Izabella Kaminska, "NFTs: Art, Advertising, or Both?" *FT Alphaville*, March 25, 2021.

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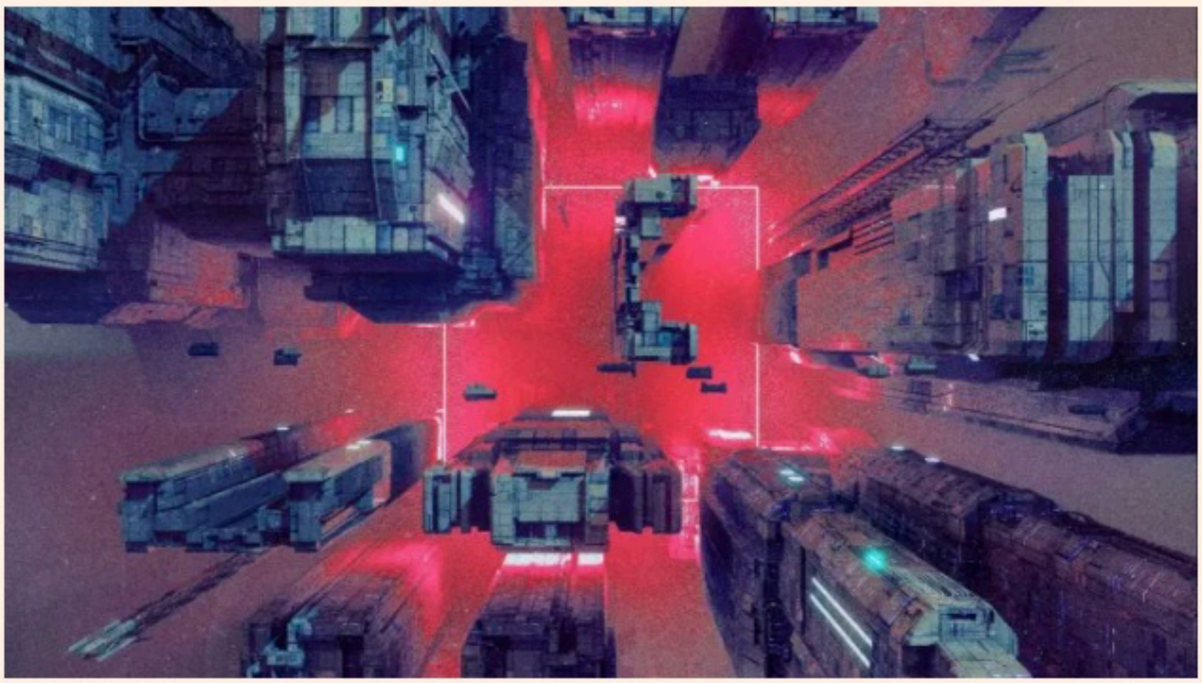
Opinion **FT Alphaville**

NFTs: art, advertising, or both?

When cultural norms are in limbo, it pays to invest in the propagation and preservation of iconic internet moments

IZABELLA KAMINSKA + Add to myFT



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Izabella Kaminska MARCH 25 2021

The NFT market is being cast as a market for art. But what it might really represent is a new type of advertising or rankings system for cultural influence and propagation. Also worth asking is whether the truly disruptive element of cultural tokenisation might be in liberating the art world from the excessive influence of the small network of powerful dealers, auction houses and middlemen who currently dictate what does and does not constitute art and in so doing withhold it from more popular aesthetic appreciation? That, at least, was the democratising promise of Fintech and crypto vis-a-vis banking. (Whether it succeeded is still up for debate.)

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For now, however, NFTs are befuddling everyone because purchasing control of a token that points to a highly replicable piece of art listed on some random domain, doesn't sound like a logical value proposition. To many they represent a faddy Emperor's New Clothes exercise at best.

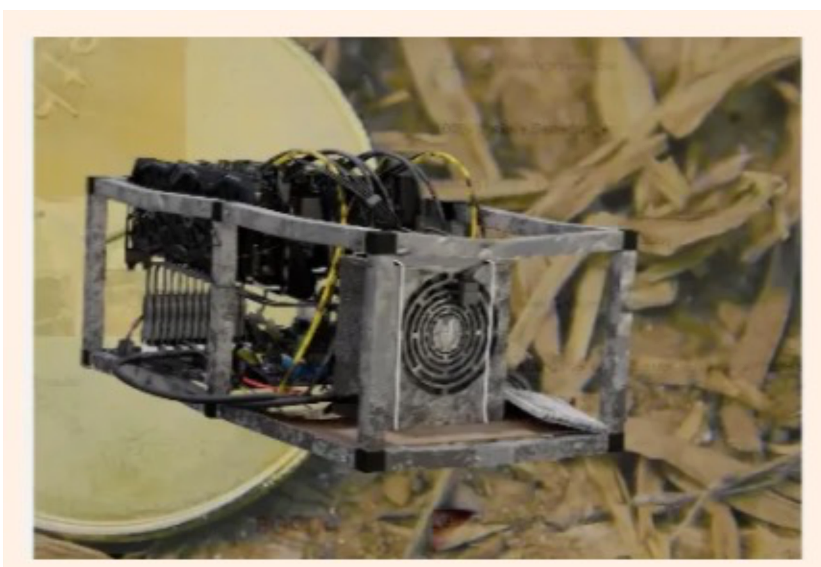
Intuition also holds that, as with all gold rush moments before them, the market for NFTs will inevitably come head to head with the same old boom and bust forces that have always afflicted easily extractable commodities until monopolists and regulation have taken control. Yet in an online world crammed to the hilt with imagery and link rot, a better framing of the phenomenon might come in terms of the value of plucking out images that have proved culturally iconic or significant on the internet, and ranking or preserving them by order of popularity and significance.

From ancient inscribed parchments and the first-ever frescoes to the Gutenberg press, humanity has always sought to invest in the preservation and celebration of cultural icons. In the digital world that has proved challenging. Many such moments will be lost in time, like tears in rain. Or, at best, forgotten and overlooked in the digital inventories of the wayback machine.

So is it really that farfetched to think a market is organising to put a value on the sort of digital curation that can embolden and preserve public digital art?

It's not an art market, it's a school of art

Last Thursday, artist Simon Denny, whose work has longed probed the murky intersection of digital technology, power and governance, joined FT Alphaville and the FT's resident anthropologist, Gillian Tett, on the Clubhouse app to ponder some of these points.



In the interests of walking us through the NFT minting process, Denny also used the chat as an excuse to flog one of his own creations. The artwork, NFT Mine Offset: Ethereum Kryptowährung Mining-Rig, which you can view here on the SuperRare website, was a kooky digital rendering of a crypto miner Denny had bought just so that he could decommission it to help offset the crypto industry's epic carbon footprint.

The piece got snapped up by an anonymous buyer for a smouldering $49,643 in only a matter of minutes.

A week before that Beeple's "The First 5000-days" had fetched an even more staggering $69m, much higher than anyone at the time was expecting.

For most, these sky-high prices for non exclusive goods will make no sense. Something else must be at play.

More cynical minds might argue that what we are really experiencing is a sophisticated form of Kayfabe, engineered to cultivate a system of co-dependent valuations to the benefit of all involved. Notably the dealers, the auction houses and the artists.

Others might note the NFT explosion also coincides with the art market finally being brought under the umbrella of anti-money laundering (AML) and know-your-customer regulations. This is relevant because increasing scrutiny of the market's biggest funders risks demonetising the faith machine which currently keeps the entire industrial culture complex and its dependents going. NFTs don't just offer a new take on art, they conveniently come with a whole new pool of recently enriched young buyers.

Ultimately, though, even if the cynicism is unfair, there's no doubt a lack of barriers creates the problem that anyone, whatever their cultural values, can enter the market with competing listings. They might even be inclined to list the very same pieces that are listed elsewhere.

But perhaps that is why it is better to think of those offering registration of online art in highly curated form as competing online museums whose real "value add" comes in cataloguing digital moments according to aesthetic or cultural perspectives they hope will prove popular over time.

If that is true, the market isn't really about exclusivity or scarcity as token and blockchain enthusiasts might want you to believe, but the very opposite: a market for observers. Where the buyer is purchasing the right to influence the popular zeitgeist of his day and his pay off comes in seeing his aesthetic belief system replicated, mimicked and as widely shared as possible.

The registries that are then most likely to win the day will be those whose catalogues will prove the most appealing to the biggest online demographic, thus inspiring the greatest amount of patronage by those who wish to support the genre's replication and observation across the internet.

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Ten years ago the idea of anyone spending money to influence cultural norms on the internet might have seemed bonkers. But in a polarised era of culture wars, Pepe the Frog and Russian propaganda meme farms, there may be currency in broadcasting one's values beyond one's own social media space. As we know from the advertising market putting cold hard cash behind the images you want to share, identify and influence with has a knack of amplifying those signals.

Either way, it's a turn in the market which puts culture back under the influence of competing schools of art whose common aesthetic and ideological vision has to appeal to the masses if it's to make headway and draw further patronage or funding.

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