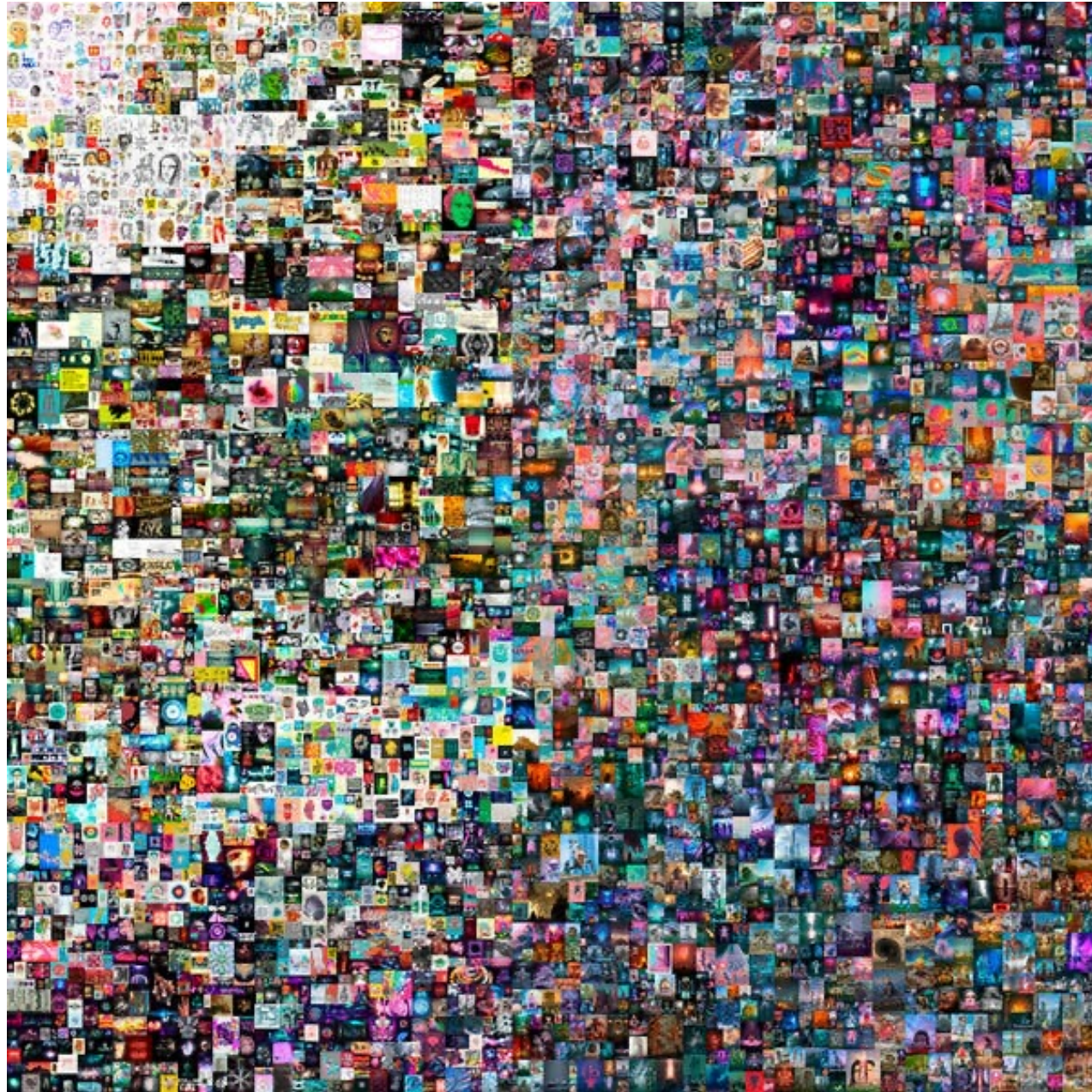


March 2021

NFT

The evolving context of digital art
and social commerce

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Beeple, "Everydays – The First 5000 Days" via Christie's Images Ltd.

Nonfungible tokens (NFTs) are units of currency on the blockchain

Cryptocurrency has created new opportunities for people to invest in art.

After purchasing funds — typically Ethereum, the second-largest cryptocurrency behind Bitcoin — people can bid on NFTs in auction, or “mint” the NFT themselves. When associated to a digital work of art, the NFT authenticates the originality, much like a certificate of authenticity or a signed lithograph series.

In the art world, value comes from originality and provenance as much as it comes from scarcity. (For one theoretical discussion about why we value the “aura” of originals so much, feel free to read German philosopher Walter Benjamin’s 1935 “The Work of Art in the Age of Mechanical Reproduction.”)

Yeah, basically they are non fungible tokens that are traded on the blockchain. It's gonna legit change the art and music game forever. It's all ethereum based so kinda hard to explain if you don't understand crypto



Why it's making headlines

The first use of cryptocurrency to create an idea of scarcity and demand for digital art dates to 2017. But recent high-profile auctions, including Grimes' auction of multimedia art projects and early adopter brand stunts (more on those later) drive earned media and traction for the topic. The March 12, 2021 record-breaking \$69 million Christie's sale of a JPEG, "Everydays – The First 5000 Days," by the digital artist known as Beeple, has catapulted NFTs into the zeitgeist of this unique moment in history. (Yet another example of rapidly-evolving digital behavior, accelerated by the COVID-19 pandemic.)

The trend is just esoteric enough to capture people's attention, demanding explainer coverage across publications like *The Verge*, *Mashable*, *Digiday* or even NPR, yet still conceptually close enough to real world analogs to understand. Picasso originals sell in auction at Sotheby's; digital originals sell in NFT auction in several Ethereum markets, like OpenSea, Rarible and Nifty Gateway.

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The \$69 Million Beeple NFT Was Bought With Cryptocurrency

"It feel like I got a steal," the buyer, who calls himself Metakovan, said in an interview about the "nonfungible token," or NFT, he bought at an online auction.

March 12, 2021

TECH FEATURED STORIES CREATORS

Grimes sold \$6 million worth of digital art as NFTs

Including images and short videos set to music

By Jacob Kastrenakes | @jake_k | Mar 1, 2021, 6:06pm EST

POP CULTURE

What's An NFT? And Why Are People Paying Millions To Buy Them?

March 5, 2021 · 7:00 PM ET

ARTS AND IDEAS

People are paying big money for gifs

WTF SERIES

WTF is an NFT



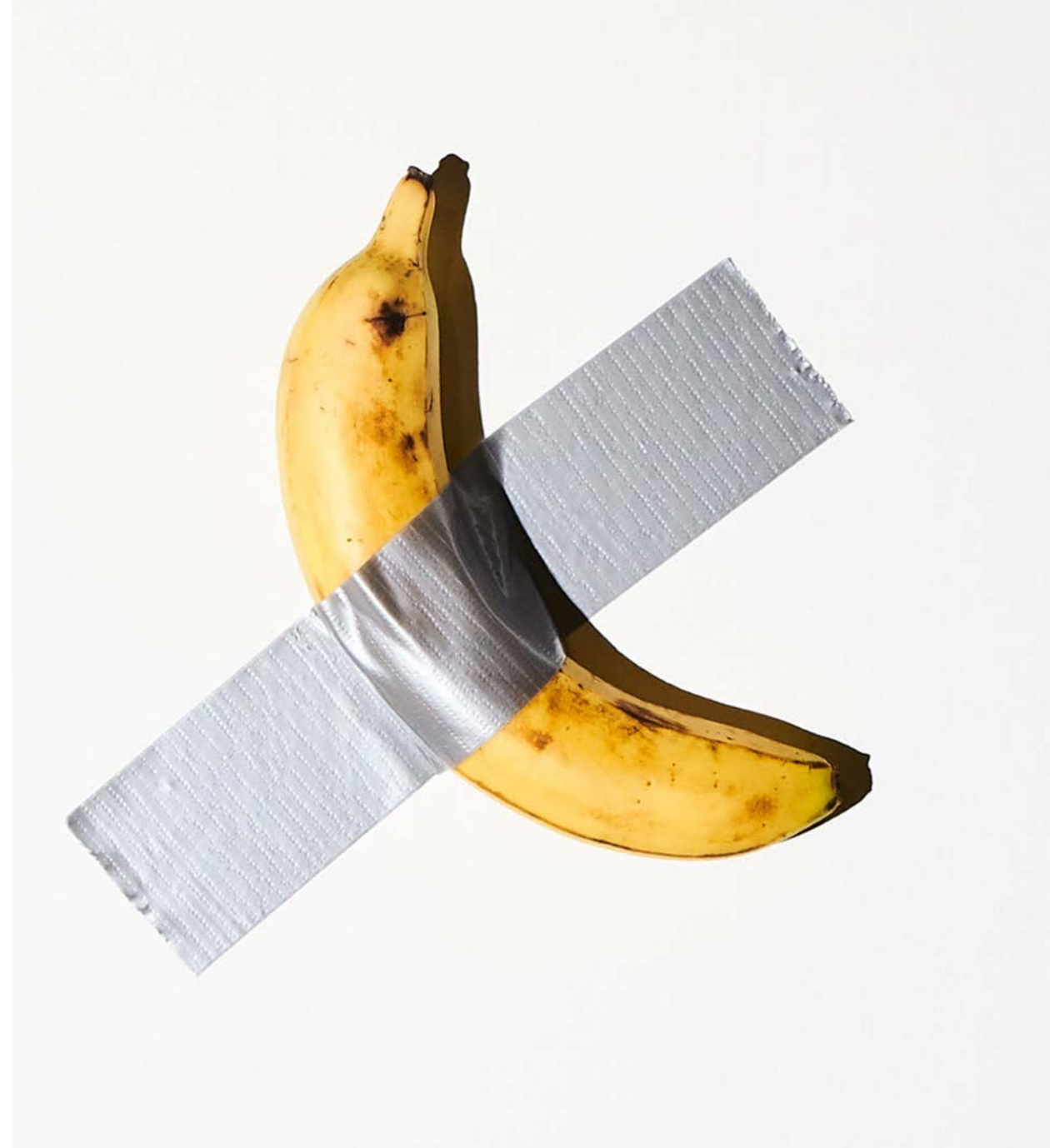
Are you just writing this deck for the lolz?

How do we set the price of priceless art? Remember in 2019, when a banana taped to the wall of Art Basel in Miami Beach made headlines after it sold for \$120,000. It wasn't the banana that was worth so much; it was the concept of taping a banana to the wall of Art Basel. The debate around NFTs is an evolution of this same question: what is the value of any original art, especially where digital is concerned?

And, hey, we're not here to arbitrate what high culture or low culture are, but isn't it interesting that people who are often called "makers" or "creators" – not "artists" – are now receiving cultural cache, or literal (or ethereal) dollars outside of gallery walls?

NFTs represent a new way for people to engage in social commerce by investing in art and creativity that speaks to them.

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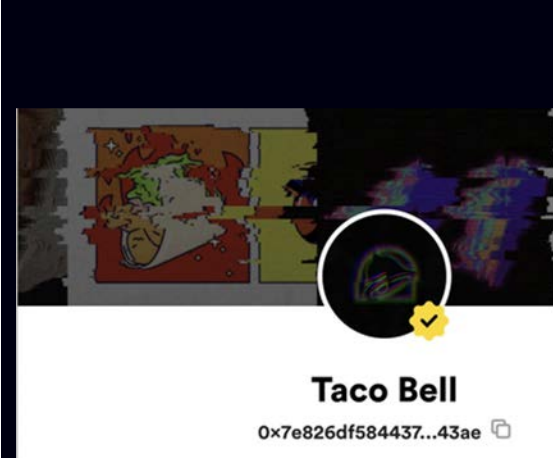
Maurizio Cattelan, "Comedian"

Some brands are already acting on the trend

Early adopters are jumping on the use of NFTs to drive the illusion of scarcity the value of an original: think limited-edition Nikes or Gucci x North Face collaboration. Or think of trading cards – literally, as some athletes are now thinking of NFTs, selling digital collectibles.

As the available art becomes more sophisticated and there is an increased use of Ethereum exchanges, brands' opportunities to sell exclusive digital products will continue to expand.

B/R'S FIRST NFT: FROM CONCEPT TO \$810,000 IN SALES IN 10 DAYS



Some watch-outs

This slide is no fun, so it doesn't get any pictures.



Environmental Impact

Because the **blockchain has real-world environmental impacts**, an NFT execution wouldn't be a good fit for a brand that has a strong content pillar or reputation around green business practices.



Intellectual Property

NFT offers the opportunity to **influence reproductions of the work**, or to at least receive royalties for it. As auctions become more prevalent, there will likely be implications for rights management, or even new language to include in UGC solicitation.

Data protection has also rapidly become an issue, as hackers have gained access to individual accounts on Nifty Gateway.



Adoption & Mass Reach

This trend is still relatively niche and depending on a brand's audiences, executions involving NFT **may not resonate** without additional explanation.

On the other hand, a brand doesn't have to be luxury or prestige for its audiences to be ravenous for limited-edition swag.

Thought starters

- Some **automotive brands** have die-hard fan groups around the vehicle design, power, or lifestyle it enables. What if a brand offered its audiences limited-edition gifts in celebration of their passion?
- Claiming **innovative digital property** as a novel investment will have several downstream implications. Explaining these could fuel useful content series for **finance brands**.
- Could this “plus up” the standard PR play of a brand collaborating with an artist to raise money for **charitable donations** (toward diabetes research, to raise awareness around beauty standards, to provide disaster relief, etc.)?
- NFTs **aren't just for luxury brands**; whether a distinctive mascot, product, or campaign, how could a QSR or CPG brand could tap into shared interest around artistic expression?



The Rock Frequency, created by Rarible via OpenSea.io



BMW M3, Created by 1xMerch, via OpenSea.io



I voted, Create by 7B78B2, via OpenSea.io

Thanks.

This POV has been a Razorfish Social Content & Engagement Strategy original. (Get it?)

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