

SOFTWARE AND TECHNOLOGY

Why luxury is still exploring digital assets

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Sharky B is Burberry's first NFT. Image credit: Burberry

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With more industries experimenting with non-fungible tokens, luxury brands are identifying new revenue streams.

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During a session at Luxury Briefing and the British School of Fashion's [Technology in Luxury 2021 virtual conference](#) on Sept. 22, industry experts discussed the next stages for the NFT industry. Speakers also identified how different consumer groups, including luxury buyers, are responding to NFT.

"I think initially it's tapping into the people that have created this [NFT] market, and then it's actually bringing your army [of luxury consumers] to it," said Natalie Johnson, CEO of fashion NFT platform [Neuno](#), Sydney.

"It's getting more and more convenient, it's getting more and more easy to participate in [NFTs]," she said.

The conversation was moderated by Tim Jackson, director of the British School of Fashion, GCU London.

Where things stand

NFT are unique, or non-fungible, and easily verifiable digital assets, such as art, music, video and even GIFs and tweets. The NFT market is seeing exponential growth and achieving record sales, even as many consumers still try to wrap their minds around the concept.

While a digital file, including those associated with an NFT, can be replicated endlessly, NFT are intended to give buyers proof of ownership through a unique code. This is verified through blockchain technology, which makes an NFT one-of-a-kind even as creators retain the copyright and others can still use and copy the image, video, etc. online ([see story](#)).



Luxury brands including Gucci, Dolce & Gabbana, Valentino and Rimowa have already launched NFTs. Image courtesy of Gucci

Steve Kainth, founder of creative consultancy [Elluminate](#), cautions that digital assets are still in the "Wild West" days and the sector is not fully established.

"People are buying NFTs because they think that they're worth something," Mr. Kainth said. "Actually, 99 percent of them are worth nothing.

"I think sometimes we just need to put the hype in the context," he said. "I think it's hard to define the audience in an old way of thinking."

Some NFTs are even being categorized as "vintage," Mr. Kainth explained, since they were introduced in 2019 before the big boon in digital assets earlier this year.

NFTs may soon be another access point for consumers to engage with luxury brands, alongside existing entry-level fragrances or pieces from diffusion lines, according to moderator Mr. Jackson.

Digital-first strategies are already resonating with Gen Z consumers, so it is possible that digital assets will be similarly effective.

Gaming is already one of the default ways consumers are exposed to NFTs.



A Roblox avatar exploring the digitized Gucci Gardens Archetypes exhibit. Image credit: Gucci/Roblox

This summer, British fashion label Burberry revealed its first NFT, Sharky B, as part of a gaming collaboration with Mythical Games' Blankos Block Party.

Sharky B is not the only NFT included in this launch. Burberry also introduced in-game NFT accessories, such as a jetpack, armbands and pool shoes that players can use with any of their Blankos ([see story](#)).

"It's this huge, huge hype is built around these drops," Ms. Johnson said. "The market and the communities are warmed up and teased for weeks, sometimes months, with a brand that is coming and assets that are coming."

Building a metaverse

Ms. Johnson explained that fashion brands are also employing different strategies with NFTs. Some require purchase of an item before being able to view the digital assets, while some digital assets are included with purchase of a physical, tangible good.

Looking ahead, one challenge for the NFT and fashion industries is creating an environment, or metaverse, where

digital assets from different platforms can coexist.

It is already apparent that different luxury labels are turning to various platforms for their digital fashions.

For instance, for a limited time only, users on the gaming community Roblox could explore the immersive Gucci Gardens space through avatars as well as purchase exclusive avatar items at a virtual boutique ([see story](#)). However, those designs are not compatible or transferable with the Gucci collections available on the social gaming app Zepeto ([see story](#)).

This is the obstacle that Ms. Johnson is trying to address through Neuno.

"You could invest in your Gucci dress and you could take it into Roblox, you can take it into Fortnite, you can take it onto Snapchat as a filter but you've only had to buy it once," Ms. Johnson said.

This is only one way that opportunities remain untapped at the intersection of fashion and digital assets.

"It's such an early stage you can be really creative, and you can do something that is the first," Ms. Johnson said.

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