arts

Editorial

NFTs, Blockchain, Cryptocurrency, Metaverse: The Web3 Revolution That Has Transformed the Art Market

Elena Sidorova

Centre de Recherches Internationales (CERI), Sciences Po Paris, 75006 Paris, France; elena.sidorova@sciencespo.fr

Kevin McCoy's "Quantum" (2014) sold at Sotheby's in 2021 for USD 1.4 million is often considered the first NFT ever created (Sotheby's 2021). Indeed, Non-Fungible Tokens (NFTs) have emerged as a disruptive force in the art market, fundamentally altering the landscape of art ownership and challenging traditional models of art collecting. Built on the robust foundation of blockchain technology, NFTs function as unique digital certificates, each representing ownership of a specific digital asset. This encompasses a wide spectrum, from digital artworks and music to even virtual real estate within the burgeoning metaverse.

The core value proposition of NFTs is compelling: to revolutionize the art market by empowering artists, democratizing access, and enhancing the transparency and authenticity of art transactions (Benhamou and Heinich 2024). This potential arises from several key factors. Firstly, NFTs address the long-standing challenge of digital ownership and copyright. In the digital realm, where duplication and distribution are effortless, establishing and maintaining ownership rights can be a significant hurdle. NFTs, however, provide an irrefutable record of ownership on an immutable blockchain. This transparent ledger allows for easy tracking of an artwork's history and provenance, significantly enhancing its authenticity and value. In addition, NFTs can be programmed with smart contracts, enabling artists to retain a share of future sales. This innovative approach, known as royalties, ensures that artists continue to benefit from the long-term success of their work, fostering a more equitable and sustainable economic model for the contemporary art market.

Beyond these economic benefits, NFTs have the potential to democratize access to art. Traditionally, the art market has been characterized by barriers to entry, such as the need to navigate the complexities of physical galleries and intermediaries. NFTs, however, eliminate these barriers, allowing artists to connect directly with global audiences (Whitaker 2022). This direct-to-consumer model is particularly attractive for emerging artists who may have faced significant challenges in gaining visibility and recognition within established art circles. Furthermore, NFTs make it possible for collectors, regardless of their location or background, to easily access and invest in a diverse range of digital artworks. This increased accessibility expands the reach of the art market, fostering a more inclusive and diverse community of collectors.

The global NFT market size was valued at USD 19.39 billion in 2023 and is projected to reach USD 171 billion by 2032 (Business Research Insights 2024). However, the rapid rise of NFTs also raises several critical concerns. The substantial energy consumption associated with minting and trading NFTs creates alerts about its potential negative impact on climate change. Questions remain about the intrinsic value and long-term sustainability of many NFTs (Kent 2022). While some NFTs represent unique and valuable digital artworks, others appear to be driven by speculative hype, leading to inflated prices and risks of market bubbles. Likewise, the lack of clear regulatory frameworks surrounding NFTs presents significant challenges (Clark 2021). Issues related to copyright, intellectual property rights,

check for updates

Received: 27 January 2025
Accepted: 30 January 2025
Published: 4 February 2025

Citation: Sidorova, Elena. 2025. NFTs, Blockchain, Cryptocurrency, Metaverse: The Web3 Revolution That Has Transformed the Art Market. *Arts* 14: 12. https://doi.org/10.3390/arts14010012

consumer protection, and taxation require careful consideration and appropriate regulatory oversight to ensure a fair and equitable market for all participants. A robust regulatory framework is crucial to address potential risks, protect consumers, and foster a sustainable and responsible NFT ecosystem (Fitzpatrick 2023).

In 2024, the NFT market experienced a significant decline, with trading volumes and sales dropping to their lowest levels since 2020 (DappRadar 2024). Thus, NFT trading volumes plummeted by 19% in 2024, reaching USD 13.7 billion, the lowest level since 2020. NFT sales also dipped by 18%, falling to approximately USD 50 million from over USD 60 million in 2023. This market cooling has led to increased competition among artists and greater emphasis on building sustainable communities within the NFT space. Moving forward, the success of the NFT art market will depend on its ability to address these challenges. The development of more energy-efficient blockchain technologies, such as proof-of-stake mechanisms, is crucial for mitigating environmental concerns. Moreover, a greater focus on artistic merit and community building, rather than short-term speculation, is essential for fostering a sustainable and thriving ecosystem. Continued dialog and collaboration among artists, collectors, regulators, and technologists will be vital to navigate the complexities of this evolving landscape, and to ensure that the potential of NFTs to revolutionize the art world is fully realized.

This Special Issue of *Arts* provides a comprehensive overview of the rise of NFTs and their potential impact on the art world. It analyzes the key benefits and challenges associated with this technology, while also acknowledging the evolving nature of the NFT market. By critically examining the opportunities and risks, this volume unites ten academic contributions that provide a socio-cultural framework for understanding the future of NFTs and their role in shaping the future of the art ecosystem. As the Special Issue demonstrates, the rise of NFTs has not only transformed the art market but has also sparked a broader conversation about the nature of art, ownership, and value in the digital age. By challenging the traditional notions of art collecting and empowering artists, NFTs democratize access to art, foster new models of arts patronage, and redefine the relationship between artists and their audiences. However, the success of this nascent technology hinges on addressing the critical challenges of sustainability, regulation, and the long-term value of digital assets. As the NFT market continues to evolve, it is crucial to prioritize artistic integrity, environmental responsibility, and the creation of a sustainable and equitable ecosystem for all participants.

Funding: This research received no external funding.

Conflicts of Interest: The author declares no conflicts of interest.

References

Benhamou, Françoise, and Nathalie Heinich. 2024. *Le Marché de l'Art au Risque du Numérique: L'Enigme des NFT*. Paris: Odile Jacob.

Business Research Insights. 2024. Non-Fungible Token (NFT) Market. Available online: https://www.businessresearchinsights.com/market-reports/non-fungible-token-nft-market-100382 (accessed on 22 January 2025).

Clark, Fred. 2021. What Are the Legal Issues Concerning Non-Fungible Tokens (NFTs)? *Art Law & More*. Available online: https://artlawandmore.com/2021/07/08/what-are-the-legal-issues-concerning-non-fungible-tokens-nfts/ (accessed on 22 January 2025).

DappRadar. 2024. Dapp Industry Report. Available online: https://dappradar.com/blog/dapp-industry-report-2024-overview (accessed on 22 January 2025).

Fitzpatrick, Simon. 2023. A Guide to Non-Fungible Tokens (NFTs). *Boodle Hatfield*. Available online: https://www.boodlehatfield.com/articles/a-guide-to-non-fungible-tokens-nfts/ (accessed on 22 January 2025).

Kent, Charlotte. 2022. Can You Be an NFT Artist and an Environmentalist? *Wired*. Available online: https://www.wired.com/story/nfts-art-environment-cryptocurrency-climate-change/ (accessed on 22 January 2025).

Sotheby's. 2021. Natively Digital: A Curated NFT Sale. Available online: https://www.sothebys.com/en/buy/auction/2021/natively-digital-a-curated-nft-sale-2/quantum (accessed on 22 January 2025).

Whitaker, Amy. 2022. The Artistic Value of an NFT. *Artbasel*. Available online: https://www.artbasel.com/news/art-market-report-amy-whitaker?lang=fr (accessed on 22 January 2025).