



# Nike CryptoKicks

The \$185M NFT Collection

## Introduction: Nike's \$185M NFT Collections

In December 2021, Nike made a strategic move into the Web3 ecosystem by acquiring the NFT brand RTFKT, a creator-led brand that designs both virtual and physical products for global sale. The acquisition gave RTFKT access to Nike's vast reach and manufacturing expertise while giving Nike access to RTFKT's artistic and technical expertise in the NFT space. Together, they launched the CryptoKicks NFT Collection, which has generated over \$185M in direct revenue for Nike and over \$1.3B in trading volume since its launch in April 2022. This makes Nike the most successful traditional brand to leverage NFT innovation to date.

RTFKT leveraged the popularity of Nike apparel in the physical world, particularly Nike sneakers, and made counterparts of their products for people to buy in the Metaverse. The CryptoKicks campaign was divided into four stages, each of which utilized a powerful property of NFTs.



### **Stage One: Deepening the connection with fans**

The release of the CloneX Avatar NFT collection by RTFKT enabled Nike to connect with its fans in a unique and meaningful way. By creating and selling one-of-a-kind digital assets, Nike fostered a sense of exclusivity and ownership among their most dedicated fans, strengthening the emotional connection between Nike and its audience.

### **Stage Two: Rewarding loyal fans with Airdrops**

To further reward their loyal fans, Nike airdropped NFTs from the RTFKT MNLTH collection, free of charge. This not only creates a sense of appreciation among holders but also incentivizes them to continue engaging with Nike and promoting it to their networks.

### **Stage Three: Exclusive access for NFT holders**

Nike utilized the unique programmability of blockchain to enable MNLTH NFT holders to redeem their airdrop for three other NFTs: the CryptoKicks NFT, a Skin Vial NFT (which allows customization of the CryptoKick NFT), and a Lace Engine NFT. There's never been a more powerful platform to program and direct a fan's experience with your brand than with NFTs.

### **Stage Four: Redeeming NFTs for real-world rewards**

NFT holders were given the ability to redeem their Lace Engine NFT for a real-world pair of Nike shoes - called CryptoKicks IRL. The campaign demonstrated how NFTs can give people both unique experiences in the virtual and physical world.

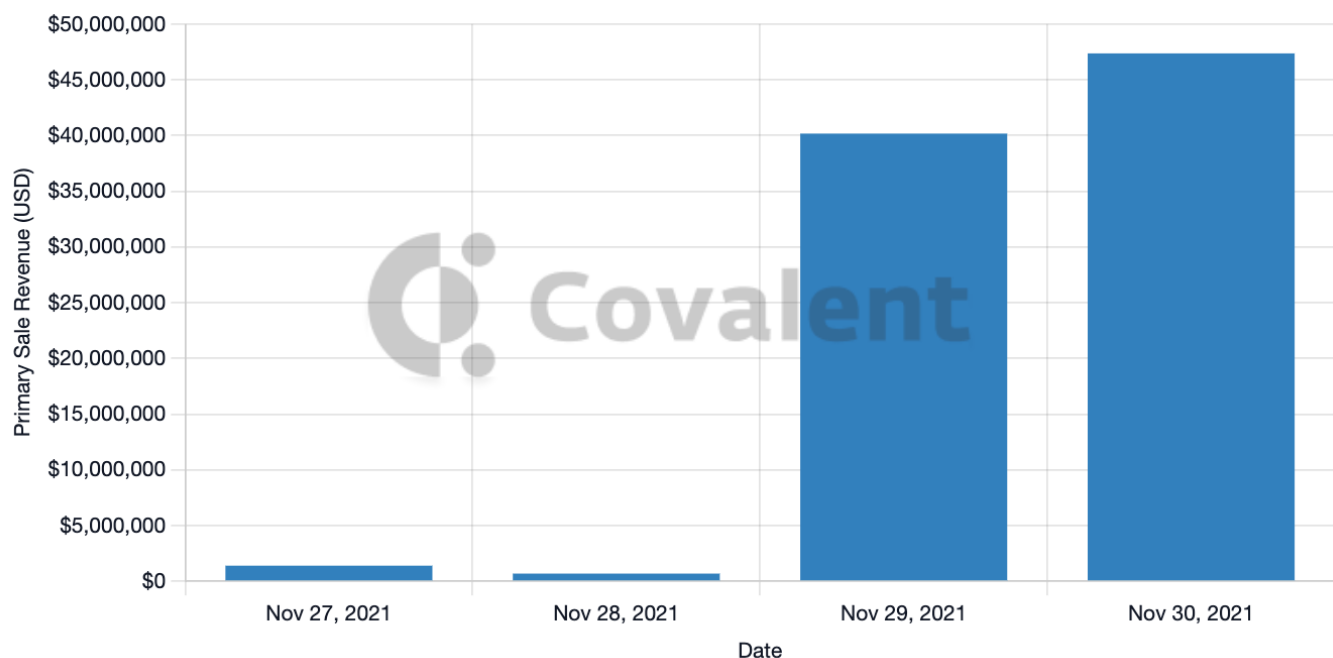
## Part 1: Primary Sales Generate \$93M of Revenue

Within the first four days of launching NFTs, Nike generated ~\$93M of revenue. The NFTs didn't have to be stitched together, transported to distributors, and sold to retailers, just opened up for anyone to mint. The NFTs being minted in this first primary sale were called Mintvial tokens, which can be used to Redeem CloneX Avatars. Each Mintvial redemption would result in one randomly generated CloneX Avatar. Any sales on the secondary market of the Mintvial would yield an additional 10% back to Nike from royalties.

Nike configured the mint prices of the Mintvial token to correspond with the randomness of the NFT being generated. This meant they could attach a price premium depending on the DNA type a Mintvial burner will receive. Using this mechanism of issuing initial tokens that can later be redeemed for other tokens of varying rarity is a pattern that Nike has experimented on other collection launches as well, as it proves to be a very good market mechanic that helps generate an "ambiguity premium" (or easter egg premium) in primary sales with very little cost to implement.

Mint Vial Primary Sale Revenue

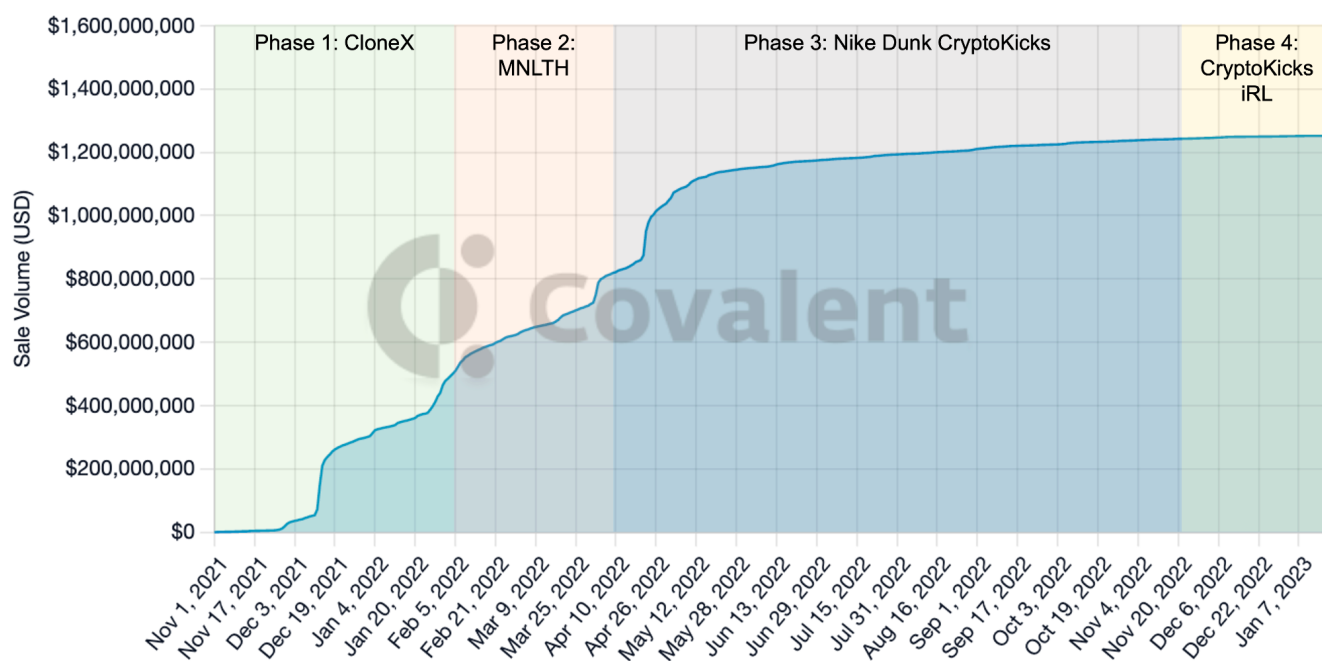
Aggregated daily



## Part 2: Secondary Sales Generate \$92M in Royalty Revenue.

The global sneaker resale market - heavily dominated by Nike - is worth \$6 billion and is projected to grow to \$30 billion by 2030. On physical apparel, Nike only generates revenue from “primary” sales because no mechanism exists for them to reliably charge a royalty on physical items. Taxing secondary sales is typically only enjoyed by large tech companies such as Apple - which demands 30% of in-app purchases on the AppStore. However, using NFTs, Nike has successfully monetized secondary sales by charging a 5%-10% fee (depending on the collection) for the \$1.3B secondary sales volume. The result is \$92M in added revenue without any added physical infrastructure expenses.

Nike x RTFKT NFT Collection Cumulative Sale Volume

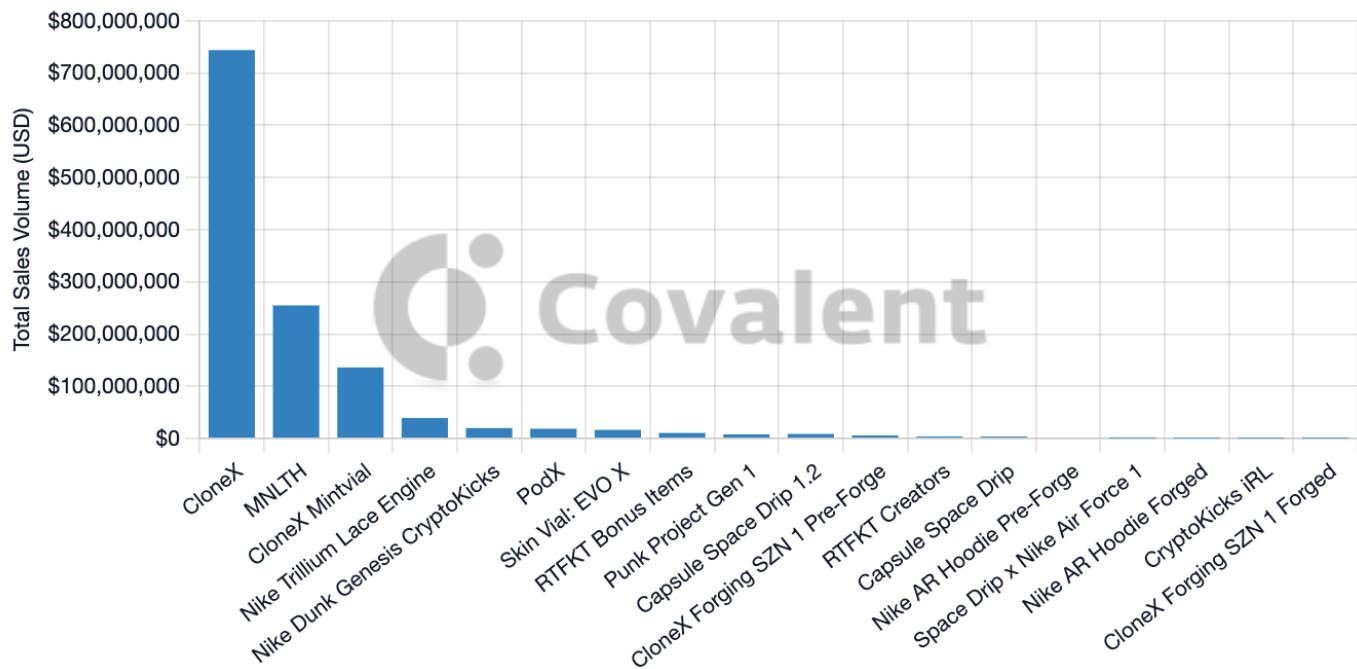


The royalty revenue was heavily dominated by the Clone X collection (Phase 1) which did over \$700M in volume - likely because it has been around the longest. The subsequent phases saw Nike unlock \$27.5M



in royalty revenue from the NFTs they airdropped CloneX holders. The MNLTH collection (Phase 2) made up \$25.5M of this revenue with \$1,987,132 coming from the CryptoKicks collection (Phase 3).

RTFKT x Nike NFT Collection Volume



The significant difference in royalties earned is likely a result of the unique properties of MNLTH boxes. When burned, these boxes generate multiple NFTs, including the CryptoKicks NFT, as well as an NFT that grants holders the ability to claim a physical shoe, marking a groundbreaking development within the NFT ecosystem. The speculative volume generated by the unopened mystery boxes made up a substantial portion of secondary sales.

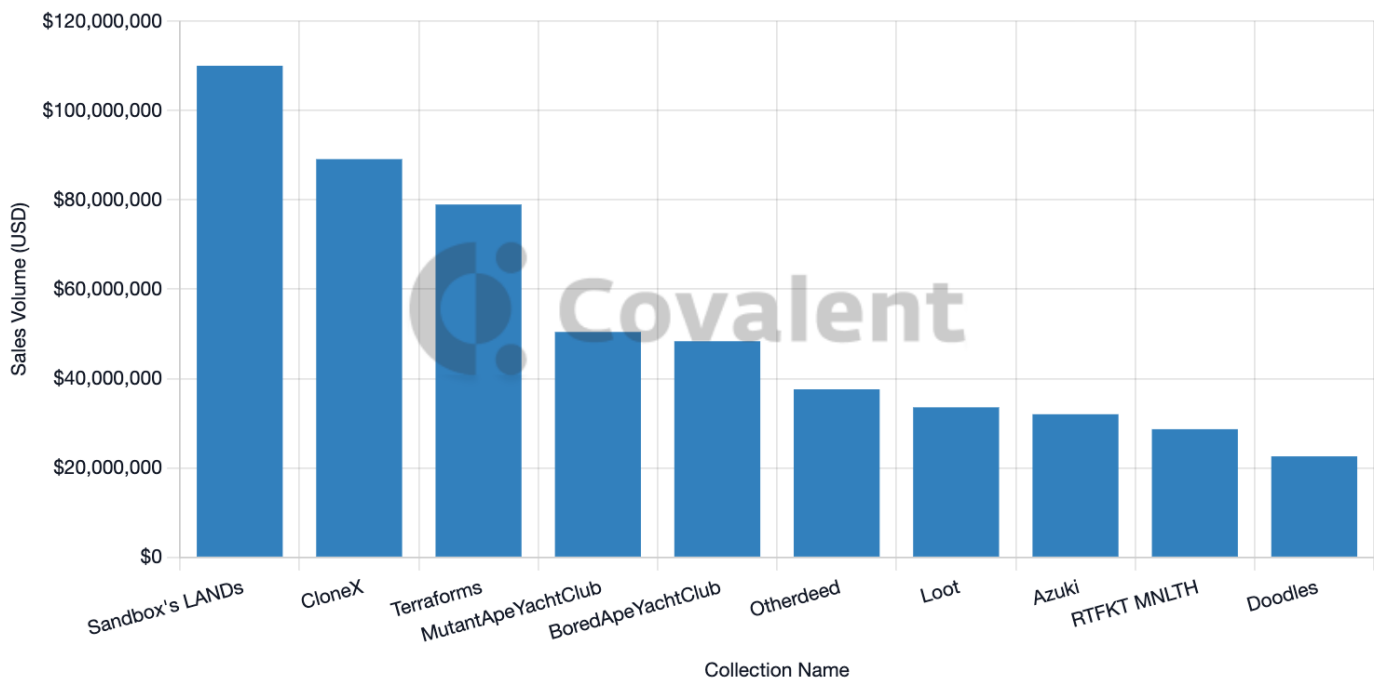
## Part 3: Who bought CryptoKicks?

To be successful, consumer brands must be relentlessly focused on the needs, wants, and preferences of their target audience. By understanding the behavioral characteristics of the target audience, a brand can

create products and campaigns that will resonate with them and drive sales. As such, we will look at the audience that the Nike NFT campaign attracted.

The above visual displays other collections which the buyers of the CryptoKicks NFT are also involved with. The CryptoKicks community is highly active in the Sandbox and Terraforms metaverse ecosystems with nearly \$200M in sales between the two of them. They are also engaged with the top Otherdeed collections - MutantApeYachtClub and BoredApeYachtClub - generating roughly \$100M in sales there. With this knowledge, Nike can generate even more interest by partnering with one of the above ecosystems.

Money CryptoKicks Buyers Spent on NFT's



## Conclusion:

Nike has provided a four-stage roadmap for brands looking to enter the Web3 space, demonstrating how to effectively engage users and generate substantial revenue. The acquisition of RTFKT gave Nike instant access to artistic and technical expertise which accelerated its go-to-market. Despite the general market conditions, Nike successfully engaged the NFT ecosystem and deepened its connection with customers.

Data is crucial to effectively strategize, execute and track your initiatives in Web 3.0. Increment is a business intelligence (BI) platform that makes Web 3.0 data browsable and easily consumable. With the complete historical dataset of 72 blockchains, Increment has the broadest and richest blockchain data available, including more than 89,000 collections across 80 markets. To abstract away the complexities of this data, Increment has a self-serve version that can empower non-technical teams to deliver actionable insights with a click of a button.

## About Covalent:

Covalent provides the industry-leading Unified API bringing visibility to billions of Web3 data points. Developers and analysts use Covalent to build exciting multi-chain applications like crypto wallets, NFT galleries, and investor dashboard tools utilizing data from 72+ blockchains. Covalent is trusted by a community of 40,000+ developers and powers data for 5,000+ applications, including Ox, Zerion, Rainbow Wallet, Rotki, Bitski, and many others.