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## Wine dealers try online auctions to tap new clients

Wine and art sellers are trying online events, but the trend isn't catching on for high-end items

Bidding for wines at auction has been a hobby for auditor Robert Mirfin for almost two years. Sometimes he visits the auction house floor but prefers the flexibility of bidding online.

"The principal benefit is you don't have to be physically in an auction room. You can bid from anywhere in the world," Mirfin said.

While firms like eBay helped pioneer online auctions almost two decades ago, public bidding on higher value items such as wine and art is still the domain of live auctions and their gavel-waving auctioneers. That is now starting to change as firms begin moving auctions online to cater to changes in buying behaviour and a more global clientele.

Wine merchant Zachys began experimenting with online-only auctions last year, generating US\$1.5 million in Hong Kong sales. The firm's live auctions brought in US\$20 million. This year, Hong Kong managing director David Wainwright expects online events to constitute 15 per cent of turnover.

"On the business side, online auctions are far more profitable, much easier to manage. The amount of hassle in a live auction is very high. For the consumer, you have 24-hour access anywhere in the world. You don't need to be there, you can just log in anytime," said Wainwright.

Another major advantage is that payment is collected immediately upon sale by pre-authorised credit cards, eliminating the risk of the winning bidder reneging on the deal.

Since 2011, Christie's has experimented with online auctions and credits them with helping the firm reach a new market. In the first half of last year, the auction house reported 46 per cent of online buyers were new clients.

Established auction houses already use online bidding during a live auction. An online-only model allows items to be posted for several days, drawing in a wider range of competing bids. It also allows for tailored functionality. For example, Zachys has a "buy it now" option for people willing to bid a set price.

The take-up of online auction technology by established firms has partly been a response by the market to well-heeled consumers who just do not have the time or inclination to visit an auction room.



iDealwine, a Paris-based firm that recently opened an office in Hong Kong, has two auctions a month and targets mid to high-end buyers with a HK\$740 average bottle price.

"Online is really for people who know wine ... people coming through our website are looking for something special, something they cannot find in a [shop]," says Claire Henry, the firm's Asia relations manager.

The site has 350,000 members worldwide and in 2012 had a turnover of HK\$116 million.

In New York, Paddle8 won over an initially sceptical art world with its online model. It focuses on works of well-known artists valued below US\$100,000.

While firms such as eBay and Taobao simply provide a platform for trading when selling high-value goods, the new generation of providers have found they need to offer a curated service backed by guarantees in order to win client confidence and placate concerns about fakes.

The shift in buying habits though is only seen as going so far. Wainwright expects to keep live auctions in place for top wines.

Robert Sleight, the head of wine at Sotheby's Hong Kong, does not see his firm adopting an online model for the time being. "Sellers who have premium collections want live auctions," he said.

Buyers also like to see and touch items they are bidding for, especially collectibles like art or furniture.

"I haven't seen a huge shift from the client side ... from going into galleries and buying works to going online to buying works," said Tamsin Nugent, a former Hong Kong art gallery manager. "I think it is a natural shift, but I don't think it will ever make up for seeing a work and how that feels when you are in the physical presence of a work."