

COMMERCE

Auctionata and Paddle8 merge to better serve global aspirational market

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Roy Lichtenstein, "Sweet Dreams, Baby," sold through Auctionata

By FORREST CARDAMENIS

Auctioneers Paddle8 and Auctionata have announced a merger to exploit a gap in the auction market.

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Paddle8's focus on contemporary art and design and its timed auctions and charity sales format will complement Auctionata's "vintage luxury" and industry-first livestreaming, cross-pollinating their respective consumer base. The merger will help serve an online-oriented consumer segment at a more accessible price point, with items up to \$500,000.

"Over the course of our relationship, we realized that the two companies have complementary business models in terms of our category set, geographies and sales formats," said Alexander Zacke, CEO of Auctionata. "Together, we now offer a much more extensive and diversified inventory and maintain a more comprehensive foothold on the global collecting market.

"Further, Paddle8's strong presence in timed auctions, private and charitable sales combined with Auctionata's industry-first livestream auction format means that together, the two companies can provide collectors with the most immersive and innovative online collecting experience," he said.

Come together

The two companies have joint sales of more than \$150 million. Auctionata's merchandise includes watches and jewelry from brands such as Vacheron Constantin, Rolex, Cartier and IWC to wines, art by Lichtenstein, Picasso and Banksy and classic cars by Mercedes-Benz, Jaguar and Ferrari, among others.



IWC Portugieser Regulateur Tourbillon on auction at Auctionata

Paddle8's merchandise skews more contemporary, with Andy Warhol and Damian Hirst's art alongside furniture and jewelry.

Auctionata's presence is strongest in Europe, particularly in Germany, while the United States-based Paddle8 has less of an international footprint. The merger will help the new company leverage the complementing geographical strongholds.

The auction space is polarized, dominated by legacy bricks-and-mortar houses on one end, with merchandise routinely reaching into seven- and eight-figures, and full of online secondary marketplaces on the other. The merger will help carve out a space for the underserved middle with the transparency and authentication typical of legacy auctioneers with price points that serve a level of affluence below ultra-high-net-worth.

Speaking on the merger, Mr. Zacke said in a brand statement, "Auctionata and Paddle8 combine complementary business models, which will mutually benefit each other in their respective markets. Our ability to innovate at a faster pace and develop new technologies and services is a great opportunity to further increase growth.

"The reciprocal nature of our business, coupled with our shared desire to grow the culture of collecting in a transparent and efficient manner, made this partnership a very easy decision," he continued.



Andy Warhol screenprint of Isabelle Adjani

Aditya Julka, co-founder of Paddle8, echoed the sentiment, saying, "This merger allows us to allocate greater resources toward innovating at every step of the collecting process, from online valuation services to post-sale fulfillment, and to expand our current offerings in terms of both categories and sales channels.

As a result, we'll be able to provide the best customer experience and the most efficient and comprehensive platform in the middle market for buyers and sellers from every corner of the globe," he said.

While heritage auctioneers are making moves online, younger digital natives are not as likely to be able to afford the lots at Sotheby's or Christie's. The Paddle8 Auctionata merger carves out a space for this market to enter the auction world with an eye toward higher-priced items.

The sales models, including live-streamed auctions and charitable sales, will further appeal to this market.

Auctionata & Paddle8 unite

The merger was announced through a video highlighting the collections and interfaces of each site posted to YouTube and shared on social media. The full terms of the deal were not disclosed.

Digital world

Luxury auction houses have leveraged partnerships to grow their digital footprint.

In July 2014, international auction house Sotheby's joined forces with online auctioneer eBay to develop a digital platform that enables consumers to easily browse artwork, antiques and collectibles.

The partnership has raised eBay's stature in the auctioneer sector, as its work with Sotheby's will introduce the online shopping platform to the international art business. For Sotheby's, partnering with eBay will have a similar effect by making the auctioneer more accessible to global consumers ([see story](#)).

A year later, Sotheby's partnered with Web-based art platform Artsy to create an online-only marketplace for contemporary art.

Artsy's search engine and database are used to find artworks, which users can then bid on via Web site or mobile applications. The partnership has given the Web site a boost in visibility while granting the centuries-old auctioneer a chance to connect with a new, younger audience ([see story](#)).

"The global middle market in this space is underserved," Mr. Zacke said. "Legacy brick-and-mortar auction houses, such as Sotheby's and Christie's, dominate the high-end of the art collection market. On the opposite end of the spectrum, online secondary marketplaces like eBay and Craigslist service the lower end of the market, but cannot provide transparency and authentication.

"Both Paddle8 and Auctionata pursue this market today and together, they are poised to win and grow this sector by providing the best customer experience and the most efficient and comprehensive platform in the middle market for buyers and sellers from every corner of the globe."