



Art market News

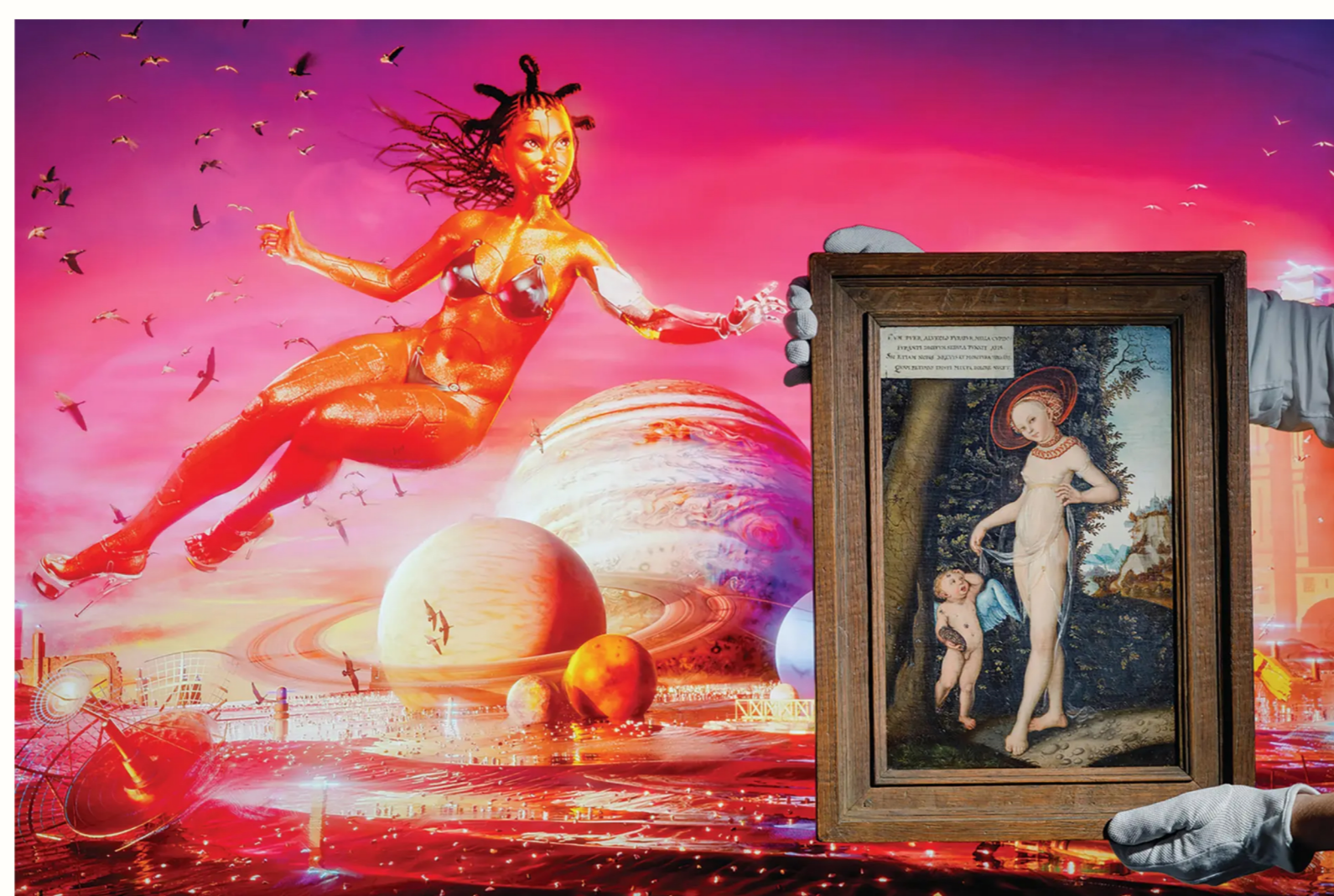
# As the direct-to-consumer model for selling art gains ground, where does it leave traditional dealers?

As peer-to-peer trading disrupts the market, bricks-and-mortar galleries must reconsider what they offer collectors

Reena Devi

14 January 2022

Share [Facebook] [Twitter] [Email] [More]



Serwah Attafuah's *Creation of My Metaverse (Between this World and the Next, 2021)*, which sold at Sotheby's NFT sale in June for \$25,200, shown alongside a traditional Old Master by a follower of Lucas Cranach the Elder  
Photo: Tristan Fewings/Getty Images for Sotheby's

Direct-to-consumer models have become increasingly visible across industries over the past two decades, with major businesses and brands going straight to the end user, such as Netflix becoming a major film content producer. The art market had remained relatively impervious to such trends due to its heavily mediated nature, high transaction costs and general impenetrability. However, the pandemic and the power of social media have helped to break down barriers and a transformation is under way.

In 2021, NFTs accelerated peer-to-peer trading, enabling primary artists to sell directly to the public or collectors through an exchange, as evidenced by the sudden rise of platforms such as [OpenSea](#), [Cryptovoxels](#), [LiveArt](#), [Masterworks](#) and more. "What we're seeing is a great disruption—a blurring of previously clearly defined boundaries," says Yuki Terase, the co-founder of the international art advisory firm Art Intelligence Global. "Everyone wears multiple hats now—including artists—and that's a good thing, because artists are given greater agency."

“Everyone wears multiple hats now—including artists—and that’s a good thing, because artists are given greater agency”

Yuki Terase, Art Intelligence Global

The Los Angeles-based digital artist Sarah Zucker agrees. She prefers the ability to communicate her narrative and carry out sales directly without “mediators who may slow down or confuse the process”. Again, it is about agency—and avoiding giving 50% of a sale to a gallery. “Direct-to-consumer sales can be beneficial to artists, as they afford us more agency and a larger cut of the proceeds from our own work,” Zucker says. “The option to self-elect and sell directly to collectors is a huge opportunity for artists who would otherwise have no entry into the more codified realms of the art world.”

Simon Denny, an artist who has been incorporating blockchain technology into his work for a couple of years—most famously, in 2018, presenting the first *CryptoKitty* ever sold—does not view his releases as devoid of intermediaries. “When I’ve released NFTs, it’s been with platforms of different kinds,” he says. But, Denny adds, “Those platforms are not like galleries, in the sense that there’s a long-term relationship of representation and management of reputation, market and careers. It’s more like working with a museum or private institution on a project-by-project basis.” It needs to be this way, he says, “because the NFT world is much more dynamic and the market itself moves much more quickly and unpredictably.”

Industry insiders note that auction houses such as Christie’s and Sotheby’s quickly capitalised on the NFT boom by directly consigning artists who leapfrogged years of lingering in the day sales into the major evening ones—even though, a year before, their work had never appeared at auction.

While Denny is relatively established, his work rarely appeared at auction. But last year he consigned *Backdated NFT/Ethereum Stamp (2016-2018-2021)* directly to [Sotheby’s Native Digital: A Curated NFT Sale](#), where it sold for \$37,800. “For NFTs, the auction houses are much more often sites of primary sales, and their global clients and infrastructure makes sense for a particular kind of NFT-friendly artist to work with,” he says.

What does this trend mean for traditional art galleries? Veteran dealer Dominique Lévy remains optimistic: “No artist can have long-term and in-depth recognition without the full partnership and commitment of a gallery,” she says. However, galleries still need to rework their business model and value proposition. The German gallerist Johann König says: “In the past, galleries’ function was only to distribute and sell works but this is no longer essential because artists can have direct access. However, they still need places to show their work, they need context, consultancy and network, so you need to change the way you work for artists as a dealer.”

This gap is also noted by Jehan Chu, an art collector and the founder of Kenetic, a Hong Kong-based early-stage blockchain investment and trading firm. He foresees that, in the event of a downturn and a bear crypto market, the NFT community would prove too shallow to support the scene. “If you look at the traditional art market, it is very deep and well-supported with auction houses, galleries, private collections, museums, publications and so many other areas,” he says. “With a few exceptions like Crypto Punks, Bored Apes and Art Blocks, most other collectible NFTs are thin speculative markets.”

For all its independence, some artists and collectors in this new sector are waiting for mediators from the traditional art market to step in. “From a direct-to-consumer standpoint, we’re not seeing support from intermediaries, to add value, to add curation, to add criticism, which galleries or institutions do,” Chu says. As prices creep up, he predicts it will be harder for NFTs to exist in a vacuum as “collectors will look to curators and institutions to help them make sense of why a Beeple work is worth \$69.3m”.

Art market NFT Commercial galleries Collecting

Share [Facebook] [Twitter] [Email] [More]

Subscribe to The Art Newspaper’s digital newsletter for your daily digest of essential news, views and analysis from the international art world delivered directly to your inbox.

Newsletter sign-up

### Information

- About
- Contact
- Cookie policy
- Privacy policy
- Terms and conditions
- Advertise
- Sister Papers
- Sponsorship policy

### Follow us

- Facebook
- Instagram
- Twitter
- YouTube