

INTERNET

What do differing NFT strategies mean for luxury?

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Brands like Gucci welcome digital capabilities with open arms, but the same cannot be said for others. Image courtesy of Gucci

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As the topic of non-fungible tokens (NFTs) has permeated conversations from the dinner table to the boardroom, players in the luxury space have developed varied attitudes toward this fluctuating market.

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Across luxury sectors from automotive and fashion to wine and spirits numerous brands have begun experimenting with NFTs as a way to engage new consumers, showcase their history and promote exclusive collections. Some brands, however, remain wary of the implications of NFTs on the luxury industry and have been slower to participate in this space.

First to arrive

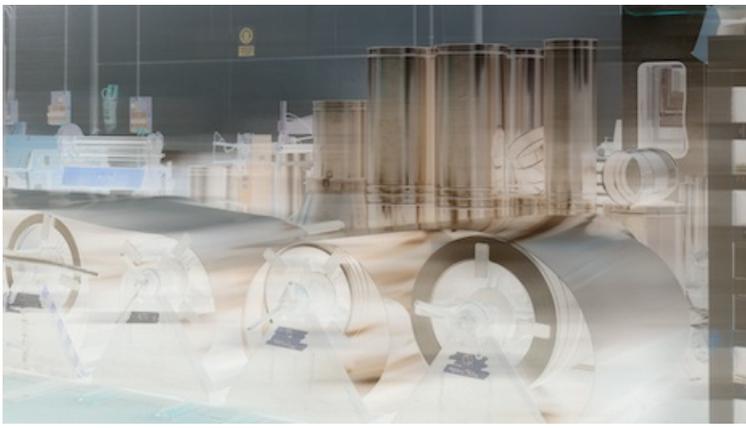
Innovative technology often presents new opportunities for businesses to expand offerings, reach consumers and stand out among their counterparts, and, for some brands who jumped in feet first, this rang true for NFTs. While these were first introduced in 2014, the sector only gained significant momentum in the last two years.

Many luxury brands issued their first NFTs through auctions, rushing to be among the first to test the waters in the spring of 2021.

These brands were not just early adopters for luxury, though mass-market businesses like Taco Bell, Asics and Charmin all released their debut NFT projects only a few months prior. Even late-night show "Saturday Night Live" [minted a skit](#) in March of that year.

In 2021, LVMH-owned German luggage brand Rimowa became the first luxury travel brand to create a collection of conceptual NFTs designed for the metaverse.

In collaboration with design firm Nuova, the brand created "Blueprints from the Metaverse," an exhibition of four physical artifacts that were transformed into digital artworks that were auctioned on community-owned NFT marketplace Rarible that May ([see story](#)).



Process of transforming the physical art pieces into digital. Image courtesy of Rimowa

That same month, Italian fashion house Gucci, known for its innovative disposition, unveiled its first NFT through a dedicated Christie's auction in May 2021. The NFT-specific auction, entitled "Proof of Sovereignty: A Curated NFT Sale by Lady PheOnix," included Gucci's "Aria" film as an NFT ([see story](#)).

Since then, the Kering-owned brand has greatly expanded its blockchain capabilities, from [limited-edition NFT collections](#) to an experimental, virtual space with [NFT-enabled avatars](#).

In a push to bridge the gap between the digital art world and physical communities, Italian fashion house Valentino vied for an NFT-equipped installation at its SoHo boutique to mark its debut in the digital territory ([see story](#)).

Other brands, like British fashion house Burberry, used gaming to take NFT's head-on.

In June 2021, the brand announced a partnership with tech company Mythical Games to launch a limited-edition NFT in the company's game Blankos Block Party, which is an open-world multiplayer game featuring NFT vinyl toys that players may collect, upgrade and sell ([see story](#)).

Fashionably late

Skepticism for NFTs persists among consumers and executives alike, but more luxury players are getting off the sidelines and into the game.



Players can download "Louis: The Game" and traverse the virtual world as to learn more about the Louis Vuitton brand. Image credit: Louis Vuitton

Despite clear and concrete disinterest from LVMH's CEO and chairman Bernard Arnault regarding NFTs and the metaverse, who earlier this year [firmly stated](#) the company was in no rush to begin selling virtual apparel, LVMH brands Louis Vuitton and Guerlain have humbly snuck their way into the NFT space.

Mr. Arnault admitted the virtual and digital universe is interesting, and one to certainly keep an eye on but believes it would only be in the company's best interest to approach it with the utmost precision.

This spring, French beauty brand Guerlain supported conservation efforts with the commissioning of its first NFT project. As an ode to the year of its founding, Guerlain commissioned 1,828 unique NFTs in the form of "cryptobees," which were auctioned in April to benefit the "rewilding" of the Millire Valley in France ([see story](#)).

While Louis Vuitton has yet to sell its own products as digital collectibles, it has gone slightly more digital with the launch of Louis: The Game app in August 2021, which invites users to explore a digital world, leveraging enticing

storytelling, graphics and NFT rewards to share its brand history ([see story](#)).

Since then, Louis Vuitton has added new adventures and NFT incentives to the game. Instead of auctioning digital artifacts, though, the game provides opportunities for players to qualify for an NFT raffle, which will be randomly distributed over the next few months.

A major differentiator between LVMH's approach to NFTs and other brands' is a focus on history and heritage, as opposed to pop-up shops and product drops adhering to Mr. Arnault's expectations and standards for entry. Louis Vuitton and Guerlain have both promoted the use of NFTs as a tool to strengthen their relationships with consumers and promote their values.

When it comes to technology, some could argue it is better late than never to adopt emerging capabilities, but with so much uncertainty regarding the NFT and crypto markets, is it still worth it for brands to get involved?

Is the door closing on NFTs?

[Read part two of our NFT series here: Luxury and NFTs: what happens if the bubble bursts?](#)

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