

EXPERT OPINION

Putting the 'Funding' in NFTs: The Hospitality Perspective

How Can Non-Fungible Tokens Be Applied to the Leisure Sector?



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NFT, a simple term that stands for "non-fungible token", brings with it a wave of complexity that encourages a sense of confusion, apprehension, and resistance. NFTs, cryptocurrency and blockchains have all been discussed extensively within the media, but there remain questions as to the ways in which NFTs be applied in the hospitality sector, and in particular, restaurant funding? NFTs have the potential to drive this industry to new heights and be a force for change in a positive way.

NFTs are unique digital assets that have proof of ownership and verification of authenticity held in the blockchain, a cryptocurrency digital leader and financial service. Behind the facade of tech jargon is a ground-breaking, nascent industry, with opportunities to bring about change, mixed with a need for willingness to learn among users.

The hospitality industry has gone through significant change, and although we are all collectively exhausted with discussing the implications of the pandemic, we can't deny it has been a key driver in the use of NFTs and bringing this way of thinking to the forefront. We've seen how retail brands like Selfridges and Nike, and even landlords and property companies, have entered the metaverse and are formulating methods to bring these new and disruptive ways of thinking into their business strategies. It won't be long before NFTs and cryptocurrency will be entrenched in everything we do, encouraging a hybrid form of living between the metaverse and reality.

The NFT market is already disrupting the arts, music and financial sectors in a positive way, and it has the potential to make the same difference to our hospitality landscape. NFTs encourage anyone, no matter the location, to engage in new restaurant concepts. Flyfish Club for instance, a New York restaurant which is not set to open its doors until 2023, has already moved more than \$15 million in sales from its memberships as NFTs. Flyfish Club's NFTs will not only give exclusive access to the restaurant, but visitors will be able to experience special culinary services and form a unique social and cultural hub. Should you sell or buy your membership there will be a 10% fee for selling your NFT which can be extra source of revenue for the restaurant.

We have also seen the likes of Chotto Matte enter the NFT realm, which Shelley Sandzer acted for in Nashville, Beverly Hills and San Francisco. The restaurant group has released a "one of one" NFT dubbed "The Founder", which grants its owner exclusive access to all its new openings around the world, first class flights, 5-star accommodation, a New Year's Eve dinner invitation for six at any of its restaurants, an at-home experience with Chotto Matte's executive chef and two tickets to any sports event in the world. Similarly, Eve Bar in Covent Garden is utilising NFTs as vouchers for real-life experiences as well as digital assets, giving real-life artists the

opportunity to display their work within the restaurant, encouraging consumers to purchase and sell them.

With regards to restaurant funding, NFTs circumvent the need for traditional lending institutions like banks, making the process easier and, potentially, more efficient. NFTs provide a guaranteed future level of access, and just like Flyfish Club in New York, these tokenised memberships can be traded, shared and leased to others based on demand, providing highly popular and successful restaurant concepts with new opportunity.

NFTs therefore have the capacity to push boundaries and be a great equaliser – people can not only take creative ownership within restaurants in terms of art and culture, but also be part of a restaurant's success from start to finish.

Alongside the clear benefits of NFTs, we must also acknowledge their weaknesses; the main one being that NFTs are tied to an incredibly high-risk, fast-moving market. There is also still an overbearing question of whether NFTs have any real value – is this just a passing trend or is this something that will remain for the long haul? In terms of regulation, the market is incredibly fast-paced, and although the government has recently announced measures to aid the cryptocurrency sector, there will always be something new. Further, the intangible nature of NFTs means governance is something that must be considered globally, rather than on a country-by-country or market-by-market basis.

My prediction is that NFTs are here for the long run, and it's only a matter of time before every industry begins incorporating them in some way. The unknown is scary, and I can sense reluctance, but the sooner we begin to accept NFTs as part of everyday life, the more beneficial they will be.

There are also great opportunities that come with NFTs, and I think it is key that restaurants and restaurateurs look to the future. They need to begin incorporating these new methods of funding and thinking in their business strategies. It won't be long before delivery concepts such as Deliveroo and UberEats enter this realm, and restaurants such as McDonald's have already filed several patents to develop metaverse goods and services, such as advertising and digital restaurants. Pushing

this idea further, one can imagine the digital representation of a physical dining table displayed as an NFT in a digital wallet. That NFT represents a fraction of the ownership of that table and every time that table generates revenue the revenue is shared among NFT holders.

Let's embrace this fantastic opportunity, pushing the boundaries of food and beverage to make a difference. After all, the unknown can be exciting, so why not make NFTs more accessible within our industry and pave the way for new and exciting concepts that everyone can benefit from, both physically and digitally? The beauty of the metaverse is there really are no limits to what is possible.

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