

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 is providing an additional touchstone for developing relationships with consumers through advertising within the metaverse (think virtual billboards) from sponsorship opportunities for a virtual “bar” during a Super Bowl or virtual fashion weeks, to integrations within and creation of games (for example, Gucci x Roblox “Gucci Garden” digital multimedia experience). Done well, these direct-to-avatar (D2A) marketing opportunities can lead to digital and real-world purchases and brand loyalty.

Over the last year, brands have continued to take steps into the metaverse and integrate NFTs into their marketing strategies.

Brand- or celeb-themed artwork, memorabilia, or other assets. Brands have been integrating NFTs into various celebrity collaborations and promotions, including selling unique brand-themed assets.

Brands are buying and acquiring companies that are already in the metaverse space. For example, In December 2021, Nike acquired the NFT studio RTKFT, which produces NFT collectibles including digital sneakers. Coca-Cola teamed up with 3D creators at Tafi to auction off NFT loot boxes, which contained dynamic and rare Coke-branded NFTs, a friendship card, a vintage Coke cooler, and more hidden NFT surprises. The sales for this auction exceeded \$1 million, with the goal of blending young audiences, brand nostalgia, and cutting-edge technology.

Celebrities like LeBron James, Paris Hilton, and Snoop Dogg all created celebrity-themed NFT artwork. Snoop Dogg released his NFT collection “A Journey with the Dogg,” which showcased his memories over the years. The NFT drop lasted only 48 hours, with the NFTs selling for hundreds of thousands of dollars. Similarly, Paris Hilton has created over 100 NFT pieces in her collection and has hosted a metaverse party on Roblox. LeBron

James has started trademarking a number of names for downloadable NFTs to create footwear and athleticwear meta merch. Per the trademark filings, LeBron will be hosting events in the metaverse, connecting users to all things LeBron James, including virtual basketball gyms and recreational facilities.

Brands are also combining the popularity of the metaverse and NFTs to showcase their fashion and history. Louis Vuitton released new NFTs in its stand-alone mobile app game Louis: The Game, where users can dress up the brand-inspired avatar and learn about the brand’s 200-year history.

Charitable giving. Brands are also entering the metaverse and using NFTs to support good charitable causes. Adidas and Prada collaborated with Zach Lieberman, a digital artist, to create NFTs that feature community-sourced artwork submitted by consumers. The final NFT will be sold at an auction with the majority of the proceeds going to Slow Factory, a non-profit organization that seeks to address climate concerns and social inequities. Kith and Invisible Friends partnered to create distinctive Invisible Friends NFT characters dressed in custom Kith clothing, with the proceeds going to Kings Against Violence Initiative, a Brooklyn nonprofit whose mission is to tackle violence against young people in NYC.

Brand collaborations. Brands are collaborating together to blend each of their audiences in the metaverse. Roblox and Gucci partnered to create Gucci Garden, a digital immersive multimedia experience on Roblox. The fashion installation experience lasted two weeks on the platform. Similarly, in late 2021, Balenciaga entered the metaverse by collaborating with Epic Games, allowing Fortnite players to wear limited-edition Balenciaga skins and outfits for avatars. The items were available to buy via an in-game Fortnite currency.

Promotions. There are numerous possibilities for NFTs and promotional games. Star Atlas and The Sandbox worked together to create a metaverse contest, which could allow users to win spaceship NFTs. Further, 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. Virtual experiences have become a mainstay of the metaverse. The first ever Metaverse Fashion Week occurred in March 2022, which featured events from Brands like Tommy Hilfiger, Dolce & Gabbana, and DKNY. Over 100,000 people attended the virtual event, which allowed consumers to buy digital fashion and receive a physical duplicate of the items purchased. These virtual experiences work to mimic real world events, like the Miller Lite Bar that aired a Super Bowl ad in the metaverse. Miller Lite fans could watch the Super Bowl ads while enjoying a virtual beer. Attendees could also earn limited-edition cosmetic items, with Miller Lite branding at the “bar,” all of which sold out in minutes. Even stores like Lowe’s are working on implementing tools in the metaverse to allow their consumers to visualize their projects virtually, which are based on real products Lowe’s sells.

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

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