



Cryptocurrency Marketing Strategies and Regulations in a Behavioural Perspective in the United Kingdom

By Lingxi Huang & Apichaya Jungtrakul



AGENDA



01

Introduction

- Overview of cryptocurrency
- Purpose of the research

02

Marketing Strategies

- Marketing strategies
- Examples

03

Behavioural Biases

- Concepts
- Relation to previous examples

04

Regulations and Gaps

- Existing regulations
- Further directions and gaps

A collage of US dollar bills and Bitcoin coins. The background is filled with various denominations of US currency, including \$100 bills and \$20 bills, and several Bitcoin coins in different colors (gold, silver, copper). The text "01 INTRODUCTION" is centered in a white box with a blue border.

01 INTRODUCTION

What are Cryptocurrencies/ Cryptoassets?

“A store of value which can be transferred
or exchanged digitally”

Two ways to own or transact:

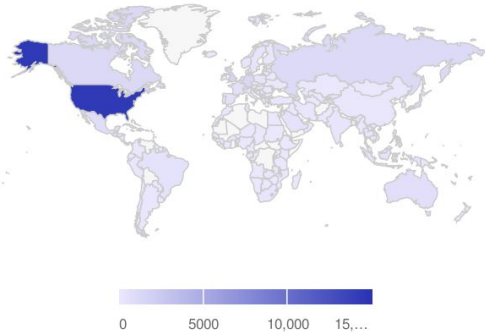
1. Through third-party intermediaries
2. Be held directly, in a personal hardware-wallet



Overview of Cryptocurrency in the UK

The United Kingdom is the second-largest market, with its penetration rate consistently on the rise each year.

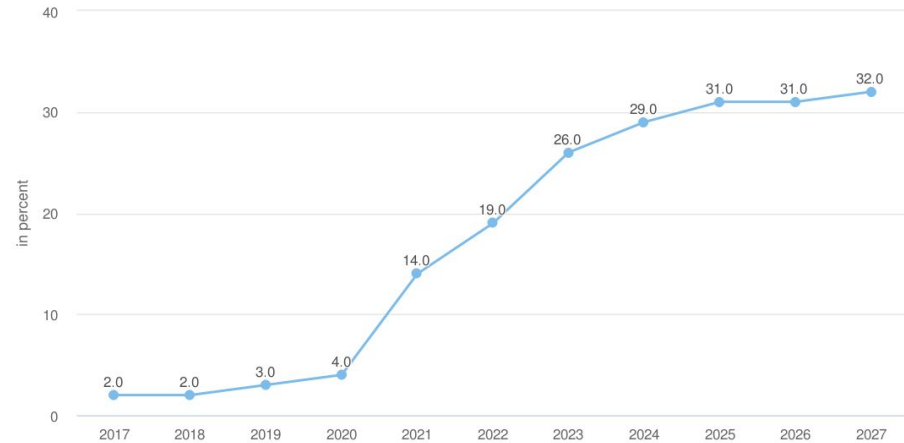
Cryptocurrencies - Revenue
United Kingdom (million GBP (£))



Source: Statista Market Insights © Natural Earth

statista

Cryptocurrencies - Penetration Rate
United Kingdom (percent)



Source: Statista Market Insights

statista

Why do we care about this topic?



1. Price Volatility Issue

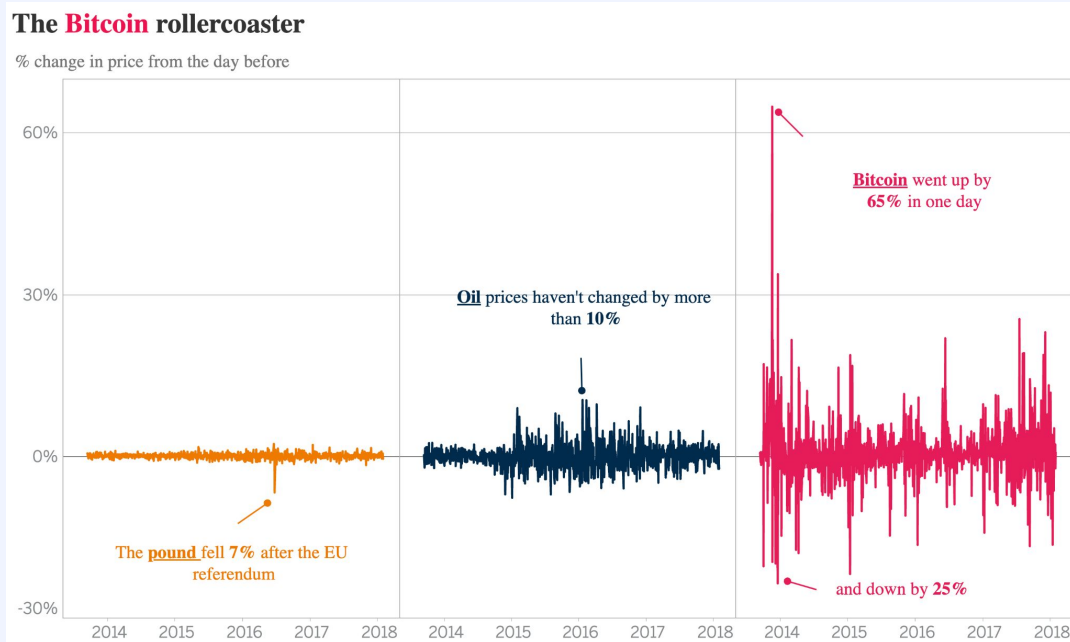


2. Consumers' Perception Issue



1. Price Volatility Issue

The significant fluctuations in value pose a major obstacle to the use of cryptocurrencies.



(Bank of England, 2020)

2. Consumers' Perception Issue

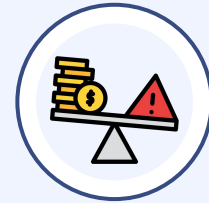
In the UK, consumers lack a complete understanding of cryptocurrencies before they make a purchase



**Shortcut to
make money**



**Lack a complete
understanding**



**Lead to risky
behaviours**

Research Questions

1

What are the marketing strategies/tactics being used?

2

What are behavioural biases behind these strategies?

3

What are current regulations and further directions to alleviate harms from cryptoassets utilization?



A collage of US dollar bills and Bitcoin coins. The background is filled with various denominations of US currency, including \$100 bills and \$20 bills, and several Bitcoin coins in different colors (gold, silver, copper). The text "02 MARKETING STRATEGIES" is overlaid in a white box with a blue border.

02 MARKETING STRATEGIES

Why are the current strategies problematic?



Not Fair/Clear → Misleading



9 Current Marketing Strategies

1

White Paper/ICO/IEO

2

Airdrop

3

Ask Me
Anything Session

4

Bounty Program

5

Cooperation
With KOLs

6

Referral Program

7

Email Marketing

8

Building Community

9

Banner Ads and
Display Ads

1. White Paper/ICO/IEO

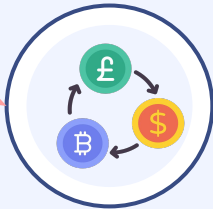


White Paper: an essential communication channel to investors

- Publishing during an initial stage of crypto project
- Offering a necessary understanding of the cryptocurrency project's objectives and their planned actions
- But, it lacks regulation, allowing practically anyone to write it



Initial Coin Offering (ICO): A strategy for raising funds, involves creating blockchain-based tokens for sale to early supporters



Initial Exchange Offering (IEO): a fundraising event organized through a reputable exchange and facilitated by a well-known exchange's fundraising platform

1. White Paper/ICO/IEO

HOME / [WHITEPAPER](#)

Page last updated: September 14, 2023

Ethereum Whitepaper

This introductory paper was originally published in 2014 by Vitalik Buterin, the founder of [Ethereum](#), before the project's launch in 2015. It's worth noting that Ethereum, like many community-driven, open-source software projects, has evolved since its initial inception.

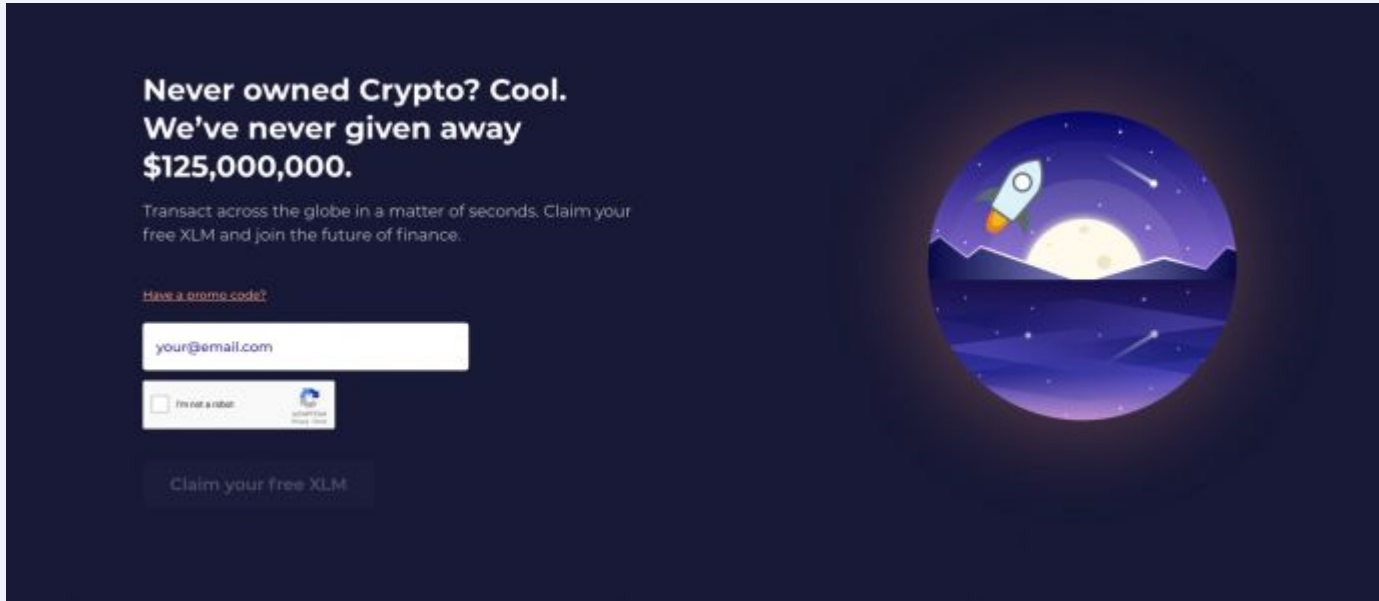
While several years old, we maintain this paper because it continues to serve as a useful reference and an accurate representation of Ethereum and its vision. To learn about the latest developments of Ethereum, and how changes to the protocol are made, we recommend [this guide](#).

[Researchers and academics seeking a historical or canonical version of the whitepaper \[from December 2014\] should use this PDF.](#) [↗](#)

<https://ethereum.org/en/whitepaper/>

2. Airdrop

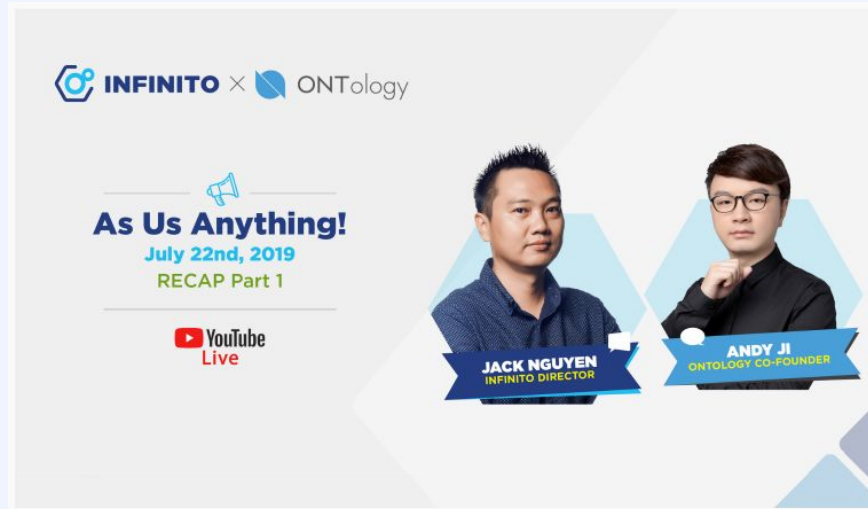
- Airdrops serve as gifts to random lucky winners.
- The obvious issue is the network safety.



Stellar (XLM) airdrop

3. Ask Me Anything Session

- An informal interview where individuals can openly discuss a project with representatives from the company
- A major concern is the AMA session may present false or misleading information




Infinito x Ontology AMA


4. Bounty Program

- Enables users to complete certain tasks and receive tokens as rewards
- Being criticized for the similarity to pump-and-dump schemes



 **Crypto Awards**
April 4, 2021 · 🌐

- Bounty Campaign Start 05.04.21 April 🏆 END 04.05.21 May 🕒
- Bounty campaign reward pool: 200 000 IQ coins will be distributed through this bounty campaign. 📄
- CRYPTO AWARDS - ranking where each nominee is competing for the honors to be named the Best of the Best. Such ratings can help to select the most reliable projects and companies for a safe investment.
- Hosted by <https://t.me/BountySofico>
- Bounty chat https://t.me/CryptoAwards_Bounty

 General links

- ◆ Website - <https://cryptoawards.com/>
- ◆ Twitter - <https://twitter.com/CryptoAwards1>
- ◆ Telegram - https://t.me/cryptoawards_com/
- ◆ Facebook - <https://www.facebook.com/cryptoawards> See less

5. Cooperation with KOLs

- More marketing budgets are allocated to influencers
- The most popular channels are YouTube, Twitter, and Instagram
- Might lead to costly digital-asset scams



6. Referral Program

- Rewarding programs designed to incentivize current users when they bring new members into a project

Referral Program - Crypto.com Exchange

Information about referral bonuses on the Crypto.com Exchange



Written by Valery

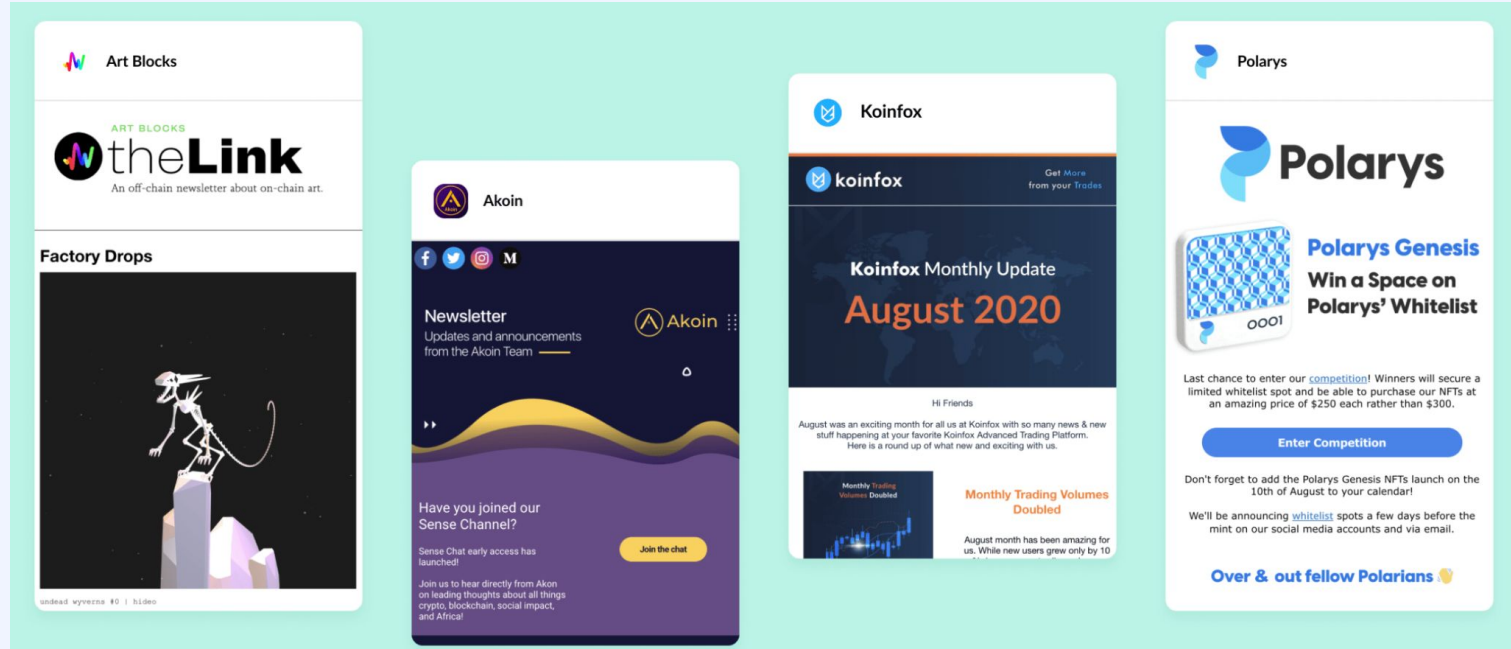
Updated over a week ago

Get rewarded up to USD \$2,000 (in CRO) for every friend you refer to the Crypto.com Exchange AND 50% of their trading fees!

- **No referral limits** - You can refer as many friends as you want; you and your friends will each be rewarded upon meeting the requirements.
- **Bonus credited instantly** - Referrer and Referee* will receive their bonuses immediately once all conditions are met.

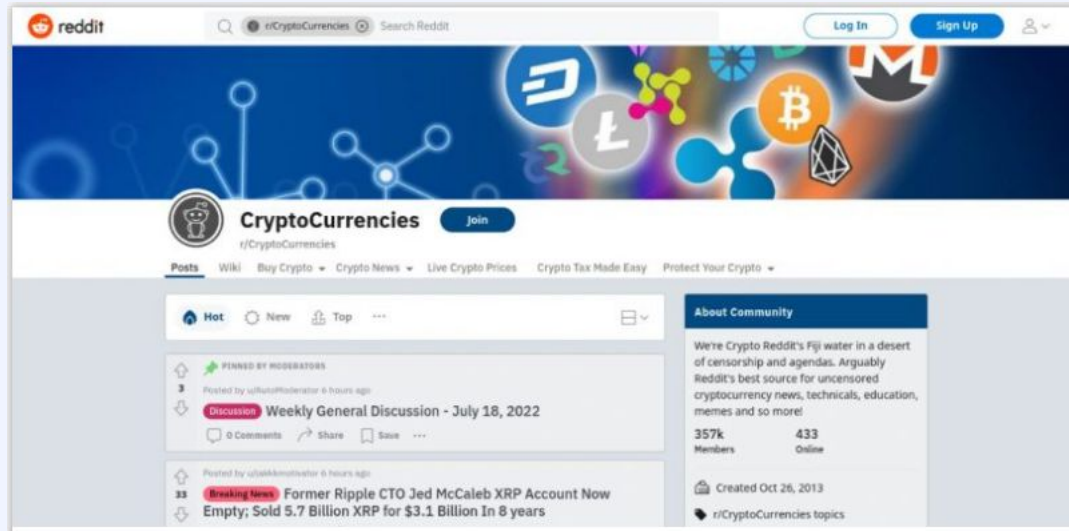
*Referee's requirements and information can be found [here](#)

7. Email Marketing



8. Building Community

- Engaging and communicating extensively with people, including within cryptocurrency communities
- Allowing investors to share updates, exchange viewpoints, or pose questions



9. Banner Ads and Display Ads



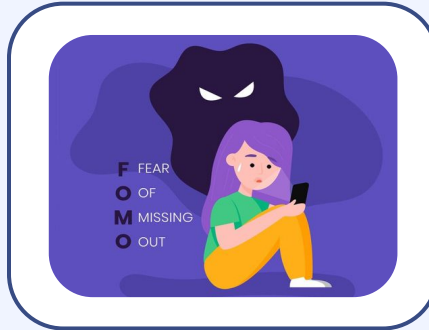
A collage of US dollar bills and Bitcoin coins. The background is filled with various denominations of US dollar bills, including \$100 bills, and several Bitcoin coins in different colors (gold, silver, copper). The text "03 Behavioural Biases" is centered in a white box with a blue border.

03 Behavioural Biases

Behavioural Biases



Mere Exposure Effect



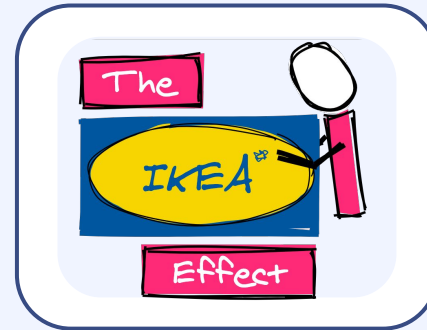
Fear of Missing Out



Zero Risk Bias

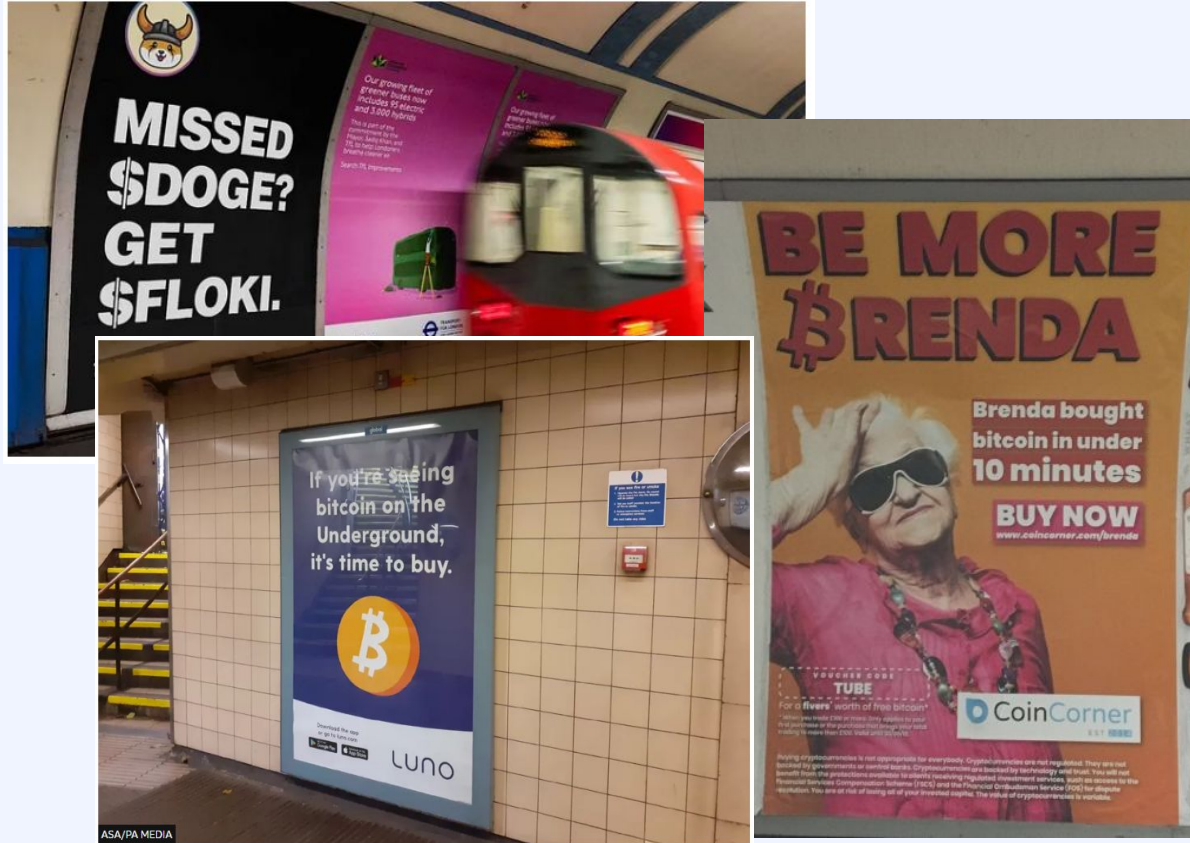


Bandwagoning

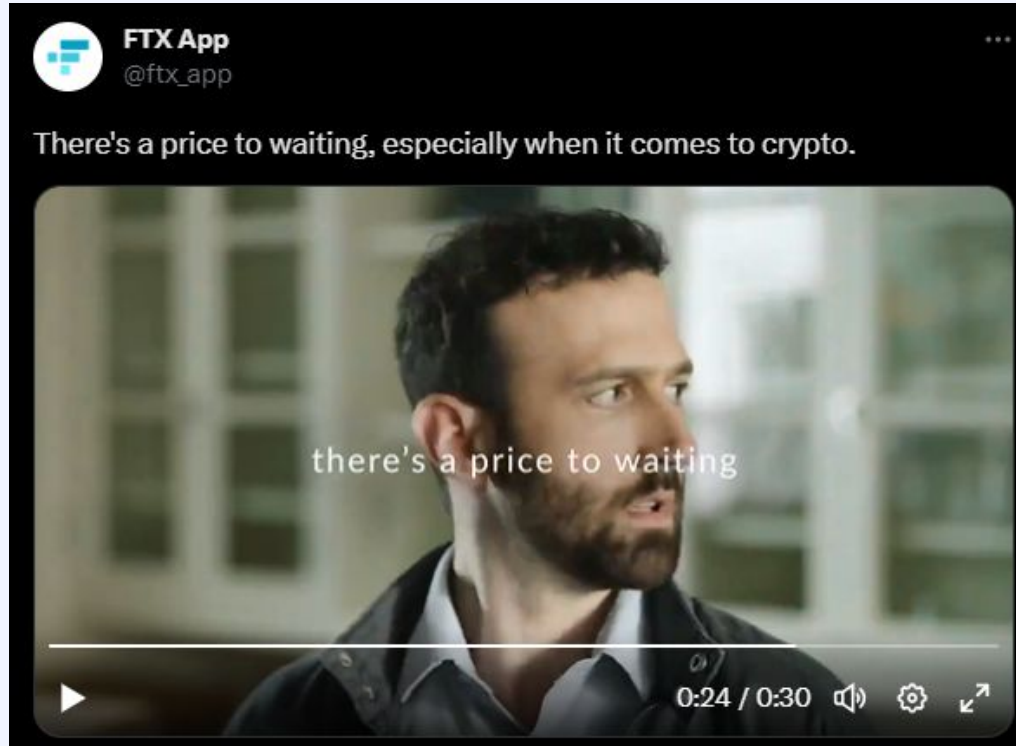


Ikea Effect

1. Mere Exposure Effect



2. Fear of Missing Out



FTX App
@ftx_app

There's a price to waiting, especially when it comes to crypto.

there's a price to waiting

0:24 / 0:30

The image is a screenshot of a tweet from the account 'FTX App' (@ftx_app). The tweet text reads 'There's a price to waiting, especially when it comes to crypto.' Below the text is a video player. The video shows a man with a beard and dark hair, wearing a dark jacket over a light-colored shirt, looking off to the side. The video has a white play button in the bottom left corner and a progress bar at the bottom. The progress bar shows '0:24 / 0:30'. To the right of the progress bar are icons for volume, settings, and share. The video player also has a white subtitle 'there's a price to waiting' overlaid on the video.

3. Zero Risk Bias



Lend bitcoin and earn min
1% daily interest


<https://bdragojevic.wixsite.com/bitconnect>

4. Bandwagoning Effect

coinbase

Get free Bitcoin when you refer a friend

Bitcoin is having a big month. Share the excitement by referring friends to Coinbase and you'll both get \$10 of free Bitcoin.



Refer friends

It's easy to get rewarded

Refer friends to Coinbase and we'll give you both \$10 worth of Bitcoin when they buy or sell their first \$100 of crypto.

Spread the word
Go to coinbase.com/invite to get your unique referral link and share it via text, email, or social media.

You get \$10 in BTC
Receive \$10 worth of Bitcoin for each friend you refer that buys or sells at least \$100 of crypto.






Your friend gets \$10 in BTC
Each friend you refer also gets \$10 in BTC. Everyone wins!

Refer friends

	Subject	Started by	Replies	Views
	SENDERON Signature Campaign & Social Initiative « 1 2 All »	Dazedconfused11	30	1460
	Urgent : Hiring to design the Bounty threat (already in word text) pay in BTC/ET	cryptoyosh	1	179
	Free PAQs The easiest & most profitable giveaway program on BitcoinTalk « 1 2 ... 31 32 »	YuTü.Co.in	630	21122
	[FREE] Get free tokens (10\$/75ATS), as well as tokens from me(2.5\$/18.75ATS).	onnz423	12	722
	Looking for professional and permanent translator « 1 2 All »	irfan_pak10	39	1269
	new peso peso coins!!! giveaway 10 peso for everybody joining!	ehsanmi1371	0	164
	[SOCIAL BOUNTY] Webcoin ICO Quora Campaign	webcoinico	0	251
	Vote for MAXT	bitcoinmeme	2	168
	COLX Logo Contest Voting Round! « 1 2 3 4 All »	Mrbates	60	2000
	[Bounty] [ICO] Trending.me Article and Video Bounty 1 Million TRENDS	trending.me	3	265
	[BOUNTY]ETHERIYA (SUCCESSFULLY ENDED) « 1 2 ... 50 51 »	iam2good	1015	30225
	BOUNTY campaign let's win together	ournetinternational	0	160
	[BOUNTY] [PRESALE] [ICO] TKON-The King of Net Highly Secure Global Cloud Storage	tkon	14	1128
	editing	kappa897	3	133
	PROXY CARD LIVE DEMO ON NOW (FREE PRXY AIRDROPI)	ProxyCard	3	1298
	[BOUNTY] [ICO] Peerity.io Article and Translations Bounty Campaign	morlun	10	891
	CRYPTO FORUM - PAY PER POST-0.1LTC	cikatuna	17	415

5. IKEA Bias

Bitcointalk Bounties

		May 05, 2022, 12:02:50 PM	
Welcome, Guest . Please login or register.			
News: Latest Bitcoin Core release: 23.0 [Torrent]		<input type="text"/> Search	
HOME HELP SEARCH LOGIN REGISTER MORE			
Bitcoin Forum			
Bitcoin			
	Bitcoin Discussion General discussion about the Bitcoin ecosystem that doesn't fit better elsewhere. News, the Bitcoin community, innovations, the general environment, etc. Discussion of specific Bitcoin-related services usually belongs in other sections. <i>Moderator: hilariousandco</i> Child Boards: Legal , Press , Meetups , Important Announcements	2432738 Posts 96213 Topics	Last post by uchegod-21 in Re: Reducing Bitcoin Tr... on Today at 11:59:14 AM
	Development & Technical Discussion Technical discussion about Satoshi's Bitcoin client and the Bitcoin network in general. No third-party sites/clients, bug reports that do not require much discussion (use github), or support requests. <i>Moderators: gmaxwell, achow101</i> Child Boards: Wallet software	298080 Posts 23446 Topics	Last post by ETFbitcoin in Re: Last wallet? Help me... on Today at 11:58:37 AM
	Mining Generating bitcoins. <i>Moderator: gmaxwell</i> Child Boards: Mining support , Pools , Mining software (miners) , Hardware , Mining speculation	947489 Posts 26482 Topics	Last post by Davef in Re: [ANN] Soleblocks.io ... on Today at 11:41:38 AM
	Bitcoin Technical Support Questions regarding issues with Bitcoin Core, nodes, the Bitcoin network, transactions, and addresses. <i>Moderator: achow101</i>	107806 Posts 12247 Topics	Last post by ETFbitcoin in Re: How do I protect my ... on Today at 11:50:16 AM
	Project Development Organization of Bitcoin and related projects, bounty campaigns, advertising etc.	179313 Posts 15652 Topics	Last post by ETFbitcoin in Re: What process should ... on Today at 11:40:58 AM

A collage of US dollar bills and Bitcoin coins. The background features several one hundred dollar bills, some showing the portrait of Benjamin Franklin and the Independence Hall. Interspersed among the bills are several Bitcoin coins in various colors: copper, silver, and gold. The coins are scattered across the frame, some overlapping the bills. A light blue rectangular box with a dark blue border is centered over the image, containing the text '04 Regulations and Gaps' in a bold, dark blue font.

04 Regulations and Gaps

Overview of Existing Regulations in the UK

- Regulating crypto-related activities in the UK is a crucial mandate of the Financial Conduct Authority (FCA)
- Crypto-companies are obligated to adhere to **anti-money laundering (AML)** and **know your customer (KYC)** regulations to promote trust and transparency

Upcoming Regulations

- From 8th October 2023 onwards
- Apply to both crypto firms based in the UK and overseas
- “A summary of the new crypto marketing rules is as follows:
 - A cooling-off period for first-time investors
 - Banning of “refer a friend” bonuses
 - Ensuring that prospective investors have the appropriate knowledge and experience
 - Implementation of clear risk warnings in crypto promotions
 - Ensuring adverts are clear, fair, and not misleading
 - Compliance with the new rules by all crypto firms targeting UK consumers, including overseas firms
 - Failure to comply with these rules can result in stringent penalties, including up to 2 years of imprisonment, an unlimited fine, or both” (Rahma, 2023)

Further Directions and Gaps

- The 91-page policy document which is concise and user-friendly
- The FCA has consistently cautioned that consumers should be ready for the possibility of losing their entire invested capital in the largely unregulated market
- Targeting some of the behavioural biases to identify potential behavioural interventions
 - Fear Of Missing Out (FOMO): one of the most influential bias (Kaul et al., 2023)



THANK YOU

By Lingxi Huang & Apichaya Jungtrakul



References (1)

Bank of England. (2020, May 19). *What are cryptoassets (cryptocurrencies)?* | *Bank of England*. Home | Bank of England. <https://www.bankofengland.co.uk/explainers/what-are-cryptocurrencies>

Binance Academy. (n.d.). *Initial Exchange Offering (IEO)* | *Binance Academy*. Binance Academy; Binance Academy. Retrieved September 26, 2023, from <https://academy.binance.com/en/glossary/initial-exchange-offering>

Binance Academy. (2019, January 30). *What Is an ICO (Initial Coin Offering)?* | *Binance Academy*. Binance Academy; Binance Academy. <https://academy.binance.com/en/articles/what-is-an-ico>

Binance Academy. (2022, October 31). *What Is a Cryptocurrency Whitepaper?* | *Binance Academy*. Binance Academy; Binance Academy. <https://academy.binance.com/en/articles/what-is-a-cryptocurrency-whitepaper>

Dhir, R. (2003, November 25). *Pump-and-Dump: Definition, How the Scheme is Illegal, and Types*. Investopedia; Investopedia. <https://www.investopedia.com/terms/p/pumpanddump.asp>

Down, M. (2019, March 12). *How Bounty Campaigns are Changing Marketing, and the Way We Work* | by Mina Down | *HackerNoon.com* | *Medium*. Medium; HackerNoon.com. <https://medium.com/hackernoon/cryptocurrency-bounty-campaigns-are-changing-marketing-and-the-way-we-work-3d5362ac6802>

References (2)

EmailOctopus. (2023). *Crypto and bitcoin email marketing – EmailOctopus*. EmailOctopus – Email Marketing Made Easy. <https://emailoctopus.com/customers/cryptocurrency>

FCA. (2019, March 6). *Consumer attitudes and awareness of cryptoassets: research summary* | FCA. FCA; FCA. <https://www.fca.org.uk/publications/research/consumer-attitudes-and-awareness-cryptoassets-research-summary>

FCA. (2023, June 6). *FCA introduces tough new rules for marketing cryptoassets* | FCA. FCA. <https://www.fca.org.uk/news/press-releases/fca-introduces-tough-new-rules-marketing-cryptoassets>

Federal Trade Commission. (2019a, August 22). *Promoters of Deceptive Chain Referral Schemes Involving Cryptocurrencies Agree to Settlement with FTC* | Federal Trade Commission. Federal Trade Commission. <https://www.ftc.gov/news-events/news/press-releases/2019/08/promoters-deceptive-chain-referral-schemes-involving-cryptocurrencies-agree-settlement-ftc>

Federal Trade Commission. (2019b, August 22). *Promoters of Deceptive Chain Referral Schemes Involving Cryptocurrencies Agree to Settlement with FTC* | Federal Trade Commission. Federal Trade Commission. <https://www.ftc.gov/news-events/news/press-releases/2019/08/promoters-deceptive-chain-referral-schemes-involving-cryptocurrencies-agree-settlement-ftc>

Frankenfield, J. (2018a, March 8). *Cryptocurrency Airdrop: What Is It and How Does It Work*. Investopedia; Investopedia. <https://www.investopedia.com/terms/a/airdrop-cryptocurrency.asp>

References (3)

Frankenfield, J. (2018b, July 2). *Bounty Programs: What it is, How it Works, Criticisms*. Investopedia; Investopedia. <https://www.investopedia.com/terms/b/bounty-programs-ico.asp>

Frankenfield, J. (2018c, July 2). *Bounty Programs: What it is, How it Works, Criticisms*. Investopedia; Investopedia. <https://www.investopedia.com/terms/b/bounty-programs-ico.asp>

Gerard, D. (2018, July 2). *Cryptocurrency ads to the general public are unethical misselling, and should be banned – Attack of the 50 Foot Blockchain*. Attack of the 50 Foot Blockchain. <https://davidgerard.co.uk/blockchain/2018/07/02/cryptocurrency-ads-to-the-general-public-are-unethical-misselling-and-needed-to-be-banned/>

Kaur, M., Jain, J., & Sood, K. (2023). “All are investing in Crypto, I fear of being missed out”: examining the influence of herding, loss aversion, and overconfidence in the cryptocurrency market with the mediating effect of FOMO. *Quality & Quantity*. <https://doi.org/10.1007/s11135-023-01739-z>

Kuhn, D. (2021, July 8). *Crypto Has a Marketing Issue | Daniel Kuhn - CoinDesk*. CoinDesk: Bitcoin, Ethereum, Crypto News and Price Data; CoinDesk. <https://www.coindesk.com/markets/2021/07/08/crypto-has-a-marketing-issue/>

Lielacher, A. (2019, January 7). *Earn Crypto: Bounty Campaigns*. Crypto.News; <https://facebook.com/cryptonews/>. <https://crypto.news/learn/earn-crypto-part-5-bounty-campaigns/>

References (4)

Mileva, G. (2022a, June 12). *Top 30 Crypto Communities to Join Right Now*. Influencer Marketing Hub; <https://www.facebook.com/Influencer-Marketing-Hub-201973210232423/>.
<https://influencermarketinghub.com/crypto-communities/>

Mileva, G. (2022b, August 11). *Top Crypto Marketing Strategies to Beat Competition*. Influencer Marketing Hub; <https://www.facebook.com/Influencer-Marketing-Hub-201973210232423/>.
<https://influencermarketinghub.com/crypto-marketing-strategies/#toc-6>

Osamuyimen, J. (2022, May 9). *Crypto Bounty — Everything You Need To Know And Sources For Crypto Bounties* | by Justice Osamuyimen | Coinmonks | Medium. Medium; Coinmonks.
<https://medium.com/coinmonks/crypto-bounty-everything-you-need-to-know-and-sources-for-crypto-bounties-34e2aef79cae>

Oszi, T. (2022, June 9). *11 Cognitive Biases in Marketing to Boost Customer Retention - Antavo*. Antavo.
<https://antavo.com/blog/cognitive-biases-in-marketing/>

Rahma, B. (2023, June 13). *Changes in UK's Crypto Marketing Regulations: Potential Jail Time for Offenders*.
<https://beincrypto.com/uk-crypto-marketing-regulation-jail-offenders/>

References (5)

Redman, J. (2020, March 5). *Cryptocurrency Airdrops and Giveaways: What They Are and What's Next – Featured Bitcoin News*. Bitcoin News; <https://www.facebook.com/buy.bitcoin.news/>.

<https://news.bitcoin.com/cryptocurrency-airdrops-giveaways/>

Sanders, N. (2021, October 27). *What Are Crypto Airdrops and How Do They Work? - TaxBit*. Unified Enterprise Compliance Platform for Tax Information Reporting and Crypto Accounting - TaxBit.

<https://taxbit.com/blog/what-are-crypto-airdrops-and-how-do-they-work/>

SEC. (2021, September 1). *SEC.gov | Digital Asset and “Crypto” Investment Scams – Investor Alert*. SEC.Gov | HOME.

<https://www.sec.gov/oiea/investor-alerts-and-bulletins/digital-asset-and-crypto-investment-scams-investor-alert>

Semenova, A. (2022, January 23). *Here are the celebrities promoting crypto — even as concerns around scams mount*. Yahoo News; Yahoo News.

<https://uk.news.yahoo.com/these-are-the-celebrities-promoting-crypto-even-as-concerns-around-digital-scams-mount-142036509.html>

Sharma, S. (2023, June 8). *UK Crypto Promotions to Require Warning Labels, Finance Watchdog Cements New Rules*.

<https://beincrypto.com/uk-crypto-promotions-warning-labels-finance-watchdog-rules/>

Statista. (2023, April). *Cryptocurrencies - UK | Statista Market Forecast*. Statista; Statista.

<https://www.statista.com/outlook/dmo/fintech/digital-assets/cryptocurrencies/united-kingdom>