

3 main questions with one “bonus”

1

What was the total number of entries received?

2

How many unique users participated?

3

How many ideas moved to the second of three rounds?

4

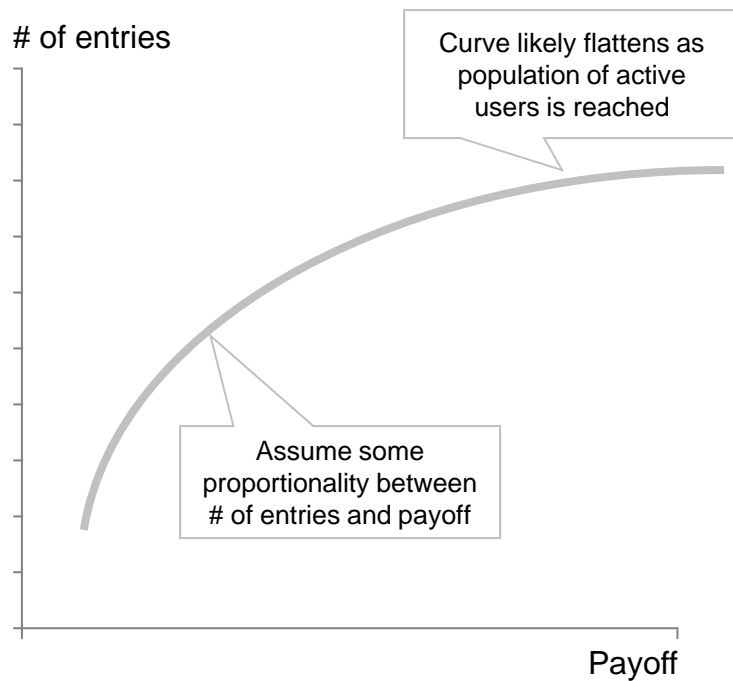
bonus

What % of ideas were considered “good”?

Assume that the bigger the prize, the more the entries

Or, at least, assume "Pro" projects attract more entries than "Non Pro"

**Basic assumption:
Bigger prize attracts more participants**



**But, data inadequate, so let's just
assume Pro projects get more entries**

Total number of entries is sum of the product of number of projects and entries/project for both "Pro" and "Non Pro" projects

$$N_T \cdot S_T = N_P S_P + N_N S_N$$

Total Pro Non Pro

From website Calculated Estimated from sample

Solving equation reveals average number of entries for "Pro" projects; since rest of data is available

Pro projects estimated to receive ~97 entries based on weighted sum (for each payoff)

"Non-pro" projects¹ ending within 24 hours averaged ~77.5 entries

Sample	Prize	Entries
1	1,000	653
2	500	116
3	450	64
4	450	73
5	450	25
6	400	125
7	400	30
...
...
25	200	24
Average		77.45

Based on sample of all active products listed on on July 23, 2009 (via website)

Total population suggests each project gets ~79 entries

Item	Value
Total number of projects ²	370002
Total number of entries ²	4700
Av. entries/project	78.72
Share of pro projects in sample	6.3%
Estimated # of total pro projects ³	297

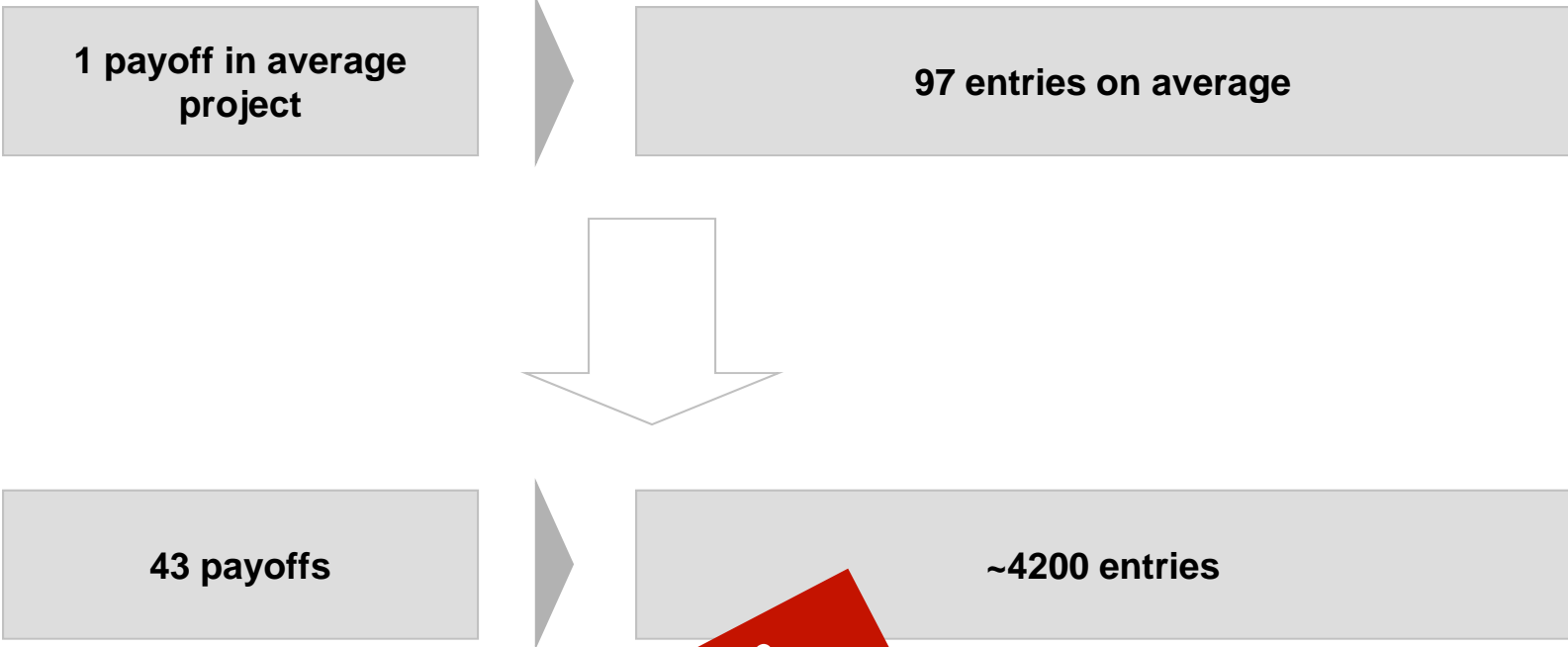


Estimated av. entries/pro project (based on wt. av. calculations)

97.5

1. Projects ending within 24 hours with >20 entries out of a total sample of 158 active projects on 7/23/2009 2. Data obtained from blog entry "By The Numbers" 3. Assuming the number of Pro projects in sample represents total history of Pro projects
 Source: www.crowdSPRING.com, analysis

Now assume that each payoff generates as many entries as a project with a single payoff

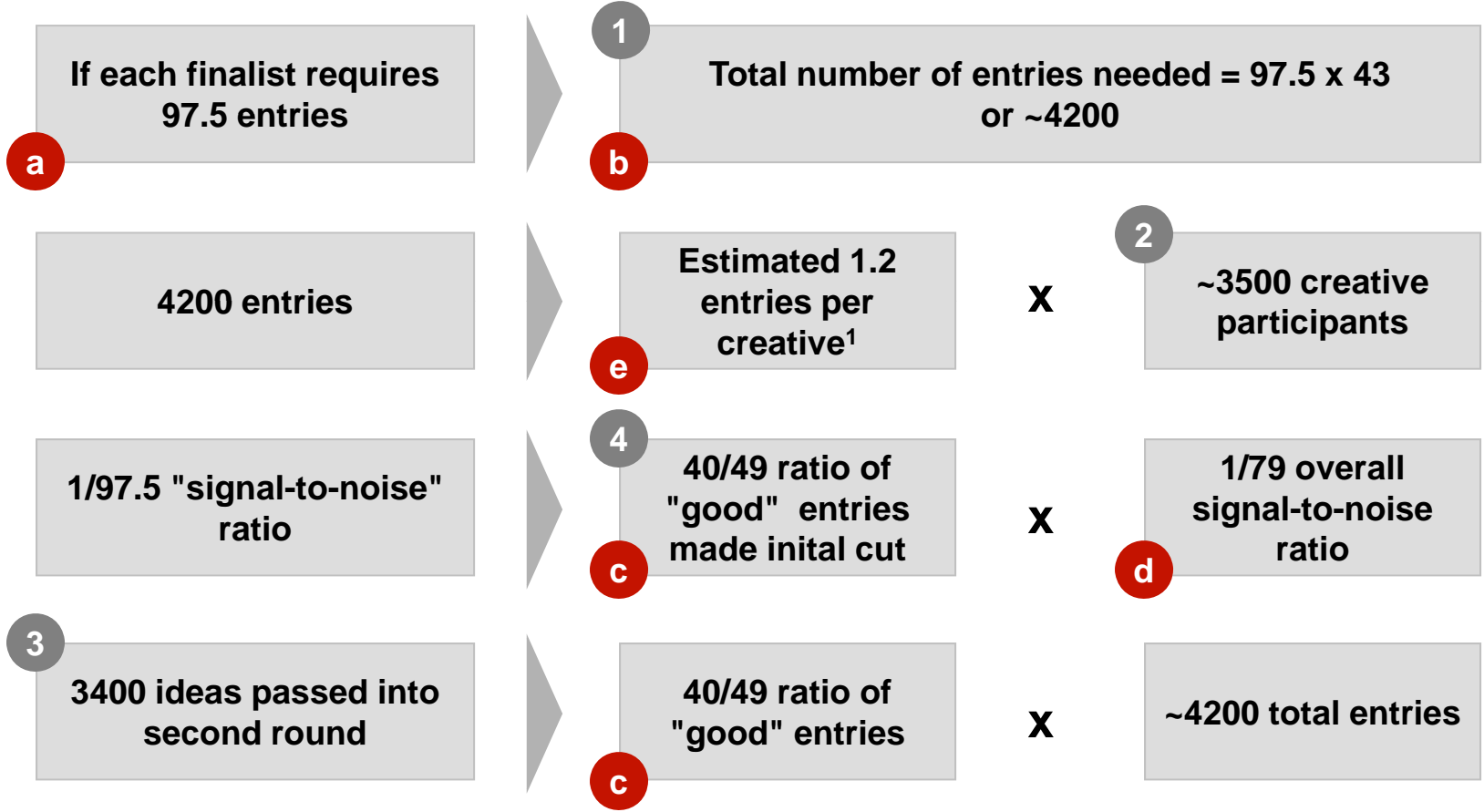


This turned out to be significantly wrong!

Five major assumptions drive the analysis...

	Assumption	Confidence	Ways to test/improve
a	Sample size is representative of behavior observed for "large" payoffs <ul style="list-style-type: none">i.e. number of entries/project is stable regardless of payoff size (cannot test this with current data)% of Pro projects (6.3%) in sample represents overall share of Pro projects	Medium	Analyze pro data (for comparable projects) Run regression to determine effect of increasing payoff of # of entries
b	Each payoff generates the same number of entries (i.e. total entries will be equal to number of payoff times entries/payoff)	Low	How do # of entries change when project offers multiple payoffs
c	Initial screen is a quick check with high acceptance, i.e. projects passing this are considered "good"	Medium-high	Understand screening criteria for this round
d	Second screen has a signal-to-noise ratio comparable to the overall population of projects since project selection criteria cannot drastically change to accommodate higher number of entries	Medium-low	Understand screening criteria for this round
e	1.2 entries/creative participant is roughly in line with productivity seen in other domains, specifically help desk requests	Low	Analyze overall data to determine entries/creative for Pro projects

...revealing 4200 entries from 3500 users of which 82% were "good" and moved into second round



N indicates question being addressed

n indicates key assumption

1. 1.2 entries per creative is based on a rule of thumb 1.2 transactions/customer average from typical help desk operations

How did the assumptions fare?

	Assumption	Confidence	Ways to test/improve	Result
a	<p>Sample size is representative of behavior observed for "large" payoffs</p> <ul style="list-style-type: none"> i.e. number of entries/project is stable regardless of payoff size (cannot test this with current data) % of Pro projects (6.3%) in sample represents overall share of Pro projects 	Medium	Analyze pro data (for comparable projects) Run regression to determine effect of increasing payoff of # of entries	Basic separation into Pro and Non Pro is probably too simplistic ?
b	Each payoff generates the same number of entries (i.e. total entries will be equal to number of payoff times entries/payoff)	Low	How do # of entries change when project offers multiple payoffs	Number of payoffs not proportional to entries. Some payoffs likely more influential than others ✗
c	Initial screen is a quick check with high acceptance, i.e. projects passing this are considered "good"	Medium-high	Understand screening criteria for this round	Initial screen was more strict than assumed ?
d	Second screen has a signal-to-noise ratio comparable to the overall population of projects since project selection criteria cannot drastically change to accommodate higher number of entries	Medium-low	Understand screening criteria for this round	Not enough information to evaluate ?
e	1.2 entries/creative participant is roughly in line with productivity seen in other domains, specifically help desk requests	Low	Analyze overall data to determine entries/creative for Pro projects	Wrong. Actual number was 2.6 entries/user ✗

Questions

Why was the number of entries so low?

- \$20K prize was ~45X average prize
- Entries received (824) were ~11X average number of entries (79)

How do payoffs affect participation?

- Can smaller payoffs result in equal levels of participation
- What are the other benefits of such contests (e.g. brand affinity)

What the general lessons from crowd-sourcing platforms?