

# A BEGINNERS GUIDE TO BUYING GREAT ART



Learn how to buy your first art  
piece or grow your current  
collection like a pro.

# Where To Buy Art

The term “primary market” refers to the sale of works of art that are being sold for the first time. Collectors find it especially exciting to buy a never-before-seen work, straight from the artist’s studio, and these works tend to pump up their adrenaline at gallery previews and art fairs.

## The seller

A gallery owner obtains a work directly from the artist and offers it to his or her clients, setting its price for the first time. In general, the prices are attractive, i.e., less than prices obtained on the secondary market, especially at auction. This policy of pricing under auction value allows a gallery to sell an artist’s work quickly at any time during the year.

## Demand

An artist’s success is measured by the demand for his or her work. If the artist whose work you want is in great demand, you may find yourself on a long waiting list, especially since galleries give priority to major collectors and institutions.

## Deciding to buy

If you like a work, make a quick decision before another buyer gets there first (most collectors have some regrets, but remorse is rare). Don’t forget the prominent art dealer Larry Gagosian’s warning: “You snooze, you lose!” If the artist’s entire production has already been sold, it is better to be on a waiting list than to buy a work of lesser quality from the inventory.

# Buying On The Secondary Market

The term “secondary market” refers to the sale of works of art that have already been sold at least once. If a collector, dealer or gallery sells a work that has been previously sold, the work is then on the secondary market. Most but not all resales take place in auction houses. Many other professionals specialise in the purchase and resale of artworks.

## The seller

The seller may be a broker (an intermediary working with a qualified private network; using a broker is a good way for the buyer or seller to ensure anonymity), a specialist dealer (specialising in a period, genre or movement; they are often authorities in their field), a gallery (an artist’s official gallery – the primary market – may also resell works) or an auction house (private sales and auctions).

## Demand

Information is your best weapon. If you are looking for a particular work, let the appropriate gallery owners and dealers know. Be specific about the subject matter, period and quality you are looking for, as well as your budget. A professional can alert you to a work’s availability and can also do research for you.

## Deciding to buy

If an artist is already in great demand on the primary market, his or her work will cost more on the secondary market, especially at auction, since an auction is announced publicly (through a catalog, press release, e-mails, and various media) and attracts all art lovers likely to bid.

## Promotion

The role of an art gallery is to make its artists better known through regular exhibitions in the gallery, but that is not all. To increase the fame of its artists, it also prepares exhibitions for

biennials, museums, institutions and art fairs. Today, promoting an artist involves a considerable financial investment. It is not enough to exhibit in Paris and New York – as it was in the 1950s – to boost an artist's reputation. With the growth of major international fairs, galleries now have to go global, showing at least in Basel, Paris, London, New York, Miami, Hong Kong, and Singapore.

## Production

The work produced by artists has also changed dramatically and with it the methods of financing artworks. Many contemporary artists produce large-format pieces, using expensive materials and techniques that require specialized workers, or videos and installations that are expensive to produce. The high costs make it necessary to find such partners as companies, collectors, patrons or institutions. Galleries themselves are increasingly becoming involved in the art production process. Their networks and financial assets are important when it comes to ambitious projects that will increase the fame of an artist.

## Contracts and payment

Today, a gentleman's agreement between an artist and gallerist is not enough. The interests of both parties must be formalized and protected. The traditional contract provides for a 50 percent markup on an artwork's price to compensate for the gallery for its services. But contracts can be much more complex than that. With some exclusive contracts, artists reserve all of their production (worldwide or in one country) for the gallery in return for a substantial monthly income that allows them to create freely. Few artists benefit from this kind of financial security early in their careers. In general, emerging artists without established reputations leave their works on consignment in a gallery and let it handle sales.

# Working With Galleries

Galleries, where artworks are exhibited and sold, are major players on the art market. Some galleries specialize exclusively in the primary market (working directly with young or already well-known living artists), others in the secondary market (buying and reselling artworks without a contract with the artist), but many do both.

The art market has changed dramatically over the past 20 years, and so has the gallery owner's job.

Gallery owners are not just intermediaries between artists and collectors. Working in many different areas, they have a multifaceted occupation, especially if they specialize in contemporary art.

## Contemporary art galleries

The owners of these galleries have close ties with their artists, based on mutual respect and a complementary relationship: the artists contribute their talent, the gallery owners their experience and the sales force.

Those who work alone must develop the ability to seek out and promote talent and to act as a mediator, exhibition curator, manager, expert, art advisor, coach, producer, advertising and marketing specialist, and salesperson, all while preserving their intuition! The complexity of the job usually requires the help of a small or large team, depending on the size of the gallery.

# Art Fairs

For art lovers, those who are simply curious and especially serious collectors, art fairs offer a chance to look, learn, ask questions and compare. They have an educational role, helping visitors to train their eyes, learn to decipher artworks and understand the major trends.

Art fairs – which might show art from any period – have played an increasingly important role in the art market over the past 20 years. A well-orchestrated fair offers works of a level of variety and quality that rivals that of the most prestigious sales at major auction houses. To maintain high quality, exhibitors and artworks are handpicked by a director and a committee made up of professionals. This selectivity creates a climate of trust conducive to business and the display of important or unknown works.

## Features of art fairs

The quality of an art fair can be measured at several levels. The international scope is now the major challenge for a big fair, and the quality of its international reach is based on a strong identity (its focus, director and selection committee) and the quality of the works exhibited. Its quality is also contingent on the events it sponsors – conferences, awards, private tours, synergies with other cultural institutions during the fair – as well as its spirit and artistic approach. Some art fairs have been around for decades, while the youngest ones are judged on their inventiveness and enterprising spirit.

## Business and more

Art fairs are necessary for a good balance in the art market for several reasons. They alone offer dealers a chance to meet collectors who wouldn't ordinarily visit their gallery, and they play an essential role in helping galleries sell their works. Beyond the pure business aspect, they help galleries make contacts in record time and in one place, with collectors, of course, but also with journalists, publishers, art critics, curators, consultants, museum directors, and other art world figures. Art fairs are particularly important as a springboard for lesser-known galleries and emerging artists.

# Auctions

There is something electrifying about an auction, with its competing bidders, rising prices and the ritual of the hammer. Some works inspire a bidding frenzy, ending with final bids that have nothing to do with art-market realities.

## Auction adrenaline

All it takes is two bidders who want the same work at the same time to make its price soar. It sometimes happens that a work reaches a record price in a few minutes and is sold a few months later for tens or hundreds of thousands of dollars less! To avoid overpaying for a work, try not to get carried away by auction adrenaline. Set your limits before bidding on a lot. Some buyers make the mistake of letting themselves be swept away by auction fever and bidding beyond their financial means. If a winning bidder cannot pay for an item, it is put up for sale again, and he or she is required to pay the difference between the original winning bid and the new one, which can mean the loss of a great deal of money – for nothing.

## Inform yourself before bidding

Before bidding on a lot, learn as much as you can about it. You can ask the auction house for a condition report detailing the work's state of conservation, but don't stop there. Find out about the artist's reputation and the work in question (technique, when it was made, subject matter) by consulting auction results on Artprice or by having an independent expert estimate the work's value, which depends on a number of factors. The price may rise if it comes from a prestigious collection or if it has been loaned to major exhibitions. Conversely, its worth may decrease if it has been restored or has already been auctioned several times.

## How to bid

There are four ways to bid on a work. You can go to the auction in person and bid by raising your hand or a bidding paddle or by calling out your bid. It is not necessary to be physically present, however; you can also bid remotely by telephone during an auction (you will receive a call just before your lot comes up), give the auctioneer or clerk a purchase order during the pre-sale exhibition or – if the auction house has the appropriate Web platform – bid online.

## The hammer price is not the full price!

At an auction, the final price includes the hammer price plus the fees set by the auction house. This is another reason to be careful. Always keep in mind that your final bid is not the actual amount you will pay. Depending on the country, the company, the provenance of the work and its price range, a buyer's premium (between 10 percent and 30 percent on average) and sometimes various taxes (value-added tax, duties or import taxes) will be added to the hammer price.

## Internet

In mid-2012, the number of Internet users worldwide was around 2.5 billion. Art world players use the web in many ways (through official sites or social networks): to communicate, promote artists, find information, sell, buy, etc.

## Preparing your visit to an art fair

At an art fair, where you will look at hundreds or thousands of works, three or four days is not much time. An art fair's website can help you prepare your visit. In general, these sites list exhibitors, with a link to their official websites, and post the conference program and useful information for staying in the area where the fair takes place. Art fairs, which also disseminate information on social networks like Facebook and Twitter, are evolving along with the technology. For its 2013 edition, Art Stage has set up a virtual fair to accompany the physical exhibition, allowing you to preview artworks three days before the official opening.

## Buying and selling online

Today almost every dealer and art gallery has a website or is listed in online marketplaces. Buying online quickly became common for works sold on the secondary market (for previously known artists) and is working better and better for some primary market works, such as photographs and prints. Internet buyers and sellers are taking advantage of this circuit, which is the fastest, most flexible and least costly to use. Users can find market prices based on a critical mass of participants in real-time. Translation tools and targeted e-mail alert services help buyers



and sellers around the world make quick connections. In 10 years, the Internet has gone from being just a promotional tool to an essential buying and selling tool.

# Learning About The Artist

Obtaining accurate information will help you make a good buying decision. Building relationships with a few well-known galleries, collectors and art consultants is a great way to learn. Most of them will be happy to give you information, even if you're not knowledgeable about art. Whatever you do, don't be shy!

What can you learn from an artist's biography? What are the key facts and why are they important?

## Age

An artist's age is the first thing you learn from a biography. Pay attention, because it affects his or her career potential. Young artists have their whole future ahead of them (especially if they are supported by a large gallery), while very old artists have little chance of succeeding if they haven't already.

## Education

In many cases, a successful career begins with a good education. Some prestigious schools are springboards for their youthful graduates, who are sometimes recruited by galleries when they have barely completed their studies.

## Awards

Awards are important because they indicate that an artist's work has been recognized by the profession. A prize can make an artist better known and may lead to publications and exhibitions. Prize money can be used to help finance a project.

## Exhibitions and collections

The quantity of an artist's exhibitions is less important than their quality. Everything depends on the prestige of the institution, gallery, biennial or art fair. An exhibition in an internationally

known gallery or museum is a strong sign of worldwide recognition for an artist. This also applies to well-known public and private collections.

## Publications

Art publications do not have large circulations, but they are essential. A magazine with well-known art critics attracts high-quality readers and is worth your attention.

## Secondary market artists

The reputation of both historical and modern artists depends on the mark they leave on history. Learn about the role the artist played when alive and his or her later influence. Did the artist belong to a movement? Was it a minor one or was it important in the history of art? What was the critical reception of the artist's work? Was it popular? Did it have an influence on fashion, film or advertising?

## Influence of the Internet & Social Media

You can find a wealth of information about artists on the Internet, but you should not judge the fame of an artist by his or her presence on the web. Any self-styled artist can create an image, biography, and reputation by being active online. A presence on the Internet is necessary but not sufficient. Virtual fame does not replace the filter provided by galleries, critics, cultural institutions and art fairs.

## A piece of advice

Some artists are faddish, famous one day and forgotten the next, so don't fall prey to the trappings of fame. Artists who are fashionable in their lifetime may soon be forgotten by posterity.

# Learning About The Work

## Authenticity

Authenticity is essential! The risk factor is minimal for living artists, for whom certificates of authenticity are easy to obtain, but any work by a deceased artist requires a certain vigilance. To protect yourself from unpleasant surprises, ask before buying what documents come with the work. A certificate of authenticity must be issued by an authority on the artist. Even more important than obtaining a certificate is obtaining the right certificate, the one that will prove beyond a shadow of a doubt that the authenticity of the work cannot be questioned. This document is both a cultural guarantee and a guarantee of the monetary value of the work. The listing of the work in question in the artist's catalog raisonné is another reliable indicator of authenticity.

## Anonymous artworks

It is sometimes impossible to attribute a work to a particular artist. In this case, dealers and auction houses use such terms as "in the style of", "manner of", "circle of", "after". These qualifiers offer no guarantee as to the identity of the artist. Anonymous works like an ancient Chinese statue that can be analyzed and declared authentic according to the historical period or provenance attributed to them.

## Valuation

Valuation or appraisal is a thorough examination at the end of which an expert determines whether or not a work is authentic. The expert's report must also include a condition report indicating if the work has been damaged or restored. This information is important because it affects the final price. A damaged or heavily restored work loses much of its value. At the auction, the experts and auctioneers who study the works before auctioning them are often generalists who could be fooled by a fake or, at the opposite end of the spectrum, not recognize a prestigious signature. If such an incident occurs, the buyer or seller can nullify the sale and request a refund or the return of the work (the law varies by country).

## Original artworks vs. editions

Unique, original work is, of course, more expensive than an edition. It offers collectors the rarity they seek. However, some “original” and “unique” pieces were not completely made by the artist, since many works with assistants or outside service providers. The workshops of a few contemporary stars like Jeff Koons, Damien Hirst, Takashi Murakami and Zhang Huan each have more than a hundred assistants.

Works produced in editions are generally less expensive than drawings or paintings, offering a great way to start a collection without taking any financial risks. Works must be published in limited quantities, and the fewer copies there are, the rarer and more valuable they can be. Look at the marking (e.g., 2/8) on the work to see how many copies were made, and make sure it is signed by the artist.

## Getting The Right Price For Art

Determining the price of a work of art requires real expertise. Neophytes are often at a loss when it comes to understanding significant price differences between two artists of the same generation or two paintings by the same artist. The following will help you comprehend what comes into play when prices are determined.

### The artist's fame

What counts is an artist's importance in the history of art or innovative contribution to a movement or group. For contemporary artists who have not yet passed the test of time, rely on professional advisors.

### Media coverage

Media coverage, especially in the specialist press, contributes to recognition by art professionals.

## Pedigree

This refers to the artist's career or the work's history. The following factors have an uplifting effect on the price: exhibitions (private or institutional), the number of articles in important publications, and the acquisition of a work by a major dealer, renowned collector or prestigious museum.

## Rarity

The principle of rarity, which plays a key role in the law of supply and demand, affects the price of a work. In general, the rarer a work, the more expensive it is.

## Techniques

Sculpture, installations, painting, drawing, photography, video, prints, etc. In general, a painting is more expensive than sculpture and much more expensive than a drawing.

## Materials

The cost of materials and production naturally plays an important role in setting prices. A sculpture made of a valuable material like marble will automatically cost more than a piece made of more common material like wood.

## Date of fabrication

Some periods are valued more highly than others. If an artist was important in the art world in the 1980s, works from that decade will cost more than more recent works.

## Size

In general, the bigger a work, the more prestigious and expensive it is. Very-large-format paintings are referred to as “museum-size”.

## Pricing

On the primary market, the gallery sets the initial price for an exhibition in a gallery or elsewhere. If works by the artist have already been sold at auction, it is easier to find a range of prices and determine the cost of work according to the artist’s official valuation for similar pieces.

## Finding information

Talk to such professionals as gallery owners, art consultants and experts in the field that interests you. Specialists have a key role to play. With their strong background in art history, they can provide a sound judgment on the cultural significance of a work. They also know the market well. Like gallery owners and art consultants, specialists are familiar with the variables that determine the price of a work.

# How To Buy Art

## Making a Decision

Intelligent buying involves talking to gallery owners, art critics, consultants, and artists, who will help you refine your vision, increase your knowledge and improve your sensibilities. Meeting people, looking at art and reading will help turn you into an informed collector. As you become more experienced, you will find being a collector increasingly satisfying. Look, look and look at the work of art before buying it, but that does not mean that you shouldn't make inquiries. On the contrary: accurate information is a strength. Before making your decision, gather a maximum amount of information, talk to many professionals and compare data.

## Negotiation

With whom? If you like a work but it is beyond your budget, don't hesitate to ask the gallery or dealer if he or she can help. Some art galleries and dealers are open to negotiation (especially at art fairs) and may agree to a 5 percent to 15 percent reduction. Some professional sellers also accept payments over time, but while gallerists and dealers may offer easy payment terms and price reductions, even over a website, auction houses will not! At an auction, the hammer price is final; no negotiations are possible once the hammer falls. What type of artwork? In general, it is easier to negotiate a price reduction for works by emerging artists (who do not yet have established prices) than for known artists. The reputation of an artist can work against you, as it will be harder to negotiate the price for artists whose work is in great demand.

## Investment

Art can be a good investment. Collectors, like investors, are aware of the monetary value of the works they own. Invest in pieces that you know and in which you have confidence. If you are not familiar with the art and still want to invest, buy from a prominent gallery.

## Return on investment

If you buy a work worth more than a million dollars, it might be hard to imagine the possibility of a return on investment in the short term, but the oft-heard mantra of galleries – “the most expensive works are better investments” – seems to be confirmed by the facts. The high-end



market is much stronger and more profitable than that for less-valuable works. Making a profit on the purchase of a work of art depends mainly on the artist's reputation. The more famous the artist, the denser the secondary market and the less risky the transaction. In this game, it is collectors with an average budget per artwork of over \$10,000 who will profit most from rising prices.

## Art funds

The number of art funds has been growing recently. Art has become an alternative financial asset class, mainly for wealthy investors. A minimum investment of \$10,000 is usually required, more often \$100,000. This will make you part owner of an art collection or a particular work. In general, these investment funds buy directly from galleries, dealers, auction houses or artists.

## Buy what you like

Since you will most likely live with the work of art you buy, it is vital to acquire a piece that you love. Do not buy art only as an investment! The satisfaction you will get from it will go far beyond that. If you buy art, you are also investing in yourself, in a different attitude, a new outlook on life and the world around you. In short, this investment will enrich your life. If you look closely at the most valuable collections today, you will see that they were built with intelligence and passion, and have a real identity. None of them resembles a financial portfolio.