

Pricing Suggestions

Pricing is one of the most difficult tasks of any artist's career because it involves both objective & subjective factors. When a piece of art is priced differently than expected, it may not sell for this reason alone. However, you are likely to receive a different answer from each person you ask when looking for help.

Each of you will find your own approach to pricing as you continue your career. It is likely that your approach will change & develop as time progresses. Ultimately, we want the process of pricing to be individual and do not want to pre-determine the value of your work. However, we would like to offer the following considerations as a starting point & guide for you.

A more in depth approach to the considerations of pricing can be found in Marcia Layton Turner's "Successful Fine Art Marketing". Her chapter on Pricing Art is the main source for this guide.

General Considerations:

- You have spent some money on the production of your work for this exhibit. It is fair to choose a price that will reflect your expenses.
- When work is priced BELOW what potential clients expect, they may question the quality of the work or reputation of the artist.
- When work is priced ABOVE what potential clients expect, buyers may question if the piece is really worth the price and you may "put them off", so to speak. It can be difficult to be honest about your "reputation" in the beginning of your career. The venue of your exhibition and list of past exhibitions/exhibitors will affect the perception of your success as an artist.
- You can always raise your prices in upcoming shows once you are consistently selling work at an established price point. It looks really bad to lower prices because you cannot sell at your previously established price point. In addition, you may anger customers who bought at the higher price when they find out others can now buy at a lower price. Returning customers are one of the most valuable assets of any business.
- The price of a photograph is affected by the edition as a photograph usually has multiple copies available. The first print in an edition is typically more expensive than the others. When a large edition is available, each copy tends to be a lower price. Think about how many prints of each image you think you can realistically sell. If you are unsure, research what other artists tend to offer for an edition quantity at the size you are working at.
- Even though we may not like it, the "perceived" value of art is affected by the economy's strength or weakness at the time the work is for sale.

There are three approaches to pricing:

1. Cost – based pricing (What a piece cost you to make)
2. Competitive pricing (What others are charging for similar work)
3. Customer – based pricing (What others will pay for the work)

Cost-based pricing

This approach considers prices based upon fixed costs, or overhead (i.e. rent, utilities, insurance premiums, salaries) and variable costs (i.e. supplies + equipment) plus profit. You will need to keep good notes and receipts for this approach. You will also need to add the gallery commission to the price of each piece.

It is unrealistic to expect that your overhead expenses can be put into only one piece, unless the piece honestly justifies a full month of work time. Thus, we recommend the following strategy:

For a piece that took 2 days to make with overhead expenses of \$2000 and a profit margin of 15% (determined by you) we would use this equation:

$2/20$ (or $1/10$ or $.10$) \times \$2000 = \$200 in fixed expenses (We use 20 as a denominator because there are about 20 working days in a month if you take weekends off)

Let's say you require \$1000 in materials each month. Also, let's say your digital camera body cost you \$2500 and you should expect to replace it about every four years (or 48 months). We use this equation to calculate variable expenses:

$2/20$ (or $.10$) \times \$1000 = \$100 for materials
 $\$2500 / 48 = \$52 / \text{mo.}$ for equipment $2/20 \times \$52 = \5.20 for equipment
Therefore, $\$100 + \$5.20 = \$105.20$ for variable expenses

Price = (Fixed Costs + Variable Costs) \times (Profit Percentage + 1) + (gallery commission Percentage + 1)
= $(\$200 + \$105.20) \times (.15 + 1) + \text{gallery commission} = \$305.20 \times 1.15 = \$350.98 + \text{gallery commission}$

(Percentage is found by moving the decimal two places to the left for your conversion then adding 1. The 1 is your 100% to cover the base without reducing your price, the conversion of your percentage will increase your price by that percent. When you multiply your price by $1 + .15$ or 1.15 , you will increase your price by 15%)

The price of the piece would be \$350.98 + the gallery commission. You would need to make & sell 9 pieces at this price in a month to cover your monthly expenses of \$3052.00 (overhead + supplies + equipment)

PLEASE KEEP IN MIND THAT MANIFEST CHARGES A GALLERY COMMISSION OF 25 % OF EACH PIECE SOLD. TO CALCULATE THIS WE RECOMMEND MULTIPLYING YOUR ASKING PRICE BY 1.35 OR ASKING $\times 1.35 = \text{SALES PRICE}$

Competitive Pricing

Competitive Pricing involves research & an understanding of how other artists are pricing their work. In this approach, you should compare your work to work that is similar in quality, size, style, and medium made by artists who are exhibiting in venues similar to where you are exhibiting.

This kind of a “going rate” approach to pricing relies upon knowing what others are charging for their work for. Competitive Pricing can be the beginning research to understanding Customer-based pricing. You can understand what people WILL actually pay if you follow up by researching which of the pieces sold at the price charged.

You can find out prices by looking at the price list when visiting galleries. Keep in mind that most sales happen after the opening, so try to visit the show toward the end of its run. Make a mental note of the location, price, exact size & medium. Look for the red “sold” dot to see if the piece is just for sale or if it has sold at that price. As soon as you leave the gallery, jot down notes in a notebook while the details are fresh in your mind. As you continue your research, start to think about which venues are successful in selling work.

(If a non-traditional venue does not publicly display pricing information, you may want to consider playing the part of an “inquiring customer” who needs some time to decide after gathering the details.)

In order for Competitive-pricing to work, you must be realistic about who you compare your work to. The “other artists” should have a similar reputation, be from the same market and be selling in a similar economy.

The downside to this approach is that if your competition is more efficient in making & selling art than you are, you may struggle to cover your expenses. If you find you need to charge more for individual pieces than they do, then find a way to differentiate your work. Perhaps, making a piece slightly larger will not increase your expenses but will allow you to charge a little more to make up your losses?

Please see <http://www.colum.edu/Academics/Photography/Manifest/resources.php> for resources.