

In this analysis, we delve into the impact of the OP (Optimism) rewards changes on the Lyra protocol. We examine various metrics and trends to evaluate the effect of these rewards on user behavior, trading volume, and overall platform engagement.

Key Findings and Insights:

- Trading Rewards Effect:
- A noticeable spike in new trader count occurred during mid-April and May 2023.
- The introduction of trading rewards on both Optimism and Arbitrum attracted new traders to Lyra.
- However, the surge in trader count proved to be short-lived and the trend was not sustained over time.
- The trading rewards seemed to have brought initial attention, but the effect was not consistently enduring.
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- Average Weekly Volume:
- The average weekly volume remained relatively consistent after the implementation of trading rewards.
- While the rewards brought attention and initial engagement, they did not lead to a sustained increase in trading volume over time.
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- Distribution by Chain:
- Optimism regained market share from Arbitrum in terms of trading volume distribution.
- Incentives appeared to be more attractive on Optimism, leading to higher trading rewards claimed on this chain.
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- Impact of OP Quests:
- The introduction of OP quests for Lyra did not have a significant impact on the platform's overall trend.
- Majority of trading volume continued to be driven by non-quester users, as observed from the chart analysis.
- The quests did not seem to result in a substantial increase in user engagement or trading activity.
- The introduction of OP quests for Lyra did not have a significant impact on the platform's overall trend.
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- Trading Reward Success:
- The trading rewards seemed to have positive initial effects on retention metrics.
- A significant portion of traders participating in the rewards program started claiming rewards in mid-April.
- This indicates that the rewards program attracted traders and potentially improved platform retention.

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Conclusion: The analysis of the impact of OP rewards changes on Lyra protocol suggests that while the introduction of trading rewards did attract new traders and positively influence initial retention, the sustained effects on trading volume and user behavior were limited. Optimism's rewards seemed to have a more lasting impact compared to Arbitrum, possibly due to the different value propositions of their respective tokens. Additionally, the effect of OP quests on user engagement and trading volume appeared to be marginal, with the majority of trading activity driven by non-quester users. The platform's overall trend and average weekly volume did not show significant shifts following the rewards changes. While the rewards program brought some positive outcomes, it did not fundamentally alter the platform's trajectory.

Please note that these observations are based on the data available up to this point and may be subject to change as market dynamics evolve. Further analysis and monitoring are essential to gain a comprehensive understanding of the long-term effects of these rewards changes on the Lyra protocol.

While the introduction of trading rewards on Lyra garnered initial attention, sustained engagement remains a challenge with limited active trading users. To address this, Lyra can consider the following strategies:

- Targeted Marketing Campaigns: Launch focused marketing campaigns to raise awareness about the trading rewards program. Emphasize the program's advantages and unique features to attract users.
- Dynamic Reward Structures: Implement adaptable reward structures that respond to market conditions. During periods of heightened volatility or reduced liquidity, consider boosting rewards to encourage more active trading and liquidity provision.

By combining targeted marketing efforts and flexible reward mechanisms, Lyra can foster higher engagement levels and maintain a dynamic trading ecosystem.

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<https://dune.com/ahkek/op-rewards-lyra-protocol-deep-dive-analysis>

FUL DETAILS

Docs

docs.google.com

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](<https://docs.google.com/document/d/1UbbLhHKcXkrxemERM6wOLWpM69L6dA-2rxbDzi0CYu4/edit>)

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