

Economics of
Statalist
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Martin Weiss

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On the Economics of Statalist Exchanges

Martin Weiss

University of Tuebingen, Germany

**Presentation to the Stata UGM,
London, September 2009**

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Short Quote

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This forum, more than anything else, has shaped my opinion of Stata as being user-friendly. Thanks to all for creating a very real sense of community.

(Statalist member, 8/13/2009)

(Fun) Facts about Statalist

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As of 23rd of August 2009: 3,376 members

▷ 1,727 Statalist proper

▷ 1,649 Digest

Increase of 95 from 20th of June 2009

Entries: 232 Statalist, 111 Digest

Exits: 172 Statalist, 76 Digest

1,095 posts on average per month over period Jan
2005 - July 2009

Posts so far in 2009:

▷ January: 1,169

▷ February: 1,275

▷ March: 1,624

▷ April: 1,398

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Time Series of Posts

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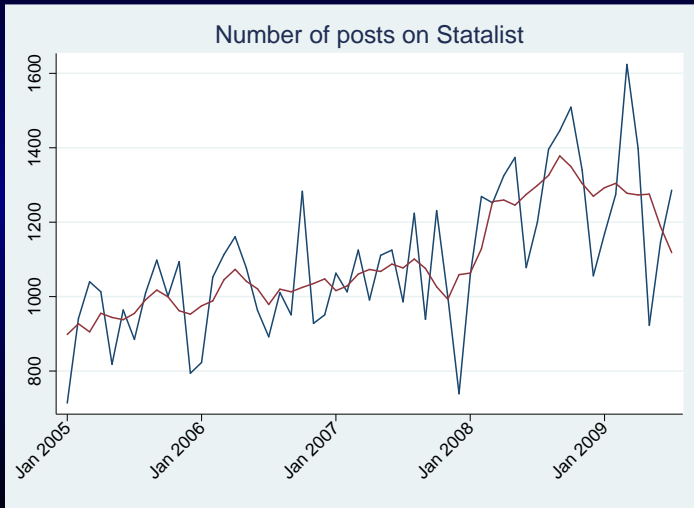
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The economics profession can explain a fair chunk of real-world phenomena:

Workers turn up for work in the morning
Students attend university instead of working
Savers queue at a bank
Volume discounts ("Buy one - get one free")
Three-class layout on transatlantic flights
Purchase of lottery tickets
Savers buy IPO shares
Free release of programs on ssc
Free release of advice on Statalist
Crowdsourcing

▷ Labor supply b/c market wage exceeds reservation wage

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▷ Discounted income over lifetime higher than for immediate labor supply

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▷ Interest rate high enough to induce deferred consumption

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▷ Lowers trading costs per unit, (part of) saving passed on to consumer

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▷ Product differentiation allows better adaption to demand curve

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▷ Utility function not globally concave

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▷ Small risk aversion / prospect of huge gains

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▷ **HARD TO SAY**

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▷ HARD TO SAY

Crowdsourcing Example

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- DVD rental business promised reward of 1,000,000 \$ for improvement of algorithm

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- DVD rental business promised reward of 1,000,000 \$ for improvement of algorithm
 - Prediction of consumer behavior, i.e. next film rented

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- DVD rental business promised reward of 1,000,000 \$ for improvement of algorithm
 - Prediction of consumer behavior, i.e. next film rented
 - **Condition: Improvement > 10%**

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- DVD rental business promised reward of 1,000,000 \$ for improvement of algorithm
 - Prediction of consumer behavior, i.e. next film rented
 - Condition: Improvement $> 10\%$
- **Result:**

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- DVD rental business promised reward of 1,000,000 \$ for improvement of algorithm
 - Prediction of consumer behavior, i.e. next film rented
 - Condition: Improvement $> 10\%$
- Result:
 - More than 51,000 contestants

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References

- DVD rental business promised reward of 1,000,000 \$ for improvement of algorithm
 - Prediction of consumer behavior, i.e. next film rented
 - Condition: Improvement $> 10\%$
- Result:
 - More than 51,000 contestants
 - Two teams to beat the required threshold (10.10% vs. 10.09%)

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 - Condition: Improvement $> 10\%$
- Result:
 - More than 51,000 contestants
 - Two teams to beat the required threshold (10.10% vs. 10.09%)
 - Winner to be determined soon

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 - Winner to be determined soon
- Difference to Statalist:

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 - Condition: Improvement $> 10\%$
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- Difference to Statalist:
 - Recipient well known

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- Difference to Statalist:
 - Recipient well known
 - Obvious price signal

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- Result:
 - More than 51,000 contestants
 - Two teams to beat the required threshold (10.10% vs. 10.09%)
 - Winner to be determined soon
- Difference to Statalist:
 - Recipient well known
 - Obvious price signal
- Bottom line: Still amenable to economics

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- No obvious reward/price mechanism

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- No obvious reward/price mechanism
- Major cost component involved:

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- No obvious reward/price mechanism
- Major cost component involved:
 - Oppportunity Cost of Time

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- No obvious reward/price mechanism
- Major cost component involved:
 - Oppportunity Cost of Time
- Low barrier to entry

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- No obvious reward/price mechanism
- Major cost component involved:
 - Opportunity Cost of Time
- Low barrier to entry
 - Mostly technical

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- No obvious reward/price mechanism
- Major cost component involved:
 - Opportunity Cost of Time
- Low barrier to entry
 - Mostly technical
 - “text-only”

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- Major cost component involved:
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- Little incentive for collusive behavior

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 - Problem: Duplication of effort/Coordination failure

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 - Problem: Duplication of effort/Coordination failure
- “Supply side concentration”

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- “Supply side concentration”
 - 6,768 answers overall, 659 posters of replies

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 - Problem: Duplication of effort/Coordination failure
- “Supply side concentration”
 - 6,768 answers overall, 659 posters of replies
 - 13 suppliers give 50% of answers

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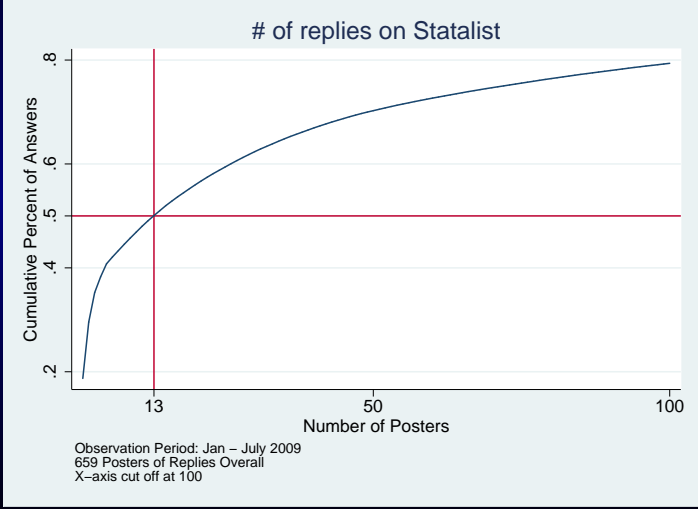
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- Little incentive for collusive behavior
 - Problem: Duplication of effort/Coordination failure
- “Supply side concentration”
 - 6,768 answers overall, 659 posters of replies
 - 13 suppliers give 50% of answers
 - ⇒ Concentration has eased from Jan-May period



Statalist Economics II

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■ “Demand Side Concentration”?

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- “Demand Side Concentration”?
 - 2,104 questions overall, 914 posters of questions

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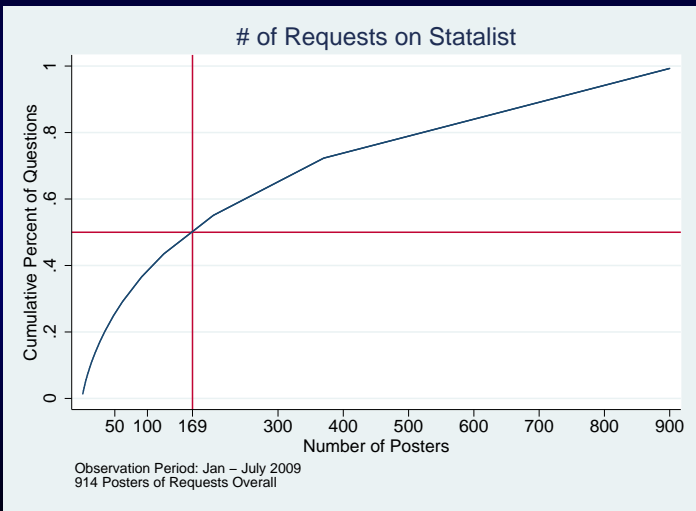
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- “Demand Side Concentration”?
 - 2,104 questions overall, 914 posters of questions
 - 169 posters ask 50% of questions



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■ **Jokisch (2006)**

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- **Jokisch (2006)**

- **PhD thesis on user involvement in production processes**

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- Lerner and Tirole (2001, 2002)

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 - “The Open Source Movement: Key Research Questions”

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- Jokisch (2006)
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- Lerner and Tirole (2001, 2002)
 - “The Open Source Movement: Key Research Questions”
 - “Some Simple Economics of Open Source”

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- **Jokisch (2006)**
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- **Lerner and Tirole (2001, 2002)**
 - “The Open Source Movement: Key Research Questions”
 - “Some Simple Economics of Open Source”
- **Mayrhofer (2006)**

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- Lerner and Tirole (2001, 2002)
 - “The Open Source Movement: Key Research Questions”
 - “Some Simple Economics of Open Source”
- Mayrhofer (2006)
 - “Motives and Perception of Fairness in Commercial User Communities”

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- **Jokisch (2006)**
 - PhD thesis on user involvement in production processes
- **Lerner and Tirole (2001, 2002)**
 - “The Open Source Movement: Key Research Questions”
 - “Some Simple Economics of Open Source”
- **Mayrhofer (2006)**
 - “Motives and Perception of Fairness in Commercial User Communities”
 - **Survey of community of ado-file contributors**

Findings in Mayrhofer (2006)

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■ Concerned ado-file / ssc Community

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- Answer to Question:
- “Why did you publish your last ado-file?”
 - Note: Motivation for writing the file may differ
- Most popular answers (Mayrhofer, 2006, pp. 11-12):

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- Concerned ado-file / ssc Community
- Answer to Question:
- “Why did you publish your last ado-file?”
 - Note: Motivation for writing the file may differ
- Most popular answers (Mayrhofer, 2006, pp. 11-12):
 - Altruism ($\approx 30\%$ in *strong agreement*)

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 - Note: Motivation for writing the file may differ
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 - Reciprocity ($\approx 20\%$ in *strong agreement*)
 - Reputation ($\approx 10\%$ in *strong agreement*)

Findings in Mayrhofer (2006)

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- “Why did you publish your last ado-file?”
 - Note: Motivation for writing the file may differ
- Most popular answers (Mayrhofer, 2006, pp. 11-12):
 - Altruism ($\approx 30\%$ in *strong agreement*)
 - Reciprocity ($\approx 20\%$ in *strong agreement*)
 - Reputation ($\approx 10\%$ in *strong agreement*)
 - Signalling (to community / StataCorp):

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- Concerned ado-file / ssc Community
- Answer to Question:
- “Why did you publish your last ado-file?”
 - Note: Motivation for writing the file may differ
- Most popular answers (Mayrhofer, 2006, pp. 11-12):
 - Altruism ($\approx 30\%$ in *strong agreement*)
 - Reciprocity ($\approx 20\%$ in *strong agreement*)
 - Reputation ($\approx 10\%$ in *strong agreement*)
 - Signalling (to community / StataCorp):
 - ($\approx 5\%$ in *strong agreement*)

Conditions for Crowdsourcing

- Type of process amenable to crowdsourcing:

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- Type of process amenable to crowdsourcing:
 - Electronic exchange must be sufficient to attain goal

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- Type of process amenable to crowdsourcing:
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- Type of process amenable to crowdsourcing:
 - Electronic exchange must be sufficient to attain goal
 - No special sequence of steps needed
 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)

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- Type of process amenable to crowdsourcing:
 - Electronic exchange must be sufficient to attain goal
 - No special sequence of steps needed
 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)
- No physical input required

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- Type of process amenable to crowdsourcing:
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 - No special sequence of steps needed
 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)
- No physical input required
 - Hard to build a plane via email

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- Type of process amenable to crowdsourcing:
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 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)
- No physical input required
 - Hard to build a plane via email
- Margin for error must be – relatively – wide

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- Type of process amenable to crowdsourcing:
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 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)
- No physical input required
 - Hard to build a plane via email
- Margin for error must be – relatively – wide
 - Legal implications hard to establish in crowdsourcing

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 - No special sequence of steps needed
 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)
- No physical input required
 - Hard to build a plane via email
- Margin for error must be – relatively – wide
 - Legal implications hard to establish in crowdsourcing
 - No medical treatment via crowdsourcing

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- Type of process amenable to crowdsourcing:
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 - No special sequence of steps needed
 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)
- No physical input required
 - Hard to build a plane via email
- Margin for error must be – relatively – wide
 - Legal implications hard to establish in crowdsourcing
 - No medical treatment via crowdsourcing
- Should require a lot of customization

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- Type of process amenable to crowdsourcing:
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 - No special sequence of steps needed
 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)
- No physical input required
 - Hard to build a plane via email
- Margin for error must be – relatively – wide
 - Legal implications hard to establish in crowdsourcing
 - No medical treatment via crowdsourcing
- Should require a lot of customization
 - Search of archive renders most posts redundant

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- Type of process amenable to crowdsourcing:
 - Electronic exchange must be sufficient to attain goal
 - No special sequence of steps needed
 - “anarchistic process of open source production” (Lerner and Tirole, 2001, 821)
- No physical input required
 - Hard to build a plane via email
- Margin for error must be – relatively – wide
 - Legal implications hard to establish in crowdsourcing
 - No medical treatment via crowdsourcing
- Should require a lot of customization
 - Search of archive renders most posts redundant
 - Remaining body of posts is - hopefully - “new” in some important aspect

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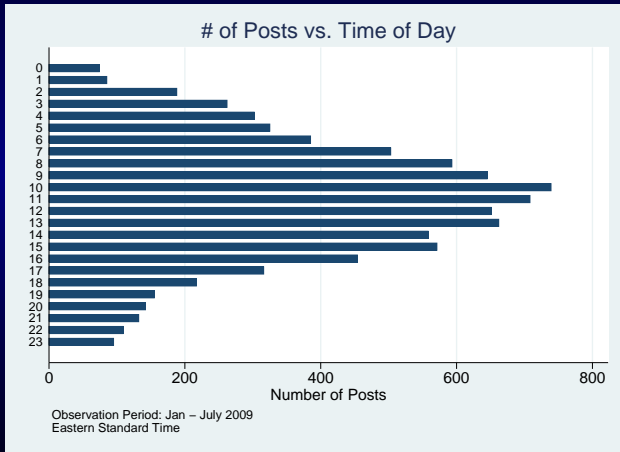
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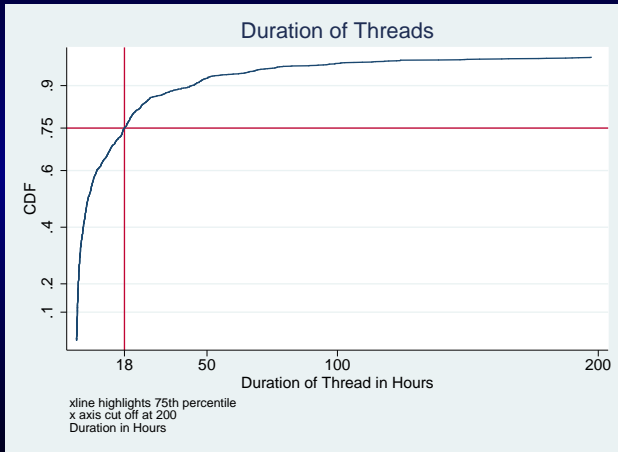
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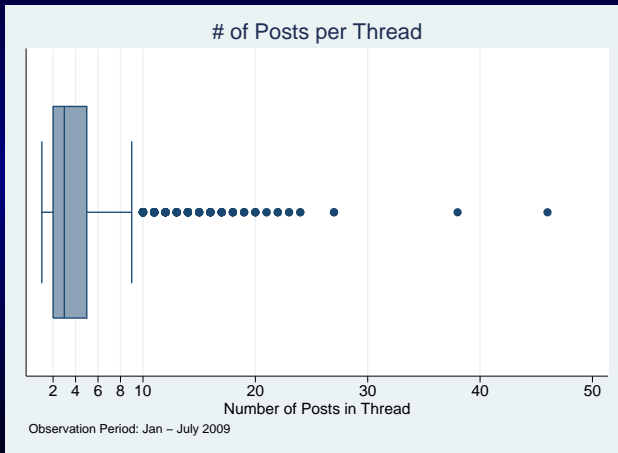
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- Orphan status is assigned to

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- Orphan status is assigned to
 - threads with no replies

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- Orphan status is assigned to
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 - which are not: **Announcements of**

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- Orphan status is assigned to
 - threads with no replies
 - which are not: Announcements of
 - [Stata Net Courses](#)

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References

- Orphan status is assigned to
 - threads with no replies
 - which are not: Announcements of
 - Stata Net Courses
 - **Developments at SSC**

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- Orphan status is assigned to
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- i.e. posts that were **intended to attract a reply but failed to do so**

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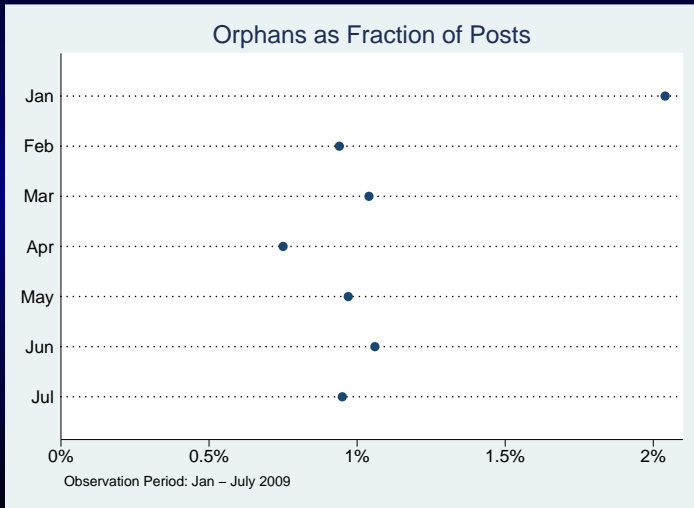
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Thank you for your attention!

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