Online Art Market Grows 68% in a Year to Be Now Worth an Estimated $2.64 Billion

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- Investment return is a growing motivation for online art buyers, with as many as 63% driven to purchase by a piece's potential return on investment.
- The bulk of online transactions still take place below £10,000, with 84% of purchases made within this price point.
- Online art market platforms are providing options when it comes to how buyers engage with and ultimately buy art – having a physical gallery or auction house has become less important but is not redundant.
- Social media affects art buying decisions, with 24% of respondents saying posts by museums, galleries and artist studios had a direct influence on their art buying decisions.

London, UK (21 April 2015) – New research released today by specialist insurer Hiscox reveals increased confidence in buying art online, as virtual art platforms rapidly establish some meaningful foundations.

According to the Hiscox Online Art Trade Report 2015, the value of the online art market has risen from $1.57 billion in 2013 to an estimated $2.64 billion in 2014. Based on these figures, online art buying therefore accounts for 4.8%of the estimated $55.2 billion value of the global art market. On the same growth trajectory, the value of the online art market could reach $6.3 billion in 2019.

Robert Read, Head of Fine Art at Hiscox, explained: "The rise in online art buying is even greater than we anticipated. The speed and confidence with which new and established collectors are adapting signals a new era as buying art becomes an omni-channel experience. Physical gallery space and auction houses can no longer act in isolation; online channels and social media have an important part to play and, when combined, prove to be attractive. This is good news for sellers as well as collectors."

Art buying patterns and motives are changing. Almost half of this year's respondents (49%) said they had bought art online in the last 12 months, up from 38% last year. This indicates that further progress has been made towards mainstream adoption. Particularly popular among new collectors, the online art market continues to make collecting accessible and attainable to a broader demographic – good news for the whole industry.

The majority of online art transactions still take place at a lower price point, with 41% of those surveyed saying their average price paid was less than £1,000. Interestingly though, investment return is also being cited by many as a growing motivation for purchase. Art is increasingly seen as an attractive and highly tradable asset class and such a trading mentality may lead to online marketplaces succeeding as pure transactional platforms. This could shake up what is traditionally a relationship-based industry and, given the raft of choice, see consumers vote with their mouse.

Read added: "There are too many players in the online art market, as one would expect at this stage of the development cycle, and it is still impossible to say who the winners will be. We will have to wait for a couple more years of mergers, acquisitions, thrills and spills to see who emerges on top, but what's clear already is that those with a trusted brand, a 'real world' presence and an online business have a distinct advantage."

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NOTES TO EDITORS

About The Hiscox Online Art Trade Report 2015

The Hiscox Online Art Trade Report 2015 is the third annual report of its kind. It examines the current trends surrounding buying art directly through different types of online art selling platforms. It explores what people are buying, how much they are spending on art online and the barriers to purchase. It also asked art buyers what changes could be made, or services offered, to increase confidence among new

and existing collectors.

The research was carried out by specialist art market analysis firm ArtTactic during January and February 2015. The findings are based on responses from 519 international art buyers surveyed through ArtTactic's client mailing list, Twitter and Facebook and Own Art's mailing list. Most of the survey respondents from last year participated in this year's survey, however the sample has also been broadened out to particularly focus on new art buyers. This has allowed us to get a better idea of current online buying trends and behaviour among this next generation of buyers, and to better understand their concerns and future expectations when it comes to buying art online. Although the central focus is around fine art, we have also explored online buyers' buying habits of other collectibles online.

About Hiscox

Hiscox, the international specialist insurer, is headquartered in Bermuda and listed on the London Stock Exchange (LSE:HSX). There are three main underwriting divisions in the Group - Hiscox Retail (which includes Hiscox UK and Europe, Hiscox Guernsey, Hiscox USA and subsidiary brand, DirectAsia), Hiscox London Market and Hiscox Re. Through its retail businesses in the UK, Europe and the US Hiscox offers a range of specialist insurance for professionals and business customers, as well as homeowners. Hiscox underwrites internationally traded, bigger ticket business and reinsurance through Hiscox London Market and Hiscox Re. For further information, visit www.hiscoxgroup.com.

About ArtTactic

ArtTactic is a London-based art market research and analysis firm that offers dynamic and responsive research and commentary on the fast-paced and ever-changing art market. ArtTactic was founded in 2001 by Anders Petterson. ArtTactic has developed methodologies and analytical frameworks for the art market often used by economists and people in the financial markets. ArtTactic provides a new dimension to art market analysis by combining both qualitative and quantitative research tools with an in-depth knowledge of how the art market works. ArtTactic's weekly art market research and analysis can be accessed viawww.arttactic.com.

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