

# CRYPTOCURRENCY

FEBRUARY 2022 CATEGORY UPDATE

**FOX** Portfolio Strategy & Solutions



## CATEGORY REVIEW

<b>Overview</b>	The adoption of cryptocurrency has grown at an increasing rate in recent years. An estimated 300M+ people globally have some level of exposure to cryptocurrency. The global crypto asset has a market value of \$1.7 trillion, <sup>1</sup> almost double the size of the global silver market. The success of Bitcoin, the largest and most widely traded cryptocurrency, has led to the launch of over 10,000 additional cryptocurrencies in the market today.
<b>Benefits</b>	A cryptocurrency is a virtual asset that is created, traded, and stored in a digital format. Cryptocurrencies are typically decentralized or not dependent on financial intermediaries such as banks, making it faster and cheaper to transact and transfer assets. Cryptocurrencies use cryptography, which allows transactions to be secure and protected from double-spending. Bitcoin has also been touted as “digital gold” and can be a store of value. As the world moves increasingly digital, utilization is expected to move beyond crypto trading and investing with a broad range of industry applications including an expanding role in metaverse and NFTs.
<b>Concerns</b>	Many digital currencies have become purely speculative and have not provided any real economic benefits. The price of Bitcoin has seen huge volatility, down about 40% from its all-time high in November 2021. Smaller cryptocurrencies have fallen even further. The selloff can be attributed to lower appetite for risky assets and potential increased regulation. In addition, countries like China have either banned or severely restricted the use of cryptocurrencies, citing concerns about financial crimes and risk to the financial system.
<b>Crypto Exchange</b>	Cryptocurrency can be purchased on peer-to-peer networks and cryptocurrency exchanges. The landscape has become very competitive as industry participants from crypto native to traditional brokerages and large financial institutions vie for market share. While many currently only offer crypto trading services, the race to become the platform of choice and ultimately be the customer’s primary financial account intensifies.

## CRYPTO STATISTICS

**\$1.7 Trillion** Global value of all cryptocurrency as of February 22, 2022<sup>1</sup>

**>10,000** Number of cryptocurrencies worldwide<sup>1</sup>

“The desire to build wealth and participate in a cultural and financial movement are key drivers for consumer adoption.”<sup>2</sup>

**94%** % of adults who have discretion over their finances and are aware of cryptos<sup>3</sup>

**40%** % of crypto owners who would switch their primary bank to one that offers crypto-related services<sup>3</sup>

**2 in 3** Proportion of males among crypto users<sup>3</sup>

**2X** Sports fans are twice as likely as non-sports fans to say they are familiar with cryptocurrencies<sup>4</sup>

### CRYPTO Assets

Digital assets based on blockchain technology



### CRYPTO Exchanges & Platforms

Facilitates cryptocurrency trading



## SAMPLE LIST OF TV ADVERTISERS

crypto.com	<p>Crypto.com is a platform designed to support the trading of cryptos and crypto-related services. Crypto.com is currently ranked 10th in spot trading, according to CoinMarketCap. The platform had 10M users at the end of 2021 and the company is projecting to grow to 100M users by 2023. Crypto.com also created Crypto.com Coin (<a href="#">CRO</a>), a native token of the Crypto.com exchange. CRO has a current market cap of \$10B, about half of its 2021 peak. According to the company, CRO is a versatile cryptocurrency intended for use in payments.</p> <p>Singapore-based Crypto.com wants to become a top 20 consumer brand within the next 3-5-years. The company has become more visible with marketing deals such as the \$700M, 20-year naming-rights agreement to Staples Center. It also sponsors the UFC, Formula 1, Paris Saint-Germain football club, LA Lakers, Philadelphia 76ers, NHL's Montreal Canadiens, Lega Serie A, Fnatic, and Twitch Rivals.</p>
FTX	<p>FTX is a cryptocurrency exchange “built by traders, for traders” as the company strives to build a platform powerful enough for professional trading firms and intuitive enough for first-time users. FTX offers spot crypto trading, derivatives trading, including crypto futures and leveraged tokens, and an NFT marketplace.</p> <p>Headquartered in the Bahamas, FTX was most recently valued at \$32B. The company also established FTX US as an American affiliate to distinguish it from the main exchange. In January 2022, FTX US raised \$400M in funding at an \$8B valuation. FTX US saw users increase from less than 10,000 at the beginning of 2021 to 1.2M at the end of the year, with average daily volume soaring by more than 600% in 2021. The massive growth was aided by an aggressive marketing campaign, including the naming rights to the Miami Heat stadium (FTX Arena). It is also the official crypto exchange of the MLB and has sponsorship deals with the Golden State Warriors and Washington Wizards.</p>
coinbase	<p>Coinbase Global is a regulated cryptocurrency company that provides customers with a platform for buying, selling, transferring, and storing digital assets. Coinbase is currently the largest US-based crypto exchange by trading volume. As of end 3Q21, Coinbase had 73M verified users with \$255B in assets on its platform. The company generates majority of its revenue from retail trading fees, which are volatile as they tend to correlate to crypto market prices. Coinbase has been increasing its subscription and services revenue, such as staking and custodial fees, to add stability to its business.</p> <p>Coinbase hired Kate Rouch as its first CMO in August 2021. Previously the Global Head of Brand and Product Marketing for Instagram, WhatsApp, Messenger, and Facebook, Rouch's goal is “to introduce a billion people to the cryptoeconomy and the power of community.” Coinbase signed a multi-year sponsorship deal with the NBA, WNBA, NBA G and 2K League.</p>
eToro	<p>eToro is multi-asset brokerage company that offers cryptocurrency, stock, and exchange traded fund (ETF) trading. eToro markets itself as a social investment network, enabling users to interact with others on its platform. One of its more innovative features is CopyTrader, the ability to automatically copy the trades of successful traders.</p> <p>The Israel-based financial services firm expects to go public through a SPAC merger with Fintech Acquisition Corp. V in June 2022. eToro was last valued at \$8.8B and the company is forecasting 2021 revenue to be about \$1.2B, up from \$605M in 2020.</p>
ITRUSTCAPITAL	<p>iTrustCapital, based in Long Beach, CA, is a digital asset trading platform that allows clients to directly buy and sell cryptocurrencies through their IRA retirement accounts. The platform currently provides access to 25 cryptocurrencies alongside physical gold and silver.</p> <p>iTrustCapital holds roughly \$2B in assets under custody and 27,000 client-funded accounts, with an average size of \$55,000 per account. Its customers leaned toward older users (45-65), but the company believes its audience has broadened to now include those who “might not have experience investing in crypto at all.” According to CEO and co-founder Todd Southwick, iTrustCapital plans to target younger users and increase its customer base by 200,000 in 2022.</p>
Tezos	<p>Tezos is a decentralized blockchain that can execute peer-to-peer transactions and is based on smart contracts. Tezos, which runs under the Switzerland-based Tezos Foundation, touts its energy efficient approach to secure its network and operate cleanly. The native cryptocurrency for the Tezos blockchain is the tez which has the symbol <a href="#">XTZ</a>. The token is currently a top 50 currency, with a market cap of \$2.6B.</p> <p>Tezos is the official blockchain sponsor of the New York Mets and Manchester United. It also signed deals with Formula One racing teams McLaren and Red Bull Racing to launch NFTs.</p>

# FOR QUESTIONS OR MORE DETAIL

Please contact the FOX Portfolio Strategy & Solutions team to help you with strategic marketing intelligence, insights and solutions.

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1 CoinMarketCap, as of February 22, 2022  
2 "The Crypto Phenomenon: Consumer Attitudes & Usage," Report by Visa  
3 eMarketer (January 2022), *Crypto by the Numbers*.  
4 Morning Consult, Sept 2021 survey