



# Marketing Futures

INNOVATE. ACCELERATE. GROW.

2019 Edition

## CMO Trend Brief

# Blockchain

**ANA Marketing Futures** focuses on the innovations and trends that will shape the future of marketing to prepare brands for the challenges and opportunities that lie ahead.

### What is Blockchain?

**Blockchain is a distributed, decentralized ledger technology that records transactions in data structures called blocks.**

These blocks are linked together and collectively provide a secure, tamperproof, and complete record of transactions. Blockchain is the foundation for how cryptocurrencies, like Bitcoin, work, and it is now seeing application in other areas to track anything that has value.

### Why Should Marketers Care?

With blockchain comes the potential to remedy many of the trust issues in advertising financial management and the digital ad supply chain.

**The relationships and interactions that occur between digital advertisers, publishers, and those who respond to advertising are an ideal application for blockchain,** bringing needed transparency to the digital marketing and advertising ecosystem.

# Bringing Blockchain into Balance:

## The Potential and The Potential Problems

In time, it's anticipated that blockchain will revolutionize the digital advertising ecosystem. What can the industry anticipate in the short and long term? Here are some of the milestones and expected hurdles that marketers are likely to face.

### Potential

**Transparency is within reach.** Juniper research reported that advertisers lost \$19 billion in 2018 to ad fraud. Blockchain technology tracks data reliably throughout the digital media supply chain, verifying ad delivery and helping marketers spend more efficiently.

**Consumers can benefit.** The average consumer receives a daily deluge of ads, likely because advertisers offset lack of precise impression data with increased ad volume. With blockchain, marketers can manage ad frequency through end-to-end attribution, making ad placement more deliberate.

**Experimentation is happening now.** To eliminate ad fraud in its digital media buys, Toyota ran a three-week pilot program testing the technology. The brand realized a 21 percent increase in site visits compared to the control group. Nestlé is working with a start-up to leverage blockchain's smart contract functionality to increase payment speed and accuracy.

### Potential Problems

**Adoption is not yet widespread.** For blockchain to work, all parties involved in a transaction must participate. If advertisers want to eliminate ad fraud and increase transparency, demand-side platforms, publishers, and trading desks need to get on board.

**Transaction speeds are too slow.** The current blockchain technology takes 10 to 30 seconds to verify and update transactions, but that's much too long in a world where the average programmatic media buy happens in just milliseconds.

**Transformation doesn't happen overnight.** As the technology develops and its applications grow, brands who got on board early will have familiarity, comfort, and a competitive advantage when it comes to blockchain. But for now, many brands are maintaining the status quo.

# Blockchain: Where Do Brands Begin?

1

## Understand the maturity of blockchain.

Most marketers have heard of blockchain, and many understand it conceptually. Few, however, have experience with it. The first step is to understand the evolving standards and offerings, such as **Hyperledger Fabric**, a blockchain framework implementation hosted by The Linux Foundation. Standards are still evolving, and any effort to exploit leading-edge technology carries some risk when the efforts outpace the development and acceptance of standards.

2

## Keep your expectations realistic.

In February 2018, Gartner analyst John Lovelock referred to the sentiment around blockchain as "**irrational exuberance**." Marketers should be eager to take advantage of blockchain, but realistic at the same time. There's a lot of hype surrounding blockchain, but marketers should recognize that a majority of the blockchain initiatives that are getting publicity are experimental. Questions about **blockchain security remain**, and some experts are skeptical that **blockchain performance** can meet the requirements of programmatic advertising platforms.

3

## Drive initiatives with business cases.

Blockchain projects should focus on business needs supported by business cases. Any blockchain initiative must interoperate with and participate fully in the martech stack. Look for pains that blockchain can address, and study how other companies are piloting the technology in disruptive ways.

### Want to learn more?



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