NO. 03

Marketing, **The Metaverse** *and Everything*

JULY 2022

Is your brand ready for web3? Your guide

How NFTs are central to the new brand experience

Why the Crypto Winter won't stop Web3 adoption

The Crowd Metaverse Playbook

How **Crowd** Guides *its* Clients *Through* **Web3** & the **Metaverse**

Web3 Consultant Brian Scudder talks to Crowd Founder and Global CEO Jamie Sergeant.

Brian From a brand perspective, two distinct client groups are emerging in Web3. The first are those that want to get into the space and need assistance with that process. The second are those already engaged - be it with a blockchain or a Metaverse or both - who want to build a business around it and develop their consumer base. Where do you see the people you are talking to globally fit into these categories?

Jamie We have clients that understand the importance of Web3, but don't yet know what their next steps might be. What we do is steer them towards the best use-cases. That could mean 'don't do anything now, but this is what your roadmap looks like'. It's about identifying opportunity for all of our clients.

For some of our larger client brands, that could be in-game advertising in the Metaverse as a first step. We help them access what's happening as it evolves beyond the in-game advertising currently available with PlayStation or with Xbox. Product placement too. We help these brands work out how to become relevant to these new audiences.

That's on one side of it: Helping clients build a roadmap for the future - and how their brands play a part in it.

On the other side, we use our data tools to identify who those target audiences are and how to get our clients in front of them. That's everything from community management to building trust. And that's the key thing - what are we doing to send up these trust beacons?

There's some amazing technology out there, but our job is to break it down and humanise it, so that people can understand what it represents and become their own source of trust within it.

Brian We talk with Erica Stanford about 'Social Proof' later in the magazine (p13) - proof that you are who you say you are online. Can we extend that idea to business? Companies aren't anonymous by nature, unless you include Decentralized Autonomous Organizations (DAOs), and they are still formative. What are the ways a business can create trust in Web3 that remain true to its core values of decentralization and user ownership and control. A 'Social Proof' for business?

Jamie It's a combination of things. Influencers have a bad rep at the moment, but they are still definitely one of them. If an influencer markets something that they clearly believe in, are upfront about, and have a strong track record, then identifying them and working with them is a good way of building that trust. But it's one weapon in the arsenal. You need to build up all the other trust signals as well.

Large brands naturally have trust. Customers trust the brands they know. The Nikes, the Adidases, the Louis Vuittons have all worked hard to create trust over many years and have an established following. But even they need that broad range of support in Web3 because it is uncharted territory.

LVMH and Tag Heuer are moving into the space at the very, very high-end of retail, for example. Luxury brands are collaborating with artists and influencers on NFTs and Metaverse events around the world, but particularly in China.

Brian Why there?

Jamie Brands can try something a little bit different in China because it's a closed network in many ways. Would you think it's odd that Louis Vuitton is doing an NFT in China and not doing it anywhere else? No. People recognize it should be specific to the Chinese market. But what they are also doing is testing responses in a Chinese demographic that is very tuned-in to technology in a similar way to demographics elsewhere in the world.

Gucci collaborating with Hello Kitty? That isn't going to sell well in Europe. But it sells really well in China because of their love for Hello Kitty. These are collaborations that work for particular audiences. What we do is help brands understand which collaborations are appropriate to which audiences - and test them.

Brian Some aspects of how one accesses markets and customers in Web3 are very similar to traditional digital marketing. Is the gateway into these areas not as complicated as most people think.

Jamie No. It's not. But it does create completely new opportunities that can be grasped with the right guidance. Take the example of an NFT that unlocks a digital experience in-store - and that's all it does. It's creating a new type of engagement with potential customers: The 'What's he looking at? How do I get to that video? Oh, you need an NFT to get to that piece of content'.

These are new ways to get to the customer. New ways to understand them through their behaviour. And the ability to turn someone into an in-store customer by rewarding them for buying a product online. If done well, it also means you can start to personalise products for them.

The more experiences you can deliver and help the customer unlock, the better.

Brian That's what a lot of this magazine is about...

Jamie We are not going to go into the nitty gritty of how to manage a Discord server or the utility of different chains. This magazine is about the opportunities for brands. How to identify them. How not to fall into some of the traps. How to change the way brands think.

We use our data tools to identify target audiences and get our clients in front of them.

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2023 Predictions - Where **you** *Need to* **Be**

[2023 PREDICTIONS - WHERE YOU NEED TO BE]

NFTs - Skin *in the* **Game**

If you are a Web3 business already, you will have your own vision of your product or service fit. You will be focusing on building them out, investment, staffing, marketing and community management.

But if you are not yet in Web3, you need to do more than think about it.

We predict that in the next 18 months - regardless of the Crypto Winter (pages 10-11) and in some ways because of it - you, your customers and your business will be touched by Web3 and the Metaverse – no matter what industry you are in.

This is because of a fundamental change in what a digital asset can be - in a way almost totally unrelated to capricious cryptocurrency markets.

Collins Dictionary picked 'NFT' as its word of the year for 2021. It defined one as: "a unique digital certificate, registered in a blockchain, that is used to record ownership of an asset such as an artwork or a collectible" and "an asset whose ownership is recorded by means of a non-fungible token".

The distinction is important. NFTs in the popular imagination are little more than jpegs that are bought and sold on exchanges. But that is only one type of use, and one type of NFT.

What the Collins definition shows is that NFTs effectively express property rights – and that they can be applied to any property, digital or otherwise.

NFTs are the general-purpose technology for the new digital economy.

What the Collins definition does not describe, however, is the impact that these new forms of non-duplicable property rights are having on brands in industries as diverse as music and chemical manufacturing.

NFTs give access to online intellectual property, but they can also deny it. They can automate its use with very simple or very complex failsafes built in. This changes how businesses think about what they own and what they create online - and in the real world.

To quote Professor Sinclair Davidson Professor of Institutional Economics at the Royal Melbourne Institute of Technology in Australia: "NFTs are the general-purpose technology for the new digital economy."

By embedding information about a brand's good or service as it moves through the digital world – information that can never be lost but can be added to – NFTs create new ways of creating and managing assets, and unexplored ways of transforming how customers use and experience them.

What is **Crowd?**

Crowd is global, independent, marketing agency that proudly amplifies demand for new and established brands with a conscience.

We provide local, regional and international promotional expertise through ten offices across North America,Europe, the Middle East and Asia Pacific.

With an experienced in-house team and direct access to a highly skilled global network of proven marketing professionals, we build the right crowd to amplify demand.

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Who is Brian Scudder?

Brian Scudder is Director of Web3 Consultancy Vox Corporation and Crowd Web3 Advisor.

He has worked with blockchain businesses since 2016 - forging deals and executing public relations and commercial narrative across Defi, gaming, HR, supply chain, Art & Music, NFT build and NFT display hardware.

Brian is also Deputy Secretary of the British Blockchain Association. His thoughts are his own.

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2.0

Is Your Market **Web3** *or* the **Metaverse***?*

[IS YOUR MARKET WEB3 OR THE METAVERSE?]

The **Answer** *is Both*

Web3 is potentially the future of the consumer web. Metaverses in all their different flavours will likely be a major means of advertising to and communicating with the millions (and potentially billions) of consumers that will use Web3 in whatever 'final' form it takes.

What is Web3?

The future hasn't happened yet. But 'Web3' is a way of describing a future Internet made better by combining current technologies.

So what are these constituent parts? 5G as the backbone to mobile; fibre broadband as the backbone to laptops and desktops; Self-Sovereign Identity (SSI) as the source of privacy, personal information security and choice; Artificial Intelligence (AI), Machine Learning (ML) and Natural Language Processing (NLP) allowing machines to make decisions on our behalves – and Blockchain (a subset of Distributed Ledger Technology, or DLT, but known much more broadly, as 'crypto') integral to the fabric of security, payments, finance, decentralized decision-making, anonymity and user-Web3-ownership.

Why is this important? Because it is the reinvention of the Web, not an upgrade like Web2.

What is The Metaverse?

According to Asset manager Greyscale, "The Metaverse is a set of interconnected, experiential, 3D virtual worlds where people located anywhere can socialize in real-time to form a persistent, user-owned, internet economy spanning the digital and physical worlds."

Greyscale has invested in one such Metaverse: Decentraland. There are and will be many other Metaverses. We call these 'flavours'. And they represent a seismic change in how the future Internet will be experienced.

These Metaverses too are a culmination of different technologies such as 5G, fibre, AI/ML/NLP and Blockchain, but with the obvious emphasis on Virtual Reality (VR) and to a lesser extent – at least for now – Augmented Reality (AR).

Today, most Metaverses are being built to play games or host events. In common with Web3, they often include native 'currencies', some on the blockchain, where users can buy digital assets such as 'land', collectibles, characters, and advanced character skills or tools, often using NFTs. They can be used to vote on governance and create users' own NFTs.

But this is just the beginning. As the technology behind Metaverses such as blockchain becomes increasingly inter-operable, there is the possibility that many will join together to become a single Metaverse. Not the next iteration of the internet, or Web3 – we believe that is too broad to be constrained by AR and VR – but a major chunk of it.

What are the opportunities? The use cases for current Metaverses include commerce, art, media, advertising, healthcare, and social collaboration. As Citi's *GPS: Metaverse and Money* says: "A device-agnostic Metaverse would be accessible via personal computers, game consoles, and smartphones, resulting in a large ecosystem. Using this broad definition, the total addressable market for the Metaverse could be between $8 trillion and $13 trillion by 2030, with total Metaverse users numbering around five billion."

Web1 'The read-only web' built by coders and owned and populated by small companies and academics

Web2 'The interactive and social web' built and owned by corporations and populated by everyone

Web3 'The decentralized web' built by blockchain developers and owned and populated by everyone

The Decentralized Metaverse
Built by blockchain developers and populated and owned by everyone

The Corporate Metaverse
Built and owned by corporations and populated by everyone but with AR/VR also owned by corporations

Building **Brands** & **Communities** *in Web3*

Vince Howard is Marketing Director at Play-To-Earn gaming and radical Cloud Compute solution business Opis Group. Which means he knows a thing or two about launching product and creating communities in Web3. We spoke to him about where the opportunities and pitfalls lie for businesses considering entering the space, and how to navigate them.

Brian Why would a brand want to get into Web3? What's the value?

Vince Business is always looking for new ways to create product and create value. Web3 is an opportunity very much like Web2, where companies were able to create content, create products, create services, and connect with potential users and customers. Web3 and the Metaverse is a new way to approach that. A new way to connect with people that doesn't require the intermediaries of the Web2 world.

Brian Some say that for any business to go into the space, they must first understand that targeting their current user base may not work because that user base is not Web3 savvy. Do you think that's overstating the difference between Web2 and Web3 audiences?

Vince I'm a good example of this. Even as a digital native, I was very resistant to online shopping – with Amazon in particular. That is because the rails for e-commerce were not quite there. Companies were told that consumers would not purchase things on the Internet. They said they do not trust it. They do not believe in it. They think it's fraudulent. And lots of bad things would happen if you put in your credit card details.

That's where we are at with Web3. But the reality is that the older generation is always diminishing in number, influence and economic power. The newer generation are tomorrow's consumers. So realistically, businesses need to have as long a run-up as they can to when this takes over.

I will say it with some caution though. If Amazon had launched five or ten years earlier than it did, it would have become one of the failed dotcoms of the era. I'm not suggesting all companies need to jump into the Metaverse. But I do think it would be foolhardy not to consider the opportunity to be involved.

Brian My recommendation to business is often to harness the skill set of younger staff members – to do a canvass of who owns a cryptocurrency, who owns an NFT for example – and offer them the opportunity to learn the space by experimenting.

With a small amount of money and a sensible plan, they can develop the internal skill sets needed in the long term once things have structured themselves. Does that resonate?

Vince There's nothing new under the sun. And I like your approach because looking back at my career of 15 years ago, that was very much the approach to social media.

Millennials were on social media. They were using it and experimenting, jumping from platform to platform. Business saw social media as a plaything. Remember the Internet policy where if you worked in an office you couldn't access your social media account?

Brian That's not that long ago.

Vince Five years ago. Dipping the toe in social media waters was left to junior executive staff and interns. It's not a bad approach, especially with the Metaverse, because it is so early on. So I think encouraging younger staff who are already engaged to experiment and allow them to curate experiences with that will be useful to businesses.

But again, I would also draw some caution in that when people and businesses cottoned on to the importance of the Web, a lot paid a very hefty price to get the domain names and social media usernames they wanted. I would encourage businesses to speak to experts around blockchain related domains in particular, because nobody quite knows what's going to be the 'in' thing. You should protect IP where you can.

Brian Good point. Are there other elements that businesses should consider?

Vince We all know the usual ones. Finding new pleasure centre activities that motivate people; creating new products; zero pricing or free pricing; taking existing activities and making them better or creating new inventory.

One of the ones that I think comes to the fore with Web3 and blockchain in particular is connecting groups of people that were not visibly connected before.

A lot of this is about connecting communities, and within those communities being able to find experiences that people are willing to pay for. To be a part of a club. A club with benefits. People will share their experiences within that.

In Formula 1 now there are experiences that NFTs have opened up to a community in a way they couldn't have done before. There are new competitive modes and new marketing approaches.

Fundamentally, it's about community building, removing Facebook and Google as intermediaries, having a community under your own domain, growing them organically and managing that relationship more closely.

Brian 'Peer-to-Peer' is a key word in the Metaverse and it's fundamental to the idea of Web3. But creating platforms within your brand and then externalising them to the public and creating user bases is also a good thing. Is there a tension in that? Or do they complement each other?

Vince Really tough question. A lot of these ideas are just an opinion state at the moment because there hasn't been enough time and there haven't been enough use cases to demonstrate that one approach works better than the other.

So I do feel there is some tension. But I am certain Web3 will show that there isn't a one size fits all for any industry or any company. There's no common consensus. There's a lot of noise and not a lot of signal at the moment. People have to be careful and remain flexible.

Ultimately, as with the cryptocurrency markets where volatility is magnified, you have big drops, but you also have big rises. When things go wrong, they tend not to be wrong for very long because there's rapid movement.

I feel like Web3 might emulate that as well. You'll be very quick to find out whether there is a product market fit. Company Metaverse projects will fail faster. But at the same time, you'll also have the ability to do in three months what might have taken companies three years to do.

Brian From a project perspective we think of it as the classic 'fail early, fail better, test early, succeed faster' phrase. Can you talk around the challenges of acquiring and sustaining users once you're in the Metaverse?

Vince It will become more difficult because of the many different offerings Web3 will enable. We can already see cottage industries growing up everywhere. With the rapid automation of business processes, people can within half an hour take a product, get it onto the Internet and start bringing in sales.

Autonomous organisations will also increase the ability to do very complex things much more easily. So keeping loyalty from consumers and communities will be much more difficult to maintain.

Companies are going to have to step it up. They're going to have to be really true to their brand values to keep long and meaningful connexions with these communities.

But it's not all bad. Rather than needing third parties and intermediaries – the traditional media to connect and build your brand – you're going to be doing it on Discord. You're going to do AMAs (Ask Me Anything meetings).

I can see the CEOs of FTSE 100 companies in the very near future copying that model and doing AMAs directly with shareholders on YouTube or Facebook or Discord.

So while there are more opportunities, companies will have to work much harder. But as with the first online communities and forums, very small niches will find ways to grow and become really popular because it's easier to find more likeminded people.

Companies will be able to do really niche products and services. Things that wouldn't be profitable in a Web2 world. But in Web3 – because of automation and access to talent and access to communities – they will be much more viable.

With a small amount of money and a sensible plan, (younger staff) can develop the internal skill sets needed in the long term once things have structured themselves.

3.0 What to Make *of the* Crypto Winter

There is Fear and Loathing in Cryptoland. DAOs screwing investors. Coins vanishing after 'pump and dump'. Large financial institutions gaming the system. Massive market crashes. Here follows a thread on an undisclosed Signal Group between Crowd and the anonymous tipster, Roul Duke (@RoulDukeBTC), on how not to get caught in the downdraft.

Crowd There seems to be a lot of scamminess about at the moment. What's the current method?

Roul The typical shitcoin structure is to partner with a legit scientist or engineer, strap on some BS, hire a career scammer, make industry links with exchanges, liquidity providers, etc., and then dump on retail.

The tricky thing is that the academics in this scenario don't realise they're building a scam. In fact at no point in some of these projects does anybody realise they're building a scam.

Crowd What do you say to newbies?

Roul One of the tricks I learnt from the guys who used to do the show Bitcoin Uncensored is to ask the question, 'What is blockchain?' How are you using blockchain?

If someone answers, 'It's a chain of blocks', ask 'How does a chain of blocks help? Where is the efficiency? What's the current problem that you're actually solving?' If someone says 'We're going to decentralise insurance'. Well, what actuarial skills do you have? What is the problem with the current insurance industry?

Crowd How do you avoid it yourself when building a Web3 business?

Roul There are centralised players in the Web3 space that you can safely partner with. If you're going with the same company that Tag Huer went with, then you're probably not going to be scammed worse than anyone else.

Crowd Give us an example.

Roul GSR is a liquidity provider. They have the exchange relationships and will get your token listed on an exchange so you don't have to. They then make sure there's liquidity so it can be traded.

Another way is to just create infrastructure. You don't create the front end. You incentivise people to create their own front ends because they become part of your revenue stream.

Take Gnosis. They are a big blockchain project. They will say come and develop on our infrastructure. And they might give you a grant because they want developers. But by being a part of Gnosis, you get the Gnosis user base. It's like liquidity pooling and customer pooling. You're getting access to tens of thousands of users.

Crowd How do you access the users?

Roul They're existing token holders. You're skipping the part where you're asking people to buy your token. Instead you saying, 'Look, this number of people have the token we use'.

It's the same with Binance. By getting your product on the Binance Smart Chain or in the Binance ecosystem, Binance will list you on the exchange. They'll take a chunk of your tokens and promote your project to their users. It gives your project legitimacy.

You've got these existing users who are ready to use the Binance tokens or whatever project tokens that are in Binance. They're already invested in the idea. The reason they own the tokens is because they believe that Binance is going to bring them projects that actually will work.

Crowd Are you a fan of DAOs [Decentralised Autonomous Organizations]?

Roul DAOs can be an attempt to be at arm's length from regulators, because there's no central authority, there's no company that you can take to court.

Crowd They can also be a community building tool.

Roul They are saying they deliver value not to shareholders, but to the community.Every member of the community is incentivised to promote the product and to contribute value back to the product through organic social media, marketing and development – essentially investing everyone in the community through a token distribution.

But there are certain red flags for people who are worried about getting involved with the wrong project. Anything that promises incredible returns and makes outrageous claims...

Crowd Good point. If you set up a legitimate project you still need specialists that know the language that you can and cannot use in relation when promoting your project.

Roul Yes. Because there's loads of people out there, particularly some of the younger bedroom bandits, who won't have the level of sophistication to do that. They haven't done it before.

Crowd We were doing this work in 2016, and even then there was a whole raft of regulation around what you should and shouldn't say. What projects do you like at the moment?

Roul Linking digital consumer behaviour to in-store retail. Turning a digital customer into a physical customer.

Let's say you put Rolexes on the blockchain and you had NFTs of Rolexes as digital certificates, but you make use of the ecosystem to make them tradable. Then you could have a club where you give Rolex customers a discount. It's the future of retail...

Another way is to just create infrastructure. You don't create the front end. You incentivise people to create their own front ends because they become part of your revenue stream.

4.0 There is *Another* **Currency** at Work *in* **Web3**

[THERE IS ANOTHER CURRENCY AT WORK IN WEB3]

Social **Proof**

Erica Stanford, Founder of Crypto Curry Club, Fintech specialist at law firm CMS and Author of *Crypto Wars: Faked Deaths, Missing Billions and Industry Disruption* argues that the barrier to entering Web3 is less harrowing than you might think.

“Attending, hosting and sponsoring real-world events creates the Social Proof that, yes, you are real people, you did show up to an event. People have met you. People who now trust you, have met you. And they will start talking about it,” says Erica Stanford.

And she should know. Erica set up the Crypto Curry Club in 2018 as a home for people that love both. Since then, the Club has grown to more than 4,000 members, and she has hosted 240 live events and dozens of webinars.

“I've seen a lot of companies that want to do everything digitally because they think it's a digital thing,” she continues. “But that's really, really hard to break into sometimes. Some will straight away get lots of investment and straight away get in the press. But that's mostly because they've got big names behind them and big backers before they start.

“That's not the majority. The more you can do in-person at real events to show, ‘hey, this is actually us’ and build the relationships, the more you've got Social Proof. And that will go on the Internet and on social media. It's just not about cost per user for those events.

“There's a degree of Social Proof on Linkedin too. I post photos that I've been to this or that event, or I've spoken at another. People can see that I'm a real person. They can see that if I am involved in a project and shared it on LinkedIn, then that adds a degree of Social Proof. I would argue that is much better than having something on Discord.

“How do you know it's me? How do you know it hasn't been copied? How do you know it hasn't been hacked?

“There is an argument for sticking with the very traditional channels such as a LinkedIn and Facebook, rather than think, ‘we're just going to have a discussion group and a site’.”

Oh! The Irony

“Opensea, the main NFT marketplace, has had so many scams and frauds that it’s adding a verification system,” says tech guru and former Partner at Andreessen Horowitz, Benedict Evans. “The irony, of course is that a third-party making judgments about what’s allowed is exactly what Web3 was supposed to remove. (Yes, you can choose your third party. People won’t).”

Social **Proof** *&* **Anonymity**

A neat solution to the issues surrounding anonymous owners.

In Web3, there are many reasons individuals give for not wanting to be identified. Indeed many are active in the area precisely because they don’t have to be.

Some so-called White Hat hackers do not want to be identified in case it undermines their exploits. Others do it for purely ideological reasons. There are those that have made fortunes and want to protect their wealth. Our experience is that humans are generally driven by mixed motives.

What it does present is a problem for those that might buy or invest in a Web3 business, and those that like the look of a service or product, but on due diligence, are scared away by the anonymity of its founders or staff.

It doesn’t have to be this way says Erica. She tells us that an investment firm was looking to buy a Web3 business that had an anonymous owner. Rather than withdraw from the deal, they asked the owner to nominate five people who were in the public eye to vouch for them. People who would have lost their reputation if there had been anything dubious in the transaction.

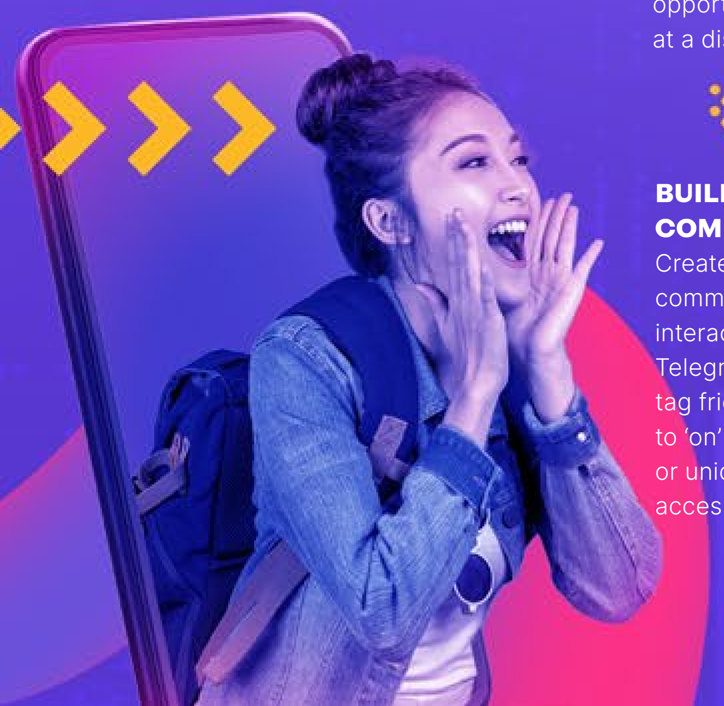
The deal went ahead.

This is the kind of Web3 interaction that is relatively new to global business culture. Expect more of it. And expect Social Proof to be a factor.

5.0

Building Audiences in the **Metaverse** – The *Crowd* **Playbook**

Every business wanting to build a business in Web3 needs a brand communication strategy that builds audience and delivers revenue. Tom Berne, Managing Director of Crowd UAE, reveals the combination of traditional, social and Web3 marketing tactics Crowd uses to get eyeballs through the looking glass. Here is his step-by-step guide to launching a business in Web3 and the Metaverse.



DON'T LET THE 'COIN' DROP

With crypto-marketing moving at a rapid pace, marketers need to source innovative ways to grow an engaged community. Spend time in other projects social channels, engage with mods and get a feel of audience sentiment by monitoring conversations and engagement tactics - Learn, adapt and apply techniques and importantly, never stop observing. What had worked yesterday may not work tomorrow.

BUILD HYPE THROUGH A WHITELIST CAMPAIGN

Deploy a Whitelist campaign that allows community members to register interest and secure an opportunity to buy unique assets at a discounted rate.

BUILD DEMAND THROUGH COMPETITIONS

Create a competition where community members who interact with the most posts, join Telegram and Discord groups, tag friends and set notifications to 'on' are rewarded with free or unique products or advance access to services.

BUILD SOCIAL MEDIA FOLLOWING

Use social media growth and engagement tools to push community members towards channels and content around these Whitelist and competition campaigns

BUILD AWARENESS THROUGH INFLUENCERS

Leverage respected influencers to drive awareness and conversations around the business, competitions and Whitelists. Use Social Listening Tools to identify influencers that share client values. Influencers could be developers, gamers, NFT investors or any number of people that have become specialists in their field. Payment varies, with some influencers offering help for free, for cash, for cryptocurrency or tokens – or in kind (NFTs or access to beta services for example).

BUILD SOCIAL MEDIA ENGAGEMENT THROUGH PAID MEDIA

Promote across channels and through engaged influencers with paid posts to drive follower engagement. This in turn creates organic reach whilst promoting competitions and Whitelist campaigns.

BUILD A DEDICATED LANDING PAGE

Create a dedicated page for your product offering. Drive organic and paid traffic to it so that users can discover more about its utility. This includes:

- ☑ Proposition, utility, features
- ☑ Platform/Game Previews
- ☑ Project roadmap
- ☑ Whitepaper
- ☑ How to earn Whitelist Spot
- ☑ Countdown to launch or mint date
- ☑ General FAQs
- ☑ Call-to-action to join Discord and Telegram

ASK ME ANYTHING (AMA) • LOUNGE

Find a respective lounge that has an engaged audience with teams that truly believe in your project utility. This is the opportunity to have detailed conversation around the product and the project roadmap, as well as communicate upcoming campaigns for competitions, Whitelist spots and CEX announcements.

ASK ME ANYTHING (AMA) • PR

Deploy a traditional public relations campaign to introduce the project and push people to Discord and Telegram to gain exclusive details regarding the upcoming AMA, resulting in organic community growth.

SELECT COMPETITION WINNERS

To build a fair evaluation of entrants, use tools to randomly select winners. Publicly announce winners through both influencer channels and client accounts to encourage more fans to get involved in the next competition.

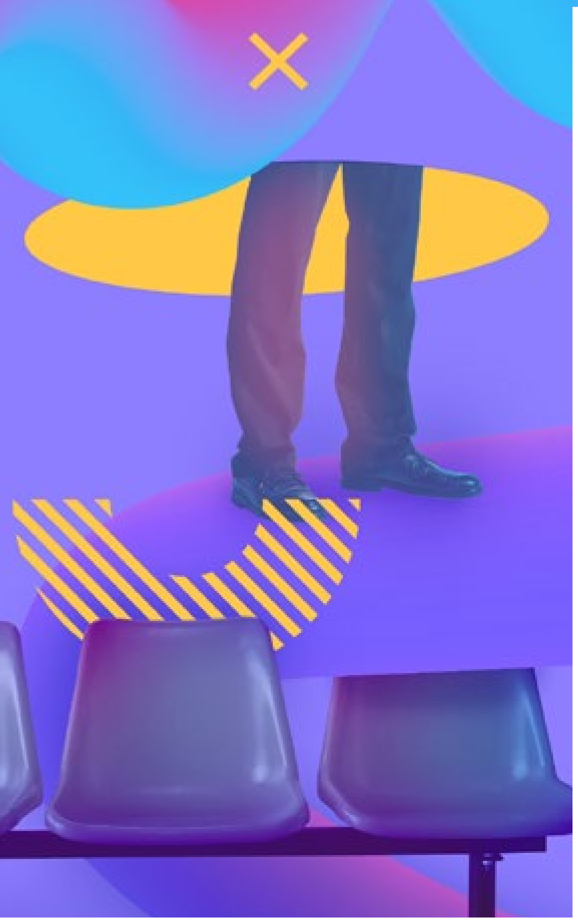
WHITELIST CAMPAIGN

Once the giveaway is over, deploy the Whitelist campaign in tactical batches. By now, we should have an engaged fan base that promotes the project on social media in return for Whitelist spots.

HOW TO EARN A SPOT

Deploy tools so client communities are challenged to actively engage with social channels and posts. These actions are scored to enter draws and earn Whitelist Spots. The higher the score the more draws a user gets.

LAUNCH BUSINESS PRODUCT OR SERVICE



Under-Estimating **User Base Costs**

Erica Stanford makes the case for better Discord and Community Management.

"I've seen quite a number of Web3 companies just go in and assume that they will get users. The hardest part is finding users and there is real underestimation of the cost. A bank recently underestimated cost by 90%. They just assumed they had a product and therefore users.

"Companies say, 'We're going to have to set up these Discord channels and do what everyone else in the space is doing. Yes, it plays a role when the space wants that. But those are often really mismanaged. Companies don't have somebody answering questions at all times. Or they are not the best representative for them. Or they get hacked or chaotic.

"You've got to make sure that you've got 24-hour control. And that isn't by asking for community volunteers, i.e. people who say they're a fan. There are cases where companies have had volunteers run their channels and they've scammed users to the point where law enforcement gets involved.

"With all the will in the world, to get community users to manage your channels? That is bad idea. You need people that have 24-hour management of them plus real security checks. Above all? Just get back to people when they ask a question."

[FANCIRCLES]

One-Stop *Community* **Management**

For businesses looking to manage communities of consumers, there are alternatives to the ubiquitous Discord servers. We speak to Craig Swan, Chief Operating Officer at FanCircles.

Crowd What sort of market activity are you seeing?

Craig Our clients are so diverse now. Things like environmental, conservation, pure art - and there are really big brands entering the space. We're talking to a lot who are at a very preliminary stage, which helps us see where things are going over the next six months or so.

Crowd What do they point to?

Craig At this point in time, NFTs are splitting off into two different directions. One is the sort of flipper gold rush crypto thing. And the other is where brands are involved and there is a translation to mass adoption.

The key to that will be the use of fiat currency - which is already happening - and a language that feels a little more inclusive. All the acronyms and terminology that exist mean anyone coming from the outside thinks what the hell is all this about?

And as a brand or an artist, it's very difficult to maintain your own brand voice if you're thrown into a Discord channel.

There is also a matter of pricing. In music terms – and thinking about NFTs – you are also going to have to price things around the fan mark, which is $20 or $50 or $100. And you can't price things up in Ethereum, because they don't know what that is.

You've also got to explain why you're doing it. There's a band in the States – we work with their management company – called Avenged Sevenfold. They launched something called the Deathbats Club.The singer and one of the guitar players are really involved in NFTs so they did a video and explained it in really, really clear terms: What these things were for; why they were doing it; with very little about the actual tech itself. They spoke about it in a way that fans could understand and their NFTs sold out really quickly.

As a brand or an artist, it's very difficult to maintain your own brand voice if you're thrown into a Discord channel.

They sold 10,000 because all of the benefits were really clear. But a lot of bands and a lot of artists have just launched stuff with that flip mentality, which is 'I'll just launch a project and it will sell out because why wouldn't it?'

I think a lot of people have been very surprised and disappointed as a result. But for us, it's long term. I think it's a good thing for the future of NFTs.

Crowd How does FanCircles work?

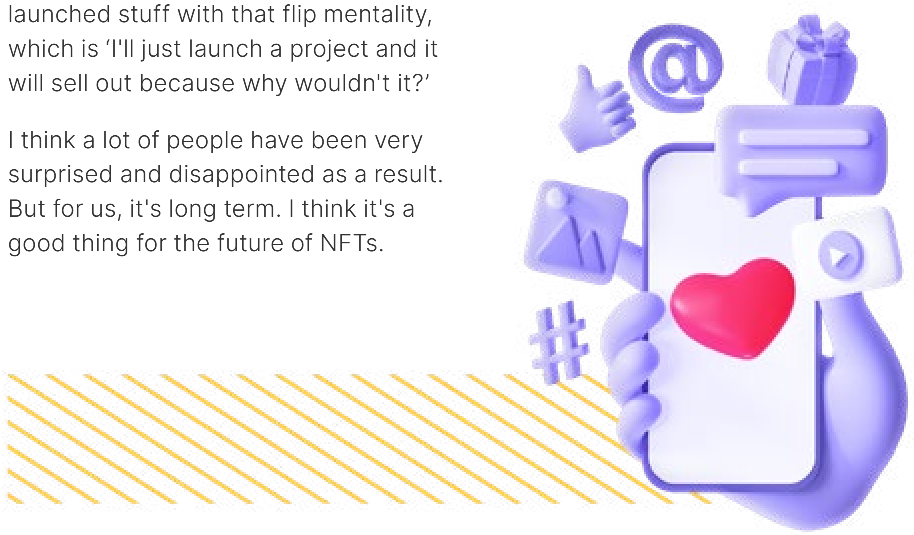
Craig Every client gets their own branded app. Everything's loosely based around the main social media and sales platforms. The reason is that as soon as you download an app as a fan, we want you to instantly understand what to do – and also feel that this is purely for the artists that you are there for.

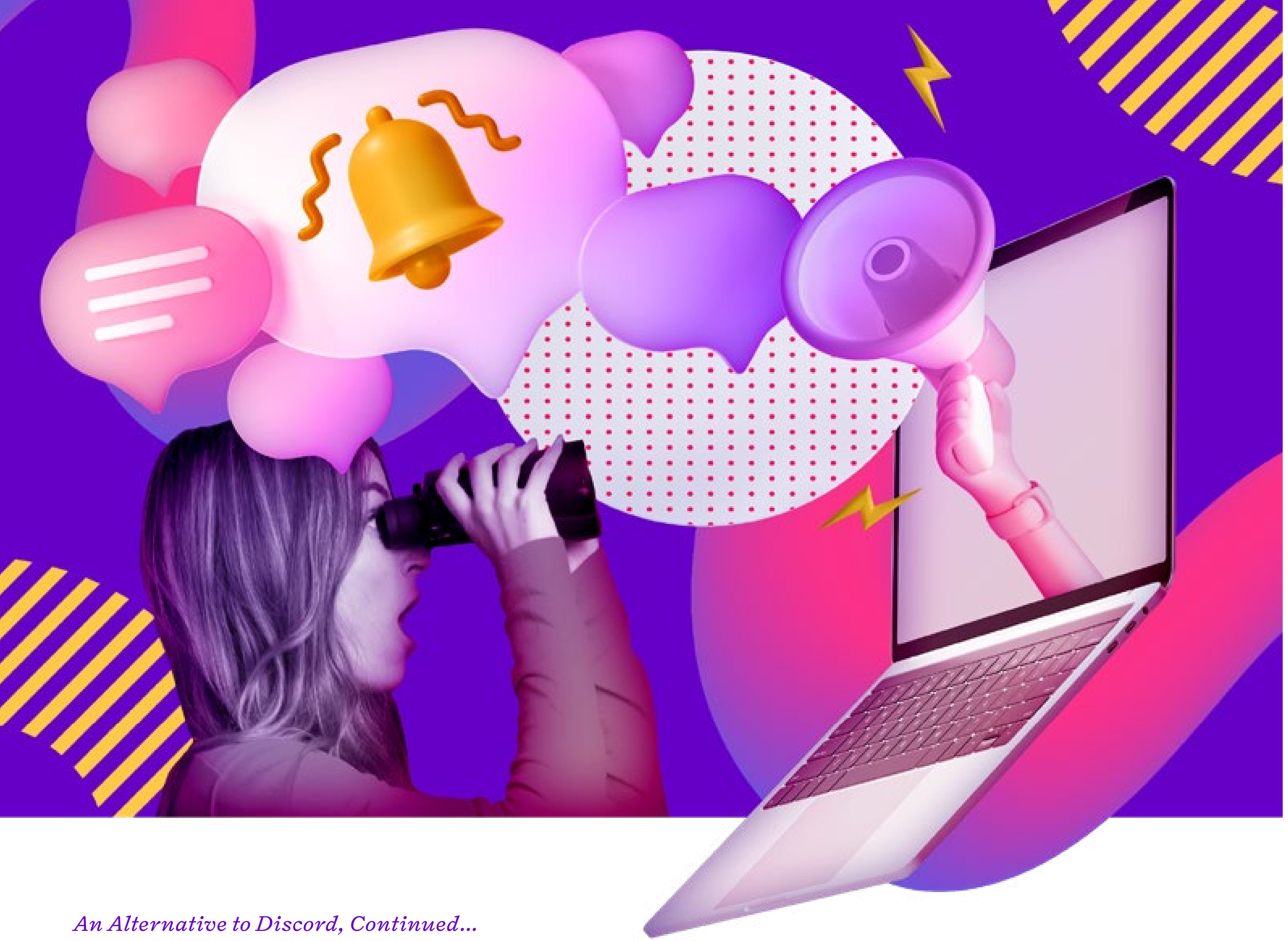
It's not a Fan Circle's app and then loads of subsections. It's totally branded. Most of our users don't know who we are. They don't need to unless they come to tech support.

We went from being a really uncool, heritage fanclub company to this new Discord competitor just through sheer chance. But the good thing was because we had all these bands like Wet Wet Wet, Marillion, Paloma Faith and Robbie Williams – their fans are not bothered about tech – they're bothered about a new boxset or a ticket.

Crowd Do you act as a user pool?

Craig We have a pool of users and data that we can draw on. But these apps are for what you would call 'superfans' or the 'inner circle'.





An Alternative to Discord, Continued...

In terms of the NFTs – our apps are for NFT holders and people that are seriously considering buying NFTs.

So the marketing involved reflects the need to do the more traditional stuff. Go out to socials, go to news, go to your mailing list, use Discord if that's what you've already got.

It's one of the misconceptions among the artists that have come to us and then we've not worked with. They thought that we were going to be almost like an agency. But actually we simply provide the tools that bring your community into one place.

Crowd So it assumes that a business already has a customer base and the process is to onboard that fan base into the app.

Craig It is a utility item. An item on a roadmap. Or part of an announcement to draw people in.

If your project is really visual, like an art project for example, we've got video servers and audio servers and live broadcast built into each app.

There's no fight for attention. The app is just for that brand.

It is really simple, but it's really robust. And that's the key thing. Nobody misses any information because there's no fight for attention. The app is just for that brand.

Using the band UB40 as an example: Every two weeks they do a Zoom broadcast with all of them together, chatting about an old album or a tour, and it usually lasts about two hours. We see the view count at the very beginning and the view count very rarely changes by the end of it.

So people are sat and they're watching it and they're paying attention. They don't miss tour announcements. They won't miss a competition. They can't miss merch drops. They can't miss the band going live in five minutes – we do push notifications to everybody. You don't miss a thing.

Not all Plain Sailing

Research by James Page of Australia's cryptohead.com has shown how far the UK's Advertising Standards Authority has cracked down on claims made by crypto services.

"While many promotions arguably help to answer common questions like how to buy crypto, the surge in advertising has caused alarm and concern among regulators and some members of the public," says James Page of cryptohead.com.

"For example, unlike most investment options, crypto assets are not protected by the UK Financial Conduct Authority (FCA), though people unfamiliar with cryptocurrencies might see an advert and assume they are equally protected.

"As the advertising race between competing crypto companies has picked up the pace, we've been seeing more and more celebrities brought in to promote crypto assets and different crypto exchanges. While these advertisements are not always well received, they never fail to stir up a conversation, thereby succeeding in spreading brand recognition and crypto awareness.

"In fact, the boom in crypto advertising in the UK was of such concern to the ASA that they released a statement in November 2021 announcing a concerted effort to get these ads under control and properly regulated.

"This led to a sudden spurt of crypto ads being taken down for breaches of advertising codes which has continued into 2022. Through these rulings, the ASA hopes to create clarity and their expectations of crypto ads so they can responsibly market their products to potential investors while preventing illegitimate scam ads from slipping through the gaps."

Page identifies the largest culprits at **https://cryptohead.com**. Here are the reasons their ads were taken down.

MISLEADING ADVERTISING
Number of Breaches: 44

This terminology refers to instances where an advertisement misleads the viewer by either suggesting things that are untrue, or leaving out information that is crucial in order for the viewer to form a balanced opinion.

FINANCIAL PRODUCTS
Number of Breaches: 29

There are many rules already in place to regulate the advertising of financial products which can in turn be applied to cryptocurrencies. A very frequently-occurring example of this is that many of these crypto ads failed to mention the tax implications of investing in crypto, which is a breach of regulations as profits may be subject to capital gains tax.

QUALIFICATION
Number of Breaches: 16

Marketing materials must state any significant limitations or qualifications to the claims or implications made in the promotion. So far there have been 16 occasions where this rule was broken.

The Language *of* Crypto Marketing

With Erica Stanford, Founder of Crypto Curry Club, Fintech Specialist at CMS, and Author of Crypto Wars: Faked Deaths, Missing Billions and Industry Disruption

"I see a lot of approaches through Crypto Curry Club or CMS – people asking 'can you do an intro? Can you look at my whitepaper? Can we get a lawyer?

"You look at their marketing, their websites, their whitepapers and many – even the majority – don't describe clearly what they are doing.

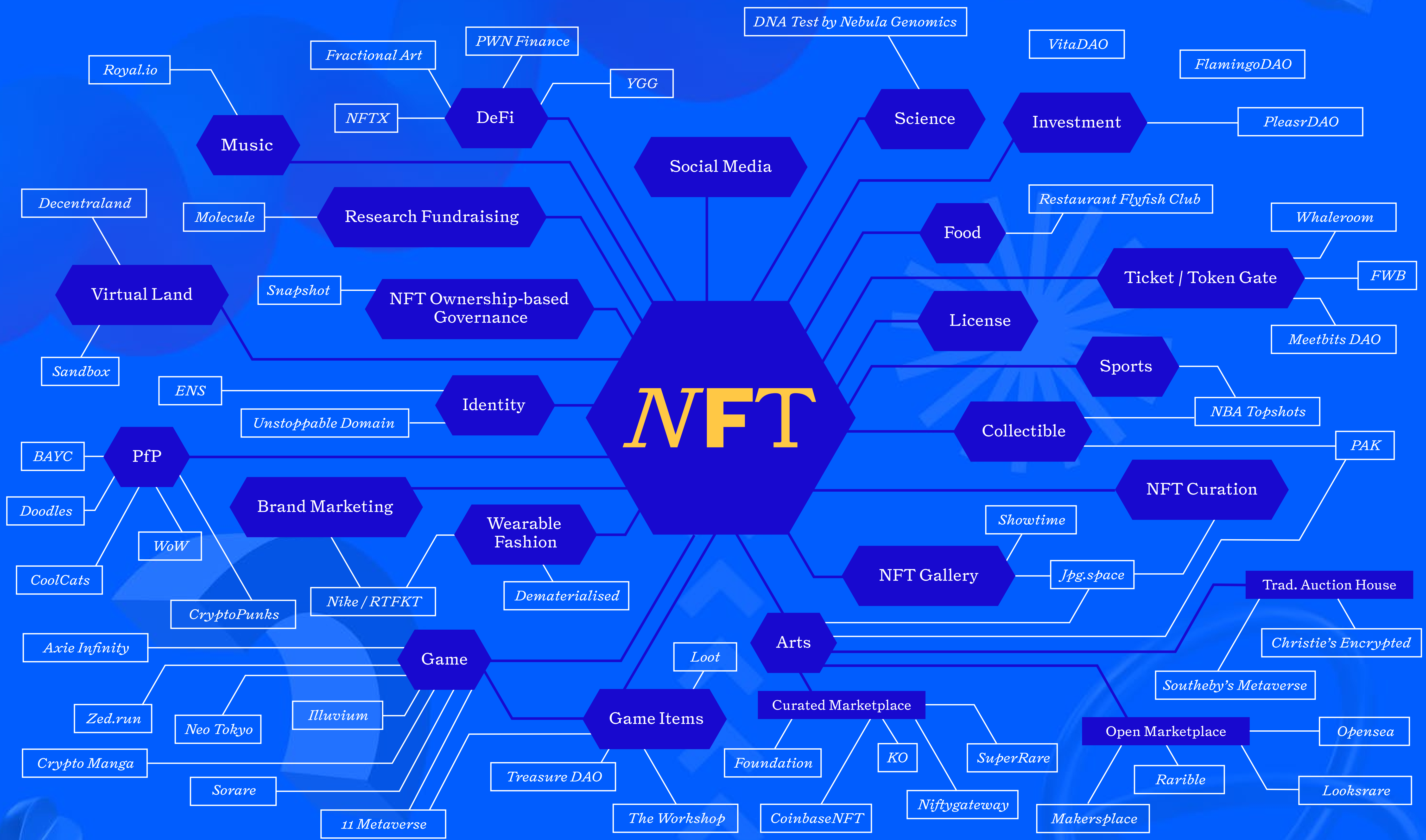
"They seem intent on using every buzzword available and lots of flowery words while making all of these promises. Yet they don't actually describe anything clearly.

"It is fundamentally important to describe what you're doing in a space that most people don't understand.

"It doesn't matter if they're looking for investment or looking for legal support or a new user-base amongst new user groups.

"It needs to be understood by anybody who isn't directly working for their start-up or working at a very similar company."

6.0 NFT *Use-Cases 2022*



Based on original source by @lililashka

The **Real Power** of **NFTs** *for* **Brands**

With Jay Still CEO of cutting edge XR firm, This Is Wunder

Football

The opportunity hasn't moved on much in several years. And that is engagement. Unless you are providing real value for a fan, and by real value I mean tangible things that they can feel – free stuff and access – I don't think a fan is particularly interested.

They're very interested in who you choose as a manager and which players you buy. But there's not a football club on the planet that is going to allow any fan to engage with the running of the club. So NFTs created around physical NFC (Near Field Communication) or RFID (Radio Frequency identification) is still where I see the future around merchandise.

Giving the purchase of a shirt a more profound value to a fan through some kind of unique identifier is still an amazing option.

There are hundreds of millions of fans in the East who will never go to Anfield or Old Trafford. So you've got to take Old Trafford or Anfield to them. Clubs have got a better understanding of who their fans are in those territories now, but they've still not solved the challenge of how you really engage with them.

It's a market that is begging to be cracked. But while it sounds dated now talking about conversations we were having three years ago, they still hold.

Giving the purchase of a shirt a more profound value to a fan through some kind of unique identifier is still an amazing option.

Music

In the music industry, we obviously understand the ownership and provenance benefits that blockchain can provide for the music industry: Following the journey of a piece of music or a product. But that's not an engagement process. The music industry is very similar to football in that fans want to get closer to the artist.

Using NFTs in the way that The Killers initially did with golden ticket opportunities through ticketing is a really interesting space.

And there are artists that aren't just musicians. They dabble in the art world as well. So that's another element that can be brought to the table for music artists.

But once again, it's about NFTs supercharging the relationship between a musician and a fan, as opposed to a fan buying a piece of art, albeit that they hope to sell in the future for £10,000 or £100,000.

We've seen what's happened with Bored Apes and how the bottom is beginning to fall out of those markets. That is going to recalibrate very, very quickly.

Using NFTs in the way that The Killers initially did with golden ticket opportunities through ticketing is a really interesting space.

There is also the opportunity for brands to underpin the value of tokens or NFTs. That is a really interesting conversation as well.

There you are lending a reward token value. From a brand's perspective, that's a very interesting area in terms of really driving the connexion between music, football and fans – as I said, particularly with retail.

Retail

There are also things like two-for-one offers or discounts through a token. When someone enters your shop, you can geofence that shop and reward them once again while they're there.

It's turning things on their head a little. Rather than pushing people online as a cost saving and new marketing opportunity, you're actually pushing people back to shops by using the mechanisms of the Internet.

People will always have an appetite to go into the shop but you need to make that an experience.

Flannels is an interesting example when last year they covered the whole outside of their store from pavement to roof with LCD screens of artwork.

That shows you where the dynamic of the shop window is now. It's not actually about promoting the clothes that you're selling in the shop. It's about the brand drawing the customer in.

And you can begin to build a data profile of all your purchases as well. The whole area is underserved because people are missing the point. People have got to get out of the impression that an NFT is something which is going to make you millions and millions of pounds from a JPEG.

The shop window is not actually about promoting the clothes you're selling in the shop. It's about the brand drawing the customer in. Creating physical experiences through digital activations.

How to **Collaborate** in Web3

Steve Kaczynski is Web3 strategist and self-confessed NFT Storyteller, so he should be well placed to answer the question: 'How does one collaborate in Web3?'

Brian Why would a brand want to be in the Web3 in the first place?

Steve This is no different to saying why would a brand have a website or why would a brand have social media channels? There's a reason why technologists are calling it Web3. Web1 was the normal kind of Internet as we know it. Web2 the social web. And Web3 the Web that we're building now.

In Web1, you are the consumer. That is the role that you play. In Web2, you are the product. Social media sites sell your information and utilise that. In Web3, you are the brand. You are part of the brand. It brings consumers and their favourite brands closer together in ways that they've never been able to before.

Brian Describe some for us...

Steve it is the concept of digital ownership and allowing consumers to profit alongside their brand, be it through a loyalty programme, be it through special perks.

There's a variety of ways that blockchain just makes our lives fundamentally better. Buying and selling things, whether it's a car or a house, and having that completely transparent on the blockchain. That digital ownership makes it necessary for brands to pivot to the same level.

A lot are playing right now with proof of concept. But at the end of the day, I think every single industry that exists will be disrupted for the better by blockchain technology.

Brian A lot of businesses are telling us they don't want to be first into Web3, but they'd happily be a close second...

Steve I would venture to guess that brands that got in early on the web or the social web probably had a lot of success building scale. I have seen this with brands I've worked with. By going through those trials and tribulations early on, you're able to stay ahead as the technology continues to catch up.

Because the technology has a long way to go. There's a tech barrier right now. But there are old articles that talk about how 'Millions are flocking away from the Internet'. They ask: 'Is it a passing fad?' And they talk about the technology barrier and the cost barrier. Well, that sounds really familiar.

I say to brands 'Now is your chance to get into that digital ownership and start figuring out your proof of concept'. There are multiple ways you can approach that but at the end of the day, ignoring it is just betting that this technology is not revolutionary.

Brian Can you give me examples of brands that successfully do that now?

Steve There's been quite a lot of noise around the LVMH, the Asprey's – Tag Heuer a couple of weeks ago. Fundamentally luxury brands going into the space buying land in Decentraland and doing NFT drops. These early adopters have the vision and the resources to experiment, to create PoCs quickly. They can hire talent because they are recognisable brands and have the connexions.

Brian For brands that aren't quite there yet, can you give me examples of successful PoCs used as a launchpad?

Steve There are four ways to enter the space: Sponsorship, acquisition, building your own and partnership.

For sponsorship, the racing game Zed Run is an example. We saw Anheuser-Busch InBev sponsor them with its Stella Artois brand. They are sponsoring Zed Run because they want to start playing in the ecosystem. They see that consumers who have disposable income – who are spending tens of thousands of dollars on digital racehorses – can probably afford a Stella Artois.

So sponsorship is an easy way to spend money, play around a little bit, and do something successfully.

Acquisition is an even bigger play. Nike acquired crypto collectibles startup RTFKT, which is like a digital Metaverse brand for shoes and other things. That was sensible because its akin to Apple buying Siri. A lot of people don't realise that Siri was not initially an Apple product. Sure, they could build their own AI assistant, but why not buy the best? That's what Nike did with RTFKT.

> **At the end of the day, ignoring Web3 is just betting that this technology is not revolutionary.**

Building your own NFT ecosystem is probably the most expensive way to go, which is what Budweiser is doing. They've released 'heritage cans' as well as done a variety of sponsorships with Zed Run and athletes.

But the last one I'll talk about, which I think is where lots of brands have opportunities is partnership. I see Adidas as being pretty successful here. Adidas partnered with two of the top brands in the space before they were top brands: Punks Comic under Pixel Vault, which has $100 million in funding now from various funding houses including A16z.

The same with Bored Ape Club, which is the biggest NFT project in the world. Adidas also partnered with them. Adidas said, 'We're going to partner with somebody who knows what they're doing. We'll get access to their devs and their knowledge'.

And what happened when Adidas did their NFT drop? It cost 0.2 ETH, so not cheap, but they realised there was a bug with the smart contract.

It took them less than an hour to fix it because all they had to do is pick up the phone and call the devs at Pixel Vault, which are the best in the business.

That's where I think smaller and medium sized brands can take advantage. Adidas is a larger example, but you can look at their case study and say, 'I'm a smaller brand, but I have the option to partner with so many NFT brands. And that's especially true now that we are in the biggest bear market since NFTs took off a year and a half ago.

You can find really good developers, really good artists, people with historical knowledge of the space, and say, 'We want to partner with you. You get out of us that your members will get something special from our brand. What we get out of you is we want your talent to come in.

How to Collaborate in Web3, Continued...

Brian Can you give an example?

Steve There's an NFT project called Alien Boy. It's at the lower floor - not a tonne of volume in there. The founder is such a good developer that he suggested upgrades that Ethereum is taking. But his NFT project isn't doing as well.

I'm a big supporter. I own them. I'm a big fan. And I like the Founder. You could partner with a guy like that and he could probably do a lot of work for you in exchange for you helping out his brand.

And that's where I think a lot of brands are missing the mark because they're almost turning away and putting their head in the sand.

You get this combination of a built-in user base, built in marketing within your own group, people with disposable income, and also the strategy and the chops to help you succeed.

Simply participating in the ecosystem and finding those builders now is not the same as hiring them or acquiring them. I think there's not enough of this kind of bridging happening.

Let me make up another example. A small alcohol brand could easily partner with an Alien Boy NFT. They could say, 'What we will do for you is give utility of a certain amount of free alcohol to your NFT holders. We will also let your holders pick their favourite NFT in a competition and licence the winning NFT for a new type of liquor called Alien Boy – with the winner profit sharing in the liquor sales - So that's utility to the NFT brand and its holders.

If I'm the alcohol brand, what I would ask for in return is 'We want to start figuring out how we can release our NFTs and what our platform is. Do we do a profit share NFT as a raise? Do we do a utility NFT? What is the utility that we as a brand could offer? And you'll help us build that.'

So we give you and your holders something that gives you an upside, which will help your project gain liquidity and get money into your ecosystem. And then you will give us your time and development chops to show how you can strategize to make this work.

Brian We are also describing the lending of a brand's user base in the real world and in social to brands that are already functioning in Web3 – and vice versa.

Steve Yeah. If you have a loyal audience with disposable income to utilise, not only do you get the benefits of the dev work that I talked about, but you also get the built-in loyal audience that's going to be your evangelist and you immediately acquire 20,000 marketers, not to mention everybody else in Web3 who want to see things pop.

You get this combination of a built-in user base, built in marketing within your own group, people with disposable income, and also the strategy and the chops to help you succeed.

The *Use-Case for* NFT Loyalty Programmes

Brand loyalty programmes are tailor made for NFTs. But why? FuzePAD Co-Founder & Project Director JC Chitty explains.

Crowd How does a brand benefit from converting its loyalty memberships into NFTs?

JC Firstly, we're not trying to completely change the way that memberships are distributed. The traditional membership programme will always be a business model that any business can run. And for some businesses it's the core. They depend on those memberships.

Instead, we're adding to membership culture. By doing that in a tokenised way, born on the blockchain, the short-term benefit for any business is seed capital because these NFTs are not usually sold for free.

They can be, but they are normally designed to raise seed capital for whatever cause that the business or brand wants to put it to. It also gives them marketing collateral. So it's something they can then push within their marketing channels. They can branch out, because a lot of people are looking to see which businesses are adopting blockchain or cryptocurrency. It's a marketing play. They're going to be one of the first.

Those are the immediate benefits that a brand would get from having a very limited supply collection.

By doing it in a tokenised way, the short-term benefit for any business is seed capital because these NFTs are not usually sold for free.

Secondly, there is the long-term benefit. Existing membership models basically require a constant inflow of new members in order to survive. With membership NFTs, once they're bought and owned by someone, they become indispensable, meaning that if the owner decides they no longer want the membership, they can't just cancel it. It's not like a Netflix subscription or a Sky subscription.

Crowd OK, but what happens then?

JC You can transfer it. You can make it saleable. You can auction it. What that does for a business is that it, in theory, never loses a customer. It always keep that limited supply. So we're not talking an infinite supply. This is a very limited supply of customers, that they are guaranteed to keep.

Whether or not these customers use the NFTs is another story. But you're less likely to buy a membership NFT for a business that you've got no interest in.

Essentially when you've gained a client who owns one of these membership NFTs, this client then might move country or they might fall out of love with your brand.

That doesn't mean that you lose that customer. It simply means that you gain another one by that membership becoming transferable to someone else who is interested.

Depending on what the brand is offering, those NFT holders will determine the value by deciding to buy and sell them.

If a potential customer keeps track of the brand and the price of these NFTs, they might be able to scoop one up for a very reasonable price, which then acts as a lifetime membership because they can't be disposed of, they can't be deleted.

The use-case for NFT loyalty programmes, Continued...

Crowd Does that not mean that the business loses control of the price of its membership?

JC Yes. The great thing about blockchain is that it gives the power to the owner. That's why Web3 is being adopted. Web2 was a great technology because it made everything more open and redefined how we all communicated.

But the problem is that it's controlled by one party and that control means they have to have access to your data. Everything you post is not essentially your data. It's owned by an entity. And they use that data to target you for marketing ploys, and some people have an issue with it.

With Web3, there isn't a 'someone' overseeing what you do in your wallet or who can access your wallet unless you give them the keys. So yes, brands can't control the price of these membership NFTs, but with the right guidance and with the right team and knowledge on what value they can provide their customers – the floor price is what we call it – the base price of a membership NFTs will essentially increase.

Brands will want to increase the value for another reason: When memberships are transferred from wallet to wallet, there's a royalty payment involved, and that royalty payment is paid back to the brand.

Crowd So that's an additional revenue stream for brands...

JC Long term, yes. It's a percentage of the sale as opposed to just a flat fee. If someone bought the membership for $1,000 and then sold it next year for $100,000, they would receive 10% of that $100,000 sale.

Crowd But the reverse is true. If it's bought for $100,000, but it sells for $100...

JC Absolutely.

Because the user defines the value, businesses might lose control of setting price. But from a user-perspective, those brands that put the effort into maintaining the utility of the programme – making their loyalty programmes or events really worthwhile – are the brands they want to be associated with.

Pressure is good for customers because it forces the brand to act. If brands don't act on new technology or they don't act on adoption, they also lose. They get left behind.

Crowd Brands are already in that place with Web2 in the sense that social media is that feedback loop. They are under pressure to maintain their reputation, and many of them do that through having really good loyalty programmes. Conceptually it's not that different, but the mechanic seems a bit harsher on brands because it is less controllable.

JC Yes. In terms of a price action. But price action is based on value. If there are great benefits for holding a membership NFT, people are less likely to sell it for less than they bought it. It's worth is controllable by what the brand does. And again, these collections are limited.

Crowd When you're saying limited, what sort of figures do you mean?

JC It depends on the business. If you look at a business like Boohoo, for example, it's got millions of customers. If they were to have a collection, say, of 5,000 or 10,000 membership NFTs, that would be less than 1% of their total base. It's a very concentrated group of people that they're having to service and manage and provide extra benefits too.

Crowd This is a key point we have been making about experimentation. Our recommendation to those businesses thinking of getting into the space is to harness the interest of their younger staff members. Some will be fully digital natives. Others will already be Web3-native – but brands should be in it for the long haul...

JC Let's say the first collection will essentially be the testing collection. And let's say they made it very, very limited to 1,000 or 500 people. Let's assume that they were to get the right advice and they were to see the market through as the technology evolves.

At that point they have a real understanding of it. And they are then really confident on delivering a main collection. But in order to buy that collection, you have to own one of the originals. That still gives value to its testing stage. There are many ways that you can adopt, adapt, and have it work in your favour.

What you don't want to do is bring out a collection and say, "This was our test and we no longer have a use for it." If you are to test, test knowing that it can't be deleted. It's not something that you can kind of wake up and go, 'Yeah, actually, we tried it. We'll now push it to one side. We're going to start another one'. Because that automatically devalues the next collection.

Those brands that put the effort into maintaining the utility of the programme – making their loyalty programmes or events really worthwhile – are the brands people want to be associated with.

There are going to be testing phases for any business, but as you say, they should create a group within their employees. Even that can be done by membership NFTs such that certain holders get access to business development and brand development rather than mass company emailing or polls. You can speak directly to the staff holding your NFTs.

Crowd It's almost like having a very sophisticated focus group.

JC Yes. A very channelled focus group because they need to be Web3 or at least on the road to it.

Crowd In terms of cost, because there are these very new ways of raising funds, could a business expect to have net zero cost?

JC You can get it as close to net zero as possible. But everything has some form of cost. If you're going to deploy a contract on almost any chain, it costs a gas fee. Gas fees are based on the network and how busy it is at the time and how how intricate your contract is. But gas fees are a one-off cost when deploying. Once it's deployed on the chain, it's there forever. At very peak times you're probably looking at around $800 for a pretty standard contract to deploy.

Then you need a design team. I would assume that some of these brands wouldn't want every single one of these membership NFTs to look the same. Some of them would want to partner with an artist. We've got a luxury fashion brand client based in the UK that ships worldwide. One of the key points when we sat down with them was that they didn't want all of the NFTs to look the same.

They partnered with a London-based graffiti artist who is up and coming. They collaborated to bring out this brand which is a cross between his artwork visually and their utility as a brand.

If you were to own one of these, not only will it look really cool based on the artist's work, but it will provide discounts, free shipping, and gives you a profile that then sends notifications based on the colour and types of clothing that you wear.

They are looking to branch into events too, and that will only be available to membership NFT holders.

You can get it as close to net zero as possible. But everything has some form of cost.

People are now starting to understand that NFTs are more than just a picture, more than just a jpeg. They provide you access to things. I think as that adoption happens, and more people go, "Oh, I need an NFT to go and get myself onto this flight" and they are produced as receipts for products or authenticity, the whole business landscape will change.

MARKETING, THE METAVERSE & EVERYTHING

But *is it* **ART?**

NFTs have taken the art world by storm, but many fail to see the appeal – intrinsic or commercial. Bret Kinsella, Founder of artist-centered NFT accelerator Niftorious.com, is not one of them.

I was absolutely sceptical about Web3 and the Metaverse because what I learnt in the nineties and early 2000s was that there's always a lot of hype around new technologies – and its mostly driven by venture capitalists pumping their portfolios

It's no different to seeing crypto people pushing their coin or their new PFP (Public Profile Pic) project in the NFT world. But what I learnt to do was just look at demand. The question is: 'Is demand responding to the supply?' Because tech markets tend to be supply-driven.

When I looked at VR, I said to myself that it's just this little side-line that people are thinking could be really big and it might be in the future, but it's not now.

I was working in AI, particularly conversational AI, voice assistants, bots, those types of things, because that was a market that was growing very quickly and it was very diffuse. It was going everywhere. There's a market there for the technology and it's really significant and we're not even getting into self-driving cars and all the other things we do with AI.

But all of the publications and the analysts focussed on VR. I was like, really? I mean, we're still a couple of years away from Apple's entry into this space, right?

But at the end of 2020, people started talking to me about what was going on in the crypto space around social tokens [cryptocurrency used to monetize a brand].

NFTs are going to do for the platform what the browser did for the Internet.

Then we started to see some consumer applications for decentralised finance. But it didn't really seem like it was popping to me, other than people were putting money in prospectively.

That is fine, but with social tokens I saw all these people creating a way to engage their community. It's basically just a way to use something that has monetary value as a software tool to create engagement.

And so I started doing that. And then I very quickly got to the realisation that NFTs were actually a better tool for people who are trying to work with communities.

NFTs are going to do for the platform what the browser did for the Internet.

The Internet was already very successful in the early nineties just with the advent of email. But obviously the advent of the web was much more significant. And that's really where I got involved in that space. I saw a pattern recognition here. It's not an easy one to see. But essentially the mechanics of NFTs and browsers create connexions between either people and information, or between people and other people.

First of all, NFTs are a programmable version of identity. Any time I have that token, someone can know that it's me or I'm a person that has rights to something. And then you can actually have additional features associated with it.

For example, that token can change over time using metadata. That token can be used to not only give you access to places or applications, but also to give you special access depending on the nature of that.

You might call that appending. I call it a feature. In the fungible world, it's hard to do that. The only way you can do it is you have to have more. You can have a higher count. And then having worked on the consumer side quite a bit, its also allowing fans to communicate with the people that they're interested in. Whether they're influencers or creators.

But also with each other. The communities were as much about horizontal communication amongst members as they were about vertical with whoever the organisers of that were.

And that was something that I was looking for in my own community. So I started doing some things along those lines. But the other thing I recognised was this was a 'learn by doing' market.

In the nineties, if you weren't on the Web all the time, you couldn't really understand the Web. And even then you didn't understand it that much unless you were actually deploying things to the Web.

So I just said, 'okay, I'm going to start buying NFTs. I'm going to start engaging in these communities - help people as they launch their projects and then ultimately launch some projects myself; just to see what it's like to go through them.

The learning is tremendous, and it's very fast if you do that. But it became very clear to me that people who weren't doing these things were missing the point. People didn't necessarily have the framework of having done this on other platforms to understand what the meaning was or how to apply it to themselves.

If you just do this as an exhibit, that's fine. But that's no different than what you've been doing all along. You are actually adding friction on top of something that is simple.

And then the last thing around the NFT space, and this is how I got involved with artists, is a friend of mine who went to Rhode Island School of Design was thinking about the space and he introduced me to an artist. When we were talking, I realised that a lot of artists thought that this was just like an art show or an exhibit. The way I looked at it, it was actually a business.

If you just do this as an exhibit, that's fine. But that's no different than what you've been doing all along. You are actually adding friction on top of something that is simple. If you're going to go to this other level, you really need to think about it a little bit differently.

You can make it just about the art – it doesn't have to have utility. But what I always wanted to do is make that decision consciously knowing the alternatives, knowing the things that you can do.

But lots of artists said, 'No, I really just want to focus on the art'.

So we set up an eight-week programme called NFT Artist Accelerator to expose artists to information that would be harder for them to find. It's very curated. It's a curriculum. So you learn about things that are important - fundamental ideas that help you branch off more quickly into the areas that are important to you.

So my realisation last fall was 'this looks like a tech start-up'. But instead of the software engineer at the centre, it's the artist at the centre. And how do we help tech start-ups or software engineers? We have Tech Start-Up accelerators.

By happenstance, I've been a mentor and advisor to a number of those over the last 15 years.

We have guest speakers come in who have been through it before. They can expand the perspective on what an artist can do and cover things that you would think go outside the curriculum. Because often, artists need to meet developers, or they need to meet marketers or community managers that are going to help them through their process.

That was great for us too because we learnt by doing. We deployed a [smart] contract. It had a lot of different parameters - a pretty complicated one. And then we went back through and we streamlined it so that we could keep the [ETH] gas costs down. We learned that whole process and then rolled it out to our community.

We now do NFT Artist Office Hours with a few of us on Discord. People bring the questions they have. They don't have to be part of our programme. Anyone can come in and we say, 'How can we scale this?'

7.0 The **Metaverse**

11Metaverse

Building a Metaverse isn't easy. But it is an opportunity to fundamentally change the way we interact with the internet. Each new arena is being given unique rules. Here is one.

Marco Beffa is building a complete Metaverse - a cross-blockchain protocol providing a distributed platform for shared virtual worlds.

These are wildly complex things to achieve, so we asked him why he is doing it, and for whom.

“Our primary business model is Business to Consumer: To Players and gamers,” says Beffa, who is CEO of 11Metaverse. “We want to create a platform that offers Play-to-Earn through action games - games that are addictive not because you earn money like our competitors in the market, but because you earn money and they are damn fun.

“But we also want to change the whole financial model. While the most important competitors in our market are centring their whole ecosystem around 'land' - they sell it; players buy it - we pivot the entire financial economy around the players.

“If the main asset is land, it creates a time boundary for those players that have invested because land may not necessarily be easy to sell-on. You might be forced to stay longer than you want in a specific game.

“With our Metaverse, our players own the coin, they own the heroes, their vehicles, everything that can be earned in the game.

“And as we will have many games in our Metaverse, we are building a system that swaps whatever is earned in one game, across games. For example, you own a magical sword in one. You go to game B where you can ski. There you have magical skis. This is the spirit of our Metaverse.

“It puts the player and the growth of the player at the centre of the ecosystem. Full ownership of anything in the game.

"If Web1 was information, Web2 was interaction and Web3 is ownership, we go hand in hand with that Web3 ethos.

“The other side of the business is B2B. We are currently coding the live game. But as an arcade, we will host different games developed by third parties. So from one side we look to the players, and from the other side we look to the game developers.

With our Metaverse, our players own the coin, they own the heroes, their vehicles, everything that can be earned in the game.

“While coding the lead game – it is a racing game with the feel of *Escape from New York* or *Blade Runner* – we are offering open SDKs (Software Development Kits) for use by other game developers. We aim to let them dock to the Metaverse ecosystem in six months.

“We also offer a players' pool. To a developer, that means ‘Come and develop on our platform'. They will have an SDK to make it easy for them. They will have a legacy game ready to piggy back from, and they will have a pool of engaged players. The more developers we have, the more interesting we will be to our players. The more players we have, the more interesting we will be for game developers.

But how is Marco developing these communities?

“At the moment we are working on two main communities: Player communities and speculators,” he says.

“Game developers only want to see technical solutions. They will want to try the SDK. And we don't yet have anything concrete to give them yet.

“But we do have to build our community of players in the first place. And that's the most difficult part. Players want to be engaged. They want to understand how the characters will move. How will they play? Will it be player versus a computer or peer-to-peer? They want to know all of the mechanics.

“What we are doing now is making them curious and feeding them information on what is happening as we build and release it.

“The second community is the community of investors. They are not interested in anything other than seeing the coin listed. They want to see a community growing and good engagement. That's it. They are not interested in the mechanics. They want an exit strategy.”

Advertising *in* the Metaverse

Our view on the future of brands in the Metaverse is that it will at least partly be advertising-led. If there are thousands of community members in place and the Metaverse game-environment is within a city, there's no reason why we can't have brand advertising.

11Metaverse has a different take on advertising to most. They don't sell 'land' where a brand might create a billboard. Instead, they offer a different option for brands and brand advertising. They offer advertisers the ability to move their advertising across games.

If we sell 1,000 views per day in 11Metaverse, and those ads are featured in the first game, but there 500 views a day, the ads can be moved to where there are a 1,000 views with the same swapping system. They can guarantee a specific number of views.

Crowd has a growing team of staff specialising in advertising throughout the Metaverse. We can help clients identify platforms, products, and partners.

The simple reason that brands will seek more and more space in the Metaverses that people will spend more and more time there.

What is Play *to* Earn?

With On Yavin, Managing Partner at Cointelligence.fund and Play-To-Earn Investor

"Play-to-Earn is a new concept in the gaming world. Essentially, it means that people are playing a game in order to make real money in the form of cryptocurrencies. Some players play games and earn crypto simply because they enjoy it and the monetary rewards are an added bonus. There is another group of players who have turned Play-to-Earn crypto games into their main source of income.

"In some Play-to-Earn crypto games, players can start playing a game for free without paying for it. While in other cases players will need to pay to play, i.e. they will need to pay for the character they want to use in game, or perhaps they may want to pay for specific items they want to use in game (players will pick these items because they may make them more powerful or have special abilities).

There is a group of players who have turned Play-to-Earn crypto games into their main source of income.

Earning potential will increase or decrease depending on the amount of time a player is willing to spend playing the games. Likewise, as a player's skill improves so will her/his potential profits increase.

"With Play-to-Earn crypto games the more you play and the better you get at the game the greater financial rewards you can earn."

Your **Attention should be rewarded**

One of the things that got me so excited about cryptocurrencies in the first place is the new possibilities of rewarding people for their time and effort.

For example, let's take the advertising industry. When we use different websites, and platforms we see ads, they are everywhere. Ask yourself, who mostly benefits from these ads? Answer: The ad platform.

With cryptocurrencies everything is changing, there are crypto startups building search engines and browsers. These startups are trying to change the way revsharing works, so that when people are using a search engine or a browser, the revenue generated will be split amongst all participants who created the value in the first place.

On Yavin

Managing Partner at Cointelligence.fund and Play-To-Earn investor

8.0 There *is a* **Problem** at the Heart *of* **Blockchain**

[THERE IS A PROBLEM AT THE HEART OF BLOCKCHAIN]

Energy **Consumption**

Tim Shank, CTO at music, art and industry blockchain, Blockpool.io, gives us the view from the private chain.

Crowd What is the main issue surrounding energy consumption in blockchain?

TS The main issue is the insane redundancy of the public blockchains. That redundancy benefits them by ensuring the stability and decentralisation of the network. It ensures that hardware is stable and up to date.

But there are probably 15,000 Bitcoin nodes and 300,000 Bitcoin miners working with the nodes. Ethereum has 300,000 nodes. Litecoin has more than 1,000. It's the same with all of the public blockchains.

Bitcoin created the idea of Proof-of-Work and many chains use that same consensus algorithm. Proof-of-Work makes machines calculate a semi-randomly generated number, and they do it through brute force. They just keep on going until it's generated. Whoever figures it out, gets to forge and mine the block.

Anybody can set up a machine that's forging for it. There are thousands of copies of that database and thousands of super high-powered machines running it. They are all doing the same thing: Attacking a super intensive maths problem.

Crowd What about Proof-of-Stake chains?

TS It ends up being very energy intensive even for the Non-Proof-of-Work chains.

Instead of that maths problem guaranteeing that the people forging the network or mining the network are using adequate hardware, it's based on you having a stake in it – owning a certain amount of that coin.

That now gives you an incentive to make sure the network doesn't go down. Instead of how much I've spent on the computer that's doing the mining, it's how much I've spent on the coins that allow me to mint the Proof-of-Stake token. That's what incentivises delegates to run good hardware.

But on public blockchains, with thousands and thousands of machines all doing the same thing, the redundancy is beyond the point where it is useful. You only need a certain amount of redundancy and distribution to make sure the network is stable. You can have ten machines in three countries in three continents, and you're pretty good. There's just no need for thousands.

Because our Blockpool networks are private, we control how many nodes we're running. We're not doing 3,000 nodes for any client. We're doing enough that they have a couple of nodes in several continents and that's enough to make sure that if a provider goes down, if a machine goes down, they're good.

That's one of the main reasons our chains are so energy efficient by orders of magnitude. We don't spin up unnecessary nodes, but enough to get all the benefits of a solid blockchain.

Even on our Blockpool public network, we only have 201 delegates. There's quite a few, but nothing like Ethereum.

Crowd Why do people use Ethereum and not more energy efficient chain from an ESG perspective?

TS Ethereum is a Proof-of-Work blockchain. They're moving to Proof-of-Stake this year, which will reduce energy consumption, but they still have 300,000 nodes. So even if it does go to Proof-of-Stake, one transaction will still cost about as much energy as one transaction on the Blockpool chain. Yet there are thousands of them doing that same transaction. They're all going to add to the database. They're all hosting that database. They all are running an operating system.

You have 300,000 machines compared to a few on a private chain. We use so little energy that we have trouble gauging it because the margin of error is bigger than the amount it costs for one transaction.

Crowd What about chains like Matic, or Polygon or Solana.

TS It's still the same thing.

Energy Consumption, Continued...

Crowd But there are trade offs...

TS It's the balance between decentralised distribution and centralised distribution. With public chains there's no company managing it. And some people like the idea of cutting the banks out, cutting companies out, having complete community management.

But in my opinion companies should not depend on a public resource for their business. Individuals, smaller projects, and some Web3 projects are different sorts of beasts to an actual business.

Even with Ethereum and ERC chains you can't count on stability because you don't know what those transaction fees are going to be. Our fees are a fraction of a fraction of these chains.

Crowd What about NFTs?

TS That's different. When you deploy an NFT – a drop – you are not depending on anything. That's releasing a product. I'm not depending on that for my business. Ethereum went down two or three weeks ago because somebody did an NFT drop. If I'm a business leader or a business owner, I've got to be thinking, well, how is that possible?

TS You might want to release things to an Ethereum chain, but you would not be depending on it for your business. A lot will be using Hyperledger instead - a collective of open-source blockchains and tools that anyone can use to create their own distributed ledgers. It doesn't support cryptocurrencies. But a lot of businesses will want to able to buy functionality without having to build it themselves.

Crowd Should businesses shop around to find what chain suits them to do that?

When you deploy an NFT – a drop – you are not depending on anything. That's releasing a product. I'm not depending on that for my business.

TS You need to make sure the chain has the features you need. Whether you need smart contacts. What applications you want to work with.

Narrow your list down and go to those projects and research their algorithms and their features. Look at their white papers. Understand what their feature sets are. Then choose.

Our international network of people can help you and your organisation meet your business objectives.

Crowd consists of an international team based around the world in key markets from San Francisco to Sydney. Our extended network can be called on to provide the best marketing industry expertise available to you, ensuring you are receiving best in breed service and campaigns that exceed expectations. Visit our website below and connect with us on LinkedIn to keep up to date with what we're up to globally. And if you're ready to have a discussion now, please reach out to your closest Crowd contact.

LET'S TALK ABOUT HOW WE CAN TRANSFORM YOUR BUSINESS

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