

Checks and Balances and a Bigger Cheque for the Vendor

By Jane Raffan, on 02-Jun-2010

With the Resale Royalty scheme now adding a new layer of costs and complexity to selling works of art, Deutscher & Hackett's venture with GraysOnline offers vendors a timely new service that promises more pennies in their pockets after sale.

Following the imposition and collection of copyright fees by Vi\$copy in 2002, auction houses have borne increasing financial and administrative burdens when producing paintings sales, and in particular, when servicing clients with low dollar items. Gray's has been auctioning goods online for years, selling around 120,000 items every month via auction. Deutscher & Hackett, meanwhile, has been subsidising the sale of inexpensive works of art through their high end sales since their operations began.

Damian Hackett has said he joined forces with GraysOnline to bring quality, affordable fine art to a national audience via the internet, while opening new avenues for vendors. Gray's has an active database of over 750,000 bidders, which will no doubt do just that, but it should also assist Deutscher & Hackett's bottom line. Gray's will photograph the works—and have negotiated a \$25 Vi\$copy fee for reproducing works—while Deutscher & Hackett will catalogue each item. The improved cost to service ratio in this scenario allows Deutscher & Hackett to offer vendors a better deal on commission to sell in this environment.

And for buyers? Unlike other online selling environments, Deutscher & Hackett believes the joint venture will ensure buyers 'can bid with confidence knowing that each and every work is backed by our team of dedicated art specialists'. Condition reports are provided for each lot and are available online. Buyers benefit in other ways as well: in a positive move, each and every work is accompanied by three zoomable images: the work itself, the framed work (if applicable), and a close-up of the signature. And the online catalogue declares reserves as starting bids. GraysOnline is charging buyers premium of 20% premium +GST; typical for in room auctions, but higher than other online sales.

The first online auction ran from 3pm May 27 until 8pm June 1, and featured 100 works with a pre-sale total upwards of \$300,000. The value range for individual works was broad, from the low hundreds to \$15,000, with the majority of works falling under the \$5,000 mark. The gimmicky unreserved \$9 starting bid for 15 works was designed to entice solid support from Gray's database, and it also successfully garnered presale PR for the venture from a media normally only interested in reporting million dollar transactions.

Hyped star attractions included works by Arthur Boyd and Garry Shead, and for the contemporary crowd Bill Henson, Lisa Roet and Guan Wei. As expected, bidding started early and fast on the \$9 lots, and by the day prior to the sale's end 33% had been covered, but only a handful met or exceeded their estimates. The majority of works were otherwise reserved, and featured the usual mix of Nolans, Blackmans, Lindsays, Bromleys, Boyds and Pro Harts.

The sale attracted over 240 unique bidders, over 10,500 unique visitors (individuals) viewed the sale during the course of the auction, and totalled \$160,000. The highest priced unsold work was Sidney Nolan's *Skeleton* (lot 3), which carried an estimate of \$15-18,000 and did not attract a bid at \$9,000. In general, most sold lots did not meet their stated low end estimates. While this won't disappoint vendors given agreed reserves were met, it won't suit either of the auction houses in the long term, where margin comfort is dependent on the cream on top.

With an overall clearance around 70%, however, the first sale will be considered a success. A Deutscher & Hackett spokesperson indicated they were 'delighted that higher priced works attracted bidders alongside those they expected to do well'. And there's more to come...Deutscher & Hackett plans to run weekly online auctions, including single-owner collections and themed sales, which should, if they can successfully refine the process, generate a tidy cash flow while they work towards their higher-end catalogue auctions.

For those privates wanting a single work of art, and that can't afford a three hour turn around to get to, bid and get home from an onsite auction, the online scenario is a welcome alternative. And for industry nosey-parkers, or die hards hanging online to see if their bid is beaten, fun can be had with the cryptic puzzles provided by a bidder history on each lot, which shows a bidder's initials and registered location. Arthur Boyd's *Shoalhaven* (lot 2) sold to a 'DS' located in Paddington, presumably dealer Denis Savill, who waited until 6:01 on the last night of the sale to press the magic button after a private upped the ante with a \$12,000 first bid.

The GraysOnline venture is a sensible progression from the more costly experiment launched in February 2009 with Artemis, a separate auction house run jointly by Deutscher & Hackett, and Mossgreen, with Richard Ennis at the helm, which aimed to service the middle to lower market levels of art sales. Artemis ceased operations last October, and Ennis will support the Gray's online operation for Deutscher & Hackett from Melbourne. The online launch auction offered a formal onsite pre-sale viewing at Deutscher & Hackett's Darlinghurst premises; another costly element of auction *chi-chi* that will no doubt become unnecessary as old world stalwarts get used to wielding a mouse.

Reserved Works Sold above \$5,000

Lot 3	Sali Herman, Paddington, oil on canvas	\$11-15,000	(R \$10,000)	sold \$14,250
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Lot 2	Arthur Boyd, Shoalhaven, oil on board	\$15-18,000	(R\$10,000)	sold \$12,750
Lot 32	Pro Hart, Shearing Season, oil/canvas board	\$10-15,000	(R \$6,000)	sold \$7,500
Lot 29	Pro Hart, Search for Yabbies, oil/comp.board	\$9-14,000	(R \$6,500)	sold \$7,200
Lot 29	Pro Hart, Outback car rally, oil/comp.board	\$10-15,000	(R \$6,000)	sold \$7,000
Lot 5	David Bromley, To the Rescue, acrylic/canvas	\$10-15,000	(R \$5,000)	sold \$6,250
Lot 24	David Boyd, Child, mixed media on paper	\$4-8,000	(R \$2,500)	sold \$6,000
Lot 10	Melinda Harper, Untitled, acrylic on canvas	\$8-12,000	(R \$5,500)	sold \$5,500
Lot 14	David Bromley, Agnieszka, acrylic on card	\$7-9,000	(R\$4,000)	sold \$5,100

About The Author

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