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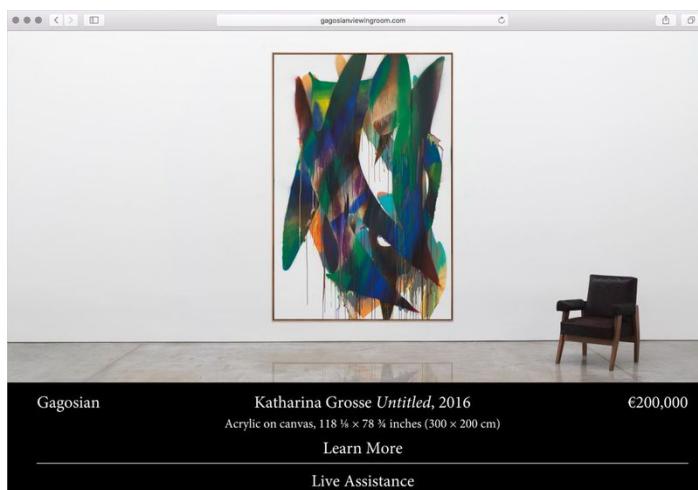
Bloomberg

Hidden Room, Secret Prices Give Way as Gagosian Embraces the Web

Gallery launches online viewing room to reach global audience

'Everyone is jockeying to harness the power of the internet'

Katya Kazakina



Online viewing room of Gagosian Gallery Source: Gagosian

There's an upside to transparency in the art market after all.

That's the lesson Gagosian Gallery, the world's biggest and one of the most secretive, learned through its new internet selling platform.

Bucking a longtime practice of not disclosing prices, Gagosian publicly listed them for 10 artworks at its inaugural "Online Viewing Room" during Art Basel last month. Five pieces sold for a total of \$2 million, with individual prices as high as 950,000 euros (\$1.1 million) for a painting by Albert Oehlen. The site was viewed more than 110,000 times and its content reached 2.2 million people on social media, Gagosian said.

Like auction houses before them, galleries are embracing online sales to boost revenue and expand their global reach as foot traffic is declining. Online art sales grew 12 percent in 2017, reaching \$4.2 billion, according to a report by Hiscox Ltd., a London-based insurer. Nine of 10 new art buyers see price transparency as critical when shopping online.

"We're realizing that we may be leaving business on the table by being so opaque and impenetrable," said Sam Orlofsky, a Gagosian director who developed the virtual viewing room.

So for 10 days, starting June 11, the gallery tested a more transparent model. Within the first 24 hours, it sold a 10-foot-tall abstract painting, made with a spray gun by German artist Katharina Grosse, for 200,000 euros.

‘Artificial Manipulation’

Galleries typically don’t disclose prices publicly. Some might produce a price list upon inquiry at the front desk, while others may insist on having a salesperson engage with a potential client. Such secrecy has been the norm in the art market for at least a century, according to Todd Levin, director of Levin Art Group in New York.

“There’s a commonly held tacit agreement among gallerists representing artists and estates on the primary market that artificial manipulation of market supply is the best way to stimulate demand: How and when art is released into the market, and who it is released to,” he said. “One of the efficient ways to manipulate supply is through opaque pricing.”

But even the cloistered art world can’t avoid being disrupted by the facts-at-your-fingertips nature of the internet.

Gagosian isn’t the first major gallery to venture online. David Zwirner launched its virtual viewing room in January 2017. Since then, it has presented drawings, paintings, prints, photographs and sculptures, with prices ranging from \$1,000 to \$500,000, according to a spokeswoman. About 37 percent of inquiries through the viewing room came from new clients.

“Everyone is jockeying to harness the power of the internet to do business and expand their audience,” said Wendy Cromwell, a New York-based art adviser. “They’re trying to create events with a sense of urgency and excitement.”



Untitled, 2012 by OehlenSource: © Albert Oehlen/Photo: Lothar Schnepf/Courtesy Gagosian

Auction houses have invested millions of dollars in technology to lure new clients and streamline data. They create original digital content, stage online-only sales, publish newsletters and offer online-estimate tools. At Sotheby’s, more clients now bid online than by phone, the auction house said in May. Christie’s online sales reached 55.9 million pounds in 2017, up 12 percent from a year earlier, and were the entry point for 37 percent of new buyers.

“They’ve made their material hyper-accessible,” Orlofsky said. “There’s no barrier to participating.”

Gagosian’s online viewing room was based on an actual one at its branch in Manhattan’s Chelsea art district. The space has a 30-foot-wide viewing wall, concrete floors and a 22-foot ceiling with a long skylight. As far as viewing rooms go, this is the “gold standard,” Orlofsky said. That’s where the gallery’s premier offerings are seen by billionaire clients, top advisers and museum directors.

“It’s almost intimidating because it’s so massive,” Cromwell said.

Granular Level

Because of the privacy required for such viewings, most people have never seen the room, Orlofsky said.

The online version, on the other hand, has been visited by almost 25,000 people. A sleek, mid-century black chair was placed on the side, for scale. Viewers could zoom in to see the works at a granular level. Essays and videos accompanied the works. Live assistants were a chat away to answer questions 24 hours a day.

At the end of the 10 days, 537 individuals contacted live assistants and left email addresses, and the gallery has been receiving about a dozen emails a day since the sale ended June 20.

“We consider this the equivalent of meeting a new collector at an art fair booth,” said Alison McDonald, another gallery director responsible for the experiment.

Wealthiest Collectors

Unlike the auction houses, which specialize in the resale of art, Gagosian has access to new works by some of the most sought-after artists.

“If you can wed the customer-acquisition potential of the auction houses with the known demand for work fresh out of artists’ studios, then you have something really special,” Orlofsky said.

The gallery plans to open its virtual viewing room during key moments when a “larger-than-usual amount of material is being offered” and the world’s wealthiest collectors are paying extra attention to the art market, Orlofsky said. Among those he noted are the Frieze art fair in London in October, semiannual sales in New York in May and November, and Art Basel Miami Beach in December.

“You have to look at how many times a year people who are not art professionals are going to put aside a few hours to focus on art,” Orlofsky said. “We’ll want to capture their attention.”