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Final Report: Lido DAO Governance Research Effort

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Executive Summary

The core team at Lido are working to design an on-chain delegation solution (and other improvements) to encourage governance participation. OpenUX wishes to support the team in this effort, by conducting robust user research with a group of users traditionally difficult to get feedback from; those token holders who own 100k–1M LDO but who do not currently participate in governance.

OpenUX embarked on a research project to identify and interview at least 6 individuals holding between 100k–1M LDO tokens, aiming to understand their perspectives on Lido DAO governance. Our intentions were to conduct end-to-end user research with these participants, in order to address the core research questions and assumptions that the Lido team has, and support the team with confident decision-making around the design of the Lido governance experience.

Despite comprehensive efforts, OpenUX was unable to secure the necessary interviews. This report outlines our methods, challenges faced, and recommendations for future attempts.

Project Overview

Objectives

- Recruit and interview at least 6 individuals holding 100k–1M LDO tokens to gather insights on governance participation.
- Identify effective outreach strategies and understand barriers to engagement.

Scope

- Focus on 100k–1M LDO token holders.
- Target specific outreach channels including Twitter, XMTP, and other communication platforms.

Process

1. Conducted preliminary desk research on the profile of users, including review of existing insights relating to LDO holders who do take part in governance.
2. Conducted interviews with contributors from the DAO Ops team and identified a detailed candidate profile for further interviews.
3. Performed initial audience segmentation, combining knowledge learned from desk research, stakeholder feedback, and onchain analysis utilizing tools such as Airstack.xyz and Dune.com.
4. Designed recruitment screener and outreach strategy, including target channels, communication, and incentive structures.
5. Executed recruitment strategy across all channels.

6. Consulted outside experts to assist with recruitment strategy after initial attempts were unsuccessful.
7. Acknowledged our efforts were unsuccessful in recruiting the minimum threshold of participants and created recommendations for Lido to continue this work in the future.

Pre-Outreach Methods and Results

Building context on user profiles

As our eventual goal was to interview individuals about governance participation, we spent some time upfront better understanding Lido's existing knowledge of the profiles of these individuals, specifically the reason why they may have been less active in Lido governance in the past.

Process

- Interviewing a core Lido team member to better understand their experience from interviewing DAO governance participants. This was successful and led to our intended research plan, which is covered more in our recommendations below, as well as an initial list of assumptions.
- Requesting Lido DAO contributors and community members to fill out a survey offering feedback on our recruitment approach. This was unsuccessful as no Lido team members completed our survey despite multiple requests to collect feedback.

Deliverable 1: Initial research questions for future interviews

- Which of the 100k–1M LDO holders are more likely to increase their participation in the DAO? Of those who are more likely to participate…
    - Where do they spend their time?
        - What do they do for work?
        - What social channels do they frequent?
        - Which individuals/brands do they pay close attention to?
        - What online relationships are most important to them?
    - What is their relationship with Lido?
        - Why did they acquire LDO?
        - Why do they still hold LDO?
        - When were they last in the forum?
        - When did they vote last?
        - What inspired their most recent community interaction?
        - What are their goals for involvement in Lido?
        - What challenges do they face while being involved in Lido?
    - What messaging has motivated them to participate in Lido before?
        - What communities do they participate in? What is their role there? How active are they there?

        - When was the last time they participated in a vote or a volunteer activity—web3 or otherwise? What was the motivating factor? How did they feel after participating?
- What strategies could Lido take to better engage the 100k–1M LDO holders who are more likely to increase their participation?
    - What messaging would work best to motivate this audience?
    - What channels would work best to reach this audience?
    - What incentives would work best to engage this audience?
    - What improvements to governance would work best to engage this audience?
        - Improving delegation experience?
        - Educating on the topics of votes / information design?
        - Improving some other UX?
        - Reach through other channels?

Segmenting audience using onchain data

Prior to starting cold outreach to individuals via traditional channels (e.g. Twitter, email, Discord, Discourse, etc.) we also looked into how much context we could gather on our target audience via onchain data, specifically, any information tied to the Ethereum wallets holding between 100k–1M LDO at the time of our research.

Process

- Wrote custom Dune.com script to pull a full list of wallet addresses holding between 100k–1M $LDO
- Matched output of Dune script to an Airstack.xyz export of all wallets holding LDO tied to any public ENS, Farcaster ID, Lens ID, etc
- Attempted to find information on accounts tied to ENS names and/or Farcaster/Lens IDs by searching for those strings on Google and Twitter
- Segmented available addresses into segments that were one of the following
    - Non-candidates
        - Held more or less than the required amount of LDO
        - Were not active in over 24 months
        - Were on Lido's Token Rewards Program (TRP) and therefore ineligible for our study
        - Were corporate wallets tied to institutions
        - Were displaying activity correlated with high-frequency trading wallets
    - Unlikely candidates
        - Held above $3M in assets on a single address, implying an individual with such wealth that governance participation in Lido is unlikely
        - Held such a diversity of tokens that LDO represented less than 5% of their portfolio, implying an individual who holds LDO for investment diversification purposes rather than interest in the protocol

        - Were known wallets linked to highly influential people in the crypto ecosystem, such as influencers or protocol founders with 100k+ followers, implying an individual with such social capital that governance participation in Lido is unlikely
    - Potential candidates
        - Held below $3M in assets on a single address, implying a wealthy candidate who may still be interested in participating in Lido
        - Held enough LDO such that it represented more than 5% of their portfolio, implying a tilt towards interest and skin-in-the-game of the Lido protocol
- Looked for any signal of individuals who may be good candidates for our interviews (fondly referred to as 'human-ness') in remaining wallets
    - Looked for NFT buy/sell patterns
    - Looked for recent transaction trends

Deliverable 2: Initial breakdown of LDO holding wallets

Of the 44,408 wallets holding any LDO tokens, we found 271 holding between 100k–1M at the time of our analysis. 132 of these wallets are possible but unlikely candidates for the study recruitment. 71 were more relevant candidates. The small size of 71 candidates helps explain why it was so difficult to identify individuals from this small cohort to speak with.

Candidate Type	Segment Description	# of addresses	Opposite segment holding >0 LDO
Non-candidates	Holding >0 LDO	44,408	N/A
	Holding between 100k–1M LDO	271	44,137 (holding other amounts)
	& active within last 24 months	216	55 (inactive in last 24 months)
	& not TRP	171	45 (on TRP)
	& not institution	134	37 (institutions)
Unlikely candidates	& not high-frequency trader	132	2 (non-institution HF trader)
	& not highly influential person	130	2 (highly influential people)
	& <$3M in assets	93	37 (>3M in assets)
Potential candidates	& LDO is >10% of token holdings	71	22 (<10% of assets are LDO)

Deliverable 3: List of wallets for Potential & Unlikely Candidates

This list has been shared privately with the Lido team to protect individuals' privacy.

Deliverable 4: Other tokens commonly held by Potential Candidates

Lido may be able to partner with protocols or creators of tokens or NFT projects held by multiple individuals in the potential candidates category. The list of tokens we would recommend Lido pursuing include:

- Tokens
    - $PEPE (Held by 6 wallets)
    - $LINK (Held by 2 wallets)
- NFTs
    - Milady (Held by 2 wallets)
    - CryptoPunks (Held by 2 wallets)
- Other tools
    - Gnosis Safe (SmartContract vendor for multiple wallets)

Outreach Methods and Results

Recruitment strategy and channel effectiveness

Process

To execute our recruitment plan, OpenUX teamed up with peers at Deepwork Studio, another UX research and design agency focused on web3. Together we strategized the best techniques to combine offchain with onchain data gathering to identify and contact people who may fit the research criteria. In addition to traditional recruitment techniques, such as posting announcements on the OpenUX and Lido Twitter pages, Telegram group chats, and Discord servers; sending DMs to individuals in all of the above channels who have expressed interest in Lido governance in the past, and asking influential individuals to help us spread the survey to their peers, we also used some tools to get onchain data to help our recruitment. These free and paid tools included Dune.com and Airstack.xyz to create lists of wallets holding 100k–1M $LDO, and searching for those wallets online via Google, Twitter, and Warpcast searches to find individuals linked to those wallets.

Deliverable 5: Recruitment screener

We created a one-page survey in Alchemer that had only 4 questions to minimize the cognitive load of individuals visiting the page and encourage participation. The questions were:

1. How would you best describe your relationship to Lido?
    a. Lido Node Operator
    b. Lido Token Investor
    c. Lido Committee Member
    d. Lido Contributor
    e. Other (specify)
2. Approximately, how much LDO do you hold across all wallets and accounts?
    a. Less than 1k LDO
    b. Between 1k and 100k LDO
    c. Between 100k and 1M LDO
    d. Between 1M and 5M LDO
    e. More than 5M LDO

3. How long ago did you do any of the following: vote on Lido proposal, post in Lido forum, or create a Lido proposal?
    a. Less than 1 month ago
    b. Between 1–3 months ago
    c. Between 3–6 months ago
    d. Between 6–12 months ago
    e. More than 1 year ago
4. If you would be open to speaking with the Lido team to help us shape the future of our governance design, please leave your email or telegram address below: ______

Deliverable 6: Recruitment messaging

In all of our communication, we mentioned that participants would be compensated for their time and that individuals would receive incentives for referring another person who signed up for an interview. We gradually increased our offer from $50 to $100 to $150 for referrals

Example:
Hi <name>, I'm working with the Lido team on a project to improve our communication strategy around governance. We're looking to speak with people who hold a large amount of LDO tokens—around 100k or so. If you think you know anyone who we could talk to, we would really appreciate your referral! We're offering $150 for each person you refer that signs up to speak with us. Let me know if you're interested and I will share a unique link with you to share.

Deliverable 7: Outreach Channels Effectiveness

Channel	Max Potential Reach	Number Contacted Directly	Number Agreed to Interview	Number of Eligible Candidates Recruited
https://twitter.com/LidoGrants	~17,000	N/A	Unknown	0
Lido General Telegram Group	9,510	N/A	6	2
https://twitter.com/OpenUX_xyz	781	N/A	Unknown	0
https://warpcast.com/openux	106	N/A	0	0
https://research.lido.fi/c/general/1	Unknown	N/A	5	0
Lido Discord #governance	Unknown	N/A	0	0

Lido Discord 1-1 DMs (sourced via #governance and #voting)	N/A	15	1	0
OpenUX Twitter DMs	N/A	7	3	0
OpenUX Warpcast DMs	N/A	1	0	0
XMTP DMs	N/A	2	0	0

Deliverable 8: Details on Recruited Individuals

This list has been shared privately with the Lido team to protect individuals' privacy.

Reflections & Future Recommendations for Lido DAO

Summary of Challenges

Numerous challenges contributed to our inability to successfully reach our goal of recruiting 6 eligible interview candidates, including:

1. The audience we were recruiting are not typically receptive to financial incentives that fit within our budget (up to $300 per interview referral and interview stipends per participant).
2. Relevant knowledge about the behaviors, interests, goals, and channels of our target audience are relatively unknown. We did not know the IRL identity of any individuals we were trying to talk to
3. Overall, the small number of potential candidates (71) created a 'needle in the haystack' problem—the chance that any of one of these candidates was interested, online during our outreach, and had access to a channel we communicated on was incredibly low.

Recommendations when repeating this research

We recommend Lido DAO attempt this research once again, or iteratively every few quarters. Repetition will help ensure that the third challenge mentioned above (unlikely timing) is not the sole reason this is such a difficult problem.

How OpenUX would repeat this study

- Continue to track behavior of wallets in Potential and Unlikely Candidates lists. As tools like ENS, Warpcast, Farcaster, Lens, and XMTP become more popular, aggregator like Airstack.xyz may be able to help Lido contact them through one of the platforms mentioned above

- When approaching individuals to interview, offer social incentives instead of financial incentives. Examples may be a promise to mention an individual in Lido's quarterly report, adding their name to the start of a presentation at a major crypto event, or offering to connect them directly to the Lido leadership team for personalized support, guidance, and/or mentorship.
- Once an individual has been recruited, use the 'snowball recruiting' method by asking them to help you find other individuals to speak with. We have found that oftentimes interview participants know other people just like them and are happy to make an introduction.
- Continue posting in Lido's Telegram and Discourse forums, as those were two of the strongest recruitment tools for our survey. Hopefully future posts may catch the eye of LDO holders who fall within our target audience.

Steps to getting updated data on LDO holders

If Lido DAO wants to recreate the wallet breakdown we have mentioned in Deliverable 3 and 4 above, you can do so by combining two services: Dune.com and Airstack.xyz. OpenUX created this Dune.com query to pull wallets holding 100k–1M LDO tokens with some wallet activity in the most recent 24 months. Merging this data with an export from Airstack.xyz would give you a list of wallets, as well as their ENS, Warpcast, Farcaster, Lens, and XMTP account names, if they have them.

OpenUX manually reviewed each wallet in the data we pulled using Etherscan to identify if they were on the Lido Token Rewards Program, if they were an institution, a high frequency trader, or a high status individual. We also manually checked the total balances and % of assets held in LDO using Etherscan. While this process is tedious and time consuming, there may be better tools for this activity that are launched in the future.

Suggestions for similar research

When an audience is very difficult to reach, it can be strategic to attempt to interview a similar segment of individuals who may share qualities to the desired audience. While it's possible the primary audience for this study (individuals holding between 100k–1M LDO) may differ so significantly from current voters that the following exercise would be unfruitful, we think it may be a good idea anyway.

Other suggestions

If this study serves to be too challenging to complete, consider bypassing a study at all and jumping straight into solutions to test their effectiveness. Lido DAO could consider creative ways to drive engagement around governance, such as exclusive or early access to Lido DAO insights in exchange for participation, exclusive webinars focused on governance, or a governance participation leaderboard with rewards.

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Conclusion

Despite the challenges, our efforts provided valuable insights into the difficulties of engaging high-stake LDO holders. By refining our outreach strategies and implementing targeted incentives, we believe future attempts can yield better results. Continuous engagement and regular updates will be crucial in maintaining contact with these individuals.

This final report encapsulates our findings and provides actionable recommendations for Lido to enhance their governance participation efforts. For any further details or discussions, the OpenUX team remains at your disposal.

Thank you to Lido DAO, specifically @Jenya_K, for her guidance, grace, and patience as we carried out this difficult project. Any part of this project's success is in large part due to her support.

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Appendix

Relevant Links

- Original Proposal
- Onchain Analysis, including list of Potential and Unlikely Candidate addresses (access is shared privately with Lido team)
- Dune.com query to pull wallets holding 100k–1M LDO tokens with some wallet activity in the most recent 24 months