

C. Recent trends in the online market

- **Investors bet on growth in online art sales.** In recent years investors have channelled millions of pounds into fledgling websites that help galleries and collectors buy and sell art. Financial backers range from successful venture capitalists such as Jack Dorsey, a founder of Twitter, and Peter Thiel, a former PayPal executive, both of whom have invested in Artsy. According to recent media reports, Artsy has raised a further US\$5.6m from the internet entrepreneur Sky Dayton, founder of wi-fi services company Boingo. Another online company, Artspace, has reportedly raised US\$8.5m from investors including Canaan Partners, as well as bringing in the Russian collector Maria Baibakova as strategic director. Artfinder counts on the support of angel investor Reid Hoffman, LinkedIn co-founder, and has also had two rounds of Venture Capital investments, backed by VC firms Wellington, Northzone, and Greylock.
- **Artists sell directly to their fan base without intermediaries.** The re-launch of Saatchi Online in 2011 allowed artists to sell directly to art buyers. The website organises payment, as well as shipping of the work to the buyer and offers the buyer a seven day money back guarantee. The site already had more than 100,000 artists as of 2010 available in their online market place. In 2012, Rebecca Wilson, director of the Saatchi Gallery in London and board member of Saatchi Online put together an impressive group of curators from the world's leading arts institutions, including MoMA, LACMA, Palais de Tokyo, Kunsthalle Vienna, the Hirshhorn Museum, Pace/MacGill Gallery and Manifesta 8, to name only a few. Each curator was asked to select ten artists from more than 100,000 exhibited on Saatchi Online at the time. The initiative shows that the traditional channels of validation through curators and museums also can be transferred into the online world, and we expect these platforms to become important incubators for new, upcoming talent.
- **Online primary market platforms flourish and promise to generate new audiences for artists, galleries and museums.** A number of recent online ventures such as Artsy, VIP, Artspace, Artfinder and Exhibition A are providing new online sales channels for buying and selling art in the primary market. Although they target different buyers, price segments and mediums, the common denominator is that they act as the online platform/intermediary between the suppliers of artwork (individual artists, galleries and museums) and potential buyers. With Artspace reportedly attracting over 100,000 users, it is clear that these platforms can provide galleries and artists with a much larger potential target audience than they could otherwise create themselves.
- **Online auctions increase in popularity among traditional auction houses.** Since Sotheby's launched an online auction platform in 1999 in partnership with Amazon, which was later discontinued, the traditional auction houses have increasingly realised the potential of the internet as a platform for the more modest end of the market. Christie's introduced online bidding in 2006 and has invested in its digital assets, launching its iPhone and iPad apps in 2009 and 2010. According to Christie's, the participation of offline sales through their online bidding capacity Christie's LIVE has risen from 15% in 2007 to 25% by the end of 2012. Christie's also successfully launched its online-only sales last year, with a section of items from the Elizabeth Taylor collection that realised US\$9.5m against a US\$1m estimate. Since August 2012, it has been holding online-only wine sales and also staged an online-only sale of Matisse prints. In March 2013 it conducted online-only sales of items from the Andy Warhol Foundation. Sotheby's online platform BidNow enables buyers to follow the auction live as well as to place bids online. The auction house also developed iPhone and iPad apps in 2010.
- **Online-only auctions step up the pace.** At the same time as traditional auctions are increasing their online presence, a number of new entrants into the online-only auction market have appeared in recent years, such as Artnet Auctions, Artprice and Paddle8. Most of these target the lower to middle price range of the art market, and operate at lower transaction costs than traditional auctions.
- **Peer-to-peer markets launch in 2012.** With transaction costs in auctions remaining high, a number of new peer-to-peer platforms have been launched. Two of the most recent ones are ArtViatic (Monaco) aimed at collectors and Artbanc (London) aimed at both estates/collectors and the art dealer community.