

Dealer dilemma

Specialist art and antiques dealers are losing market share and they need to reinvent themselves

THE GLOBAL AGGREGATE sales of art and antiques amounted to about €46.1 billion last year. That was a seven-percent growth from the previous year and a 63-percent growth since 2009, the year the international economic crisis hit this particular market.

The sales were achieved in an antiques and art market that consists of two sectors: private dealers and auction houses. Market share is divided 50:50 between the two players.

Strong, confident figures reflecting a strong, balanced market? Not so, many argue.

According to industry insiders, these sales figures do not reflect the true state of affairs in an industry that has been hit hard and has seen enormous change during the past decade or two.

Statistics do not reflect the fact that although there are more than 25 000 auction houses listed worldwide, a small handful of big firms like Christie's, Sotheby's and Bonhams dominate all the important sales categories.

Neither do they reflect the fact that half the sales by value are done by only between two and five percent of the estimated 375 000 to 400 000 internationally listed private antiques and art dealers.

This is an industry in which the majority of those with interests are not thriving but are fighting for professional survival. Many of the smaller businesses have already closed shop, and most of those that are still in business are battling to understand a market they thought they knew so well.

One of the most pertinent concerns is the ever-changing competitive landscape: power has not



PHOTOGRAPHS: BURR AND MURR

A rare bronze and ivory figure of the Hindu goddess Civa (Shiva) by Demetre Chiparus, circa 1920, and a "Calla Lily" vase by French master glassmaker Emile Gallé, circa 1900. It takes decades of dedication to become a specialist antique and art dealer. When you buy from a specialist dealer, that compounded knowledge is passed on to you.

only been redistributed geographically; there has also been a major redistribution of power among market players over the past couple of decades.

It is the latter issue – the redistribution of power within the industry – that is put under the spotlight in a recently published report from dealer association CINOA (see box on the next page).

In an attempt to make sure that specialist antiques and art dealers do not, like the rare and important things they sell, become relics from the past, CINOA commissioned cultural economist Dr Clare McAndrew to find out how and why everything is changing and what implications the change holds for the association's members and the trade as a whole.

McAndrew is the founder of Arts Economics, a research and consulting firm that focuses exclusively on the art economy (visit her website at www.artseconomics.com).

According to her research, one of the most recurring themes cited by dealers is that auction houses are gaining market power all the time. With multi-million-dollar marketing budgets, the auction industry can afford to maintain a high media profile.

"News headlines and front-page articles do not reflect the reality that art and antique dealers today account for 50 percent of global art world sales. This important group of dealers consists largely of discreet, low-profile individuals and

small businesses preferring to focus on finding great art to match with the right client rather than publishing high-flying sales prices," Jan de Maere, president of CINOA, wrote in the >>

>> introduction to McAndrew's report.

As president of CINOA, he is the spokesperson for the many individual dealers he represents.

His statement leaves one feeling queasy, with a sense that behind his words is a reality filled with disappointment and frustration caused by being negated ((MH Negated means nullified. Denigrated? Disempowered?))

It is no wonder. In today's world there is a dangerous misconception that anybody can be a "specialist" (courtesy of Google, art indices and sales results) and that discretion is nothing but a lost opportunity.

The future for dealers

SO WHAT IS THE FUTURE ROLE OF THE specialist antiques and art dealer? What do they offer that is unique, and how can dealers maintain a competitive edge?

According to McAndrew, specialist knowledge and dealers' willingness to keep all details relating to a transaction (be it a sale or a purchase) out of the public sphere are still two of the most attractive attributes of this sector of the market. The challenge is not to change that, but to convince the public that offering real expertise and a modicum of discretion is an advantage, after all.

But if the world is littered with people who consider themselves "experts", how can the prospective buyer be sure that the specialist dealer is indeed an expert?

In an industry that is largely unregulated, this is an important point. The answer is to look for accreditation – preferably by a local and an international organisation such as CINOA.

CINOA is a member-based organisation, which means that membership is peer judged and driven. Prospective members have to earn the respect of their fellows and are constantly monitored by each other. Its aim is to encourage high ethical standards in the trade, to disseminate practical information on the art market and to facilitate legitimate circulation of artworks throughout the world. (<http://en.wikipedia.org/wiki/CINOA>)

CINOA members are also legally obliged to stand by the description of the items they sell. They have no right to the "voetstoots" clause.

The local organisation affiliated to CINOA is the South African Antique Dealers' Association (SAADA).

SAADA's code of conduct is a seven-page document that is signed by each member once his or her application for membership had been ratified.

The official website (www.saada.co.za) expounds the benefits of buying from a SAADA member. These include the regulation of members' trading activities by the code.

Member dealers are not merely expected to have specialist expertise; they are also expected to maintain a reputation of integrity and honourable trade ethics.

Venturing out of the box

IN ORDER TO ADDRESS THE NEEDS OF THE EVER-changing market, dealers have expanded the channels through which they sell. Instead of sitting in a gallery waiting for a prospective buyer, dealers have been forced to think out of the box and consider ways of taking their stock to the buyer.

This is done in two ways: through internet marketing and trade fairs.

Many of the world's most successful dealers have comprehensive websites with articles, information and stock lists. Most still find that the medium ((of the internet)) is one eminently suited as a marketing tool, not necessarily as a selling one.

Yet, this is one of the areas that is expected to expand rapidly. According to McAndrew's findings, e-retailing is expected to grow at five times the rate of traditional retail and to overtake its value by 2020.

One of her most interesting postulations concerns the expansion of the so-called event-driven marketplace. In recent years there has been an enormous growth in the number of successful international and local fairs.

She compares these fairs with the "one-room" excitement of attending a large and well-catalogued auction.

Fairs have become so successful and popular that many private dealers are reconsidering the traditional gallery system in favour of selling exclusively at fairs. The costs of running a brick-and-mortar space are but one of the considerations. Tapping into the modern client's need to be entertained is another. This seems to be an international as well as a local trend.

On the weekend of October 26 to 28, SAADA will stage its 48th annual fair at The Wanderers Club in Johannesburg. The theme is "Recycle the past, ensure the future". Why don't you pop in and see what the specialists can offer you?

■ *Jo-Marie Rabe is a cultural historian and she co-owns Piér Rabe Antiques in Stellenbosch.*

INDUSTRY NETWORK

CINOA IS THE ACRONYM FOR THE *Confédération Internationale des Négociants en Oeuvres d'Art* (or International Confederation of Art and Antiques Dealers' Associations).

It is a Brussels-based, non-profit dealer organisation representing about 5 000 of the top individual art and antique dealers from 32 affiliated art and antiques associations in 22 countries. It was founded in 1935.

The report compiled by Dr Clare McAndrew for CINOA is entitled *The Role of the Art and Antiques Dealer – An Added Value: Historical and Future Perspectives*.