

GAUGING THE IN SITU

“ownership” of crypto art confers no actual rights, other than being able to say that you own the work. You don’t own the copyright, you don’t get a physical print, and anyone can look at the image on the web. There is merely a record in a public database saying that you own the work – really, it says you own the work at a specific URL.” (Aaron Hertzmann, The Conversation, 15 March 2021).

This short paper is an attempt in understanding where the value resides in crypto art. Does crypto art foreshadow the end of the traditional art market, or does it rather, function as an addition to the spectrum of art as viewed today. The paper is a medium to form an opinion on the rapidly growing virtual world where sales transcend traditional geographical boundaries, distributing agency while also granting autonomy to a diverse range of practitioners.

SYNOPSIS

With digital transformation sinking into contemporaneity, the art world also experiences a rapidly escalating integration of technology and virtual culture. The 2020 pandemic, accelerated the process of exhibiting works online through online virtual rooms, presented by galleries and fairs. Auction houses surpassed geographical boundaries, conducting international sales via digital platforms. There was an urgency to meet audience needs. These were met by creating accessible ways for art enthusiasts to explore art. An upheaval of another artistic was seen. A movement in which digital channels were used to produce and distribute artistic images called crypto art, or more commonly recognised as NFTs. The account of ownership associated with crypto art is merely a record on the public database which validates its proprietorship. With no physical module or copyright acquisition, its value resides in its rarity, artist’s reputation, subject matter and age. While most factors dictating its value of an NFT co-align with traditional art works, there are also characteristics unique to the digital world. This value could reach beyond commercials, to a cultural and psychological space. Nevertheless, it is essential to recognise the importance palpability holds for patrons today. Crypto art has an increasing tendency to shift traditional agency and autonomy for collectors and artists, while reducing the scope of third parties. But, a complete foreshadowing traditional art market seems non-viable.

Digital transformation is a phenomenon continually sinking into contemporary lives. There is an escalating integration of technology and virtual culture into businesses and households, which is shifting pre-assigned value.¹ The world of art is non-aberrant. Over the years, it has also seen a drastic shift with galleries and auction houses presenting art online to transverse limiting physical or mental confines. The co-founder of Approximately Blue which is an independent art brokerage and collection management platform, Emily Johnson, admits to the intimidation faced by buyers when they collect art.² Art is looked at as a luxury reserved for the elite. The unblocking of physicality by virtuality encourages a multifarious ingress, inviting those who may have the means but are hesitant to probe the turf. In 2019, with the COVID-19 pandemic, virtual fairs and exhibitions were a common sight. There was an urgency to meet audience requirements by creating new, accessible ways for art enthusiasts to explore art.³ It was then there was an upheaval of another artistic movement in which digital channels were used to produce and distribute artistic still or animated images as Joint Photographic Experts Groups (jpegs). These images are termed crypto art. Crypto art is essentially a unique collectible, digitally registered with a token on a cryptocurrency financial service called a blockchain.⁴ Tokens facilitate a trackable origin and provenance, whereas blockchain technology allows for tokens to be acquired and securely traded without the involvement of third parties.⁵ This decentralises the dealings in crypto art but does not allow the collector to own a physical module or copyright. The account of ownership associated with crypto art is merely a record on the public database which validates its proprietorship.⁶ The question then follows, where does value reside in crypto art?

The most common type of crypto art is a Non-Fungible Token, commonly known as an NFT. It can be in the form of any digital media such as a drawing, photograph, animation or, in the form of audio track.⁷ For instance, the music video, 'Death of the Old', released and sold as an NFT by Canadian musician, Grimes, was auctioned for nearly \$389,000 through Nifty Gateway.⁸ An NFT is supported by a specific kind of blockchain i.e Ethereum blockchain, allowing for the storage of specific ancillary information needed to assist the creation of an NFT.⁹ It facilitates the production of this art typology. An NFT, although produced as a jpeg, is rare due to the distinct digital code it carries.¹⁰ It is one of a kind and is non-fungible which means it carries a digital identifier that alters every time it is traded. It is traded in similar ways to any other singular physical work of art, and its

¹ "What is digital transformation?", 2016

² DURÓN, 2021

³ DURÓN, 2021

⁴ Franceschet et al., 2021

⁵ Franceschet et al., 2021

⁶ Franceschet et al., 2021

⁷ Boscovic, 2021

⁸ Kastrenakes, 2021

⁹ Boscovic, 2021

¹⁰ Boscovic, 2021

rarity guarantees its value.¹¹ Moreover, a unique digital artwork will be placed on a higher tier as compared to an NFT with multiple editions.¹² Apart from rarity, other factors may drive the value of an NFT. If the artist, for example in the case of ‘Death of the Old’, is popular then the monetary value held by the work escalates.¹³ In the case of the Grimes work, the attached audio was an added value to the NFT.¹⁴ Audio tracks absorb the viewer, stimulating them beyond a visual experience. Inevitably, surging their value.¹⁵ Another example of a case where the reputation of the artist steered the value of crypto art is *Morons (White)* by England-based street artist, Banksy.¹⁶ In March 2021, a blockchain company by the name Injective Protocol sold Banksy’s NFT for a gigantic sum of \$380,000. The subject of crypto art may also to some degree navigate its market value.¹⁷ The NBA Top Shot series was first released in early July 2019. It is a moving image compilation of memorable snippets featuring the biggest NBA stars, each with a unique number. Therefore, the collection of each element of the digital series is comparable to the exchange of trading cards in the real world. It is the subject matter as well as an urgency to achieve totality that is integral to the sales of the NBA Top Shot NFT series. With blockchain technology embedding tokens, the provenance of an NFT is transparent. Unlike the uncertainty that may follow traditional works of art, the custodial history in the case of NFTs is explicit. Each sale and owner of crypto art is verifiable by examining a linked digital ledger. The stronger the provenance, the higher the art will be valued. The age of an NFT is also significant while delineating its price. An NFT produced before 2020 is marked with a notable cost as it is seen as ‘a digital artefact’.

Since time immemorial, art has been an agent for the wealthy to showcase their expansive taste, vanity and power. In the 16th century, art patrons invited special attendees as guests to view their elaborate wunderkammers; while in contemporary times, celebrity moguls such as Sean Combs (better known as the hip-hop star P.Diddy) is known to have bought out works by blue-chip artists from the Gagosian Gallery.¹⁸ Digital art may be a different mode of art creation but essentially serves the same purpose. The value of art lies in its potential to influence, and even change existing social and/or political constructs. Like physical works of art, today crypto art can be displayed in spaces, shattering the confines of the quintessential web browser experience. One can exhibit NFTs using digital frames or high-quality projectors, with high resolution. Recently, NetGear developed specialised frames connected to mobile applications to display NFTs in living or working spaces.¹⁹ With social media platforms like Instagram and TikTok giving rise to a whole new kind of celebrity, it is another way to flaunt NFTs. Metaverse, a growing fictional universe, allows one to demonstrate their NFT collection to other ‘residents’.²⁰ These diverse ways of displaying objects, physical or virtual, can be compared to the ancient concept of a ‘galleria’, where during the Italian renaissance the elite assigned a corridor to display their extravagant collection for

¹¹ *Boscovic, 2021*

¹² *Boscovic, 2021*

¹³ *Kastrenakes, 2021*

¹⁴ *Kastrenakes, 2021*

¹⁵ *Boscovic, 2021*

¹⁶ *Campbell, 2021*

¹⁷ *Campbell, 2021*

¹⁸ *Parker, 2021*

¹⁹ *Minty Art, 2021*

²⁰ *Minty Art, 2021*

the audience gaze. Although there are multiple similarities in the valuation of traditional and crypto art, there are a few differences as well. For instance, the metadata held by the NFT is an important factor in the speculation of its financial value. Metadata is a set of informational codes that defines the NFT. There are two types of metadata.²¹ An NFT can hold — ‘On-chain metadata’ means direct incorporation of the metadata into the smart contract which represents the tokens; whereas, ‘Off-chain’ refers to hosting the metadata separately due to the limitations of the blockchain.²² An NFT with a direct mode of spewing information is considered greater in stature. With a new mode of art production and the continual innovation in ways of displaying them, there is a subsequent extension of pre-assigned expanse and finesse of influence. Thereby, not only anointing NFTs merits of appraisal but also distributing the power and access to a higher number of people, including a younger audience. A divergent audience also dictates the aesthetics and the value assigned to the work of art. This value could reach beyond commercials, to the cultural and psychological space, it holds for a generation. Nevertheless, it is important to set an inquiry on if crypto art is capable of foreshadowing the traditional art market?

In April 2021, the basketball team of the Golden State Warriors auctioned NFTs including a tangible benefit for the buyer.²³ Similarly, the seller of the New Jersey Devils NFT Coin was offered a physical ticket for the 2021-2022 season game as a token of appreciation.²⁴ Crypto art may be an upcoming, soaring trend but it is essential to recognise the importance of palpability for patrons. Enthusiasts in contemporaneity, still hold fondly the notion of attending physical galleries to experience art in person. Another example would be the recent unravelling of the first physical exhibition by the blockchain-powered artspace, terrain.art. Terrain.art is a digital marketplace that deals with South Asian works of NFT. In September 2021, Terrain.art found it necessary to put up a physical exhibition at the Delhi-based arts and culture exhibition haven, Bikaner House. Hence, entertaining potential buyers to an affair beyond digital space.

Architect Juhani Pallasmaa, in his book *The Thinking Hand: Existential and Embodied Wisdom in Architecture*, writes in praise of the human hand. He directs his discourse towards the spirituality associated with the hand as an independent tool.²⁵ Pallasmaa calls the pencil, which can be read as any material treated by the hand to make art, as the bridge between the imagining mind and the emerging image. There is an inherent meditative quality to making physical works of art, which humans have utilised to disembody sentiments since Palaeolithic times.²⁶ It is unlikely that a new mode of art-making will completely negate traditional practices. Crypto art has an increasing tendency to shift traditional agency and autonomy for collectors and artists, while reducing the scope of third parties. But, a complete foreshadowing traditional art market seems non-viable.

²¹ Natter & Sparschu, 2021

²² Natter & Sparschu, 2021

²³ Lyons, 2021

²⁴ Lyons, 2021

²⁵ Pallasmaa, 2010

²⁶ Pallasmaa, 2010

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