay companies which utilize artistic works (ca. 30 %)
- The Federation pays 20 %

Fully ranged social scrutiny

- Pensions insurance
- Health insurance
- Long - term nursing insurance
- Sick pay

Example:

- Monthly income 1000 €
- Expected pay 200 € per month

Statistics 2010

- 59.507 insured artists (visual arts)
- 3,9 % utilization fee
- 19,38 % of the monthly income

Interesting for you? Maybe...

- Today you might be young...
- Social security is a very important question
- Most artists are very poor in retiring age
- A real reason for the location Germany.
→ Welcome!!!

KUNSTRAUM B

C. Marketing

- I. Self-Presenting at art fairs
- II. Internet
- III. Foundation of an an Off-Space

I. Self-Presenting at art fairs

Golden Rules:

- Do not invest more than 1000 €
- Minimum 5.000 visitors
- Economic interesting region of Germany is the south of the former west

Overview

www.kunstfinder.de/kunst/kunstmarkt-kunstmessen.htm

- Quickly changing sector
- What will be in the next year is uncertain

Self-presenting at art fairs

- Art Int.
(www.kuenstlermesse.at)
Vaduz
- Art Brandenburg
(www.bbk-brandenburg.de/kunstmesse)
Potsdam
- Hanseart
(www.kunstmesse-hanseart.de)
Bremen, Hamburg, sometimes Lübeck
- Impulse International
(www.kunstmesse-osnabrueck.de)
Osnabrück
- Kuboshow
(www.kuboshow.de)
Herne

KUNSTRAUM B

- Kunst direkt
(www.kunst-direkt.ccmainz.de)
Mainz
- Kunstmarkt
(www.kunstmarkt-detmold.de)
Detmold
- Artthuer
www.kunstmesse-thueringen.de
Erfurt
- Schau der 1000 Bilder
(www.bbk-schleswig-holstein.de)
Kiel
- Frauenmuseum
(www.frauenmuseum.de)
Bonn

II. Internet

- Web Page
 - You need a well maintained web page
 - With good photos
 - Without intros and something like that!!!
- Social Media
 - You can use social media to present yourself
 - Never advertise in your personal environment
 - Never contact someone directly
- Research
 - Use this transparency!!!

KUNSTRAUM B

III. Off – Space

You should participate or found an Off–Space

→ I remind you of my introduction

KUNSTRAUM B

D. Art Market

I. Data base

II. Development of the art market

III. Useful advice for artists

D. Art Market

I. Database

1. International Market

- Very unsure data base
- Good data base only in detailed question
- Prices for special artists
- Prices for special art works
- Commercial data systems as "statista"
- But: In many cases they have only approximated information

KUNSTRAUM B

Data base

- artnet.com
- artprice.com
- artfacts.net

2. European market

- Also insecure data base
- No information by Eurostat
- Quick overview of the trading capacity 2005 in Europe

Nation	Transaction	Business volume
GB	14, 5%	28, 4%
France	17, 6%	6, 6%
Italy	7, 2%	3, 6%
Germany	12, 7%	3, 6%
Switzerland	3, 8%	1, 9%

3. Germany

- Data base of 2008

1,9 bn. € Business volume of visual arts

- 752 mio. € by artist

- 603 mio. € exhibition

- 570 mio art trade

- Art trade

- 16 % big enterprises

- 34 % small enterprises

- 39% very small enterprises

KUNSTRAUM B

Employees:

- 15.800 altogether

75% artists (ca. 10.000 organized in the Artist Union)

16% trading sector

9% museum sector

- Development:

+13 % increase of enterprises (2002 - 2008)

+24 % increase museum shops

+20 % increase free artists

-15 % decrease of the trading sector

KUNSTRAUM B

- Development of the business volume (2003-2008)
- + 29 % altogether
 - +22% free artists
 - + 100 % museum shops
 - 2% trading sector

4. Local situation in Kiel

- Kunsthalle (Art Museum)
 - Administrative budget of the university
 - Chance of survival by accident
- Stadtgalerie (City Museum of Contemporary Art)
 - The budget is torn down to the minimum
 - Acquisition budget decreased from 100.000 - 7.000 €
 - Attempt to close the museum in 2010
 - Funding till 2013
- 1 professional Gallery
 - Survives due to a private heritage
 - One starting gallery will close their show room this year

KUNSTRAUM B

- Offspaces

 - Kunstraum B

 - Existential crises in 2010
 - The Land Schleswig Holstein cut the subsidy more than 70% down

 - Bunker D

 - "Private toy" of the demonstrative director from the University of Applied Sciences Kiel
 - Well funded

- Artists

 - Approximately 100 artists work and live in Kiel.
 - 3 can live on their work.
 - 50 - 70 % of the artist in Kiel are supported by social services
 - Dramatic situation reg.retirement age (around 100)

II. Development of the art market

- Museums

- Negative development
- strong concurrence of private collections
- decreasing budgets everywhere

- Summary

- Now systematic crisis but shrinking importance
- In parts dramatic situation

KUNSTRAUM B

Auction houses

- Generalization is invisible
- Globalized enterprises were growing
- Regional Enterprises have big problems

Summary:

- Squeeze out concurrence
- The big ones are getting more powerful

KUNSTRAUM B

Galleries

- 3000 galleries
- 800 under 125.000 € business volume
- 70 % percent will be teard to insolvency (Gerd Harry Lübke 2009)
- Germany Gallery Association (BVDG) said that the Business volume decreased about 60 - 70 %
- Art Cologne lost importance (first art fair, leading market place in the cold war time)
- Only 40- 50 galleries in Germany have an international standing
- The powerful collectors are less and less Europeans
- Internet alleviate the access to artists
- Insider knowledge lost importance (e.g. artnet.com)

Summary:

- Crisis of the whole gallery sector
- The gallery sector will lose importance dramatically
- No future market concept at time
- Maybe a certain form of a hobby in the future?

KUNSTRAUM B

Artists

- 2% !!!! of the German artists can live from their art in a classic sense (sales, charges, copy rights)
- Still growing number of free artists (20% last years)
- German artist have a good international standing
- Berlin is a good location for networking

Summary

- Permanent crisis

III. Useful advice

What should an artist do?

1. Don't worry about a gallery. In most case the gallery will not exist in five years
2. Exhibit your art as much as possible
3. Find or found an off-space for exhibitions and networking activities
4. You need a well attended website with professional photos
5. Go to self-presenting at art fairs. If there is no one you should found one, e.g. in your off-space.
6. Think about an incasso solution for your copy rights, e.g. EAÜ
7. Start a crowd funding project with low investment
8. Never exhibit your works if you should pay
9. Try to get a charge for exhibitions
10. Analyze your clients to find your place on the market

IV. Outlook

What will happen?

1. In a regional and even a national context the art market will lose more and more its importance for most of the artists.
2. The non-commercial sector will become more important.
3. Galleries and even auction houses can compete against the internet and the concurrence just on a very high price level.
4. The artist will be a self organizer. Advisory service will replace the galleries partly.
5. In the globalized art market will participate less European artists.
6. The Internet will make the market more transparent.

What can be done to compensate the art market?

- The artists have to survive in the non-commercial sector.
- The only chance is to understand art as a supply of service.
- This service has to be paid with a charge.
- The charge has to be codified on an European level as a legal bounding charge scale (e.g. guideline)

KUNSTRAUM B

Fight for your right!!!