

Creating Trust With Tokens?

_Embracing the Web3 Economy: Tokens and the Future of Consumer Engagement

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In the fast-evolving realm of Web3, the use of blockchain-based tokens has ignited a revolution in how businesses can get funding and engage with consumers. From the world of Decentralised Finance (DeFi) to metaverse funding success stories and influential brands crafting innovative loyalty programmes, tokens are reshaping the way we interact with digital assets and the communities that surround them.

When launching a new token, it is crucial to understand the problem the project aims to solve and how the token will contribute to this goal. Decentralised ecosystems offer unique benefits, but it is essential to question the role of the token and especially to determine if the problem can be solved without it. In recent years, some projects have thrived, becoming multi-billion-dollar ecosystems, while others have failed to give their tokens value.

For an example of illustrating how a utility token project was executed in real-life, we consider ArtMeta, a metaverse for fine art that successfully raised 1.25 million US dollars in funding through two initial coin offerings (ICOs) in January 2022. They later launched their token (\$SMART) in July 2022 on three exchanges: Gate.io, MEXC, and QuickSwap. ICOs are similar to crowdfunding and typically occur in the early stages of Web3-based businesses.

The utility for the \$SMART token was to power the ArtMeta metaverse – to enable the purchase and trading of digital art, accessing exclusive events, and participating in the governance of the platform. However, what was learned from the experience was that when the token is live and trading on multiple exchanges before the platform is live, additional measures are needed, such as market makers to stabilise the price and activities such as competitions, rewards, and staking initiatives to preserve the value of the token.

Another area where tokens have become a powerful tool is in consumer engagement, with major brands like Lufthansa, Starbucks, Prada, and Gucci implementing successful token loyalty programmes. These programmes tailor exclusive incentives and rewards through digital assets to cultivate dedicated communities and nurture customer relationships.

Another example of this is the fliggs project – that is leveraging tokens for customer engagement. The idea for the token is the creation of a “fliggs pass” – a non-fungible token (NFT) that will debut alongside their mobile app, offering token-gated content and exclusive perks, like discounts on mobile plan subscriptions, invitations to exclusive events and the opportunity to co-create the future of fliggs mobile. The advantage of Web3 infrastructure enables fliggs mobile to engage customers in pivotal

decisions and transform telecommunications into something service users genuinely enjoy.

In the case of most utility tokens, a key feature to address is the listing of tokens on crypto exchanges. Both centralised exchanges (CEXs) and decentralised exchanges (DEXs) serve as intermediaries, facilitating token trading and attracting investors. For example, Binance, the world’s largest CEX, offers over 350 token listings and 1,200 trading pairs. DEXs require users to already have crypto wallets set up, tend to be cheaper and with a wider selection of tokens than CEXs. For example, the largest DEX is Uniswap, which has over 1,100 listed tokens and almost 1,400 trading pairs. As the Web3 economy continues to thrive, the convergence of tokens and consumer engagement presents an exciting landscape for businesses and individuals alike. By embracing these technological advancements and harnessing their potential, we can shape a future where creativity, ownership, and community drive the very essence of our digital experiences. The possibilities are limitless, and the time to embark on this transformative journey is now.

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