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### RESEARCH ARTICLE

#### NON FUNGIBLE TOKEN AND ITS APPLICATIONS IN THE DOMAIN OF FASHION, DESIGN AND ART

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#### Abstract

This research article examines Non Fungible Tokens and its application in the domain of art, fashion and design. It also covers the background and origin of NFTs, how they came into existence and their relevance in today's time along with a critical analysis on whether non fungible tokens are the future of art or not. It portrays the advantages, disadvantages of NFTs.

**Methodology:** The methodology used for this article is secondary data collection based on literature survey and review and the research conducted is analytical.

**Objective:** The objective behind this research article is how it works and what it means for the creative industry. I am also keen to know how it is a new way of digitising art and design.

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#### Introduction:-

NFT (Non Fungible Tokens) means a financial security consisting of digital data stored in a blockchain, a form of distributed ledger. The term 'Non Fungible' literally means irreplaceable, these tokens cannot be replaced with any other alternative, they have a unique identity and the ownership of which allows one to trade and sell it. The concept of NFT is based on two systems, Blockchain and Ethereum. Blockchain refers to a system of recording information or transactions in such a way that it makes it impossible for anyone to hack or cheat the system. If any one of the blocks is changed, it would be promptly apparent that the system has been tampered with. Ethereum simply means a technology for building apps and organisations, holding assets, making transactions etc without being controlled by a central authority. It is a decentralised blockchain platform. While both Blockchain and Ethereum are similar in many ways, the two differ technically. For example, transactions on the Ethereum network may contain executable code, while data affixed to Bitcoin network transactions are generally only for keeping notes. The origin of NFTs can be traced back to 2014, it was originally created by Kevin McCoy and Anil Dash. The first ever NFT to be created was called Quantum. It is a digital image of a pixelated octagon that hypnotically changes colour and pulsates in a manner reminiscent of an octopus. However, nowadays, NFTs are emerging to be important because consumers know with a hundred percent surety that they are purchasing the real thing and not a copy or a fake of the same. It absolutely eliminates the duplication of art and limits the ownership to the artist. Thus, it helps in creating scarcity of the artwork in today's world. NFTs are definitely safer than the bank systems because all of the transactions are public records. All the computers on the huge network continuously check that the piece of art, music or anything else, stored on the chain is original and not a copy which has been altered, that is one of the reasons they have become so valuable in selling digital works of art in today's time. NFTs provide a highly secured, comprehensive approach to online business transactions. NFTs also give fuel to the rise of cryptocurrencies which is a kind of digital currency created using encryption algorithms. Just like any new technology, it all depends on the creators, developers and entrepreneurs, how they will utilise NFTs

NFTs could be helpful in bringing forth a great change in the future. They can be taken into use to track ownership of things like college or school degrees, real estate, professional licences and other countless contracts which currently live on paperwork. They could eradicate all the paperwork and make things easier for people. Ultimately, the limit to the use of NFT limits with our imagination. I have chosen to write a research article on the topic NFT, its application and challenges within the domain of art, fashion and design as I am curious and interested to know how it is a new way of digitalising art and design that facilitates artists to monetize their work. NFTs are expected to be a swift and rapid process and provide a way for the designers to manufacture their work and derive the rewards for their creativity.

**Research Methodology/Type of research/ the duration of it**

The research done is secondary data collection based on literature survey and review and it is an analytical type of research. The duration taken to write this research paper was one and a half months.

**Hypothesis**

NFTs are original,unique digital collectibles which are a financial security consisting of digital data stored in blockchain. They are taking over the art world by changing the way art is traded.NFTs may be the future of art as well as the future of sustainable fashion.

**Research Questions:**

1. Why is everyone so eager to jump on the NFT bandwagon if they are neither environmentally friendly nor have a certain value?
2. How much value is there behind the assets which you have purchased as NFTs but you cannot actually control them?

Although NFTs have been in existence since 2014, it was in 2021 that they created buzz in the art world. Artists firmly believe that NFT art has the power to bring about a change in the world as well as give more power to artists. NFT art is rapidly changing the way artists are paid and revolutionising how NFT artists can work, create new projects, and take ownership of their art. It provides the ability to register digital art and files as unique, and artists are finally finding themselves in control of their own success. NFTs are poised to transfigure the art world, changing not only how art is bought and sold, but also what kind of art we value, and which artists. NFTs are also said to revolutionise the existing trading model in the art world, especially digital art. These tokens are playing havoc in the art world by changing the way art is traded.

**Advantages And Merits Of NFTs:**

When NFTs first came into the notice of a large number of people, artists were absolutely thrilled because these tokens provided them an opportunity to earn a significant amount of money on their work. They also helped them to reach a broader audience globally and ensured authenticity. All the computers on the huge network continuously check that the piece of art, music or anything else, stored on the chain is original and not a copy which has been altered, that is one of the reasons they have become so valuable in selling digital works of art. Creators of digital artworks can now directly sell to collectors through platforms such as OpenSea and Foundation, cutting out third parties like dealers and art galleries. Auction houses are also eager to be a part of this, rather larger revolution in the art world. The demand of the NFT market has seen to be increasing and it has surely become a fast growing market which will have an impact on the future of digitalisation. With the help of NFTs, the value of art, music, fashion, design etc has increased. Fashion has always been about perception—visions of the world not seen as it is, but from within. With the evolution of digital technology, this paradigm has shifted to even greater heights, allowing artists and collectors to engage with audiences in different spaces, like the metaverse. From simple avatars to otherworldly digital museums, brands and artists are busy connecting the dots for new modes of communication. NFTs are said to be fashion’s next big trend and it undoubtedly is a fun and inventive addition to the fashion industry’s economy.

**NFT ART**

In an interview with Vogue, Amber Slooten, co-founder and creative head at The Fabricant, who is also the creator behind the first ever NFT dress which was sold at \$9500 said that a fashion NFT is a unique code attached to a 3D file or a physical garment. It truly creates something that does not exist in real life but the audience is still purchasing it. Luxury brands like Gucci, Louis Vuitton, Balmain, Dolce and Gabbana and a lot more have launched various NFTs which have boosted up their sales. In September 2021, Dolce and Gabbana sold a fashion collection of nine NFTs for \$5.7 million. The NFT space helps to create microeconomics for people to create their own agency. The future of fashion in this area will likely be shaped by the scope of social adaptation of virtual reality (like the metaverse) in the long run, along with developments and improvements in the blockchain.

**NFT DRESS, THE FABRICANT**

**Demerits And Disadvantages Of NFTs:**

With a lot of merits which NFTs provide, there are also some downsides to it. Although NFTs are a great way of expanding a fortune into digital assets, there are risks associated with trading of these tokens. Many sceptics do not think of NFTs as a preferable source of investment. The price of NFTs depend on the demand in the market, prices can be inflated using some unethical methods such as simply selling and buying from multiple fake accounts while increasing the price with every transaction so that the trade volume of the asset increases and investors assume its value to be high, this is called wash-trading. This method is used by scammers to trick new investors. We are aware that the traditional banking system is still a major consumer of energy but NFTs do not lag much behind in this area, they have the potential to cause damage to the environment.

They are quite harmful as well since they contribute to increased CO2 emissions, thereby worsening the already detrimental state of the environment. Ethereum, the concept on which NFT is based, annually, is estimated to consume 44.94 terawatt-hours of electrical energy and is responsible for about 21.35 metric tons of carbon dioxide released. Along with this, the amount of electricity which is consumed by the bitcoin mining process is almost equivalent to that used in regions like Sweden, Malaysia, Ukraine etc. Scientists have said in a very recent study that if the use of bitcoin were as widely adopted as other new technologies, Earth's temperature would go on increasing by 2 degree celsius. A digital artist known as Beeple sold a piece of entirely digital art through Christie's for over \$69 million in March, flipping the art world upside down. But the digital registry where that piece of art, called an NFT, is stored is responsible for the yearly emission of more carbon into the atmosphere than most small countries.



**Everdays: The First 5000 Days.**

NFTs create an illusion of scarcity and ownership. When a person purchases a physical piece of artwork, the asset physically changes hands but unlike a physical collectible, a digital asset associated with an NFT is not rare or exclusive. The creator still retains the original work after the sale, so there's an infinite supply of it—they can

continue sharing and selling their work. There is absolutely no scarcity of the asset which is why the value attached to the NFT is artificially inflated. One of the major challenges that NFT faces is that at present there is approximately zero use for the typical consumers. Most of them would still choose a traditional counterpart over a blockchain based technology.

### **Conclusion:-**

Although decentralisation sounds good to some people, no central bank or institution running everything until you have a problem and need to talk to someone from the customer service department which is not possible in the case of NFTs. For the most part, customer service is zero on big, open platforms. I personally think that the digital artists who are profiting from selling their art are the ones who already have a huge fan base and are famous. Unknown and unrecognised artists who are new in the market hardly make any sales and have to work much harder than the recognised artists.

In theory, the concept of NFTs is actually supposed to protect the uniqueness of an artist's work but people are stealing images of other artists just to tokenize and sell it. NFTs have uncertain value, if you purchase one of these non fungibles, it is not necessary if you are purchasing the copyright to the art. People can still find copies on the internet. This issue of plagiarism is standing in the way of the success of NFTs. G Sujana, an NFT artist and photographer based in Visakhapatnam, Andhra Pradesh released a series of photographs and came across duplicates listed as NFTs on the OpenSea (marketplace of NFTs). In January, an artist from Texas, United State known as Aja Trier tweeted that her painting was turned into approximately 86,000 NFTs. In my opinion, the NFT market is not very liquid since the buyers swap tokens for another token or fractions of tokens representing another NFT on the same blockchain. No such cash transactions take place thus, making NFTs illiquid. High end luxury brands like Gucci, Dolce and Gabbana have released their NFT collections which have gone viral, but I am of the opinion that if a person is about to bid such a huge sum on a luxury piece of clothing then they should be able to adorn it tangibly and not in intangible metaverse.

NFTs are a fascinating invention gaining much attention as their applications grow. The eye-catching prices on a few NFTs are only stoking the flames. However, because NFTs are intangible and volatile, smart investors should be careful when purchasing these assets. Purchasing them with the expectation of receiving triple- or quadruple-digit price returns is not a wise idea. The actual value of NFTs rests in their ability to change the way markets work and improve how we handle and regulate critical data. The sky is the limit here. Nonetheless, if one wants to be a part of the blockchain revolution and think owning NFTs is a reasonable choice then he/she shall go for it.

However, it must be done with utmost responsibility. Trying to avoid investing a huge portion of the income in NFTs and choosing low-cost positions could save a person from ending up in a bad financial and emotional scenario. This research article portrays a very detailed discussion on various uses, advantages and disadvantages of NFTs. It also briefly shines light upon the history of NFTs, how they were invented and by whom. It also talks about the concepts it is based on such as Blockchain and Ethereum. It also gives us information on how non fungible tokens have developed and how they are now used in such an innovative way in the art and fashion industry. The outcomes of this research have to be seen in light of some limitations. This article is a result of research conducted from the secondary data which was collected so it does not include any primary data. Irrespective of the limitations, I feel that the arguments raised by me are poignant and could prove to be helpful for further study and research on this topic.

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