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Exploring the impacts of NFTs in marketing strategies and customer relationships.

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Abstract

The emergence of new technologies, such as Non-fungible Tokens (NFTs), over the last few years, has driven a shift in the way companies capture and deliver value to their customers. Non-fungible Tokens (NFTs) are records of ownership that represent unique digital assets. New technologies often impact markets as they provide a new set of applications that have the ability to drive change within companies. Having this in consideration, this thesis aims to explore the influence of NFTs in marketing, Business Model Innovation, and customer relationships by studying five marketing experts with experience in the NFTs space. In this thesis, an inductive approach is applied, and data is collected through semi-structured interviews. Common patterns are found by following Braun & Clarke (2006) guidelines for conducting thematic analysis, leading to five findings. (1) The relationship between First mover advantage and Business Model Innovation to achieve competitive advantage. (2) Adapting value propositions to new demographics is connected to Nurturing Organizational Competences processes. (3) Customer-Centric Business Models are key to adapting value propositions to customers' needs and preferences. (4) Future considerations that managers and decision-makers will have to contemplate to make the NFTs more sustainable strategy. (5) companies can adjust their strategies by relying on Learning processes. Consequently, this thesis suggests future research could focus on (1) exploring new connections between Business Model Innovation and customer relationships, and (2) exploring the more in-depth impact of Business Model Innovation on First Mover Advantage theories.

Keywords: Non-fungible Tokens, Marketing, Business Model Innovation Processes, Customer Relationship.

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1. Introduction

The following section will first provide an overview of previous research on the possible influence of Blockchain and Non-fungible tokens (NFTs) in Business Model Innovation and current marketing strategies using NFTs followed by the aim of the study and the outline of the thesis.

1. 1 Background

The introduction of new technologies, such as the Internet, has enabled businesses to offer the same product in a variety of ways, as well as monetize the delivered value in a variety of ways, such as direct sales, advertising, or a freemium model (Nowiński & Kozma, 2017). Business models can be thought of as critical moderators that explain why an innovative technology succeeds or fails (Nowiński & Kozma, 2017). However, innovative technologies, on the other hand, may be the key driver of business model innovations (Nowiński & Kozma, 2017).

A blockchain is a form of distributed ledger technology (DLT) that facilitates the recording of information in a secure way in a peer-to-peer network (Mudgal, 2021). Originally created to be the underlying technology that powered bitcoin, blockchain has been successfully applied mostly to the financial sector (IBM, 2022). However, due to its characteristics, blockchain is becoming more popular, expanding its applicability to a variety of fields, such as education, healthcare, insurance, and business (Jain et al., 2021). As a result, blockchain is no longer only about bitcoin or cryptocurrencies in general, but it is a disruptive and revolutionary technology that will have a significant impact on a variety of aspects of our life (Ragnedda & Destefanis, 2020). Just as the Internet allowed us the means for sharing information, blockchain allows the possibility of sharing value (Ragnedda & Destefanis, 2020).

According to a recent survey of 1488 senior executives and practitioners from 14 countries, 88 percent believe blockchain technology is broadly scalable and will eventually achieve mass adoption, and 83 percent believe it will disrupt their industry and cause their companies to lose competitive advantage if they do not adopt it (Deloitte Insights, 2020). Gartner, a research and advisory group, named blockchain as one of the top ten strategic technologies for 2020 (Gartner, 2019). Currently, market pioneers' interest is helping to drive DLT adoption, particularly in the creation and deployment of NFT-related solutions (Shilina, 2021). In terms of intrinsic properties, NFT differs from traditional cryptocurrencies (Shirole, Darisi & Bhirud, 2020) such as Bitcoin (Nakamoto, 2019). NFT is distinct such that it cannot be transferred like-for-like (equivalently, non-fungible), making it ideal for uniquely identifying something or someone (Wang et al., 2021). To be more particular, a creator can easily establish the ownership of digital assets in the form of movies, photographs, arts, event tickets, and so on by leveraging NFTs on smart contracts, which is in Ethereum (Wang et al, 2021). Additionally, the author can receive royalties for each successful trade on any NFT market or through peer-to-peer trading (Wang et al., 2021). NFT is a promising intellectual property (IP)-protection solution because of its full-history traceability, deep liquidity, and easy interoperability (Wang et al., 2021). Although NFTs are essentially just codes, the codes have a monetary worth to a buyer when considering their relative scarcity as a digital asset (Wang et al., 2021). It ensures that these IP-related items sell at prices that would otherwise be inconceivable for non-fungible virtual assets (Wang et al., 2021).

The NFTs ecosystem flourished at an unprecedented rate in 2021 (Shilina, 2021). The market for non-fungible tokens approaches $250 million in 2020, according to NonFungible.com's latest report on NFTs industry statistics, growing about 300 percent from 2019 (Cointelegraph Research, 2022**)**. Also, virtual worlds and artworks accounted for the majority of NFTs transactions, with computer games leading in volume (almost half of all NFTs transactions in 2020) and collectibles not far behind (Cointelegraph Research, 2022**)**. The most common platform for hosting NFTs is OpenSea, a global platform that lets users trade, develop, read data about, and check statistics on NFTs (Shilina, 2021). Many brands have started to leverage the NFTs world of opportunities and have introduced the new technology into their marketing strategies aiming to improve their customers' engagement and create interesting new experiences for them. Asics for example, launched its first NFTs collection last year which was auctioned and the proceeds were reinvested into Asics' own program that supports digital artists to create and design digital goods (Asics, 2022). Budweiser also jumped into the NFTs wagon and launched a collection that sold out within an hour while the Heritage Collection featured beer cans' unique designs, and the collection also gave exclusive benefits to its owners, building on the relationship with its customers (Ledger insights, 2021). NFL also created a collection of tradable card packs, using the nostalgia of old collectible cards but in a new digital form, creating an engaging experience with its fans (Ledger insights, 2021).

Consequently, the marketing industry has started to pay attention to the potential benefits of incorporating blockchain technologies into its activities, and it is expected that blockchain will become one of the main technologies to impact marketing worldwide in the upcoming ten years (Statista, 2022a). For marketers, this emerging technology could also represent a chance to create a new kind of value proposition for their customers. In the era of digital technology, everyone is connected, compounding the complexity of a marketing world that revolves around a static and fixed marketing mix (Schindehutte, Morris & Pitt, 2009). Marketing velocity, which is a speed of transaction, is higher, and it is dynamic and happening in real-time (Schindehutte, Morris & Pitt, n.d.). Customers insist that marketers act as an agent with their best interest at heart as they are no longer the object of sale or the subject of a loyalty scheme (Schindehutte, Morris & Pitt, n.d.).

With this research, we aim to explore and discover how NFTs are implemented, what is the influence of implementing NFTs into marketing strategies and what are the outcomes on the customer relationship. Since marketing strategy is undoubtedly one of the core aspects of the business model, we would also like to offer the reader a broader understanding of how radical technological inventions like Blockchain and NFT could force the innovations of business models.

1.2 Aim of study

Adapting to disruptive technology is necessary, but it should be done with caution (Christensen, Raynor, & McDonald, 2015). Unfortunately, there are few guidelines accessible for marketing managers on how NFTs can affect marketing campaigns due to their novelty. Although marketing managers are interested in deploying NFTs (Faridani, 2021), inherent barriers such as a lack of technical understanding and a lot of hype have likely encouraged marketers to take a "wait and see" approach (Harvey, Moorman, & Toledo, 2018). However, there are numerous reasons to begin learning about technology and investigating specific marketing applications for your business now (Harvey, Moorman, & Toledo, 2018). Blockchain and NFTs, like digital platforms, social media, fintech, and several other innovations, may benefit early adopters who commit to ruthless innovation (Harvey, Moorman, & Toledo, 2018). Thus, our research aims to contribute to a deep understanding of the features of non-fungible tokens (NFTs), and their current applications and give an overview of their potential impact on the marketing activities run by brands and companies.

1.3 Formulation of research questions

The academic literature lacks concrete and systematic review of the non-fungible tokens, and their implications in marketing strategies, in particular, the customer relationship. Therefore, these limitations were the primary driver for conducting this research. In particular, we try to address this by answering the following questions:

- *Why are companies implementing NFTs into their marketing strategies?*
- *How does the implementation of NFTs in marketing strategies affect customer relationships?*

1.4 Outline of the Thesis

Chapter 2 will review the existing body of literature on Business Model Processes, Blockchain, NFT, and its properties and applications. Subsequently, Chapter 3 will elaborate on the methodology, research design, sampling criteria for the cases and limitations of this research.. Chapter 4 will describe empirical findings in terms of 4 main themes. Thereafter, Chapter 5 offers an in-depth analysis and discussion, linking it to existing literature and theories. Chapter 6 offers a conclusion of the main results, research implications, limitations and suggestions for future research.

2. Literature Review

This chapter will discuss the previous studies relevant to the research questions of this thesis. The literature review begins with a summary of Business Model Innovation processes, how those theories relate to our research, and how new technologies accelerate Business Model Innovation. Thereafter, blockchain, smart contracts, and NFTs will be introduced. This chapter ends with discussing the studies that have been made on the properties and uses of NFTs.

2.1 Business Model Innovation Processes

The concept of business model describes the way companies make a profit (Afuah, 2004), and significant research on this topic has been developed not only in academia but also in practice (Wirtz et al., 2016). However, according to (Osterwalder, Pigneur & Clark, 2010) companies rely on business models to structure how they will create, deliver and capture value for their customers. Moreover, research on business models has been derived from the notion of Business Model Innovation (BMI), focusing on understanding Business Model Innovation as a tool to operationalize strategy and a catalyst of competitive advantage (Cortimiglia, Ghezzi & Frank, 2016). Andreini et al. (2021) created a process framework for BMI, where they categorized and delineated different types of Business Model Innovation processes and displayed their connection and interrelation. Hence, according to their research result, there are five types of Business Model Innovation processes: cognition processes for BMI, strategizing processes for BMI, knowledge-shaping processes for BMI, value creation processes in BMI, and evolutionary learning processes as the glue of BMI processes.

Firstly, *cognition processes* for BMI refer to the belief systems, mindsets, and views of top managers when making managerial decisions (Andreini et al., 2021). This translates into the mechanisms companies develop to design new strategies and their ability to create value.

Secondly, when referring to *strategizing processes* for BMI, Andreini et al. (2021) elaborate on transforming ideas to enact BMI in specific contexts to set and maintain a competitive advantage in the market. In their work, they identified three strategizing processes companies use to promulgate BMI: defining alternative BMI strategies, selecting strategies for BMI, and nurturing organizational competence for BMI. Firstly, alternative strategies include imitation and replication, customer-centricity business model, and servitization (Andreini et al., 2021). Moreover, imitation and replication refer to the strategy of transferring specific components from competitors' business models and adapting them to deliver an improved value proposition for current customers or create a new value proposition for a whole different market. These specific components can be related to revenue model, distribution channels, or customer relationships (Enkel & Mezger, 2013). While customer-centricity in Business Model Innovation focuses on following customer-driven strategies that adjust the business model to offer customers value (Pynnönen, Hallikas & Ritala, 2012). At the same moment, strategizing on business models with a focus on customers helps firms to align their offerings with current and emerging customers' needs, this is an iterative process triggered by changing customer preferences, enabling technologies, and infrastructures (Pynnönen, Hallikas & Ritala, 2012). Secondly, servitization refers to the shift from a product business model to a solution business model (Storbacka et al., 2013).When referring to selecting strategies Andreini et al. (2021) elaborate on designing strategies from scratch or improving current ones. Finally nurturing organizational competence refers to the development of dynamic capabilities, absorptive capacity, ambidexterity, social and business networking, and partnerships (Andreini et al., 2021).

Next, the methods that departments, divisions, and teams within an organization might employ to develop new ideas and innovations are referred to as *knowledge processes* (Nonaka, 1994), this translates into how teams can be the main source of competitive advantage for a firm through the exploration and experimentation of innovative ideas (Berends et al., 2016)**.**

Value creation processes define the involvement of various actors across different levels within the organization as well as external actors such as customers and stakeholders to define and achieve value creation (Andreini et al., 2021).

Finally, the *evolutionary learning* process is defined by Andreini et al. (2021), as a circular process that connects the four processes mentioned above, as all of them are benefited from the use of evolutionary learning. Continuous learning activities allow improvement and problem-solving.

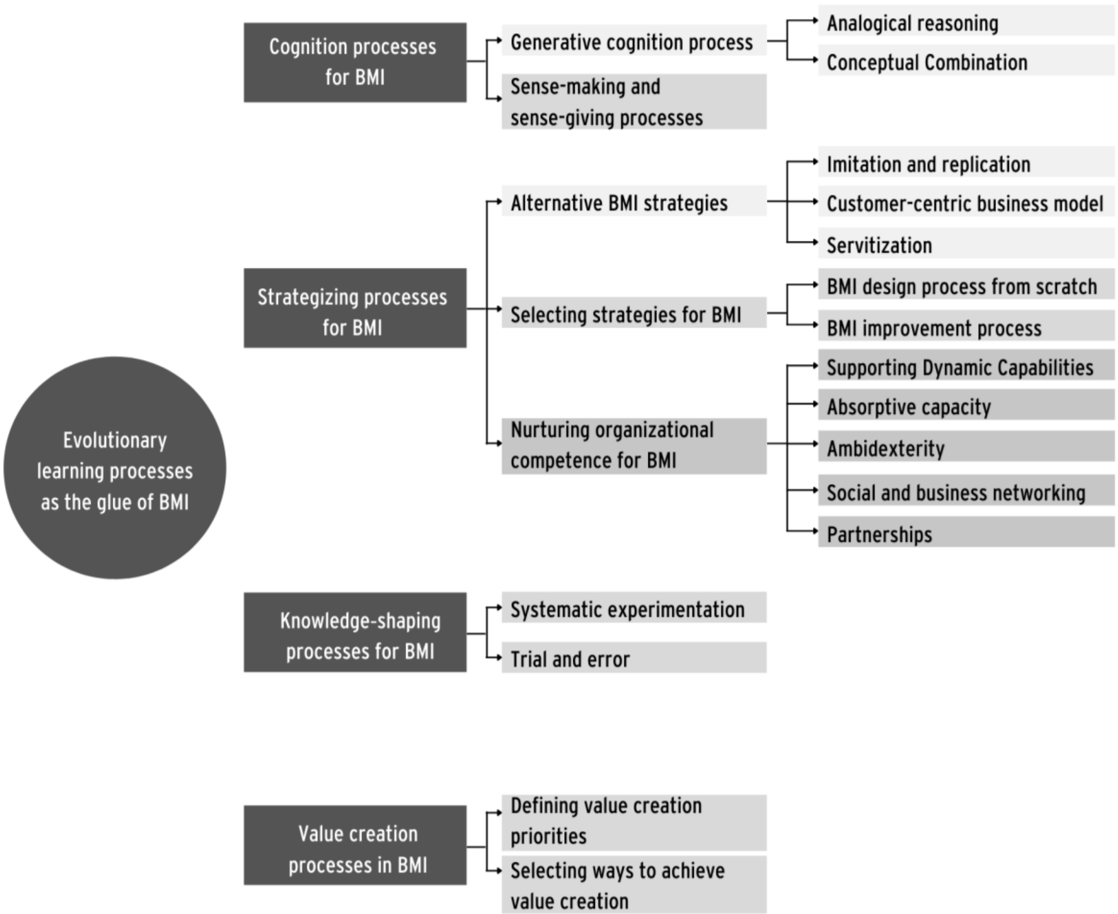

Figure 1: Synthetizing the Business Model Processes framework proposed by Andreini et al., (2021)

Business Model Innovation processes are important for this research as this theory sets the foundation for understanding why companies approach innovation to create new value for their customers, and the approaches they use to achieve their customer relationship goals. In the following section, we will elaborate on the influence that new technologies have on Business Model Innovation and their impact on the competitive advantage of firms.

2.2 Technological Disruption And Business Model Innovation

Technology today is evolving at an accelerated speed. Digital technologies are enablers of Business Model Innovation, they let companies drive progress and introduce new forms of value creation and value capture (Li, 2020). In their work, Dymitrowski & Mielcarek (2021) listed current new technologies as follows: autonomous robots, simulation, Internet of Things, augmented reality, Big Data, artificial intelligence (AI), and Blockchain. Furthermore, blockchain technology presents several opportunities for the creation of wholly new firms while also posing direct threats to traditional executives (Nowiński & Kozma, 2017). Traditional companies using conventional business models based on the assumption of operating as an intermediary between two transaction parties must consider whether and how blockchain technologies will affect their value propositions, competition, and operations (Nowiński & Kozma, 2017). As the frequency of technological disruption across industries accelerates, businesses are required to be alert on when to bolster innovation.

Meanwhile, business models are inherently exposed to changes. These may stem partly from factors internal to the company and partly from external ones, such as changes in technology. The ability to use new technologies to create new innovative business models may be an important source of competitive advantage (Nowiński & Kozma, 2017). Thus, it is important to understand how new technologies, such as blockchain, can affect business models.

Two major outcomes were found in research conducted by Dymitrowski & Mielcarek (2021), who investigated if Business Model Innovation based on new technologies influences companies' competitive advantage. Firstly, Business Model Innovation based on new technologies influences in a positive way a company's competitive advantage. And the greater the use of technology, the greater the competitive advantage generated. Similar to this, the work of Smajlović, Umihanić & Turulja (2019) also explored the relationship between Business Model Innovation, technological innovation, and business success. They empirically confirmed that technological innovation can serve as an enhancer of Business Model Innovation, and therefore positively impact business performance. It is therefore worth researching the implication of new technologies, such as blockchain, in the process of Business Model Innovation when it comes to gaining competitive advantage and growth in the current challenging and changing environment (Lindgardt et al, 2009).

2.3 Blockchain, Smart contract, and NFTs

In 2008, a novel technology came to the public eye as Satoshi Nakamoto published a whiter paper named Bitcoin: A Peer-to-Peer Electronic Cash System (Nakamoto, 2008). This white paper introduced the concept of bitcoin for the first time, elaborating on the idea of a version of electronic cash that doesn't rely on trust, but instead relies on a chain of blocks that records transactions that then are verified by a peer-to-peer network (Nakamoto, 2008). In this work, Nakamoto (2008) framed the issue of how electronic payment reliability depends almost exclusively on financial institutions as the trusted third party that processes each transaction. He emphasized that unless transactions are made with physical currencies, third parties are needed. Blockchain technology substitutes the trust that arises from the role of these institutions in the central exchange system (Nowiński & Kozma, 2017). It can be used in a variety of business activities that require data sharing and security since it provides "data security, transparency and integrity, anti-tampering and anti-forgery, high efficiency, and low cost" (Nowiński & Kozma, 2017).

When bitcoin was introduced, blockchain technology was mainly a decentralized peer-to-peer network that timestamped transactions (Quiniou, 2019), and in which specific nodes in the network would solve complicated puzzles in order to reach a consensus on adding new transactions to the chain (Khan et al., 2021). Since its introduction in 2008, blockchain technology has been evolving by integrating new forms of automation, making its application more attractive for other than financial institutions.

In 2013, Vitalik Buterin introduced a new blockchain platform called Ethereum, a decentralized, open-source, and distributed computing platform (Consensys, 2022), which uses a universal programming language that allows the creation of “smart contracts”, and these contracts reshaped the applications of blockchain technology, going beyond financial institutions, and spreading out to a new range of non-financial activities (Buterin, 2013). Smart contracts provide a standardized mechanism for building applications across a wide number of industries, allowing new parties and decentralized users on the system to conduct fair transactions without the need for a trusted third party (Wang et al., 2021). All participants share the states that contain the instructions and parameters, ensuring that the instructions are executed transparently (Wang et al., 2021).

In 2017 the term NFT (Non-fungible tokens) gained popularity via a discussion on Ethereum GitHub (Entriken et al., 2018), which was followed by the creation of new projects based on this technology. An NFT is a programmable deed based on blockchain that demonstrates the ownership of an asset (Cointelegraph Research, 2022). To assure order-sensitive executions, NFT solutions rely on smart contract-based blockchain systems (Wang, 2021). It is a digital asset that records the ownership of intangible, digital (e.g. videos, images, tweets), or tangible items (e.g. real-world artwork, event tickets) using blockchain technology (Wilson et al., 2021). Each asset's ownership can be traced, resulting in greater authenticity. The concept of complete ownership of an originally bought digital asset, such as photographs, gifs, movies, music, and so on, captivated the interest of art collectors and aficionados, resulting in a surge in the market.

The industry that propelled the popularity of NFTs was the art industry, as artists saw the possibility of selling their creations directly to consumers without the need for interventions from third parties (Delaplaine, 2021). NFTs allowed artists to store media, images, music, and videos into blocks (Delaplaine, 2021). With the incorporation of smart contracts, they found a way to transfer ownership digitally while maintaining a transparent history of provenance (Delaplaine, 2021). The rise of popularity within this industry can be put into perspective when comparing the traded amount of traditional art versus crypto art in 2021, where traditional art reached 14.6b USD, and crypto art trade was around 2.8b USD (NonFungible Corporation, 2022). An interesting match for an industry that has been around for not a long time, NFTs have become a key tool in the creators' economy, the ecosystem where content creation is monetized (NonFungible Corporation, 2022). Meanwhile, NFTs are not limited to digital assets; they can also be used to exchange physical artistic works, allowing physical assets to be exchanged in the same way as digital assets. In 2021 alone, it is confirmed that the overall sales of NFTs in the Ethereum blockchain reached 41 billion USD (Chainalysis, 2022), and the market capitalization of NFTs from 2018 to 2020 shows an increase of almost 10 times its value (Statista, 2020b). Non-fungible tokens, or NFTs, are a new type of digital asset that has caught the attention of both consumers and investors (Doan et al., 2021). Celebrities, creators, and athletes are investing in NFT technology and looking for new ways to commercialize their brand, image, or work by issuing NFTs (Doan et al., 2021). While this asset class is still in its infancy, the legal and regulatory concerns it raises are also needed to be investigated. (Doan et al., 2021). Given the industry's quick expansion and the worldwide buzz, it has produced among consumers, NFTs have emerged as a viable technology whose incorporation into new business models and strategies is worth examining and developing.

The emergence of blockchain technology and NFTs have led to the concept of web3. Web3 is still challenging to define as the idea of web3 is still at its novel stage. However current definitions refer it as a new kind of internet (Roose, 2022.), the next natural iteration from web2.0 (the internet as it is known) (Bashir, 2022), and a web built on blockchain that will create new classes of products, economies, and services online (Stackpole, 2022). Regardless of the newness of the concept behind web3, its relevance still holds importance to understanding future opportunities in terms of applications and business creation.

2.4 Properties and Applications of NFTs

2.4.1 Properties of NFTs

Popescu (2021) identifies five main properties and characteristics of NFTs, which include *limited supply, non-interoperability, indivisibility, indestructibility, and verifiability.* In this section, we will elaborate on each of these characteristics, giving the reader an overview of what they represent.

One of the most notable characteristics of NFTs is their *scarcity*. Developers of NFTs have the power to limit the number of collectibles they offer, by limiting the number of units they can drive and raise value (Conti, 2022)

When it comes to *interoperability*, this is still a challenge for NFTs, there are still barriers to creating seamless interfaces where NFTs can be easily interchanged. However, there are already initiatives aimed to create a multichain ecosystem that permits the use of NFTs across different environments (Rollins, 2022).

Another characteristic of NFTs is that it relies on their *indivisibility*. As NFTs represent a whole item and they can’t be divided into smaller tokens. As a result, when someone buys an NFT it buys the whole asset that it represents (Geroni, 2021).

NFTs are *indestructible*, and because of the technology that empowers them, all the data is stored in the blockchain via smart contracts giving the NFTs the property of being *immutable*. The metadata can’t be replicated, removed, or destroyed (Leech, 2021).

Verification is also possible because of the features of blockchain, which allows all the transactions to be historically recorded and registered in blocks of data. This property permits verifying and tracing back information such as the creator of an NFT or its ownership history (Pastel, 2022).

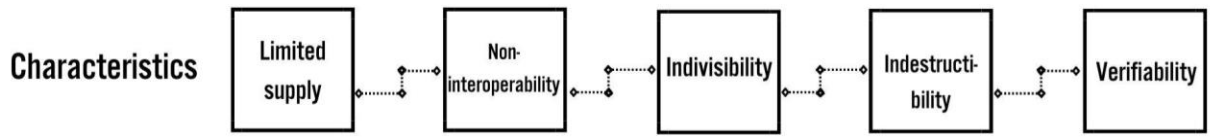

Figure 2: Synthesizing NFTs characteristics (Popescu, 2021).

2.4.2 Uses and Applications of NFTs

Due to their properties, NFTs have enacted a variety of business cases and implementations.

2.4.2.1 Collectibles

NFTs also have created the ground for the rise of the collectibles industry in the digital world, as collectibles' worth relies on their rarity and popularity (Cointelegraph Research, 2021). Collectibles have become a popular non-fungible token use case (Rehman et al., 2021). In fact, Cryptokitties was one of the first means to expose and further normalize the concept of NFTs to the general public since its first launch on the market in 2017 (Rehman et al., 2021). Additionally, the biggest example of how collectibles are generating a great amount of revenue is The Bored Ape Yacht Club collection, a collection of 10,000 unique profile pictures minted on Ethereum, which last year reached a sale price of 24.4m USD for a bundle of 101 NFTs, making this transaction the biggest NFT sale so far (Statista, 2022c). Collectibles, such as The Bored Ape Yacht Club collection, are not only traded to have ownership of a profile picture, but also to unlock exclusive perks, including access to premier features and clubs.

2.4.2.2 Metaverse and Virtual world

Another use case of NFTs includes the emergence of the Metaverse, “a form of parallel universe that can be accessed digitally via a screen (computer, mobile, etc.) or via a mixed experience of the Augmented Reality or Virtual Reality type” (NonFungible Corporation, 2022). Participants in the metaverse can interact with each other, trade assets, and build communities. Assets examples within the metaverse include land, clothes, accessories, and avatars (NonFungible Corporation, 2022). Decentraland, for example, is a virtual marketplace built on Ethereum where users can buy and sell land, estates, avatars, and wearables in the virtual world (NonFungible Corporation, 2022).

In the virtual world, however, all types of digital activities are based on blockchain technology, so anyone who wants to buy assets in a virtual space does not have to worry about their authenticity because each change in ownership and money exchanged is completely recorded in an Ethereum smart contract, preventing a lack of trust (Rehman et al., 2021).

2.4.2.3 Sports

The NFT concept appears to be a natural fit for the sports industry, where it quickly gained traction and turned into a profitable company (Rehman et al., 2021). Because NFTs are fully transparent, they are popular. NBA cards, for example, have a rating system, and the original owner has no idea where the card is or how much it is worth (Rehman et al., 2021). NFT is more helpful to sportsmen and spectators than traditional money-generating methods such as advertising because it brought a new way to make revenue (Rehman et al., 2021). It's also a creative way to communicate with fans and provide them with an unforgettable experience (Rehman et al., 2021). The number of things that can be tokenized and sold as NFTs grows as more athletes and celebrities get involved in the NFT world (Rehman et al., 2021).

2.4.2.4 Fashion

Because the fashion industry is based on the selling of physical things, NFTs are unlikely to totally replace them, but they do offer a lucrative potential for luxury fashion brands to use them as an extension (Rehman et al., 2021). To distinguish ownership and maintain exclusivity, companies have begun embedding digital NFTs inside physical items. The NFTs' features of unique ownership, permanence, and royalty acquisition are being used by luxury fashion firms (Rehman et al., 2021). Many fashion businesses leverage their online presence to expand their reach, yet they remain economically unavailable to the general public, fueling demand for counterfeit and copycat items (Rehman et al., 2021). Businesses are losing a lot of money due to counterfeit merchandise of their brands, which can be mitigated, if not totally eliminated, by using NFTs (Rehman et al., 2021).

2.4.2.5 Gaming

As for gaming, NFTs represent assets inside the game while assets can be items or property which in the virtual world would have a functional use for the owners and players. Also, they can give ownership information for those in-game assets, fuel in-game economic systems, and a variety of additional benefits to help players (Popescu, 2021). If the worth of the object increased over time, the player could even profit by selling it; therefore, it is useful not only to players but also to developers in a variety of ways (Rehman et al., 2021). Developers receive a royalty every time an NFT is sold in the marketplace, which in turn, leads to a more interdependently beneficial economic architecture in which the NFT market benefits both players and developers (Rehman et al., 2021)

One big example in the gaming industry is Axie Infinity, a monster battling game where players collect monsters in the form of NFTs and use them to start battles among players, players can also purchase land, cosmetics, and in-game consumables (Axie Infinity, 2021) and then resell this making revenue from the sales, creating a new kind of business model in the game industry, the play to earn approach. In 2021 the blockchain gaming industry reached a market valuation of around 5b USD (NonFungible Corporation, 2022).

3. Methodology

For the purpose of this research a qualitative approach was selected, and the following chapter aims to describe and justify the reasoning behind the selection. This chapter is structured as follows:

Firstly, we will introduce the underlying epistemological and ontological assumptions that will define this research, and provide arguments as to why they have been selected. The following part will provide an overview of the chosen research design. The chapter will continue with a section that includes data collection, sampling, and analysis. To finalize, in this chapter delimitations to the methodology will be included as well as ethical considerations.

3.1 Epistemology and ontology

Research is guided by a set of philosophical assumptions, either implicit or explicit, that define the way we conduct the study and the theoretical conclusions we reach based on the evidence we will collect and analyze (Bell et al., 2019). These assumptions are classified into three spheres: ontological, epistemological, and methodological.

Bell et al. (2019) explain that ontological assumptions are the foundation for research design. The authors describe ontology as the theorization of the nature of reality and emphasize the importance of comprehending our own ontological assumptions to better capture the reality of *what* we aim to understand. Bell et al. (2019) also state two ontology positions: objectivism and constructionism.

For the purpose of this study, a constructionist perspective has been chosen, as we consider it the philosophy that best matches our assumption. We believe that as people have different opinions, outcomes to our questions can be subjective and based on the interviewees' views of the phenomenon, which is in our case, the influence of NFT on marketing strategies.

Next, to consider the epistemological considerations, Bell et al. (2019) explain that epistemological positions as the “how” we will get the knowledge from the “what”. We will follow an epistemological interpretivism approach as this approach is described as being mostly concerned with *understanding* and *explaining* the subject of investigation. And implies that data interpretation is rather subjective to the interpretation of the researchers (Bell et al., 2019).

3.2 Research Design

In order to generate answers to the research question, we have proposed that it is essential to develop a research design that helps us to fill up the gaps of knowledge that we have identified within existing research (Hunziker & Blankenagel, 2021).

Having in mind that the purpose of this thesis is to understand and explore *why* companies are introducing NFTs strategies into their operations, and the outcomes of such strategies, we have decided to follow a multiple-case study design. According to Hunziker & Blankenagel (2021), multiple-case studies allow researchers to compare findings by analyzing the object of study from different perspectives. Following this approach allowed us to examine each respondent's views regarding the uses of NFTs in marketing, we analyzed and interviewed marketing professionals with experience in blockchain and NFTs, and aimed to find patterns and commonalities among all the selected cases

Considering the epistemological and ontological approaches selected, our research strategy relied on a qualitative inductive approach. According to Yin (2011), the inductive approach facilitates the emergence of concepts through data. Through this research, we aimed to better understand why companies are including NFTs in their marketing strategies, and having in mind that this is a new technology with limited research done in the past, we considered that an inductive research approach is the best fit for the development of this study.

Because there is a lack of theoretical foundation in the field of NFTs, the goal of this research is to contribute to and expand the current theoretical base. Thus we will build this investigation through a qualitative inductive approach. An inductive approach will allow us to drive conclusions from the data collected, deriving from common observations and patterns (Bell et al., 2019).

3.3 Case selection

As mentioned in the research design part, this research thesis aims to gather and analyze data through the use of a multiple-study case design. In order to select the participants for the interviews, a purposive sampling technique was used, including the criterion sampling approach.

In this section, we further discuss the case selection criteria and argue the relevance of these criteria to our research question.

In qualitative research, purposive sampling serves as the main concept that other discussions can be rooted around (Bell et al., 2019). Because the research questions indicate both the units and what categories of people need to be the center of attention, purposive sampling essentially takes its role when it comes to qualitative research type (Bell et al., 2019).

Considering that for the purpose of this research a purposive sampling approach was used, our research questions are then key for our sampling criteria. As we aimed to find answers regarding why some companies are including NFTs in their marketing strategies and what outcomes these strategies are creating for them, our case selection criteria are explained as follows:

- We selected 3 interviewees who are professionals with more than one year of marketing experience currently working on a marketing agency whose services include developing NFTs projects for third companies.
- We selected 2 interviewees who are professionals with at least one year of experience in the marketing field and at least one year of experience working with blockchain and NFTs.

An overview of the selected cases is presented in table 1, information regarding position, company, and years of experience is found in the table below.

Participant	Job position	Interview duration	Interview method	Company	Experience
Mateusz	Marketing manager	21:19	Online	Ulam Labs	Marketing experience - 10 years. Blockchain experience - 5 years. NFTs experience - 1.5 years.
Alex	Co-owner of Marketing Agency	37:35	Online	FireCask	Marketing experience - 9 years. Blockchain

					experience - 5 years. NFTs experience - 1.5 years.
Anna	Co-owner of Marketing Agency	37:35	Online	FireCask	Marketing experience - 11 years. Blockchain experience - 1 year. NFTs experience - 1 year.
Gianfranco	Head of blockchain, cybersecurity, and social media company	23:40	Online	Datchat	Marketing experience - 20 years. Blockchain experience - 9 years. NFTs experience - 1.5 years.
Baptiste	Strategic marketing consultant/ International futurist speaker	46:21	Online	Baptiste Tricoire Web3 Strategist	Marketing experience - 10 years. Blockchain experience - 5 years. NFTs experience - 1.5 years.

Table 1: Participants' relevant information.

In order to select each case we followed the criterion approach proposed by Bell et al. (2019) to determine the delimitations of the type of people we were interviewing, as the aim of this thesis is to gain insights from namely experts in the field of marketing and NFTs, the criteria stated above was the guiding principle for selecting interviewees.

Qualitative researchers rarely seek to generate random samples not only due to its technically constraining character to create a sampling frame but also because it’s important for researchers to ensure that they gain access to as wide a range of individuals relevant to their research questions as possible without a significant distraction from the focus of attention (Bell et al., 2019).

This thesis aims to study specific categories of people who are knowledgeable in their respective fields to gain a deeper understanding of NFTs' uses in Marketing. Hence, random sampling is not suited enough to get the desired results out of the examination.

3.4 Data collection

Over the previous chapters we have given an overview of the research design and the case selection, in this chapter we will explain how the analyzed data was collected.

As mentioned before we selected a qualitative approach for this research and the information will be gathered through semi-structured interviews with marketing professionals with knowledge of blockchain and NFTs. The semi-structured interviewing method enables the concepts and theories to merge from data as it allows the researchers to keep an open mind about what they want to know (Bell et al., 2019).

We consider that semi-structured interviews will allow us to maintain a certain control over the direction of the interview and keep the topic narrowed down to the interviewees' views of the influence of NFTs in marketing. It has also been taken into consideration the fact that this is a relatively new topic and the researchers don't possess deep expertise in the field of blockchain and NFTs, therefore this kind of interview will allow them to prepare questions that are essential to finding answers to the research questions.

In order to prepare for the interviews, we developed an interview guide *(see appendix 1)* that we shared beforehand with participants so they can have a clear idea of what topics will be covered during the time of the interview. The guide was divided into 3 sections; section 1 included general questions about the professional background, section 2 included questions related to marketing strategies involving the use of NFTs, and in section 3 we prepared questions to understand outcomes and results from using NFTs in marketing.

The interviews will be conducted online, online interviews are practical as they allow us to set interviews with people from around the world at times and dates convenient for both researchers and participants (Collis & Hussey, 2021). The interviews will be completed using Zoom as the official platform, we choose to use Zoom because of its relatively high stability to conduct calls, this tool also allows us to execute the interviews without time restrictions, and to record the conversations to be transcribed.

Regarding the process of establishing contact with the interviewees, we relied on Linkedin to approach people who fit into the categories for selection criteria explained in the case selection section. Thereafter, LinkedIn search was conducted using keywords relevant to our topic, the keywords used in combination are described as follows: “NFTs”, “marketing”, “consultant”, and “blockchain”.

By using these relevant keywords we were able to identify people with background experience in marketing and blockchain/NFTs. After identifying potential interviewees, we sent them an introductory message explaining our research and asked if they were interested in being interviewed. If they agreed, we proceeded to send an email with detailed information about the research. The next step was to set a time for the interviews to be executed. We also sent an email including a consent form *(see appendix 2)* and more detailed information about the study.

3.5 Data analysis

In this section, we will explain the methodology that we followed in order to analyze the data gathered from the interviews.

Analyzing data can be difficult when it comes to qualitative research as it generates a large amount of data. Also, there can be a few established rules for analyzing qualitative data. From the beginning, the raw data has to be carefully managed by looking through any obvious flaws (Bell et al., 2019).

For the purpose of this research, we followed a thematic analysis approach. We selected this approach as it allowed us to identify patterns or themes within the interviews and compare the information in order to draw conclusions related to our research question (Braun & Clarke, 2006). A theme is a way to capture patterns from the collected data. (Braun & Clarke, 2006)

After conducting semi-structured interviews, we proceeded to transcribe the conversations. We relied on the Otter.ai software for the purpose of transcription. The transcription was then carefully revised and compared with the original audio to eliminate any possible mistakes.

To analyze our data, we relied on Braun & Clarke (2006) guidelines for conducting thematic analysis. This process entitles data familiarization, coding, and theme creation from patterns. A thematic map was then created (which is introduced in Chapter 4). The process mentioned was conducted using Nvivo, a computer-assisted qualitative data analysis software, which allowed us to work faster and more efficiently.

3.6 Limitations

In this section, we will elaborate on the limitations of our research and the measures we took to reduce the impact of these limitations on our study. Methodological limitations impact the further development of research, therefore recognizing and addressing these points is essential. In the text below, we will elaborate on limitations in terms of research design, data collection, and data analysis.

3.6.1 Research Design

For the purpose of conducting this research, an inductive qualitative approach has been selected, Through this approach, researchers have the opportunity to develop new concepts and gain understanding from experts in the field (Yin, 2015).

However, when doing qualitative research there are some considerations that must be taken into account. As stated by Bell et al. (2019), qualitative research is often criticized for being impressionistic and subjective, relying largely on the interpretation and views of the researcher, being difficult to replicate, hard to generalize in other settings and lacks transparency.

In order to address the subjectivism of this research, the cases were selected where no previous relationship existed between the researchers and the interviewees. This decision was made with the purpose of eliminating close personal relationships between both parties, hence bias is lessened to some extent.

As for the replicability and transparency difficulties, we have documented and explained each step in the previous sections by following Hunziker & Blankenagel (2021) suggestions to address replicability. Nonetheless, it must be acknowledged that given that the researcher is the main instrument of data collection, and because the interviews are subject to unique contexts, true replicability is hard to achieve.

3.6.1.1 Case Selection Approach

As stated in the Research Design chapter of this thesis, a purposive sampling approach was applied. We created selection criteria before starting with the recruitment of participants, emphasizing experience in marketing, blockchain, and NFTs in order to select qualified participants for answering our research questions. However, we acknowledge that due to time constraints and since it is a relatively new topic, we had a small sampling group. And these factors remains as limitations for our project.

As the sampling was fixed a priori, we also noticed that a sequential approach might have been of more benefit to the research results. A sequential approach to purposive sampling would have allowed us to evolve our selection criteria over the course of the study in order to add new insights from different perspectives (Bell et al., 2019).

3.6.2 Ethical considerations

Research ethics are an essential part of the process of conducting research as these considerations give the participants information about harms, consent, privacy, and deception (Diener and Crandall, 1978). To ensure interviewees that ethical considerations regarding their participation in the study were put into place a written consent form was sent to each interviewee prior to the interview call, through the consent form we explained the scope of our research, outcomes, and data handling. Before starting the interview, we verbally informed and asked participants for their consent to record the interview with the purpose of transcribing the data collected in the online call.

4. Empirical Findings

In this chapter, the findings from the qualitative data collection are presented. The findings, which are derived from the interviews, have been divided into various main themes, and subthemes. These main themes have been identified as; Trends and Potential in the Metaverse and Web3, Reaching New Demographics, Enhancing Brand Experience, and Outlook in the NFT Market will be elaborated further.

We followed Braun & Clarke (2006) guidelines for examining qualitative data to conduct a thematic analysis. The process started with data familiarization, where we transcribed each interview and read the data to note down initial ideas. After this initial stage, we continued with the coding process. We followed an inductive approach, this approach allowed us to come up with codes derived from our data. Then, we proceeded to look for themes or patterns within the data. To continue the process proposed by Braun & Clarke (2006), we then reviewed our themes and generated a thematic map where we named each theme. The mentioned process can be observed in the following coding map.

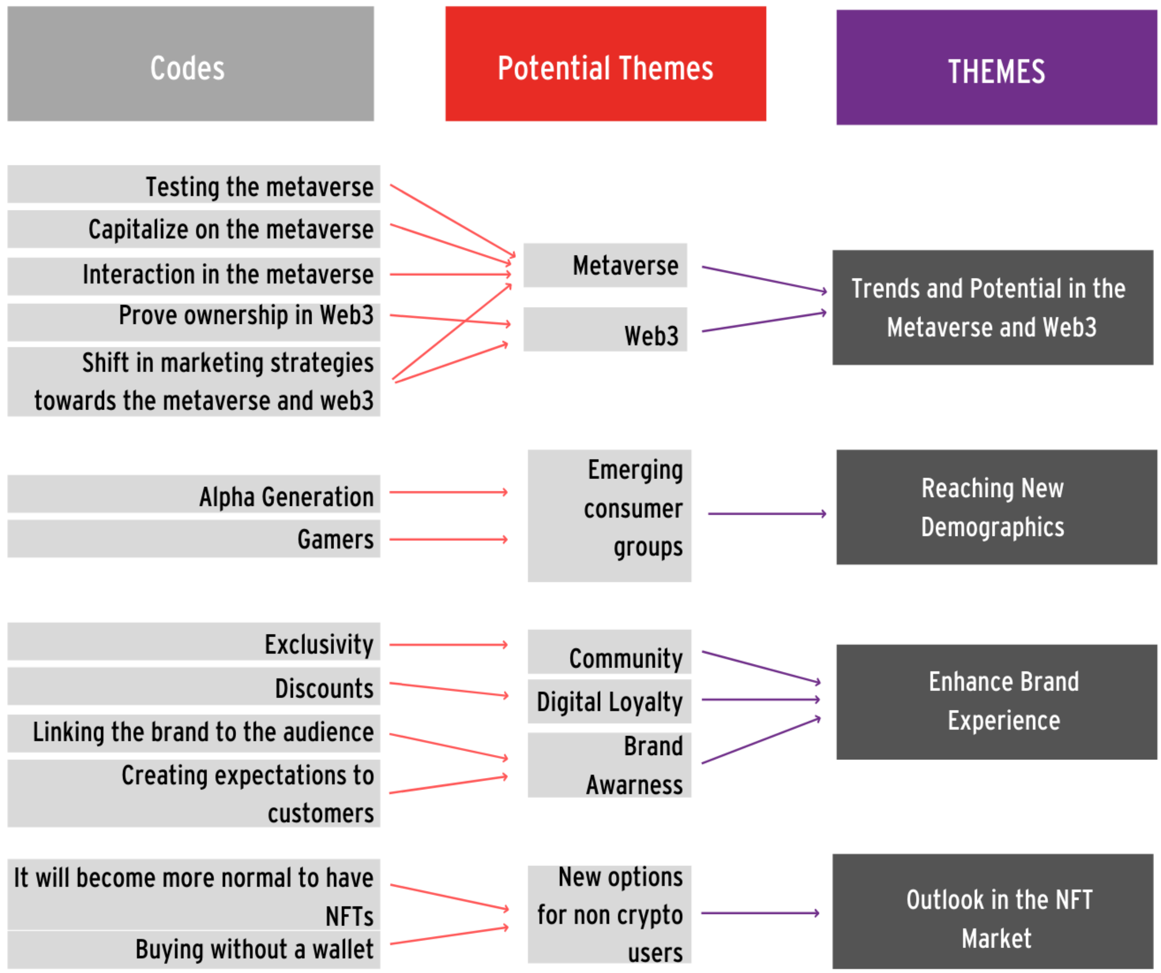

Figure 3: Coding tree obtained from thematic analysis.

The following table shows the number of times each theme was discussed and the number of participants that contributed to the themes that were detected earlier.

Themes	How many times the theme is discussed	Number of participants contributing.	Example extracts
Theme 1: Trends and Potential in the Metaverse and Web3	19	4	*"I think they (companies) spotted the trend early on, and they wanted to ride on that." Mateusz*
Theme 2: Reaching New Demographics	8	3	*"And that that was the attention of a specific demographic that resembled foremost like tech companies and so on" Mateusz*
Theme 3: Enhancing Brand Experience	15	4	*"If it fades away, you've still gained more community around you and that's good."* *"For example, this is a local bakery that you know, works for 1000 people. So, for example, you would have these 1000 NFT's. And if you move to another place, you can sell that to others, you know, someone who's moving into the neighborhood".*
Theme 4: Future Outlook	8	4	*"And I also think that... getting people... How do you want to sell it because if you are selling to normal people, like I don't have a crypto wallet, I want to maybe be able to pay with my credit card so you're gonna have to think about when you sell the NFT, can I as a normal person buy it as well as someone who does have a crypto wallet?"*

Table 2: Themes and contributions from participants.

4.1 Overview of the key analytical themes

For the purpose of this research we relied on inductive coding, as the topic we are studying is new and limited research has been done. Inductive coding allowed us to interpret the gathered data to find themes that help us to answer our research questions. After transcribing and carefully reading through the answers of each participant, our coding process led us to the following themes.

Theme 1: This theme focuses on the views that participants stated regarding the opportunities for NFT use in emerging trends such as the metaverse and Web3. Participants mentioned that some of the reasons why companies were entering the NFT space include, testing opportunities, new business models, and new ways of interacting within the metaverse and web3. And all these have created a shift in marketing strategies for some companies.

Theme 2: In this theme participants elaborated on the possibilities that brands see in using NFT to reach new demographics. Participants mentioned groups that seem to be more interested in the space, such as the Alpha generation or people with a strong interest in the gaming industry.

Theme 3: In each interview, participants were asked to explain what kind of outcomes they think using NFT has on companies. In all of the interviews, they acknowledge that there are certain enhancements in the brand experience delivered to the customer. However, their answers vary in terms of the examples and concepts they have used. Thus, the theme will be discussed in the form of sub-themes such as brand awareness, community building, exclusivity, digital loyalty, and audience engagement.

Theme 4: All interviewees do suggest that there are certain considerations to make when implementing this technology in their business. In addition, many interviewees do acknowledge that the NFT market is still a nascent market and has its own uncertainties. However, the interviewees do provide some suggestions and future insights to deal with the ambiguity in the market.

In the following section, each theme will be described in more detail.

4.2 Theme 1: Trends and Potential in the Metaverse and Web3

The metaverse and web3 have become a prevalent topic on the internet over the last months, during our interviews participants mentioned that they have observed some companies entering the space of NFTs with the purpose of getting advantages from the momentum they are having.

There are companies that are approaching the space on a quest to test the capabilities and opportunities that the metaverse and Web3 could unleash for their future, as Mateusz explained: "*That's more like a testing budget. If they lose it, then they don't care. And if they… you know… if they made the right call, they will be early on the metaverse, so I think that's the two cases here.*" These are usually big companies that can spare some money to invest and see what happens in the future.

On the other side, there are companies approaching the space aiming to interact with people in the metaverse and in web3, as they see the space as an opportunity to test new business models and generate new revenue streams for their brands. As Gianfranco explains one of the characteristics that NFTs offer to facilitate this interaction: "*Because you can have, you can attach that NFT to an actual wearable in the metaverse. But you can attach that to a real piece in the real life.*" As for web3 Baptiste mentioned: *"web3 allows the brand to enhance the customer experience by providing a new way of communication and new kinds of virtual experiences."*

Brands see in this new space possibilities to gain a competitive advantage over other players by adopting the technology early, Mateusz stated regarding this: *"I think they spotted the trend early on, and they wanted to ride on that."* Even though the metaverse and web3 are considered by some yet to be a trend, their potential and future survival are still uncertain. Our participants mentioned that they are observing shifts in the marketing strategies of companies towards creating value in the metaverse and web3.

4.3 Theme 2: Reaching New Demographics

Another purpose that has been given to NFTs by some companies is to help them connect with younger audiences, such as the Alpha Generation. Participants mentioned that NFTs strategies might not suit every kind of company, and they have to keep in mind their marketing goals before getting into the space. Baptiste mentioned for example: *"of course that it won't suit every company… I mean, every company has to be in the ecosystem because it will be the main point of contact with the Alpha generation, the alpha generation will be called the virtual generation, which means that they will start their customer journey online"* and even though this generation is still too young to make purchasing decisions first hand, they influence buying decisions behind the scenes for their parents or families, as Baptise mentioned: "*Which mean that actually, I would say that brands use the metaverse to reach and attract new consumer and maybe better than consumer new prescribers. Because as I mentioned, this generation can't buy any product right now."*

Aware of this kind of consumer companies are creating new strategies to attract these younger audiences, Alex mentioned as an example: "*Boohoo is a different, completely different audience, right? So younger people who don't all have hundreds of thousands of dollars to spend on Cartoon heads, right? So they'll give them that stuff for free. Because they know… they know that in the future, they're going to keep them, they're going to keep them because they are loyal to Boohoo."*

Another example is given on how the Gucci brand can capitalize on this attribute of the new technology to reach the new generation. *"I mentioned, they will be able and they are able to expand their audience, which means that for Gucci, actually they can touch new generation a new audience than their actual customer, which is, which is cool, because, of course, the z generation and the Alpha generation will buy later some Gucci product".*

Baptiste explains that with this kind of new digital or virtual experience in web3, brands' content strategy can reach out to next-generation prescribers who are not yet the main audience. *"Web3 allows brands to enhance the customer experience by providing new ways of communication and new kinds of virtual experiences. It changes in web3 when communicating with the audience, because their content strategy is not for the actual audience, but for the prescriber new generation"*. Baptiste mentions that all the NFT capabilities help develop openness to new customers as well as offer new digital experiences by meeting the need of oneness. Baptiste further emphasizes the importance of brands to digitalize their activities in the upcoming years.``*I think NFTs offer, you know, a brand, the opportunity to reinvent themselves, they have to digitalize their* *activities, they have to be more creative than they are worked out. And the key thing in the marketing in the next coming year will be hyper personalization".*

4.4 Theme 3: Enhancing Brand Experience

While talking with participants, we recognized that there were some characteristics of NFTs that impacted the way customers perceive a brand. We broke down those characteristics into subthemes to get a better understanding of each of them individually.
In this section, we will present the sub-themes that we found related to enhancing brand experience: awareness and community building, digital loyalty, exclusivity, and audience engagement.

4.4.1 Brand Awareness and Community Building

Gianfranco argues that the most important thing for any type of company is the marketing side as it is the way those companies get their word to the world. Furthermore, Gianfranco highlights the importance of brand awareness as that is how the customer knows what the companies are offering. *"You can have the best utilities out there but if no one knows what you're offering, nobody is going to buy it from you. So that is why it's so important in marketing on the web3".*

On the same note, Baptiste argues that brand awareness is the primary focus of the marketing strategy in this emerging ecosystem. *"So, actually, I would say that the main activity, the main marketing activity, is to focus on brand awareness because it's complicated actually to sell something in these virtual environments".* Additionally, Baptiste mentions that brands will be able to increase further brand awareness by building strong communities.

And out of three or four purposes of using NFT, the first one is to build a community, which is something important, particularly in the gaming industry. *"So, this is something very important, the community needs to be engaged because if you study the NFT spending and the Metaverse spending, you will see the engaged users".* Furthermore, Baptiste highlights that users who are part of communities spend more than the ones who are not, for example, the gaming community can buy a lot of NFTs or assets in the Metaverse because they are all engaged. Thus, the community is something important when it comes to engaging with the customer.

Mateusz argues that for the customer relationship, there are a lot of NFTs, which are also about communities, and there is the potential to create NFT-related communities. Mateusz viewed that community building with the involvement of NFT offers certain opportunities for both sides including the brands and the customers. Even if the NFT market were not to develop as much, those brands would still experience an increased customer base by utilizing it. *"If it fades away, you've still gained more community around you and that's good.* And for the customers, it is also something worth capitalizing on even in the local region. *"For example, this is a local bakery that you know, works for 1000 people. So, for example, you would have these 1000 NFTs. And if you move to another place, you can sell that to others, you know, someone who's moving into the neighborhood".*

Alex mentioned that the biggest community built around NFT is the Bored Apes Yacht club, which is also a good example of how it can be done. *"For example, the holders of the Bored Apes, they get to invited to, you know, exclusive events, they are really a community that it's really closed, but there's value in that, because I think you still have to have a, you know, a few $100,000 to enter that club. And, that creates some kind of exclusivity. So, I'd say that for the high end brands, that's really a good concept also to create this elite community related to the brand".*

Gianfranco adds that the community is an inseparable part of the NFT and those communities serve as a place where everybody likes something like the same and get together to talk about it. *"For example, I go in NFT, I like to play golf, and I bought like a club membership as an NFT. So, I'm with people that like to play golf, and we, we do both with a both same stuff".* Gianfranco explains that buying a particular NFT is like buying a club entrance, meaning that you belong to a community. *"That's the beauty of the NFT that will give you a club entrance, and, and people like this thing of your tastes".* Additionally, Gianfranco argues that the most important thing in web3 is the community because these are the people that will give value to your NFT, and if somebody finds value on NFT, they will be able to pay such an amount. *"You can have the best NFT out there. But if you don't have a community, you know, no one's gonna buy your NFT".*

4.4.2 Digital Loyalty

Alex argues that NFT functions as a digital customer loyalty program and the best way of thinking about it is that if you bought one today, you could then use that to your advantage in terms of discount or exclusive products. *"That's what it will do. So, I know that if we use the Tesco Club Card thing again, I know I'm just going to keep it right, because the NFT may not have loads of value, but it may have value to me, like if it means that I can go to a petrol station and I can scan my NFT. And I get 10% off automatically".* Alex has a view that the way that digital loyalty with the assistance of implementing NFT benefits the customer and increases loyalty is pretty much the same as how it is done before, however, the difference would be upon the technological immersion. *"So, I'm going to give you new prices based on that fact. Think of it like logging in with a trade account on a website. And it gives you different prices exclusive of that. That kind of stuff is it's the same. It's exactly the same. It's just different technology"*

Gianfranco presents another example on the local level of how NFTs can work as a loyalty card even within the food and service market. Gianfranco further presents an example of local businesses giving out their NFT to their customers. *"Let's go to a local level. Let's go to a pizzeria, like a pizza shop in your in your neighborhood, right, they can do an NFT collection of, and they say. Okay, so we're gonna do an NFT collection, we're gonna do it into one people can buy this high NFT, they will now get a free pizza for life, for example, or this secondary NFT will get 50% of all the everything that you want to buy".*

Furthermore, it is explained that there is a way that businesses with NFT would benefit not only by strengthening their relationship with their loyal customers but also by being paid from the transactions made in the secondary market when their NFTs are sold from one customer to another. *"First of all, you have people that only going to buy from you, and you're gonna get the money upfront. So, you can give whatever pizza you want to give to that person, for example, but let's say that person is moving out of town, okay, they can take that things NFT and sell it to us as a second guy that is living in the neighborhood, right? And, and the pizzeria, a pizza shop, it can get a loyalty out of it. Because you know, when you sell NFT in the secondary market, the owner of the NFT, they get royalties out of it. So, the pizzeria will get loyalty, so they're gonna get paid secondary market, and you're gonna have a second loyal person that will buy pizza for me, you know what I'm saying? So, so it can be it can be anything. So I will see, I'm looking brands just get into the NFT space just for that just to get loyal customers"*

4.4.3 Exclusivity

Offering exclusive deals or activities has also become a way companies are utilizing to connect with their customers through the use of NFTs. NFT holders for example can have early access to exclusive events, exclusive collections or exclusive activities, as Gianfranco mentioned during the interview: *"So can you imagine that mango makes a collection of 10,000 pieces or whatever, I don't know of anything, right? And, and for every single person that buys one of the piece of mango, they have like, like exclusive access to exclusive clothing, exclusive access to exclusive parties, they get to know the people the actual working mango, and you get to know people that actually likes mango. Right?."*

Brands are leveraging this exclusivity advantage and creating collaborations among different actors, as Alex mentioned in an example: "*I think Gucci and Adidas have just done something together. And I was like, That is cool. They're two very cool brands and completely different ways. And they've just come together and made a Gucci Adidas tracksuit. And it looks awesome. So that kind of stuff is cool. And I know that in the NFT world may be for example, no one could get that tracksuit unless you owned one of those NFTs. And that's the exclusivity that people are doing"*.

Exclusivity seems to give customers the sense of being part of a closed and elite community, when talking about exclusivity Mateusz mentioned: *"So you know, just to create this elite community related to the brand. And that creates, you know, numerous possibilities for the brand experience. So, you know, that could be concerts for that, you know, discounts, or, you know, even you know, even even like invitations that buy something."*

4.4.4 Digital version of the actual product

Alex describes NFT from the perspective of how they are serving as a gate between the brand and the user. *"They're a digital asset that you own that connects you with that brand"*.

Mateuz presents another example of how NFT is linking audiences with the brands by being the digital proof of the actual product/service. *"For example, sports teams, like F1 teams doing their also collections of NFTs. It is more like linking the brands to the audience, you know, so that brand, the audience can have something related to the brand, but they don't have to receive, you know, a free gift. But it's a digital free gift, something more like that"*

Baptiste argues that NFT, as a combination and representation of both physical and digital products, can help customers be more engaged with the brand. Phygitality is explained by Baptiste as in the next sentence to give a better notion on how it relates to the NFT concept. *“Showcasing new kinds of products, I mean virtual product or phygital products, you know, when it is phygital, something available online that can give you also some access offline, for example, if you buy your nft for example, you will be able to phygital gallery and Art Gallery, I mean physically not centralized or stock, this is an example of phygitality. So, the mix of physical and digital”.*

On the contrary, Gianfranco explains that there is an advantage of having NFT as a digital version of the physical product as it leads to more transparency to the customer. And this attribute improves the engagement with the brand as a result of customer’s confidentiality in the blockchain system. Additionally, Gianfranco notes that there are airline companies who express their interest in having NFT because of this transparency attribute. *“I've seen and I mean talking with airlines that they want, they want to have NFT's as the airline tickets, you know. So using that technology, we just have like transparency on anything that they're doing right now, you know what I'm saying because you will have it in a blockchain which you cannot copy or anything, you have it there, you can see who's the real owner, you can see who mint it or it was sold to”*

4.5 Theme 4: Outlook in the NFT Market

Alex states that the purchase NFT will be as easy as buying something on the website with a regular payment method, which somehow eliminates the hassle for buyers since they won’t need a distinct crypto wallet. *“It will just come as normal as spending 10 pounds on a website”*. Alex mentions the Serenade.co as an example of the NFT marketplace that adopts the new way of payment method. *“That can already be done. For example, there's, there's a marketplace called Serenade, serenade.co, they do music based NFTs. They did the Kooks. They did the Brit Awards. We bought the Brit Awards, NFTs, it costs 10 pounds, you know, and I just put in my MasterCard and sort of credit card. And what they do in the back-end is they create a digital wallet for me, they connect it with my email address”* Alex further elaborates on the difference between web1, 2, and 3, and contrasts the way they perform the payment process for their users.

"Now when I log into my email address, that's web1, right? In the short space, that's a username and password is web one. Web2 is signing in with a profile from a social network that exists. So signing in with Facebook connecting with Google, all of it login with your profile, that's web 2. Web 3 is the wallet. So it's login with your wallet ID, right? now I can give you my public wallet address, you can give me yours. And that's just like logging in. And just like any other logic, if this person is logged in with their Facebook account, get their name and their email and stuff like that. But you don't do that with the wallet or wallets more anonymous. It's just your wallet hash"

Anna suggests brands or marketers to consider that there will be different customers some of which will want to pay with crypto wallet as well as others who wouldn't have a crypto wallet.
"And I also think that... getting people... How do you want to sell it because if you are selling to normal people, like I don't have a crypto wallet, I want to maybe be able to pay with my credit card so you're gonna have to think about when you sell the NFT, can I as a normal person buy it as well as someone who does have a crypto wallet?"

On the other hand, Baptiste argues that there is a problem to solve when it comes to the transfer of NFTs between different platforms. *"We have a problem with cost solution interoperability actually, if you buy an NFT, I mean, for example, on the Solana platforms, it can be complicated to transfer it to another platform. And let's say you buy some virtual clothes, some virtual I don't know Chanel clothes for your avatar. In the next coming years, it has to be mandatory for you to be able to transfer your Chanel jacket, for example, from one platform to another. And actually, this is not something, it is possible for some of the blockchain, but not for all of them. So we have to find a solution to this"*

Baptiste also addresses that another challenge can be a regulation problem in the NFT market. Baptiste mentions that the regulations have started to exist in the crypto market; however, it is still complicated in the NFT area and this is the problem everywhere around the world, not just in the European Union. *"In the European Union actually complicated to regulate NFT, we have regulated cryptos, but actually it's a little bit different for NFT. They don't know how to qualify NFT's actually, if it's a property and investments, well, this is something that they have to define right now".*

Baptiste argues that there is another challenge for marketers to overcome, which is a mass adoption. And it is important to acknowledge that though early adoptions are made in the gaming industry, the mass adoption will be through the social metaverse and social NFTs.

"Actually, we have a big problem with mass adoption. People don't know what is NFT. They just heard about Bitcoin. And they seem that NFT is out on the metaverse, as I mentioned early adoption is actually essentially in games such as Roblox, for example. And mass adoption, as I told you will definitely come with social metaverse and social NFTs".

Gianfranco argues that there are certain risks for brands or marketers to overcome when integrating NFT into their marketing strategy. Gianfranco describes the first risk as a technological incompetency, and recommends to seek for a professional help for ensuring the security in the digital environment. *"There are two types of risks. So, one is the technology risk, that you have to have a good developer team doing whatever you're doing, because you can get hacked, and you can lose a lot of money out there. That's one risk. And that is why I always tell people, just do look for professional advice. And from professional people that know what they're doing, they have to spend the big bucks because it's expensive".* And the second potential risk can be that companies rush into the market following the trend or hype without consulting the professionals in the field and having a clear plan or a reason to adopt NFT. *"And the second risk is, if they don't look for professional advice, and they go and create a collection, they have a risk that no one can buy the collection, because it makes sense. Just to buy you know, so that is why before creating any type of collection, they have to have a clear path, and they know that people need something and they have to create that ".*

In relation to what Gianfranco discusses, Baptiste mentions that brands need to become knowledgeable about the ecosystem first before entering the market whether it's NFT or Metaverse. *"There is a problem in the entire ecosystem with the strategy. So which means that if you want to do some marketing in the metaverse, for example, if you want to sell NFT, you first need to perfectly understand the ecosystem and to understand if you will be able to reach your consumer".* Baptiste discusses that they need to take a careful approach with marketing strategies in those areas involving the latest technologies such as NFT, Metaverse, Virtual reality and

Augmented reality because it won’t be the same as before as it will require those brands to reinvent themselves, and new customer journeys will emerge due to technological advancements. *“They won't do marketing the same way that they are doing right now. They don't know how to market people in a car right now, but they will have to know it because in to you, we will see some autonomous vehicles, you know driving in California in New York, and we will have to you know advertise in this kind of place, which will be something totally different”.*

5. Analysis and Discussion

This research aimed to investigate the reasons behind the current implementation of NFTs by companies as a part of their marketing strategies and to identify the impact these implementations have in regard to customer relationships. Through our results, we found links to the theory of *Business Model Innovation*, and specifically to the process framework developed by Andreini et al. (2021) where they identified five processes that generate BMI namely, *cognition processes, knowledge-shaping processes, strategizing processes, value creation processes,* and *evolutionary learning processes as the glue of BMI processes. However,* our findings show a strong relation to mainly three processes: *strategizing, value creation, and evolutionary learning processes.*

In section 5.1, we elaborate on the connection between Business Model Innovation and First Mover Advantages. In section 5.2, we introduce Business Model Innovation processes while section 5.2.1 is related to Strategizing processes for BMI. Moreover, section 5.2.2 is focused on the Value creation process for BMI, and section 5.2.3 covers the Evolutionary learning process as the glue of BMI processes.

5.1 Business Model Innovation

The findings of this research highlight the current overview that some companies have regarding the new business opportunities that the metaverse and web3 hold for the future. It was repeated throughout the interviews that one of the main reasons brands are incorporating NFTs in their marketing strategies is capturing the momentum that the metaverse and web3 are currently experiencing, brands either are testing the space or working on capturing the opportunity to interact with a new set of customers and generate new revenue streams.

As discussed in the theoretical framework of this research due to its characteristics NFTs are currently being used to interact in the metaverse, as users are in the space as part of communities and trading digital assets (NonFungible Corporation, 2022). Moreover, a survey conducted by Sortlist in 2022 found that the three main motivations companies have for investing in the metaverse include: companies see the metaverse as “the future”, “full of opportunities”, and “new way of doing business” (Statista, 2022d). When asked about the importance of early investment in the metaverse, 55% of the surveyed businesses stated that being an early investor in this trend was worth the risk, and 33% agreed on the importance of being one of the first to invest (Statista, 2022d). These findings are key to understanding the motivations behind brands joining the metaverse and web3 space. When looking at existing theories there is a relation to the First Mover Advantage theory developed by Lieberman and Montgomery (1988). In this research, the authors elaborate on the advantages and disadvantages of first-mover firms, where the advantages range from gaining technological leadership, to gaining knowledge and success in patent or R&D races. The First Mover Advantage theory has however also received criticism as there are examples of firms that didn't prove to be successful by entering emerging markets first (Golder & Tellis, 1993). The body of research suggests that the success probability of firms entering emerging markets first is subjected to other factors such as firm size, market orientation, and brand equity (Chavez & Chen, 2022). But little research has been done on the influence of business models to exploit First-Mover Advantages. Markides & Sosa (2013) addressed this gap in the literature and elaborated on the importance of studying how business models impact the success of first-mover firms when entering new markets. Concluding on the relevance for future research of understanding how firms can exploit First Mover Advantages to their benefit. These theories relate to our participants' points of view on why firms are using NFTs as part of their strategies and how they are relying on new business models to generate new revenue streams. They perceive firms are trying to gain a competitive advantage by entering the space faster than other players in the market in an attempt to follow the First Mover Advantage strategy.

5.2 Business Model Innovation Processes

Following the processes framework developed by Andreini et al. (2021) we encountered our findings hold relation to three of the proposed processes, namely *strategizing process for BMI, value creation process for BMI, and evolutionary learning processes as the glue of BMI processes.*

In this section, we explain each of them and develop connections with our findings.

5.2.1 Strategizing processes for Business Model Innovation

Strategizing processes are related to how companies can set and maintain a competitive advantage in the market (Andreini et al., 2021). As explained in our literature review, there are three main strategizing processes that companies can use, *nurturing organizational competence, alternative strategies,* and *selecting strategies.* In this section, we will elaborate on how our findings correlate with two of the subcategories that derive from Strategizing processes for BMI, *nurturing organizational competence*, and *alternative strategies*.

5.2.1.1 Nurturing Organizational Competence

Another finding from our interviewees in regard to the reasons why brands and companies are trying to implement NFT into their current strategy is that it will be the point where the upcoming generation will start their online journey. In fact, teenagers and children today are growing up in a very different environment than it was for previous generations, which also makes them the first generation to be immersed in technology to a certain extent for their entire lives (Provoke Insights, 2019). Thus, it is seen as crucial for those companies to integrate or take advantage of the current technology for keeping or growing their customer base.

It is also observed by the interviewee that brands are using metaverse to reach younger consumers although this generation is not yet making their own purchases right now. Perhaps, marketers can’t oversee the effect they are having on their parents' spending until the generation alpha is old enough to have spending power; for instance, eighty-one percent of Millennial parents say that their recent purchases have been influenced by their Alpha children (Provoke Insight, 2019). Furthermore, according to the Statista March 2022 survey of companies that have already invested in the metaverse, those selected businesses have reportedly targeted mainly Generation Z and Millennials, respectively 9,95% and 9,25%. However, the alpha generation was among the top personas with a corresponding rate of 7,16%, almost twice as high as the boomers' generation (Statista, 2022e). This data supports the interviewee’s statement in relation to the brands’ merit to reach new demographics through Metaverse as well as NFT strategies.

These findings relate to the *nurturing organizational competence for Business Model Innovation* which is part of the *strategizing processes* developed by Andreini et al. (2021), as reconfiguring resources when looking to enter new markets is a form to adapt to changing trends, through our interviews we observed that companies are open to embrace emerging technologies and introduce new business models when the purpose of such strategies is to create value.

5.2.1.2 Alternative Strategies

As it is mentioned in the literature, alternative strategies include customer-centricity business model, which focuses on customer-driven strategies that alter the business model to offer customers value (Pynnönen, Hallikas & Ritala, 2012). Additionally, more and more companies are acknowledging the importance of community building as it is a long-term measurement of customer loyalty (Wehr, 2019). Hence, as part of the customer-centricity, companies started the approach by offering a platform for exchange and moderation, and view it as a sustainable investment (Wehr, 2019). Furthermore, in line with what is displayed in the literature review part, most of the interviewees touched upon the importance of building a community which is a foremost and inseparable part of implementing an NFT into the marketing strategy. In terms of marketing, a strong fandom can allow a brand a countless amount of possibilities in the form of loyal customers who co-participate in the brand-building process (Guschwan, M, 2012). It is also emphasized that these consumers can be classified as "advanced users," who are early adopters of innovation and technology (Dong and Zhang, 2015). Fans, as defined in the literature review, are those who strongly identify with something or someone famous and are motivated to learn about and participate in activities linked to fandom (George, 2022). Fandom is defined as the social role that fans play in order to satisfy their desires for fan-related activities (George, 2022).

Meanwhile, it is observed that "holders", and "community" were used by the participants to describe those loyal customers who are more engaged or interested in the future activities than the average customer around a certain brand. During the interview, Alex mentioned that the biggest community built around NFT is the Bored Apes Yacht club. *"For example, the holders of the Bored Apes, they get to invited to, you know, exclusive events, they are really a community that it's really closed, but there's value in that, because I think you still have to have a, you know, a few $100,000 to enter that club".* From his explanation on how the biggest NFT community functions, it is inferred that the community members are generally called by the term "holders". Also, as Gianfranco argues, the community is the most crucial aspect of having an NFT because these are the people that will give value to your NFT, and if somebody finds value on NFT, they will be able to pay such an amount. *"You can have the best NFT out there. But if you don't have a community, you know, no one's gonna buy your NFT".* Hence, holders can be defined as the individuals who value your NFT as well as give value to the NFT. Since the holder is the specific term for the NFT community member, holders can be either the fan or the speculator. Moreover, according to George (2022), it's important to take into consideration that not all buyers who buy NFTs are fans, and not all fans like to buy NFTs. Hence, we have illustrated the dichotomy between the terms for the further research to be made in the field of NFT and the marketing area.

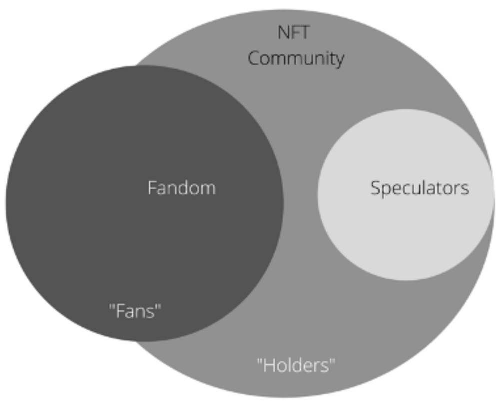

Figure 4: Illustration of the dichotomy between the terms.

As suggested by George (2022), there are two types of people who buy NFT: fans and speculators, and even though both have an interest in increasing the value of their NFT holding, their intention and drive differ in some way. So, it is important to understand both groups when implementing a customer-centric approach and answer the question of whether the both groups would be included when the word community is used to describe the group of NFT buyers in order to create a successful token ecosystem around the brand since that's a crucial point that often gets diffused in the hype of non-fungible tokens.

In relation to community building as a long-term investment, another interesting statement was given by the interviewees. Gianfranco described that buying a particular NFT is like buying a club entrance, meaning that you belong to a community. *"That's the beauty of the NFT that will give* *you a club entrance, and, and people like this thing of your tastes".* The way people react to other members of their social group, according to Social Identity Theory, is fundamental in determining who they are (Hogg, M. 2020). It is claimed that the groups to which people belonged had a strong feeling of dignity and self-respect (Hogg, M. 2020). Fans are drawn to sports clubs, social classes, families, and other groups for a variety of reasons, including a sense of inclusion in a larger social sphere (George, 2022). In relation to the perks of being part of a closed and elite community, Mateusz delivered a supporting point: *"So you know, just to create this elite community related to the brand. And that creates, you know, numerous possibilities for the brand experience. So, you know, that could be concerts for that, you know, discounts, or, you know, even you know, even like invitations that buy something".* Also, many people buy NFTs and display them on social media platforms to signal their purchasing power and even as proof of their preference (Hellon, n.d.). With no inherent value, those NFTs of digital image or video are purchased by the early adopters as a subtle way to express their affluent and tech-savvy competency (Hellon, n.d.). It is also suggested that as the world becomes ever more digital, NFTs could become the ultimate signaling; for instance, of a luxury good since the signaling is the primary motivation behind many luxury goods (Hellon, n.d.).

Additionally, some of the interviewees explored the idea of how NFTs are serving as the digital representation of the actual product. As Alex mentioned, NFTs are a digital asset that you own that connects you with that brand. At the same moment, digital ownership, uniqueness, and value creation have been identified in the literature review. For instance, although digital goods have been regarded as less of a value than physical goods due to their inability to generate a strong sense of ownership, non-replicable attributes of NFT are now seen to potentially raise psychological ownership (Atasoy & Morewedge, 2018). Mateusz presents another example of how NFTs are linking audiences with the brands by being the digital proof of the actual product/service. "For example, sports teams, like F1 teams doing their also collections of NFTs. It is more like linking the brands to the audience, you know, so that brand, the audience can have something related to the brand". Hence, it signifies that the increased sense of ownership of the product can possibly enhance the customer's engagement with the brand (Lynn, 1991). By enabling consumers to prove that they are the only possessor of a good, NFTs impose a rigorously distinct form of uniqueness (Lynn, 1991).

Furthermore, one interviewee mentioned the example of how NFTs are successfully utilized in the purpose of event tickets or airline tickets. Gianfranco mentioned: *"I've seen and I mean talking with airlines that they want, they want to have NFT's as the airline tickets, you know. So using that technology, we just have like transparency on anything that they're doing right now, you know what I'm saying because you will have it in a blockchain which you cannot copy or anything, you have it there, you can see who's the real owner, you can see who mint it or it was sold to".* There is a risk of buying fraudulent or invalid tickets, which are possibly counterfeit or might be canceled, or the same ticket may be sold many times (Wang et al., 2021). Thus, buying tickets in a traditional way requires a lot of trust from consumers in the third party (Wang et al., 2021). However, An NFT-based ticket is unique and scarce, and embodies a ticket issued by the blockchain as an entitlement to access to any event such as culture or sport (Wang et al., 2021). For parties such as the event organizer and the customer, the blockchain-based smart contract provides a transparent ticket trading mechanism (Wang et al., 2021). Instead of relying on third parties, consumers may buy and sell cryptocurrency tickets directly from the smart contract (Wang et al., 2021). Transparency is a potentially important aspect of customer-centricity as it is easing the consumer concern about data security (Salyer, 2014)

Moreover, on the findings, Anna suggests brands or marketers to consider that there will be different customers, some of which will want to pay with crypto wallet as well as others who wouldn't have a crypto wallet.*"And I also think that... getting people... How do you want to sell it because if you are selling to normal people, like I don't have a crypto wallet, I want to maybe be able to pay with my credit card so you're gonna have to think about when you sell the NFT, can I as a normal person buy it as well as someone who does have a crypto wallet?".* In line with our findings, there are arguments made in the way ease of payment method has a profound impact on consumer choice. Consumers' tendency to spend more in lower-pain ways, such as credit cards, than in more explicit, "painful" forms, such as cash, has been observed in classic studies of "pain of payment effects" (Hofstetter et al., 2022). Furthermore, research suggests that when money is in the form of liquid currency, consumers may "mentally account" (Hofstetter et al., 2022) for it differently than when it is in the form of securities, which might lead to illogical behavior. At the same time, NFTs offer consumers new ways to exchange economic value, and the digital nature of it may minimize consumers' perceived payment discomfort. However, due to its novelty, it may also increase the hardship for consumers (Hofstetter et al., 2022). Regarding the potential enhancements made by NFTs in charitable donations, credit management, and transaction value, it may become increasingly important (Hofstetter et al., 2022).

5.2.2 Value Creation Processes for Business Model Innovation

When companies engage in the process of Business Model Innovation, they aim to create value for customers and other stakeholders. The interaction between stakeholders and the firm is defined by the strategic choices of managers and entrepreneurs (Zott & Amit, 2017). Managers and entrepreneurs have the capacity to interconnect stakeholders in new ways to enhance innovation in business models or to create completely new activities based on new technologies or emerging trends in the market.

While interviewing our participants, we found some repetitive views that aligned with the topic of future directions in the NFTs space, which included collaboration among different stakeholders to improve value propositions and eliminate barriers. One of our participants also mentioned future challenges that might need to be addressed in the space in order to make it easier approach.

The NFTs space is still new and currently, there are barriers that hinder possible customers to get into the space. Regarding this topic, Alex, for example, mentioned the advantages of allowing customers to buy NFTs without a crypto wallet, *"It will just come as normal as spending 10 pounds on a website."* These emerging strategies are aimed to make purchases easier and less restrictive for people who are not immersed in the crypto space. It is observed that the ability of stakeholders to collaborate – traditional payment companies with NFTs providers – creates a new value proposition that potentially could attract a whole new segment of purchasers.

Regarding current challenges, Baptiste mentioned, "*We have a problem with cost solution interoperability actually if you buy an NFT, I mean, for example, on the Solana platforms, it can be complicated to transfer it to another platform."* As the value creation process relies on the ability of organizational and external actors to get involved in activities and create solutions to overcome barriers (Andreini et al., 2021). This insight touches upon the relevance of collaboration among different stakeholders, for instance, competitors can create collaborative solutions to make the interoperability easier for the end-user.

Governments and regulatory agencies have an influence on how business models are developed as they set the ground for them to operate. As Baptiste mentioned *"In the European Union actually complicated to regulate NFT, we have regulated cryptos, but actually it's a little bit different for NFT. They don't know how to qualify NFTs actually, if it's a property and investments, well, this is something that they have to define right now".* Meaning that a different consensus on how to qualify NFTs across the world might result in buyers and customers restraining themselves from confidently getting into the space.

5.2.3 Evolutionary learning processes as the glue of BMI processes

Andreini et al. (2021) define the Evolutionary learning process as the glue that connects all the remaining BMI processes. Evolutionary learning processes are related to the learning episodes that occur when business model components evolve (Andreini et al., 2021), and how stakeholders deal with new and complex issues (Kiura et al., 2014).

Strategizing processes for BMI and Value creation processes for BMI find benefits in using evolutionary learning to gain insight and create better strategies to achieve competitive advantage. Strategizing processes, specifically, Customer-centric strategies will benefit from learning from customers' insights when testing new offerings, or when entering new markets. When implementing strategies related to Nurturing Organizational Competence, firms can take advantage of the evolutionary learning processes by adapting their strategies to changes in the market and using new technologies to drive new business models.

As for Value creation processes for BMI, it is possible to collect useful market information to adjust the value proposition. Overall, it is concluded that the identified processes of BMI are connected to the process of evolutionary learning. And when companies include evolutionary learning within their strategies better offerings can be delivered.

6. Conclusions and Recommendations

6.1 Aim of the thesis and main research findings

This research aimed to understand why companies are currently including NFTs in their marketing strategies and the impact of such strategies on customer relationships. Findings and analyses presented in chapter four lead to five conclusions which are explained below.

Firstly, it is argued that the eagerness of companies to be the first players in emerging markets might not be enough to gain competitive advantage. First Mover Advantages are impacted by several factors such as firms' size, market orientation, brand equity (Chavez & Chen, 2022), and Business Model (Markides & Sosa,2013). It is noted that the body of research that links the impact of Business Model Innovation with First Mover Advantage is still limited but worth exploring. The implementation of novel ways of capturing and delivering value to customers could become an important differentiator for firms looking to take advantage of emerging markets by being the first arrivers.

Secondly, by understanding the pursuit of companies to connect with emerging demographics – Alpha Children, with yet not purchasing power but with influence over the adults with buying power – this thesis found links to the Business Model Innovation Processes framework developed by Andreini et al. (2021). The findings are in line with the Nurturing organizational competence for BMI process acknowledging how companies can reconfigure resources to adapt to changing environments and create value.

Thirdly, by analyzing the impact of marketing strategies using NFTs on customer relations, four strategies to enhance brand experience were found: brand awareness and community building, digital loyalty, exclusivity, and digitalization of physical products. Companies are leveraging NFTs to create communities in alternative channels and connect with current and potential customers there. Companies are using NFTs to create digital loyalty, perhaps, in the form of discounts. Companies are using NFTs to offer exclusive benefits to their customers, exclusive events, exclusive collections, and exclusive activities were some examples found. And companies are using NFTs to digitalize physical products, as a way to link the audience to the brand. Through these cases, this research found a link to the Business Model Innovation process, namely Alternative Strategies (Andreini et al., 2021), which is partly based on Customer-Centric Business Models. Customer-centricity represents a tool for managers who want to better understand the needs of their customers and build strategies around them. With the emergence of new technologies, customers' expectations and preferences change constantly, putting pressure on businesses to continually evolve and adapt.

Fourthly, this research found future considerations that managers and decision-makers will have to contemplate for making the NFTs space more accessible to people that are still hesitant to join. Current barriers include: buying NFTs without the need for a wallet, interoperability, and lack of regulations. Future collaboration among stakeholders is therefore important in this space. Collaboration among internal and external stakeholders to overcome barriers is addressed in the Value Creation Processes for Business Model Innovation (Andreini et al., 2021). This research supports the views of value creation processes, emphasizing the need for collaboration of actors within the NFT space to create more accessible offerings.

To finalize, the fifth conclusion found through this research relates to the interrelation of learning processes with the other processes of BMI, *Strategizing Processes for BMI* and *Value Creation processes in BMI*. It was found that companies can adjust their strategies by continuously learning from their customers, environment, and markets, as well as adapting their value proposition based on those learnings.

By synthesizing these contributions, answers to the proposed research questions can be formulated:

Why are companies implementing NFTs into their marketing strategies?

This research suggests that companies integrate NFT into their market strategies as a way to take advantage of being the first movers into an emerging market – NFTs and web3 – as they perceive it as an opportunity to generate new revenue streams in this field.

Firms are using this novel technology to evolve their value propositions and create new communication channels with customers. It was also suggested that firms are preparing their offering to attract future customers from emerging demographics, for example, the Alpha Children generation.

How does the implementation of NFTs in marketing strategies affect customer relationships?

Our findings suggest that companies that use NFTs see it as a chance to enhance customers' brand experience. It was strongly suggested that NFTs are a tool to build communities around the holders as strong communities create loyal customers who are more willing to spend on the offerings of a brand.

Other strategies related to enhancing brand experience include: offering digital loyalty, exclusive access, and digitalization of physical products. These strategies impact brands' relationships with customers by granting holders unique privileges that allow them to connect with the brands and have a better experience.

6.2 Implications for Academia

Two relevant implications for marketing and Business Model Innovation are derived from the findings. First, it touches upon the relevance of formulating further research aimed to understand the connection between the First Mover Advantage theory and the impact of Business Model Innovation in gaining competitive advantage. The second implication is related to marketing, this research supports the further exploration of the interplay that marketing has with Business Model Innovation, specifically in the realm of customer-centricity.

6.3 Implications for practice

The practical implications of this research are relevant for managers and marketers. Our findings might provide insights for managers who are looking to explore the NFT space. Through this study, they can find currently used strategies as well as future expectations in the NFT market. As for marketers, this research can serve as a tool to better understand the benefits and challenges of incorporating NFTs in their strategies, especially in terms of building a stronger customer relationship.

6.4 Limitations

This study contemplates several limitations that must be considered. First, due to the novelty of NFTs, the recruitment of participants became difficult as the selection criteria were very specific – marketing professionals with blockchain and NFTs experience – . Due to the specific criteria, it was difficult to work on a bigger sample, and only five interviews were conducted. In addition, possible participants were approached mainly through Linkedin and thought it resulted somehow effective. However, our lack of mutual connections with some of them made it difficult to obtain responses. Second, this research relied on purposive sampling, and with this kind of sampling is important to acknowledge that the selection criteria are dependent on the researchers' point of views and standards.

Another limitation of this research is the lack of existing literature connecting marketing and NFTs. As the technology is relatively new, it was difficult to find an existing body of research. Therefore, this study relied on an inductive approach and the criteria of the researcher to judge the findings, making the replicability of this study difficult for future researchers. Overall, all these limitations were taken into consideration throughout the process of the study and lessened to some extent. But their presence must be addressed and acknowledged for the future research.

6.5 Recommendations for future research

The final section of this research identifies opportunities for future studies in the areas of NFTs, marketing, and Business Model Innovation.

First, to our knowledge, we are the first authors using Andreini et al. (2021) framework for BMI processes to understand the connection between new technologies (NFTs), the creation of novel business models, and customer relationships. During this research, we found a relation between three of the five processes proposed by Andreini et al. (2021) with the findings collected from our interviews. We encourage future researchers to use this framework to explore the possible connection of the two remaining processes *Knowledge-shaping process for BMI* and *Cognition processes for BMI* with NFTs and the decisions behind incorporating them into marketing strategies.

We also encourage researchers to study the impact that Business Model Innovation has on the First Mover Advantage theory, and how novel business models can become a tool for gaining competitive advantage when entering new markets.

Future research on the integration between NFTs and marketing might bloom in the upcoming years as this technology has proven to be useful for many use cases, and its relevance is becoming more obvious.

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Appendix A: Interview guide

Themes: NFTs uses in marketing and its outcomes.

General information about the interview

Date & Time:

Interview setting: The place of the interviewer and interviewee

Name: interviewee, company

Introduction before the interview

Firstly, we will introduce ourselves in order to make our identity clear to the interviewees. Thereafter, we will introduce that the interviews are being conducted for our degree thesis (master's thesis) at Lund University. Then to begin engaging the interviewee, we will explain the purpose of this study and indicate how the interviewee's participation is relevant to the research.

We will also make sure that we are allowed to record the interview by asking the participant's consent. These recordings can also be deleted in case of a participant's decision to exit the study and terminate their partaking. Hence, we'll clarify that the participation is of voluntary and exiting the study is allowed at any given point.

Background Question:

- What position do you have?
- How long and in what way have you worked in Marketing, what positions?
- How long and in what way have you worked with Blockchain, NFT?
- How did you or the company become interested in NFTs?

Theme 1: Marketing strategies involving the use of NFTs

- From your experience, how have NFTs been used by companies? What are some of the main purposes of why companies have started using NFTs?

- What kind of strategies have you seen companies leveraging by using this new technology,
- How do you perceive that digital assets can influence marketing in the present and the future? In which areas will it be most apparent and how can it be used there?

Theme 2: Outcomes and results from using NFTs in marketing.

- What kind of impact do you think using NFTs has on companies?
- How using NFTs can impact customer relationships?
- How do you perceive one can work with NFT to understand and attract customers?
- What does NFT offer that any other technology doesn't? (to see if there is something to substitute NFTs)

At the end of the interview

- That is all of our questions. Are they any questions regarding how the data will be handled or would you like to add anything else?
- If any questions arise in the future, would it be ok if we contact you once more? Thank you for your time and participation.

Appendix B: Consent form

MSc. Entrepreneurship and Innovation program
Interview Consent Form
Research topic: Blockchain/Marketing/NFTs

Authors: Gema Indira Sornoza Parrales & Bayarchimeg Batbayar

I have been given information about the interview guide on the topic: "Blockchain/Marketing/NFTs*"* and discussed the research project with Gema Indira Sornoza Parrales & Bayarchimeg Batbayar who are conducting this research as a part of a Master's in *Entrepreneurship & Innovation* supervised by Paola Raffaelli.

I understand that, if I consent to participate in this project I will be asked to give the researcher a duration of approximately *1,5 hours* of my time to participate in the process. I understand that my participation in this research is voluntary, I am free to refuse to participate and I am free to withdraw from the research at any time.

By signing below I am indicating my consent to participate in the research as it has been described to me. I understand that the data collected from my participation will be used for thesis and journal publications but not for any commercial use. And I consent for it to be used in that manner.

Name: ....

Date: ....

Email: ....

Signed: ....