

A Guide to Pricing Your Artwork: Karen Atkinson

Artist/Teacher/Curator/Blogger Karen Atkinson truly understands the art world from different perspectives. She shares her expertise in this guest blog, reprinted from her website at GYST, a company run for artists by artists in California.

Pricing work can be one of the strangest, most nebulous areas of an art practice to navigate. After all, the monetary value of art, unlike car repair, or say, furniture manufacturing, can't really be quantified by any set standard. There is no perfect formula for pricing your work, but here are a few helpful hints.

- Plan ahead. Don't price things at the last minute. This can lead to outrageously high or low prices depending on your mood, current economic situation, or desire for attention.
- Err on the high side. Low pricing often signifies that the artist doesn't have confidence in their work. On the other hand, if you are an emerging artist, asking for \$25,000 for a painting might be over the top. Prices can go up, but they should never go down. Getting your work to start selling might be more important than pricing things too high. Use common sense.
- You should compensate yourself fairly for your time and materials. Most artists undervalue their work; often make less money on sales than they spent making work. It is a good idea to keep track of your expenses and the time spent creating the work. Use the GYST software for this.
- Defend your prices. If you have kept track of your time and expenses, you can defend the price of your work should your dealer or collector insist they are too high. Be realistic here, but also include your direct expenses for materials, as well as your overhead expenses such as studio rent, utilities, phone, etc.
- Use an hourly wage to calculate how much your art is worth. You are a professional artist and you deserve a professional living wage. Don't go with minimum wage numbers here. The US Department of Labor Occupational Labor Statistics lists the mean hourly wage of Fine Artists as \$23.22. Use this as a starting point for figuring out your hourly wage.
- Letting dealers and consultants price your work is not always the best way to go. Often a dealer will set the price of your work, but you should be a part of this discussion and it should be a joint decision. If you have your expenses calculated, you have a better chance of getting your share of the total price of the work. But remember that gallery dealers calculate things like rent, salaries for employees, and marketing costs into valuing your work.
- Some excuses you will hear from dealers about pricing the work low is that you are an emerging artist, your résumé does not have the right venues, the work is small or derivative, or the dealer needs to spend more time and spend more to promote the work of emerging artists. Defend your work, show them how much it costs to make your work, refer to your hourly rate. Be negotiable, but don't undervalue your work.
- Artists with gallery experience and consistent sales histories should already have base prices set for their works. If you do not already have a track record of sales, your base price should approximate what artists in your locale (with comparable experience and sales records) charge for similar works of art. Keep in mind that even though your art is unique, experienced art professionals, like dealers, advanced collectors, consultants and agents, make price comparisons from artist to artist all the time. Being able to evaluate your art from a detached standpoint, by comparing it to that of other artists in your area, is necessary in order for your price structure to make sense in the marketplace.

- Keep work that holds special meaning for you or represents critical moments in your life or career off the market. Make sure this work is not drastically different from your other art in terms of physical criteria. You may want this work as part of your own private collection. Also, often times, the tendency is to overprice such work.
- When calculating your studio expenses, maintain records of the time you spend, and the cost of materials. Include overhead such as rent, utilities, professional fees, fabrication costs, assistants' wages, transportation, postage, and shipping. Divide the total by the number of works you make a year, and average the cost per work. Then, add the sales commission. Make sure you build in a profit margin and room for a discount to notable collectors or collecting institutions.
- Visit galleries, rental spaces and exhibitions, and do some research on comparable artists and artwork. Look at the exhibition checklist for these details.
- If you are selling work in your studio or at a studio sale, you might want to price the work a few hundred dollars over the set price so you have space to negotiate.
- You should not price your work according to what region of the country or city it is shown, or what gallery sells it. Consistent pricing is a cornerstone of a sound practice and eventually leads to successful sales.
- Always have a price list available that states the full retail price. If you are selling the work yourself, always include the discount policy in writing on the price sheet. This will get you out of a bind if a buyer brings it up.

Commission Splits

- Usually galleries and art consultants take a 50% commission of all sales. Anything above that is highway robbery. If the commission is less than 50%, do not lower the price. Have a heart-to-heart talk with anyone who wants a higher commission. Often there will be a wide range of excuses for this, including that you are an emerging artist, your work costs more to sell, etc. Do not buy it! Many nonprofit galleries take from 0-30% commission and many leave the negotiation up to the artist.
- There are special circumstances in which you may need to receive more than the 50% commission. If your work is very expensive to produce, and the fabrication is very costly (such as foundry work) or you use a specialized process, you will need to negotiate this up front, before the commission split.

Prices Too High?

- If people like your art enough to ask how much it costs, but do not buy, it may be because your price structure is too high. First, conduct an informal survey by asking dealers, experienced collectors, consultants, fellow artists, and agents what they think. Never arbitrarily cut prices or adjust them on the spur of the moment. Reduce your prices according to the consensus of knowledgeable people. Use your concerned judgment. Avoid having to reduce prices again by making sure your reductions are in line with or even slightly greater than the consensus opinion. Never make your art so inexpensive that people will not take it, or you, seriously.

Price Increases

- A price increase is in order when demand for your art regularly outstrips demand for your contemporaries' work. The best time to increase prices is when you are experiencing a consistent degree of success and have established a proven track record of sales that has lasted for at least six months and preferably longer.

Depending on what you make, and the quantity of your output, you should also be selling at least half of everything that you produce within a six-month time period. As long as sales continue and demand remains high, price increases of 10-25% per year are in order. As with any other price-setting circumstances, be able to justify all increases with facts. Never raise prices based on whimsy, personal feelings or because you feel that they have remained the same for long enough.

- Your prices should remain stabilized until you have one or more of the following: increased sales, increases in the number of exhibitions you participate in, increase in the number galleries that represent you, or inflation.

Online Sales

- When pricing and selling your work online, you should keep the big picture in mind. Continually compare your prices to available art in your area, as well as on the Internet, and not just among your circle. Have a good selection of reasonably priced works available for purchase. Give the buyer the option of starting small, without having to risk too much money. Remember, people are just beginning to get used to the idea of shopping online for art. Hosting your work on the Internet opens the doors to a different market, which is not necessarily driven by region. Many collectors and patrons visit websites to see new artists who are outside of their area.

Discounts

- You should not be required to split discounts with the gallery. It is a public relations expense for the dealer and you should not be paying that expense. The gallery is usually awarding the buyer for previous patronage. Exceptions might be when the buyer purchased your work before or they are buying more than one work by you. Always get a Bill of Sale as a purchase contract between the artist and the collector. Often, a dealer will issue you a purchase order, which states both commissions and the collector who bought your work. Always maintain records of who has purchased your work, including name, mailing address, and email and phone number if possible. Beware of dealers who will not give you the information on a collector, as by law, you are entitled to a copy of the bill of sale and information on who bought the work.

Market fluctuation

- No matter how old you are or how long you have been making art, know that art prices fluctuate over time as a result of a variety of factors. Set your initial price structure according to the initial value of your work, your local or regional art market, but be ready to revise those prices at any time (assuming adequate justification). The more you are aware of market forces in general, and how people respond to your art in particular, the better prepared you are to maintain sensible selling prices and to maximize your sales.