Abstract: Airdrops are used by blockchain applications and platforms to attract an initial user base, and to grow the user base over time. In the case of many airdrops, tokens are distributed to select users as a “reward” for interacting with the underlying platform, with a long-term goal of creating a loyal community that will generate genuine economic activity well after the airdrop has been completed. Although airdrops are widely used by the blockchain industry, a proper understanding of the factors contributing to an airdrop’s success is generally lacking. In this work, we outline the design space for airdrops, and specify a reasonable list of outcomes that an airdrop should ideally result in. We then analyze on-chain data from several larger-scale airdrops to empirically evaluate the success of previous airdrops, with respect to our desiderata. In our analysis, we demonstrate that airdrop farmers frequently dispose of the lion’s share of airdrops proceeds via exchanges. Our analysis is followed by an overview of common pitfalls that common airdrop designs lend themselves to, which are then used to suggest concrete guidelines for better airdrops.

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Airdrops: Giving Money Away Is Harder Than It Seems

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