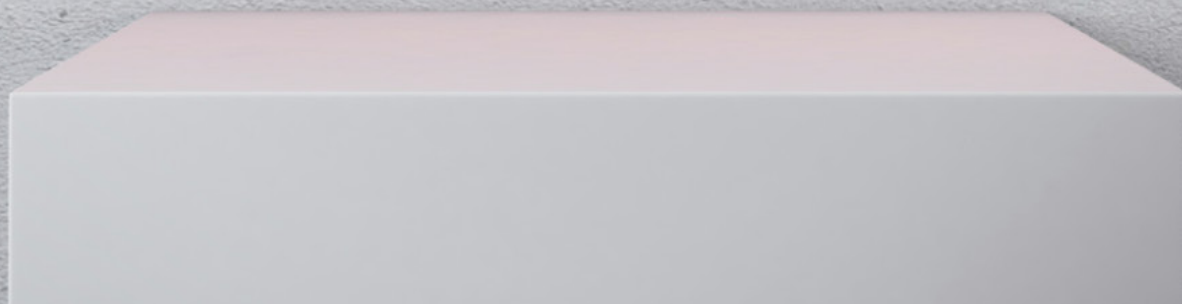




THE HISCOX
ONLINE
ART TRADE
REPORT
2014



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Twelve months is a long time in today's art world, and there have been significant developments since our first report – from the entry of Amazon Art into the market, to Christie's increasing their number of online-only auctions from seven in 2012 to 49 last year. A wave of investment in online art sales platforms has seen new companies emerge, looking to disrupt the status quo, and there are now more players in the market than ever before. The race to find that elusive winning business model continues, which makes now an exciting time to look at activity in the online art market.

In last year's Hiscox Online Art Trade Report, the first of its kind to be produced, we confirmed the appetite amongst collectors at all levels to buy contemporary artwork online, sight unseen, with 71% of our survey respondents saying they had bought art in this way, and 26% saying that they had spent over £50,000. While galleries confirmed they were selling contemporary artwork sight unseen (89%), very few dealers (22%) were providing the opportunity to 'click-and-buy' from their websites, though 56% said they were looking to build their online offering in the next 12 months.

This year, our research has been solely focused on buying art directly through the many new and emerging online art platforms. We aimed to discover what percentage of people are using platforms like Auctionata, Paddle8, 1stdibs, Artspace, Artsy, Artuner and Artfinder, what they are buying from them, for how much and what their main concerns are when buying in this way. We have also explored the types of services that these platforms could offer to increase confidence among existing and potential buyers.

This year's findings highlight a sea change in the way people are discovering and buying art. These changes provide major opportunities for emerging online platforms as well as established brands in the art world – where buyers seek trusted names and dealers who they are already familiar with. It's inconceivable that traditional art galleries will go the way of the record shop and cease to exist entirely, but the way collectors are engaging with art online, particularly amongst a younger generation, will force traditional galleries and auction houses to re-think how they are going to capture and cultivate the next generation of art buyers and collectors.

We hope this report sheds new light in a way that is useful to our many clients and those involved in the art market.



Robert Read
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B. Key findings

A future generation of art buyers is likely to make their first art purchase online.

Among the 20-30 year olds surveyed who had purchased art online, 22% had never bought from a physical gallery or auction before (versus 10% based on the overall buyer sample), signalling that online platforms play a more important role as a destination for first-time buyers among the younger generation.

Click-and-buy is gathering steam.

Almost 40% of individuals surveyed have bought art and collectibles through purely online click-and-buy platforms, suggesting that online-only platforms are building brand awareness and trust with art buyers and collectors.

Browsing translates into sales.

Web traffic and time spent browsing on art selling websites is increasingly translating into direct sales. The findings show that 55% of the frequent browsers are also online art buyers. Average time spent per visitor will become a significant business driver for these websites in the future, and the key is to create an online environment in which people want to discover, browse, learn about and eventually buy art.

Online buying is unlikely to replace the gallery experience.

90% of online buyers had bought from a physical gallery or auction before they bought art online and, of these, 56% still prefer the physical space, against a much smaller 10% who prefer buying online. The remaining 34% were indifferent as to which they preferred.

Less intimidating buying art online.

The art world is often perceived as exclusive and inaccessible to new buyers, and 39% of the respondents feel that the process of buying from an online art sales platform is less intimidating than buying from a physical gallery or auction house.

Buyers have a strong preference for unique art works.

61% of online fine art buyers surveyed have bought one or more paintings directly online in the last 12 months. The largest share of buyers (45%) had bought in the £1,000 to £10,000 range with 10% having spent more than £50,000 on a single painting online.

Limited edition prints are a popular entry point for online art buyers.

55% of online buyers have purchased a print directly online in the last 12 months. A total of 40% of these buyers had bought prints below £500, 19% between £500-£1,000, 25% between £1,000-£5,000 and 15% above £5,000.

Repeat online buyers are rapidly gaining confidence in higher price segments.

The findings show that 45% of repeat online buyers are willing to spend in the £5,000 and above category on fine art, compared to 19% of first-time buyers. This signals that confidence in higher price segments is likely to increase in line with the familiarity of buying art online.

Online art purchases push price tolerance levels up.

58% of online art buyers had bought other similar value items online prior to their art purchase, indicating that having bought other goods and services online at similar price points does increase buyer confidence in the online art market. However, the findings also suggest that the online art market is breaking boundaries with regards to buyers' online price confidence threshold, with 42% saying that they had never bought anything online in this price bracket before.

Ease of discovery and search drives interest in buying art online.

75% of the online art buyers surveyed said that the primary advantage of buying online was the ability to find art and collectibles that they otherwise would never find in a physical space. 63% said that the convenience of bidding and buying was a key advantage.

Not seeing the physical object remains the biggest hurdle.

82% of online buyers said the most difficult aspect of buying art online was not being able to physically inspect the object. However, it looks as though this fear may be overcome by more detailed information; condition reports and certificates of authenticity are cited as greatly increasing confidence in buying art and collectibles online, by 94% and 84% of buyers respectively.

High buyer satisfaction levels.

65% of buyers are already extremely or very satisfied with their online art buying experience, with 27% saying they were 'moderately satisfied'. Only 8% of buyers were unhappy. High satisfaction levels suggest that the market could grow rapidly in the coming years, as technological and logistical barriers are eroded, and buyers' confidence in online buying increases.

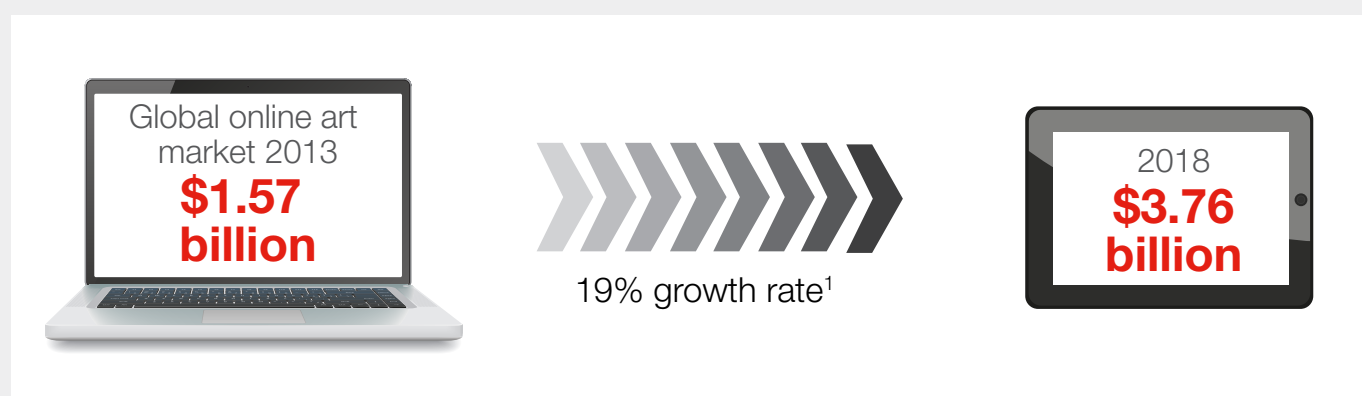
New services adapted specifically to online art buying are needed.

Return policies, improved logistical processes, trusted due diligence (condition reports, certificates of authenticity), more transparency (artist reports, past prices) are all cited as changes that would rapidly increase buyers' confidence in the online art market.

Returns policies rank highly in establishing buyer confidence.

77% of art buyers said that a returns policy would encourage them to buy art, although an increasing 'buy-and-return' mentality would raise serious issues regarding practical aspects such as the cost of returning works of art, and could make selling art online uneconomical.

C. Online art sales – facts and figures



Methodology

Last year's report estimate was based on the online art market accounting for 1.6% of global art market sales, using a combination of IBIS World Art Market Research and the TEFAF Report 2013. This year's global online estimate is based on publicly available sales figures, as well as sales estimates from the main online art and collectible sales platforms that are mentioned in the appendix of this report. We are fully aware that these online art sales platforms do not represent the entire population of online art sales businesses, and therefore our estimates are likely to be on the conservative side. This year's figure will naturally be higher than last year's figure as the report is not exclusively focusing on fine art and includes other collecting categories.

A large portion of these sales are driven by rapidly growing online art and collectibles markets such as 1stdibs which reportedly had \$650 million in sales in 2012. Online auction sales aggregators such as LiveAuctioneers reported \$225 million in online sales in 2013 and the-saleroom reported \$140 million in sales last year. Although more than 90% of eBay's art and antiques category is based on values below £100 (which we have excluded from the overall figure), eBay's sales of art and collectible items (valued above £100) are still estimated to represent approximately \$300 million in annual sales.

¹We estimate that the value of the online art market is \$1.57 billion for 2013. Maintaining the same growth rate as last year of 19%, which is what the slightly more mature online luxury goods market is forecasted to grow at according to McKinsey Altagamma Report from 2012, we estimate it will be worth \$3.76 billion in 2018.

D. New trends in the online art market

The online art market is still playing catch up.

What we are currently experiencing in the art e-commerce market looks similar to what traditional online retail experienced from about 2005. A report published by the UK payments administration (previously known as APACS), found that the tipping point for online shopping adoption in the UK (which has long been the market leader for online spending per capita) was in 2005, when for the first time more than half of adults made an online purchase. It was also at this time that the value of e-commerce transactions as a percentage of business sector turnover in the EU and the US experienced an unprecedented increase. Based on current trends seen in the survey data for this report, it looks as though the online art market may be experiencing a similar period of increased growth and evolution. Although there is a lot of scope for catching up concerning online art sales, increased industry investment is helping the market to mature quickly. There is also significant potential for browser-buyer conversion, as a younger generation of browsers are well positioned to become buyers in the future. Our findings indicate that, when compared to the overall group, more than twice as many online art buyers between the ages of 20 and 30 years old had never purchased art from a physical space. For all of the above reasons, we believe the online art market will see widespread integration with clear market leaders emerging in the next three to five years and that art e-commerce will become a complimentary method of browsing, discovering, comparing and buying art and collectibles for current and future collectors.

Building reputation in a digital world is crucial.

The findings show that the sellers' reputation is a key factor in deciding to commit to an art or collectible purchase online. In fact, reputation and brand building is likely to become the single most important component to success in this market. Accordingly, the challenges are clear; how can traditional galleries and auction houses transfer or translate their existing reputation to a digital environment, and how does a new art e-commerce platform build the trust that sometimes takes decades to develop in the art market? The trend is also clear – real world galleries and auction houses are already partnering with e-commerce platforms like Amazon, Artsy, and the-saleroom.com, enabling them to reach new clients and markets. At the same time e-commerce platforms are building their own reputation and brand through their association with their partner clients (real world galleries and auction houses).

Online art selling platforms compliment, rather than substitute, traditional galleries.

The findings indicate that online art e-commerce will not exist as a separate entity – it will augment and co-exist with what is happening in the real, physical art world. As this report illustrates, online art e-commerce platforms are evolving into either direct promoters of artistic talent and creativity, or aggregators for art works and collectibles supplied by existing galleries and auction houses, or a mix of the two. Physical galleries and auction houses are likely to thrive, as their online component becomes another important part of the customer journey. Going forward it is not so much about where the sale takes place, but rather how an online strategy could influence potential buyers to transact.

Investors are raising the stakes with new rounds of funding.

Last year saw sizeable new rounds of outside investment for a number of online art platforms. Paddle8 received \$6 million in Series B funding, indicating continued confidence from investors. Artsy raised \$5.6 million in new funding and introduced Sky Dayton (founder of Earthlink) to its Board of Directors. Artspace raised \$8.5 million in Series B funding, and introduced art collector and investor Maria Baibakova as Strategic Director. Lofty.com entered the online market for fine art, antiques and collectibles, with an initial investment of \$3 million from the Founders Fund, looking to grab a slice of the market for works priced between \$500 to \$50,000. Toronto-based online photography sales site '500px' received \$8.8 million in Series A funding from Andreessen Horowitz and Harrison Metal, and 1stdibs raised \$42 million in investment from Index Ventures, Spark Capital and Benchmark at the end of 2012. In France, Expertissim raised €5 million in November 2013 and Artsper is currently raising €305,000.

Amazon enters the art market.

Amazon's entry into the art market in August 2013 raised eyebrows in the art world. There is still considerable uncertainty as to how this marriage is going to evolve, but their investment into this area shows signs of confidence in the online art and collectibles market. In December 2013 it was reported by The Art Newspaper that eBay, Amazon's biggest rival for market share in the online sales sphere, was working on plans for a new, rival online art and collectibles sales platform.² If eBay does launch such a service it is unclear how it would differ from its current model that already lists art, antiques and collectibles amongst its sales categories. Whether it is Amazon, or another e-tailer, it is highly likely that major destinations for browsing and buying art and collectibles online will emerge, in a similar way that Etsy has done for the crafts and hand-made objects industry.

²<http://www.theartnewspaper.com/articles/EBay-to-launch-online-art-venture/31297>

D. New trends in the online art market

Online art auction-aggregators gain momentum

In 2013, UK-based the-saleroom.com saw its best year-to-date, hosting 7,248 auction catalogues, 3,147 live auctions and selling over £74 million online. In the US, Invaluable.com announced record-breaking fourth-quarter 2013 results with a 102% increase in gross merchandise sales over the same time period in 2012. The company's robust growth this quarter was driven by an 80% increase in buyer transactions, which was fueled by world-class merchandise available through the Invaluable platform. The third key player, LiveAuctioneers.com, recorded its best year ever in 2013, with gross online sales of \$222.5 million.

Christie's and Sotheby's online sales shift up one gear

Christie's online-only sales in 2013 generated a total of \$20.8 million (based on 49 online-only sales compared to \$4.7 million based on seven online-only sales in 2012). 45% of the registered buyers were new clients coming from a range of over 100 countries.³ The record for Christie's online-only sales was set in July 2013 with the sale of an Apple one computer for \$387,750, and the highest price in 2013 via Christie's LIVE (an online extension of the live auction) was Zao Wou-Ki's 09.05.61 which realised \$1,700,000.

The Sotheby's website and the BIDnow platform underwent a redesign in 2013 to allow for a more streamlined integration with mobile and tablet devices. This change is likely to have driven the reported 45% increase in online bidding, 50% increase in Asian client traffic, and 25% in time spent on mobile devices. Sotheby's now reaches clients in 180 countries with its digital content, and has seen its online catalogue distribution swell to three million, as compared to one million for the print version. Furthermore, it is reported that web traffic from Sotheby's preferred client programme doubled in 2013 alone, and online bids above \$1 million have become a regular occurrence.



Marc Riboud 'New York' 1987

³<http://www.reuters.com/article/2014/01/22/ny-christies-idUSnBw225490a+100+BSW20140122>

E. Business models: selling art online

Online art transaction platforms

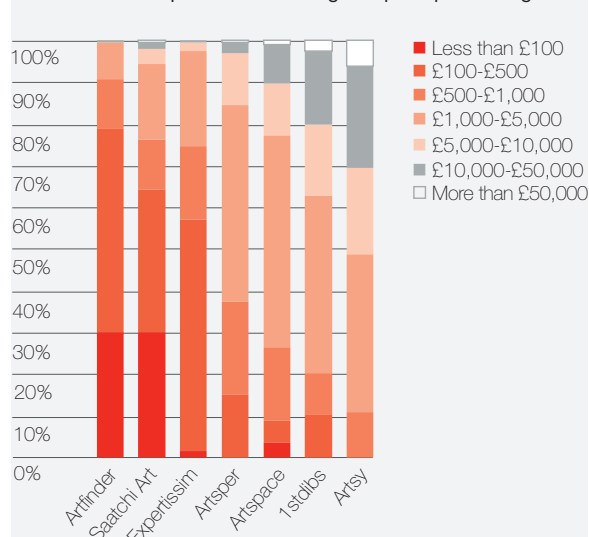
A series of new online art transaction models have evolved in recent years, from click-and-buy online art market places, online galleries and auctions to hybrid models such as auction aggregators and online art fairs. In the future, we are also likely to see growth in the peer-to-peer space, where both collectors and dealers can start to share their inventory without the intervention of traditional intermediaries.

Despite continued outside investment, the online art market is still searching for the winning business model and we are likely to see new and existing platforms adapt their online strategy as customer needs change and competition grows.

Business model	Description
Online-only auctions	Auctions hosted in a digital context only, often without public access to the works prior to sale.
Bricks and clicks	Any auction occurring both live as well as digitally, with an option to bid, and possibly pay virtually. Works may be available for inspection in person prior to sale.
Online auction aggregators	Web platforms that provide online bidding for traditional bricks and mortar auctions.
Online galleries	Any gallery, pure play or bricks and clicks, that offers the option to purchase works sight unseen, using a purely automated online click-to-buy system.
Inquire to buy	A version of an online gallery or auction house that lists details including price and images but does not provide an e-commerce function (bid or buy), instead facilitating an online system of inquiry for the purposes of purchasing works displayed.
Peer-to-peer	A platform which allows collectors and dealers to buy and sell directly with each other.

Which price segments do the different online platforms focus on?

Fig 1.
Online art market places – marketing and price positioning



Source: estimates are based on the inventory presented on the above companies' website based on paintings, sculptures, photography, drawings and prints.

Different online art selling platforms have adopted different target markets in terms of pricing of their inventory. At the very low end of the market (below £100), is art sold on eBay, where eBay sells more than 90% of art and collectible objects. Other online platforms such as Artfinder and Saatchi Art are largely focusing on the £100-£1,000 price segment, offering both unique art works as well as limited edition prints. Others such as Artspace, Artsy, and 1stdibs are aiming to cater for buyers in the higher price segments, with a focus on the £1,000-£10,000 range, with Artsy and 1stdibs aiming to also grab a share of the £10,000-£50,000 online art market. 22% of the online buyers surveyed for this report said their average price for art bought online was in excess of £10,000.

F. Detailed findings

Based on the findings of last year's Hiscox Online Art Trade Report, buying art solely based on a digital image is already a common and accepted way of buying art in an increasingly global art world. The majority of collectors and galleries, 71% and 88% respectively, buy and sell art regularly on the basis of a digital image (sight unseen). However, direct e-commerce was less common, with 29% of the galleries offering their clients the possibility to buy art works directly through the website. This year, our research has been solely focused on direct e-commerce (click-and-buy) through different types of online art selling platforms (see section E for a definition of these platforms).

Part a: visitor trends

Visitor behaviour and confidence building

Fig 2.

How often do you visit online art and collectible sales websites such as online auctions and online galleries offering you the option to purchase their works sight unseen, using a purely automated click-to-buy or click-to-bid feature?

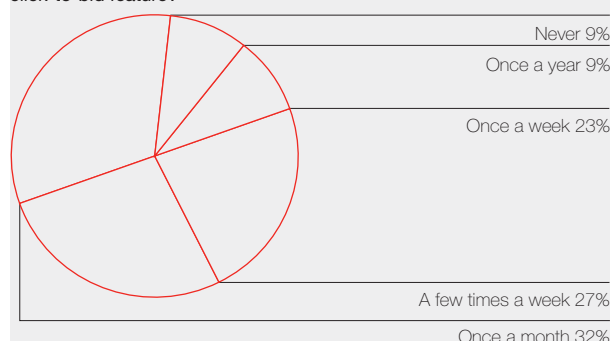
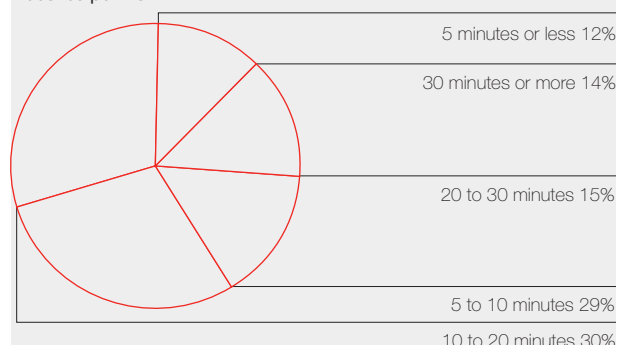


Fig 3.

On average how much time do you spend on these online art sales websites per visit?



50% of respondents visit art and collectibles e-commerce websites at least once a week.

27% of these visit a few times a week. Approximately a third (32%) of the respondents visit once a month. Among the respondents that visit these websites at least once a week, 63% are under the age of 35 years old, and 47% of those are between 20 and 29 years old.

59% spend more than ten minutes per visit.

The majority of the respondents in this survey spend considerable time browsing online art e-commerce

websites. 30% spend between ten and 20 minutes, 15% spend between 20 and 30 minutes and 14% spend more than 30 minutes per visit on average. This average is higher amongst frequent visitors, where 21% spend more than 30 minutes browsing. This says something about the appeal of these online art sales platforms as channels for engaging with and viewing art and collectibles. The visiting patterns are comparable with what an individual would typically spend if he/she went to visit a physical gallery exhibition, and illustrates that we are starting to see similar browsing behaviour in the online space as we do in the physical world.

Browsing translates into sales.

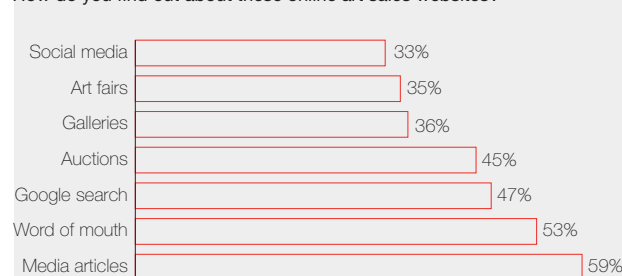
55% of high frequency visitors are also online art buyers. There is a clear correlation between individuals who browse art buying platforms several times a week and their willingness to buy. The average time spent per visitor will become a significant business driver for these websites in the future, as webpage traffic and time spent on these websites is increasingly translating into direct sales. The key is to create an online environment in which people want to discover, browse, learn about and eventually buy art.

Online art buyers are typically spending more time than the average visitor.

24% of online art buyers are spending more than 30 minutes per average visit (compared to 8% for non-buyers). A total of 66% among online buyers spend more than ten minutes per visit, compared to 55% for non-buyers.

Fig 4.

How do you find out about these online art sales websites?



How do people discover an online art sales platform?

59% of respondents discovered an online art sales platform through media and news articles. The second most important channel of referral is 'word of mouth' (53% of the respondents said this was the way they discovered the website). This is followed by organic search, such as Google (47%) and through auction houses' own websites (45%). Social media accounted for only 33% of respondents. However, it accounted for a higher 41% for the age group under 30. It is also likely that parts of the 'word of mouth' traffic could have been generated through a social media channel.

F. Detailed findings

Part b: click-and-buy

Buying art directly through an online art platform

Almost 40% have bought art directly online through click-and-buy.

38% of respondents to the survey had bought art and collectibles directly online through a click-and-buy (or click-and-bid) site. Among the buyers, 72% were above 30 years old, with 44% of these being between 30 and 45 years old, 22% between 45 and 60 years old and 7% above 60 years old. The share of 20-30 year old buyers accounts for a significant 27% of the online buyers in the survey. 54% of the online buyers are men, compared to 46% being women.

Fig 5.

Have you bought art and/or collectibles directly online through a click-and-buy or click-and-bid site (with or without having seen the physical object)?

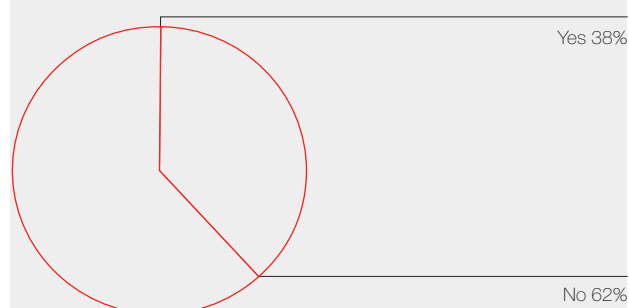
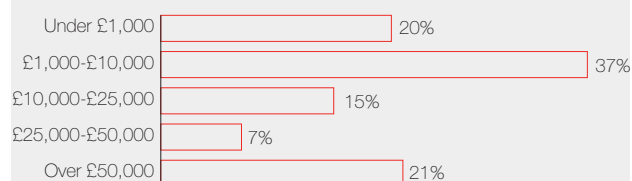


Fig 6.

How much have you spent on buying art and collectibles online in total so far?



Big spenders.

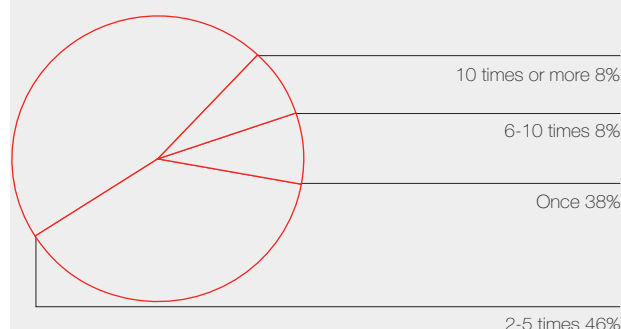
43.6% of buyers said they had spent more than £10,000 purchasing art and collectibles online so far. Among these, a majority of 21% said they had spent in excess of £50,000. The majority amongst all buyers (37%) had spent on average between £1,000 and £10,000 buying art online so far.

Non-buyers could soon convert to online art buyers.

Despite 62% of the survey respondents not having bought art online, 23% of these intend to do so in the next 12 months. A further 45% said 'maybe'. This will be an important group to convince in the future. 50% of the non-buyers are frequent visitors (22% said they were visiting several times a week and 28% said they visited once a week).

Fig 7.

How many times have you bought an art or collectible object online in the last 12 months?



62% of people who bought art online are repeat buyers.

46% of buyers have bought between two and five art works or collectibles in the last 12 months, 8% have bought between six and ten times and 8% have bought more than ten times. These figures indicate that the overall buying experience is a positive one, and that confidence in buying art from these online art platforms will increase in the future as more visitors are turning into first-time buyers, who will subsequently turn into repeat buyers.

Fig 8.

Had you purchased works from a physical gallery space, auction or art fair before purchasing an art or collectible object online?

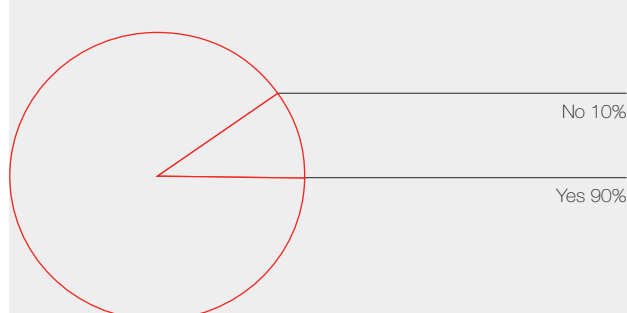
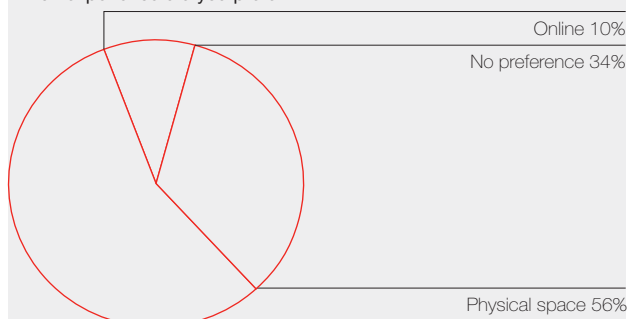


Fig 9.

Which experience did you prefer?



Bricks and mortar drives confidence in online buying.

90% of online buyers surveyed had bought from a physical gallery or auction before purchasing art online, versus 10% who hadn't. It follows that online art buying should be seen as a compliment to, rather than a replacement of, the current process of buying from physical auctions, galleries and art fairs. Among online buyers, 56% still prefer the physical space against a much smaller 10% who prefer buying online. A significant 34% said they had 'no preference' for either.

F. Detailed findings

Next generation of first time art buyers are more likely to buy their first art work online.

It is interesting to note that among the online buyers aged 20-30 years old, 22% had never bought from a physical gallery or auction before purchasing work online (versus 10% based on the overall sample). This signals that online platforms play a more important role as a destination for first-time buyers among the younger generation.

42% said they had never bought anything of similar value online prior to their online art purchase.

58% of the buyers had purchased other items online of a similar price range before, although for 42% of the buyers it was the first time they had ever spent this amount of money online.

Cross-collecting could drive online sales growth of fine art.

The findings indicate that online fine art buyers are also buying other types of collectibles directly online. 32% of fine art buyers had also bought decorative art and design online, 22% jewellery, 15% had bought collectible watches and 15% had bought antiques. This may suggest that the growth experienced in online sales of collectibles (across all price ranges and categories), from eBay's \$5.2 billion turnover of low-end art and other collectibles (95% of the objects are valued at less than £100) to the higher end of the market, such as 1stdibs, which at the end of 2012 reported that dealers sold \$650 million worth of merchandise through their website (with an average price of around \$2,000), will draw new audiences into the fine art market. 1stdibs entered the fine art market in 2010 and now lists almost 34,000 works on their website.

Preference for 'one-click' purchases.

64% of buyers surveyed prefer online galleries and online-only auctions, followed by 23% who prefer the physical galleries and auction houses with an e-commerce option (bricks-and-clicks). Only 5% of the respondents prefer the 'inquire to buy' model, although 10% of the 20 to 29 year olds have bought in this way. Online-auction aggregators account for 8% of the survey respondents in this sample. This is lower than one would expect if we consider sales trends from online aggregators such as the-saleroom and LiveAuctioneers, and can be explained by the sample composition, of which the majority (69%) are fine art buyers, whilst the auction aggregators cater for a much wider range of collectibles sold through auctions.

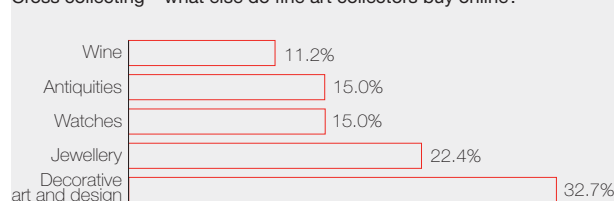
Desktops remain the preferred device although mobile devices are likely to increase in importance in the future.

A large majority (71%) of the respondents are using desktop computers to access online sales platforms, with 25% preferring to use tablets and only 4% using mobiles at the moment. However this is likely to change in the future. A report by IMRG and CapGemini said that 2013 was the 'year of the mobile'; twice as much was spent on mobile devices in December 2013 compared to December 2012 and a 17% growth forecast has been predicted for 2014⁴. Recent figures from LiveAuctioneers (online auction aggregator) announced that during the third quarter of 2013, visits to LiveAuctioneers from all mobile devices was up 49.63% over the comparable quarter of 2012, while visits from tablets alone rose by 48.26%.

High satisfaction rates suggest that online platforms are already meeting buyers' expectations.

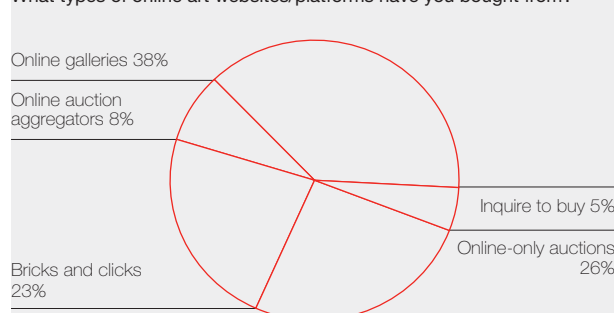
65% of buyers said they were 'extremely' or 'very satisfied' with their online art buying experience. 27% said they were 'moderately satisfied' and only 8% of buyers were unhappy. 89.5% of buyers said that art works they had bought online arrived on time and 95% of buyers said that art works they had purchased online arrived as described/displayed by the online text and image. High satisfaction levels suggest that the market could grow rapidly in the coming years, as technological and logistical barriers are eroded, and buyers' confidence in purchasing online increases.

Fig 10.
Cross collecting – what else do fine art collectors buy online?



See appendix for more survey analysis regarding these 'other' collectibles.

Fig 11.
What types of online art websites/platforms have you bought from?



⁴<http://www.imrg.org/index.php?catalog=539>

F. Detailed findings

What type of fine art do buyers purchase online?

Buyers have a strong preference for unique art works such as paintings.

61% of online fine art buyers surveyed have bought one or more paintings online in the last 12 months. 13% had bought paintings below £500, 13% had paid on average between £500 and £1000 per art work, 45% had bought in the £1,000 – £10,000 range, 19% had bought in the £10,000 – £50,000 price bracket and 10% had spent on average more than £50,000 on buying paintings online. 43% of online buyers have purchased one painting online in the last 12 months, whilst a significant 41% have bought between two and five times in the last 12 months.

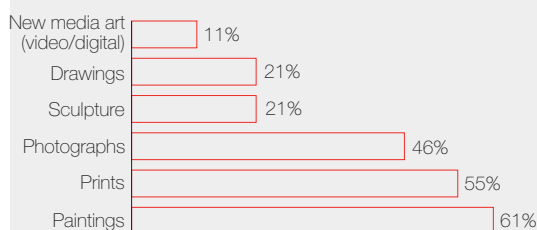
Limited edition prints are a popular entry point for new collectors.

55% of online buyers have purchased a print online in the last 12 months. 40% of these buyers had bought prints below £500, 19% between £500 and £1,000, 25% between £1,000 and £5,000 and 15% above £5,000. Of these buyers, 52% had bought once, whilst 37% had purchased between two and five times, and 11% had bought more than five times in the last 12 months.

Photography is growing in popularity.

46% of the online buyers had bought one or more photographs online in the last 12 months. 41% of these buyers spent less than £500 on average per photograph, whilst 14% spent on average between £500 and £1,000. A significant 36% of the buyers bought photographs in the £1,000 and £10,000 range, with 10% having spent more than £10,000 on a single work. 39% had bought one photograph online in the last 12 months, although 61% said they have bought between two and ten works.

Fig 12.
What type of medium have you bought?



Sculpture caters for buyers at the higher end of the price spectrum.

21% of the online fine art buyers had bought a sculpture online in the last 12 months. 25% of these buyers paid on average between £100 and £1,000 per art work, whilst 40% paid between £1,000 and £10,000, 20% between £10,000 and £50,000 and 15% had bought one or several sculptures online above the £50,000 price level.

New media and digital art is still in its infancy but likely to increase in appeal for younger buyers.

11% of online buyers have bought new media and digital art online, with 50% spending on average less than £100 per purchase. These low-end purchases are likely to be driven by websites such as [S]-edition, which sells limited-edition digital works for as little as £5. Among these online buyers, 50% had bought one new media or digital work in the last 12 months, whilst 40% had bought between two and five works in the last year.



F. Detailed findings

Fig 13a.

What is your average spend per medium?

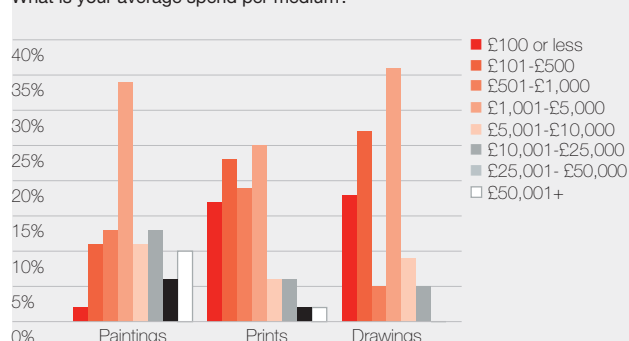


Fig 14a.

How many times have you bought in the last 12 months?

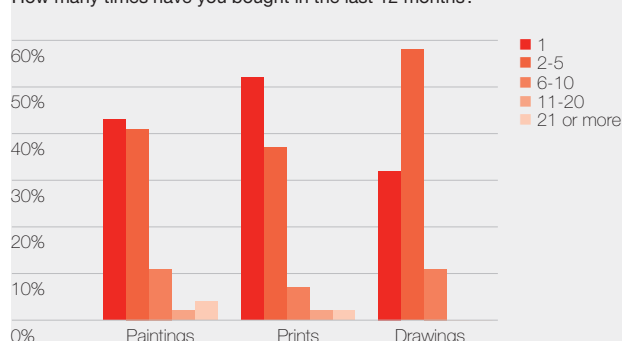


Fig 13b.

What is your average spend per medium?

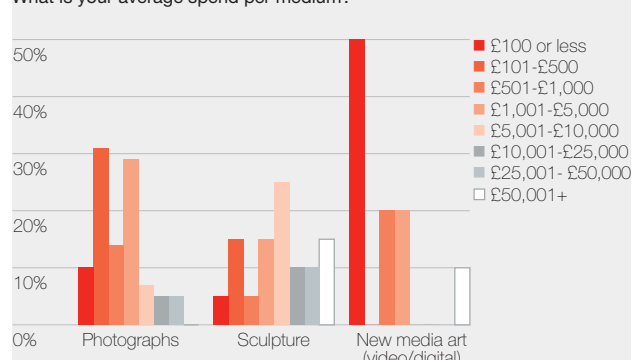
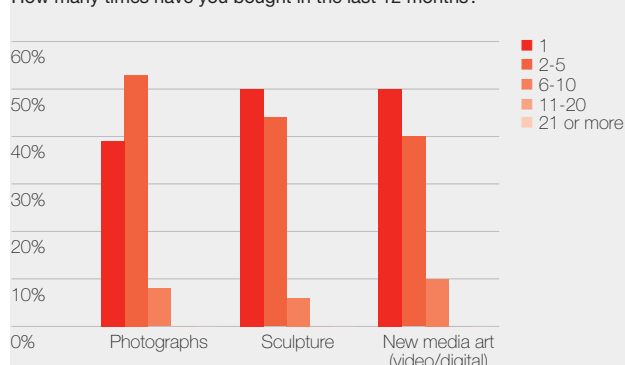


Fig 14b.

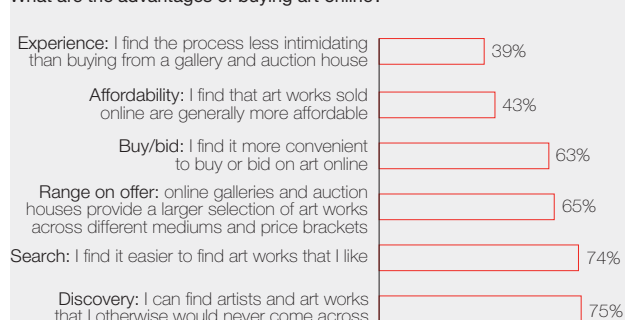
How many times have you bought in the last 12 months?



Part c: opportunities and challenges associated with buying art and collectibles online

Fig 15.

What are the advantages of buying art online?



Search and discovery of new art drives demand amongst online art platforms.

75% said that the primary advantage was the ability to find art and collectibles that they otherwise would never have seen in a physical space. 74% said that the ease of which art works and collectibles could be found and searched for was a primary advantage of the online art platform. The internet is evidently breaking down geographical barriers, making it possible for artists to find fans and collectors with unprecedented scale and efficiency.

Range, diversity, and convenience seen as key advantages.

65% of the respondents said that the advantage of online art platforms is the range and diversity of art and collectibles on offer. 63% of the individuals surveyed said that the convenience of buying art online was one of the major advantages. It is clear that the need for a one-stop place for art discovery and buying is attractive to this audience.

Less intimidating buying art online.

The art world is often perceived as exclusive and inaccessible to new buyers, and 39% of the respondents feel that the process of buying from an online art sales platform is less intimidating than buying from a physical gallery or auction house.

F. Detailed findings

Lack of physical inspection.

Although respondents are increasingly adapting their buying behaviour to the online environment, and are prepared to buy art and collectibles sight unseen, a large majority of them (82%) are worried about the physical condition of the work, and see this as a major impediment to their decision to buy. 94% of respondents said that condition reports would facilitate the purchasing decision, and we are likely to see this becoming standard practice for all art and collectibles sold online above a certain price. A further 67% are worried that the artwork might turn out to look different from what was represented by the digital image. The lack of opportunity to physically inspect the work is a bigger hurdle for non-buyers compared to buyers. It is clear that condition reports and certificates of authenticity would help considerably with this concern, and would be an important tool in convincing would-be buyers into the online art market. However, with technology advancing fast, and many websites providing 3D images (rotation) and high-res zooms, this concern is likely to diminish in the future.

Reputation of the seller.

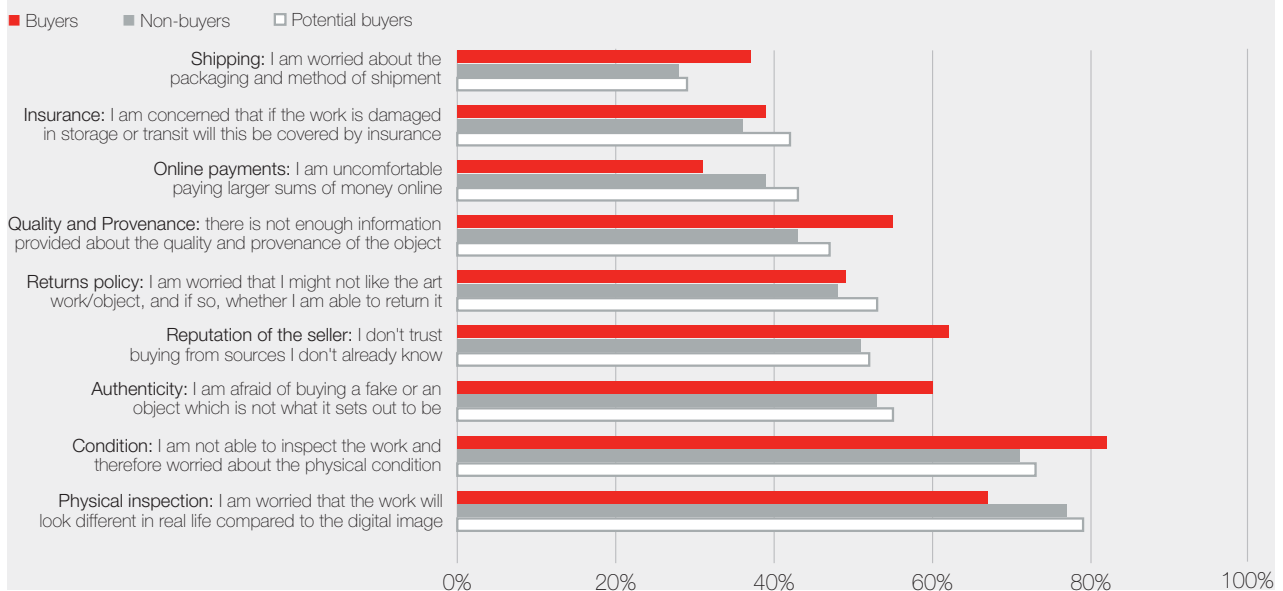
It is also clear that the reputation of the seller is playing a critical role in the online art sales market. 62% of respondents said that worries about the reputation of the seller would prevent them from buying art online. This is a crucial point and signals that reputation might become even more important for the online art sales platforms than they are for their counterparts in the physical world. However, it also signals significant opportunities for those traditional art players who have already built up years of track record and reputation (auction houses and galleries) and who are adopting a click-and-buy strategy for selling art.

Authenticity could become a key concern in the future.

60% of respondents see authenticity (or fakes and forgeries) as a major impediment to buying art online. 83% of the respondents said that a 'certificate of authenticity' should become standard practice for art and collectibles sold online. These sentiments may only increase in the future. As the online art market grows and becomes increasingly global, it will also become a target for criminal behaviour. Accordingly, it will become even more important to ensure that works being sold are genuine.

Fig 16.

What are the disadvantages of buying art online?



F. Detailed findings

More information services needed.

In the absence of an auction house specialist or a gallery representative one could talk to, 77% of respondents said that more information on the artist or the object would help them in their decision to buy. 69% said that previous prices of similar art works sold would be very helpful, 60% said an independent valuation report would be important or very important, and 63% said that reviews from other customers would help them in their buying decision.

Talking to an expert.

67% of respondents said that having an option to talk to an expert about a work of art or a collectible object being sold online would be very helpful.

Return-guarantee.

77% of respondents said that a 'return-guarantee' would be a service that would make them more confident in buying online. Although return-guarantees are not always practical (such as online auctions – see more around new legislation), they are likely to become more common practice. EU distance selling regulations already require a seven-day minimum return-guarantee for e-commerce platforms, and this is set to be increased and extended to auctions as of June 2014 (see part d for more information). Already, certain platforms, such as Artfinder and Auctionata offer their clients this type of guarantee on their purchase.

Insurance.

68% said that including an option to insure the art work or collectible object would improve their confidence in buying online.

Part d: how to build confidence in buying art and collectibles online

Services and products that would enhance and support the art buying process

The findings in the previous section indicate that although people are already buying art online and are largely satisfied with the process of doing so, there is still a set of desired products and services that when implemented is likely to facilitate more online buying, and at higher price levels. The following section will examine these desired products and services in detail.

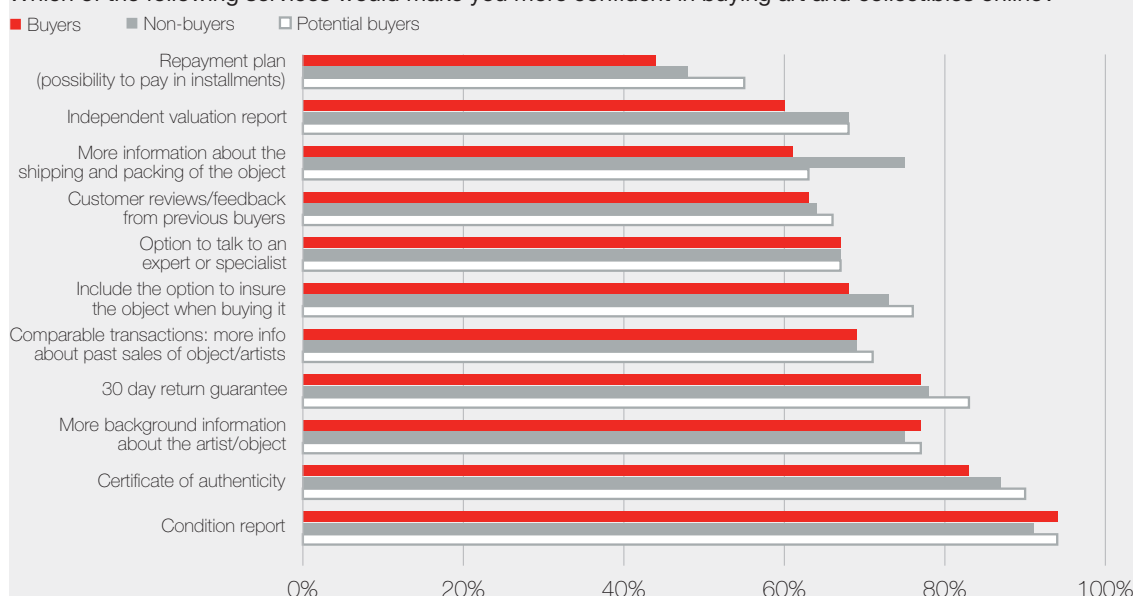
Object specific information

Condition reports.

As online purchases often take place without the possibility of inspecting the object beforehand, the physical condition of the object is of major concern to buyers. The ability to access a condition report on any artwork in question would greatly increase confidence amongst online purchasers (94% of the online buyers confirm this sentiment). Most online auctions will provide a condition report to potential buyers prior to the sale. However, online galleries are less likely to provide these reports, as a significant proportion of the works are primary (directly from the artist or gallery) rather than secondary sales (where the work is being resold).

Fig 17.

Which of the following services would make you more confident in buying art and collectibles online?



Certificate of Authenticity (COA).

83% of the buyers would require a COA before buying art online, and will become a must-have in any transactions involving buying and selling art online. COAs have been a target of much controversy due to online auction sites where sellers are providing fake COAs to market or sell their art works. A certificate of authenticity should originate from and should be signed by either the artist who created the art, the publisher of the art (in the case of limited editions), a confirmed established dealer or agent of the artist (not a casual third-party or reseller), or an acknowledged expert on the artist. Without this, a certificate is effectively worthless. There is a greater need for standardisation in this field to ensure that buyers understand what a COA is and is not.

More background information about the artist and object.

77% of buyers (and 77% of potential buyers) said that more background information on the artist and the artwork would make them more confident in buying art online. It is evident that in the absence of physical contact with the seller (gallery or auction house) who would normally communicate the background of the artist and meaning of the work to help educate the buyer, this role will need to be replaced by better and more accessible information related to each art work and artist, and also the provision of an opportunity for a potential buyer to make contact with an expert or specialist (67% of the respondents said this would make them more confident in buying online).

A. Market and price specific information

Comparable pricing.

69% of existing online buyers would like to have access to historic prices of comparable artworks both in primary market and at auction (71% of potential buyers said the same). In a market where pricing and valuation is often seen more as an art than a science, to have historic price records would give the buyer confidence that he/she is paying the current 'fair value', and at the same time it allows buyers to follow and see price trends for similar objects sold in the past.

Independent valuation report.

68% of potential buyers (and 60% of current online buyers) said that having access to an independent valuation report would increase their confidence in buying art online. As the online art and collectibles market grows, the demand for independent valuation is likely to increase significantly. The growth experienced by ValueMyStuff.com offers evidence of the increasing demand for these types of services. Demand for valuations has grown from 30,000 in 2010 to 94,000 in 2013 (after the acquisition of whatsitworthtoyou.com). This figure will increase by a further 225,000 valuations per year.

Customer reviews and feedback.

63% of current buyers (and 66% of potential buyers)

said that other online buyers' reviews and feedback would serve as a means of creating more trust and confidence in the online buying process of art. Looking ahead, the introduction of a reputational rating system for both online sellers and buyers as a way of signalling efficiency, client support, commitment and honesty, is clearly a service that would be welcomed by current and potential online buyers.

B. Insurance, logistics, repayment plans and returns policies

Insurance.

76% of potential buyers (and 68% of current online buyers) would like to have the option to insure an artwork when buying it. This insurance would offer peace of mind to the buyer, particularly regarding damage or loss for art works in transit. In the future we expect most online art transactions to provide a built-in option for the buyer to insure the object in transit. This would also provide the fine art insurance industry with an opportunity to expand their services and build new client relations with a new generation of art buyers and collectors.

Shipping and logistics.

75% of non-buyers said that more information about the shipping and packing of the art objects would make them more confident in buying art online. However, a smaller share, 61%, of online art buyers stressed that this was a major issue. Furthermore, 89.5% of online buyers said that the art works they bought had arrived on time, and 95% said the works they have purchased arrived as described. This is a clear indication that current online platforms are effectively dealing with logistical issues, though they would be wise to consider further improvements where possible.

Repayment plans.

55% of potential buyers (and 44% of current online art buyers) said that some type of repayment plan (paying for the art work in instalments) would encourage them to buy art online. It is evident that the upfront amount required to buy an art work is a major challenge to new online buyers. Schemes such as 'Own Art', an Arts Council of England initiative already integrated into the services of some one sales platforms, could play an important role in bringing new buyers into the online art market going forward.

Returns policy.

A significant 83% of potential buyers (and 77% of current online art buyers) said that a clear and enforceable returns policy would increase their willingness and confidence in buying art online. These types of policies would reduce the risk that 79% of potential buyers said was associated with the lack of physical inspection and that the work in question will look different in real life compared to the digital image they had based their purchase decision on. Although different policies are in place for different online providers (see table on page 19) – the recent EU legislation is likely to raise some concerns with online-only auction providers in Europe.





F. Detailed findings

Returns policy – how will this work?

Presently, under EU wide Consumer Protection Regulations, online buyers are unconditionally entitled to a seven-day cancellation, or 'cooling off' period (beginning upon the buyer's receipt of the object). Any rights granted beyond this are strictly on behalf of the seller and their unique policy. There are certain sales contracts that stand outside of these Consumer Protection Regulations, such as those for sales made via auction. This will change from 13th June 2014, at which time the unrestricted right to cancellation will be extended to a period of 14 days, and apply to sales made via auction as well.

The industry may seek to circumvent these laws by noting that sales held in person as well as online do not fall under the same regulatory laws as purely online sales do. Although sellers must make buyers aware of their rights, it is recommended that buyers consider the nature of each sale they participate in and consequently how their rights may be affected. For open auction platforms such as eBay, to which the updated consumer rights will apply, buyers must consider the nature of the seller, as only professional sellers must adhere to the consumer protection regulations. Some dealers may seek to claim they are amateur sellers to avoid these regulations and the increased commission fees charged by eBay.

There is no clear standard for returns policies in the online retail industry beyond what is mandated under the Consumer Protection Regulations. This has led to policy disparity beyond the mandated minimum. For instance, Artspace currently offers a 30 days return policy, whilst Artfinder offers 14 days, and Artnet offers seven days, unless the object is defective. Luxury fashion sites present similar variance, with sites such as Net-A-Porter, and Farfetch.com, two of the most popular, offering vastly different policies (28 and 14 days, respectively). It should also be noted that platforms

which appear similar in nature may operate under different legal parameters, either geographically, structurally, or both. When the EU consumer cancellation rights extend to online auctions in June of 2014, online art and collectibles auctions will be subject to these regulations, whereas third-party platforms (such as Invaluable, and the-saleroom) will not. Accordingly, these third-party auction platforms stipulate that their users are bound to the rules of the individual auction houses selling works via their platforms. For example, the Invaluable website notes that they [the company] are "not an auction house and are not conducting the live and timed auctions" hosted on their website.

All companies under EU consumer regulations are required to clearly indicate their terms and conditions, but it is the burden of the buyer to read these terms carefully and research the policy of the individual auction house or gallery they are buying from, even if it is via a third-party platform. In some instances, so long as policy is disclosed it has met the requirements of the regulations. For instance, policies regarding delivery charges incurred as result of a cancellation must always be clearly stipulated by the seller, though Consumer Protection Regulations do not regulate any further on this matter, so policies can vary widely.

In an industry where the transactional maxim has long been 'caveat emptor', the forthcoming extension of the cooling off period to 14 days is likely to have a significant impact on the market for the sale of arts and collectibles online. Sellers will argue that the associated costs which may occur as a result of an increase in returns, will be unsustainable. However, buyers have clearly indicated that the regulatory changes will have a positive impact on their willingness to make purchases online, with 66% saying they will be more likely to do so following the change.

The following chart presents the varying returns policies for e-commerce platforms in the fine art and collectibles and luxury goods sectors:

Company	Returns policy
Christie's Online Only	None listed, but must adopt new 14 day regulation from 13th June 2014
Artsy	Gallery specific
Paddle8	Seller specific
Artnet	Return permissible if object received is 'not as described'. Written notice must be given within seven days of receipt of the item. If item found to be inauthentic, notice must be given within 30 days
Artprice	None listed, but must adopt new 14 day regulation from 13th June 2014
Auctionata	14 days written notice, without reason. Seller bears transport cost
The-saleroom	Seller specific
Invaluable	Seller specific
Amazon	30 days written notice
eBay	Seven days for 'buy it now items', 14 days for auctioned items beginning 13th June 2014
Artfinder	14 days, and seller bears the cost of collection
Etsy	Seller specific
1stdibs	Seller specific

Part a: methodology

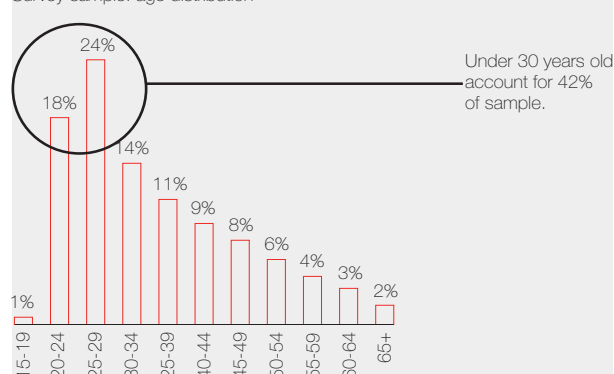
The survey findings are based on responses from 506 art buyers surveyed through ArtTactic's client mailing list, Twitter and Facebook. Most of the survey respondents from last year participated in this year's survey as well, however the sample has been broadened by particularly focusing on the younger generation of art buyers (accounting for 42% of the overall sample). This gives a better idea of current online buying trends and behaviour among this next generation of buyers, and increases understanding of their concerns and future expectations with regards to buying art online. Although the central focus is around fine art, this survey also explored online buyers' buying habits of other collectibles.

Sample structure

Age:

Fig 18.

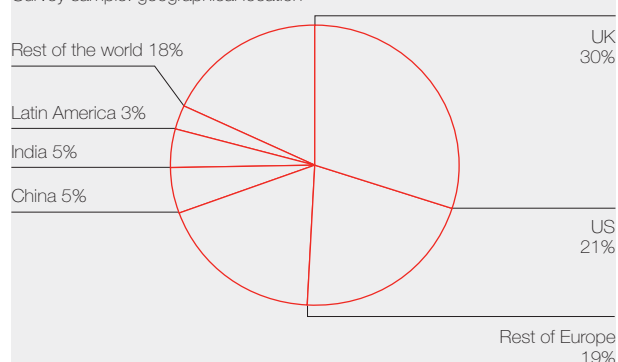
Survey sample: age distribution



Location:

Fig 19.

Survey sample: geographical location



Part b: online art and collectible buying trends

Other collectibles

Fig 20a.

How much is your average spend per object in each collecting category?

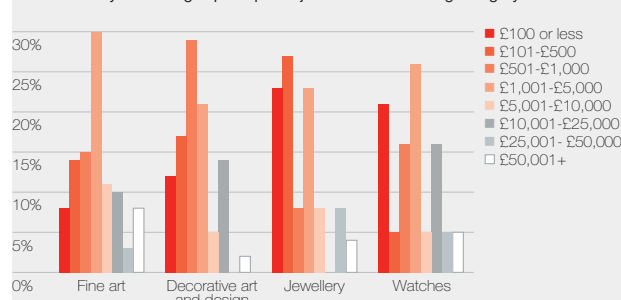


Fig 20b.

How much is your average spend per object in each collecting category?

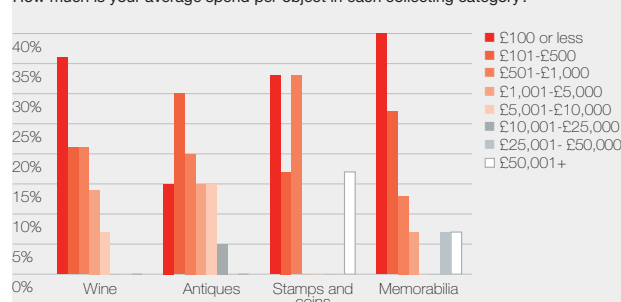


Fig 21a.

How many times have you bought in the last 12 months?

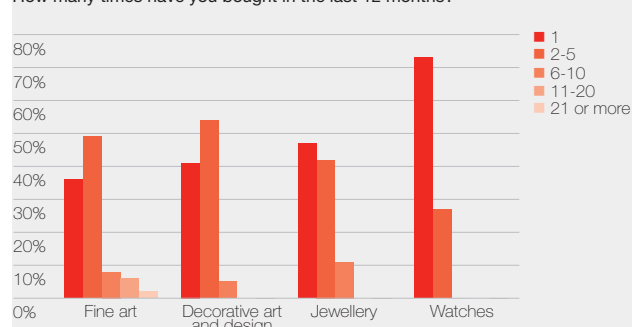
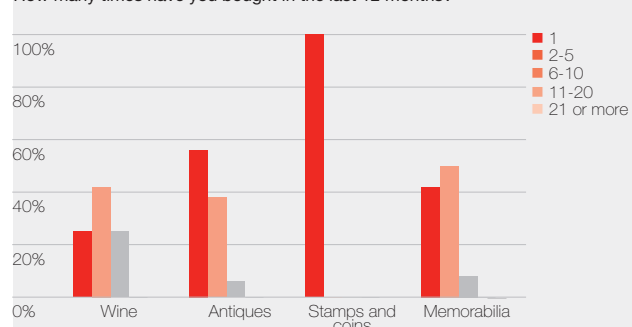


Fig 21b.

How many times have you bought in the last 12 months?



Part c: company profiles

Company name	1stdibs
Website	www.1stdibs.com
Founded	2001
Location	Paris, France
Founder	Michael Bruno
Management	Michael Bruno (Founder and Chairman) and David Rosenblatt (CEO)
Investors	Index Ventures, Spark Capital, Benchmark Capital, Alibaba Group
Business model	Online marketplace
Brief description of the business	1stdibs was founded in 2001 by Michael Bruno to bring the famed Paris Flea Market online to design lovers worldwide. Today, the company is the go to source for the world's leading interior designers, celebrities and affluent consumers who share our passion for the most beautiful things on earth. They return each week to view and shop with confidence from over 4,000 new listings from the best professional dealer in antiques, 20th century design, fine jewelry, watches, fashion and fine art.
Recent news/developments	China's Alibaba Group has made a \$15 million investment in 1stdibs. The Series C funding round was not expected, but Alibaba approached the New York-based 1stdibs as a strategic investor to help its efforts in Asia.
Facts and figures	Two million visits a month; the gross merchandise volume of goods reported to have been sold in 2013 exceeded \$1 billion, up from \$650 million in 2012.

Company name	Amazon Art
Website	www.amazon.com (search for 'fine art')
Established	2013
Location	Seattle, US
Business model	Online gallery, ecommerce platform
Brief description of the business	Online store, which offers more than 40,000 works, according to Amazon, from over 4,500 artists supplied by more than 150 galleries and dealers. It operates in all ends of the market through a selection of affordable art as well as paintings in the multi-million dollar range.
Recent news/developments	Amazon Art has 55,000 works on its site from about 250 galleries, including UGallery, and some original works cost upward of \$200,000. Amazon spokesman Erik Fairleigh said people are paying top-dollar. "We are very pleased with sales, and we are definitely selling our work at multiple price points."

Company name	Artfinder
Website	www.artfinder.com
Founded	2010
Location	London, UK
CEO	Jonas Almgren
Investors	Greylock, Wellington, Northzone, Sherry Coutu and others
Business model	Online gallery and marketplace for art
Brief description of the business	Artfinder's transparent marketplace for art was launched in January 2013. It enables art lovers to discover and buy affordable original art directly from independent artists and galleries. Artfinder only sells authentic art, no print-on-demand reproductions or posters.
Recent news/developments	Artfinder has seen an enormous growth in Q1 2014, and grew 50% from January to February, largely fuelled by its global rollout, combined with an accelerating interest from independent artists and art lovers connecting through the platform. Artfinder now sells more art every day than it sold in a month a year ago.
Facts and figures	As of March 2014, the Artfinder marketplace had 30,000 artworks for sale, from 2,500 artists in 65 countries. The marketplace adds more than 1,500 artworks and 100 artists every week.

G. Appendix

Company name	Artspace
Website	www.artspace.com
Founded	2011
Location	New York City, US
Founder	Catherine Levene and Christopher Vroom
Management	Catherine Levene (CEO) and Christopher Vroom (Chairman, Executive VP)
Investors	Canaan Partners, Pamela and Richard Kramlich, the founder and Chairman of NEA, Felicis Ventures; Accelerator Ventures; Blue Equity LLC; Metamorphic Ventures; Tim Mott, Co-Founder of Electronic Arts, Michael Yavonditte, CEO and Founder of Hashable and former CEO of Quigo; David Rosenblatt, CEO of 1stdibs.com and former CEO of Doubleclick; Dave Morgan, CEO of Simulmedia; Seth Goldstein, Founder of turntable.fm; Thomas Stemberg, Founder and former CEO of Staples; Rob Selati, Founding Partner, Madison Dearborn Capital Partners; Todd Simon, CEO of Omaha Steaks; Peter Ricketts, former COO of Ameritrade and Maria Baibakova, investor and art collector.
Business model	Online marketplace/ecommerce
Brief description of the business	E-commerce platform that leverages an extensive network of partnerships with world-renowned galleries, museums, and foundations to offer high quality artwork from top contemporary artists for sale at a variety of price points. The platform allows collectors and aspiring collectors to discover, learn about and buy artworks directly from the site – from prints and multiples to unique paintings, sculptures, mixed media and video.
Recent news/developments	Recently launched an auction platform and supports both collector-to-collector and charity auctions.
Facts and figures	The service has also built out its inventory since launch from \$7 or \$8 million to \$100 million worth of inventory on the site in February 2013 [source: Techcrunch].

Company name	Artsper
Website	www.artsper.com
Founded	2013
Location	Paris, France
Founders	Hugo Mulliez and François-Xavier Trancart
Investors	Steve Roseblum, Severine Boutry, Philippe Charpentier and Alexandre Mulliez
Business model	Online gallery and click to buy
Brief description of the business	Artsper offers works of fine art across 12 subcategories, with the majority of works being either paintings or photography. Prices range from €90 to €850,000. As of February 2014, 650 artists were listed on the website, with more than 2,300 works listed for sale.
Recent news/developments	As of December 2013, revenues averaged to €10,000 per month. Their estimated revenues for 2016 is €6,000,000.

G. Appendix

Company name	Artsy
Website	www.artsy.net
Founded	2010
Location	New York, US
Founder	Carter Cleveland
Management	Carter Cleveland (CEO) and Sebastian Cwilich (President and COO)
Investors	Dasha Zhukova, founder of Moscow's Garage Center for Contemporary Culture; Wendi Murdoch, film producer; Peter Thiel, founder of Paypal, board of Facebook; Sky Dayton, founder of Earthlink and Boingo Wireless; Josh Kushner, Managing Partner of Thrive Capital; Jack Dorsey, creator of Twitter; and Dave Morin, co-founder and CEO at Path.
Business model	Inquire to buy, e-commerce and online charity auctions
Brief description of the business	Online art resource for learning about specific artists and artworks and/or collecting art, with a dual mission to expand both education and commerce. One place to browse museum collections, current exhibitions, artwork listings from leading galleries and major international art fairs, and coverage of major art-world events. It is powered by cutting-edge technology including The Art Genome Project, a classification system and discovery engine. The platform has over 125,000 artworks by 25,000+ artists from 1,500+ leading galleries, 25+ leading art fairs, and 250+ museums and institutions, thereby providing one of the largest collections of modern and contemporary art online.
Recent news/developments	Artsy, which is investing in technology offline as well as online, introduced at The Armory Show 2014 a personalized, searchable fair guide on an iPhone app and freestanding information and data screens designed to enhance the visitor experience at art fairs. Similarly, Artsy rolled out at the ICI benefit in November new digital projections displaying a live feed of auction lots and highest bids as collectors from around the world participated via computer, tablet and mobile phone. Upcoming art fairs on Artsy include SP-Arte (online preview opens March 26), Art Brussels, Frieze New York, NADA New York, Art Basel in Hong Kong, Art Basel in Basel and Design Miami/ Basel; upcoming benefit auctions include the Public Art Fund (online preview opens April 3), the Brooklyn Museum Artists Ball and the 10th Annual BAM Art Auction. In October, Artsy which offers over 40,000 freely downloadable images for educational use – become an official part of public education in New York City through Digital Ready, a new NYC Department of Education digital literacy program for high school students.

Company name	Artuner
Website	www.artuner.com
Founded	2013
Location	London, UK
Founder	Eugenio Re Rebaudengo
Business model	Online gallery
Brief description of the business	Artuner is an online platform, which provides easy access to expertly curated exhibitions of both established and emerging artists. Through their website, the user can explore museum quality works and benefit from a deep level of support, guidance and expert insights. Through the curatorial nature of the platform, the firm's educational approach and the selectivity and exclusivity of the artworks, Artuner distinguishes itself from its online competitors.
Recent news/developments	Artuner is currently showing works by Martin Barré, Imi Knoebel, Nick Mauss, Elizabeth Neel, David Ostrowski, Florian Pumhösl, Dan Rees and Christian Rosa in a curation titled airports for shadows and dust which was created in collaboration with Andrew Bonacina. Modern and vintage c-print photographs by Luigi Ghirri are also available.

G. Appendix

Company name	Artviatic
Website	www.artviatic.com
Founded	2012
Location	Monaco
Founder	Antoine van de Beuque
Management	Antoine Van de Beuque (President) and Antony Riand (Executive director)
Business model	Peer-to-peer
Brief description of the business	Online private brokerage platform, peer-to-peer business that connects sellers to buyers to ease the way people transact art. They operate exclusively in the high end of the art market and focus on impressionist, modern and contemporary paintings, sculptures and works on paper above €150,000. The service they offer is only available for members, who can enjoy a 3% commission fee on each of their purchase or sale after paying a yearly subscription fee of €3,500.
Recent news/developments	Online private sales platform ArtViatic.com has announced that it has broken the world record for the private online sale of a work of art, selling a painting by Marc Chagall for \$1,725,000 (excluding fees), or \$1,830,000 (fees included) (Feb 2014).
Facts and figures	The total transaction volume for 2013 was €5.6 million

Company name	Auctionata
Website	www.auctionata.com
Founded	2012
Location	Based in Berlin, with offices in London, Zurich and New York
Founder	Georg Untersalmberger and Alexander Zacke
Management	Alexander Zacke (CEO), Jan Thiel (COO), Georg Untersalmberger (CTO), Christof Schminke (CMO) and Susanne Zacke (CSO)
Investors	Earlybird, HV Holtzbrinck Ventures, e.ventures, Kite Ventures, TA Venture, Bright Capital, the Raffay Group and REN Invest
Business model	Weekly live internet auctions plus curated online shop with more than 10,000 objects
Brief description of the business	Auctionata is the trusted online art destination where people can experience exciting selling and buying moments in the arts, antiques and collectibles market. The interactive live bidding allows people to submit their bids live and directly to the online auction room. The company makes efficient use of its experience within the industry and its network of more than 250 independent experts to provide high-end services.
Recent news/developments	After having recently opened offices in London, Zurich and New York, the international expansion will continue in 2014 in Hong Kong – and especially in New York, where Auctionata will soon have a second full-service location. World record for Schiele's 'Reclining Woman', which sold for €1.8 million (\$2.4 million) – the most expensive piece of art sold online. Sales increased from €1.2 million (\$1.65 million) in 2012 to €12 million (\$16.5 million) in 2013.

G. Appendix

Company name	The Auction Room
Website	www.theauctionroom.com
Founded	2013
Location	London, UK
Founder	George Bailey and Lucinda Blythe
Business model	Online auction house
Brief description of the business	Online auction site that offers its clients the advantage of technology through excellent photography and presentation. They operate effectively in the low-to-middle range of the market and benefit from specialist sales with guarantee of authenticity. One of their main competitive advantages is the speed of sales from consignments to pay out to the seller.

Company name	Barnebys
Website	www.barnebys.co.uk
Founded	2011 (Sweden) and 2013 (UK)
Location	Sweden
Founders	Pontus Silfverstolpe, Christofer Ferreira Gomes and Christopher Barnekow
Investors	Received funding from ACTIVE Venture Partners, through its fund Amerigo Innvierte Spain Ventures, and Industri fonden in its first investment round
Business model	Inquiry to buy
Brief description of the business	Barnebys offers search services for fine art and collectibles auctions. They allow the user to search for a specific lot of interest and then connect him or her with the selling body. It brings together quality salesroom and online auctions in one easy-to-use website. They partner with the biggest auction houses such as Christie's or Sotheby's but also work with smaller ones across the world, thereby making Barneby's an attractive digital platform for collectors.

Company name	Christie's LIVE
Website/s	www.christies.com/livebidding/ For online only sales go to www.christies.com/onlineonly
Founded	2006
Location	Worldwide
Business model	Bricks and clicks
Brief description of the business	Convenient way to bid in Christie's auctions across the world via a web browser. It allows the user to see and hear the auctioneer in real time, hence offering a unique online experience throughout the bidding process.
Recent news/developments	In the first six months of 2013, Christie's offered 11 online-only auctions at which an average 46% of buyers were new clients coming from over 100 different countries. Of all registrations in the period, 26% used Christie's LIVE™, the real-time online bidding platform, which drew significant increases in client registrations from Greater China (+19%) and Russia and CIS (+20%).
Facts and Figures	Online-only sales totalled £13.2 million (\$20.8 million) in 2013.

G. Appendix

Company name	CultureLabel
Website	www.culturelabel.com
Founded	2009
Location	UK
Founders	Peter Tullin, Simon Cronshaw and Florian Wupperfeld
Management	Peter Tullin and Simon Cronshaw
Investors	EC1 Capital, Anil Hansjee, Anton Wellenreiter, Julian Carter, Kevin Chong, Firestart, Nathan Elstob, Native (Journal of the Digital R&D Fund for the Arts)
Business model	Online gallery and ecommerce platform
Brief description of the business	CultureLabel is a curated ecommerce platform that allows art lovers to explore art and design-led products handpicked from influential museums, galleries, creative boutiques and direct from artists. They count over 650 partner organisations and feature over 20,000 products onsite.

Company name	Drouot Live
Website	www.drouotlive.com
Founded	2009
Location	Paris, France
Business model	Online auction
Brief description of the business	Drouot Live is the online extension of Drouot's live auctions. It allows bidders and interested parties to bid online on a real time basis and to access all catalogues of the Drouot sales at all times.
Recent news/developments	Drouot Live saw a 200% growth in the number of works sold online in 2013. Traffic to the Drouot Live website grew by 70% in the same period, and there are now over 50,000 registered users, of which half are internationals. ¹

Company name	Expertissim
Website	www.expertissim.com
Founded	2008
Location	Paris, France
Founders	Gauthier de Vanssay, Igor Montoussé
Investors	NextStage and Cm-cic Capital Privé
Business model	Click to buy/declining price auction
Brief description of the business	Expertissim offers works of fine and decorative art and collectibles across 17 sub-categories. Works are sold using a declining bid system in which each work listed is first offered at its high estimate, after which the price is automatically lowered each week until arriving at the low estimate. One can buy a work at any point in this process, thereby winning the object straight away. Prices range from approximately €150 at the low end to €60,000 at the high end.
Financials	Revenues in 2013 estimated between €9-10 million (100% growth per annum since its creation) – 250,000 visitors per month in 2013 including 25% of international webtraffic.
Recent news/developments	As of October 2013, Expertissim completed a €5 million round of investment from NextStage and CM-CIC Capital Privé. The company will use this investment for marketing and communication purposes in order to gain new market share, redesign the website and create new online tools.

¹<http://www.artmediaagency.com/en/tag/drouot/>

G. Appendix

Company name	Invaluable
Website	www.invaluable.com
Founded	1989
Location	Boston, US
Founder	Steven Abt
Management	Rob Weisberg (CEO)
Investors	Commonwealth Capital Ventures and Ascent Venture Partners
Business model	Online auction aggregator and marketplace
Brief description of the business	Invaluable is the world's largest online auction marketplace of fine and decorative arts, antiques, collectibles and estate sales. Invaluable's online bidding platform allows collectors to bid and win in real time on the items they are most passionate about at auctions held around the world. Hundreds of thousands of rare and unique collectibles are offered at auction each month through Invaluable at a range of price values. As the leading developer of SaaS and ecommerce applications for the auction industry, Invaluable provides auctioneers with marketing and e-commerce solutions across Invaluable and AuctionZip web properties, as well as access to the company's auction management software. Invaluable also offers a best-in-class historical price database, making it easier for buyers to make informed bids.
Recent news/developments	Effective on Nov. 21, 2013, Artfact re-branded as Invaluable, with an enhanced online experience and new features for consumers to easily find items they want to bid on, resulting in increased exposure to thousands of upcoming sales by Invaluable's auction house partners.
Facts and Figures	Announced record-breaking fourth-quarter 2013 results with a 102 percent increase in gross merchandise sales over the same time period in 2012. The company's robust growth this quarter was driven by an 80 percent increase in buyer transactions, which was fueled by world-class merchandise available through the Invaluable platform.

Company name	LiveAuctioneers
Website	www.liveauctioneers.com
Founded	2002
Location	Manhattan, US
Founder	Julian R. Ellison and John Ralston
Management	Julian Ellison
Investors	Venture Capital International
Business model	Online auction aggregator
Brief description of the business	Liveauctioneers is an online auction site that connects bidders to auction houses across the world with sales happening over 47 countries. It also offers services such as catalogue publishing and allows online absentee bidding. They run LiveAuctioneers Timed Live (LATL), which consists of a timed auction platform that is preset to close at a specific time for smaller sales.
Recent news/developments	Recently released data confirming that China led the world in art purchases in 2013 (\$4.078 billion) and this was consistent with statistics and trends recorded by LiveAuctioneers. Last year on the website, the number of executed bids from China-based users increased by 37% over the prior year. Also in 2013, the number of registered users in China rose by 43% and auction signups climbed 35% as compared to the previous year.
Facts and Figures	LiveAuctioneers recorded its best year ever in 2013, with gross online sales of \$222.5 million. During 2013, there were 37.6 million visits to LiveAuctioneers' website, with the number of unique visitors jumping 11% over the prior year. It was a year of substantial growth in mobile use, as well. In the fourth quarter alone, mobile visits rose by 28.72% compared to those of Q4 2012, while tablet visits surged nearly 32%. Also, the site saw a 70% increase in direct traffic over that of 2012.

G. Appendix

Company name	Lofty
Website	www.lofty.com
Founded	2013
Location	New York, USA
Founder	Mark Lurie
Business model	Online market place (click to buy)
Brief description of the business	Lofty is an online marketplace for valuable fine art, antiques and collectibles. Each item listed is reviewed by one of Lofty's 60 plus specialists, and granted a five year authenticity guarantee. Lofty seeks to establish itself as the online market leader for fine art, antiques and collectibles priced between \$500 and \$50,000.
Facts and Figures	Received \$3 million in funding from venture capital firm Founders Fund.

Company name	Paddle8
Website	www.paddle8.com
Founded	2011
Location	New York, US
Founders	Aditya Julka (CEO), Alexander Gilkes (Chairman), and Osman Khan (COO)
Investors	Founder Collective, Mousse Partners, Sergey Skaterschikov, Jay Jopling, Hikari Yokohama, Damien Hirst, members of the Mellon family and Alexander von Furstenberg
Business model	Online auction
Brief description of the business	Paddle8 is an online auction house, which connects buyers and sellers of fine art and collectibles across the world and benefits from a commission structure significantly discounted from market norms. They offer two types of auctions: weekly themed auctions and benefit auctions in collaboration with non-profit organizations.
Recent news/developments	The New York based online art broker has opened offices in Los Angeles (June 2013) and London (January 2014) and released an iPhone app (March 2014).
Facts and figures	In 2012 the total amount bid at auctions added up to \$9.8 million. In 2013, it surpassed \$50 million, while the volume of active bidders quadrupled from 2012 to 2013. The total number of auctions has increased 112% in that same period. 14% of their roughly 170 auctions in 2013 were non-philanthropic.

Company name	The-Saleroom
Website	www.the-saleroom.com
Founded	2001
Location	London, London and Seattle, US
Owner	ATG Media
Management	Anne Somers
Investors	Mobeus Equity Partners
Business model	Online auction aggregator and market place
Brief description of the business	the-saleroom.com is one of Europe's leading platform for fine art and antiques auctions. Users have the possibility to browse catalogues and bid online in real time with video and audio feeds. In 2013 the-saleroom.com hosted 7,248 auction catalogues and 3,147 live auctions and sold over £74m online.
Recent news/developments	In April 2013, ATG Media acquired BidSpotter Inc, the US-based world leader in industrial online auctions.
Facts and figures	In 2013, the i-bidder.com hosted 2,380 live and timed auctions and sold £45m online; from October 2012 to September 2013, £68m sold online, £4m fully illustrated auction results, 5,500 auction catalogues hosted every year.

G. Appendix

Company name	Saatchi Art
Website	www.saatchiart.com
Launched	2011
Location	Los Angeles, California, US
Management	Sean Moriarty (CEO) and Rebecca Wilson (Chief Curator)
Investors	Balderton Capital, Project A Ventures, Greycroft Partners and e.ventures
Business model	Online gallery
Brief description of the business	Saatchi Art is the world's leading online art gallery, connecting people with art and artists they love. With the mission of promoting new, contemporary talent and bringing great art to a wide audience, Saatchi Art offers an unparalleled selection of paintings, drawings, sculpture and photography in a range of prices, and it provides artists from around the world with an expertly curated environment in which to exhibit and sell their work. Based in Los Angeles, Saatchi Art is redefining the experience of buying and selling art by making it easy, convenient and welcoming for both collectors and artists.
Recent news/developments	In January 2014, officially changed its name from Saatchi Online to Saatchi Art. In early March 2014, appointed Rebecca Wilson as Chief Curator and Director of Artist Development. Set to unveil 'Spring Fever: Emerging Artists from Saatchi Art,' a new exhibition in partnership with the Hyatt Regency London – The Churchill and the Republic of Fritz Hansen. On April 2, debuts 'Continental Shift: Emerging Artists from Saatchi Art,' its first exhibition at the Saatchi Gallery in London.
Facts and figures	In 2013, Saatchi Art sold works by artists in 100 countries to art buyers in 80 countries. Current roster of more than 30,000 artists. Artists receive 70% on every work sold. A total of 6,440 entries were received for its 'In Glorious Colour' showdown competition in just 12 days.

Company name	Sotheby's BIDnow
Website	www.sothebys.com/en/auctions/watch-live.html
Founded	2004
Location	New York, US (headquarters)
Business model	Bricks and clicks
Brief description of the business	Sotheby's online bidding service, BIDnow, is available for all auctions except Wine. Through BIDnow, auctions are broadcast on sothebys.com, and clients who have registered for a paddle may place bids as if they were in the room. However, Sotheby's doesn't hold online only sales.
Facts and figures	The online platform reported 45% growth in online bidding, Asian client traffic grew 50%. Sotheby's also reported a 25% increase in the time spent on its app on mobile devices.

Company name	Value My Stuff
Website	www.valuemystuff.com
Founded	2009
Location	London, UK
Founder	Patrick van der Vorst
Management	Patrick van der Vorst
Investors	Dragon investors: Theo Paphitis and Deborah Meaden
Brief description of the business	Online Art and antique valuation website, which offers deep expertise for everyone with a network of over 50 experts, who used to work either for Christie's or Sotheby's. The platform guarantees the user a valuation within the next 48 hours following the appraisal request.
Recent news/developments	InsureMyStuff, RestoreMyStuff, ExhibitMyStuff, StoreMystuff and AuctionMyStuff. It will offer a unique space for the customers to trade and store their art, antiques and collectibles.
Facts and figures	Averaging 260 valuations per day, average value £456, turnover last financial year £1.2 million, 45% UK customers, 45% USA and 10% rest of the world. Most popular category: Chinese Art

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About ArtTactic

ArtTactic is a London-based art market research and analysis firm that offers dynamic and responsive research and commentary on the fast-paced and ever-changing art market. ArtTactic was founded in 2001 by Anders Petterson. ArtTactic has developed methodologies and analytical frameworks for the art market often used by economists and people in the financial markets. ArtTactic provides a new dimension to art market analysis by combining both qualitative and quantitative research tools with an in-depth knowledge of how the art market works. ArtTactic's weekly art market research and analysis can be accessed via www.arttactic.com.

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