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INTERNATIONAL ARTS

When the Fine Art Market Goes Online

By SCOTT REYBURN MARCH 20, 2015

LONDON — Is 2015 going to be the year in which the art market — or at least a sizeable chunk of it — finally goes digital?

Unlike recorded music and books, which are now bought routinely by millions of people from websites, fine art has proved stubbornly resistant to the march of e-commerce. At least so it would seem from the statistics. Online transactions contributed 6 percent of the record 51 billion euros, or about $59 billion, of art sold by auction houses and dealers in 2014, according to a report published on March 11 by the Netherlands-based European Fine Art Foundation.

The art market is an extension of the luxury goods industry, which, with its relatively high prices and expensive-to-run stores, has had an openly King Canute-like resistance to online sales. McKinsey & Company said in a report last April that e-commerce represented just 4 percent of all the luxury goods sold in 2013. Even so, McKinsey added that sales in the online luxury sector were growing at least twice as fast as their offline equivalents.

“The fact that artworks are essentially unique and value is also determined by aspects such as their condition and provenance also sets them apart from luxuries, which are, in many cases, newly manufactured goods,” said the report by the European Fine Art Foundation, also known as Tefaf.

Most buyers of valuable art understandably feel the need to personally view a work before making a purchase. The art market is dominated by the ever-higher prices paid at Sotheby’s and Christie’s by offline bidders for status-enhancing paintings by trophy names such as Gerhard Richter, Andy Warhol, Jean-Michel Basquiat and Christopher Wool. Works priced at more than €1 million accounted for 48 percent of the value of the auction market in 2014, yet they represented less than 0.5 percent of the transactions, according to Tefaf.

The submerged iceberg of high-volume, lower-value art sales has become a main growth area for online commerce and the venture capitalization that comes with it. There are now more than 40 specialist dot-com companies selling or facilitating the sale of artworks, primarily in the $1,000 to $50,000 range. And those sales are growing.

The art market industry analysts at Skate's pointed out in their latest art e-commerce report that the world's four leading online-only auctioneers — Auctionata, Paddle8, christies.com/onlineonly and Artnet Auctions — saw an average 109 percent increase in sales in 2014. Buyers and sellers are becoming more comfortable about online auctions, particularly as commission rates tend to be lower than at their bricks-and-mortar equivalents. That said, Skate's calculated the total 2014 sales of those four online auctioneers to be $142.2 million — less than the price paid for one Francis Bacon triptych at a Christie's live auction in November 2013.

Sotheby's, unlike Christie's, has not invested in its own online-only sales and is trying to increase lower-value auctions. On Tuesday, a day after it announced the appointment of its new chief executive, Tad Smith, the former president of the Madison Square Garden Company, Sotheby's released the long-awaited details of its new partnership with the online retailer eBay.

A new collaborative live auction platform, ebay.com/sothebys, will give eBay's enormous base of buyers the chance to browse and bid at Sotheby's, beginning with an April 1 auction of photographs, followed by a sale of New York-themed material on April 2. Most of the lots at both events are estimated at under $20,000, though the vast majority of more than $1 billion in art and antiques sold on eBay in 2014 was priced at under $200, according to Tefaf.

Sotheby's has been here before. The auction house initiated ill-fated and costly "bricks and clicks" collaborations with Amazon in 1999 and eBay in 2002. Will it succeed the third time around?

"The probability that it will work for Sotheby's this time is considerably higher, as we now see the emergence of an online art market, something we really didn't have in the early 2000s," said Anders Petterson, author of the annual Hiscox Online Art Trade Report, which profiles all the leading dot-coms and lists their outside investors. Mr. Petterson believes the art market could sustain a range of successful online businesses. "I don't believe we will see one or two players dominate the entire online art space, but likely to see a more fragmented marketplace, mirroring the way the art market is structured," he said.

At the moment, it is widely assumed that e-commerce will not transform the art market in the way it has transformed recorded music and book retailing. Unique paintings and sculptures, unlike multiple prints and photographs, are simply too expensive to sell effectively on the Internet. But what if the unthinkable were to happen? What if collecting fashion were to shift away from paintings and sculptures toward a kind of art that can easily be sold online?

An ambitious exhibition at the Galerie Max Hetzler, held in its Paris and Berlin spaces, and at the online dealership Artuner.com, through April 18, is an example of how art and its market might evolve. Inspired by the ideas of the American economic theorist Jeremy Rifkin, "Open Source: Art at the Eclipse of Capitalism" is a curated selection of 70 works for sale by more than 30 international artists who have "utilized new technologies, embraced a reimagined future."

Mr. Rifkin is the author of the 2011 bestseller, "The Third Industrial Revolution." His most recent book, "The Zero Marginal Cost Society," published last year, sets out a utopian vision of a near future in which the excesses of global capitalism are curbed by an environmentally aware, Internet-connected "Collaborative Commons."

A selling exhibition of art might seem an odd way to endorse Mr. Rifkin's hopes for a caring, sharing 21st century.

"The response has been confused," said the New York art adviser Lisa Schiff, one of the exhibition's three co-curators. "People think the show is an anti-capitalist rant, but then it doesn't make sense because it's capitalistic — which was the point."

Within a week of the opening, half the works had sold, including a 2014 silkscreen-on-linen abstract by Christopher Wool, priced at $1.3 million.

Arguably much more significant was the readiness of collectors to buy digital works by young artists. Among them was Tabor Robak's 2015 3-D video abstract, "Drinking Bird Seasons," at $25,000; Cory Arcangel's 2014 part-animated Bill Clinton/Al Gore "Lakes" portrait at $60,000; and Josh Kline's 2015 janitor cart sculptures filled with 3-D-printed body parts and cleaning equipment. Made in sets of three, two of these Kline trios sold for $60,000 each to a private collector and to the Fondazione Sandretto Re Rebaudengo in Turin.

"Two years ago this exhibition would have been a no-no," Ms. Schiff said. "But at the moment as advisers we're selling a lot of digital moving images. They're getting easier to place day by day."

A new generation of entrepreneurs is creating its wealth online. If and when they get around to buying art, they may well buy it in a way that reflects their own lives, rather than the tastes of their parents. And that may be why venture capitalists are so keen to invest in art dot-coms.

A version of this article appears in print on March 23, 2015, in The International New York Times.