

AMPLIFY ARTS

Pricing Work Resource Guide

Pricing work is never a perfect science. Sales history, market fluctuations, and where you are in your career all have an impact on what a buyer is willing to pay. There is no perfect formula for pricing your work, but you might want to think about establishing an hourly rate and base pricing on that amount. To calculate that rate, think of how much you need to make annually to live without financial panic and divide that number by 1,500. As a general rule, artists who work 1,500 hours / year find sustainability.

For example, if you need to make \$45,000 a year:

$45,000 / 1,500 = 30$ (\$30 / hour would be your hourly rate)

$30 \times 8 = 240$ (\$240 would be your day rate)

$240 \times 5 = (\$1,200)$ would be your weekly rate)

Then, estimate how many hours you spent conceptualizing and fabricating your work, take that number and multiply it by your hourly rate and add double the cost of materials, printing, etc. to get a sale price. Even if you end up eventually using a market responsive pricing structure or confidence approach, you should know the pragmatic price of your work to make good strategic decisions.

A few helpful hints:

- Plan ahead. Don't price things at the last minute. This can lead to outrageously high or low prices depending on your mood, current economic situation, or desire for attention.
- Err on the high side. Low pricing often signifies that the artist doesn't have confidence in his or her work. On the other hand, if you are an emerging artist, asking for \$25,000 for a painting might be over the top. Prices can go up, but they should never go down. As an emerging artist, you want your work to start selling, so use common sense.
- Compensate yourself fairly for your time and materials. Most artists undervalue their work, and often make less money on sales than they spent making work. Keep track of your expenses and the time spent creating the work. Use an accounting program on your computer.

- Defend your prices. If you have kept track of your time and expenses you can defend the price of your work should your dealer or collector insist they are too high. Be realistic here, but also include your direct expenses for materials, as well as your overhead expenses, such as studio rent, utilities, phone, etc.
- When calculating your studio expenses, maintain records of the time you spend, and the cost of materials. Include overhead, such as rent, utilities, professional fees, fabrication costs, assistants' wages, transportation, postage, and shipping. Divide the total by the number of works you make a year, and average the cost per work. Then, add the sales commission. Make sure you build in a profit margin and room for a discount to notable collectors or collecting institutions.
- Use an hourly wage to calculate how much your art is worth. You are a professional artist and you deserve a professional living wage. The U.S. Department of Labor Occupational Labor Statistics lists the mean hourly wage of Fine Artists between \$25 and \$30. Use this as a starting point for figuring out your hourly wage.
- Letting dealers and gallerists price your work is not always the best way to go. Often a dealer will set the price of your work, but you should be a part of this discussion and it should be a joint decision. If you have calculated your expenses, you have a better chance of getting your share of the total price of the work. But remember that gallery dealers calculate things like rent, salaries for employees, and marketing costs into valuing your work.
- Artists with gallery experience and consistent sales histories should already have base prices set for their works. If you do not already have a track record of sales, your base price should approximate what artists in your locale (with comparable experience and sales records) charge for similar works of art.
- Visit galleries and exhibitions, and do some research on comparable artists and artwork. Look at the exhibition checklist for these details.
- If you are selling work in your studio or at a studio sale, you might want to price the work a few hundred dollars over the set price so you have space to negotiate. Or, offering a discount might make sense especially if the buyer is a repeat customer.
- You should not price your work according to what region of the country or city it is shown, or what gallery sells it. Consistent pricing is a cornerstone of a sound practice and eventually leads to successful sales.
- Always have a price list available that states the full retail price. If you are selling the work yourself, always include the discount policy in writing on the price sheet. This will get you out of a bind if a buyer brings it up.

Commission Splits

Usually galleries and art consultants take a 50% commission of all sales. Be very wary of galleries and dealers who ask for a higher percentage. If the commission is less than 50%, do not lower the price. Many nonprofit galleries take from 0-30% commission and many leave the negotiation up to the artist. If your work is very expensive to produce, and the fabrication is very costly (such as foundry work) or you use a specialized process, you will need to negotiate production costs before the commission split.

Market Responsive Pricing

The best time to increase prices is when you are experiencing a consistent degree of success and have established a proven track record of sales that has lasted for at least six months, preferably longer. Depending on what you make, and the quantity of your output, you should also be selling at least half of everything that you produce within a six-month time period. As long as sales continue and demand remains high, price increases of 10-25% per year are appropriate. As with any other price-setting structure, be able to justify all increases with facts. Never raise prices based on whimsy, personal feelings or because you feel that they have remained the same for long enough.

Your prices should remain stabilized until you have one or more of the following: increased sales, increases in the number of exhibitions you participate in, increase in the number galleries that represent you, or inflation. Keep in mind your materials costs and whether they have gone up.

Market Fluctuation

No matter how old you are or how long you have been making art, know that art prices fluctuate over time as a result of a variety of factors. Set your initial price structure according to the initial value of your work, your local or regional art market, but be ready to revise those prices at any time (assuming adequate justification). The more you are aware of market forces in general, and how people respond to your art in particular, the better prepared you are to maintain sensible selling prices and to maximize your sales.

Discounts

You should not be required to split discounts with the gallery. It is a public relations expense for the dealer and you should not be paying that expense. The gallery is usually awarding the buyer for previous patronage. Exceptions might be when the buyer purchased your work before or she/he is buying more than one work by you. Always get a bill of sale as a purchase contract between the artist and the collector. Often, a dealer will issue you a purchase order, which states both commissions and the collector who bought your work. Always maintain records of who has purchased your work, including name, mailing address, email, and phone number. Beware of dealers who will not give you the information on a collector, as by law, you are entitled to a copy of the bill of sale and information on who bought the work. Often a discount is split between the artist and the dealer, but this should happen only with permission of the artist, or outlined in the original contract agreement. Another typical large shared discount is when a work is sold to a museum or large collection.

If you're selling work directly to a client, use your best judgment. Has this person bought work in the past? Do they have a collection you're excited about? Have they bought work from other artists you know? Supportive collectors who will follow the evolution of career for years to come are a huge asset. Those relationships are special and sometimes warrant special considerations when it comes to pricing.

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Additional Resources:

1. <https://www.artbusiness.com/artists-how-to-price-your-art-for-sale.html>
2. <https://www.artworkarchive.com/blog/how-to-price-consistently-for-art-sales-success>
3. <https://www.artworkarchive.com/blog/do-s-and-don-ts-of-pricing-your-artwork>
4. <https://veryprivategallery.com/how-to-price-my-art/>
5. <https://www.artsy.net/article/artsy-editorial-new-collectors-guide-understanding-art-pricing>