



EVERYTHING YOU NEED TO KNOW ABOUT NFTS

WITH MEL SHAPCOTT | CLASS 4

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DEEPER INTO NFTS

1/1 VS. PFP

While it might be convenient to think of all NFTs as created equal, this is far from the truth. Fine art collections with single or limited edition NFTs are very different from profile pic projects (pfps) that have thousands of NFTs. We may be tempted to compare these industries and lump them into one category. However, there are many industries that will eventually utilize NFTs, and as more and more enter into the space it will be easier to comprehend NFTs as a vehicle and see that fine art and collectibles are distinct from one another.

RARITY

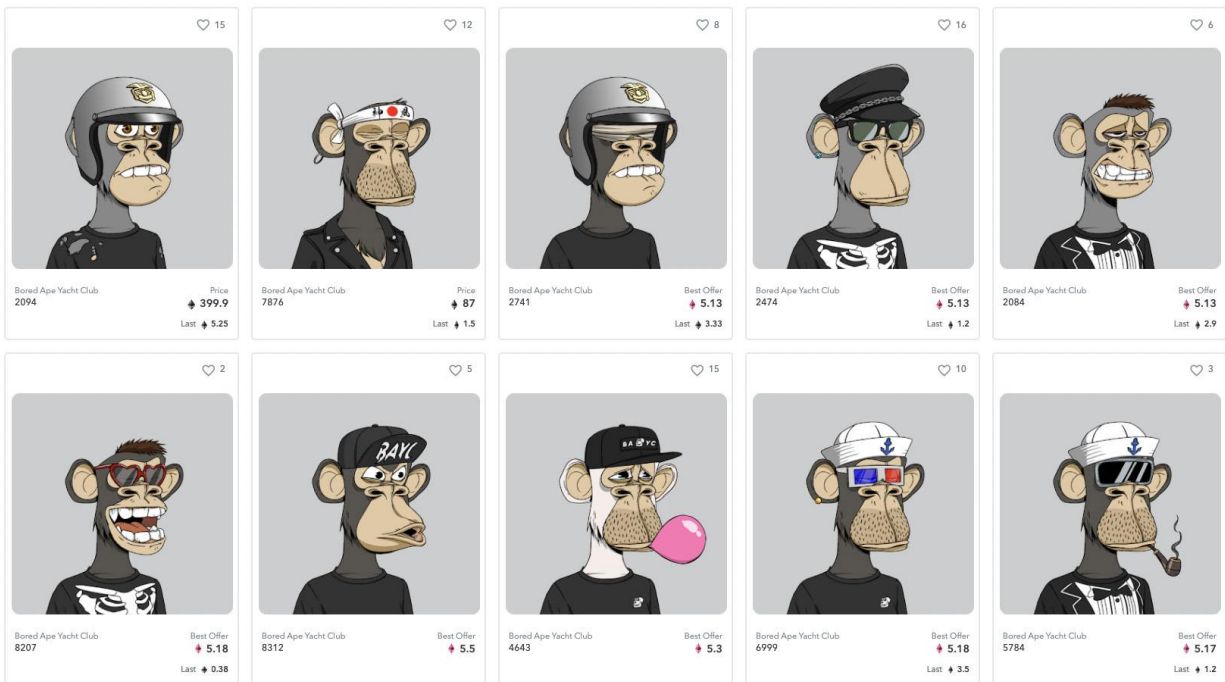
rare¹ | rer |

adjective (rarer, rarest)

- not occurring very often
- not found in large numbers and consequently of interest or value

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If you are in the NFT space for any length of time you will hear people getting excited about the rarity of their NFT. Most of the time they will be referring to rare traits occurring in a pfp collection. For instance, if all the characters in a collection have a black hat except one, and the remaining character has a gold helmet, well that is a rare trait and everyone is going to want that one.



Yuga Labs. Bored Ape Yacht Club. 2021, Ethereum blockchain, Global.

The following tools can help you to determine the rarity score of your NFT:

<https://raritysniper.com/>

<https://rarity.tools/>

Rarity applies to fine art NFTs as well. Artwork minted in editions of one can be priced much higher than the same artwork minted in an edition with multiple identical copies. There is a lot of pressure within the NFT art space to minimize minting and to use this strategy to engineer rarity. However many great artists throughout time have created large editions of their work with great



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success. It has even been argued that in order to reach a large mainstream audience, a bulk of reproductions is required to reach the masses and generate name recognition.

Take Andy Warhol for instance. After he painted his famous Campbell's Soup series, he began releasing silk screen editions. These were printed in editions of 250 for each of the original designs. The collection was wildly successful and ultimately catapulted him to fame, casting him as the most-renowned pop art artist. The value of his work did not decrease due to the large size of editions. In fact, the original paintings had increased in value by approximately 15,000 times at the time of their most recent sale. Even at the time when the silkscreen prints were being produced, they themselves were selling for more than the price of the original paintings.

Why do I bring this up? Because there is no one-size-fits-all formula for becoming a successful NFT artist. Do not let anyone tell you that you must do it a certain way. All we have to do is look at history to see that this is not the case.



Warhol, Andy. *Campbell's Soup Cans*. 1962, The Museum of Modern Art, New York.



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UTILITY

When it comes to utility there are two ways of looking at this. From the perspective of a large NFT project, added benefits, or utility that is offered alongside an NFT can be part of an effective strategy to keep a community engaged. This utility is likely to become a cohesive element, giving members a shared interest and common ground. In essence, NFT projects can use utility to unite individuals from across the globe in support of a specific cause.

Fine artists, do not be surprised if you are asked about utility. Artists can offer airdrops or collector perks as added utility or can simply opt to educate collectors on the “utility of art.” Art has been collected for millenia without offering any further utility than the art itself. Art brings joy, it evokes emotion, and incites imagination. It does this naturally through subject matter, color, texture, sound, and movement. The art is the utility and worth celebrating in and of itself.

PHYGITAL

Phygital NFTs combine a physical product with a digital item. While an example of this would be to include a canvas painting along with the digital reproduction, there is so much more that can be done with this concept.

Phygital clothing and jewelry NFTs include regular, physical items that a collector can wear upon purchasing the token. However, as we move into

the future, physical items are also being paired with identical, digital reproductions that an avatar can wear in the metaverse. AR (Augmented Reality) filters add another element to this equation, making it possible for digital garments to be donned in any setting where AR lenses are utilized. *Image credit: Trendhunter. <https://www.trendhunter.com/trends/byte-jacket>*



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COLLABORATIONS

Collaborations are king in the Web 3.0 space and are often prized by collectors, which has not always been the case in traditional art markets. There are many different ways of working in collaboration with another NFT artist. The simplest collab is when one artist provides a starting image and the collaborator “intervenes” or modifies the image. As long as both parties agree, then the collab is complete and ready to mint. Other collabs span years and involve deep discussion around the meaning behind the work and its intended impact.

USE OF YOUR IP

If a collector asks to purchase full rights to your art, consider carefully. Once the rights to your Intellectual Property (IP) have been sold, you will no longer have a say in how or where your art is placed, or what brands or public figures it may become associated with.

On the flip-side, projects that include full IP rights for NFT holders offer a big incentive with massive built-in utility for collectors.

DERIVATIVES

The NFT space is booming with derivative works. These can be controversial and often face copyright infringement suits. However, derivatives are just another example of how artists are disrupting conventional ways of thinking. By questioning “where is the line between my creation and yours?” the space is definitely flirting with an open-source model.



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TYPES OF NFTS

ART

Since their inception NFTs have been widely used for the sale and transfer of digital art, and it is in this arena that NFTs have gained the most recognition. Art NFTs can feature work in any medium, style, or tradition, and can incorporate animation, sound, 3D objects, and variable states, as well as AR and VR (Virtual Reality) enhancements.

MUSIC

Music NFTs are quickly taking their place as artists seek alternatives to partnering with major record labels. NFTs represent both an opportunity for artistic freedom and fair compensation. Music NFTs are required to be in video format and therefore are often paired with visual elements. NFTs are also being used to sell VIP tickets to concerts and music events.

GAMING

In-game items are now being offered as NFTs. Avatars, skins, and collectibles, such as weapons, can be purchased as NFTs in many games. In addition to these gaming items, plots of virtual land can also be bought and sold as NFTs. It is interesting to note that many traditional gamers have not embraced this change and are strongly opposed to their use.

DIGITAL FASHION

Digital fashion is a swiftly growing industry. When paired with NFTs, digital garments can be bought and sold via the blockchain. In the simplest sense NFT clothing can be worn by an



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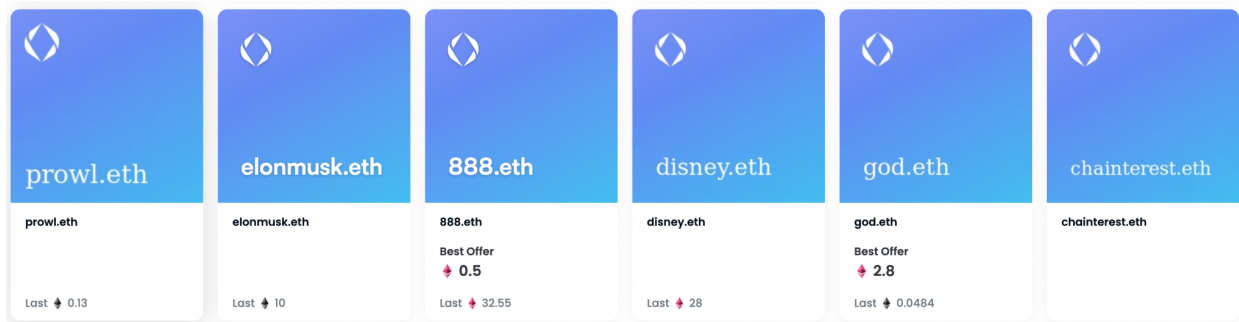
avatar in the metaverse. Take it a step further and digital fashion has the potential to create major change. It provides a way to innovate, design, create, and exhibit fashion in virtual space, offering an alternative in light of the environmental crisis caused by excessive textile waste.

TRADING CARDS

Virtual trading cards are like regular trading cards with the exception that they exist only in digital format. When minted as NFTs, virtual trading cards can be bought, sold, and collected just like other trading cards.

ENS

ENS (Ethereum Name Service) offers NFTs that are similar to domain names. These NFTs allow you to purchase a unique name that can be used in place of a long and cumbersome wallet address. An ENS name can help you to unify your identity across platforms and can also be integrated with any website that has been uploaded to a permanent storage solution such as IPFS. The most common suffix is .eth, however ENS also supports many DNS names as well.



HISTORICAL MOMENTS

Whether it was an iconic moment in history, a milestone in sports, or a culturally relevant meme, NFTs are being used to commemorate and memorialize these points in time. Short video clips or still images of significant events are being minted, traded, and collected as NFTs.



VIRTUAL GALLERIES

Whether you are an artist or a collector, you probably want to show off your NFTs! Configuring a virtual gallery is a great way to put together an online showcase. [Oncyber.io](https://oncyber.io) is a virtual gallery that connects with your wallet and allows you to display the NFTs that you own in an online exhibition setting. Visitors can walk through the virtual space with an avatar to view and interact with the NFTs on display. [Spatial.io](https://spatial.io) is another option for creating a metaverse gallery. With Spatial a variety of assets can be uploaded or it can be integrated with an Ethereum wallet to display its contents.

ACCESSIBILITY & AWARENESS

This is an important topic when discussing the metaverse. If the aim is to build an inclusive experience, accessibility for all people needs to be a primary consideration. Obvious features that could make the metaverse more inclusive for the blind and hearing impaired include audio cues and subtitles. People that have motion sickness also find it very difficult to participate in the metaverse and this is worth taking into account if you are developing an experience. Last but not least, the most popular metaverse projects have quickly become unaffordable to the average consumer. However, I believe that solution-oriented problem solving combined with an egalitarian outlook can yield a diverse community like none we have seen before. The tools and resources are within reach.

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FRACTIONALIZED NFTS

Fractionalized NFTs are one such option. At [Fractional.art](https://fractional.art) a single NFT can be fractionalized allowing many people to own a portion of the NFT. This is achieved by interacting with a smart contract at fractional.art to mint and distribute ERC-20 tokens to the joint owners. With this



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creative solution a diverse array of collectors can participate in projects where they otherwise would not have had the finances to take part. This applies to plots of virtual land, as well as to blue chip NFT projects whose floor prices are prohibitive to most people.

Another use case for fractionalized NFTs is fundraising. On the platform [PartyBid.app](#) a single work of art can be auctioned off in a crowdfunding campaign. Once the campaign concludes the art is fractionalized, with ownership divvied among all of the donors. Memes are also being fractionalized. This allows a creator to make a cultural moment available to a large number of collectors with owners often buying in for under a dollar. But, do tread lightly with fractionalized NFTs. The US Securities and Exchange Commission has warned that creators need to be careful not to create something that could be considered an investment product or security.

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ADDITIONAL READING

Does Your NFT Really Need Utility?

https://www.linkedin.com/posts/melshapcott_nfts-nftartist-nftcommunity-activity-6908451576139415552-90Gz

How to Create an Excellent Rarity Strategy for Your NFT Project

<https://www.one37pm.com/nft/how-to-create-an-excellent-rarity-strategy-for-your-nft-project>

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HOMEWORK

Investigate rarity tools.

Visit the metaverse.

