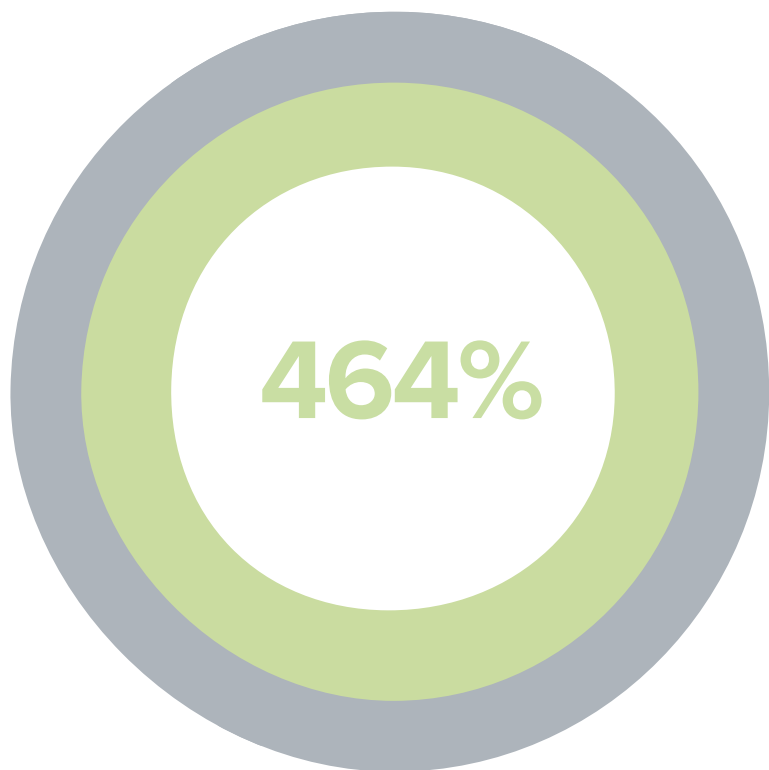


Comprehensive guide
to NFT current use
and future perspectives
in eCommerce
at the end of 2021

Ebook





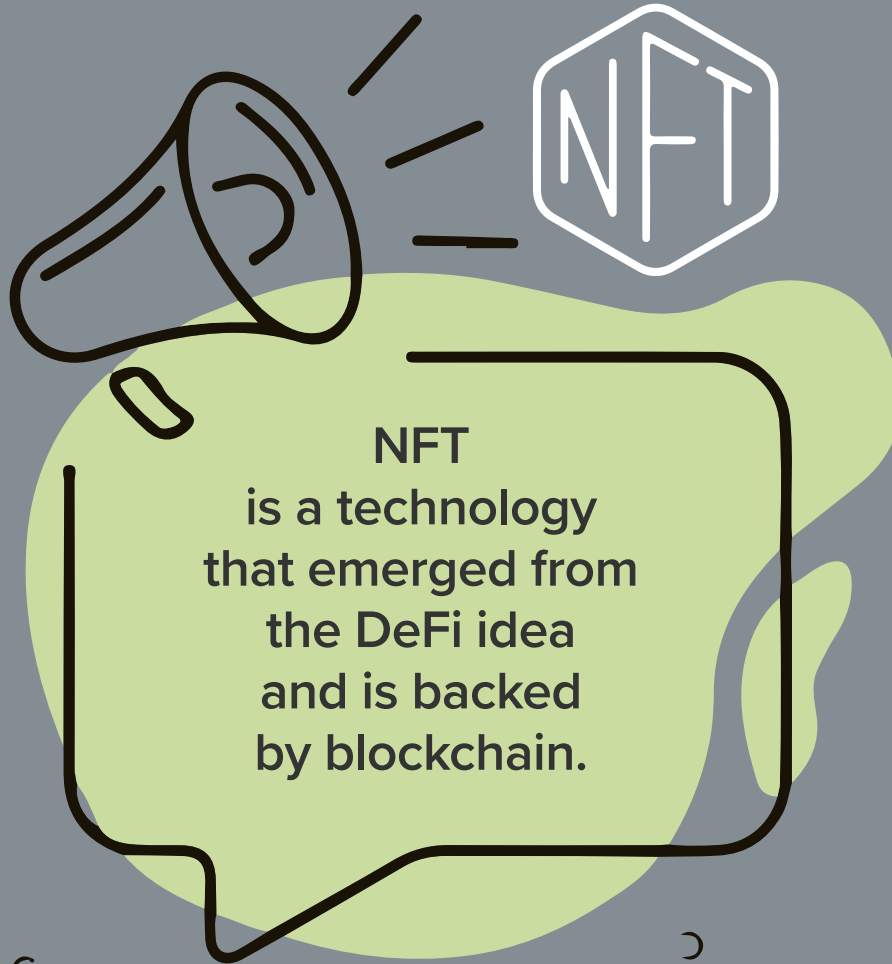
NFT sales
climbed **464%**
in 3 months from
the end of June
to the end of
October 2021.



NFTs market rises, so does uncertainty, if the new technology is really good and able to support a sustainable business model. Much is written in the topic, however, most of the articles in the matter of utilizing NFTs for eCommerce purposes lack the fundamentals necessary to grasp the nature of NFTs.

This e-book explains not only what NFTs are, but where they stem from, to give you a big picture of the chances they provide.

The roots of NFT. DeFi and Blockchain



DeFi which stands for Decentralized Finance came up as a way to provide the convenience of centralized markets without the influence of the powerful market owners. DeFi was introduced as a technology, namely **blockchain**. All of the cryptocurrencies we all know and heard about, like Bitcoin, Ethereum and many, many more, are blockchain technology.

Blockchain is a decentralized method of storing data that uses **peer-to-peer networks**. Data is kept in “blocks”. The blocks are chronologically ordered and time-stamped. All the blocks store the data about previous and next block. The values are changed when the transaction occurs. This ensures validity of data and fraud-proof system for transactions.

● What exactly is **NFT** (Non-Fungible Token)?

NFT is simply a short for Non-Fungible Token. “Fungibility” in economics means a good is interchangeable. A non-fungible good is not interchangeable. It’s unique.

10 USD
is fungible.
It can be
exchanged to 10
1 USD bills and
the value will stay.

10 USD
with celebrity
autograph is
unique, therefore
non-fungible.

NFTs are blockchain-based digital assets that can be purchased with a digital wallet or cryptocurrency. They can assume the form of an image, video, music, meme or tweet. The difference between NFT and e-book, or digital form of musical albums, is that when the customer purchases an NFT, it means the ownership of a token, not just a licence to use it. The ownership can then be kept or sold to the new buyer.





Examples of NFT platforms and what they can provide eCommerce with

NFTify

- It provides businesses with the possibility of creating an online store without the necessity to write a code.
- It also adds another layer of protection to an already extremely secure blockchain, in the form of an AI detecting the NFTs similar to those of the user.



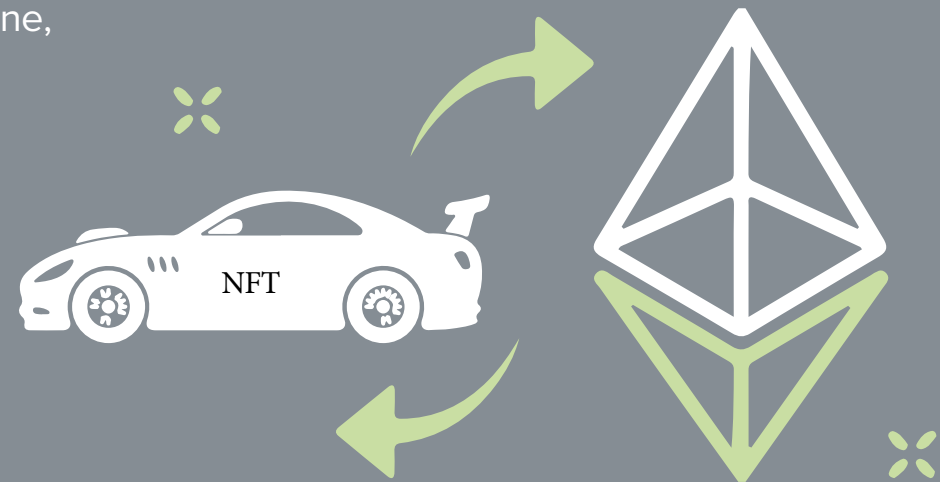
NFTIFY



Splyt

Splyt enables the possibility to use real world items as NFT.

- The inventory data is stored on the blockchain, so no entity listing a particular NFT can sell it twice.
- Sellers are able to sell physical items as NFT and collect royalties every time the item is resold.
- Affiliates are able to collect immediate payment after selling NFT products because smart contracts used in Ethereum hold and transfer the funds.
- For the buyers NFT is a guarantee of the originality of their product.
- The profits are redistributed in a more equitable way, as the platform itself has built in every guarantee and accommodation traditionally provided by the middle-man.
- Environment is trustless, nobody needs to trust anyone, as everything is stored in the blockchain.



Pandora

Pandora is turning real world items into NFTs, providing the users with a mix of eCommerce and DeFi.

- The NFTs on this platform can be treated like financial assets: purchased, sold as well as borrowed and even divided into pieces, that in turn can also become a subject of trade.
- NFTs can also be stored on the platform to gain a bonus over time.



Drops

Drops is a full DeFi solution.

- Inactive NFTs can be turned into assets allowing borrowing cryptocurrency.
- Some users bargain with their assets for cryptocurrency, others put their currency in a pool for other users to borrow.
- The efficiency of the blockchain guaranties makes the process cost very low and individuals are able to perform the operations normally reserved to institutional level banking.





What are NFTs used for now?

There are a number of industries utilizing NFTs for some time now. Let's have a look at some of the most prominent examples.

Art

- The value of art depends largely on factors like authenticity, age, number of owners. For digital artists, it makes great sense to store unique pieces of art as an NFT in Ethereum. Blockchain ideas end their struggle to prove authenticity.
- NFTs add convenient fractional ownership of art. Thanks to this, thousands of people may collectively purchase a piece of art in separate tradable units.
- Collectors need the authentication and they self-validate.
- Art investors need both authentication and outside validation.
- Both are possible with blockchain-based NFTs.



Music

- The artists can sell their music in a D2C model, in a form of fractionalized tokens.
- Deadmau5, Grimes, 3Lau, Jacques Greene, Tory Lanez and Kings of Leon have all sold NFTs relating to their works in the past year directly to their fan base.



Sport

- “NBA Top Shot” project is a collectibles project based on cryptocurrencies. Allows the fans to trade NFT video highlights in the same way they trade for the rookie cards.
- There are already registered transactions for hundreds of thousands of dollars for tokenized, unique moments in NBA history.
- Some of the world’s biggest soccer clubs utilize NFTs, i.e.g. Barcelona, AC Milan, PSG, Juventus, and Real Madrid have launched NFT projects and are now offering fan tokens for their supporters. Some of these tokens include voting rights.
- Projects like Sorare allows fans to buy digital player cards and build custom lineups for cash prizes.



Fashion design industry

- NFTs serve here as authenticity proof of the designer products. The verification process is simple and involves scanning QR code attached to the label or sale tag.
- Moreover, the consumers can view the location of factories and sources of raw materials this way.
- Some brands even create virtual 3D dressing rooms and use NFTs as digital garments.



Gaming

- Digital items, skins, weapons, collectibles or maps, sold in individual transactions, are present in games for years now. NFTs can enable the players to take their favourite items into the other game or virtual collection room.
- NFTs are able to break the ownership structure for such items. Right now, all the in-game assets are prone to be lost, when i.e.g. game servers are shut down because ownership of the items belongs to developers.



Community building

- NFTs have means to empower the individuals sharing certain passions to form the community and contribute to development of their dream project.
- NFTs are now contributed to the development of various interest groups and communities, ranging from fan pages to political movements.



Creative examples of NFTs use in eCommerce



Nike

CryptoKicks is a system developed to entail physical shoes to the digital versions of the footwear. Digital shoes can be traded for or stored in a digital locker. It is possible to breed two pairs of digital shoes to create a shoe offspring. The origins of the offspring can be, of course, tracked back on a blockchain. Offspring can be sold as collectible.



Gucci

The brand released a special line of digital-only sneakers. They can never be worn, but at the price of about 12 USD the brand, much like Nike, can seek to increase its presence while still making money out of their marketing campaign.

CHRISTIE'S

Christie's

Christie's was the first major auction house to sell a fully digital artwork, Beeple's Everyday: The First 500 Days in March 2021.



NBA Top Shot

Allows the fans to trade NFT video highlights in the same way they trade for the rookie cards. Top Shot Moments gathered more than 250 000 NBA fans so far and the website purports sales of over \$400 million.

● What can NFTs bring to eCommerce **in the future?**



Zero Fraud

The very idea of a blockchain and the construction of the NFTs on top of Ethereum makes fraud or counterfeiting simply impossible in eCommerce.



Lifetime product tracking as SKUs blockchain-based analogue

NFTs probably have the potential to replace SKUs with blockchain-based analogue. Moreover, NFTs could enable e-commerce data tracking, as users can have lifetime access to every data point across the product's life span.



Trade barrier removal

NFTs make international trade for digital assets possible without considering restrictions, regulations and politics. It also enables transactions previously reserved to the institutional banking level.



Eliminating Intermediates / more equitable profit distribution / supporting D2C eCommerce model

Additional costs added by intermediaries between buyers and sellers are eliminated by NFTs. So they will support a more equitable profit-sharing system, particularly for emerging brands that are looking to establish themselves in e-commerce. Essentially, they are tailored for the D2C support.



Speed

Due to smart contracts used in Ethereum, the blockchain basis for NFTs, trades can be initiated and validated at unprecedented speeds. Trade requests and offers are validated by computer networks on the blockchain in real-time.



Divisibility

Fractional ownership of assets too expensive for the average consumer allows the producers and artists to sell off their work much faster.

If you want to learn more about
NFT, visit

www.salesmanago.com

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