

Why This Crazy Industry Still Makes Sense

By John Chester

It's crazy out there! Retailers beating up framers, framers beating up publishers, publishers beating up printers. Come on, don't you sometimes feel like hanging up a poster that reads, "Beat Head Here"?

But is the framed art world really so crazy? Hasn't it just been forced into adulthood—an example of capitalism at work, where competition results in better value and choice for the buyer? Everyone in the industry is just looking for an edge to compete.

One way to get an edge is to cut out a middleman, which could be anyone between the artist and the ultimate consumer. The idea is to take cost out of the system by taking over a function that you used to buy from someone else. "Vertical integration" is the fancy term for it. For a production framer, it could be called "backward" integration when you try to take over the publishing, or "forward" integration

when you go directly to the consumer, such as Art.com.

There are a number of experiments and a few

fully functional vertical business models in the industry. One major publisher is also a major framer. Several framers do some publishing. At various times major retailers have done their own framing. And recently a retailer tried to find artists directly. Lots of lines are being blurred.

So far, these activities are the exception. On paper it might make strategic sense to vertically integrate. But you had better have a very, very good understanding of what you are getting into. I believe the basic structure of the industry has evolved into its current form for good reason, and that it has quite a bit of life left.

Say you're a production framer working tirelessly to meet the ever-growing demands of retailers, turning out projects in what seems like nanoseconds and taking mark-downs and chargebacks up the wazoo. The art publishers just don't seem to understand how much pressure you're under. Instead of thanking you for the business, they actually resent your requests for deeper discounts. Why not publish on your own? What could be so hard about that?

Now, it's not impossible. But it does take a

After all these years, the retailer-framer-publisher structure of the framed art industry still makes sense

certain...commitment. Finding art that is both marketable and fresh is a magic moment. At Wild Apple we have an outside advisory board full of smart people. They tell us to methodically break down the elements and steps of finding great art, get artists with those skills, and follow the formula to success. The problem is, unless you're happy to be a "me-too" publisher, it just doesn't work that way. It still takes a touch of magic.

If you do find artists to work with, you need to attract them, negotiate contracts, and keep them happy for the long term. To do that, you need staff devoted entirely to artists. Bringing out the best in creative and sometimes emotional artists is rewarding, but it is time-consuming. We are as artist-focused as any company, but we drop the ball sometimes. Managing the creative process may seem like it could be logical and efficient, but it's not.

On the other hand, why don't more publishers enter the framing end of the business? Over the years our advisory board has suggested just that. It makes sense: take the framer's profit and get direct access to the retailer. After a short hyperventilating fit, I politely say, "No way!" The capital investment is daunting enough, but the expertise in framing design, production, sales, and logistics are big barriers. Plus, I've seen more bruises on production framers than on the entire fruit section of a supermarket.

The industry has seen lots of changes, yet the basic structure of Retailer - Framer - Publisher has persisted. The structure mirrors the basic functions of selling to the consumer, designing and producing finished product, and finding and developing artwork. These parts are so distinct that specialization still makes sense. This structure also creates the most options for all the players.

There will continue to be changes in overseas sourcing, licensed art, distribution, and product innovation. Each part of the industry will continue experimenting with vertical integration, and somebody might actually make it work. But while the current industry structure may not be a thing of beauty, it still offers enough magic moments that it still makes sense—despite all the bruises and head-banging. ■



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