



THE  
TICKER

- **Coca-Cola** and **PepsiCo** suspended some, but not all, Russian operations.

#### Some are suspending operations.

- London-based spirits company **Diageo** suspended exports to Russia and the manufacturing of beers brewed locally by third parties.
- In recent years, **Ford** had significantly wound down its Russian operations, but now it has suspended them entirely. It also has supported aid to Ukrainian citizens.

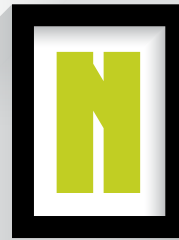
#### Some have withdrawn.

- Germany's **Horst Brandstätter Group** has stopped supplying Playmobil and Lechuza products to Russia.
- After more than 30 years in Russia, **McDonald's** is exiting the Russian market and selling its portfolio of restaurants there.

What factors should an organization consider when deciding whether to boycott a bad national actor? Consider the following.

- If you boycott one nation, how will you respond to moral concerns in other nations?
- Which stakeholders are you addressing through your decision? Owners? Customers? Employees? How will you address their conflicting concerns?
- If you join a boycott, what factors will help you decide when to end it?
- If you decide not to boycott, how will you overcome the logistical and financial challenges if the target of the boycott decouples from the world economy?

As challenging as these decisions can be, getting it right has its rewards. According to the Yale School of Management, markets have rewarded companies that have left Russia, and these equity gains far outweigh the cost of leaving and writing down the value of Russian assets. Indeed, it has paid for companies to leave Russia. **IQ**



# Token Gestures

Brands are trying to harness the latest crypto trend... what could go wrong?



**Most people are happily unfamiliar** with the world of NFTs.

Unfortunately, so are most of the brands attempting to trendjack this latest digital phenomenon.

NFTs, or non-fungible tokens, exploded into crypto-consciousness in 2021. An NFT is essentially a digital asset, such as an image, GIF or music file, with a unique identifying code. Most NFTs are part of the Ethereum blockchain, which requires a large amount of computing power and energy to maintain and perform transactions. NFTs are often bought by collectors, investors and traders. The Bored Ape Yacht Club, for example, is a collection of 10,000 unique digital cartoon portraits of bored-looking primates; the most expensive ape sold in 2021 for more than \$2 million.

Brands naturally wanted to leverage the NFT buzz. Unfortunately, many are discovering the risks of jumping into a volatile space that's evolving by the day. In September 2021, entertainment company Legendary Pictures announced it was releasing a collection of NFT art to promote its film *Dune*. Fans quickly pointed out the disconnect between the film's environmental themes and the high energy cost of



**NFT trading volume has steadily declined from \$1.07 billion in August 2021 to less than \$21 million in June 2022.**

producing NFTs. Legendary Pictures killed the plan.

An English professional football coach launched an NFT collection in January, and within weeks the NFTs were trading for an average of \$656 apiece. By March, however, average prices had dropped by 90 percent. A number of players quickly deleted their social media endorsements of the project, but that move came too late for unhappy fans who'd bought the NFTs based on player hype.

A year ago, Coca-Cola auctioned a collection of "4 dynamic and rare 1-of-1 NFTs," which was sold to an anonymous buyer for a high bid of 217.4541 Ethereum, then worth about \$554,869. If the winning bidder was hoping to flip the NFT for a profit, the deal is likely leaving a bad taste; it's being offered on OpenSea, an NFT marketplace, with a current high bid of less than \$2,000.

The NFT buzz has likely peaked. For the week of August 22, 2021, trading volume of NFTs reached \$1.07 billion, an all-time high. Volume has steadily declined since, and for the week of June 5, 2022, trading wallowed at less than \$21 million. As they become more aware of the complexity inherent in NFT production, and the ambiguity around their value, brands will likely move on to the next trend. **iq**

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