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The Cost of Price Transparency: Why Some Dealers Would Rather Alienate You Forever Than Reveal the Price of an Artwork



Frieze New York 2019. Photo: Mark Blower, courtesy of Frieze.

After receiving a PDF blast about a gallery’s forthcoming show of a new artist, San Francisco-based collector and arts publicist Florie Hutchinson replied to ask about prices. “Thanks so much for your interest,” came the response. “Just to warn you it is fairly unlikely there will be a painting available as we have a lot of people waiting for work and the priority is museums, then clients donating the works to museums. We’re also taking into consideration how long clients have been waiting and bearing in mind how much support those clients give the wider gallery program.”

For many novice art buyers, this sort of evasive reply to a seemingly routine question—how much does this cost?—is common. Collector and art trader Stefan Simchowicz recalls asking a gallery’s front desk attendant about the price of a painting and being

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told that only the sales director had access to that information. “What do you mean, you don’t know?” he asked. “You work here.”

Dealers have their reasons for keeping prices close to the vest. In an industry built on the asymmetry of information, knowing what is selling for how much equals power. But the art market’s unspoken, unofficial customs are now coming under unprecedented pressure as galleries seek to balance the desire for discretion with the need to expand their client base and stay relevant in the age of Big Data and online comparison shopping.



Installation of Kohn Gallery booth at the Armory Show featuring work by John Altoon and Jonathan Lyndon Chase.

Image courtesy Kohn Gallery.

This tension is on plain view at the prestigious Art Basel fair in Switzerland this week. Prices are provided to trusted collectors via PDF in advance; other prospective buyers will be greeted with a cold shoulder, even on the floor of the fair. Some galleries, like Paula Cooper and Marian Goodman, may provide prices to select collectors, but make it a practice of not disclosing them to the press.

The whole process can border on Kafkaesque. “Very few of the PDFs have prices.... It can be very frustrating,” Simchowitz says. “I have these exchanges constantly. You’re offering me a piece of work, but how the hell do I know if I can afford it? They ask, ‘Well, what are you interested in?’” He doesn’t know, he replied—that’s the reason why he’s asking for more information to begin with.

Why Keep It a Secret?

There are many reasons dealers jealously guard price information. It might keep a competitor from undercutting them or seeking out the same artist’s work on the resale market for less. Sometimes the artist does not want to see their work reduced to a simple commodity, or the consignor wants the freedom to dramatically adjust the price later if the work doesn’t sell.

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There is a long history to this practice. In 1971, New York City passed the “Truth In Pricing” law, which requires all retail establishments—including art galleries—to post prices in plain view. Dealers largely ignored the rule until the city began enforcing it more strictly in 1988—but even then, they interpreted it loosely. Mary Boone reportedly posted a price list in the back office, requiring visitors to climb two steps and lean over a velvet rope to see it. Today, the law is rarely enforced.

New York dealer James Fuentes recounted a story from a client—now a major collector—who had a rude awakening at a major Soho gallery in the 1980s. “He’s looking at this print by Sandro Chia, and he asked the gallery for the price. And they respond, ‘six,’” Fuentes recalls. “He had no idea—it could have been six million. I laughed because to me that’s kind of indicative of the way the game is played.”



Leo Castelli in his gallery. (Photo by Eliot Elisofon/The LIFE Picture Collection/Getty Images)

There is also a psychological factor. Exclusivity is frustrating when you are on the outside, but thrilling when you are accepted into the fold. This has been true since the dawn of the modern art market in the '60s, when dealers like Leo Castelli or Sydney Janis were working with a much smaller pool of buyers. “The more exclusive or higher the prices, the more buyers they would get,” says Pace Gallery president Marc Glimcher.

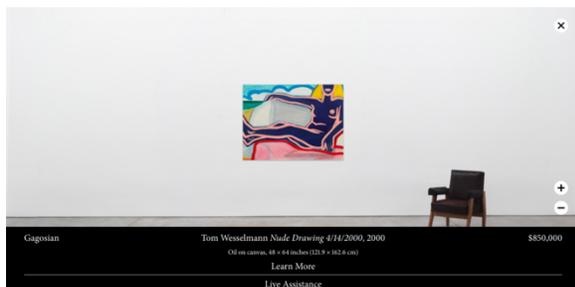
Collector Alain Servais has counseled numerous friends who came to the collecting game more than a decade after he started out and who constantly complain that they cannot get access to work by, or even prices for, the artists they covet. His advice? “Market yourself. Invite a couple of dealers to your home. Or a few journalists, if they want to write about collectors.... By not being available to everyone, when the price is available to you, you feel special.”

Collectors also often have their own reasons to discourage price transparency. “You publicize how much someone paid for a painting and someone is going to walk into their living room and say, ‘Oh you paid X for that painting,’” Glimcher says. This knowledge can compromise collectors’ safety—not to mention their tax payments or divorce settlements.

Is a Revolution Coming?

In some corners of the art world, however, this tradition is beginning to change. This week, David Zwirner Gallery launched Basel Online, a virtual art-fair booth that offers 20 works exclusively online for a total of around \$5 million by artists including Carol Bove, Josh Smith, and Jordan Wolfson. Prices range from \$45,000 for a painting of a match by Harold Ancart to \$1.8 million for a Yayoi Kusama pumpkin sculpture.

Meanwhile, fellow mega-gallery Gagosian—which does not post artist names or titles of works in its art-fair booths, let alone prices—launched a similar viewing room during Art Basel last year. According to the gallery, half of the 10 works found buyers during the room’s 10 days of operation, including a €950,000 (roughly \$1.1 million) Albert Oehlen.



Screenshot of Gagosian’s Art Basel 2018 Online Viewing Room. Courtesy of Gagosian.

The goal of these efforts is to cultivate new buyers who might be unfamiliar with the customs of the art world or uncomfortable asking for a price in person. More than half of the inquiries to Zwirner’s online viewing room, which has operated for more than two years, have come from new clients, according to the FT.

“Transparency is in the interest of new buyers who don’t really know the market,” says Olav Velthuis, an economist and professor at the University of Amsterdam. “At the same time, I would say in the end, having transparency is in the interest of the entire market.”

Fuentes says he now routinely keeps a price list available for each show at his Lower East Side space. “It just makes brick-and-mortar galleries look archaic if we’re not doing the same thing,” as other outlets, he says.

Others concur. “Every dealer should be doing their utmost to protect their artists in placing the work well,” says New York dealer Sean Kelly. “But I really don’t see how price opacity can you help you that process. If we all want clients to regard us as honest and credible professionals, we need to behave as though we have nothing to hide.”

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Josh Smith, Here and There (2019) ©Josh Smith. Courtesy the artist and David Zwirner.

Of his own journey toward price transparency, Glimcher says: “At some point we started cultivating new buyers, Russian, Chinese; I went out to Silicon Valley. Suddenly, we’re engaging all these market forces that our market wasn’t built for. The reason we need transparency is because we want people who are unwilling to enter the market to enter the art market.”

Hutchinson says that ultimately, galleries will now usually share this information when asked (even if they must be asked more than once). But those dealers that have exclusionary practices “by hiding or withholding prices create an artificial imbalance. As a young collector, I find that hurdle very discouraging.”

Ultimately, dealers may have no choice but to adapt. Hutchinson points to a recent New York Times story noting that when Uber and Airbnb go public this year, Silicon Valley could get up to 10,000 new millionaires overnight. And these new targets feel quite differently about price transparency than previous generations of moneyed collectors. “These are millennials and mostly software engineers,” she notes. “Their lexicon is information.”