

# How to price your art

SOUTHERN ARIZONA SCORE WORKSHOP  
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# ABOUT ME



## ■ My name is Carol Booton

- Volunteer SCORE mentor since 2019
- Writer, editor, researcher, publisher, book designer, artist, illustrator, educator, and blogger
- Former college instructor
- Ph.D. in Business Administration (marketing and management)
- Pronouns: she/her/hers
- Instagram: carolbooton13

# GOT QUESTIONS?

- Unmute and ask your questions
- Put your questions into the chat
- Write down your questions and ask them at the end of the session
- Email me with your questions  
[carol.booton@scorevolunteer.org](mailto:carol.booton@scorevolunteer.org)
- Sign up for a SCORE mentor  
<https://www.score.org>

# ASSUMPTIONS

- You know what product you are selling
- You are pretty sure there is a market for your art and you have an idea of who your ideal target audiences are

# TODAY'S AGENDA

- What are some pricing theories?
- What are some pricing models?
- How should you choose a pricing model?
- What information do you need to collect?

# YOUR BELIEFS ABOUT PRICING

## ■ Complete the thought

- When I think of pricing my art, I feel \_\_\_\_\_
- My usual method to price my art is \_\_\_\_\_
- Selling my art is like \_\_\_\_\_

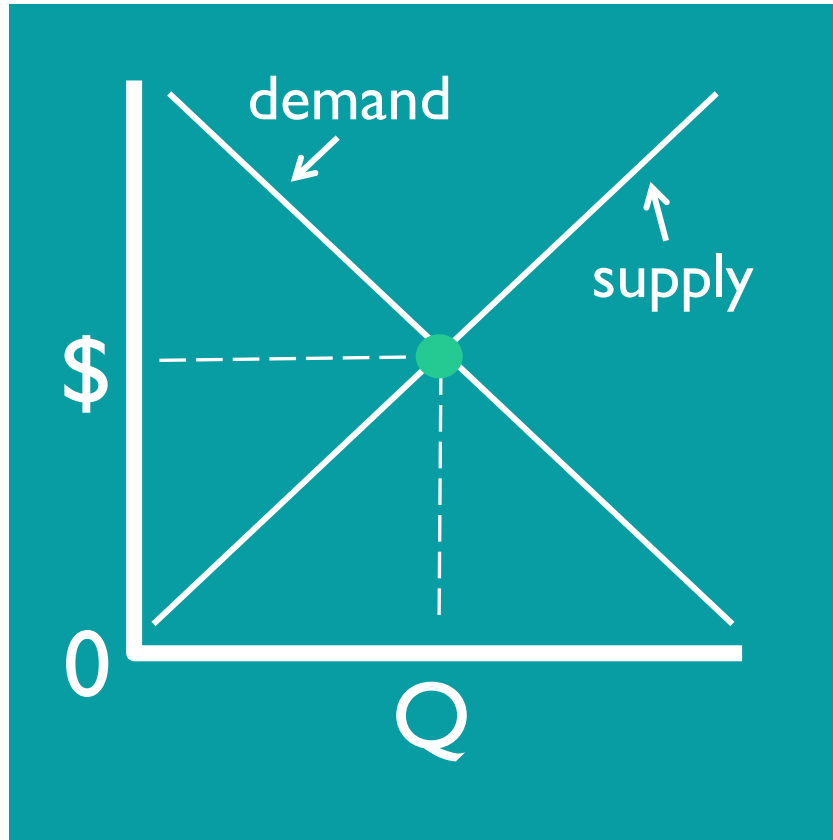
## ■ Do you have any of these beliefs? Yes or no

- People will never pay the price I need to charge
- If I lower my price, I will sell more art
- My creativity will be damaged if I sell my art
- Putting a price on my art cheapens it somehow
- I deserve to be paid whatever I want



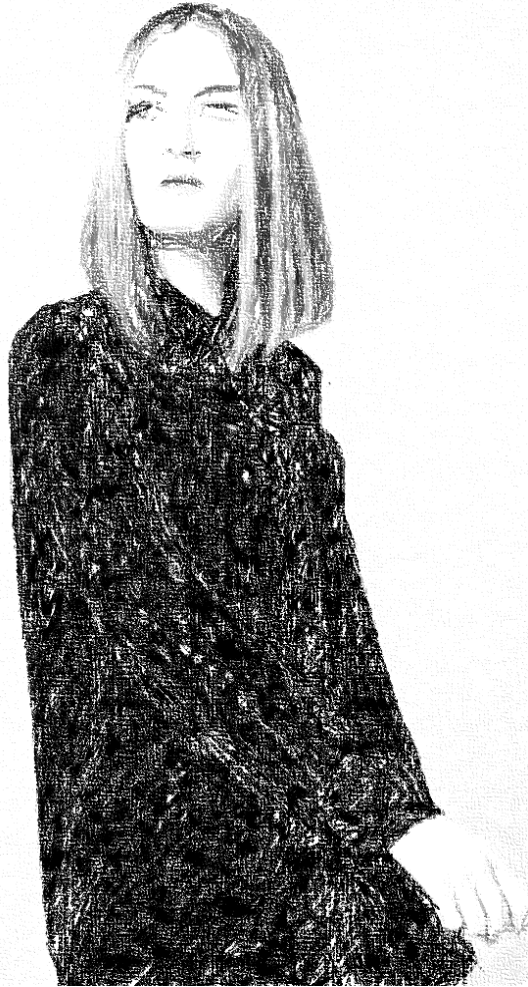
# PRICING THEORIES

# SUPPLY AND DEMAND THEORY



- Customers will take all you can make if the price is zero
- Are you willing to supply their demand for nothing?
- The “sweet spot” is the intersection of the price they are willing to pay and the price at which you are willing to sell
- If you sell it for less than the equilibrium price, you are leaving money on the table

# CONSUMER PSYCHOLOGY



- Buyers consider many factors when buying art—price might not be important
- Why do people buy art? Decoration, prestige, pleasure, self-esteem . . .  
Usually not “to get a good deal”
- Buyers often equate a higher price with higher quality
- Buyers respond to psychological pricing (\$9.99 versus \$10.00)

# GRAVEL VS. DIAMONDS THEORY



- **Be like gravel: Be everywhere**
  - Sell calendars of your paintings
  - Low profit margin, focus on volume, national distribution
- **Be like diamonds: Be rare**
  - Sell originals through a few galleries
  - High price, focus on reputation and prestige
- **You might be able to do both but make sure your strategy is “on brand”**
  - Sell original paintings AND sell prints of your paintings

# GRAVEL VS. DIAMONDS IN PRACTICE

## ■ Gravel

- Your art is plentiful and everywhere
- You sell prints, cards, objects
- You focus on sales volume
- You offer sales incentives, coupons, discounts
- You give away things for free to motivate buyer action
- You underprice your competition
- You train the buyer to respond to price

## ■ Diamonds

- Your art is rare and exclusive
- You make few pieces
- You set the price high
- You never lower your price
- You focus on reputation
- You focus on exclusivity and quality
- You do not compete on price
- You do not use price as a motivator

# PRICING MODELS

# PRICING MODELS

- Intuition
- Past experience
- Random pricing
- Cost-plus pricing
- Competitor matching
- Vendor pricing
- Size-based pricing
- Income goal pricing
- Buyer pricing
- Outside funding

# PRICING MODELS

Intuition

- ✘ Use intuition to set prices  
You can check in with your gut feeling but don't rely only on this

Past

- ✘ Set new prices based on past prices  
Charging whatever you charged in high school is not a way to build your art business

Random

- ✘ Random pricing  
This is not a model—it's more an act of desperation



# COST-PLUS PRICING

A. Direct cost of materials (in a piece)	\$ _____
B. Indirect costs (spread across pieces)	\$ _____
C. Cost of hiring help (not your salary)	\$ _____
D. Overhead costs (utilities, rent, etc.)	\$ _____
Number of hours in project	_____
Your preferred rate per hour	\$ _____
E. Total cost of your labor	\$ _____
Add lines A - E	\$ _____
+Profit (markup _____%)	+\$ _____
Wholesale price	=\$ _____
Retail price (add 50% or more)	\$ _____

- In this model, you consider all the costs plus a profit margin
- Use this model to make sure you aren't losing money
- Start with this pricing model, then consider other models

# COST-PLUS PRICING

- A. Direct costs of materials are costs you can attribute to a particular piece
  - Canvas, stretcher bars
- B. Indirect costs are costs spread across pieces
  - Paintbrushes, paint, mediums
- C. Hired labor is outside help
- D. Overhead cost (OH) is some amount to cover the overhead, distributed among all the pieces
  - Rent, utilities
- E. Cost of your labor
  - Number of hours in the project
  - Your preferred rate per hour

A. Direct cost of materials (in a piece)	\$ _____
B. Indirect costs (spread across pieces)	\$ _____
C. Cost of hiring help (not your salary)	\$ _____
D. Overhead costs (utilities, rent, etc.)	\$ _____
Number of hours in project	_____
Your preferred rate per hour	\$ _____
E. Total cost of your labor	\$ _____
Add lines A - E	\$ _____
+Profit (markup _____%)	+\$ _____
Wholesale price	=\$ _____
Retail price (add 50% or more)	\$ _____

# COST-PLUS PRICING

- Add lines A – E
  - Add a percentage for profit
- = This is your wholesale price
  - Add a markup percentage
- = This is the retail price
- This model shows you where your breakeven price is for each piece
  - Charge less, you lose money
  - Charge more, you make a profit

A. Direct cost of materials (in a piece)	\$ _____
B. Indirect costs (spread across pieces)	\$ _____
C. Cost of hiring help (not your salary)	\$ _____
D. Overhead costs (utilities, rent, etc.)	\$ _____
Number of hours in project	_____
Your preferred rate per hour	\$ _____
E. Total cost of your labor	\$ _____
Add lines A - E	\$ _____
+Profit (markup _____%)	+\$ _____
Wholesale price	=\$ _____
Retail price (add 50% or more)	\$ _____

# COST-PLUS PRICING

- Using the cost-plus model means you must track certain data
  - Direct materials costs
  - Indirect materials costs
  - Outside labor costs
  - Overhead costs
  - Time in the project
- Some artists must track packing, shipping, delivery, and installation

# COST-PLUS PRICING



Acrylic on ½ in. mdf | size 12 in. x 16 in.

Direct materials cost	\$ 1.50	
Indirect materials cost	2.00	
Outside labor	0.00	
Overhead	1.50	
Total costs		5.00
Artists labor hours	3	
Rate per hour	\$25.00	<u>75.00</u>
Total costs plus labor		80.00
% Profit	150%	<u>120.00</u>
Wholesale price		200.00
Markup	50%	<u>100.00</u>
Retail price		\$ 300.00

# COST-PLUS PRICING

## ■ Advantages of cost-plus pricing

- You cover your costs
- You set your desired profit margin
- It's simple arithmetic
- You can set up a spreadsheet to calculate

## ■ Disadvantages cost-plus pricing

- You have to keep track of a lot of data
- It doesn't consider other market forces such as competitor pricing, your status and reputation, or demand for your work

# COMPETITOR MATCHING PRICING

- Charge what other artists charge for similar work
- Factors to consider
  - Medium
  - Size
  - Mounting/materials
  - Framed/unframed
  - Purpose/intended use
  - Venue (gallery, online, etc.)
  - Career status/reputation

# COMPETITOR MATCHING PRICING

- Advantages of competitor matching pricing
  - You are in a similar price range as other artists at your career stage in your geographical area
- Disadvantages
  - Your competitors might not be selling anything
  - It requires research to keep up with your competitors' actions
  - You might not be covering all your costs



# VENDOR PRICING

- **Galleries** set the retail price, you get 50% to 60% of the sale
- **Art brokers** (AKA agents, advisors, or consultants) sell your art to a buyer (e.g., a hotel), set the price, take a commission
- **Art auctions** let bidders set prices
- **Art platforms** (e.g., Artfinder, Etsy, Artsy) charge a flat fee and take a percentage of sales, you set the retail price

# VENDOR PRICING

## ■ Advantages of vendor pricing

- Whatever the vendor charges, that is what you go with
- You receive the sales and marketing help of the vendor
- The vendor usually collects and remits sales taxes so you don't have to
- You tap into the vendor's target audience

## ■ Disadvantages of vendor pricing

- You pay a portion of your profit to the vendor
- If you don't negotiate the retail price, the vendor can charge a high retail price but give you the wholesale price

# SIZE-BASED PRICING

- Calculate length x width = square inches
- Use a square inch multiplier of \$2 - \$?, based on your reputation and experience
- Optional: Round price to nearest whole number
- Add materials cost × 2
- Add a markup if selling through a gallery

# SIZE-BASED PRICING

- If your pieces are many different sizes, use linear inches instead of square inches
- Width plus length
- Use a larger multiplier, perhaps \$10 - \$20, based on your reputation and experience

# SIZE-BASED PRICING



## Square-inch pricing

12 inches x 16 inches	192 inches
Multiplier \$2.00	\$ 384.00
Rounded up to nearest whole number	400.00
Materials cost x 2	10.00
Total	410.00
Gallery markup ~50%	200.00
Retail price	\$ 610.00

# SIZE-BASED PRICING



## Linear-inch pricing

12 inches + 16 inches	28 inches
Multiplier \$10.00	\$ 280.00
Rounded up to nearest whole number	300.00
Materials cost x 2	10.00
Total	310.00
Gallery markup ~50%	150.00
Retail price	\$ 460.00

# SIZE-BASED PRICING

## ■ Advantages of size-based pricing

- It covers your costs and adds profit
- It's simple arithmetic
- Your work is priced consistently
- You can adjust the multiplier as your career advances

## ■ Disadvantages of size-based pricing

- It doesn't consider other market forces such as competitor pricing or demand for your work

# INCOME GOAL PRICING

- Charge whatever it takes to make the annual income you desire (gross or net)
  - Choose your desired annual income
  - Determine how many items you can make in one year
  - Divide the income by the number of items to calculate the price per item
- Required data
  - What is your annual income goal?
  - How many items can you make in one year?
- You can calculate monthly and weekly production goals



# INCOME GOAL PRICING



## Income goal pricing

Desired annual gross income                      \$50,000

Number of items I can produce  
and sell in one year    100

Price per item    \$ 500.00

# INCOME GOAL PRICING

## ■ Advantages of using income goal pricing

- If you can sell what you make, you will earn your desired income
- The arithmetic is simple

## ■ Disadvantages of using income goal pricing

- The model assumes you can sell the required quantity per year at the required price per unit
- It does not take into account production costs, competitor pricing, your career stage, or market demand

# INCOME GOAL PRICING



- What if you can't make nine of these paintings per month and sell them for \$500 each?
- Options
  - Hire some help
  - Check that you are communicating the right messages to the right target audience
  - Lower your desired price per hour/profit
  - Spend your time making something with a better return
  - Who cares, we make art for love not money

# BUYER PRICING



- Let your buyers determine the price they will pay
- Sometimes buyers will offer more than you were going to charge them
- Make sure you at least cover your costs

# INFORMATION TO COLLECT

Track your time, income, and expenses

- Cost of direct materials such as paint and canvasboards
- Cost of indirect materials such as brushes, mediums, tools, equipment
- Cost of outside help (rate/hour, number of hours)
- Cost of rent and utilities such as electricity (overhead)
- Amount of time you spend creating a piece (minutes or hours)
- Cost of reproductions
- Administrative and selling costs
  - Costs of documentation
  - Cost of packing, shipping, installation, delivery
  - Advertising, PR, marketing costs
- Sales data

Consider getting professional bookkeeping or accounting help

# APPLYING YOUR PRICING MODELS

- Apply several pricing models to each artwork or type of artwork
- Average the prices to arrive at a possible retail price
- You are free to set whatever price you want, but try not to go below your breakeven price so you don't lose money
- Increase your profit margins and multipliers as your career advances
- Use a pricing worksheet like [this one](#)

# APPLYING YOUR PRICING MODELS

	A	B	C	D	E	F	G	H	I	J	K	L
1	DOWNLOAD A COPY OF THIS WORKSHEET. OPEN IN EXCEL OR GOOGLE SHEETS. ENTER YOUR DATA ONLY IN THE WHITE SPACES.											
2		Replace the data below with your own										
3	ITEM NO.	0010		<b>MODEL 1</b>	DIRECT COSTS	\$1.50		<b>MODEL 2</b>	SQ. INCHES	192		
4	TITLE	Broken table		<b>COST-PLUS</b>	INDIRECT COSTS	\$2.00		<b>SQ INCH</b>	MULTIPLIER 1	\$2.00		
5	MEDIUM	Acrylic on mdf			OUTSIDE LABOR	\$0.00			TOTAL	\$384.00		
6	WIDTH (IN.)	12			OH COSTS	\$1.50			ROUNDED	\$400.00		
7	LENGTH (IN.)	16			YOUR LABOR	\$75.00			MATERIALS X 2	\$10.00		
8	DEPTH (IN.)	0.5		PROFIT MARGIN	<b>BREAKEVEN</b>	\$80.00		VENDOR MARKUP	TOTAL	\$410.00		
9	SQ. INCHES	192		150%	ADD YOUR PROFIT	\$120.00		50%	VENDOR MARKUP	\$205.00		
10	LIN. INCHES	28		VENDOR MARKUP	TOTAL	\$200.00			<b>SUGGESTED RETAIL</b>	<b>\$615.00</b>		
11	MULTIPLIER 1	\$2.00		50%	ADD A MARKUP	\$100.00						
12	MULTIPLIER 2	\$10.00			<b>SUGGESTED RETAIL</b>	<b>\$300.00</b>						
13	DIRECT COSTS	\$1.50										
14	INDIRECT COSTS	\$2.00		<b>MODEL 3</b>	LINEAR INCHES	28		<b>MODEL 4</b>	DESIRED ANNUAL INCOME	\$60,000.00		
15	OUTSIDE LABOR	\$0.00		<b>LINEAR INCH</b>	MULTIPLIER 2	\$10.00		<b>INCOME GOAL</b>	DESIRED MONTHLY INCOME	\$5,000.00		
16	OH COSTS	\$1.50			TOTAL	\$280.00			HOW MANY ITEMS CAN			
17	HOURS	3			ROUNDED	\$300.00			YOU MAKE AND SELL			
18	RATE/HR	\$25.00			MATERIALS X 2	\$10.00			PER MONTH?	10		
19	TOTAL LABOR	\$75.00		VENDOR MARKUP	TOTAL	\$310.00			<b>SUGGESTED RETAIL</b>	<b>\$500.00</b>		
20	DESIRED ANNUAL INCOME	\$60,000.00		50%	VENDOR MARKUP	\$155.00						
21					<b>SUGGESTED RETAIL</b>	<b>\$465.00</b>						
22												
23					MODEL 1	\$300.00						
24					MODEL 2	\$615.00						
25					MODEL 3	\$465.00						
26					MODEL 4	\$500.00						
27					<b>AVERAGE</b>	<b>\$470.00</b>						
28												

**PRICING SUMMARY**

Fill out this worksheet for each artwork or type of artwork you want to price. Don't price any lower than breakeven in Model 1 so you cover all your costs. Increase your profit margins and multipliers as your career advances.

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# CLOSING THOUGHTS

- Original art is not a commodity (like beans or corn)—this means works of art are unique and rare and potentially valuable
- Lowering your prices on original art teaches your buyers to expect low prices; it could be hard to raise prices later
- Applying different pricing models could help you overcome resistance to setting prices
- Averaging prices from different models gives you a consistent approach



# RESOURCES

- *Art/Work*, by Bhandari, H. D., & Melber, J. (2017). New York, NY: Free Press/Simon and Schuster
- *The Practical Handbook for the Emerging Artist* (3rd ed.), by Margaret R. Lazzari. (2021). Thames & Hudson
- Start a business in Arizona  
<https://azcc.gov/corporations/ten-steps-to-starting-a-business-in-az>
- Sign up for a SCORE mentor  
<https://www.score.org/>

# Q&A

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