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ABSTRACT

Consumer trust in brands has reached critically low levels. While Big Data has allowed marketers to gain a rich and precise understanding of their consumers (Erevelles, Fukawa and Swayne 2016), the careless and sometimes improper use of Big Data in behavioral futures markets has resulted in a decline of trust in brands of organizations that have violated consumer trust. Driven by a trust crisis in consumer relationships with institutions that have failed to responsibly use and adequately safeguard their brands and brand-related consumer data, blockchain technology is emerging as a key solution for the restoration of trust as well as authenticity, security and transparency in brand management. Despite the potential impact of blockchain in marketing thought and practice, relatively little research on blockchain currently exists in the marketing or branding literature. To fill this gap, the authors present a theoretical framework for blockchain and branding grounded in game theory, new institutional economics, and cryptographic science. They then examine the evolving blockchain-centric logic and the resultant paradigm shift for academics and practitioners involved in brand management. Key foundational premises and directions for future research are suggested.

More specifically, blockchain represents a fundamental paradigm shift from the one associated with Big Data. While the World Wide Web was designed for the *sharing of information*, blockchain is designed for the *sharing of value*, such as brand assets. Trust is an essential foundational element in the relationship, and the resulting affective bonds (Erevelles 1998), between a brand and its consumers. Blockchain can help brand managers create, protect and rebuild trust**.** It replaces subjective, centralized trust in brands with objective, distributed trust in technology that ensures brand integrity. Further, blockchain ensures brand authenticity by allowing for consensus-driven validation of brand assets, thus enhancing brand strength, while minimizing counterfeiting. Blockchain also cryptographically protects consumer data, thus enhancing security and privacy for a brand's customers. Blockchain enhances disintermediation, thus minimizing distortion of a brand's value proposition and subjective messaging by intermediaries. The authors first develop a series of foundational premises that form the basis for a theoretical framework and then provide blockchain-based managerial implications that can be used in branding strategies, such as co-branding (Erevelles et al 2008), brand extensions, etc. Finally, the authors explore the limitations and future potential of blockchain in branding.

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Sunil Erevelles received his PhD in Marketing from The Ohio State University. He is an Associate Professor of Marketing at the University of North Carolina at Charlotte, and served as the Chair of the Department of Marketing from 2010-2018. His research interests include Big Data, blockchain, innovation and branding.

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