

ARTS AND ENTERTAINMENT

Auction houses embracing digital, cross-channel strategies

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An identical pair of Air Jordan's signed by Michael Jordan sold last year for \$560,000. Image credit: Sotheby's

By SARAH RAMIREZ

A new generation of investors are gravitating towards new asset classes, particularly sneakers, at auctions.

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During a panel at the [FT Business of Luxury Summit](#) on May 20, executives from the auction industry discussed how the industry has evolved along in recent years. Beyond experimenting with new types of assets, auction houses are focusing on improving digital and cross-channel offerings.

"One of the things we're definitely seeing with that push into digital is a focus on a much younger audience," said Josh Pullan, managing director of the global luxury division at Sotheby's, Geneva.

Auction evolution

With the rise of streetwear, limited-edition sneaker releases or one-of-a-kind autographed pairs have become highly coveted. While sneakerheads have been able to flock to platforms such as StockX, major players including Sotheby's are also focusing on the category, which is valued at \$10 billion.

Sneakers are not the only category seeing growth. Luxury handbags, including the Herms Birkin, also top performing assets while spirits such as whiskey and bourbon are expanding.



Sotheby's "Buy Now" marketplace soft launched with the Sneaker Shop. Image credit: Sotheby's

The most desirable collectibles are those that balance craftsmanship with provenance, according to Sotheby's Mr. Pullan. The panelists also agreed that cultural moments often drive awareness towards certain pieces.

New clients may turn to auction houses to purchase exclusive sneakers and handbags, but that is not where their interests end.

"We think about the customer that's buying sneakers this next-gen customer and they like so much more than just sneakers," said Greg Schwartz, cofounder and chief operating officer at StockX, Detroit. "They love gaming so last year we got into electronics, which has been one of our fastest-growing categories.

"Sneakers was always just the beginning for us and is still a category we're extremely passionate about," he said. "But we're definitely more of a multi-category player today."

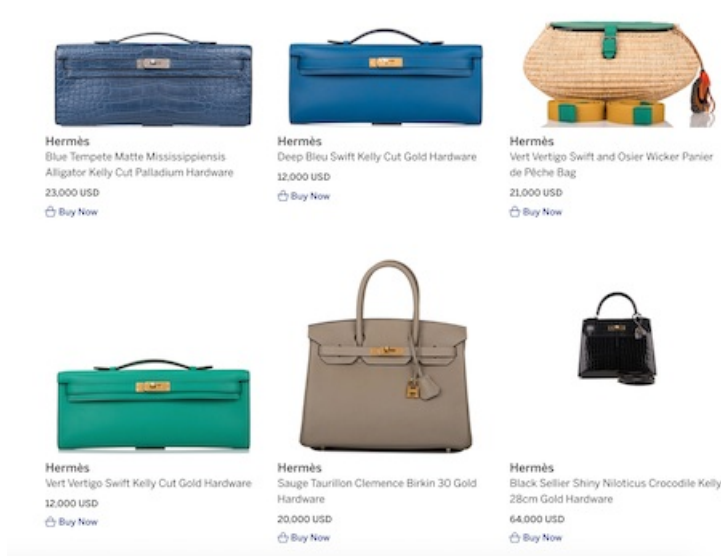
According to Mr. Schwartz, electronics, including gaming systems such as X-Box, performed well for StockX in 2020 because of consumers' need to entertain themselves during the COVID-19 pandemic.

COVID-19 also forced Sotheby's and Kerry Taylor Auctions to reevaluate their online presences. With live auctions and previews being limited, presenting accurate and detailed information for each lot became essential ahead of online sales and events.

Before the pandemic, Kerry Taylor Auctions still had a global reach and natural disasters did not prevent sellers from participating online, according to the firm's founder.

"The fact that we're a physical auction house doesn't detract from the fact that we were one of the first auction houses to go online," Ms. Taylor said.

Even with the challenges of COVID-19, Sotheby's exceeded more than \$5 billion in sales last year.



Handbags available for instant purchase on Sotheby's "Buy Now" marketplace. Image credit: Sotheby's

Auction participants are also getting younger. In a recent sale, about half of Sotheby's buyers and bidders were under 40 years of age, per Mr. Pullan, while every item sold at a price of at least \$200,000.

"The live auction experience has become much more of an immersive and digital experience, and it's much more of a broadcast experience that gets out to an international audience," Mr. Pullan said. "I think what the journey looks like is the evolution of the best of both worlds, the best of physical invested detail and applying learnings of the full digital transformation that we've made."

Sotheby's shifting

Sotheby's is also innovating in other ways that may be unexpected from an auction house. A new marketplace and retail space are expected to resonate with younger consumers who consider immediacy and speed as important factors.

"What we wanted to do to be more client centered was really launched 24/7 instant gratification marketplace," Mr. Pullan said.

Through [Sotheby's "Buy Now" marketplace](#), clients can now purchase from categories including fine jewels, contemporary art, collectible sneakers, watches and designer handbags without having to wait for an auction and competitive bidding. Building on Sotheby's expertise in the online auction space, the marketplace has attracted a new customer base since its launch in fall 2020 ([see story](#)).

The Emporium, a new retail store that features an assortment of luxury lifestyle goods and fine art available for immediate purchase, opened in New York this May. The Emporium is an extension of Sotheby's Buy Now online marketplace, aiming to merge ecommerce and the excitement of in-person shopping ([see story](#)).

"It's really creating that omnichannel experience," Mr. Pullan said. "I think it's an evolution of physical needs digital and I think people are responding to that."