Report on **Bachelor / Master Thesis**

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	**Veronika Habalova**
Advisor:	**Boril Sopov**
Title of the thesis:	**Price determinants of art photography at auctions**

***OVERALL ASSESSMENT** (provided in English, Czech, or Slovak):*

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

The thesis aims to study price determinants of art fotography. The sample are 368 sales of photographs auctioned at Sotheby's and Phillips auction houses in 2016-17. The author gathers standard data about these transactions, such as price, experts' ex ante estimated price, location of the transaction, etc. An interesting new feature is that the author also codes, using a software, color characteristics of the photographs, to test whether they have some predictive power, above the estimated experts' price. The main finding is that various color characteristics do not seem to have systematic effect on prices.

Contribution

I welcome that the author has set out to study an usual topic. That should be appreciated.

The limitation is that the author does not try to clearly lay out why the studied questions are interesting and important in the first place. Can the correlations with color characteristics of pictures and price tell something interesting about human preferences, for instance, that we like and are more attentive to contrasts, as some of the behavoral economics literature that highlight reference-based preferences, or contrast-driven attention would suggest? Or is it for some reason important for understanding how art auction market work and whether it is efficient (or whether coding colors can help us to beat expert's estimates)?

In sum, it is good that the author states hypotheses in the introduction, but unfornatuly they are not well-motivated, because the author does not mention any intuition/theory why various dimensions of colors should matter.

Methods

The author uses multiple estimation techniques, the data analysis is quite careful. I also appreciate the fact that the author does not cherry-pick the specification that delivers the most statistically significant relationship, but is ready to conclude that some of the relationships are not robust.

The sample is quite small and very selective. One needs to be worried about the role of explanatory variables in affecting the likelihood of pictures to be auctioned in prestigious auction houses, and thus ending up in your sample. To the extent that they play a role (which is likely, given that expected price should matter), this selection can bias the estimates. It would be worth mentioning the issue somewhere in the thesis.

I would expect that the author would try to control for a type of picture (sports, nature, portraits, etc) in the estimations of the role of colors, since the type of picture is likely to correlate with both colors as well as price. Why this has not been done?

Given the distribution of prices, I would expect the author to check for the role of out-liers, by excluding, for instance, 3% of most expensive transactions.

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One issue is that the sample of transactions included in estimates differs across different estimation techniques (in Table 4.1 the analysis is based on 368 observations, whereas in Table 4.2 it is based on 304 observations). How do we know the differences in estimated coefficients are due to differences in regression specifications, and not due to differences in studied sample? How do the results in Table 4.1 look like if the same sample as in T 4.2 is used?

Literature

The literature is summarized well.

Manuscript form

The manuscript is well organized, and the text is written in relatively good English. That said, it would benefit from more effort to spot typos. Also the numbering of sections 4.0.1, 4.0.1. is somewhat unusual.

Summary and suggested questions for the discussion during the defense

Overall, this is a good thesis and should be defended. In terms of grade, I consider the quality to be at a lower bound of grade B.

I think that during the defence it would be interesting to (i) clarfiy the motivation of the thesis (see my notes about contribution) and (ii) discuss some the limitations of the data analysis.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY		POINTS
Contribution	*(max. 30 points)*	20
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	18
Manuscript Form	*(max. 20 points)*	18
TOTAL POINTS	*(max. 100 points)*	**81**
GRADE	**(A – B – C – D – E – F)**	**B**

NAME OF THE REFEREE: Michal Bauer

DATE OF EVALUATION: *January 15, 2018*

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong	*Average*	*Weak*
30	*15*	*0*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong	*Average*	*Weak*
30	*15*	*0*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong	*Average*	*Weak*
20	*10*	*0*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong	*Average*	*Weak*
20	*10*	*0*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F