

Business: Art Centre Sales Management

These are some of the ways that the art centre manages sales for the artist.

What you will need



Artwork



Point of Sales and Customer

SAFETY: How to stay safe

Understand the tax laws which effect your income

Keep records of all income and expense

Never ask for, or sign for, some one else's money

GLOSSARY: Words you need to understand

Contract

The agreement about sale, price, length of exhibition, payment, and protection of intellectual, community, moral and copy rights.

Retail price	This is the cost that the Gallery or Art Centre sells the painting for.
Wholesale price	The business price of something when it is sold by a supplier: For example the price the art centre sets for the art work when selling it up front to a shop or gallery.
Up front	Money paid by the art centre or gallery as soon as they get the work from the artist.
Commission	This is the price that the art centre gets or art gallery takes. It is a price added onto the artwork in order to cover the costs of the art centre and art gallery.
Consignment	Artworks are sent to a gallery or shop and are only paid for when the shop or gallery sells them to a customer.
Quality	Well made.
Exhibition program	The plan of exhibitions an art centre makes with galleries and artists for a length of time, maybe one or two years.
Discount	An amount or % taken off the price. Sometimes this is for people who travel all the way to the art centre to buy some art. They get a special price, a discount price.
Mark-up	Money added on to something, usually talked about as a percentage %.
Obligated	When an art centre provides materials, work room and business for artists then the artists are obliged to sell their artworks through their art centre, not on the side. It is a duty which is owed because of something given.
Percent	% is a way of looking at things as a part or fraction of the whole picture.
Expenses	The things which cost money when the art centre is doing business.
Income	The money which is paid into the art centre business or to the artist.

Art Centre Sales Management

Point of Sales

One of the main jobs of the art centre is to provide a **point of sales** for its artists.

Selling artworks by **direct sale** or by **acting as an agent** to organise sales are the two main ways the art centre provides this service.

Direct sales may take place in your art centre, at a market, or through an order placed with the art centre by a shop, gallery or other individual.

The art centre is **acting as an agent** for their artists when they organise exhibitions and release artwork to the gallery on consignment, when they negotiate a contract for royalties, apply for and obtain a grant for public, community or commission artwork or generally negotiate in any way for an art sale.

Marketing and Managing Sales

An artist's payments are handled by the art centre according to each art centre's policy for payments.

Being able to make good sales will depend on many things like:

- **price** and **quality** of the artworks made by artists.
- type of customer that is likely to buy the artworks.
- time of year, the number of visitors and the art centre's location.
- annual **exhibition program** for the art centre.
- contracts and agreements with galleries and shops.
- large scale projects like public art works and commissions.
- advertising and promotions.
- the export market for work to be sent overseas.

Sales and Marketing Methods

The art centre manages sales in different ways. Each way gives a different sale price. These are the most common ways for the art centre to sell paintings.

Website Sale:

The art centre puts a picture of the artwork on the computer – people from all over the world can see that picture. If they like it, they will contact the art centre to buy. By selling this way, the money comes to the art centre. The price on the website is also called the **retail price**.

Gallery Sale:

The art centre sends work to a gallery. They agree on the **wholesale price** and the art work is sent **on commission**. The wholesale price plus the commission equals the art gallery **retail price**.

No money is paid for the art work until the gallery sells it. Galleries have lots of customers who can't come to the art centre. Galleries are also good at making the artist and art centre get a bigger name.

Art Centre Sale:

The art centre sells artwork direct to people who come to the art centre, or people who contact and want to buy from the art centre. Because these people are buying this way, the art centre and the artist split the income from the sale. Quite often this price would be a little different from an art gallery retail price. However, with artists who have big names, most of the art work is sold at the same retail price wherever the purchase is made.

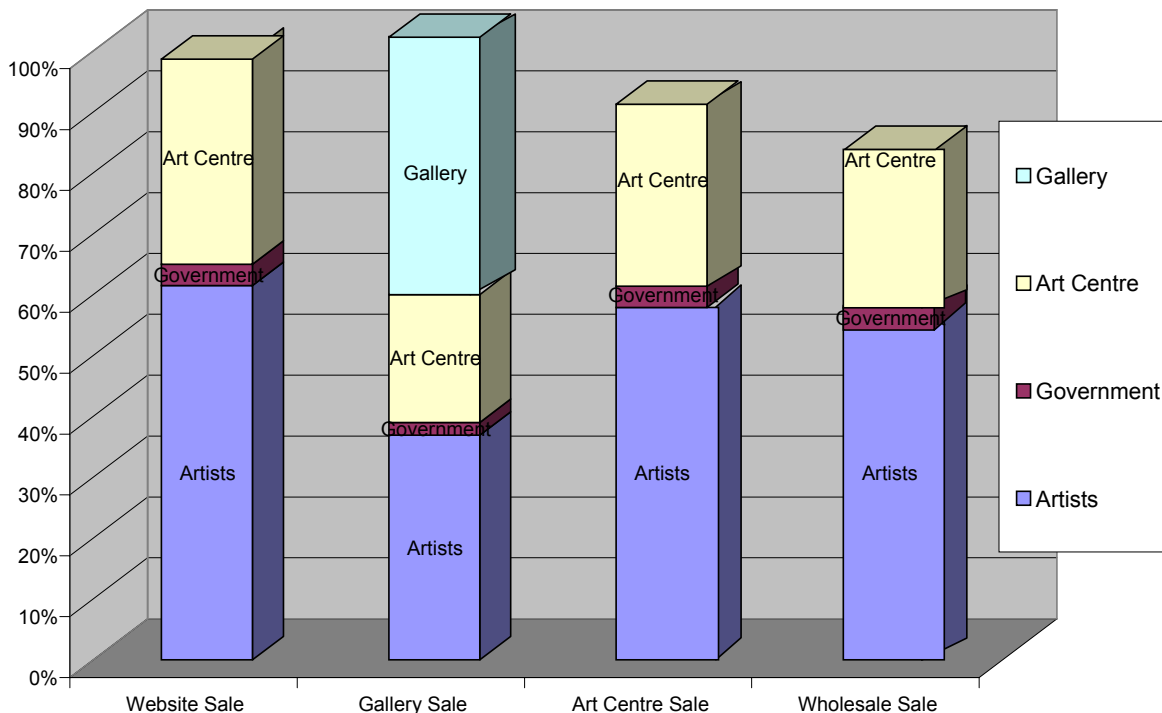
Usually, the difference between buying directly from the art centre rather than as a retail purchase at the gallery is about 20%. That means the artwork may be cheaper by 20% if it is purchased direct from the art centre.

Wholesale Sale:

The art centre sells artwork to a customer who gets a special, low **wholesale price**, usually 40% less than the retail price. The art centre does this with customers who are going to help the artist and art centre get a bigger name and to sell artwork to customers who can't come to the art centre. By selling this way, there is less money for the artist and art centre.

This price is usually only for galleries or shops who buy lots of work from the art centre and help through providing exhibitions.

Looking at sales charts



This chart shows the four main ways of selling paintings, and the money result for each. This chart is about an art work that sells for \$1000.

Marketing strategy

For the art centre and the artist to increase their market they need to have paintings in exhibitions and in art galleries and shops in cities all over Australia (and maybe overseas).

- By having a big name for the art centre and the artist, the painting will be able to sell for more money. It might take many years of working as an artist to get this reputation.

Comission

Some of the money that the art gallery keeps from a sale of art work goes towards paying for the exhibition space – this is what the **commission** is for. Paying the rent for an exhibition space in a city is very expensive.

This is why sales at the art centre usually have a slightly lower price to the galleries. The only commission price attached to the art work is that which goes into running the art centre.

Ask your art centre manager about how they sell different sorts of work. This is something which your management committee should understand and so should all the art centre members.

TIPS: About the Art Centre Commission:

Art centre business is expensive. The money to 'run' the business needs to come from the sales of the art works. This is the comission, or % (percent) that the art centre keeps when an art work is sold. This is the same for all art centres.

The amount of money, or comission, kept will be different in different art centres. Some art centres can pay for art work up front, others can not. Either way, your art centre can provide a good strong business for you and your community.

Being able to work together to run a strong and healthy art centre business is important.

Ask your manager about all the ways the art centre uses the money in its business.

You can ask the art centre manager about how the art centre business looks. Every month or every three months your art centre gets a financial statement from the bookkeeper or accountant. This shows the sales and expenses (income and expenditure) for that time. It can be called a Profit and Loss Report.

Financial Reports are hard to read at first, so ask lots of questions if you need help to read yours.

Look at the money resource sheet. It will give you an idea for ways to look at your art centre finances and see how the money gets spent.

Some art centres can put money straight into the artist's keycard account.

Some art centres can do the payments for their artists through the computer.

The art centre can '**transfer**' – that is, it can move the money from its account into your account if you have a keycard account.

You need to give the art centre these details:

- Name on the keycard.
- Bank.
- BSB number.
- Account number.

Some art centres cannot do this because they have security on their bank account to stop them from doing computer banking. Payments can be set up to be made this way but you need another authority, like the bookkeeper, to do this.

Transferring funds is not always instant:

- If the art centre bank and the artist's bank are the same one then the money will travel quickly into the artist's account.
 - If the art centre bank and the artist's bank are different then it will take up to five days to travel into the artist's account.
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