

Interview

The business of art fairs

The vice president of Merchandise Mart Property Inc, explains the strategy behind the company's recent art fair acquisitions

With the purchase of Art Chicago in 2006 and the addition of seven art fairs in the past two years, Merchandise Mart Property Inc has become the largest art fair producer in the US. Mark Falanga, vice president of MMPI tells *The Art Newspaper* why he believes art fairs are becoming big business.

The Art Newspaper: What makes an art fair successful?

Mark Falanga: The most significant art fairs today are produced by corporate entities that have the wherewithal to act as entrepreneurs and the financial means to stick with their vision and investment. There's been a generational shift in

the management of art fairs, which have traditionally been run by gallery owners and art insiders.

This is not a casual entry into a new business for us. In fact, Merchandise Mart has not entered a new industry for a period of 20 years or so. We're deepening our entrenchment by adding several art-related shows to our portfolio. This is an approach that we use with all our businesses.

TAN: Where do your revenues come from for producing art fairs?

MF: Our profits come from the booth fees paid by the galleries and the gate fees paid by visitors to the fairs.

TAN: How do you characterise the art fairs

you're producing?

MF: We have exhibitors selling from the showroom floor to consumers, so we categorise them as consumer shows. But having said that, we don't characterise it this way to the dealers, collectors and curators we're inviting into the fair. There's no business that we're in that is more complex, has more subtlety and requires such a high level of expertise as the art business.

TAN: Why do you believe you'll be successful in the art market?

MF: All of our employees have been recruited from the businesses that we serve. We realised early on that there are very few people who really understand how to run an international art fair, and we found that most of those individuals were owners of art businesses. We decided to mount an acquisition campaign and that's when we got involved with Volta in Basel and the Armory Show in New York.

TAN: Did you leave the management teams in place after you acquired these fairs?

MF: Yes, these are the people running the business on a day-to-day basis. We rely heavily on them for their expertise.

TAN: What new features are you providing at Art Chicago this year?

MF: We've invested a significant sum in renovating our 12th floor at the Mart in an effort to accommodate art dealers. We've custom-tailored our Chicago venue to cater to the art marketplace and this is an indication of our commitment and our long-term strategy.

TAN: In January MMPI announced the purchase of the Toronto International Art Fair—a show that has failed to attract key galleries and collectors in recent years. How do you intend to reinvigorate the fair?

MF: We plan to involve cultural institutions throughout the city in art related events, redefine the programme along the lines of Artropolis in Chicago, and raise the calibre of galleries participating in the show.

Mark Falanga (above) says Merchandise Mart plans to launch a programme of cultural events around the Toronto Art Fair, similar to Artropolis during Art Chicago

We believe this is an opportunity to improve the art fair and we expect the show to become far more national, bringing collectors, curators and dealers from Vancouver, Quebec and Montreal for the event. We want the fair to permeate Canadian culture.

TAN: Do you have plans to expand MMPI's reach further into the art fair market?

MF: We have a phenomenal world-class team in place and we're mostly constrained by our imagination. You can expect to see more activity from us in markets that we're not already in.

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TAN: Are you looking to expand internationally?

MF: I would say our ideas are far reaching. For the sake of this conversation it's premature to pinpoint specific cities, regions or countries.

TAN: Are you worried about the volatility of the financial markets and their possible effect on the sale of art in the coming months?

MF: We really have no tangible indication that there's been a negative effect on the art market. Buyers are still very active and the dealers are still healthy.

Any economic downturn will not effect the way we market the shows, or the level of quality that we are pursuing. We serve our businesses through economic highs and economic lows year-in and year-out. We know that there are thousands of businesses that rely on us to provide a marketplace. At the end of the day, the longevity of the business will ride out the economic fluctuations.

Interview by Charmaine Picard

