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From NFTs and the evolving Web3 landscape to the transformative power of digital audio, Stagwell's experts share the top five trends and brand takeaways from SXSW 2022. Interested in learning more about anything in this report? Reach out at hello@stagwellglobal.com

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NFTs and the *Future of Community*

If a tree falls in the forest and no one is around to hear it, does it make a sound? If you were a brand at SXSW and didn't use your activation to launch an NFT platform, were you even there? The biggest names in entertainment, music, automotive, and almost every industry used SXSW as an opportunity to 'drop' their latest NFTs and drive loyalty and membership. The WWE announced their [Moonsault NFT platform](#), Dolly Parton hosted a [livestream NFT drop](#), and Porsche held a session on the future of [NFT-funded races](#).

While anything NFT related garnered press and excitement, most executions felt like a stunt. We're watching closely at the NFTs that are focused on community, membership and loyalty. Adidas [recently launched](#) 30,000 NFTs that were tied to IRL (in real life) perks and access to exclusive events and drops. Not only did every NFT fly off the digital shelf, it grossed Adidas \$22MM in sales in a single afternoon. The takeaway here, as Jae Goodman and Stephanie Wiseman [said in our discussion](#), is to focus on loyalty and a great customer experience, not the headlines.

"While NFTs might make sense for certain companies, brands, at their core, should focus on leveling up loyalty and providing a great customer experience at every touchpoint." -*Stephanie Wiseman, Head of Growth and Brand, YML*

\$82.5 Million: NFT sales in 2020 | **\$17.7 Billion:** NFT Sales in 2021
(21,485% increase) Source, [CNBC](#), [Nonfungible.com](#)

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The Creator Economy, *Evolved*

Out of the [50 million](#) self-described 'content creators' that exist today, 46.7MM are amateurs. These amateurs are collectively accruing hundreds of billions of views across social platforms, as the simple setup of an iPhone, ring light, and pocket microphone provides the same level of quality that some [major motion pictures](#) are shot with.

At SXSW, we saw an interesting flip on the perspective of creators and their

followings. For the past decade, the north star of influencers was to accrue as many followers and fans as they could. Now, the inverse is true. [Ninja took the stage](#) at SXSW as the #1 most followed Twitch streamer and preached the power of small, engaged communities. For brands, this is an opportunity to lean in. It's better to empower and fuel an active community of a hundred, then chase an apathetic, passive crowd of a million.

"Art transcends. Talent transcends. Yes, tools to make high-quality content have been democratized. But, that's just a function of media. Talent will still always rise to the top, no matter the medium." - *Jae Goodman, CEO Observatory*

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The Metaverse: A Utopia of *Connection and Self-Expression*

It was impossible to attend a session, exhibition, or even a happy hour and not hear the word "metaverse" spoken directly at you, or murmured throughout multiple conversations. [Mark Zuckerberg](#) joined a SXSW session to reinforce his vision, calling the Metaverse the "Holy Grail of social experiences." He believed the defining characteristic of the Metaverse is feeling like you're present with other people, and that now, "the technologies are at a starting point where it's all possible."

This comes at an inflection point where virtual fashion, avatars, and the evolution of self-expression is hitting a critical mass. A single Fortnite outfit ('skin') [generated \\$50MM](#) in revenue, Facebook's Meta released a [new type of avatar](#) to go alongside Snap's Bitmoji and Apple's Memoji, and Augmented Reality filters and lenses are now receiving [trillions](#) of views. The virtual future is bright, depending on which lens you're looking through.

"In the Metaverse, our avatars become emotional surrogates of who we are and allow us to express ourselves in totally different ways." - *Cathy Hackl, Chief Metaverse Officer, Futures Intelligence Group*

\$8.6TN, the current marketing capitalization of the top 5 Companies investing heavily in the Metaverse (*Meta, Microsoft, Apple, Google, Amazon*).

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The Metaverse: A Dystopia of *Disconnections and Privacy Concerns*

As SXSW progressed, the optimism swarming around the Metaverse and Web3 morphed into a feeling of skepticism, as even the top experts in the field didn't have answers on what privacy, data collection, and user safety would look like in these fully immersive environments. FLUF World, a leading metaverse ecosystem, came to SXSW to announce the "Metaverse Manifesto: a collective vision for an open, inclusive metaverse that empowers its inhabitants." While the plan seemed promising, it didn't feel immediately actionable, as multiple major

players like Meta, Microsoft, Decentraland, and the Sandbox are all building their own versions of a Metaverse, complete with their own rules.

Compound these virtual environments with the growing adoption of VR/XR headsets, and a dilution of personal connection and interpersonal communication seem inevitable. While the Metaverse is being pitched to connect us all in a new, dynamic way, it's difficult to imagine immersion without isolation.

"We have to have a business model for the Metaverse that is not trying to modify people's behavior to make more money." - *Philip Rosedale, Founder, Linden Labs*

54% of respondents in a Tidio survey claimed they would design an avatar that doesn't look like them in real life. Source: Tidio (n=1,000)

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Audio is Key to *Immersive Experiences*

While most of the oxygen at SXSW was taken up by Metaverse, Web3, and NFTs buzz, the underreported but critical component to all these immersive experiences lies in the power of audio. The latest iPhone or HTC Vive VR headset may receive all the press, but it's quiet updates like spatial audio that truly evolve the user experience in immersive environments. Spatial audio places a user in the heart of the action, creating a three-dimensional audio experience that realistically adapts the audio mix based on where you look or turn.

Add in the creative excellence and dynamic storytelling that exists in the 2.42MM active podcasts in circulation, and we have a medium that can transport us to any locale, turn us into true crime detectives, or make us feel like we're in the inner circle of our favorite celebrities. Brands should lean into audio, not just as a smart advertising channel, but as a marketing medium where they can craft rich, immersive stories.

"We live in an 'audio always' society, and brands who haven't yet explode audio via content or advertising should look at the recent explosion of investment from major tech players as a signal to experiment - fast." - *Mark Penn, Chairman and CEO, Stagwell*

70% of Gen Zs and Millennials use podcasts as a way of virtually traveling to *new places and hearing new perspectives*. Source: Stagwell Audio Report, 2021