

Steven Vincent examines the health of the leading Web sites selling art today. With sales floundering and stock prices plunging, 1999 seems a long time ago.

Online or Flatline?

IT'S BEEN JUST OVER A YEAR SINCE THE INITIAL ENTHUSIASM FOR Internet art sales electrified the market. Funded by Wall Street and Silicon Valley and staffed by smart young talent, the art and auction sites sprang up everywhere, selling everything from Casablanca movie posters to 19th-century French academic paintings. Artnet.com CEO Hans Neuendorf prophesied, "Within three to four years, all major art sales will be done on the Web." The Internet storm that had already hit so many industries was rocking the art world's boat.

Looking back one year later, that boat looks something like the Titanic: imposing but doomed.

Today, many of the major players in the online art market are fighting for their lives. In part, they're battling the same monsters faced by dot-coms in other industries: a slow-growing revenue stream and a fast-evaporating pool of investments, made worse by the Nasdaq's steep drop this April. But the nagging question about the profitability of e-commerce companies is just one part of the story. E-commerce firms in the art world still have to prove the very feasibility—and desirability—of buying art online.