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Mergers & ACQUISITIONS

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The calculated
creativity of design
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Kate Verner in her New York City office



ANTIQUES MARKETPLACE 2.0

QUIET RIOT

A new class of online antiques
platforms is challenging the status quo
and giving designers the power.
By Elaine Louie

April 4, 2016, marked what Benoist F. Drut, managing partner of Maison Gerard in New York City, called “the revolution.” 1stdibs, the site founded by Michael Bruno in 2001 but is now run by David Rosenblatt, initiated a controversial policy. For any sale that began online, 1stdibs would collect a commission, from 10 percent (on purchases up to \$10,000) down to four percent (on purchases over \$50,000). Ninety-seven percent of the dealers remained on the site, said Cristina Miller, senior vice president of dealer relations at 1stdibs, but a major conversation had started. It’s a story that Silicon Valley knows well: The trailblazer gets the glory of being first; the competitor gets the opportunity to improve. The antiques marketplace has learned a few things, and next-generation platforms like Design Carta, DECASO, InCollect, eBay Collective and RubyLUX are leveraging the feedback loop. Each site is trying to make its mark by offering dealers and buyers new services, including trade-only rates, no commission fees and digital tools for inventory management, as well as more exposure and advertising. Here, we investigate the merits of each platform—get your new usernames ready!

DESIGN CARTA

On November 1, 2016, Bruno debuted Design Carta. The trade-only website launched with nearly 300 dealers. One point of distinction: Buyers must also qualify as members of the design trade, to keep the community vetted. Dealers list their wares at no charge until March of this year, when a monthly fee of \$250 for unlimited listings goes into effect. Inventory can be maintained on the site for as long as sellers desire; however, there is a two-week exclusivity requirement, which means all listings on Design Carta can’t be posted on any other platform until the exclusivity period has passed. This is meant to keep inventory unique.

“Some dealers want to sell only to the trade,” Bruno said. On Design Carta, prices are listed, and perhaps most appealing, there are no commissions taken. “There is room for the old-fashioned, trade-only consumer model,” said Bruno.

At the end of 2016, Bruno introduced a separate category within Design Carta, a place where design firms can post their leftover stock (never-been-used furniture, wallpaper and lighting) and sell it to the trade.

Jim Elkind, the owner of Lost City Arts in New York City, is still on 1stdibs, but is not on Design Carta. “I didn’t want to tie up new merchandise for two weeks,” he said of the site’s two-week exclusivity requisite. Drut of Maison Gerard has joined Design Carta, because he likes Bruno’s new ideas. “He’s a visionary,” Drut said.

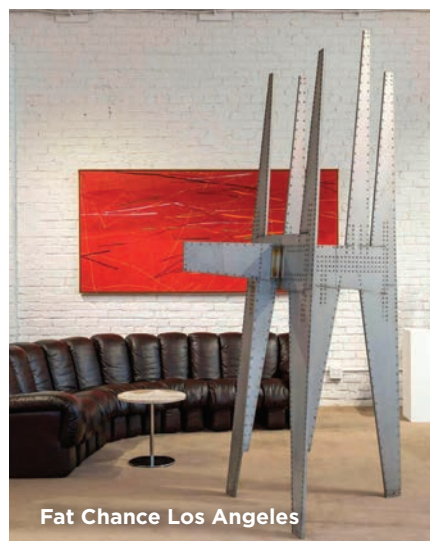


handled by the dealer. DECASO takes an elevated approach to the business of online sourcing. “High-end dealers were looking for an alternative online partner, so we developed DECASO. Our goal is to create the most trusted place for luxury shoppers to discover the very finest pieces and connect directly with their expert purveyors,” Anna Brockway said.

For a dealer, a listing is free through April 1, 2017. After that date, dealers will be charged a monthly fee ranging from \$700 for up to 200 listings, \$900 for 201 to 400 listings and \$1,100 for over 400.

What has lured dealers to DECASO is not just the success of Chairish, whose gross revenue from 2014 to 2015 increased by 300 percent. Peter Pap of Peter Pap Oriental Rugs in San Francisco cited the consistently high traffic generated by Chairish, and expressed confidence that DECASO’s user activity would also be high. As a purveyor of specialty rugs, kilims and textiles, Pap also appreciated the site’s high-end focus.

Dealers are also attracted to the fact that some members of DECASO are seasoned Silicon Valley veterans, who played pivotal roles at sites like Hotwire, Expedia and TripIt. Ray Raymakers, an owner of Van den Akker in New York City, is on 1stdibs and InCollect (see below) and



also joined DECASO. Jeff Schuerholz of Fat Chance Los Angeles explained why he is a DECASO member: “It’s a luxury site, and the team has a great reputation for marketing.” The dealer, who is also on 1stdibs, referenced DECASO’s strategic expertise, as well as the platform’s strong dealer involvement.

INCOLLECT

InCollect was launched in 2014 by John Smioldo, the founder and owner of *Antiques & Fine Art Magazine*, a sponsor of the Winter Antiques Show in New York City. The site has more than 300 dealers, including

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New York-based purveyor Liz O'Brien, who said she likes the caliber of other dealers on the site, such as Hirschl & Adler and Donzella. The site charges monthly fees of \$295 for 300 listings, \$395 for 500 listings, \$495 for 700 listings, and \$695 for 1,500, which will increase five percent each year starting in 2018, depending on when the dealer signed up, Smirollo said. There are no commissions for 25 years.

InCollect offers two membership types: trade professional and consumer. There are eight days of trade-only exclusivity, which means only design professionals can view what's available. After eight days, all visitors can see the inventory. As Smirollo said, "If you, the public, go on the site today, you will see 30,000 objects. If you, the interior designer, go on the site today, you will see over 31,000 objects."

EBAY COLLECTIVE

Start-ups aren't the only businesses getting in on the action. On October 17, 2016, eBay, with its 165 million global buyers, launched eBay Collective, a site of 24 high-end dealers, including Maison Gerard, Newel and Bernd Goeckler, all based in New York. It works just like eBay and targets the consumer. A product can be purchased at the offered price, or a buyer can make an offer. EBay Collective will not reveal its fees, or its commission. Drut did not disclose the fee he pays, though he did say that the commission is "nominal."

Just as 1stdibs has its own online magazine, *Introspective*, eBay Collective publishes editorial content on its site. "We pair eBay Collective's inventory with *Architectural Digest's* content," said Jill Ramsey, vice president of soft goods at eBay. Content, showcased via articles like "Design Inspiration

From *Architectural Digest*: How to Decorate With a Vintage Sofa," spotlights high-end dealers' wares and the site's Shop the Room feature directs the visitor to items currently for sale.

RUBYLUX

RubyLUX is an online platform launched by Ruby Lane creator Tim Johnson in fall 2015. The site positions itself as a high-end marketplace and has 190 dealers. It does not charge a commission, but does charge fees: \$350 for 60 items, \$500 for 200. Unlike other sites, RubyLUX offers a live concierge service, which a buyer or dealer can contact with requests. "If a dealer or buyer wants something that is not onsite, but we know a dealer who may have that object in their inventory, we will call and try to find it," said Gisele Barrau-Freeman, chief marketing officer at RubyLUX.

According to research from analytics firm IBISWorld, the total spent on antiques in the U.S. is around one billion dollars. 1stdibs's sales have more than doubled each of the past three years to \$150 million in 2016. With such a thriving marketplace, it is no wonder more players are entering the picture. But how many is too many? "I don't think the market can support so many sites doing the same thing," said Bruno. "It will be important for these companies to differentiate themselves to survive. In the meantime, dealers will be the big beneficiaries of all the additional exposure."

Time will tell which sites will become essential to designers and which ones fade into obscurity. For the moment, designers can enjoy a variety of new sources, the power of direct negotiation and in some cases, exclusive trade benefits.



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	1stdibs	Design Carta	DECASO	InCollect	eBay Collective	RubyLUX
Founded	2001	2016	2016	2014	2016	2015
Trade vs. Consumer	Both	Trade-only	Both	Both	Both	Both
Editorial Opportunities	Yes	No	Yes	Yes	Yes	Yes
*Product Listings	500,000	Thousands	26,500	30,000+	Thousands	15,000
*As of December 2016						