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# Gaining Traction

Study of NFTs and Success Factors

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# Research and Insights



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# Contents

<b>Executive Summary</b>	<b>5</b>
<b>1. Introduction</b>	<b>6</b>
<b>2. Existing NFTs Broken Down by Type</b>	<b>7</b>
2.1 PFP Art	9
2.2 Collectible Sets	9
2.3 Generative Art	10
2.4 Non-PFP Art	11
2.5 Video Clips	12
2.6 Music NFTs	12
2.7 Miscellaneous	13
<b>3. Factors Influencing NFT Success</b>	<b>14</b>
3.1 Community	14
3.2 Art	17
3.3 Founding Team	18
3.4 Roadmap	19
3.5 The Law of Supply and Demand	20
Demand	21
Supply/Scarcity	22
Volume-to-Supply (V/S) Ratio	22
3.6 Number of Owners	24
3.7 Age	24
3.8 Blockchain	25
<b>4. Conclusion</b>	<b>26</b>
<b>References</b>	<b>27</b>



# Executive Summary

This report first gives an introduction of the current NFT scene, namely the various types of NFTs that currently exist in the market, as well as those that are still in the ideation stage. **The common perception is that NFTs equal digital art, however, they have a much broader scope, including music, video, and even DeFi.**

Following that, we attempt to understand why certain NFT collections are gaining traction in the market, and what are the potential success factors of an NFT project. Due to the plethora of NFT projects nowadays, it is getting harder and harder to pick an NFT. With the factors mentioned in this report, it enables the reader to make an informed decision when selecting an NFT.

**There are several important factors for the success of an NFT project:**

- **Community.** The most successful NFT projects are also those with the largest community. Successful NFT projects typically have upwards of 100K Twitter followers.
- **Art.** Art is a non-quantifiable yet important factor. Popular artistic styles of NFTs include pixel art (CryptoPunks) as well as generative art (Art Blocks).
- **Founding Team.** Trading volumes of the NFT projects from famous founding teams (Larva Labs, Dapper Labs, Yuga Labs) are much higher than those from less established teams.
- **Roadmap.** Airdrops in the roadmap, in particular, can potentially let the NFT project gain huge traction and trading volume. This was clearly seen in the case of Bored Ape Yacht Club.
- **Supply and Demand.** Top NFT projects tend to rank high in metrics measuring demand, such as Google Trends search interest. The supply of NFTs also matters, an oversupply can negatively affect NFT prices, as seen in the case of CryptoKitties.

**Ultimately, we believe that community is the key factor for success in the rapidly growing NFT collectible space.** The other factors help to gauge whether an NFT project has strong fundamentals, which increases the chance of attracting a large and loyal community. The community can then give feedback to further improve the NFT project. Overall, this results in a virtuous cycle centred around a thriving community.

# 1. Introduction

**NFTs (Non-fungible tokens) have gained tremendous traction in recent years**, with [trading in NFTs climbing to \\$10.7 billion in Q3 2021](#), an increase of more than 700% from the previous quarter. The word 'fungible' means 'replaceable by another identical item' or 'mutually interchangeable'. **Hence, as the name implies, a non-fungible token is a unique and non-interchangeable unit of data stored on the blockchain.**

In the early history of cryptocurrency, various parties such as Anil Dash (CEO of Glitch) have created tokens similar to the modern NFTs, as early as in 2014. However, the first modern NFTs were created following the launch of the ERC-721 standard, first proposed in 2017 via the [Ethereum GitHub](#). Some of the first NFTs include Curio Cards, CryptoPunks, and Rare Pepe trading cards.

Since then, it is undeniable that certain NFTs have exploded in popularity in the cryptosphere. In 2017, the NFT project CryptoKitties was primarily responsible for a surge in transactions on the Ethereum blockchain, to the extent of jamming up the network. **In more recent years (2021), NFT-related projects like OpenSea consistently top the charts for smart contracts that consume the most gas on the Ethereum blockchain.**

In terms of price, some NFTs have sold for eye-popping prices. **In March 2021, a digital artist known as Beeple sold his NFT at \$69 million through an auction at Christie's. Institutions have also hopped on the NFT trend, with [Visa purchasing CryptoPunk 7610 for around \\$150,000.](#)**

However, upon deeper analysis, we find that not all NFTs enjoy the same level of success. Firstly, there is [evidence that some artists are not making money off NFTs](#), after deducting fees. Secondly, due to the increasing number of NFT projects out there, it is naturally getting harder for NFT projects to gain the attention of potential buyers. It is clear that some NFT projects have gained traction, while others have not.

In this article, we attempt to understand why certain NFT collections are gaining traction, and what are the potential success factors of an NFT project. We will first give an introduction of various types of NFTs, then we will analyse the factors that help NFT collections gain traction in the market.

## 2. Existing NFTs Broken Down by Type








**The common perception is that NFT is the same as digital art, however NFTs have a much broader scope than that.** We will list and introduce various types of NFTs that currently exist in the market. We also summarise them in a table for readers to have a quick overview of the different types of NFTs.

The NFTs introduced in this section fall into the following main categories:

- Profile Picture (PFP) Art
- Collectible Sets
- Generative Art
- Non-PFP Art
- Video Clips
- Music Clips
- Miscellaneous



*Loaded Lion #9983* Source: [Crypto.com NFT Marketplace](#)

Type	Top Collections	Purpose / Special features	Sample Image	Artists / Creative Teams	Famous Owners
1. PFP Art	<ul style="list-style-type: none"> <li>CryptoPunks</li> <li>Bored Ape Yacht Club</li> <li>Mutant Ape Yacht Club</li> </ul>	Profile picture of a humanoid (e.g. human, ape, zombie, alien)		<ul style="list-style-type: none"> <li>Larva Labs (CryptoPunks)</li> <li>Yuga Labs (Bored Ape Yacht Club)</li> </ul>	NBA superstar <a href="#">Stephen Curry</a> owns Bored Ape #7990
2. Collectible Sets	<ul style="list-style-type: none"> <li>My Curio Cards</li> <li>Ether Cards</li> </ul>	Collection; memorabilia		<ul style="list-style-type: none"> <li>Travis Uhrig, Thomas Hunt, Rhett Creighton (My Curio Cards)</li> </ul>	Entrepreneur <a href="#">Gary Vaynerchuk (GaryVee)</a> owns Curio Cards
3. Generative Art	<ul style="list-style-type: none"> <li>Art Blocks</li> <li>Generativemasks</li> </ul>	Algorithmically generated		<ul style="list-style-type: none"> <li>Erick Calderon (Art Blocks)</li> <li>Tyler Hobbs (Art Blocks)</li> </ul>	Crypto hedge fund <a href="#">Three Arrows Capital</a> bought Art Blocks NFTs
4. Non-PFP Art	<ul style="list-style-type: none"> <li>CryptoKitties</li> <li>Cool Cats NFT</li> <li>CrypToadz</li> </ul>	Non-humanoid art		<ul style="list-style-type: none"> <li>Dapper Labs (CryptoKitties)</li> <li>Clon: The Catoonist (Cool Cats NFT)</li> </ul>	<a href="#">Igor Barinoy</a> , tech lead at xDai, owns CryptoKitties
5. Video Clips	<ul style="list-style-type: none"> <li>EulerBeats</li> <li>Gif Punks</li> <li>"Charlie Bit My Finger" video</li> </ul>	Dynamic rather than static; includes video		<ul style="list-style-type: none"> <li>Howard Davies-Carr (Charlie Bit My Finger)</li> </ul>	<a href="#">3FMusic</a> bought 'Charlie Bit My Finger' video for over \$760,000
6. Music Clips	<ul style="list-style-type: none"> <li>EulerBeats</li> <li>Deafbeef</li> </ul>	Includes music soundtrack		<ul style="list-style-type: none"> <li>Treum (EulerBeats)</li> <li>0xDEAFBEEF (Deafbeef)</li> </ul>	Billionaire <a href="#">Mark Cuban</a> owns two EulerBeats, calling them 'the most genius idea ever'
7. Miscellaneous	<ul style="list-style-type: none"> <li>The Sandbox</li> <li>Decentraland</li> <li>Uniswap V3</li> </ul>	Other purposes such as in-game items, virtual land, DeFi		<ul style="list-style-type: none"> <li>VoxEdit (The Sandbox)</li> <li>Uniswap Labs</li> </ul>	<a href="#">Snoop Dogg</a> is rebuilding his real-life mansion in The Sandbox NFT metaverse

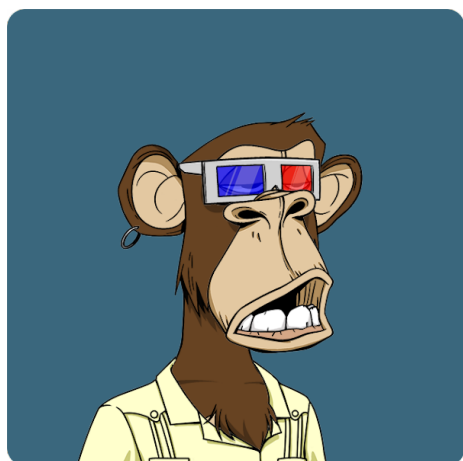
As of 10 Nov 2021 Sources: OpenSea, Crypto.com Research

## 2.1 PFP Art

**PFP is short for 'profile picture'.** This genre of NFTs is one of the most popular and includes famous NFTs such as [CryptoPunks](#), [Meebits](#), [Bored Ape Yacht Club](#), [Mutant Punks](#), [World Of Women](#), and more.

As implied by its name, PFP art is very suitable for use as a profile picture in the owner's social media (e.g. Twitter). The subject of a PFP NFT is usually a human or humanoid (e.g. could be ape, zombie, alien).

Recently, [Twitter has unveiled an in-development tool that will enable users to display a verified non-fungible token \(NFT\) as their profile picture](#). This adds greater justification to the purchase of a PFP NFT instead of just right-clicking and saving the profile picture.

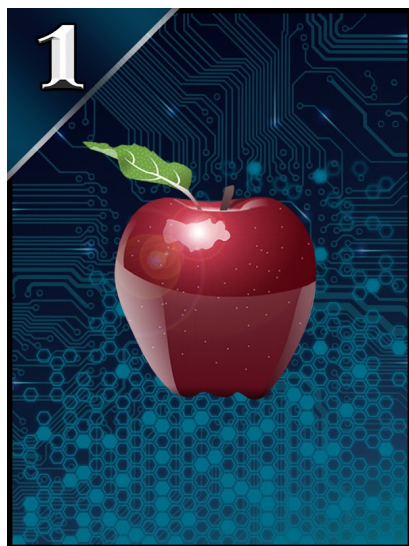


Ape #9996 from Bored Ape Yacht Club      Source: [OpenSea](#)

## 2.2 Collectible Sets

Certain NFTs form part of a collectible set. Each NFT of a set could have multiple copies, and the ultimate goal for a collector is to obtain the complete set.

A classic example of set NFTs is [Curio Cards](#). **The Curio Cards collection consists of 30 distinct digital trading cards featuring artwork by seven different artists.** The circulating supply of each card is between 111 and 2,000. In October 2021, the [auction house Christie's sold a full set of Curio Cards for a grand total of 393 ETH worth around \\$1.2 million](#).



Curio Card #1 (Apples)

Source: [OpenSea](#)

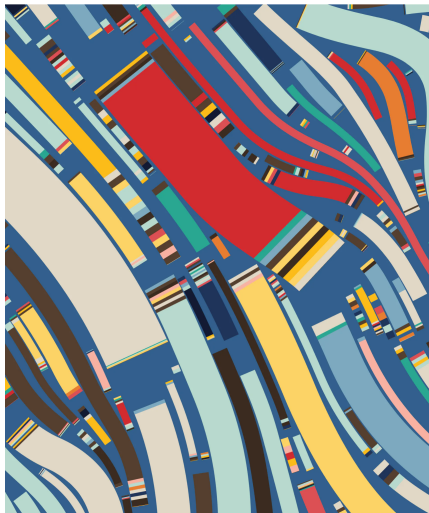
**An interesting note about set NFTs is that misprints are considered rare and valuable, similar to the case in baseball cards, coins and paper money.** For example in the Christie's auction of Curio Cards, card number 17b (a rare misprint) was also included.

[Opensea has a page devoted to trading card NFTs](#), which also fall under the collectibles genre. Some of the NFT projects listed there include names like 'AllStarFreaks', 'BeezerBears', 'Stray Axolotls' and more. **The trading card NFT genre also includes NFTs from trading card crypto games like 'Splinterlands', 'Gods Unchained', where players own their cards as a collectible NFT.**

## 2.3 Generative Art

Generative art refers to art that is generated by a computer algorithm. The resulting artwork based on different parameters is unique and there are endless possibilities for the types of content that can be created.

**[Art Blocks](#) is an NFT platform focusing on programmable on-demand generative content that is stored immutably on the Ethereum Blockchain.** A user intending to purchase an NFT on Art Blocks first picks a style that he/she likes, followed by paying for the work, then a randomly generated version of the content will be created by an algorithm and sent to the user's Ethereum account.



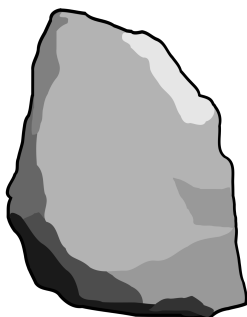
Fidenza #78000001 Source: [Art Blocks](#)

Generative algorithms are a hot topic in computer science, with [generative adversarial networks \(GANs\)](#) being invented just a few years ago in 2014. Top tech companies such as [Google are researching heavily on the topic of generative algorithms](#). With the rise and improvement of such generative algorithms, generative art could also become more popular in the future.

## 2.4 Non-PFP Art

Other than PFP Art, there are also art NFTs that are non-PFP in nature. The subject of non-PFP art tends to be non-human (e.g. it could be an animal, plant, or inanimate object).

A good example of a non-PFP NFT is the [Ether Rock](#) project. **Ether Rocks are pet rocks on the blockchain and only 100 rocks can ever be available.** Ether Rocks have been selling for sky-high prices, with the [floor price being 375 Ether \(\\$1,749,545\), and all-time high of 888 ETH](#).



Ether Rock ID 1 Source: [etherrock.com](#)

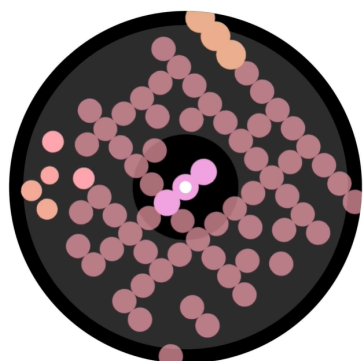
Other examples of non-PFP art include [CryptoKitties](#), [MoonCats](#), and [Cool Cats NFT](#).

## 2.5 Video Clips

NFTs are not limited to static images, but can be video clips as well.

**[EulerBeats](#) is an NFT project that features algorithmically generated art and music based on the Euler number and Euler's totient function  $\Phi$ .** EulerBeats was named after [Leonhard Euler](#), a Swiss mathematician in the 18<sup>th</sup> century who made influential discoveries in mathematics. Euler's number refers to the mathematical constant  $e$ , approximately equal to 2.71828, while Euler's totient function  $\Phi(n)$  counts the positive integers up to a given integer  $n$  that are relatively prime to  $n$ .

[Videos of the EulerBeats NFTs](#) feature a video clip that is synchronised with the underlying music. The style of music of EulerBeats is characterised by a repetitive drum beat, with the melody played using synthesisers (electronic musical instruments).



*EulerBeats Genesis LP 18 Print* Source: [OpenSea](#)

**Other than EulerBeats, meme videos can also be made into NFTs.** In May 2021, the ['Charlie Bit My Finger' YouTube video, regarded as one of the earliest viral videos of the internet, was sold as an NFT for \\$760,999.](#)

## 2.6 Music NFTs

Music can also be made into NFTs. The previous example of EulerBeats is both a video and also a music NFT.

**One promising use case of Music NFTs is dealing with the issue of copyright in the music industry.** [Opulous](#) is an upcoming platform that is



one of the first to launch music copyright NFTs. Under their model, buyers can own a share in the music copyright, generate monthly royalty revenue and increase in value as an artist's career progresses.

**It has been reported that [music-related NFT sales have topped \\$25M in February 2021](#).** On 22 February 2021, YouTuber and musician PelleK released one of the first NFT music albums, which sold out in less than two hours for \$160,000. Recently in November 2021, [a popular Malaysian singer and YouTuber Namewee released 100 NFTs of a song, Go NFT](#). The NFTs sold out within three hours, earning him \$849,880.

## 2.7 Miscellaneous

The use cases of NFTs are endless, and are only limited by the imagination of the developers. **With the rise of blockchain gaming, many in-game items and virtual land are also NFTs.** Two such blockchain games include [The Sandbox](#) and [Decentraland](#).

NFTs are also present in the DeFi space. **For example, [Uniswap v3 LP \(liquidity provider\) tokens are also NFTs](#), and can be traded on marketplaces such as OpenSea.**



Uniswap V3 LP Token (0.3% fee tier, USDC/WETH pair)

Source: [OpenSea](#)

Educational NFTs are also starting to see adoption. For example, the blockchain education platform [BlockDegree](#) enables its users to convert their certificates obtained into NFTs.

While not yet mainstream, it is possible that NFTs can be used for property transactions as well. The [HM Land Registry of the United Kingdom has explored the use of blockchain](#) for the digital transfer of a property that automatically updates the Land Register.

## 3. Factors Influencing NFT Success

**In this section, we analyze various factors that influence the success of NFT projects.**

Before we begin our analysis, we discuss some quantifiable metrics to measure the success of an NFT project. Two useful numbers are 'floor price' and 'volume'.

- Floor price refers to the lowest price at which an NFT from a particular collection can be bought.
- Volume refers to the total value of NFTs traded within a given period of time. Traditionally, floor price and volume of NFTs on the Ethereum blockchain are often indicated in terms of Ether (ETH).

**The floor price is a good metric because it is immune to the effect of users buying their own NFT at a high price**, which can lift up the ATH (all-time high) price unnaturally. The purpose of such self-buying could be to increase the perceived value of their NFT or to gain media publicity. In October 2021 [a user bought CryptoPunk #9998 from himself for 124,457 ETH, or \\$532 million, using borrowed money from a DeFi flash loan](#). From this example, we can see that the ATH price is not a very good metric for NFTs, as it is vulnerable to manipulation.

**Volume is an excellent metric, as it gives an indicator of the market strength.** Rising prices on increasing volume can be viewed as a strong and healthy market indicator for a particular NFT project.

### 3.1 Community

**We strongly believe that community is the most crucial factor that influences NFT success and traction.**

Currently, NFT publicity is mostly driven by social media, so a strong Twitter community presence for example could be very beneficial to allow more people to learn about a particular NFT project. As more people learn about the NFT project, the traction can ramp up, until it reaches the ultimate goal of becoming 'viral'.

We have compiled a list of selected top NFTs (within the top 10 by all-time volume on [OpenSea rankings](#)), as well as selected NFTs that are not top NFTs. In total, the compiled list has 10 NFT collections which consist of a total of 2.1 million NFTs. For these NFT collections, we investigate their floor price (all-time), volume (all-time) and the number of Twitter followers.

**We observe that there is a positive relationship between the volume and number of Twitter followers (of the parent company's main Twitter account).** 'Parent company' refers to the company that created the NFT. For example, the parent company of CryptoPunks is Larva Labs, while the parent company of CryptoKitties is Dapper Labs. Some NFT projects have low Twitter followers (on the NFT project page) relative to their popularity, one reason could be that the followers are on the parent company's page instead.

We observe interesting differences between the Twitter followings of NFT projects from the same parent company. For example, the highly popular Mutant Ape Yacht Club only has 98 followers on their individual Twitter page versus the company's main Twitter account (@BoredApeYC) which has 238,700 followers. **This could mean that community members are more likely to stick to the original NFT collection, rather than subsequent collections.**



Ape #6589 from Mutant Ape Yacht Club Source: [OpenSea](#)



**In general, we note that top NFT projects have around 100K Twitter followers or more on their parent company's main Twitter account,** while other lower-ranking NFT projects have correspondingly lower numbers of Twitter followers. We calculate the correlation coefficient between the two variables 'volume' and "Twitter followers (parent company)" to be 0.31, which indicates a moderately-sized positive correlation between the two variables.

NFT Collection	Top 10 NFT? (OpenSea Ranking)	Floor price (ETH)	Volume (ETH)	Number of items	Twitter followers (NFT project only)	Twitter followers (parent company)
CryptoPunks	Yes	84	707,200	10,000	2,107	100,100
Bored Ape Yacht Club	Yes	32	205,500	10,000	238,700	238,700
Mutant Ape Yacht Club	Yes	4	96,200	20,000	98	238,700
Meebits	Yes	3.24	73,900	20,000	9,586	100,100
CryptoKitties	Yes	0.01	69,800	2,000,000	48,000	99,800
Gutter Cat Gang	No	2.87	14,100	3,000	48,700	48,700
Galaxy Eggs	No	0.29	13,500	10,000	48,500	48,500
Eternal Royals Official	No	0.01	499	9,224	5,063	5,063
NEKO Official	No	0.09	491	7,700	2,855	2,855
EvoSnails NFT	No	0.03	179	5,600	2,820	2,820

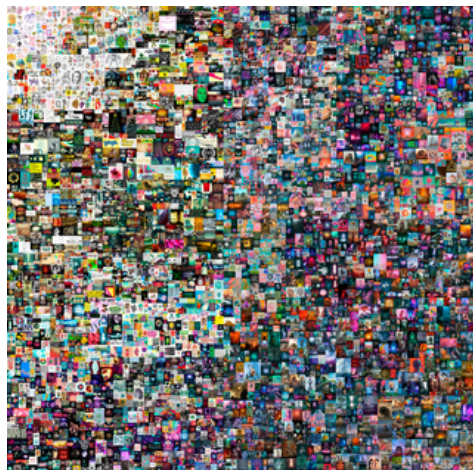
As of 10 Nov 2021 Sources: OpenSea, Larva Labs, Twitter, Crypto.com Research

## 3.2 Art

As the saying goes, 'beauty lies in the eyes of the beholder'. This is likely also true for NFTs, since NFTs are still primarily works of art.

**We note that in general, the artistic style of NFTs is very different from classical art, and should not be judged based on traditional criteria for**

**artwork.** A notable example of this is the success of Ether Rocks, whose art style could be described as simplistic and plain. The NFT artwork also need not be a single piece of art, it could be a collage of many images - a notable example being 'Everydays: the First 5000 Days' by Beeple.



*Everydays: the First 5000 Days by Beeple* Source: [Wikipedia](#)

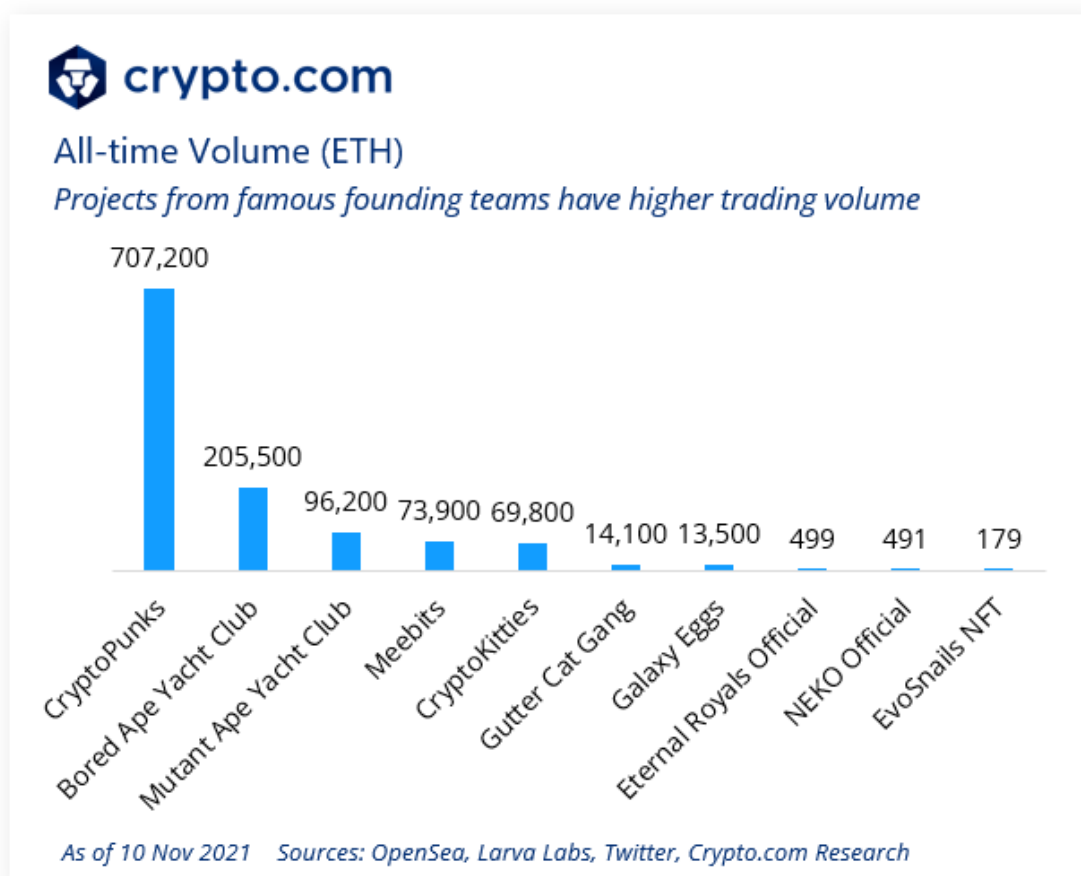
In conclusion, the image aesthetics, style and coolness of NFTs could be an important, though non-quantifiable factor. Popular artistic styles of NFTs include pixel art (CryptoPunks) as well as generative art (Art Blocks).

## 3.3 Founding Team

The founding team of an NFT project is an important factor for the success of an NFT project. Essentially, famous and established founding teams have the experience, network and resources to produce NFT projects with greater chances of success.

**Famous NFT founding teams include Larva Labs (creator of CryptoPunks, Meebits), Dapper Labs (creator of CryptoKitties), and Yuga Labs (creator of Bored/Mutant Ape Yacht Club).**

In the chart below, we see that trading volumes of the NFT projects from the above-mentioned famous founding teams were much higher than those from less established teams.



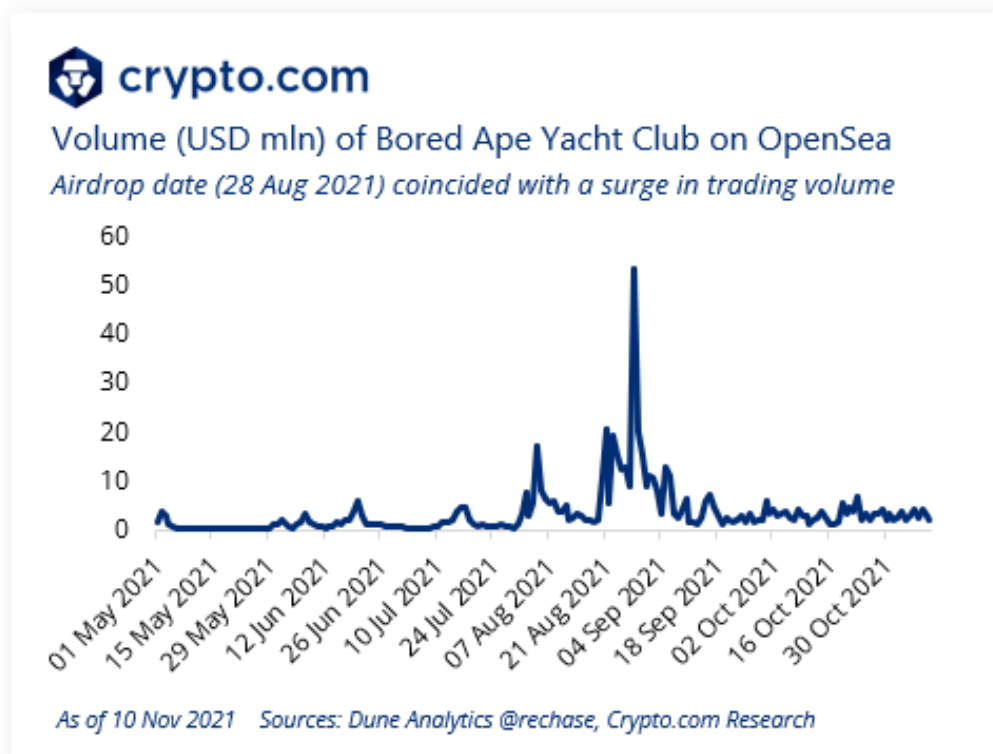
## 3.4 Roadmap

The roadmap of an NFT project is also of high importance. A good roadmap showcases the founding team's plan for the NFT project, and can attract new buyers.

**Airdrops in the roadmap, in particular, can potentially let the NFT project gain huge traction and trading volume.** Airdrops refer to the distribution of a cryptocurrency token, usually for free, to wallet addresses of users who hold the NFT. It is designed to reward early supporters of the NFT project. It is quite possible that there could be increased interest in an NFT project in anticipation of the free airdrop.

For example, [on 28 August 2021, Bored Ape Yacht Club holders received free Mutant Ape NFTs](#). The Mutant Apes were valued at 3-7 ETH each shortly after the airdrop, which is a considerable sum. In addition, the project airdropped a further 10,000 vials of 'mutant serum' that let existing holders of the NFT mint new apes for free. **In the chart of the trading volume (USD) of Bored Ape Yacht Club on OpenSea, we can see that the airdrop date (28 Aug**

2021) coincided with a tremendous surge in trading volume. We also note that the [Bored Ape Yacht Club hinted at the Mutant Ape airdrop on 15 August](#), which also approximately coincided with the beginning of the surge.



Notably, Bored Ape Yacht Club recently [announced the upcoming launch of their own token in Q1 2022](#), with the token most likely airdropped to existing NFT holders (as per their usual practice).

Other significant events in the roadmap of an NFT project could include major partnerships (with celebrities, investors, other crypto platforms, etc.) and also other forms of rewards such as staking rewards.

## 3.5 The Law of Supply and Demand

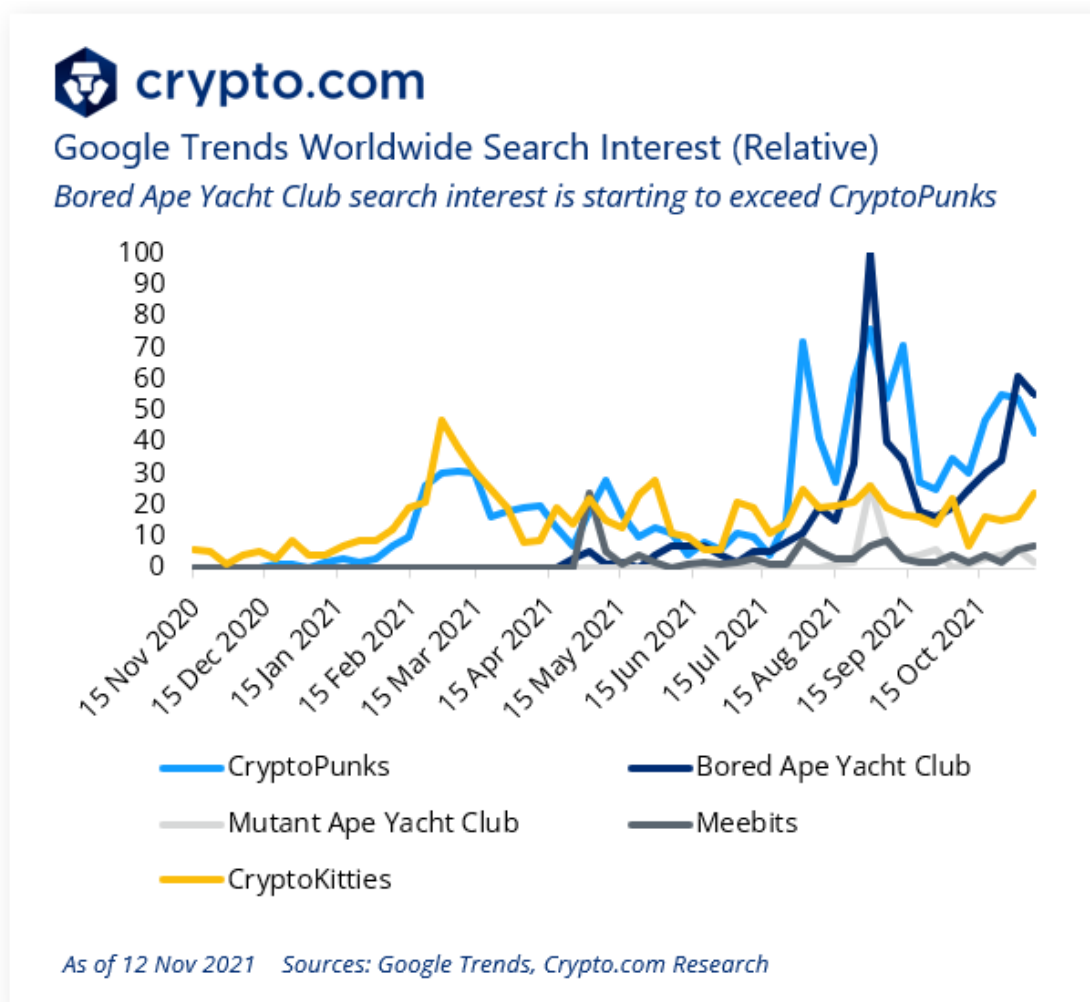
Similar to physical goods, NFTs are also subject to the law of supply and demand. **Lower supply leads to scarcity, which should theoretically increase the value of each NFT in the collection. Higher demand generally leads to users being willing to pay a higher price to own the NFT.**



## Demand

**Demand can be observed in several ways. One way is through the length of waitlists.** For example, the exchange [Coinbase had more than one million signups on its NFT waitlist on the first day](#). This is a sign of strong demand in the NFT market.

**Another way to measure potential demand is through search trends such as Google Trends.** More people searching for an NFT project is a sign of high interest in the project. For instance, if we observe the chart below, we see that Bored Ape Yacht Club (launched in April 2021) is experiencing surges in search interest, sometimes even exceeding that of CryptoPunks, which is a more established project with a longer history (launched in June 2017).



**The number of social media followers, which we discussed in the previous section on Community, could also measure demand.** If an NFT project has a high number of followers on its Twitter page, it is likely that many people are interested in it, and from the group of Twitter followers, a certain percentage could be potential buyers.

## Supply/Scarcity

**One point to note is that different NFT projects have different supply numbers.** For example, the Meebits collection has 20k items while the CryptoPunks collection has 10k items. Theoretically, the collection with lower supply will lead to each individual NFT being more valuable, assuming all other factors are constant.

**Certain NFTs like CryptoPunks also have additional rarity attributes built-in.** Punks with rare attributes are deemed to be more valuable. For example, according to [Rarity Tools](#), the rarest CryptoPunk is Punk #8348, with rare attributes such as Buck Teeth, Top Hat, and Big Beard.

**#1** DANNYSECURE



**CryptoPunk #8348**

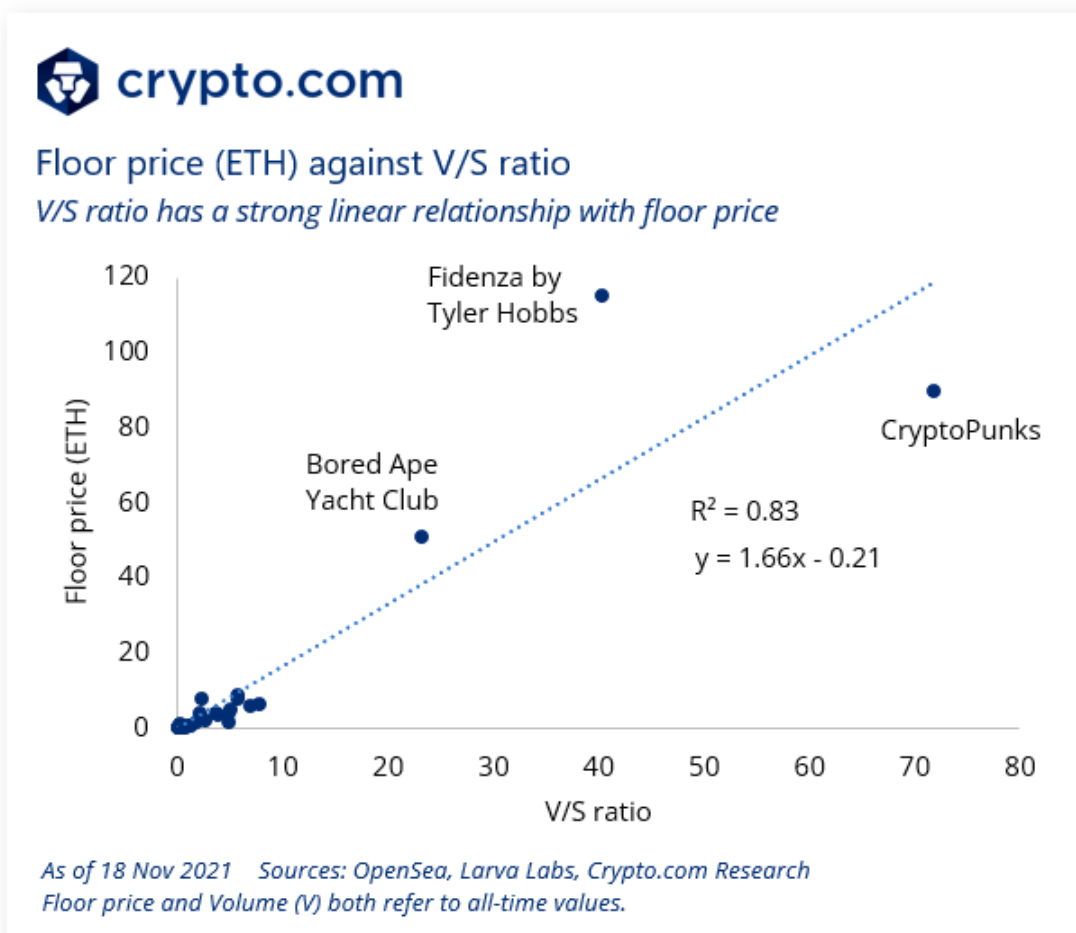
CryptoPunk #8348 Source: [Rarity Tools](#)

## Volume-to-Supply (V/S) Ratio

We propose a novel metric, called the volume-to-supply (V/S) ratio, to help value an NFT project. It is defined simply as  $V/S \text{ ratio} = \text{Volume} / \text{Supply}$ , where 'volume' refers to all-time trading volume and 'supply' refers to the number of items in the NFT collection. **This ratio encapsulates both the demand (measured by trading volume) and the supply of the NFT project.** It is a convenient metric to calculate since many NFT marketplaces (such as OpenSea) will include both volume and supply information.

We analysed 30 NFT collections on OpenSea, consisting of a total of 2.23 million NFTs, with regards to their total trading volume (in ETH), supply, and

all-time floor price (in ETH). We then computed their V/S ratio accordingly and found that the V/S ratio appears to have a strong linear relationship with floor price (coefficient of determination  $R^2=0.83$ ). We remark that this relationship holds under current market conditions with the chosen dataset, it is unknown if it will still hold true under other market conditions in the future.



**The V/S ratio can be interpreted as a measure of how much demand an NFT project has relative to its supply.** A high V/S ratio indicates that an NFT project is in high demand (high trading volume) relative to its supply. A low V/S ratio could mean that either the NFT project has low demand or it has minted too many NFTs which dilutes the value of the project.

The table below shows some examples of how the V/S ratio correlates to the floor price. We observe that Meebits (created by the famous team Larva Labs) has a high trading volume, yet its floor price is lower than Cryptoadz which has a much lower trading volume. This could be due to Meebit having a relatively high supply of 20K, which pulls down the V/S ratio. An extreme

example would be CryptoKitties, which has a very high trading volume, but also a tremendously high supply of 2 million which negatively affected its V/S ratio and also its floor price.

	Meebits	CrypToadz	Bored Ape Kennel Club	CryptoKitties	Doodles
Floor price (ETH)	3.88	5.85	3.30	0.01	3.69
Volume (ETH)	74,900	48,200	37,100	69,800	21,100
Supply	20,000	6,969	9,600	2,000,000	10,000
V/S ratio	3.75	6.92	3.86	0.03	2.11

As of 18 Nov 2021 Sources: OpenSea, Crypto.com Research

## 3.6 Number of Owners

**In general, a healthy NFT project should have a high number of owners relative to its supply, or equivalently, a low NFT per owner ratio.** For example, CryptoPunks has 3.2K owners for the 10K supply, which corresponds to an average of 3.1 Punks per owner. For the case of the Bored Ape Yacht Club, there are 5.8K owners for the 10K supply, averaging 1.7 Apes per owner. These numbers are considered healthy.

If an NFT collection is mostly owned by a few whales, there is a theoretical risk of the whales suddenly dumping the NFTs, which would suppress the price. In general, the ideal scenario is to be as close to 1 NFT per owner as possible.

## 3.7 Age

**In general, older, more established NFTs tend to be more valuable.** For example, the earliest NFTs that came right after the ERC-721 standard was proposed in 2017 include Curio Cards, CryptoPunks and Rare Pepe trading cards. All three have relatively high [floor prices](#) as of 11 November 2021: Curio Cards (0.36 ETH), CryptoPunks (84 ETH), Rare Pepe (94 ETH).

This is not a hard and fast rule. For example, Bored Apes Yacht Club is relatively new, having launched in April 2021, but it has a high floor price of 32 ETH.

## 3.8 Blockchain

**In general, NFTs on Ethereum tend to be more valuable than those on other blockchains.** This could also be related to the previous factor of age, since NFTs first started on Ethereum. Another reason could be due to the high gas fees on Ethereum, thus sellers would want to sell at a higher price to cover their gas costs.

As an example, as of 11<sup>th</sup> November 2021, we see that the floor price of [CryptoPunks on Ethereum](#) is 84 ETH (~\$400K), while that of [SolPunks on Solana](#) is 5.70 SOL (~\$1.3K). Another Punks derivative project [PolygonPunks on Polygon](#) has a floor price of 146 MATIC (~\$250). There is also an [xDaiPunks project on xDai](#), which has a floor price of 0.01 xDai (\$0.01). Interestingly, the order of the floor price of the Punks projects follows the order of the market caps of the respective blockchains (Ethereum, Solana, Polygon, xDai).

Again, this is not a rigid rule, in the future, it could be possible that a highly popular NFT project may launch on a non-Ethereum blockchain.

## 4. Conclusion

In this report, we have discussed various types of NFTs, as well as analysed some of the key factors influencing NFT traction and success.

**We believe that at the moment, the world is just seeing the tip of the iceberg in terms of NFT use cases and adoption.** There will be many more real-world applications of NFTs in the years to come.

Similar to how masterpieces of art from centuries ago are still highly in demand today, it is reasonable to assume that high-quality NFTs can retain their value and demand in the future.

At the heart of every NFT project is the community, which includes the owners, founding team, and even fans of the project who may not necessarily own the NFT. **The community is the most important success factor by far, and as long as the NFT community remains strong and active, the NFT project and ecosystem will continue to thrive.**

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