UniversalCoffeeDAO: The Decentralized Coffee Reward System for Coffee Lovers (Addicts)

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Abstract

The recent advent of Decentralized Finance (DeFi) has created a financial ecosystem where everyone can freely access to financial products without controls of centralized intermediaries, opening up more transparent, direct, and efficient financial practices. However, most of the recent focus of DeFi has revolved around just replacing functionalities provided by existing centralized financial systems, often ended up holding back the development of "practical services" that leverage the advantages of DeFi. In this paper, we propose UniversalCoffeeDAO, a decentralized organization on Polygon network that provides a Universal Coffee Coin (UCC) which serves as (1) coffee coupons shared across different coffee shops in the world and (2) rewards to encourage the coffee consumers and cafes to propose and implement policies for UniversalCoffeeDAO, directly contributing to the DAO ecosystem together.

1 Introduction

1.1 DeFi for coffee lovers

DeFi markets have been continuing to grow rapidly. The market, which had had a size of 72 billion dollars in February 2021, has now surpassed 106 billion dollars as of February 2022, showing the growth rate of 47% in one year.

However, DeFi has been experiencing a growth plateau in terms of its applications; many applications are focused only on replacing those provided by existing centralized financial systems, instead of finding real-world usages leveraging the unique advantages of DeFi. A couple of DeFi protocols reputed to be revolutionary have suffered from negative growth rate in 2022, mostly due to their missing practical applications that can produce the utility in the real world. We believe it's finally the time for DeFi services to be integrated into the real-world applications.

1.2 Current state of coffee market

Coffee is one of the most popular beverages among people of all ages. It is the highest traded commodity after oil and the highest exported agricultural commodity across the globe. Metropolitan cities have the highest number of cafes per density including independent and chain cafes and restaurants. For example, Hong Kong registered 15000 licensed cafes and restaurants with 20.4 cafes and restaurants per 10,000 people. The number of cafes will keep growing across the globe (Figure 1).

Cafes usually pay 2-3% of all transactions to the payment processors like Square, Toast, Clover, etc. While those companies have provided great services for cafes, processing fees can be reduced by incorporating the blockchain-based decentralized payment system that doesn't require intermediaries to process the transaction. By adopting Universal Coffee Coin (UCC) and its DAO system, cafes will be able to save costs for processing payments and provide coffee products to consumers with the lower prices.

1.3 Why UCC is better than the current coffee reward system

1. UCC is interoperable. It can be used for all the cafes in the world that adopt UCC. With current coffee reward systems, people can use the reward points only at specific cafe where they earned
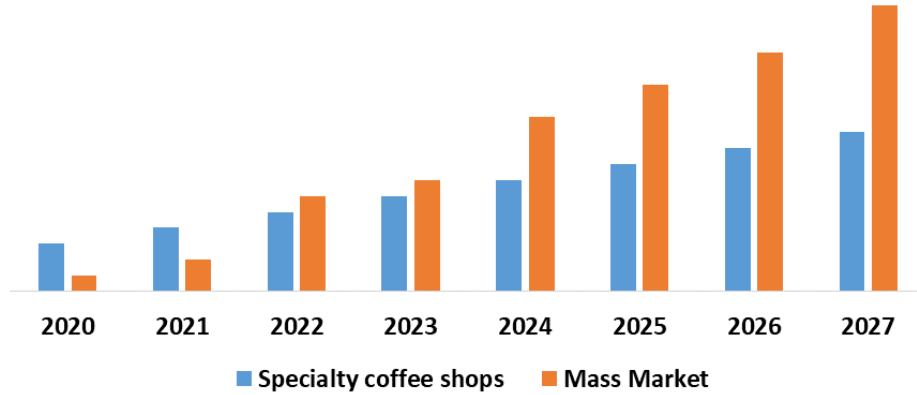
Figure 1: Global Coffee Shop Market by Type 2020-2027 [LTD21]

the points.

2. UCC has a monetary value. Coffee lovers can sell UCC in the exchange for fiat money or stable coins. With the current coffee reward systems, if the cafe requires the users to use 10 points for a free coffee and the user has acquired less than 10 points, those points have no monetary value.

3. UCC is easy to store. As long as you bring your phone and crypto wallet in your phone, UCC is stored in your wallet and you'll never lose it. With the current coffee reward systems, a lot of coffee shops give you paper coupons that are very easy to lose or forget to bring with.

2 Tokenomics

The total supply of UCC is 1 billion forever since the founding team renounced the ownership of the UCC smart contract. This means that the max supply is also 1 billion, the UCC contract can't be rugged, and the protocol is fully decentralized. We'll assign 40% to the users, 20% to the affiliated cafes, 17% to the liquidity pool, 10% to the DAO contributors, and 13% to the founding team (Figure 2). The founding team's share is vested for 2 years with 3-month cliff.

Followings are notable public addresses:

1) Deployer:
0x12Cf657fc557EDC51E99265d5e13eB9D9bc517Af

2) Founding Team:
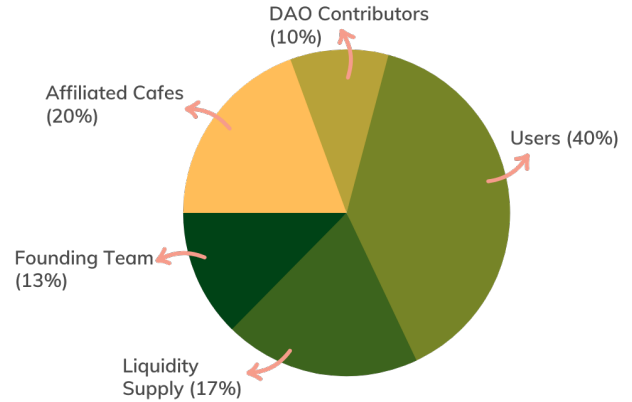0x37a90ea81e00CA9dc86a8568AE7615aAD93906Fb

Figure 2: UniversalCoffeeDAO Tokenomics

3) Liquidity Provider:
0x24270C9f39dDfDFBB6B137D969E1770c7F9fbD03

4) Reserve for Coffee Lovers:
0x15CF4e5746eadd70478cD7Cb6a771F764a351B3A

5) DAO:
0x4e666f7e7bE953eb61918E13002A3bc38ada9263

6) Reserve for Affiliated Cafes:
0x581cCD8640E3870df9c4EA09455071cd0a6D5fd5

We'll organize offline and online coffee-related events for token holders so that they keep holding UCCs for the long term.

3 Method

3.1 Application

Universal Coffee Coin (UCC) is a token for UniversalCoffeeDAO. When a user purchases a coffee from an affiliated coffee shop, the user gets the coffee with the certain number of UCCs provided by the coffee shop (Figure 3 (a)). Depending on the policy of the affiliated coffee shop, the user can get a free coffee by giving out a specific number of UCC or paying the market price with UCC (Figure 3 (b)). For example, if the shop requires the user to give 12 UCCs for a free coffee, the user can collect 12 UCCs and get a free coffee with it. If the shop doesn't have a specific policy, the price of 1 UCC is $0.4, and the price of coffee is $4, the user can give 10 UCCs for a free coffee.
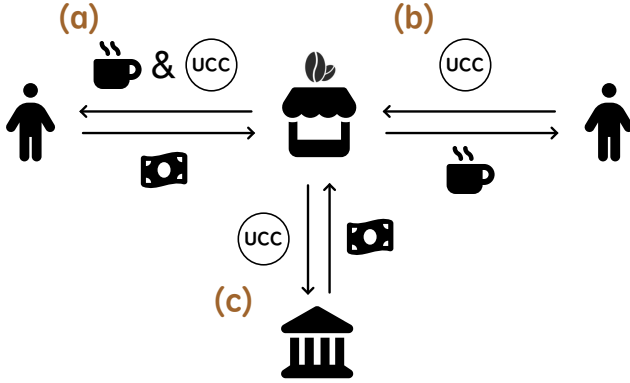

Figure 3: UCC Flow

3.2 Benefits for users

Each reward point, UCC, has a monetary value now. Users can cash out UCCs any time with stable coins or fiat money or use UCCs to drink coffee. They don't need to wait until they collect 12 points and get qualified for a free coffee anymore. They can cash out UCCs any time if they are not interested in collecting UCCs, collect 12 UCCs for a free coffee, or even purchase UCCs in the exchange to buy a coffee.

3.3 Benefits for cafes

1. Cafes can save the payment processing fee. They usually pay 2-3% of the transaction to the payment processor, but now they only need to pay the negligible gas fee for each transaction thanks to the Polygon blockchain.

2. Cafes themselves will get viral marketing effects by incorporating the cryptocurrency and blockchain into its reward system.

3. Cafes can allocate UCCs as a part of their assets. If they'd like to possess a portion of UCCs as their reserves, they can collect UCCs from the users or purchase them in the exchange. On the other hand, if they'd like to secure some cash or stable coins, they can sell some UCCs in the exchange.

4 The DAO System

UniversalCoffeeDAO is fully decentralized autonomous organization, run by UCC holders. We'll use snapshot to let UCC holders submit proposals and vote on proposals with their UCCs. The founding team will execute according to the results of the proposals and DAO contributors will be rewarded with UCCs.

5 Conclusion

We have presented UniversalCoffeeDAO, the decentralized coffee reward system for coffee lovers (addicts). Universal Coffee Coin will become the universal coupon used for coffee lovers across the globe.

The transparency of the founding team, a DAO with like-minded people, and the long-term growth plan will let UniversalCoffeeDAO unite all the coffee lovers (addicts) in the world and create a new coffee reward system for the Web3.0 era.

References

[LTD21] Maximize Market Research PVT. LTD. Global coffee shop market: Industry analysis and forecast (2021-2027) by type, city size. 2021.