

Chapter 4

Marketing–Mix Metamorphosis and New Trusted Business Practices

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ABSTRACT

This chapter discusses the impact on the marketing-mix due to the confluence of the internet of things and the internet of value which seems to be made possible by the blockchain technology. This “perfect storm” induces a vortex of reliability and business trust between people (“peer-to-peer”) and machines (“bot-to-bot”), without the traditional need of third parties to ensure confidence in a negotiation. This implies innovative business practices and self-executing contracts that will take place in a more decentralized and trustworthy environment, speeding up the metamorphosis of the four marketing-mix elements in such a way that marketers will have to deal with a “product” that is always in a “beta-version”; a dynamic “price” that initially has to be free; an atomized “promotion” of reliable messages found by costumers (not the opposite); and a new virtual secure “place,” which is made possible due to augmented reality and blockchain.

INTRODUCTION

It is thought that Blockchain Technology (BT) is a game changer that allows the emergence of an Internet of Value (IoV) by making the digital integration of two very different levels of confidence a reality. The first level is necessary to deal with information and to share its value, but it is not enough to deal with transactions which demand a second level of trust. The former lets users deal with information and its “value-of-use” (see Key Terms and Definitions) but the latter goes even further when it comes to business by allowing users to deal with money or its “value-of-exchange” (see Key Terms and Definitions).

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This Internet of Everything needs a Ledger of Everything. [...] Rather than the Internet of Information, it's the Internet of Value or of Money. It's also a platform for everyone to know what is true—at least with regard to structured recorded information. At its most basic, [the BT] is open source code: anyone can download it for free, run it, and use it to develop new tools for managing transactions online. As such, it holds the potential for unleashing countless new applications and capabilities. (Tapscott & Tapscott, 2016, p.5)

[Blockchain technology] offers a way for people who do not know or trust each other to create a record of who owns what that will compel the assent of everyone concerned. It is a way of making and preserving truths. [...] The great chain of being sure about things. (The Economist, 2015)

As it is known, digital reproduction entails very low costs and it is thought that if the problem of the lack of trust traditionally inherent to the virtual world can be overcome, entirely new trusted business practices will arise.

At the end of the day, bitcoin is programmable money. When you have programmable money, the possibilities are truly endless. We can take many of the basic concepts of the current system that depend on legal contracts, and we can convert these into algorithmic contracts, into mathematical transactions that can be enforced on the bitcoin network. As I've said, there is no third party, there is no counterparty. If I choose to send value from one part of the network to another, it is peer-to-peer with no one in between. (Antonopoulos, 2016, p.27)

Taking this into account it is thought that the BT can bring a new era of convenience and usability for consumers and “prosumers” (see Key Terms and Definitions), conveying trust between them to the point where they become “trusted prosumers”.

The IoT makes use of the synergies that are generated by the convergence of Consumer, Business and Industrial Internet customer. The convergence creates the open, global network connecting people, data, and things. (Varmesan, 2016, p. 16)

Many different features of the marketing function will be transformed by blockchain. Just as blockchain provides ways to obtain information about potential contractors and partners, it will be able to tell you about people or businesses you propose to do business with. (Tapscott, 2017)

The BT will speed up the digital change of the business paradigm, giving rise to a metamorphosis of the marketing-mix traditional elements (McCarthy, 1960) notoriously referenced for at least fifty years by Philip Kotler (Kotler, 1967), (Kotler, 2017). The metamorphosis of these four marketing-mix elements and the innovative strategies and business practices suggested in the face of such a transformation, are contemplated in this chapter.

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