

Rembrandt, Rauschenberg, Revenues and Reputations

Galleries Discuss the Advantages and Challenges of the Museum-Quality Art Market
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By Daniel Mullen

During these tough times, several difficult challenges face art galleries. Casual buyers, only wanting to decorate their homes or offices, might postpone their art purchases. Collectors who have lost money on stocks and other investments might become more difficult to sell to or even sell their existing art collections. Luckily, waiting for a resurgence of interest in new art is not a gallery's only option. Several galleries have enjoyed success, both in their sales numbers and their credibility, by offering the works of museum-quality artists—meaning notable, documented Masters of various eras and movements who are represented in museums.

Advantages

Kevin Zweyer Anderson, owner of Anderson Galleries, Inc. in Beverly Hills, Calif., specializes in 19th century French Impressionist art. He says one big advantage of offering museum-quality works is the fact that its base of collectors is often more passionate about the art than collectors of contemporary works. Because of this, museum-quality collectors sometimes have more interest in buying from the start.

“Most of the world's great art collections are built on the collectors' love of the aesthetics,” Anderson says. “At that level, people have an idea of what they are looking at. It separates the serious collectors from the investors and the people who just fill their walls and stop. No one needs a painting, but serious collectors sometimes do view it as a necessity.”

Anderson says collectors can also become passionate about collecting newer art, but he feels some casual buyers are also buying into a lifestyle or image that goes along with it. That is not the case with the works of museum-quality artists because time has proven them to be much more than parts of fads.

“The contemporary segment of the art market has been hit hardest lately, and I think a lot of its collectors are drawn in by the social aspects and the fashion and lifestyle elements of it,” Anderson says. “The works of Masters are more personal to collectors because the artists are usually dead. There are no parties to go to and no one to impress.

“Someone who buys a Master's work must be interested in the history of it and realize it is a mirror of the time period in which it was created,” Anderson says. “Some of the biggest dealers of contemporary art try to create Master artist-like life stories for contemporary artists, but time is the only true validator. The track record is there for the value and importance of museum-quality works.”

Some galleries have also found that challenges in the art market can be changed into opportunities when museum-quality works are involved. Frank Goss, who co-owns Sullivan Goss - An American Gallery with wife Patricia Sullivan Goss in Santa Barbara, Calif., says some of the collectors selling their museum-quality works in tough economic times are actually giving him better deals. He can even pass some of his savings on to his own buyers.

“More people are selling to us now, and some are even liquidating their entire collections,” Goss says. “The benefit for us is the fact that we are now being offered better artwork at lower prices. Our customers also benefit because we can sell it at reduced prices.”

Goss has also used the reputation the gallery has built with museum-quality offerings to introduce and promote the work of talented contemporary artists. This practice can serve to both give established collectors another reason to visit and attract beginning collectors with less-expensive art, but Goss makes sure to choose contemporary artists who stand out from the pack.

“More than 50 percent of what we sell is the work of deceased American artists, but we also represent about a dozen contemporary artists,” Goss says. “We do not want anything derivative, though. We look for contemporary artists with clear voices, and we want their works to be able to hang, so to speak, with Masters’ works. We usually get six or seven artists inquiring about it every day. From those, we only choose one every couple of years.”

Lisa Russell, owner of the Russell Collection Fine Art Gallery in Austin, Texas, says the contemporary artists whose works she carries feel a great honor in being represented alongside the works of Masters, but she is sure to carefully evaluate their worth, talent and curriculum vitae first. She also uses online gallery network artnet® to promote them.

“I carry some contemporary art because I can use it to introduce newer clients to collecting and ease them into collecting Masters’ works in the future,” Russell says. “There is an abundance of contemporary work, and collectors vary in socioeconomic status, so I try to balance the gallery for everyone while still getting things that are not easy to find.”

Lee Spiro, director of Leslie Sacks Fine Art in Los Angeles, says the contemporary artists whose works hang with those of Masters are given the benefit of credibility by association. However, he says it is important that galleries carrying both not only refuse to lower their standards for contemporary artists but also choose artists whose styles mesh reasonably well with those of the Masters they carry.

“You can boost the reputations of your contemporary artists by showing their works in conjunction with the works of Masters,” Spiro says. “But if you present works by acknowledged Masters and their styles become institutionally accepted by collectors, the contemporary work you offer should have aesthetics that are at least somewhat similar to

those styles. If you find the right balance, you can sell both types of art to the same collectors. But if the styles of the contemporary artists you choose stray too far away from those of the more famous artists, you can lose your audience for the contemporary art.”

Promoting & Selling

Museum-quality artworks can open up many new possibilities for galleries, and many have found the results to be more than worth the effort. However, as with anything worthwhile, success requires genuine effort and commitment. Research, reputation and networking are important when dealing in such works, and galleries emphasize that it can take time to reach the level of a trusted expert and dealer.

“It can take years for a gallery to achieve the visibility and credibility to deal successfully in top-quality artworks,” says Charles Mathes, director of Jane Kahan Gallery in New York City. “You have to work at the level you are at and always strive to improve. But selling art is selling art, regardless of its price. It is not the name or the price that should matter; it is the quality of the work. Having Picasso’s least important and ugliest painting for sale is not going to boost a gallery’s credibility. And though it will be a lot cheaper, I guarantee it will be a harder sell than one of Picasso’s top masterpieces if you could get your hands on one to offer.

“If you believe in the artist and the quality of their work, the only real difference is who you can sell it to,” Mathes says. “Different clients have different budgets. A hundred bucks is a lot of money to many people. A million isn’t much for others. But everybody wants to get the best value for their dollar.”

Mathes says Jane Kahan Gallery, which has experience with the works of Pablo Picasso, Marc Chagall, Joan Miro, Fernand Leger, Alexander Calder, Sam Francis and Roy Lichtenstein, always advises its collectors to buy the best works available in the class of their price range. However, he also tries to help collectors see that the value of a piece goes beyond dollars.

“Depending on the formats, you can acquire museum-quality works for a little or a lot; it is all relative,” Mathes says. “But the heart of the business is a constant treasure hunt based on expertise. To succeed, you must understand value as opposed to price. We try to help collectors see the wisdom of this point of view.”

Educating new collectors enough that they understand the true value of museum-quality works can take time. But if a gallery can light the initial spark of interest and recommend ways collectors can learn more about the artists who interest them, it often pays off.

Spiro agrees, saying, “The key is education and help, not sales. You must show some class, have an attitude that respects the art itself more than its prices and present the art in a respectable way. Even the copy in your advertisements and Web site should be clean and well-written. Having staff members who care and are knowledgeable about the art establishes confidence in the gallery and gives clients criteria they can use to make their own decisions.”

Lawrence J. Cantor, head of Lawrence J. Cantor & Company in Los Angeles, says honesty about each work’s quality and history is also of crucial importance to any gallery working in the museum-quality market.

“I base what I buy and sell in comparison to what’s available in museums and on comparative price points,” Cantor says. “First of all, you need to be careful how you define ‘museum-quality’ because museums have budgets too. Many museums buy less than the best works of art, and even great artists did bad paintings. If it isn’t really the case, I won’t lie to a client and say the painting I have to offer them is as good as one of that artist’s greatest works hanging in one of the world’s top art museums. But I will tell them to look at what they’re getting for the price point and point out how common or rare it is.”

Honesty about the background of an artwork requires research on a gallery’s part. Fortunately, the ability to show collectors a work’s provenance—an authenticated history of its ownership—can add value to the piece and credibility to a gallery’s reputation.

“There is a high degree of due diligence to be done when you’re dealing with museum-quality art,” Anderson says. “You obviously need to have a firm grounding in the lives and work of the artists you are representing. Most Masters have small communities of experts, so there are resources you can use. Check works against the artist’s catalogue raisonné (a complete catalog of an artist’s entire known body of work that includes photographs, ownership records, sizes, condition reports and locations) if one is available. Condition, authenticity and history make a difference in values.”

In addition to dealing with local private collectors, galleries offering museum-quality works can also use their enhanced reputations to reach people outside their physical spaces and find more business opportunities. By advertising in publications that reach their collectors, attending auctions, exhibitions and trade shows and using the Internet to forge relationships with new possible clients, several galleries have managed to earn business from people, companies and institutions across the United States and the world.

“Handling the works of modern and old Masters has afforded us a wonderful opportunity to present quality works of art to our existing collectors, and we have also established new collector relationships through the promotion of these works,” says Miriam Smith, founder and head of Art Resource Group, Inc. in Newport Beach, Calif. “We promote regional masters, such as the California Impressionists’ works, mainly to our California

clients, and we promote the modern Masters through advertising, international professional art Web sites and our own Web site.

“Our collector base is comprised of a diverse group of people from around the globe,” Smith says. “On one hand, we are always meeting new clients through our Web site and advertising, but a large portion of our business is also done with long-standing collectors who continually come to us for advice and to expand their collections. Because we offer the Masters’ works for sale, we have other important dealers across the country contact us because they have a client who wants a specific work that we have.”

For all the benefits afforded to galleries offering museum-quality works, there are also obstacles on the way to success. Russell cautions galleries that amassing a collection of museum-quality works takes time and patience, and

Even given the challenges of the museum-quality market, however, galleries continue to sell the works of Masters successfully, even as sales of other types of art might decrease.

“Difficult financial times present opportunities for those willing and able to take advantage of them,” Smith says. “Our sales have continued to include Masters’ works as well as our second-tier artists. However, one great aspect of having the works of Masters available to sell is that we have a global market. We have works of art that are of interest to collectors all across the world, so we do not have to rely only on collectors in our region.”

Finding & Authenticating

Some galleries buy and sell the original paintings of Masters, but these works can obviously be difficult to track down. The passage of time, the number of works done and the prices museum-quality works sell for can all be obstacles. Luckily, however, museum-quality works are available in formats less-expensive than original paintings.

“One very collectable format that is considered original is fine art prints,” Smith says. “These are prints created by the hand of the artist using such traditional printmaking materials as etchings, engravings, serigraphs and hand-pulled lithographs.

“It is very common for an art gallery or dealer to purchase this kind of inventory at auction or from a private client,” Smith says. “The investment can be as little as \$800 and as much as thousands of dollars. Booksellers, dealers and estates are additional sources of obtaining artworks.”

Smith says many factors affect a piece’s value, including the most recent auction records for comparable sales of the same artist, the specific market for the artist, the period of art, the medium, the quality of the work and the importance of an individual work within an artist’s oeuvre. Original paintings can be worth many millions of dollars, while etchings are usually worth significantly less. Again, much of the information pertaining to these factors can be found in an artist’s catalogue raisonné.

“It is extremely important that an art dealer buy from reputable sources and consult the artist’s catalogue raisonné as well as experts in the field to set values,” Smith says. “Rembrandt’s etchings, for example, were reprinted many times through the years using the original plates, and value is based on the particular state of printing. Often, that analysis can only be done by studying the minute details of the etching and analyzing the paper.”

Mathes says Jane Kahan Gallery offers ceramics and tapestries from significant artists, partially because the staff particularly appreciates those media, but also because they feel that such works are less-known and consequently undervalued in the United States.

“Artists naturally seek to explore their ideas in every medium imaginable, and there is a simple economic reality with ceramics and tapestries,” Mathes says. “The best paintings by Picasso can cost \$150 million. You can still find the best Picasso ceramics and tapestries for less than 1/100 of that amount. And we would rather offer those than his worst paintings at similar prices.”

Companies such as New York City’s Swann Auction Galleries offer dealers a more affordable way to purchase museum quality works. Specializing in auctions for works on paper, such as drawings, watercolors and fine-art prints, Swann recently held an auction entitled “Important Old Master Prints” that sold color linoleum cuts, color lithographs, engravings and etchings by Picasso, Matisse, Miro, Rembrandt and others at prices ranging from \$12,000 to \$90,000.

“Swann is in a unique position because we are usually not offering multimillion-dollar works that are only purchased by the glitterati,” says Media Relations Advisor Rebecca Weiss. “We don’t have to pass \$20 million in a single sale, and some dealers do come to stock up during print auctions. Dealers and agents also come to bid directly on behalf of their clients when the clients wish to remain anonymous or don’t know enough about the process themselves.”

Ultimately, gallerists say finding museum-quality works, just like selling them, requires research, patience and experience.

“Inexperienced collectors often ask us where we find the artworks we carry,” Mathes says. “I’m always tempted to say, ‘Well actually, there’s a little Italian man on 96th Street whose basement is stuffed to the ceiling with the absolute best Picassos and Chagalls, which he sells to dealers for incredibly cheap prices. Here, let me write down the address for you.’ In reality of course, unless you represent a famous artist or otherwise have access to the primary source, you have to find material in the secondary market. The more experienced the dealer, the larger their group of sources. The key is to really understand the market and really know quality. The more important the artist is, the higher the entry point is. In the end, it’s all relative.”