MARKETING WHITE PAPER

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BLOCKCHAIN TECHNOLOGY AND DYNAMIC MARKETING

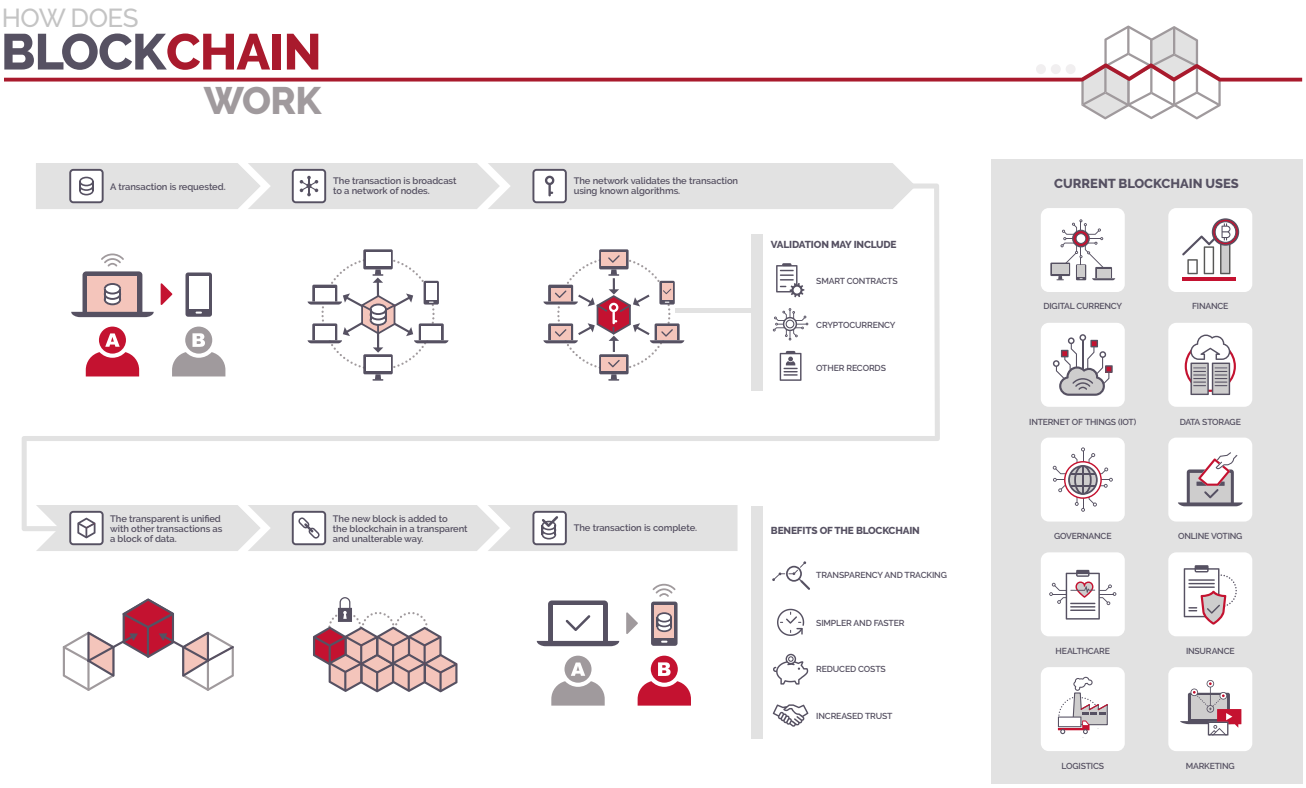
fabcom

integrated strategic marketing

DISTRIBUTED CUSTOMER EXPERIENCES™
THE FUTURE OF MARKETING SUPERIORITY

As technological change continues to accelerate at the speed of thought, marketers race to find ways to keep up, let alone make productive use of the tidal wave of new goodies. One technology in particular is looming large on the near horizon of dynamic marketing. That technology is Blockchain. It's in the news these days mainly because it is the foundation of the Bitcoin phenomenon. You know, that Internet-based currency you can't put in a wallet.

Here's a quick overview of blockchain technology:



> *Blockchain's main goal is trustless decentralization of data. "Trustless" means that there is no need for a trusted third party to handle a transaction of data, and "decentralized" means the data is not sitting on one single point server.*
>
> *Accenture LLP*

Blockchain means ultimate security of data and transactions for consumers.

Because data is distributed across the whole network of computers on the system, it is extremely difficult to compromise or steal the data. No single access point can get into all the data, which would make it much less vulnerable than in the traditional, centralized model of data storage. This difference in security levels is highly significant in creating enhanced customer experiences because trust is the Holy Grail and the new battleground in online marketing and brand building.

We're not making our purchases anymore from that nice Mrs. Smith at the store on the corner. We're sending money to faceless businesses that happen to have a website, usually without even knowing where they are located. Or making major purchases such as a used Tesla for over $100,000 without ever test driving it to see if it has scratches on it or smells like a smoker owned it.

Trust—if you can establish it for a brand operating as a digital brand—is the first key to competitive advantage in selling goods and services online.

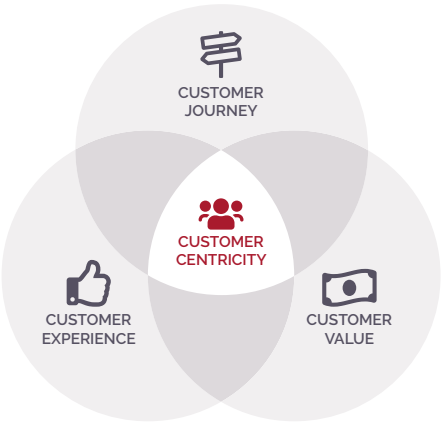
Today's customers and prospects are demanding with huge expectations.

The next key is to be fully aware that customers are becoming much more demanding and more vocal about their expectations regarding those companies from which they make purchases. Think of the restaurant customer who leaves a six-paragraph negative Yelp review because the wrong dressing came with their salad. In an earlier era, the customer would have just politely asked the server for a replacement and that would be the end of it.

To succeed in the marketplace today, every aspect of your business must be centered around your users/customers and their heightened expectations for quality, service, convenience, price and everything else that goes into a purchase decision. They need to receive ultra-personalized communications, offers and services, on their preferred device as well as messaging channel,

and at the time of their choosing. They expect a transparent packaging of "just for me" offers and services configured to meet their requirements—better pricing, faster delivery, improved quality, and a no-hassle transaction.

So, back to Blockchain and how it is becoming instrumental in surmounting the challenges of today's Internet marketplace. Because of its security advantages, Blockchain gives customers a certifiable sense of security in the anonymity of their data and can eliminate any "middlemen" in transactions.



Trust: the Holy Grail of Marketing Superiority

The result of leveraging this new technology for the consumer's sake is consumer confidence—credible trust. The goal of any marketing and advertising brand steward is to create, earn and instill honest preference by a customer for one brand over another. We're not saying, "Trust us." We're saying, "Here is concrete evidence of our trustworthiness." Because it has such a high level of security, Blockchain not only creates trust, it's already beginning to change the ways that data is shared, distributed and accounted for.

When trust is effectively established with consumers, through a combination of trustworthy customer-centric actions and the promise of proven, airtight Blockchain information security, companies in every industry segment will gain access to deeper levels of consumers' previously "private" information, while the customers themselves and the liability of connection to their personal data will remain anonymous because of Blockchain.

Knowing customers better will allow dynamic marketers and those of us deploying dynamic messaging and AI within our customers' experiences to serve them on a more meaningful, personal level. In every type of business and institution, we will be able to make accurate, instantaneous predictions about exactly what the customer will want and when. This is why Blockchain information security is the key to delivering ultimate relevance and engagement within the buying cycle and thus, the future of marketing and brand superiority.

If customers know their data is secure and they will remain anonymous, they will more willingly provide the granular information customers had previously kept private. The more we know about customers, the better we can optimize the personalization of the delivery of goods and services to them. Recognized improved information security for the customer will usher in a whole new method of creating better digital brands and better customer experiences we are now calling Distributed Customer Experiences™.

All of this new capability has been made possible with the aggregated use of real-time, dynamic messaging, and AI triggered messaging, now converging with the underlying technology of Blockchain and has become the key to unlocking a brilliant win-win new world for marketers and their customers.

Creating Distributed Customer Experiences™ that keep them coming back

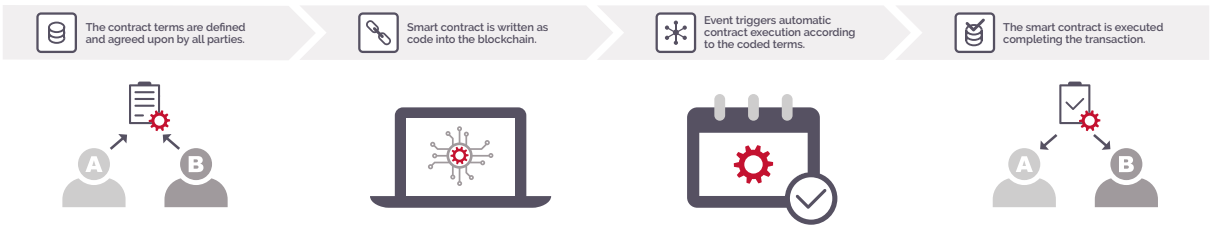
Now, let's look at the ways Blockchain can assist in creating the ultimate in personalized, Distributed Customer Experiences™ from discovery through repeat purchase and advocacy. This technology offers another application that has the potential to create dynamic, personalized customer experiences that we can only dream about today.

Embedded within the chain are self-executing fragments of computer code, known as "smart contracts." This is a computer protocol that automatically facilitates, verifies, and can enforce the negotiation and/or performance of a contract based on infinite if/then scenarios.

> *It's hard to find an industry that hasn't got some kind of use case for Blockchain in front of it today. And that's manufacturing, logistics, education, banking, government services, everywhere you go. It's hard to find a jurisdiction or geography where there isn't some level of experimentation as well.*
>
> ***David Furlonger** Analyst at Gartner Inc.*

Blockchain technology empowers this to happen without disclosing your personal association with the data or contract. This allows the possibility of "trustless" performance of a secure transaction with a "third party." (Actually, "second party," because only the two of you are involved in the transaction—no bank, clearinghouse or other entity.) Think of these smart contracts as contracts to keep customers happy with goods and services beyond their expectations.

WHAT IS A SMARTCONTRACT



Benefits of blockchain and peer-to-peer payments are beginning to emerge today

Let's take the example of a person who is looking for a new book to read within a Blockchain network system. We can deconstruct this need for a new book into a set of the component needs—title, genre, format and where and how to find the book.

These component needs are then individually addressed by a set of micro-services (data sets that do something based on if/then programming) across a distributive platform. Then, the platform (everyone on the network that wants a book, knows of the book or has the book to sell or share) can recommend titles for the person, based on the reading actions of their friends and other connections across the network.

Other vendors and providers within the same cyber ecosystem—book selling businesses, libraries, and regular people looking to sell or give away a used copy—would be able to offer the desired title with various ownership and format alternatives such as free, buy or rent; Kindle or physical book.

But, unlike a traditional contract, the process is automated end-to-end, with complete anonymity. When pre-defined conditions in a smart contract are met, it will automatically execute whatever actions have been defined in the Blockchain code. These actions can be: a payment of money, a transfer of ownership, the execution of a legal contract, or even the triggering of other communications or smart contracts.

Think of the new technology of Blockchain as an anonymous escrow account of data that's virtual, instant, fluid, and impenetrable to hackers. The data within Blockchain technologies are not stored or recalled in the same way databases and big data warehouses are stored in a single location.

With Blockchain, think of double authentication like Apple does when you sign up for new services. A single piece of data is accessible in one place and the balance of that data string is placed in a disparate location. The only way the two pieces of data can come together is by your own key (software password), which can only be held in combination with a place or particular device.

This way your data is not sitting in a single place to take, spoof, copy or corrupt such as with conventional database or data warehouse storage methods on which our entire economy now depends. It's clear to see why this highly personalized, streamlined method of engaging clients within a digital brand or Distributed Customer Experience™ will keep customers coming back for more.

The way digital brands protect and leverage your data is about to change

To understand why this new technology is gaining momentum, think about the rise of Amazon. As consumers, we had access for more than a decade to all of those same online vendors. But most consumers would not order, most of the time.

For one reason: confidence. The problem, before Amazon, was we could not trust some unknown drop ship supplier sourcing product from China. Consumers wondered if the online vendors would actually deliver the same product we were shown online. Or, if our credit card information would find its way somewhere it should not. So, it was still better to go to a store and touch the product and know when you leave the store, you have what you want and need—even if it costs 50-100% more.

The idea of assurance and confidence of delivery as an inclusive guarantee was the magic that Amazon unlocked. Now, with Blockchain technologies, any supplier can offer better assurance than the type of Amazon guarantee that changed the game; but from any supplier, no matter who they are or where they are.

The future of Blockchain-based customer experiences and dynamic AI will be amazing

Finally, the capabilities of Blockchain and distributed computing in regard to CRM may be one of the most significant developments we are now working on. It will increase the speed of data merging and purging as well as included data integrity checks, which occur just seconds apart each time a block is generated as a customer is interfacing with your digital brand.

The Promise of Optimized Distributed Customer Experiences™ is just over the horizon

Blockchain, in combination with distributive technologies and applications, will be able to deliver secure, instantaneous, authoritative, connective and seamless transactions in the new shared economy.

This new Blockchain technology is showing interesting early results in a number of market spaces already—voting, healthcare, banking, insurance, auditing, taxes and the "Internet of Things" (IoT). Blockchain can make the complex processes involved in these and other markets more secure, trusted, automated, less expensive, and will measurably optimize customers' brand experiences.

Take, for example, a customer who just bought an item that requires assembly. He's struggling to put the product together, but because it's late, he assumes the company's help desk is closed, so he doesn't call for help. Instead the customer grabs his laptop and tries several Google searches along the lines of "*how to put <the product> together*." Within the combination systems we are testing now, Blockchain and artificial intelligence will report to the company what the customer searched and what that means in terms of the customer's satisfaction.

Think about the ability of a company to instantly know exactly how to actively influence the customer to have an amazing experience based on their own confidentially secure interactions within the digitally-connected world. This includes cross-channels and devices (e.g. searching for the "how to" videos on YouTube or accessing a PDF manual on the company's support section from their phone or tablet). The company would then push a live feed to the customer of exactly what they need—unprompted—directly to their device at the same time they're searching for the answers. Or, the company makes a proactive call the next morning, apologizes to the customer for the inconvenience and walks him through the assembly.

All of this happens without the customer ever contacting the company. Customer satisfaction and brand loyalty increase because of almost-magical Distributed Customer Experiences™. Marketers will be able to deliver goods, services and performance that exceed consumer expectations, based on the better availability of demographic, psychographic and behavioral information.

> *When fully automated, blockchain can enforce consistency in execution, assist with dispute resolution, increase accountability, and deliver end-to-end transparency that can inform better business decisions.*
>
> ***Harvard Business Review***

At FabCom, where we've pioneered more than one breakthrough in the convergence of technology and marketing, we now see a new frontier for authentic, trustworthy, one-to-one, dynamic marketing and amazing Distributed Customer Experiences™, when customers no longer fear the breach of their personal data and feel comfortable allowing trusted entities to use that information in their best interests.

About the Author

Brian Fabiano is the CEO and founder of FabCom, a full-service strategic integrated marketing and advertising agency with offices in Scottsdale/ Phoenix, Los Angeles, Seattle and O'ahu. He is a nationally recognized innovator, advertising and marketing industry leader, author and speaker, whose insights in dynamic cross-channel cross-media messaging, business intelligence, strategic planning, positioning, brand mapping, and segmentation/database marketing are sought by corporations and trade associations alike.

He is now working on his second book on the convergence of technology and marketing strategy, after the resounding success of his first book, *Neuromarketology*: *How to Develop, Implement and Manage Dynamic, Real-Time, Cross-Channel Marketing Campaigns that Generate Astonishing ROI*. This is the second book in the planned trilogy and will delve deeply into the connection between Neuromarketology™ and the contemporary convergence of artificial intelligence, dynamic messaging, and Distributed Customer Experiences™, driven by Blockchain technology.

FabCom is a full-service strategic marketing, PR, and advertising firm

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