Crypto Craze

Brief overview of consumer trends & crypto media/marketing growth

NBCUniversal
Consumer & investor interest in crypto has rapidly increased

More than 12% of Americans now own digital currency

78% of American & European institutional investors find digital currency appealing

Worldwide Google searches for “crypto”
Feb 2017 to Jan 2022

Source: Google Search Trends (YoY calculation is looking at 4Q’20 to 4Q’21); CoinDesk, Allied Market Research
Even while most consumers still do not fully understand crypto, the market continues to grow & become more mainstream.

69% of US adults that “don’t really understand cryptocurrency”

>3X

Expected growth of the global cryptocurrency market over the next 10 years; from $1.49 trillion in 2020 to $4.94 trillion in 2030

$32B

FTX’s current valuation (up from $25B in Oct. ‘21); +28% growth even as some cryptocurrency values saw declines

ETF!

In October, ProShares future-based bitcoin ETF made its market debut on the NYSE (saw one of the biggest first days on record for ETFs)

We are in the midst of cryptocurrency’s turning point from disruptor to standard

Source: YouGov, Allied Market Research, QZ, CNBC
Consumer usage, merchant acceptance, and overall trust are the 3 requirements for broader adoption

1. Enough people need to have it and use it
   - As of December ‘21, over 295 million people are using cryptocurrencies around the world...
   - +29% growth since August ‘21
   - This number is rapidly growing due to crypto’s accessibility – all you need is a phone to access, and more people have access to a cell phone than a bank! (some estimates say 1 billion users is possible by the end of 2022)

2. Merchants must accept it as a form of payment
   - Many of our partners across categories – including Amazon, Walmart, YUM Brands, Starbucks, AT&T, Microsoft, Overstock, PayPal – have already begun to accept cryptocurrencies and/or invest in the space

3. Society must trust that it’s valuable and will remain valuable in the future
   - Currently, 32% of US Adults think that cryptocurrencies are the future of digital financial transactions

We are somewhere around here

Source: Crypto for dummies, Business Insider, YouGov, Crypto.com Research
We see retailers leaning in across a variety of different categories.

### Businesses in the U.S. that accept cryptocurrency in some capacity (as of March ’21)

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience Stores &amp; Gas Stations</td>
<td>876</td>
</tr>
<tr>
<td>Quick-Service &amp; Casual Dining Restaurants</td>
<td>504</td>
</tr>
<tr>
<td>Public ATM Machine - Business Unknown</td>
<td>478</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>255</td>
</tr>
<tr>
<td>Beer, Wine &amp; Liquor Stores</td>
<td>226</td>
</tr>
<tr>
<td>Business Services</td>
<td>207</td>
</tr>
<tr>
<td>Health Professionals &amp; Hospitals</td>
<td>122</td>
</tr>
<tr>
<td>Cafes and Coffee Shops</td>
<td>99</td>
</tr>
<tr>
<td>Accessories, Jewelry &amp; Watches</td>
<td>94</td>
</tr>
</tbody>
</table>

Source: Statista, eMarketer
The crypto investor profile is more diverse than assumed

**Perception:**
*The “Crypto Bro”*

- Primarily white males
- Fairly young (18-30yrs)
- Wealthy (with disposable income)
- Associated with “hustle culture”

**Reality:**
*Diverse and Accessible*

- Significant Female Demo (34%)
- Median age of an investor is 40yrs
- 34% of investors are parents
- 50% of investors have a HHI under $100K

Source: MRI/Simmons
With this rise we’ve seen a significant increase in “crypto” mentions within video advertising

• **159% increase** in # of crypto brands investing in media (70 in ’21 vs. 27 in ’20)

• Spending from new advertisers has accounted for **79% of all spend** in the crypto category for YTD

Source: MediaRadar

Source: iSpot creative description
Crypto.com, Grayscale, Coinbase and FTX invested the most in media in 2021, but there is a tremendous growth opportunity going forward.

A boom in crypto media companies

The growth reflects the increasing interest in cryptocurrencies.

FTX Campaign in NFL Games Sign of Growing Crypto Ad Category

Commercial features Tom Brady and Giselle Bundchen

Fasten your seatbelt: Crypto’s impact on marketing has only just begun

The marketing will adjust to a new crypto future, with a decentralized consumer community, operating via Web 3.0.
Crypto marketing is starting to show up in new places

Sports sponsorships continue to become a major focus

Staples Center to become Crypto.com Arena in reported $700 million naming rights deal

Coinbase Signs Sponsorship Deal With CS: GO Esports Tournament Organizer

FTX Strikes Sponsorship Deal With MLB, Umpires to Wear Crypto Exchange’s Logo
Sam Bankman-Fried’s FTX is doubling down on sports sponsorships.

Mercedes F1 pens FTX crypto partnership
Multi-year deal includes branding on the cars and driver uniforms

76ers Announce Crypto.com as Official Jersey Patch Partner
Big talent & splashy commercials has been a priority for the big players.

Matt Damon stars for Crypto.com.

Tom & Gisele star for FTX.
‘Matt Damon’s sold his soul for crypto’: Actor is roasted on social media for commercial in which he tells people to invest in Bitcoin because ‘fortune favors the brave’

- Matt Damon spearheaded a commercial for cryptocurrency that aired during Sunday’s NFL games and has made Twitter users cringe
- The ad likened purchasing Bitcoin to landing on the moon as Damon strolled down a sci-fi-esque hallway talking about how ‘history is filled with almosts’
- Vignettes nodded to explorers sailing and climbing Mount Everest, as well as nods to the Wright Brothers, before flashing ‘Crypto.com’ at the last second
- Crypto.com, which sells cryptocurrency and NFTs, donates $1m to Water.org, a nonprofit co-founded by Damon that brings safe, clean water to people in need
- Many users tweeted that they felt as if the actor, 51, was calling them a ‘***’ for not spending their life savings on crypto such as a ‘$378,000 cartoon ape’
And even as crypto adoption increases, there is plenty of scrutiny.

**The Crypto Market Continues to See Volatility Across Certain Digital Currencies.**

Greater regulation is expected moving forward.

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**Coinbase to Propose Crypto Regulations to US Officials: Sources**

Coinbase is said to be working on a pitch to federal regulators on how to oversee the crypto industry.

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**SEC’s Gensler likens stablecoins to 'poker chips’ amid call for tougher crypto regulation**

The top Wall Street regulator described the digital assets frequently pegged to the U.S. dollar as a danger to consumers.

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**Business**

Tougher Rules Are Coming For Bitcoin And Other Cryptocurrencies. Here’s What To Know

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**Why Bitcoin Is Bad For The Environment**

Cryptocurrency mining uses huge amounts of power—and can be as destructive as the real thing.
Recent volatility in crypto markets has been a key point of focus

While we still anticipate long term growth, we are keeping an eye on the latest market impacts.

**Created to provide stability in the crypto market, stablecoins are pegged to fiat currency - Terra was meant to hold a 1-to-1 value with the U.S. dollar**

JUST HOW FAR THEY’VE FALLEN:

- **Terra, the third-biggest stablecoin**, and sister coin Luna have lost **99% of their value**, eliminating nearly $20 billion
- **The price of Bitcoin was last down nearly 9%**, reaching lows of $26,848
- **The price of Ethereum dropped more than 23%**, sinking below $2,000

IMPACT ON CRYPTO EXCHANGES:

- **Binance**, the world’s largest crypto exchange, has halted trading of Terra and Luna tokens on its platform following the meltdown. Other major crypto exchanges have also taken steps to address the incident.

- **Coinbase** warned its users that they might lose access to their holdings if the company ever went bankrupt. The company recently reported a $430 million quarterly loss and the departure of more than two million users.
Within the finance category

Smaller fintech players are already beginning to speak to consumers, even on mass-reach platforms like linear. This boosts their accessibility and differentiation pitch at a time when the finance category is seeing a turnover in wealth.

Outside the finance category

Brands outside of finance (retailers, restaurants, etc.) will begin to communicate they accept cryptocurrency, similar to how they are marketing acceptance and usage of buy-now-pay-later options, such as Afterpay and Affirm.
As Crypto Adoption continues, Ad Spend has increased, but there are still Concerns around Volatility & its Environmental Impact

**Biggest Brands still Control Lion’s Share of Media Spend**

2021 saw a +530% increase in total ad spend, with many new brands spending, but 5 top brands still accounted for 92% of total ad spend.

**Focus on Driving Broader Awareness**

There has been a pivot from spending in endemic Finance content (i.e. CNBC) to reaching mass audience in high-profile Sports and Live Events (Super Bowl).

**Emphasis on Building Trust, Crypto Literacy**

Given the volatility of crypto trading, marketers are focusing on communicating the ease of use and their educational tools.

**Opportunities for Emerging Brands & Adjacent Categories**

New fintech brands are spending, legacy finance brands are creating new crypto tools, and more retailers/merchants are accepting crypto.
“Crypto will support a new generation of businesses built atop it, everyone of them an opportunity for agencies to lean in.

In five years, I doubt there’s an agency that will be untouched by its impact.”

Elizabeth Paul
Chief Strategy Officer
Additional ‘Crypto 101’ Materials

NBCUniversal
So, what is crypto?
A new digital currency.

Q1. How is cryptocurrency different from regular money?
- Not controlled by governments or central authorities
- Secured by cryptography
  It’s encrypted and therefore nearly impossible to counterfeit or double spend

Q2. Why was it created? What problems was it meant to solve?
- Reduce counterfeit
- Eliminate government intervention and distrust of institutions
  No printing of money and resulting inflation issues. Think Venezuela!
- Avoid middlemen
  Most banks today take a cut and slow down the transaction
- Address financial inequality & access
  Anyone with a phone can start making payments which allows individuals with little to no access to financial services make transactions

Q3. How do people use crypto?
- You get a crypto wallet
  These are like crypto versions of PayPal. This holds your crypto/digital money.
- You go to a crypto exchange
  These online services are places to buy crypto, exchange for different crypto currencies, and store cryptocurrencies
Who are the players in the crypto space?

Drawing from the text:

Crypto currencies are kept in crypto wallets and used at crypto exchanges.

These lists are not inclusive of more traditional fintech players getting involved in crypto, such as SoFi or Robinhood.

### Cryptocurrencies*

- bitcoin
- CARDANO
- tether
- SOLANA
- DOGECOIN
- Polkadot
- USD Coin

### Crypto wallets

- COINBASE WALLET
- Robinhood
- TREZOR
- METAMASK
- Ledger Nano X
- EXODUS
- mycelium

### Crypto exchanges

- BINANCE
- FTX
- coinbase
- .US
- Huobi Global
- KUCOIN
- gate.io
- Kraken
- crypto.com
- BITFINEX
- GEMINI
- bithumb

*There are significant limitations on advertising the specific currencies themselves*
It is very hard to advertise the actual cryptocurrencies (like Bitcoin), which is why the crypto exchanges only promote their services.

Even native digital and social platforms have many restrictions on the advertising of actual cryptocurrencies.
Why is it so hard to advertise the cryptocurrencies themselves?

The Market

Cryptocurrencies are highly volatile assets.

While crypto wallets and crypto exchanges are relatively static products, the currencies themselves are subject to large fluctuations in value, just like stocks.

Ad & Regulation Landscape

Restrictions to protect consumers cannot keep up with the pace at which the crypto landscape and technology is moving.

There is a waterfall of regulatory response. First the crypto landscape changes, then consumer protection regulations are enforced, and then advertising restrictions are put in place. The media marketplace is on a delay.

Consumer Perception

There’s so much for brands to address.

Consumer sophistication on crypto varies, positive and negative perceptions on the safety and nature of the landscape, beliefs on how it affects the environment, and more. Crypto brands don’t know where to start.
We will continue to keep a close eye on crypto consumer trends, as well as media & marketing spend evolution. In the meantime, we are here to help with any questions or specific requests...

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