

## **"How much should I charge?" Pricing your artwork by Jennifer Walling**

"How much should I charge for my work?" is the eternal question that plagues most artists, especially when first starting to sell. There are a variety of methods to help learn how to price artworks. Some are simply formulaic, while others are based more upon the market where an artist sells. When setting prices, the main things to remember are to be consistent and gradually raise prices on a yearly basis to increase the value of artworks already sold.

Pricing based on the market involves researching works by artists in the same mediums and at the same level as yourself. Key factors to match are reputation, selling history, medium, skill and sometimes even subject matter. Visit galleries, shows (juried or not), art fairs, even open studios to see what similar artworks are selling for. The important term being selling. Talk with gallery representatives, artists and resellers about what sells well at what price points. This can also help in adjusting existing pricing. Once selling price points have been found out for works by artists of your stature, medium and skill, you can adjust your prices on your own works accordingly.

Another way to set pricing is by using formulas to determine the price of any specific artwork produced. One formula used by artists is to come up with a supplies charge by dividing the monthly business expenses by the average number of artworks finished in a month (supplies charge = expenses / artworks). Each piece you start with this supplies charge and add in your labor costs, which is the hours you worked on the piece times the hourly rate you decided you should be paid (labor costs = hours worked x hourly rate). Next add in any one time specialized materials costs for this artwork. Then multiply your profit margin by the total. The profit margin is the percentage you make above the cost of the piece. If the artwork adds up to \$100 and you have a 15% profit margin, you would have \$15 once multiplied out. Add the profit margin to the cost and you have your wholesale price, in this case \$115. Doubling the wholesale price for a retail price gives you \$230. Add to this your framing costs with no mark up (if you frame the artwork you can add in for your labor), shipping, packaging and sales tax, whatever is applicable to the given piece, to come up with the final price for the artwork.

Another formula simply takes the cost of the materials for the artwork plus the labor charge and then adds in another 10% of the total for a wholesale price. A retail price is calculated by doubling the wholesale price and again adding in any framing charges, packaging, shipping and sales tax to the retail price.

One last formula uses an average of either of the previous formula results for five artworks of the same basic size. Dividing the average price by the average square inches or centimeters (average price / area) of those same five pieces would give you a reasonable price per inch/centimeter for pricing artworks in the future. It is recommended to recalculate the costs per piece annually to make sure your price per inch/centimeter remains cost effective.

It is most important to realize that art is a perceived value item. Often if an artwork is priced lower than it should be buyers will think it is not worth purchasing. Never undersell your work. Price your pieces so you are comfortable with what is being charged. An artist should always have at least one item much higher in cost than the rest of their pieces even if it seems above what one would think of asking for it. A good idea is to choose something you would rather not sell. Be warned though, many times this will be the piece that sells first. Consistency is key in pricing artworks. Artworks sold to a buyer from the studio should be sold at the same retail price as those sold from a gallery. The difference is instead of getting a commission from the gallery, you earn all of the profit above wholesale. This leads to the admonishment to always list the retail prices of your works on your price lists, otherwise unscrupulous agents can charge anything they want as the retail price. Always be clear about the price of the artwork alone versus the price including framing, shipping, sales tax and any other charges. Clearly labeling the additional charges separately can sometimes help make a sale.

Also be aware of state, federal and foreign laws that can affect your sales and the reselling of your works. Resale Royalties Act in California, as an example, protects artists' rights to collect a portion of royalties on their works when resold. You can also include in a sales contract clauses requiring the artist to be notified of any ownership changes of the artwork and even set a profit limit allowed to any owner. Meaning you could write into a contract that any future resale of the artwork exceeding the original sales price by X dollars is subject to a 10% royalty fee on the overage which is to be paid by the seller to the artist.

A final word on discounting. You should be aware of the Robinson-Patman Federal Act which prevents unfair price discrimination. Basically it means you cannot sell the same product at a higher price to one customer than another. You can discount for cash versus charge or even cash in hand. You should also be wary of "sales" on art work. Sometimes it can make the piece seem unwanted or inferior. You don't want a potential buyer to be thinking "There must be something wong with it, or maybe it's an old piece that hasn't sold for a reason." Perhaps phrasing such sales as a Special Purchase or a Special Buy or simply Special Pricing while linking it to an event would work better in the case of discounting an artwork. Again be careful not to undersell any artwork or yourself as an artist!

© 1998 - 2006 ArtCafe Network All Rights Reserved