



Loyalty Program+

Blockchain-based Loyalty Program For Connected Experiences For Consumers



Idea presented at Cognizant digital nurture PRoDIGI 2022

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Problem Statement

How do you ensure that consumers are loyal to brands and will not switch between brands?

The solution is by providing rewards in return, the product seeks to build client loyalty.

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Proposed Idea

Data privacy and theft protection:

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Businesses frequently express reluctance to divulge information on current clients to protect customer privacy and prevent data theft. But a data structure created by blockchain technology has built-in security features. It is built on cryptographic, decentralized, and consensus concepts that uphold transactional trust. The data is organized into blocks in the majority of blockchains or distributed ledger technology (DLT), and each block comprises a transaction or collection of transactions. In a cryptographic chain, each new block is connected to all the blocks that came before it in a way that makes tampering with it almost difficult. A consensus mechanism verifies and accepts each transaction included inside the blocks, guaranteeing that each transaction is true and accurate.



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Data Processing:

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According to traditional loyalty programmes, delivering offers necessitates the integration of diverse systems and databases, data security, and the coordination of several intermediaries. Blockchains, on the other hand, provide a dependable and unbiased data storage base for a large software system that includes them. Transparency, immutability, consistency, equal rights, and accessibility are characteristics that promote neutrality and trust.

Considering Private Blockchains It provides anonymity since participation is limited to the authorized nodes. Because authorization encourages some degree of confidence, private blockchains can use streamlined/efficient consensus procedures to accelerate the acceptance and confirmation of transactions with enormous data payloads. Private blockchains are frequently developed and configured to have superior performance and scalability than public blockchains to enable better Data Processing and management.

The usage of permissioned blockchain rather than public blockchain provides data confidentiality among a group of firms looking to collaborate.

Unawareness and low redemption rates

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A data-driven chart explains that 57% of members don't know their reward points balance, and only 25% of members are satisfied with the level of effort needed to earn a reward.

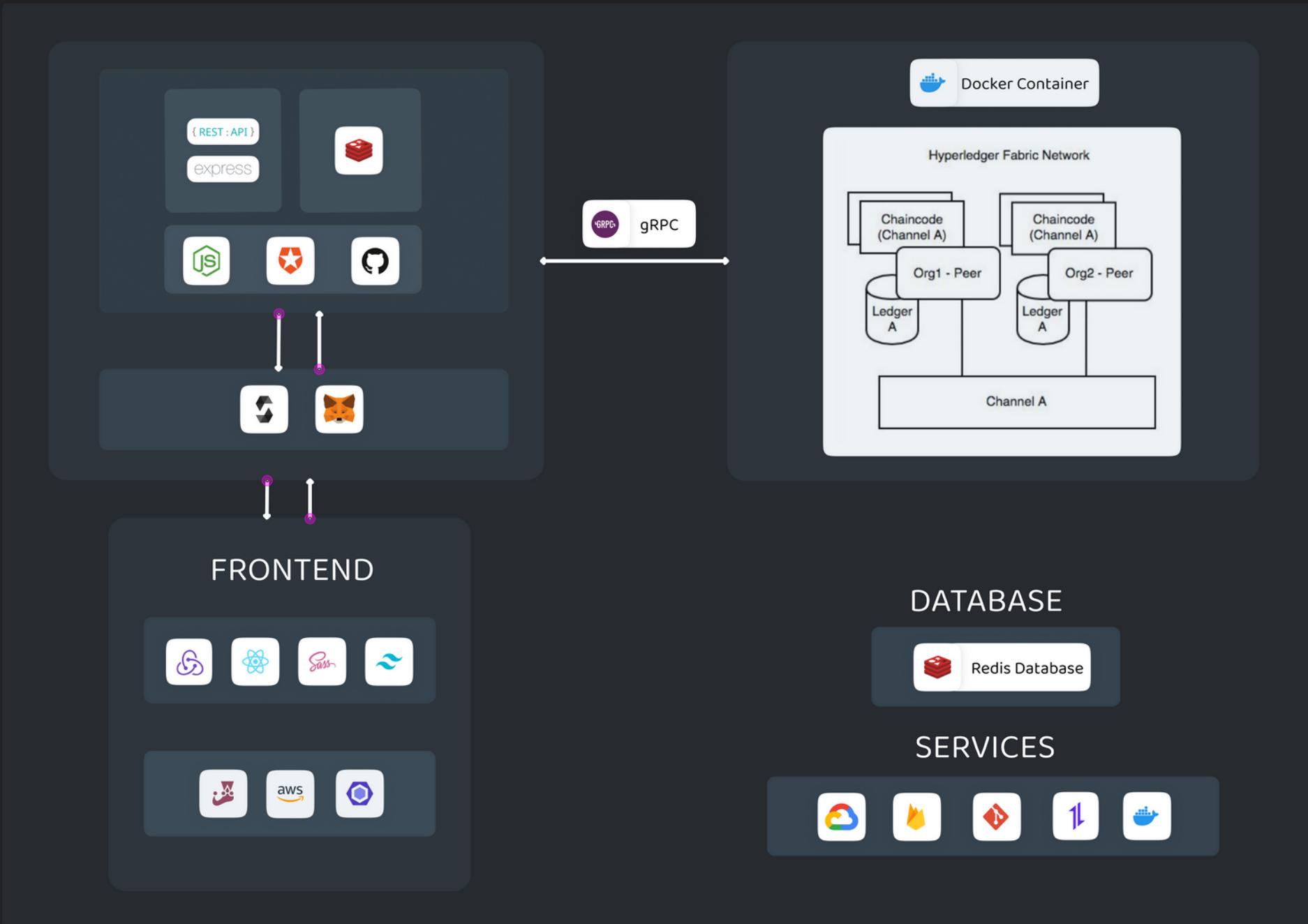
As for a Blockchain-based loyalty system, registered merchants gain better access to customer sentiments. Using this information, companies can customize their offerings to suit customer preferences, thereby serving as a customer acquisition and retention mechanism. This way, the solution can help in bringing down the cost of acquiring and retaining customers. Blockchain is a topic of interest that would promote early adoption and would create awareness and be partnered with multiple types of companies.



Implementation

We propose a simple plug-and-play application that will be used by customers to use their loyalty points to buy products. Customers can access the loyalty programs with the help of an app which makes tracking all their loyalty assets from various companies very convenient. They can send and receive points, and trade points with other customers, check their current balances and be updated about the latest news from the registered companies.

Thus, customers are benefited from various companies which have collaborated with the company whose points they own.



Impact

BLS would impact

Reduced OPEX: By making upfront investments in blockchain and saving costs in the long run, companies can drive down costs considerably using:



System management:

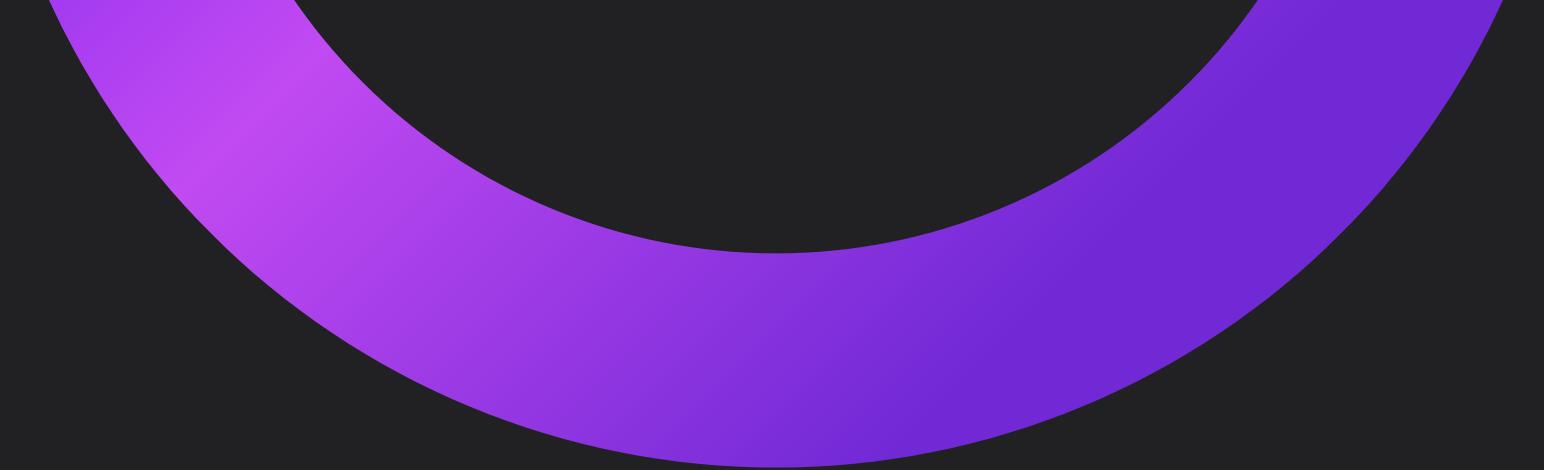
Using smart contracts, businesses can minimize systemic errors and fraud to ensure secure and transparent transactions.

Transaction ease and management:

More trust in the transactions will permit program providers to bring down the minimum points required for redemption, in turn allowing customers to use points more frequently.

Lowered acquisition costs and easy redemption services:

companies can customize their offerings to suit customer preferences, thereby serving as a customer acquisition and retention mechanism.



By presenting a Blockchain-based solution, we want to eliminate the issues that traditional loyalty programs encounter. It replaces traditional promotional cards with mobile wallets and keeps all transaction information on the blockchain system. As a result, the system's usability improves, and manufacturing businesses may get to know their consumers better.

Customers may swap their loyalty points with any of the retailers that have partnered with them. Our solution makes it easier to manage relationships with a large number of partner merchants. We provide a one-stop solution for building and administering your loyalty program, as well as providing an enjoyable user experience to those who utilize the loyalty points.

CONCLUSION

Background Study: White Papers and Research Articles

TCS White Paper

Rekindle Loyalty Programs using Blockchain

Proceedings of the 52nd HICSS 2019

Exploring How Blockchain Impacts Loyalty Program Participation Behaviors: An Exploratory Case Study

International Journal of Information Management

From ambivalence to trust:
Using blockchain in customer loyalty programs



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TCS

TCS White Paper

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This paper brings forth the pain points associated with traditional loyalty programs, and highlights how blockchain can help plug these gaps.

An integrated system:

- A common digital wallet can be used by participating loyalty providers to credit rewards. This allows them to set the rules that will govern how customers can use their points. The solution makes it easier for new partners to join the program, in turn, giving consumers more options.

Reduced OPEX:

- System management: Using smart contracts, businesses can minimize systemic errors and fraud to ensure secure and transparent transactions.
- Transaction ease: More trust in the transactions will permit providers to bring down the minimum points requirements for redemption, allowing customers to use points more frequently.
- Lowered acquisition costs: Such a solution can help participating companies better access to customer sentiments, likes, and dislikes.

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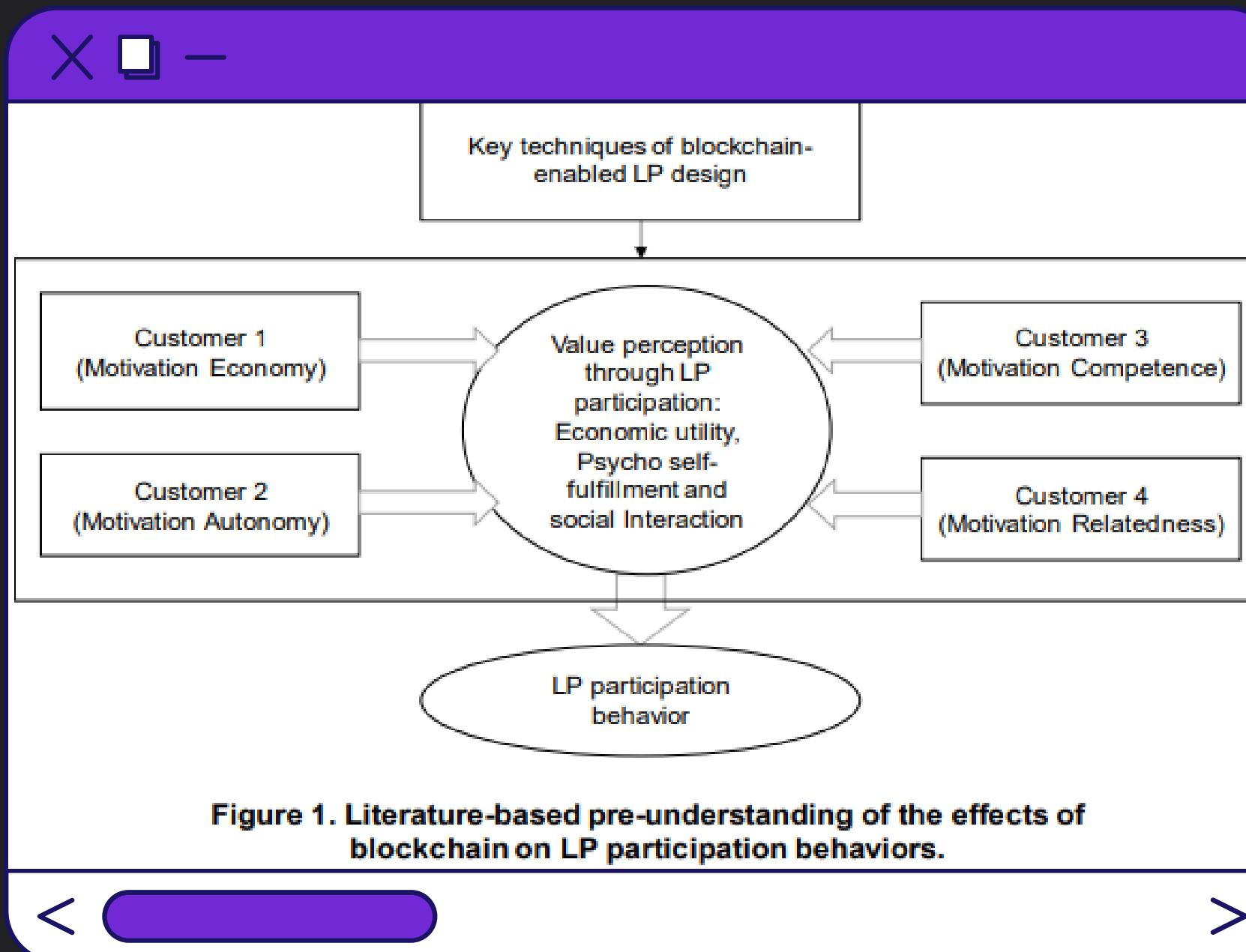
HICSS 2019 : Hawaii International Conference on System Sciences

This research attempts to establish a theoretical overview of blockchain enabled LP that promises to

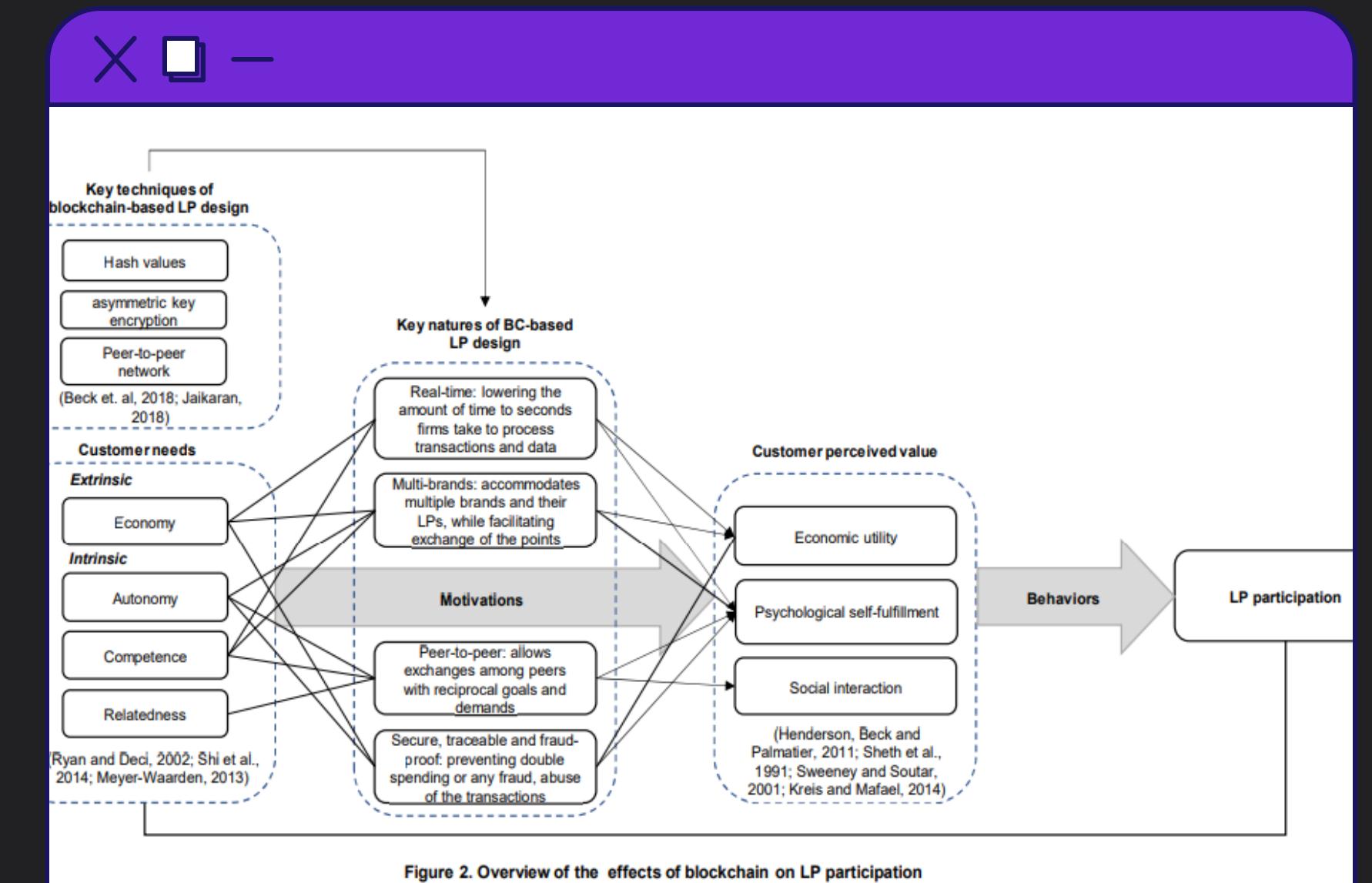
- Real-time exchange (realizes near-real-time exchange and redemption of rewards points, by lowering the amount of time [to seconds] firms take to process transactions and data)
- Multi-brands exchange (accommodates multiple brands and their LPs, while facilitating their interaction in terms of the convertibility and exchange of the points)
- Peer-to-peer exchange (allows the access to the connections with peers in social communities, and supports deals between individuals with reciprocal goals and demands)
- Secure, traceable and fraud-proof exchange (creates an immutable and time-stamped distributed database entry for every single transaction, preventing double spending or any fraud, abuse of the transactions)

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Diagrams of the procedure



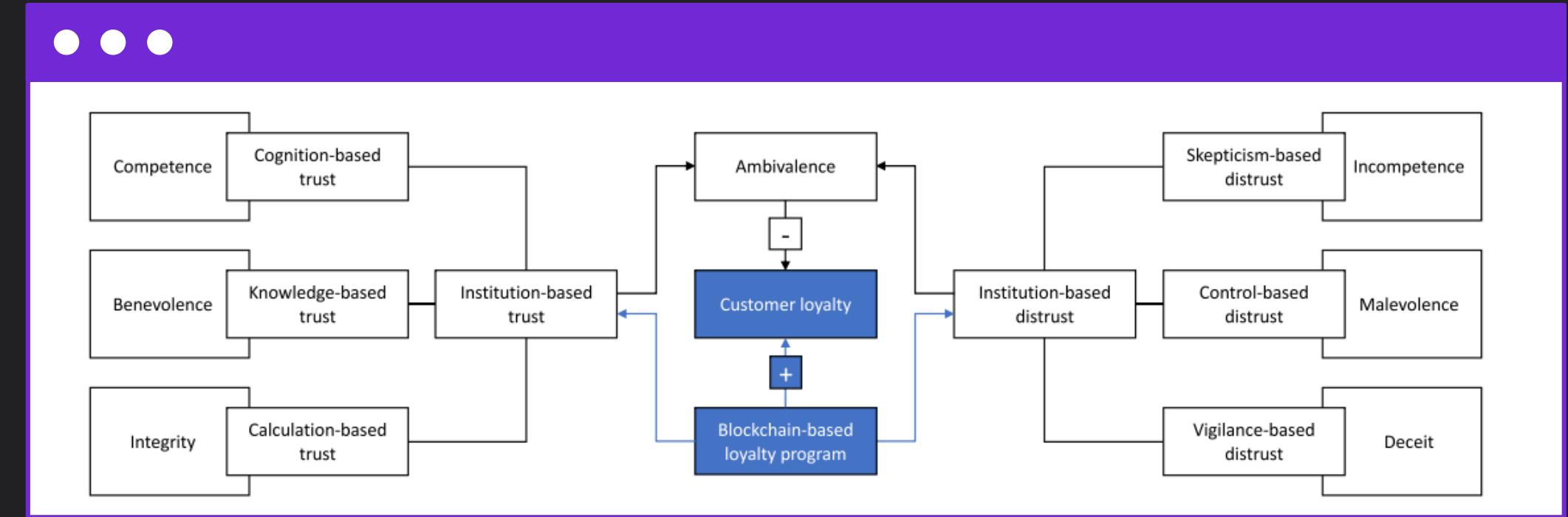
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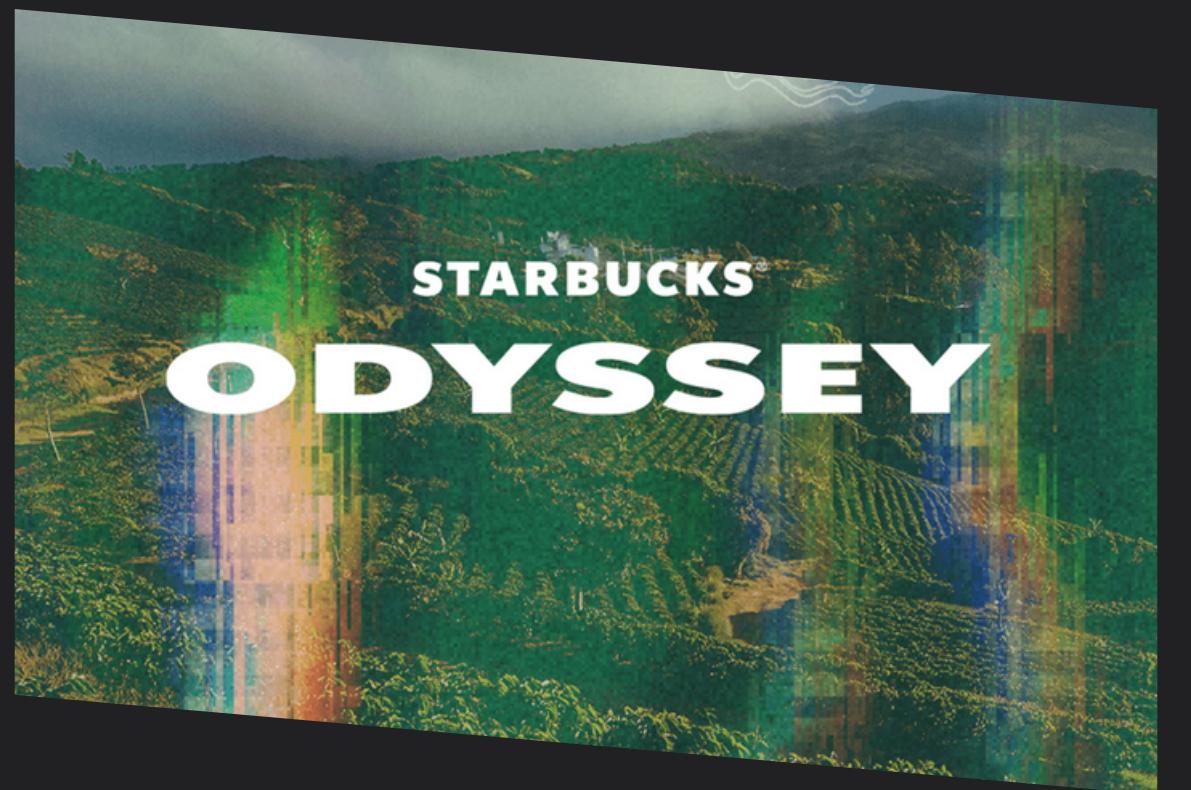
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International Journal Of Information Management



This research indicates that the customer loyalty programs using blockchain restores trust ; reduces distrust and resolves customer's ambivalence

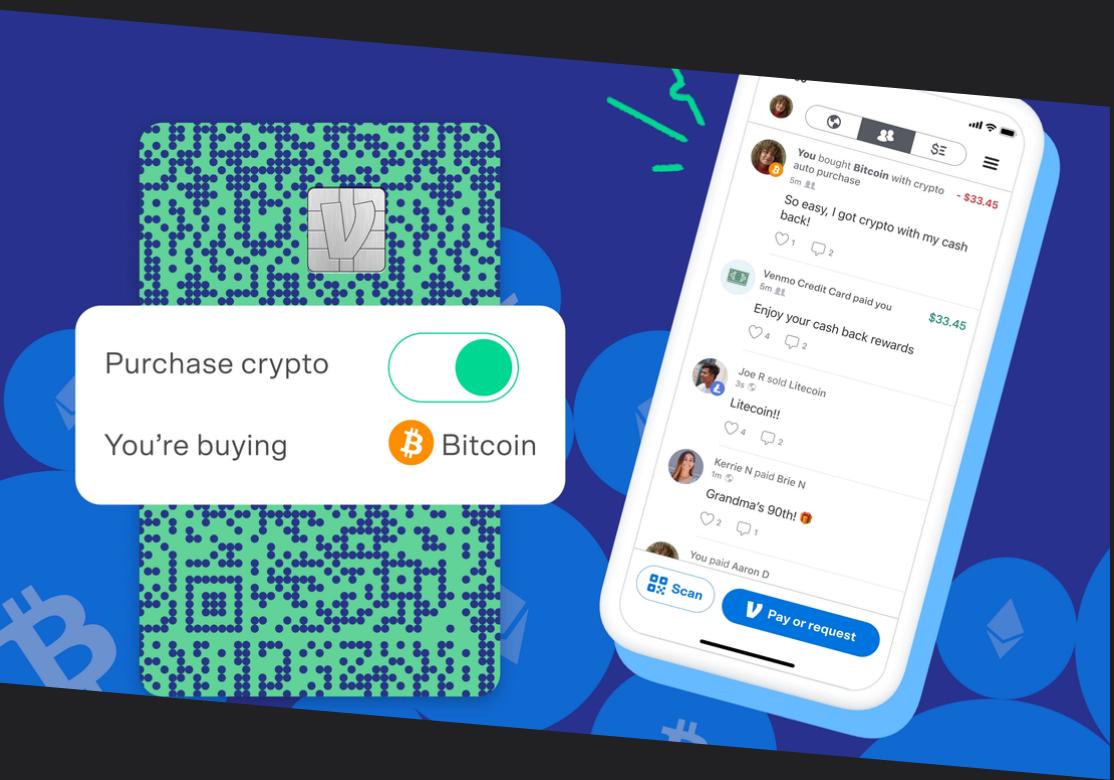
- Loyalty Programs foster successful trusting relationships when data is transparent between customer and supplier. Blockchain technology is suggested to prove to strengthen and retain trust among the consumers.
- Nexo Energy, a conceptual architecture loyalty program as shown in the content is based on blockchain. It illustrates how blockchain technology can manage ambivalence and hence targets in more number of customers stick with them for major times or attract more numbers to switch from their competition.



NFT Based Loyalty Programs

- Starbucks Odyssey experience will offer members the ability to earn and buy digital collectible stamps (NFTs) and will create an accessible Web3 community that will enable new ways to engage with members and partners (employees)
- Each digital collectable stamp will include a point value based on its rarity, and the stamps can be bought or sold among members within the marketplace, with ownership secured on a blockchain.

Existing Work



Crypto Based Loyalty Programs

- Venmo Users sign up for the feature through the Rewards tab of their Venmo Credit Card home screen, where they can select which cryptocurrency they want to purchase with their cash back. (They can choose among Bitcoin, Ethereum, Litecoin and Bitcoin Cash.)
- After the user has enabled the feature, no further interaction is necessary—any cash back that hits their account will be automatically used to make a purchase of their chosen crypto.

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THANK YOU