

AbaF

Pricing artworks

How much you should charge for your artwork is a difficult question for many artists and pricing artwork can be a confronting process. While it is difficult to put a monetary value on the intangible qualities of art, it is necessary for all artists who wish to sell their work and who see themselves as professional artists to price their artwork.

There are a number of methods that may be useful when thinking about pricing artworks. These include:

- Cost pricing - adopts a formulaic approach
- Value pricing - relies on market research to establish an appropriate price

Cost Pricing

This involves calculating the costs involved in making your artwork. This includes all necessary labour and overhead costs and is a good way to work out exactly how much it costs to create a work. Calculating the cost price for a work is undertaken via the following method:

1. Calculate the annual expenses associated with the work.

These include:

- *Administrative costs* - such things as studio rent, insurance, documentation, computer equipment, publicity and promotion, web site maintenance/hosting, postage, travel, phone/fax, Internet Service Provider (ISP), stationary etc.
- *Project costs* - the costs associated with the production, development or exhibition of a specific body of work. This will include many of the administrative costs listed above, but where they are tied to an identifiable project. The cost of materials, freight, equipment hire, invitation/catalogue design and printing, opening drinks, exhibition postage, travel, phone/fax/ISP etc.

Total these costs then calculate a per-month amount by dividing the total cost by 12.

2. Set an hourly rate based on a realistic assessment of your career stage and experience. Hourly fees are dependant on a number of variable factors, such as education, professional experience, reputation and skills. There are also situations when a specific hourly rate might apply to a particular kind of project, for example, a public art project.
3. Estimate how long it takes to complete an average work and multiply this by the hourly rate, to the cost the time it takes to make a work.
4. Calculate how many pieces on average you make per year. Then work out how many you create per month, by dividing by 12.
5. Divide your monthly expenses by the number of pieces you complete in a month.
6. Add your cost calculated in step 3. This calculates the total retail price.

Step	Material Costs	Amount
1	Admin	
	Project	
	Subtotal	
	Per month costs (divide subtotal by 12)	
	Subtotal A	
	Labour costs	
2	Hourly rate	
3	No of hours to make 1 work	
	Labour Costs per work (multiply hours by rate)	
	Subtotal B	
	Output	
4	No of artworks made per year	
	No of artworks made per month (divide no. per year by 12)	
	Subtotal C	
	To calculate the retail price of an artwork	
5	Divide Subtotal A by Subtotal C	
6	Add Subtotal B	
	Total retail price per work	

This method of cost pricing establishes a useful baseline of roughly how much it costs to create an individual piece. However, it is a rather fixed method of allocating prices and does not recognise what people will be prepared to pay for your work.

While it is a useful way to think about the various costs involved in creating your particular kind of work, the cost pricing method is probably best used in combination with value pricing (see below).

Value Pricing

Value pricing involves researching the current contemporary art market and setting a price based on what you think the market will accept. This can be achieved by visiting galleries, art fairs, open studios and auctions and making comparisons and observations about the prices on works that are similar to your own in terms of genre, size, expertise and material. Artist-run spaces can be a great source for this information. When researching, it is important to look particularly at works that have been sold, not just those awaiting sale.

To get a better feel of how artwork is priced, talk to other artists being shown or gallery representatives and arts industry professionals who will have experience in the field. Be particularly mindful of reputation and experience. Emerging artists will need to make sure that they only compare work of a similar standard.

When pricing your artwork consider the following:

- Level of experience - how long have you practiced as an artist
- Reputation/selling history - how little or much you have sold previously, what is your artistic reputation

- Resume or CV - education level
- Exhibition history - solo and group shows, how many, where they were held
- Any reviews or publications regarding the work
- Others (style, media, subject matter)

Commission

When selling your work and setting prices it is important to factor in how and where the payment of commission might apply. A commission is a fee paid to an agent, dealer or gallery in return for services and support and is usually a percentage of the total cost of the work. Commission is applied in different ways according to where you sell and what level of support is provided.

- *Commercial galleries*
Generally, a commercial gallery representing an artist will take work on sale or return (consignment) and deduct a commission between 33.3 to 60% from the retail price when the work is sold to a client. The rate of commission can vary from gallery to gallery and is dependant on the services the gallery provides for the commission amount.

The Australian Commercial Galleries Association's (ACGA) Code of Practice sets out the range of services an artist can expect when a gallery is providing full representation, and emphasises that the value of the services lies in the ongoing cultivation of a career the gallery provides. Commercial galleries, however, function primarily as vehicles through which to represent an artist, expose them to the broader audience, build a client base and sell their work. Given this kind of relationship, it is the gallery's role, in negotiation with the artist, to set the prices for the artworks.

This is in contrast to the charging of commission where no ongoing services or benefits apply. Within a commercial setting of this kind, the artist and gallery should jointly agree on the price of the artwork.

- *Artist-run Initiatives/Spaces*
Artist-run Initiatives/Spaces usually take no commission on sales of works on the basis that the exhibitions are largely independently organised and paid for by the artists themselves, usually through exhibition fee.
- *Public Galleries*
Public galleries differ in their policies on charging commission if sales occur during exhibitions. In regional areas where fewer commercial galleries operate, the gallery may charge a commission on a sale if an artist is unrepresented by a commercial gallery elsewhere, and where it can be argued they have a strong role in the ongoing cultivation of that artist's career. If you are having an exhibition in a public gallery it is important to ask if they charge a commission for any sales during the exhibition period.
- *Art Consultants*
Art consultants are usually involved in facilitating one-off sales and in this context a much lower rate of commission of 10-15% normally applies. Where a commercial gallery represents an artist, this would be paid to the consultant by the gallery. Unrepresented artists would pay the consultant directly.

- *Art prizes and competitions*

Artists should be aware that some art prizes and competitions charge a commission of 30-40% on sales. Careful consideration should be given to costs of entering in the context of the possible benefits and likelihood of winning. Terms and conditions should be read and understood in detail prior to entry.

- *Selling out of the studio*

For emerging artists, selling artworks out of the studio directly to clients is one of the ways to make sales. Some sales may also occur when clients see your work exhibited in group or solo shows at, for example, an artist-run space.

Selling work directly can provide valuable information in the early stages of your career as it allows you to meet with clients and to experience how to negotiate the sale of an artwork. In this situation, sales can be made without considering commission rates.

When an artist is represented by a commercial gallery, however, selling artworks from your studio needs to be undertaken in consultation with the gallery director. The gallery will require a commission to be paid and the price will need to be set by the gallery director in consultation with the artist.

Other considerations when pricing artworks

When setting prices for artworks it is important to consider the following:

- Prices should be consistent. This means that wherever the artwork is exhibited or available for sale, whether it sells in a commercial gallery, a regional gallery or from your studio, the price remains the same.
- Always ensure you are clear about the GST status of the work.
- Always be clear about the price of the artwork on its own, as opposed to the price that includes framing, transport, GST and any other charges.
- Works produced with more expensive materials or presented on archival material usually cost more to make and the sale price will reflect this.
- Works on paper generally sell for less than works on canvas, board or other materials.
- Multiples or reproducible works such as prints and photographs often sell for less than other medias as they do not have value in the marketplace. Larger editions are usually less expensive than smaller or limited editions.

Raising prices

Most artists start out with modest prices for their artworks. However, over time you may raise the prices of your artworks and the time to consider this can occur when you have:

- established a proven record of sales, and there is steady demand for your work
- sold a few pieces from a series or body of work, then the rarity of the remaining sought after pieces means you can raise their price
- received positive reviews of your work and various publications have started giving you exposure
- been selling your artwork at a consistent rate.

Documenting and sales records

It is a good idea to photograph and document all the details about each artwork you make. This archive of your career can be an invaluable tool for yourself, galleries that represent you and curators who may be interested in your work.

For each artwork, catalogue and record the following information:

- Title of the work, medium, dimensions (height x width x depth in cm), year
- Where it is located
- A description of the condition of the work
- Inventory number or code number
- When the work was completed and the time it took to complete.
- If the piece had been sold, record who owns it - if the buyer later sells the piece, put the new owner's details in the file
- The price you originally sold it for, as well as any subsequent prices it sells for
- Who sold it - you from your studio, the gallery, a dealer etc
- Any other information such as what inspired the work, the cost of materials used, where you purchased them from, the frame type and framer. This kind of information may assist in the conservation of the work, and if and when museums start buying your work, this sort of information can assist them with their archives.

The ACGA Code of Practice sets out the requirements for the kind of consignments receipts an artist should supply and how they should be confirmed and signed off by the gallery. When you sell a piece, you should keep track of the name and address of your new clients in order to invite them to future exhibitions.

Additional sources

When pricing an artwork ask advice from a range of sources and use a combination of the methods outlined here to suit your needs, as fixed pricing methods can often be at odds with the realities of the market. Other artists can be a great source of information and advice. Make contact with other artists who have exhibited in spaces where you would like to exhibit, or with artists who work in a similar media and get a feel for how they approached pricing.

Finally, it is important to understand the nature of the market in which your work is situated and to ensure you don't undervalue or overprice your work. European and United States markets are much larger than the Australian art market and artists located in these markets tend to command higher prices on this basis.

Pricing artworks checklist

1. What price will the work be sold for?

- Who determines the price of the work?
- Can the work be discounted for a valued client?
- Will the quoted retail price include the gallery's commission?
- What (if any), is the gallery's commission?
- How much is the deposit upon the sale of an artwork?
- Will the purchaser be able to take the work before the end of the exhibition?
- How long after the sale of the work does the gallery pay the artist?

2. Who will pay for framing, delivery and insurance?

- Will the artist or the gallery arrange for the work to be framed and mounted?
- Who will pay for the framing?
- Does the gallery have the right to reframe the work?
- Who is responsible for storage costs?
- Who pays for the transport of the work to and from the gallery?
- Who will pay for the work's insurance whilst it is both in transit and in the gallery?

Further resources

Australian Commercial Galleries Association (ACGA)

The Code of Practice for Australian Commercial Galleries and the artists they represent can be downloaded from the ACGA website

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National Association of the Visual Arts (NAVA)

NAVA has information and publications relating to pricing of artworks:

- "Fees and Wages", *The Code of Practice for the Australian Visual Arts and Crafts Sector*, 2nd Edition, NAVA, Sydney, 2004.
- "Putting on a price", *Getting Art There: An Artist's Marketing Manual*, NAVA, Sydney, 2004.

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The Australia Council for the Arts

The Australia Council for the Arts is the federal government's key advisory body that supports contemporary Australian visual arts and crafts. It also conducts research into arts, provides various grants and publishes a number of useful publications:

- *Artist-run initiatives, spaces, community and student galleries in Australia* – a list of artist-run initiatives, spaces, and community and student galleries in Australia
- *Contemporary Visual Arts & Craft Inquiry Report*
- *Don't give up your day job: an economic study of professional artists in Australia* - a survey of the economic circumstances of 1063 practising professional Australian artists
- *How to make a career out of being a visual artist* - general advice and guidelines
- *What's my plan? A guide to developing Arts Marketing Plans*

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Art Almanac

Art Almanac is a monthly magazine which lists the exhibitions showing at galleries across Australia. It is a good source of information for openings, grants, gallery prizes and exhibitions.

PO Box 915
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RealTime

RealTime is a free bi-monthly guide to international contemporary arts and is found in cafes, arts centres, bookshops, theatres and galleries. Most articles are written by practising artists, arts workers and other arts specialists.

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Broadsheet

Broadsheet is a free arts newspaper examining contemporary visual arts and culture published by the Contemporary Arts Centre of South Australia.

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Parkside SA 5063
T: 08 8272 2682
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W: www.cacsa.org.au

Art & Australia

Art & Australia is a quarterly specialist art magazine that includes articles and exhibition reviews.

11 Cecil Street
Paddington NSW 2021
T: 02 9331 4455
W: www.artandaustralia.com

Art Monthly Australia

Art Monthly Australia is a monthly specialist art magazine that includes articles and exhibition reviews.

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Further reading

- Betty Chamberlain, *The Artist's Guide to the Art Market*, Watson-Guption Publications, New York, 1983.
- Sue Hodge & Janet Millar, *Getting Art There: An Artist's Marketing Manual*, National Association for the Visual Arts, Sydney, 2004.

- Judith Klayman & Cobbett Steinberg, *The Artists' Survival Manual: A Comprehensive Guide to Marketing Your Work*, Charles Scribner's Sons, New York, 1984.
- Carol Michels, *How to Survive and Prosper as an Artist: Selling Yourself without Selling Your Soul*, Henry Holt & Co, New York, 2001.
- NAVA, *The Code of Practice for the Australian Visual Arts and Craft Sector*, 2nd edition, National Association for the Visual Arts (NAVA), Sydney, 2004.
- Rene Phillips, *Success Now! For Artists: A Motivational Guide to The Artrepreneur*, Manhattan Arts International, New York, 1999.
- Constance Smith, *Arts Marketing 101*, 2nd Edition, ArtNetwork, Nevada City, 2004
- Judith Staines, *Artists Handbook: Selling*, Artic Producers Publishing, Sunderland, 1983.

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