

# Market Research Tokenomics

The blockchain brings many opportunities to streamline business processes, cut out middlemen, and drive innovative economic models that put the power in the hands of the people, but while much work has been done to democratize finance (DeFi, NFT markets, Crowdfunding) very little progress has been made in the consumer information systems that drive corporate decision making and brand direction. Despite years of talk about correcting the web2 inequities of “if you are not paying for the product, you are the product” and enabling self sovereign identity, we see very little change in the way Facebook and Google do business. There are several reasons for this...

- 1) It's easy, and we like easy. Giving our information away, does not require us to do anything more than we already do by searching for things we are interested in and posting about them on socials. It's also easier for companies to have a single revenue stream by selling data than, say, having to charge a subscription fee. Think about the hassle YouTube has to go through just so 2.5% of users pay for the service to avoid ads.
- 2) We like the attention. Let's be honest, humans feel good when someone is listening to them. Even if that someone has a hand in their pocket, and their voice makes up just a tiny portion of an aggregated statement, it feels good to be heard.
- 3) We don't value our ability to make choices. It's hard to imagine that our choices have any value when we live in a society where people will pay a high membership fee to buy much more than we need (in bulk) of multiple items that we don't have the room to store, with zero product choice (thanks Costco).

Nonetheless, the consumer research market is approaching \$100B dollars annually. This, despite the fact that we're already willingly giving away our choices for free. The problem of course is not just losing the sovereignty over our own data and choices, but also that the result of the research tends to lead us to unhealthy substances, such as processed fast food, sit-on-your-ass entertainment, and pills to “fix” the first two issues. You would not be wrong to assume that market researchers are tapping into the worst kind of data. After all, who do you think is willingly taking part in studies where you get paid \$20 to decide what color soda can label looks more appealing. Hint: it's not successful healthy people.

But what if there was an option to not only own our choices, but be able to model them after those of healthier people, and be rewarded for doing so by releasing this data (anonymously and in bulk) to market researchers. Then we could further derive value by participating in fine-tuned market research studies by providing something the industry has never been afforded previously: continuity. Surely you've heard the phrase “the only constant is change”. Well people change. But market research and focus groups are conducted in sporadic isolated bursts, capturing the responses of participants at a certain point in time, and not in a continuous evolving story. Given how frequently people change their minds, it seems silly to conduct a study to learn how effective marketing food with the label “keto” is without knowing if that consumer previously responded positively or negatively to the labels “sugar free”, or “organic” prior to that, or “doctor-recommended parent-approved” before that. The ability to develop a full story arc for the consumer is not only valuable, but will be the game-changing differentiator that self-sovereign identity provides. Existing ad-driven enterprises, even using their sneakiest methods (listening in on your cell phone) can at best paint a blurry picture of your story unless they collaborate (which would trigger

numerous antitrust red flags), making this data extremely valuable. For instance, if data would show that 60% of people buy a new pair of running shoes between 5 and 6 weeks of starting an exercise program, that could help them significantly target their ad spend. Furthermore, sharing vital personal information in a non-identifying manner (such as weight, height, distance; but not name, age, income) could help willing retailers (or specialists) create fine-tuned products and programs for the individual. The best part of this setup is that trusted parties and systems can work with the information they need - and only that information - to help set goals, and keep us accountable to them. What many don't realize is that such advanced systems of sharing only needed data (which we call Zero-Knowledge Proofs) and allowing people to manage their own profiles (which we call Decentralized Identities or Self-Sovereign Identities) are already baked into modern Blockchain systems.

The shift will come when the input streams - such as the wearable devices we own - begin to feed data into our own decentralized profiles, and stop feeding that data to corporate databases. We already see this trend occurring as many devices will let you export the data they capture, but soon you will be able to tokenize this and other data to make it truly valuable. Imagine the value derived from the confluence of multiple health data sources over time (such as BMI, blood pressure, blood sugar, etc) and other parameters (like interests, hobbies, tastes, skills, sexual orientation, etc) to deliver only relevant ads, and only when you are prepared for them.

As I think about how a tokenized ecosystem using this structure would work, I ask myself... would it be reasonable to establish a token (call it "\$stats") that people earn when they feed the system with activity and personality data? Would it be reasonable for advertisers to have to buy these tokens in order to partake in the system (thus giving the token inherent value) and burning those tokens (thus creating scarcity) each time they want to extract data out of the system? Is it feasible for brands to reward their biggest fans in these tokens, encouraging the entire ecosystem to take a bigger part in contributing to the data pool? And would the entire paradigm benefit from brands becoming DAOs, where the Market Research initiatives are replaced with internal DAO governance protocols allowing the community to drive the direction of the product line, using the most introspective data? If this were the case, could existing brands even compete?