Chapter 14
Role of NFTs in Marketing Strategies and Customer Relations

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ABSTRACT

NFTs (non-fungible tokens) are a kind of digital asset that represents real-world objects like music objects, videos objects, gaming items, art collections, etc. These are basically used in blockchain smart contracts. Non-fungible tokens are unique digital assets that have their ownership represented on a blockchain network. Every NFT is unique and one of a kind without the chance of replacing them with another asset. Non-fungible tokens include collectibles, digital art, in-game items, domain names, contract ownership, and event tickets. The technical definition of NFTs paints them as non-interchangeable data units on a blockchain network. The representation of non-fungible tokens on a blockchain facilitates better assurance of safety against unauthorized tampering, replication, or destruction. In addition, the assurance of ownership verification on a blockchain network offers extrinsic value to NFTs.

1. INTRODUCTION

Non fungible tokens (NFTs) have emerged as a potential solution to the challenges associated with authenticating and monetizing digital content. NFTs are unique

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digital assets that are stored on a blockchain, providing a secure and transparent way to verify ownership and authenticity. Each NFT represents a specific digital item, and the ownership and transaction history of NFTs are recorded on the blockchain, making it tamper-proof and verifiable.

Here are some key points to consider regarding NFTs:

1.1 Opportunities of NFT

1. **Ownership and Authenticity:** NFTs solve the problem of proving ownership and authenticity in the digital space. Artists, musicians, and other content creators can tokenize their work, ensuring that each piece is unique and traceable.
2. **Monetization for Creators:** NFTs enable creators to monetize their digital content directly. Artists can sell their work as NFTs, and with each subsequent resale, they may receive a percentage of the transaction value through smart contracts. This provides a new revenue stream for creators.
3. **Direct Engagement with Fans:** NFTs can be a means for creators to directly engage with their fan base. Fans can purchase exclusive content or experiences through NFTs, fostering a deeper connection between creators and their audience.

1.2 Review of Literature

Sabah (2019) described the novel dataset of cryptocurrency accepting business venues that accept cryptocurrencies as form of payments; we examine the relationship between new crypto accepting venues and crypto volatility. We argue that the number of new venues is a proxy for investor attention. We find that the number of new venues is a significant driver of crypto volatility. Moreover, venues that do not disclose their type of business as well as venues in Europe, North America and Oceania increase crypto volatility. Granger-causality, VAR estimation and a quasi-natural experiment validate our findings.

Zhang (2021) examines the connections between the original financial consideration and monetary qualities of Bitcoin, i.e., return and acknowledged instability, which are the two most significant attributes of one certain resource. Our observational outcomes show upholds in the conduct finance region and contend that financial backer consideration is the granger cause to changes in Bitcoin market both consequently and acknowledged unpredictability. Also, we make top to bottom examinations by investigating the straight and non-direct associations of financial backer consideration on Bitcoin. The outcomes for sure exhibit that financial backer consideration shows refined influences on return and acknowledged unpredictability