



Rise of the cyber-saleroom

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The big auction houses are expanding their virtual platforms in a bid to reach a wider pool of potential buyers



Mickalene Thomas's 'Landscape Majestic' (2011), sold at Paddle8

Expect fighting talk from Peter Loughrey, director of Los Angeles Modern Auctions, on the topic of online-only sales. "When bidding online becomes second nature, whoever

has the largest market share and the most efficient platform will most likely be the company which has been in the trenches the longest,” he says.

The popularity of internet-based sales is growing. The most recent report by the European Fine Art Fair (Tefaf) found that last year they accounted for \$3.7bn, equivalent to 6 per cent of all art transactions. Most were in the \$1,000-\$50,000 range.

Loughrey’s company partnered with **Artsy**, a start-up founded in 2009, for an online-only sale in March, comprising 24 lots. “The sale achieved 100 per cent sell-through, setting a world record for artist Peter Alexander [\$68,750 for “Wedge with Puff” (1968)],” says a spokeswoman for **Artsy**.

Artsy has since moved up a gear, teaming up with Sotheby’s to launch the 271-year-old auction house’s first online-only sale last month. The results remain confidential, but Singapore and Beijing were among the five locations with the most bidding activity.

“Sotheby’s has traditionally lagged behind its main rival Christie’s when it comes to online sales,” says Anny Shaw, a correspondent at The Art Newspaper. “Christie’s reportedly invested \$50m to develop online platforms under its former chief executive Steven Murphy.”

In 2006 the auction house introduced Christie’s Live!, the digital component of its live sales, and in 2012 it launched a channel for online-only sales, enabling it to sell lower-priced consignments. “Art was becoming democratised, and we knew a bricks-and-mortar saleroom couldn’t reach the same number of new buyers that a virtual saleroom could,” says Jennifer Glaisek Ferguson, international director of corporate affairs.

Last year, Christie’s online-only sales totalled \$35.1m (up 60 per cent from 2013). The top lot was Richard Serra’s oilstick on paper piece, “Pamuk” (2009), which fetched \$905,000. Crucially, in the first half of this year online buyers increased 31 per cent in Asia.

Meanwhile, Sotheby's partnership with eBay, which launched earlier this year, was touted as another potential game-changer. eBay's 159m worldwide users can now bid in real time at selected auctions streamed online, including the occasional evening sale.

The initiative raised eyebrows: Sotheby's first teamed up with eBay in 2002 but the venture folded after a year. "The art market wasn't ready for an online arena," says a spokeswoman. Sotheby's existing online bidding platform, Bid Now, was introduced in 2010.

Sotheby's first auction open to eBay bidders was held in New York on April 1. The 188-lot sale was devoted to photography, with works by Irving Penn and Richard Avedon; it made \$5.2m (with buyer's premium) with a sell-through rate of 76.6 per cent, though the proportion of sales made to eBay bidders is not known. Ebay takes an undisclosed cut of sales on the Sotheby's platform.

Phillips auction house also teamed up with eBay in September, offering online access to its art and design auctions.

Sotheby's website stresses that the new eBay facility is for both the "curious new buyer and seasoned collector". It adds: "You'll be pleasantly surprised how much museum-worthy artwork has the same price as a designer handbag", in a bid for global, mid-market buyers to broaden its collector base.

Persuading tech-savvy, twenty- and thirtysomething collectors to part with their cash seems to be the primary objective of emerging auctioneers. The online auction house Paddle8, founded in New York in 2011, "continues to expand to categories beyond contemporary art and design [such as luxury goods] to meet the demands and interests of the Millennial collector," says a spokeswoman.

The company has created a "romance around the world of collecting", she adds, citing personalities who have lent their names to recent curated sales, such as American comic Ellen DeGeneres ("a devoted design aficionado with encyclopedic knowledge of 19th-century French farm tables — who knew?") and artists Tracey Emin and Damien

Hirst. The latter is regularly cited as an investor in Paddle8, while leading contemporary art dealer David Zwirner recently joined the company board.

Paddle8 is investing in its app and mobile capabilities: “With a 37 per cent increase in mobile traffic, and 10 per cent increase in mobile bids in just the past three months, mobile will continue to be a major focus,” it says. The company charges a flat vendor’s commission of 8 per cent; its pre-tax total revenues in 2014 were \$35.8m.

“The online sales [companies] will not be able to compete with the major marketing budgets and guarantees that the big auction houses like Christie’s and Sotheby’s can provide,” says Nilani Trent, a New York-based collector and art adviser. “But online sales can be tempting for sellers with lower valued work to consign, because the commissions are so much more competitive.”

So who is stepping away from the drama of the saleroom to dabble online? **Artsy’s** spokeswoman says that “trends indicate an increasing comfort level with high value purchases being made online”. Loughrey has seen mostly art veterans and professionals consigning. “However, the big prize will be individual consignors and institutional consignors for trusts and estates,” he says.

Collectors and advisers have mixed reactions, however. “I think my experience mirrors that of many others in the field,” says Liz Parks, another New York adviser. “Online auctions get talked about a lot, but few, including myself, are putting their money where the collective mouthpiece is.”