

# Coimatic – a global decentralized blockchain deal and discount marketplace

## White Paper



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## **Coimatic - Introduction and Vision**

Coimatic is designed to help the crypto community buy and sell goods online using its own cryptocurrency. The objective is to offer the community to buy and sell a range of discounted goods and services from thousands of online merchants via Coimatic's in-built marketplace wallet.

The Coimatic project aims to create a daily deal and discount marketplace, where buyers, wherever they are in the world, can access a range of both physical and digital goods and services at heavily discounted prices – in some cases, up to 90%.

For their part, sellers, irrespective of their geographical location, can offer their products and services to customers they would not normally be able to reach through traditional advertising and marketing campaigns and channels, enabling them to expand their greatly expand their client base and revenue streams. Coimatic, in turn, will make money from levying commission on the sellers' side.

This means that all parties will gain through the marketplace – the buyers, the sellers and Coimatic itself.

The Coimatic concept is based on the daily-deal, coupon-based, discount promotion business model, the principal difference being that Coimatic is decentralised and blockchain-based, which means that it is available to everyone, is faster and more secure, and can be applied to any transaction, whatever the size of amount.

To put the Coimatic project fully in context then, it is essential to understand the these daily-deal, discount and coupon business models on which it is based, as well as some of their limitations of it which Coimatic hopes to address.

### **The Daily-Deal Discount Coupon Model**

There are a number of these discount coupon business operating today (although retrenchment and industry consolidation has seen the market shrink in recent years) which all aim to provide a ecommerce marketplace connecting millions of subscribers with local merchants, by offering daily deals on activities, travel, goods and services in 500 markets and 15 countries.

The business model is relatively simple. Every day a platform will broadcast an electronic coupon for a restaurant and store in a particular town or city, offering a discount which varies form 40% to 60% of the normal purchase price of a product or service.

In effect, the platform is acting as a middleman, promoting restaurants, stores and merchants in a local area in exchange for a commission which is paid by the merchant every time there is a successful customer referral.

For consumers, such platforms are free. On a daily basis the platform operator sends an email to subscribers in a particular area, notifying them of the deal of the day in a particular store or restaurant, and offering a discount, typically 50% of the retail price. If the deal is something that interests a customer, they will buy an electronic coupon directly from the site using their credit

card or PayPal, print it off, and then take it to the relevant store or restaurant where they will redeem it, commonly for double the value they paid for it.

From the viewpoint of the seller, the platform operator provides a motivated customer base and a promise to achieve a certain number of sales per day. If an insufficient number of customers fail to sign-up for a deal, then they do not have to honour the discount, nor pay any commission to the platform provider.

Usually the opposite occurs and the discount platforms exceed their quota of daily interested customers. In such cases, all of the customers who have accepted the offer enjoy the discounted deal, whilst the seller gets a big influx of new customers, and the platform provider gets a commission on each sale.

### **The Discount Coupon Model – the Business Perspective**

From the perspective of a business there are a number of advantages from using these daily deal and discount coupon promotions. These include:

#### ***The ability to attract lots of customers***

Discounting deals help reach new customers who are looking for a chance to save money and who are not willing to pay the full price for goods or services which an existing customer will accept.

#### ***It helps advertise the business***

A coupon promotion can be a way of announcing the existence of a business to customers who were previously unaware of it, with hopefully the implicit understanding that they will come back and buy their products or services again. Surveys have indicated that 91% of people who use such promotions return, or intend to return, to a business which has run such an offer.

Furthermore, it is free to feature a business on the platform once they have registered. It also shares certain customer information with its merchants. For example, if somebody has bought a coupon through the site for a particular product or service, then the operator will share the customer's email address with the individual business so that they can target them with relevant marketing messages, such as informing them about forthcoming specials.

#### ***It helps clear unwanted or slow-moving stock***

Using a coupon deal can be a very good way for a business to help move slow moving stock, or under-utilised services.

#### ***It helps build customer relationships***

This is especially true if a discount is offered not on a one-time buy but spread over several occasions – for example, rather than offer US \$75 off one restaurant trip, the deal is structured so that a \$25 discount is available on three successive visits. This encourages customers to build a long-term relationship with a business.

### ***It can generate incremental income***

For an online business, any sale, irrespective of the margin, contributes to fixed costs and overheads. Even heavily discounted, a business is still generating some income from the sale of that good or service. It should be noted that, statistically, users of such promotions typically spend more than the value of a deal with a particular business or service, so this incremental revenue can be substantial.

### **The Limitations of the Discount Deal Sites**

From a customer viewpoint, there are several limitations to the daily-deal, discount, and coupon model. One is that deals are usually located to one geographical area or region, which means they are specific to people in that particular locality.

Another major issue is that most of the deals offered through such platforms are for products or services which fall into the category of wants, not needs. This means that, in many cases, they are promoting services that buyers would not necessarily try without the incentive of the discount. This can be seen from the list of the most popular deals on these platforms which include:

- Restaurants and bars;
- Hotels, B&Bs and getaways;
- Spas and resorts
- Yoga, Pilates and various exercise classes;
- Cosmetic surgery and dentistry;
- Local classes;
- Laundry and dry cleaning.

In addition, some promotions are restricted to new or first-time customers, whilst limitations on use may apply in other cases – for example, restaurant deals may be restricted to the regular menu and exclude specials or alcohol, or will stipulate only one coupon per table.

### **The Coimatic Project**

Coimatic aims to build on the principles of the daily-deal, discount coupon model, and provide a marketplace where buyers can interact with sellers who are offering a range of services and products on daily deals at heavily discounted prices.

### **How the Coimatic marketplace will operate**

The mechanics of the Coimatic marketplace are straightforward, both from the perspective of the seller and the buyer.

In the first instance, sellers will register and apply for a merchant account on the Coimatic site, whilst buyers will register for a buyer account and subscribe to the product and service categories which interest them.

Sellers will then offer their products and services at very cheap rates – in some cases discounting by up to 90% - using very special, time-limited coupons.

Those buyers who have indicated their interest in a specific category of product or service will be notified by SMS, email or pop-up on a mobile device, that a particular deal is available, and the terms on which it is being offered – discount, time limit etc. If they then wish to go ahead they can buy a coupon using Coimatic tokens – the only means of transaction available in the Coimatic marketplace – and redeem the coupon with the retailer.

The only catch from the consumer viewpoint is that they are time-limited, in that once a deal is announced, it is normally only available online for purchase for 24 to 72 hours. There is no rush, however, to redeem a coupon on the same day you buy it, as typically they are valid for 6 to 12 months.

For their part, sellers get the opportunity to attract new customers and leads, build customer relationships, and advertise their products and services to a global audience at a fraction of traditional advertising and marketing costs. It is important that sellers realise that the purpose of offering their goods and services at a discount is a loss leading price strategy. Customers, who are initially attracted to their online stores by low prices, will return and buy more profitable items from them in the future.

### **Coimatic Commission Structure**

Whilst the marketplace will be free to buyers, Coimatic will make its money by charging commission on the selling side.

This will be tiered to encourage payment in Coimatic Token and other digital currencies. Merchants and vendors can choose to be paid in one of three ways – via

1. Coimatic Token
2. Bitcoin or Ethereum
3. Fiat currency.

If sellers choose to accept the Coimatic token as a means of payment for their sales, they will be charge 10% commission; if they choose to accept Bitcoin or Ethereum then the commission level is adjusted to 20%; and, if they prefer payment in fiat currency, then the commission level is adjusted to 25%.

### **Advantages of Coimatic compared to the traditional platforms**

Coimatic will offer several advantages over the traditional coupon-based discount businesses. Firstly, it will allow buyers and sellers from any part of the world to participate in the scheme, whereas the existing platforms are essentially local at a transaction level i.e. offers and deals are usually local or regional specific. This also means that discounts will be available on digital goods and services, whereas the vast majority of the deals offered by the current sites tend to be goods and services of a physical nature.

Another consequence of this is that transactions will be faster. If coupon can be redeemed through online stores and vendors, the whole process of physically printing out a coupon and redeeming it is eliminated. Instead the discount can be applied virtually instantaneously against a digital product or service.

By the nature of the products and services currently covered by traditional site promotions, discounts are usually offered on relatively low value goods and services. However, with a global marketplace and the security of blockchain, there is no need for such limits or restrictions. This should allow for a much greater range and value of goods and services to be available through the marketplace, which, in turn, will enhance its attractiveness for both merchants and vendors.

Coimatic will be a global marketplace which will make it even more attractive than existing discount sites to both customers, and potential vendors and merchants who are considering joining the network. It is worth noting that many of the traditional platforms operating in this area have retrenched their operations in recent years in a bid to reduce operating costs, and that they no longer provide the same market coverage that it once did. This means that not only does it not offer deals to customers who are based in certain locations, but its advertising reach is not as wide for vendors as it used to be. Coimatic will not face such issues.

For consumers, the costs will also be lower. On the traditional platforms vouchers are typically bought through credit card or PayPal which incur transaction fees. Coimatic vouchers will only be bought via the token, which can be exchanged with no transaction fees.

Merchants and vendors also will benefit from the lower level of commission that Coimatic intends to charge on the selling side. For a number of vendors, one drawback of the existing models is that they can pay 50% or more of the discount to the platform operator in the form of commission. With the tiered commission scheme, this will drop to as low as 10% if they accept payment in Coimatic token; and 15% if they prefer Bitcoin or Ethereum. Even the top tier of 25% for fiat currency, however, represents substantially less than the existing platforms are currently charging their merchants and vendors.

## **Project Timeline**

### **2017:**

The Coimatic project was conceptualised in early 2017, which was followed by creation of the website ([www.coimatic.net/](http://www.coimatic.net/)) and the Coimatic token 3.0. Announcement of the project and the listing of the token on the relevant exchanges are currently ongoing.

### **2018:**

Initial steps for 2018 include the creation of the basic marketplace and integration of the project onto the Coimatic blockchain. This will then be followed by advanced marketplace design, which will include the development of partnerships with thousands of merchants and online vendors who will sign-up to sell their products and/or services through the site. This will also involve negotiation and agreement with the vendors as to the level of commission payable to Coimatic.

Following this, the 4<sup>th</sup> quarter should see the full launch of the marketplace and the development and release of an Android and iOS App.

### **2019:**

Further expansion of the site is planned, as more partners and merchants are brought on-board. This will be supported by an intensive advertising and marketing campaign.

It should be noted that one limiting factor for the project's expansion is the speed with which the Coimatic team can sign-up and register merchants and vendors on the site. It is to be expected that the more vendors that sign-up, the more their competitors and peers will also want to be registered as well.

### **Summary**

Coimatic aims to take the concept of the daily deal discount business model and expand it on to a global blockchain-based business model. The project looks to provide a range of benefits for consumers, and merchants and vendors, as well as the operator itself.

For consumers this will mean the ability to access a range of heavily discounted deals on products and services from a global network of suppliers and merchants, with none of the current geographical and physical limitations of the current discount platforms. For merchants, for their part, they will be able to access a whole new customer base, form long-term relationships with them, and sell additional products and services above and beyond those covered by short-term promotions. They will also be able to advertise and market to a global audience at a fraction of the cost associated with advertising through traditional channels and media. Finally, Coimatic will benefit from the commissions it can levy on merchants and vendors who sell through the network.

In essence then Coimatic will offer all parties to the blockchain the opportunity to benefit from a symbiotic relationship which will be of benefit to all, and help the marketplace to continually grow.