

Advertising

Virtual worlds – each with their own culture, where consumers can adopt a different persona with behaviors and purchasing patterns that do not align with their real-world habits – provide a challenge and an opportunity to brands looking to engage in the space. The metaverse will provide an additional touchstone for developing relationships with consumers through advertising within the metaverse (think virtual billboards) from sponsorship opportunities for virtual concerts like Fortnite Party Royale (see the music section), to integrations within and creation of games (for example, Burberry’s B Surf and Balenciaga’s video game fashion show, “Afterworld: The Age of Tomorrow,” a walk-through of the 2021 fall line where people walk past models and clothes floating on the wall). Done well, these direct-to-avatar (D2A) marketing opportunities can lead to digital and real-world purchases and brand loyalty.

While metaverse marketing is not new (Wendy’s did a Fortnite integration in 2018), the latest buzzword to hit the industry is NFT (non-fungible token). How can brands incorporate NFTs into their marketing strategy?

Brand- or celeb-themed artwork, memorabilia, or other assets. One way to create buzz for a brand (and raise money) is to create or sell unique brand-themed assets. Taco Bell created five different taco-themed, animated NFTs and released five editions of each in early March 2021. The NFTs sold out in minutes, selling for as much as 1.5 wrapped ether (WETH) or approximately \$2,600 (at the time of sale). NFT products range across industries from traditional consumer packaged goods companies (Procter & Gamble introduced a non-fungible toilet paper called NFTP) to luxury brands (Jacob & Co. is auctioning off a one-of-a-kind NFT watch, with the highest bidder receiving a certificate of ownership, a case with a hard drive containing the NFT, and a digital rendering of a Jacob & Co. watch). Designer Andrés Reisinger sold 10 pieces of NFT furniture that can be

used in any 3D space or virtual world. Finally, the NBA partnered with Dapper Labs to develop a platform to sell NFT memorabilia. A LeBron James highlight recently sold for \$200,000. Speaking of the NBA, the league has its own NFT network called Top Shot. Top Shot has more than 800,000 accounts and more than \$500 million in sales through Q1 2021. What are all of these Top Shot accounts spending their money on? Top Shot lets users buy and sell digital trading cards called “Moments,” which contain a video clip of a specific play, stats about the game and player, and a history of sales prices.

Charitable giving. Brands are already using the NFT market to promote good causes. The profits for the Taco Bell NFTs mentioned above will be donated to the Taco Bell Foundation. The P&G toilet paper NFT proceeds went to the charity Direct Relief. Patrick Mahomes’ Museum of Mahomes is auctioning off six pieces of one-of-a-kind NFT artwork (some with physical memorabilia as well), with proceeds going to the Boys & Girls Clubs.

Brand collaborations. Limited edition brand collaborations are nothing new to the marketing world, but NFTs open an entirely new world of possibilities. The artist known as FEWOCIOUS partnered with the sneaker brand RTFKT Studios to create virtual editions of FEWOCIOUS x RTFKT shoes, which sold for \$3.1 million in total. Each purchase also came with a physical pair of shoes.

Promotions. The possibilities for NFTs and promotional games are endless. For instance, a brand could embed an NFT in every product it sells with some of them being a surprise and delight NFT, such as entry into a virtual concert or fashion show. Brands are also exploring awarding NFTs as prizes in sweepstakes or other prize promotions. Professional sports teams are looking at developing NFTs for their season ticket holders.

Virtual experiences. The opportunity to use NFTs for virtual experiences is also endless. Musician Post Malone partnered with a social money platform to sell NFTs to play beer pong with him in Post Malone's Celebrity World Pong League. Microsoft launched a game celebrating women in science, which rewards players with NFTs that unlock secret games in Minecraft. Artists are releasing NFT clips of music and events. Finally, a Canadian individual spent 288 Ether (more than \$450,000 as of this week's prices) on a virtual real estate property dubbed the "Mars House."

All of these digital world opportunities come with real-world legal hurdles (discussed in detail below), ranging from rights of publicity (see the content licensing section), to intellectual property (see the intellectual property section), to SAG-AFTRA and other union obligations (see the music and content licensing sections).



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“The metaverse –
advertising’s next frontier”

