

HMAVIEWPOINT

What can the hobby industry do with the NFT?



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Can you say, “Non-Fungible Token?” I could not pronounce it correctly at first either; however, I did figure it out. (fuhn-juh-bl).

So what is it exactly? NFTs, or non-fungible tokens, are digital assets representing unique tangible and intangible items created on the blockchain to become an item of value via a “smart contract.” The Ethereum Blockchain has become the industry standard for NFTs.

Simply put, NFTs are unique digital objects that can be cool to collect, own or trade for a profit. Think of them as digital collectible cards. They typically start as something only enthusiasts care about, but it could be worth a lot one day if you get a rare one. The tokens can also be multimedia, containing visual, audio and other features. An NFT could unlock certain “powers,” such as future product discounts, VIP treatment at events, upgrades, etc.

There are currently many marketplaces out there like opensea.io where you can buy and trade these NFTs. The digital frontier is trending ever farther into the ether. NFTs will give retailers a further bond with their consumers and create new promotional and marketing platforms.

What is fungible vs. non-fungible? According to Mashable, cryptocurrencies can be fungible, meaning all the currency’s units (i.e., tokens) are the same and equal, like grains of rice or dollars. In contrast, non-fungible tokens are the opposite — every cryptocurrency unit, or token, is unique and cannot be replicated.

How do NFTs work? It depends on the platform, according to Mashable. The majority of NFTs are created and traded on Ethereum’s blockchain, which is immutable, meaning it cannot be altered. No one can undo your ownership of an NFT or re-create that exact same one. They’re also “permission-less,” so anyone can create, buy or sell an NFT without asking permission. Finally, every NFT is unique and can be viewed by anyone. Also, an NFT’s creator receives a royalty in perpetuity every time that NFT is sold to another buyer. This percentage is established when the token is created and cannot be changed. When your NFT is ready to be minted on the blockchain, you must pay a fee. Like everything else, people are getting their cut of the action.

So now you know what an NFT is. Here’s the next question: how can we as retailers and manufacturers implement them in our business model to attract new people to the industry and engage our current customers? This is an open question at this time. We at Atlantis and other companies are trying to figure it out. Perhaps we enhance our physical product with a digital collectible that goes with it. Something unique, possibly animated that is not mass-produced and is scarce.

As a retailer, you can create an NFT for customers that spend X amount of dollars in your shop as a new rewards system. The customer is getting something unique from you that is very limited and makes them feel special. For example, the first 25 buyers in the shop today who spend \$50.00 receive a limited edition NFT. Perhaps manufacturers can create them on a new product they have released. You carry a product, and you can upsell the customer on the unique collectible. The manufacturer can offer a link to redeem the NFT. Of course, they have to be able to accept such a nice token.

This is what we need to figure out. As it gains popularity, it will become easier, like using Shopify to create a web store now. I mainly wrote this article to introduce the idea and help us understand this new technology. I don’t want our industry to be behind the times; market changes happen quickly. I am not sure how it will affect our industry, but it is vital to get critical thinking in place now to implement this new and exciting technology. This can help our physical products and hobby stores attract a new younger generation to the industry. Check out www.Fanaply.com, an NFT provider in the entertainment space that allows for purchases in \$USD via credit cards and avoids the process of establishing a crypto-presence.

If you look at some trading card companies like Topps, they have a new platform for Garbage Pail Kids NFTs that their customers are loving. The NBA was the first major sports organization to embrace the technology. Rest assured, everybody in all industries is not far behind when there is money to be made. Over the next few months, as we sign licensing deals to produce model kits and other products, we will have to make sure the digital rights are included. It will be a fun year! **HM**



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