

How to implement an NFT strategy for your small business

There is a lot of buzz around NFTs and many people talk about it but very few have done it. DYDX implemented a first-of-its-kind NFT strategy in South Africa as part of a large digital product strategy for Honest Chocolate.



Nevo Hadas, partner at DYDX. | Source: Supplied

Honest Chocolate is a small brand that punches above its weight both locally and globally. The artist range was created by Honest Chocolate in 2016, and our role was to extend this into a wider gifting strategy. Designing and implementing products and services means we look at what value we can generate based on a P&L and strategic opportunity basis.

There were a lot of learnings when working on the NFT strategy for Honest Chocolate. Here are key takeouts to consider when contemplating an NFT launch:

1. Target market

Honest Chocolate has a small dedicated community, so we wanted to go to them first. These are not crypto specialists so the purchasing must be easy. The DYDX team chose Momint as they enabled us to integrate the crypto purchase with the woocommerce backend, so it could all be done via a credit card. The purchaser walked through a simple set-up process and their wallet was created.



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2. Blockchain

You need to understand which blockchain you want to mint your NFTs on. This is important as your NFT is only part of the blockchain you selected. There are costs associated with minting as you need to pay for each of your NFTs to be added to the blockchain.

Chains like Ethereum run an auction-based on demand for adding your NFT to the blockchain, and this can be unexpectedly expensive. Blockchain like Ethereum can use a lot of energy, so we chose Polygon which was both cheaper, fast-growing and environmentally friendly. Momint took care of all the complexity for us, so it was an easy process.

3. Smart contract

You also need to understand how you want to structure the smart contract. Will there be an ongoing royalty that you take with each onward sale of your NFT? Will you provide additional value that is only unlocked with a purchase?

Will you provide surprise additional value, over time to increase the value of your NFT? We chose to allow purchasers a 10% discount on all online purchases for a year and 10% of the resale value goes back to the artists and rape crisis



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4. Imagery and rarity

Will you make a single image NFT, which is the route we selected, or create a large series? If you create a large series, how will you create rarity by enabling “one of a kind” images, usually by minor variations known as properties? If you look at the bored apes, rarity is linked to the unique items the ape may have - clothing, earrings, etc..

5. Pricing

How will you price your NFT, will you charge in a cryptocurrency or normal currency? Will it be based on an auction (useful if you are doing variations) or only a fixed price? We opted for a fixed price offer with a 50% discount for early birds as we had a limited quantity.

6. Value

How is this valuable to the purchaser, are they merely speculating or is there a longer-term benefit or plan to grow the value of their investment.

The Honest Chocolate approach is to see purchasers as part of their community. Our artist, Amy-Lee's, talent and growing fame will increase the value of her artworks in future and the 10% discount gives immediate benefit. There will be more limited range NFTs offered over time, plus surprise benefits to NFT holders which will all support growing the value of the NFTs.



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7. Marketing

Finally, you have to create hype around the NFT to get people to know about it. If you are launching on the traditional NFT markets (opensea etc) then you need to have a strategy aimed at the NFT and Crypto buyers. Our approach was very much rooted in the Honest Community on Instagram and email.

Unfortunately for us, this was impossible, the artist's image was considered unsuitable by Facebook (she is seen in the nude and smoking a Jay.) And we could not promote it to even reach the full audience. We relied on email and natural posts, which allowed us to sell out the Early Bird campaign within one day of launch.

Our NFT approach had to consider that the artist, Amy-Lee Tak, did not want to have thousands of her originals available. So limited stock was a key component. The NFTs have garnered a lot of attention, more than doubling traffic to Honest Chocolates' online store. TV interviews, press coverage and many mentions help position the brand values with art and artists.

ABOUT THE AUTHOR

Nevo Hadas is a partner at DYDX.

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