

Studio Craft: Consignment Explained



Joan Ferrer Miró - Public Exhibition of a Picture, 1888

Ask the Expert: “I was offered the chance to show some art in a gallery, “on consignment”. Could you explain what that means?”

A: Before reading our answer, please understand that a consignment agreement is a contract. Only an attorney should advise you about entering into a business contract. That said, we can explain from our experience as artists what a consignment arrangement with a gallery typically entails, along with the potential benefits and drawbacks.

The most common arrangement for sale of artwork in galleries is by consignment, where the artist retains ownership of the artwork, and allows the gallery to earn a set percentage of the sale price.

Freedom: Under a simple consignment agreement, the artist is usually free to exhibit consigned artwork elsewhere after the contract expires. Most of the time, there is no restriction on showing other work elsewhere, so the artist can participate in more than one show in the

same month. Before doing so, however, it's a good idea to discuss the other exhibitions with the dealer, especially if showing in two galleries in the same city, at the same time.

The freedom of selling art on consignment lets the artist work with a number of galleries and gain exposure to a larger number of potential collectors. The drawback to this degree of freedom is that the artist lacks formal representation.

Galleries that are successful enough to offer formal, exclusive representation generally invest significant resources into promoting their artists, but they will require that the artist show only at that gallery, at least within a geographic region. Under a consignment arrangement, the gallery has limited or no responsibility for developing the artist's career and promoting the work. Some artists are OK with that and are happy to self-promote and handle marketing.

Expenses: Because the artist owns the items consigned, they also bear all materials and framing expenses. Most artists are reluctant to include a markup for framing, in order to keep the advertised price lower, so the frame is usually passed along at cost. Since the gallery consignment fee is a percentage of the final sale price, the dealer makes money on the entire sale, including the frame. It's important to keep in mind when considering this issue, however, that the gallery owner also has expenses that may not be fully absorbed by the commission (e.g. advertisement and promotion).

Trust: The artist/consignee must trust that the gallery has honestly reported the advertised retail and final sale price. While rare, it is possible for the dealer to pad the retail

price in order to make more money or cushion the blow of a discount to the purchaser. Assuming the consignment agreement is based on percentage of retail price and not a specific dollar amount, if the work of art sold for \$100 more than retail with a 50% commission, then the artist is entitled to receive a \$50 share, but if the over-payment isn't disclosed, you might never know.

Trust between artist and dealer works both ways. A collector may see a work of art consigned to the gallery, and instead of inquiring with the dealer, they may ask to purchase it directly from the artist in order to get a lower price by preventing the dealer from earning a commission. Even if the consignment agreement doesn't restrict such a sale (and, most do), if the dealer discovers what has happened, it's not likely they will feel inclined to work with that artist again.

Insurance: Another important factor to consider is safety of the work, and what happens in case of damage, theft or closure of the gallery. Some galleries carry insurance against loss of consigned items, but realistically, it's more likely that the artist will end up absorbing the loss if their work is damaged or stolen.

Another possibility to consider is what happens if the gallery closes unexpectedly. Rarely, but occasionally, a gallery goes out of business while you still have items consigned. Most of the time, it's not hard to retrieve your things- the gallery will probably contact all consignees- but the gallery owner will have priorities of their own, and may not be easy to reach while dealing with the unfortunate situation. Make sure to get contact information for emergency closures, and retain proof of ownership of your work, including signed agreements and photographs. Also, make sure your artwork is marked with your name someplace on the reverse (or on the base in the case of 3D objects).

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