Coti Affiliate e-Comm Plugin

Introduction:

Traditional affiliate systems are largely used in the reselling of products and services in a variety of markets outside the crypto and blockchain space. The systems make use of fiat currencies and highly centralized payments portals. This results in expensive transactions and delayed payouts.

Direct or network marketing has the same problems as the affiliate marketing systems plus the added burden of trust. The key difference between affiliate marketing and network marketing is that in the latter you need to buy a distributor package to be able to resell or recruit your own team of distributors.

Current Challenges:

1. Transactional Cost
2. Transactional Time
3. Centralization
4. Fraud

Current situation:

Online sales are busy surpassing brick and mortar shop sales globally. Affiliate sales via e-commerce account for a very large percentage of turnover. Some online product or service providers rely solely on affiliate and/ or network marketing.

Research shows that about 12% of all global online sales happen via an affiliate link. Amazon, the largest global affiliate provider, has 900 000 active affiliate accounts. Typical commissions are between 1 to 10% on tangible goods and 10 to 70% on digital products.

There are 125 million people involved in legitimate network marketing around the world according to 2020 statistics by the World Federation of Direct Marketing Associations. Many of these are Fortune 500 companies. The 2020 turnover reported by their members rose to $180 Billion, 6% up from the 2019. Typical commissions are between 10 and 60% on all classes of products. They also showed a sharp increase due to people turning towards other means of income during lock down.

The precise monetary value is not known but the commissions are hundreds of billions of Dollars. The average fiat transaction cost is around 5% and the delay in receiving these commissions range from 24 hours to 1 month. There are minimum payout amounts mainly due to the high transaction cost. This can sometimes be negated with an extra fee by the receiver.

Fraud is costing advertisers around 9% of turnover. This is a big problem for affiliate marketers as they represent about 15% of all digital marketing. On the other hand marketers joining fraudulent network marketing schemes are losing billions annually.

The Solution

Developing onchain trust-less decentralized solutions that creates more value to the supplier, seller and reseller of the product or service.

Team

The team will focus on development and deployment of the service.

• Michał J Gajda is a professional software developer with a background in functional programming, logic, data analytics, and agile software development. He spoke at four different conferences last year, giving a total of 7 talks and one tutorial. This included venues like ICFP, SkillsExchange, LambdaDays, Haskell.Love, XP, Data Science Europe. He keeps updating his qualifications with a presence at the International School on Term Rewriting 2019 and Midlands Graduate School 2021.

• Emil Trautman is a professional front end web developer and affiliate marketer.

Budget

1. Smart contract for the described sales - $10,000 in COTI:
    a. initial smart contract development $5,000
    b. deployment of the smart contract, using dApp Connector and a widget shim - $5,000
2. Plugins and web server for tracking the payments and commissions. $15,000
    a. initial development of store plugins, and monitoring server - $5,000
    b. release a first plugin for WordPress - $10,000

Total: $25,000

Deliverables (budget item):

- initial smart contract (1a)
- dApp Connector API for the smart contract (1b)
- monitoring web server (2a)
- uploaded plugins (2a)

Long term goals (outside scope of this proposal, for future funding):

- release plugins for Shopify, Magento,
- tunable commissions model,
- providing AWS marketplace VM for monitoring,
- high assurance test suite for the smart contract (1b)
- audit of the smart contract
- marketing the plugin
- maintenance of the service
- project blog (3)
- issues for the project

Public launch is expected within 3 months after funding is acquired.
Definition of success:

1. After 3 months: plugin is launched as MVP
2. After 6 months: we get a traction from users to test and polish the plugin, funding for auditing the code, key challenge metrics measured
3. After 12 months: we get sufficient traction to have on-going funding for both maintenance of the project and development of further plugins.

Resources:

https://financesonline.com/affiliate-marketing-statistics/
https://www.statista.com/outlook/dmo/ecommerce/worldwide
https://saasscout.com/statistics/affiliate-marketing-statistics/
https://medium.com/@pocketmoneyrecipes/top-12-affiliate-marketing-statistics-2021-68c136e05139
https://www.statista.com/outlook/dmo/fintech/digital-payments/worldwide
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