

**Pricing Your Art
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How much should a work of art cost?

The initial answer could be that it depends on the artist, the type of art, or quality of the art, right? Yes, these things are true, but the bottom line is: "nobody really knows until someone is actually willing to buy it."

For example, let's say you have a painting that has a price tag of \$20,000. If the painting hangs in a gallery for over a year, and nobody buys it, is it worth \$20,000? Tough question, and I suppose it depends on your perspective.

From a purely "business" perspective, one could argue that the painting is over priced and it would make more business sense to discount the price and see if it will sell.

From a purely "perceived value" perspective, if the artist feels that is what the painting is worth, and is willing to wait patiently for the right buyer to come along, then who's to say he's wrong?

This gets us into the rather nebulous concept of "perceived value." The value of artwork is based upon an opinion, or even better, a "feeling." We're talking about taking some raw materials (canvas, paint, clay, etc.) and turning them into a unique work of art that is a combination of artistic vision and artistic talents. How do you put a price tag on that?

It's not like your making "widgets" where you have easily measurable material costs, overhead costs, and labor costs. Therefore, your "widget" might cost \$4.82 to make and then retail for \$9.99.

I believe it is up to you to determine how much your art is worth. You have to believe in your art and you have to believe in your prices. If you don't, then who will?

You are the one who puts in all the time and effort into making a particular piece. You are the one who understands the days and nights that a certain painting occupied your mind. Only you can determine if that painting meets your standards and gives you the feeling you were looking for, when you conceived it. This is your "perceived value."

This "perceived value" needs to be balanced with sound business strategy. Here are a few thoughts to help you while you're thinking about "perceived value."

Price for your new customers!

Full Time Artist Consulting

In many cases, you will have fans and people who have been following your art career. From what I've experienced with Sinclair (and other artists), there seems to be a natural tendency or hesitation for artists to raise their prices TOO quickly. There seems to be a natural fear that their new, higher prices will be poorly received. I look at it from a different perspective.

First of all, many of your existing fans will be excited that your prices are going up and will be happy that your hard work is paying off. It's inspirational to see an artist that you admire, achieve financial success.

More importantly, when it comes to pricing, I think "new" customers are the key. If you are doing your marketing correctly, the majority of people that see your art at any given event will be new customers. When someone sees your art for the first time, the current price will create the "initial price point impression." I'm really not sure if there's another business term to describe this, but it doesn't matter. Basically, if they see your painting for the first time and the label says, \$10,000, that's the initial reference point that they have to work with. It might be too expensive for them, or it might not be a painting they're willing to pay that much for, but you've set a reference point for their mind. Subconsciously, they think to themselves, that's a \$10,000 painting! The next step is for them to decide if they love the painting enough to buy it. Therefore, it is YOUR perceived value that you have just imprinted on them.

Price for new customers!

Price according to Supply and Demand!

Artists also need to take into consideration, supply and demand. If there is a high demand for your work, then it's perfectly fine to raise your prices until you achieve an equilibrium point between of supply and demand. This is basic economics (my major in college).

Let's use Sinclair's commissions as an example: Considering all the exposure Sinclair has received, if she had maintained her commission prices at \$600, she would in loaded with commission orders for years to come. The problem is, she can only paint so much because she paints very large, powerful watercolors. She can paint a few per month, at the most. At \$600 per painting, she would not come close to the amount of revenue she would need to support herself and her business. But, by raising her commission prices towards the supply and demand equilibrium, she can still produce the same amount of paintings, but raise her overall revenue, significantly.

Supply and demand pricing may require some long-term analysis. You may need to slowly raise your prices until you get to the correct price point, where the demand is aligned with supply. This equilibrium point will change based on

numerous factors, including your own marketing. If you can get the demand for your work up, then your prices should go up accordingly.

Determine your pricing strategy and stick to it!

In the art business, you will have many opportunities to “second guess” your pricing strategy. One minute, you may have a customer who loves your work, but would never consider spending \$2000 on a painting of her cat. Then a few minutes later, you may have another customer tell you how affordable your commission prices are and they would love to purchase one. This happens all the time and the important thing is that you have a pricing strategy and you stick to it. You know where your prices have been and you know where you want your prices to go. There will always be people who think your prices are too high, and there will always be people who will gladly pay your prices.

What’s the bottom line? I believe that if you plan on being a full time artist, you need to develop a pricing strategy that will enable you to achieve your goals and provide the income you need to both keep your business going, and support yourself.

You will need to be aware of your own “perceived value” and find the proper balance between what you value your art to be worth, and your long business strategy. If you under price your art, you will likely delay your success and limit the flow of capital that you need to get your business to where you want it. If you over price your work, you may stifle the demand and also limit your revenue.

Create a pricing strategy and stick to it!