



**IF YOU** think about consumer tech in the liquor industry then it might be a QR code on a bottle to unlock tasting notes that leaps to mind, or using an app to order home delivery for your gin, or maybe even augmented reality wine labels.

But that was before NFTs. These digital assets may still be a relatively new phenomenon, but a wide range of industries, including the drinks world, are already exploring how they can use NFTs to open new opportunities and new audiences.

Brands are looking to NFTs as a way to tap into a new, younger, digital-savvy market; to build hype around new products; to sell physical product and – in the case of luxury wine and spirits – even as a way to protect rare releases.

Despite their high-tech nature, NFTs aren't the sole domain of emerging brands – heritage labels like Penfolds,

Glenfiddich, The Dalmore, and Hennessy have all embraced NFTs, while New Zealand drinks company Invivo held its first NFT auction in late 2021, with plans for a second later this year.

NFTs are a rapidly growing market and only set to get bigger. So, let's get the tricky bit out of the way. WTF is an NFT?

**NFT 101**  
NFT stands for "non-fungible token". They are essentially a one-of-a-kind digital

BlockBar.com aims to provide consumers with the opportunity to exchange NFTs for unique physical wines and spirits.

receipt for a digital asset purchased using cryptocurrency.

"Fungible" is a legal description for goods that can be interchanged with other identical items. The fact an NFT is non-fungible, means it is completely unique.

Once an NFT has been purchased (using one of the many NFT platforms around like OpenSea or Rarible), the NFT and a link to the asset it represents are stored on a public blockchain. This is a secure, digitally distributed decentralised ledger of transactions that exists across a network of computers.

Think of blockchain like a digital list pinned to a noticeboard – the 'list' verifies and updates transactions in real time and everyone who can view that noticeboard can see who owns what but can't edit anything. Blockchain is a secure way of verifying authenticity and ownership of assets.

NFTs can be on-sold, and because each NFT is unique they become collectors' items as well.

Many NFTs have been bought to represent ownership of assets like digital artworks, video or music files, or even tweets. In March 2021, Twitter founder Jack Dorsey sold the NFT for the first tweet he ever sent for US\$2.9 million.

More recently, there has been a shift to tying NFTs to a physical product as well – and that's where the liquor industry can see huge potential.

**Why use NFTs?**  
One of the biggest challenges facing the drinks industry today is how to engage with a younger, tech-savvy market – many of whom are choosing to drink less, or choosing more premium products when they do.

Making NFTs part of a brand's offering can build engagement and expose this audience to products that might not otherwise make it onto their radar through traditional retail channels or in their social media feeds. The uniqueness of NFTs also appeals to collectors, and the additional benefits, such as exclusive memberships, are a way of attracting new fans and deepening connections with existing brand loyalists.

In October 2021, two cousins with a family background in the US duty-free industry launched the world's first NFT marketplace connecting consumers and collectors with the owners of luxury wine and spirits brands.

BlockBar.com was the creation of Sam and Dov Falic, whose aim is to provide consumers with the opportunity to exchange NFTs for unique physical wine and spirits products.

In an interview with Future Drinks Expo (an event scheduled for May in San Francisco) the pair said that BlockBar.com is a simple concept. "We wanted to find a role for NFTs to solve a real problem within the industry – transparency, authenticity, accessibility, quality assurance, and storage. We also wanted to introduce luxury wines and spirits to a wider global demographic and provide access to the collecting and gifting aspect, which before NFTs would not be possible. BlockBar.com allows everyone, anywhere in the world to participate in the purchasing of wines and spirits."

BlockBar uses a bonded secure facility in Singapore to store product for consumers who purchase NFTs. When a consumer buys an NFT through BlockBar, they own the physical product

it represents and the NFT verifies their ownership and the authenticity of the product. They can choose to re-sell or transfer that NFT through the BlockBar platform, or they can redeem the NFT (known as "burning") and the physical product is delivered to them.

In the world of fine wine and spirits, this is a way of guaranteeing a product's quality is maintained as it is shipped just once from the brand owner to the BlockBar facility, where it remains until its corresponding NFT is redeemed.

Glenfiddich was the first luxury brand off the block in late 2021, launching a series of 15 limited edition liquor NFTs on BlockBar.com, each one corresponding to a physical bottle of a 1973 46-year-old Armagnac cask finish Single Malt Scotch Whisky that is sold by Glenfiddich.

As William Grant & Sons Chief Commercial Officer, Doug Bagley, commented at the time: "Glenfiddich continues to push boundaries in whisky innovation and this mindset

transcends to those we partner with. BlockBar brings a heightened level of authenticity to our brand via its proprietary NFT platform and creates an elite club of distinguished collectors with whom we're excited to build long-term relationships."

Sam and Dov Falic say that BlockBar is a way for consumers to invest in high-end spirits without the worry of correct storage and care, and can easily prove authenticity via blockchain.

"We're democratising the traditional wines and spirits industry and allowing everyone, anywhere in the world to participate, as well as introducing a younger demographic to the purchasing of wines and spirits. Our audience consumer set right now is skewed to 25- to 34-year-olds."

**NFTs in New Zealand**  
In New Zealand, beverage company Invivo launched its first NFTs around its Graham Norton HE-DEVIL wine range late last year. Invivo sold 10 HE-DEVIL



"Some of our NFT owners might not be familiar with Burgundy, but they will understand what 'blockchain' means."

– Tim Lightbourne, Invivo



Invivo co-founders Rob Cameron and Tim Lightbourne



In April, new Christchurch-based luxury gin brand YEN released 100 NFTs on Rarible.

NFTs on the OpenSea platform, with each one unlocking an annual “first release” bottle of new wines, a physical static print of their artwork signed by the Invivo co-founders and membership to the Invivo Federation of Friends (IFF), which gives access to exclusive virtual wine tastings, discounts and special experiences.

As an added bonus, one of the editions was eligible to unlock a surprise live, virtual, one-on-one celebrity tasting experience with Graham Norton, with net proceeds of this NFT given to charity.

A second collection of NFTs is planned for later this year and, among other assets, include the Sarah Jessica Parker X label artwork in a digital form.

Invivo co-founder Tim Lightbourne says the NFT space is one they plan to do more in. “We see our long-term NFT strategy as a part of our business, building value in the digital world and creating an exclusive community with the IFF, who will be eligible for Invivo surprises over the coming years. This is about continuing to innovate in the wine world. Some of our NFT owners might not be familiar with Burgundy, but they will understand what ‘blockchain’ means.

“Future plans could include the metaverse,” adds Lightbourne. “We’re currently exploring opening a virtual wine store in a metaverse virtual mall, where an avatar purchase of a bottle in the digital world can transfer to receiving a physical bottle delivered to your home anywhere in the world. Invivo NFT token holders could be eligible for exclusive access to the shop opening in the metaverse.”

In April, new Christchurch-based gin brand YEN released 100 NFTs on Rarible. Positioning itself as a luxury brand out to disrupt the traditional gin market, YEN has been created by Luke Dawkins (co-owner of Christchurch bar gin gin) and creative director Blue-Monte Hamel.

The pair say they are passionate about the potential of NFTs as technology that reflects and appeals to the interests of mostly millennial and Gen Z drinkers and



YEN creators Blue-Monte Hamel and Luke Dawkins



investors, offering them a more appealing way to purchase.

There are 100 first edition YEN Gin Genesis NFTs available on Rarible for 0.1ETH. Each NFT is tokenised to its physical twin YEN Gin bottle, a distinctive, sleek collectable, which is hand-signed by the creators to mark which NFT ticket has been minted, starting from #1/100.

Unlike BlockBar, the purchase of the YEN NFT automatically includes shipping of a bottle of the debut spirit. Luke Dawkins says the NFT offers on-going value through its exclusive membership club, which includes special benefits and other planned unique experiences.

Dawkins spent a year developing the recipe for YEN, which is distilled at The Spirits Workshop in Christchurch. He describes it as a classic London Dry with

a New Zealand twist; using kawakawa in the range of botanicals.

He says YEN will be available to buy online from mid-late April and in selected on-premise, with plans for retail down the track.

**Where to from here?**

As brands seek to connect with consumers more deeply and create paths for community-building, NFTs represent a new way to reach and gather like-minded people, even when geographical distance or pandemic restrictions might otherwise be an issue.

Certainly, it is a developing space, and growing trust in cryptocurrency will be key to reaching a wider market, but judging by the swift moves of the big brands it is very much a space to watch.



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