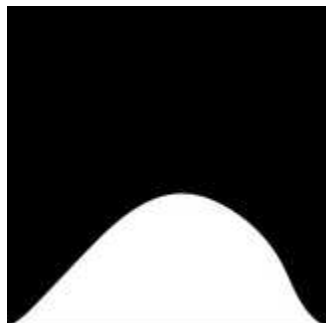


AFFLUENT CEO

Collecting NFT Digital Art Beats Traditional Art!



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In today's rapidly evolving art market, discerning collectors and enthusiasts face a pivotal question: How does one navigate the burgeoning world of digital art with the acumen of a seasoned art collector? [Adam Szymanski](#), an experienced art advisor, offers unparalleled insights.

This conversation unveils the sophisticated advantages digital art holds over traditional art forms, challenging preconceived notions with hard facts and compelling arguments. We demystify the digital art market, illustrating how it transcends traditional limitations through immediacy, accessibility, and a global reach unfettered by physical constraints.

Why should you, as a collector or an admirer, pivot towards digital art? From the elimination of storage and shipping fees to the democratization of art ownership. We also address the misconceptions surrounding digital art, providing a lucid perspective on its legitimacy and potential for exponential growth.

Moreover, Adam delves into the strategic approach to collecting digital art that aligns with the most advanced sectors of cryptocurrency and blockchain technology. His analysis not only enlightens but equips you with the knowledge to make informed decisions in a market ripe with opportunity.

Prepare to embark on a journey through the digital art landscape, guided by Adam Szymanski. This interview is more than an exploration; it's an essential primer for anyone eager to

understand the future of art collection and investment. You'll discover the tangible benefits of digital art and how it's reshaping the art world's very foundations.

Raul: What are the benefits of buying digital art vs. traditional art?

Adam Szymanski: That's a great question, Raul, and thank you for inviting me to participate in this interview on your platform AffluentCEO.

All in all, digital art has gotten a bit of a bad name because of all of the hype around NFTs in 2021, and of course the subsequent market crash. I think that most people who don't follow the space very closely have the false impression that digital art is mostly cartoonish and crude. Perhaps even a bit scammy.

While that impression is grounded in some valid premises, it also misses the much bigger picture, which is that we are standing on the precipice of a seismic shift in how art can be transacted. From a purely market perspective, there's plenty to like about the tokenized digital art space, and it presents a number of advantages over the traditional art market.

The first advantage I like to highlight is the ability to sell works quickly. In the traditional art market, if you go to a galley to buy a work, then turn around and sell it at an auction for a profit, there is a decent chance that you will be reprimanded, or perhaps even permanently blacklisted by the gallerist who sold you the work. There is an engrained expectation that collectors hold works for a long period of time, and a bizarre taboo around selling. It's a slow-moving process filled with gatekeepers.

When you enter the universe of Web3 with tokenized digital art, that kind of convention simply doesn't exist. If you mint an NFT and it rockets in price the next week, there is nothing preventing you as a collector from immediately taking profits on your smart acquisition. The market efficiency is just so much greater than it is in the traditional art world.

That brings me to the second major advantage of tokenized digital art: the fact that there is real-time pricing. With any major NFT collection, you can log on to a marketplace like Blur that is flush with liquidity 24 hours a day to check the floor price and place orders. In the secondary market for physical art, you're completely dependent on the schedule of the auction houses to find out how a given artist is being valued at any particular moment.

There's so many other advantages I could touch on as well, but for the sake of brevity for your readers I would also simply like to point out that tokenized digital art has no storage or shipping fees, and can be transacted between parties anywhere in the world without worrying about international sanctions, customs inspections or up-front taxes. Even the commissions charged by the NFT marketplaces are dramatically lower than those charged by the traditional auction houses. Buying or selling at auction can incur a 20% commission, whereas leading NFT marketplaces charge between 0% - 2% per transaction, plus a small royalty that actually goes back to the artist.

Raul: What is the potential of digital art for collectors?

Adam Szymanski: Buying digital art is a high-risk / high-reward game that is admittedly not for everyone. That said, here's why I'm bullish on this category of art as a whole: It is perfectly positioned to benefit from exponential growth in the cryptocurrency markets and the adoption of Web3 technologies.

Think of it this way: When digital artists choose a blockchain to mint their works on, it's analogous to an artist choosing in which city to live and exhibit their work. There's Ethereum, which is like the Manhattan of the art world with the most prestigious artists, galleries and events, and then there's chains like Solana, Polygon, Tezos and others. Now, we also have to take Bitcoin Ordinals seriously too. Perhaps these other chains are like the art scenes in Miami or Berlin or wherever.

The point I'm trying to make here by drawing this analogy between blockchains and cities is that as the cultural value of a city increases, the art shown within that city also increases in value. There's a reason why Manhattan art shows are so coveted.

All that is to say that as these blockchains increase in value, I expect that the highest quality art on these chains will also increase value. This hasn't been proven yet, but my working hypothesis is that there is a strong correlation between the value of digital art and the underlying chain hosting that art.

The reason I believe this to be the case is because if the price of Ether goes up to \$10,000 and the whales in the ecosystem take profits, when they look to acquire art and luxury goods which attest to their status within the ecosystem, they aren't going to bridge off to another chain. Ethereum investors who make a lot of money are going to buy Ethereum assets. The same goes for any other chain.

In sum, when I advise clients on purchasing digital art, I am very attentive to the underlying blockchain that the artworks are on. If the chain's future isn't bright, I can all but assure you that the artworks on that chain won't retain their value.

I think the perfect example of this market failure is Tezos. At first, it drew in a strong community of artists who were ecologically-conscious and wanted to mint NFTs on a proof-of-stake chain. At the time, Ethereum was still proof-of-work. Tezos also branded itself as the art-oriented chain and even hosted conversations at Art Basel and other art events. It's not insignificant that when Marina Abramović came out with her NFT collection, she chose Tezos out of all of the chains out there. However, her collection failed to sell out, and the Tezos token has fared very poorly as of late. I would say that it paints a grim picture for anyone holding art-based digital assets on Tezos.

On the other hand, I believe that chains in a strong position to succeed like Ethereum, Solana and Bitcoin will accrue value to the digital art in their respective ecosystems. The success of blue chip stocks like Meta and Amazon in American public equity markets teach us that the biggest winners often keep on winning. I think it is highly unlikely that any other chain usurps Ethereum's position as the premiere decentralized smart contract platform in the near future.

Raul: How do you identify and discern collectable digital art?

Adam Szymanski: Great question. There's a lot I could say here, and I have an entire proprietary methodology that I use when purchasing works for clients. The main point I would like to share with your audience is that I like to focus on artists who have strong CVs.

In the traditional art world, you can tell the value of an artwork simply by looking at the artist's CV. What the art actually looks like – and whether it is beautiful or not – doesn't factor very heavily into the market value of the work. I take the same approach to digital art collecting.

I look to find quality artists with strong gallery representation and a track-record of noteworthy exhibitions. Their work should also be part of major public and private collections. By focusing on these fundamentals, I am able to filter out the legitimate professional artists who make their works available in NFT-form, from the hordes of amateur "NFT artists," who are trying to bypass the gallery system while working in an unfocused and uncurated manner.

It's vital to remember that an artwork's value is tied to its place in art history. Without the ability to make history, art is both meaningless and worthless. That's why curation is so important – curation organizes an artistic enunciation in a particular time and place that is documented and archived. The vast majority of "digital art" that is circulating on these NFT marketplaces are just ahistorical images of little to know meaning. In this kind of environment, curation is the only way to ascribe value.

So ultimately, you could say that I look for well-curated art.

Raul: With respect to the gallery and curated approach, Isn't the whole point of NFT's for artists to bypass the centralization and controls around the gallery system?

Adam Szymanski: That certainly seems to be the dream for a lot of artists, and I can certainly see how the dream of making it big one day without having a traditional artist career appeals to them. There's so many artists out there hoping that they are going to be the next Beeple if only they keep posting images on X and get "discovered" by some imaginary whale with a bunch of ETH to blow.

I'm fully cognizant of how the galleries function as gatekeepers and that Web3 offers a chance to bypass a frustrating system based on secret alliances, backroom deals and unspoken favours. That said, my question in reply to anyone who wants to do away with galleries altogether would be, "How is the art going to be exhibited?"

One of the most off-putting aspects of the tokenized digital art space right now is the lack of curation. Think about where most digital art gets viewed. I would imagine it is either as a post on X or on a marketplace like Opensea. I can say for certain that neither is suited to the exhibition of art.

X is an algorithmic timeline that includes all types of content most of which has nothing to do with art. I'm a big supporter of X, especially after all of the Twitter censorship under Jack Dorsey, but it's simply not meant for displaying art. Imagine going to an art gallery and in between all of the paintings on the wall there were snippets of random media: news, advertisements, etc. No artist or curator would ever stand for that because art demands a certain quality of presentation. Well, these "NFT artists" who dream of becoming Beeple are largely ignoring this basic premise.

Then you have the marketplaces. Based on their aesthetic and lack of organization, one might as well be shopping in a digital dollar store. Think of it this way, would an art collector ever go to buy a Damien Hirst print at Wal-Mart? The answer is obviously, "No." So then why on these marketplaces would Hirst's NFT collection The Currency appear right next to all kinds of random images that are ripping off Bored Ape Yacht Club and selling for well under \$50? It's a total mess, and I think it actually dampens the potential of the space as long as this practice of displaying art in such an ad-hoc manner is the norm.

All that is to say, I think that Web3 native galleries, or analogues to galleries, are going to have an important role to play in the ecosystem. Art Blocks clearly emerged as the curatorial leader here after the first NFT bull run and I'm excited to see which new curatorial initiatives appear.

Raul: What about trading and flipping NFT's/digital art on a short term basis? Is there potential in that? I assume it needs a different approach?

Adam Szymanski: Yes, there is a lot of potential in flipping NFTs on a short term basis. Think of it this way: If you were friends with Larry Gagosian and he was willing to sell you the most in-demand art of his star artists before offering it to anyone else, you could profit immensely by buying the art from him, and then turning around and selling it on the secondary market for more.

As I alluded to earlier in the interview, these kinds of practices are generally frowned upon by dealers so if you were lucky enough to find yourself in that kind of a lucrative situation and behaved that way, it is unlikely that Mr. Gagosian would stay your best friend for long.

However, in the realm of Web3, if you are able to secure whitelist spots for the most in-demand artists, you can mint the NFTs, then turn around and flip them to people who wanted to be on the whitelist. Having success in the NFT market is as much about getting the whitelist spots as it is about knowing what to buy.

Engaging in this kind of market behaviour obviously doesn't have much to do with art collecting. It's more akin to scalping, but it is completely acceptable.

Raul: Should people focus on trading NFTs short term? Or focus on long term collecting with the strategy you mentioned?

Adam Szymanski: I believe there is room for both strategies, and whether to hold or sell will largely depend on the context.

Overall, I really wouldn't recommend a high frequency trading strategy. Digital art is such a nascent asset that I don't think we can parse out a readily discernible "market structure" of the type that allows for day traders of equities and commodities to profit off of short-term technical patterns. Plus, the more trades one makes, the more gas and fees one has to pay, so I recommend minimizing trading activity and focusing on taking clear, decisive action based on a sound investment thesis.

There's plenty of upside to be realized by entering and exiting at the right levels, without having to mess about in between.



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