

The celebrity love affair with NFTs may be just beginning -- even amid flops and doubts



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A person stands in front of artist Takashi Murakami's NFT project called Murakami Flowers.

(CNN) It seems that every few days, a new star announces their foray into the world of non-fungible tokens, cryptocurrency or some other inscrutable corner of the metaverse -- the general term for a nascent virtual space where people can play, meet, and of course, buy things.

This has been a habit for a while now, and every starry-eyed announcement usually promises some form of connection or exclusive opportunity. But for the majority of the population who don't own cryptocurrency or NFTs (and may not care to), big names and the pricey tech concepts they promote make for strange bedfellows indeed.

Take some recent examples: Last week, Madonna minted an extremely NSFW NFT collection that featured explicit images of her giving birth to a tree, as well as a 3D model of her undercarriage. Charitably, the reactions were mixed.

crypto-terms

cryptocurrency: a currency that exists virtually and requires complex technology to verify and use

NFT: (non-fungible token) a proof of digital ownership of something, typically a piece of art or other media

metaverse: a virtual online space, in which cryptocurrency and NFTs can exist (though they exist outside the metaverse as well)

Earlier this year, there was the Brie Larson incident, in which the Marvel actress shared a peek inside what she called her "corner" of the metaverse. The 30-second Twitter video featured a blonde avatar with only a passing resemblance to Larson shuffling awkwardly around a virtual museum filled with NFT art.

Countless other stars, athletes, artists and even sports teams have taken similar wobbly steps to promote crypto or NFT partnerships, sometimes to the derision of critics who see NFTs as a money-making venture that doesn't benefit fans -- or at least not ones without plenty of cash to spare.

Plus, even the sexiest promise of owning digital art or real estate can't overshadow the volatile fits and starts of the current cryptocurrency market. NFT sales have fallen 92% since September 2021. Panic in the crypto market has reached the ears of US regulators. NFT pieces that were bought for millions of dollars and promised to be stellar investments have fizzled. In fact, an NFT of Twitter founder Jack Dorsey's first tweet, sold for \$2.9 million in 2021, attracted a high bid of merely \$280 at an April auction.

Have we reached critical mass on the NFT market? Are we in the final days of this influencer or that movie star pushing high-dollar digital wares?



Brie Larson is one of many celebrities promoting NFTs and other digital assets.

Where is the crypto train headed?

For Benjamin Behrooz, these growing pains are all part of the long game. Behrooz is the founder of Branding Los Angeles, a branding agency that focuses on, among other things, NFT partnerships. He says the number of powerful clients and companies wanting to develop NFT projects increases every day, and it won't be long before major retailers accept cryptocurrency payments.



You will soon be able to use Bitcoin to buy Gucci

He says what we're seeing now; the awkwardness and cult-like aggression of cryptospace promoters, is the wheat separating from the chaff.

"Right now, these things may have a very minute audience. But it's like the beginning of a roller coaster. You're working, climbing, and going up, up, up, and then the payoff comes," he tells CNN.

It's true the cryptoverse is still exclusive. About 46 million people in the US are estimated to have invested in Bitcoin, the most prominent cryptocurrency. Worldwide, there are an estimated 300 million crypto users, or about 3.9%.

Once that cryptocurrency is invested in things like NFTs and the metaverse, the circle gets even smaller. By one count, a mere 360,000 people owned every single available NFT, and 80% of the value of that market is held by just 9% of owners.

While celebrity endorsements may spin a future where people buy and sell exclusive virtual wares as easily as they do at a merch stand, the current world of digital assets is a small pond filled with very, very big fish.

Who's connecting with whom?



LED screens showing NFT artwork on display at a Metavision exhibition.

What these big fish are hoping to sell to their smaller followers is a point of connection -- a ticket into the pond, if you will. A chance to swim alongside them.

"They're trying to make the case that, the same way you can become a member of someone's fan club in the analog world, now you're just doing it digitally by being part of someone's NFT sale or metaverse. You can have a certain amount of insider access," Paul R. La Monica of CNN Business explains.

Maybe that's why someone paid \$450,000 earlier this year to be Snoop Dogg's "neighbor" in the metaverse, or why Paris Hilton consistently promotes NFT and cryptocurrency projects. (Even if some attempts aren't convincing, like a much-panned chat between Hilton and "Tonight Show" host Jimmy Fallon, in which the pair woodenly discussed their Bored Ape Yacht Club NFTs.)

Dolly Parton invoked the same element of connection when she gave out NFTs at this year's SXSW conference, even though people questioned the match between the 76-year-old's cozy country vibe and a financially risky, hyper-technical concept mostly embraced by younger people with native technological literacy.

What's coming next?



Dolly Parton (pictured here in 2021) gave out souvenir NFTs at this year's SXSW Conference.

Behrooz says the key to any good partnership -- one that doesn't feel forced or inorganic, is to really investigate the celebrity or influencer that would be attached to a project. Who is their audience, for instance, or what kind of values do they have? It should be someone authentic who has a close relationship with fans, he notes.

That's especially important in the world of NFTs, he says, where people can easily fall victim to scams or mismanagement.

"People are starting to be aware of situations in this space where they're being taken advantage of," he says. "So you have to look at the communities the person has created."

It's no surprise that those most active in these digital spaces may not have ever listened to a Snoop Dogg or Madonna cassette. They likely don't even remember why Paris Hilton is famous.

"This is clearly more prevalent with younger, more digitally native people because, for that generation, money has always been more conceptual," La Monica says.

The people younger generations admire often become famous through other forms of media, and that tests our idea of who, exactly, a celebrity is and where their influence lies. An NFT campaign may feel like a better fit, for instance, with a YouTube star or a TikTok influencer who got famous from their basement rather than an old-guard, baptized-by-tabloids icon.

"We're not changing our approach," Behrooz explains of his agency's work. "This is where the marketplace is to convert people into believers."

In the future that metaverse believers dream of, stars could hold concerts or meet-and-greets in virtual spaces with regularity. People could buy special items for their avatars -- the virtual versions of themselves that would inhabit this new world. Behrooz says he's blown away by some ideas he's seen about ways to interact with the metaverse, like custom houses and NFTs that translate into exclusive, real-world access into clubs or other events.

As it is now, the digital assets celebrities promote are often prohibitively priced or hosted on platforms that require exclusive rights to access. The connection to fans often feels tenuous at best, and predatory at worst. But as long as the crypto race continues, stars of all stripes will be running along, hoping to lead their followers -- and their money -- into the future.

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