
Digital due diligence activities and goal setting in equity crowdfunding: exploring the differences between novice and experienced investors

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Abstract: Investor background can have major implications for decision-making processes in start-up financing. We investigate the differences between novice and experienced investors in equity crowdfunding. To date, empirical information about the specifics of these investor types in the crowdfunding literature is limited, as most studies do not investigate the micro level, i.e., the actions and decisions of individuals. Our empirical results, based on data from a major European equity crowdfunding platform, show similarities but also clear differences among the different types of investors with regard to information search, communication, signalling effects, and investment motives. The insights of our study contribute to the crowdfunding literature by developing a better understanding of crowd investor types active in crowdfunding. Moreover, our findings specifically contribute to research on information assembly, communication, signalling, and investment motives in equity crowdfunding.

Keywords: crowdfunding; investor types; information assembly; communication; signalling; investment motives; due diligence; decision-making; entrepreneurial finance; entrepreneurship.

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1 Introduction

A growing body of literature examines the increased importance of crowds financing innovative businesses (Bruton et al., 2015; Hörisch, 2018; Lins et al., 2018; Mochkabadi and Volkmann, 2018). In the literature, this concept is referred to as crowdfunding (e.g., Cholakova and Clarysse, 2015). This relatively novel concept allows entrepreneurs to realise their business ideas by raising capital online and offers the crowd new opportunities to invest capital in start-ups with promising return potential (Ahlers et al., 2015; Cholakova and Clarysse, 2015).

In crowdfunding, similar to other online communities (e.g., Hutter et al., 2011), the crowd represents a variety of individuals with different backgrounds (Belleflamme et al., 2014; Mollick, 2014). Some individuals in such settings possess prior experience within the field of start-up financing while others have an amateur background with no prior experience (Wilson and Testoni, 2014). Thus, crowdfunding attracts different types of crowd investors, ranging from novice investors to highly experienced investors. This specifically applies to platforms in countries that have adopted a rather unrestrictive regulatory approach for equity crowdfunding (e.g., Germany), which has led to rapid

platform development and participation by crowd investors with heterogeneous backgrounds at relatively low cost (Hornuf and Schwienbacher, 2018). Different investor types can contribute in various ways by giving feedback to entrepreneurs, discussing business ideas with peer investors, or providing actual financing for start-ups, thereby exhibiting different behaviours and investment goals.

In the field of professional start-up investing, the literature provides insights into the effects of investor background on processes and outcomes, and suggests that experience significantly influences investor behaviour and decision-making (Franke et al., 2008; Freear et al., 1994; Shepherd et al., 2003; Van Osnabrugge, 1998). Crowdfunding scholars identify the need to also “better understand the characteristics of the pool of investors that contribute to crowdfunding” (McKenny et al., 2017, p.297). Empirical information on the relationship between crowd investor backgrounds and online activities is scarce. Investor background or more specifically, prior investment experience might represent an important differentiator in online settings as well, as there is little to no restriction with regard to participation and decision-making. Thus, the overall crowd of online investors, their decisions, and the related investment outcomes are likely heterogeneous in nature.

We address this gap by investigating whether and how novice and experienced investors differ in their key activities and behaviours in equity crowdfunding. Specifically, we further differentiate experienced investors into offline and online experienced investors. To answer our research question, we employ survey data from Seedmatch, the first equity crowdfunding platform in Germany. Although equity crowdfunding platforms have their own specificities especially regarding investor participation or contracting, due to different regulatory contexts across countries (e.g., Hornuf and Schwienbacher, 2018), the dimensions we explore are not unique to the German context solely since platform designs and possibilities for investors once they entered a crowdfunding platform do not differ significantly, especially across equity crowdfunding platforms in Europe. Thus, the findings of our paper may be applicable beyond the German equity crowdfunding market.

Our study makes multiple contributions to the literature on crowdfunding. First, there had been only limited knowledge about which groups exist, what important characteristics they possess, and how they behave in crowdfunding (McKenny et al., 2017). In our study we analyse investors with different levels of investment experience active on equity crowdfunding platforms and show that investor background can have major implications for online investment activities. By providing a detailed comparison of novice and experienced investors’ behaviour and decision-making processes, we offer important insights to the literature on investor types in equity crowdfunding (e.g., Günther et al., 2018; Mohammadi and Shafiq, 2018).

Second, we specifically investigate differences of novice versus experienced investors regarding information search and communication patterns. We find that experienced crowd investors pay more attention to gathering additional information when analysing crowdfunding campaigns than do novice crowd investors. Regarding communication, which is closely linked to information seeking, our results suggest that experienced crowd investors also communicate with start-up teams more actively than novice crowd investors. Our findings thus contribute to research on information assembly and communication in crowdfunding (e.g., Moritz et al., 2015; Lins et al., 2018).

Third, although prior literature provides first insights on the role of signals in crowdfunding, scholars have overlooked to study signalling effects on different types of

crowd investors as receiver of signals from diverse signallers. Our results suggest that experienced crowd investors pay more attention to quality signals of start-ups than novice crowd investors when they make investment decisions, and that novice crowd investors pay greater attention to signals from peer investors than experienced crowd investors in their decision-making processes. By investigating the effects of signals from both start-ups and peer investors on three different types of investor we contribute to the literature on signalling in crowdfunding (e.g., Ahlers et al., 2015; Courtney et al., 2017).

Last, our study contributes to the literature on motives in crowdfunding. We confirm the findings of prior research suggesting that investors in equity crowdfunding focus on financial motives (e.g., Cholakova and Clarysse, 2015) and provide new insight on the effects of information on capital raising start-up's geographic origin as a loyalty factor in investment decisions of different investor groups in crowdfunding (e.g., Lin and Viswanathan, 2015).

2 Theoretical framework

Recently, online crowdfunding markets have emerged as a viable option for start-ups seeking external financing (Belleflamme et al., 2014; Hörisch, 2018; Lins et al., 2018). As a result, entrepreneurs now have opportunities to circumvent traditional approaches of capitalisation from business angels or venture capitalists, and instead gaining feedback and capital from the crowd (Ley and Weaven, 2011; Mollick, 2014).

Research distinguishes between different models of crowdfunding: donation, reward, lending, and equity crowdfunding (e.g., Burtch et al., 2013; Mollick, 2014). The emergence of equity crowdfunding in particular, has caused a fundamental change in the capitalisation process of many start-ups. Entrepreneurs increasingly use equity crowdfunding platforms to sell securities in their ventures (Ahlers et al., 2015; Best et al., 2013). This trend provides investors of all kinds with opportunities to invest directly in promising businesses in return for equity shares (Agrawal et al., 2014; Ahlers et al., 2015). There are no entry barriers regarding income, wealth, expert knowledge, or investment track record, which might prevent investors from being active on such platforms, discussing topics with their peers, or making investment decisions (Bruton et al., 2015). Crowdfunding thus attracts a high number of individuals being active in online start-up financing and also a variety of crowd investor types ranging from purely novice to more experienced investors, who potentially show diverging behaviours.

While the venture capital literature has studied the relationship between investor backgrounds including experience, and related characteristics on processes and outcomes in the offline setting (e.g., Franke et al., 2008; Freear et al., 1994; Holm and Rikhardsson, 2008; Shepherd et al., 2003), crowdfunding literature lacks a comprehensive exploration of investor groups and behavioural differences. Prior research suggests that investment experience and skills have significant influence on the quality of activities (e.g., evaluation and decision-making; Franke et al., 2008). In the literature, such investor characteristics are clear distinction criteria for investor groups (Franke et al., 2008; Holm and Rikhardsson, 2008; Shepherd et al., 2003).

Experience is typically derived from training, execution of jobs, repetition, and routine. In start-up finance, experience is gained by frequently performing investment processes, analysing information about business ideas and plans, evaluating start-up teams, products, or financial indicators, and observing outcomes over time

(Van Osnabrugge, 1998). Some authors have highlighted the importance of investigating differences between experienced and novice investors with regard to investment activity, performance, and decision-making in venture capital settings (Franke et al., 2008; Freear et al., 1994; Holm and Rikhardsson, 2008; Shepherd et al., 2003; Van Osnabrugge, 1998). In their studies, they find significant variety in how investor groups perform processes and make decisions (e.g., Franke et al., 2008; Holm and Rikhardsson, 2008; Shepherd et al., 2003).

Equity crowdfunding exhibits parallels to classic start-up finance settings (Yu et al., 2017). Investors with diverse investment experience and intentions contribute feedback, capital, or networks (Agrawal et al., 2014). Experience in crowdfunding, similar to experience in offline venture capital settings, refers to repeatedly performing investment processes, seeing a variety of different business concepts, and observing the development of numerous crowdfunded start-ups over time. This suggests that experience may also affect the actions and decision-making processes of investors in online settings. Existing literature can help us develop arguments for exploring:

- how novice and experienced investors obtain and analyse information
- how extensively they communicate with capital-seeking start-up teams
- how sensitively they respond to signals from start-ups and peers to make decisions
- to what extent they differ regarding investment motives.

(1) How investor groups differ in obtaining and analysing information

Investors face high levels of uncertainty when assessing the market potential of capital-seeking start-ups (Kollmann and Kuckertz, 2010; Matusik et al., 2008; Shane and Cable, 2002). To reduce information deficits, investors often perform specific due diligence activities to identify, consolidate, and analyse information about start-ups before making an investment (Van Osnabrugge, 2000). Research suggests that the higher the amount of information available, the more informed decisions can be derived (Zacharakis and Shepherd, 2001). Obtaining and analysing information in new venture finance settings can reveal important insights about ideas and business models, the start-up team, the market, and financial forecasts, and therefore, the potential value of the start-up (e.g., Davila et al., 2003; Mason and Stark, 2004).

Crowdfunding investors operate in a similar context as professional venture capital investors as they are provided with an opportunity to invest in a new venture. The available information in equity crowdfunding is also similar to what is available in offline venture capital settings. Crowd investors can access information about the business idea and model, the team, and data on markets and financials. On most crowdfunding platforms, investors are also provided a video pitch in which a start-up team highlights key aspects of themselves and their business concept. However, some of this information is unvetted, so the investment risk is inherently high (Moritz et al., 2015).

The ways in which novice or experienced crowd investors obtain and analyse information are likely to differ. We assume that experienced investors perform vetting processes more intensely than novice investors. Experienced investors recognise (e.g., from prior investment cases) that high-quality information leads to higher decision accuracy (Zacharakis and Shepherd, 2001). Novice investors, on the other hand, often do not invest the same efforts in obtaining and analysing information as their experienced

counterparts. To investigate these potential differences between novice and experienced investors, we formulate the following hypothesis:

Hypothesis 1: *Experienced crowd investors spend more effort obtaining and analysing information about capital-seeking start-ups than novice crowd investors.*

(2) *How investor groups differ regarding communication with start-up teams*

Communication considers all activities associated with the dissemination, exchange, and use of information (Garvey, 1979). Similar to our knowledge on information assembly and processing, communication helps to create a more vivid picture of the actions, behaviours, and strategies of entrepreneurs (Cable and Shane, 1997). Communication is specifically important when available information is not verified or does not provide a sufficient foundation for sophisticated decision-making about start-up teams and their potential performance (Shepherd and Zacharakis, 2001).

Professional investors prefer to work with entrepreneurs with whom they can communicate easily and frequently (Gupta and Sapienza, 1992). Some investors largely base their investment decisions on the quality of communication with entrepreneurs (Roberts, 1991). Prior research finds that entrepreneurs who fail to communicate well with prospective investors often struggle to receive financial support (Bowden, 1994). Therefore, good communication is central to exchange information and receive financial support from investors (Landström, 1992).

Communication in crowdfunding is typically facilitated by platform providers (Agrawal et al., 2014; Moritz et al., 2015). These platforms provide start-ups with a personal landing page on the crowdfunding platform to share information about the team, their business concept, and recent milestones with interested investors and followers. Crowd investors can obtain further information about the start-up, ask direct questions through chat features, and post feedback and comments on openly shared pin boards (Moritz et al., 2015). Investors may be provided with additional contact information as well (e.g., URL, email, social media links, etc.), for more direct and personal communications.

Literature finds that experienced investors are more aware when they suffer from an information disadvantage (Cable and Shane, 1997). They recognise that entrepreneurs are the experts about their specific business or technology, as they have very specific and discrete knowledge. Thus, for some investors, a personal conversation is an integrated step of a selection or pre-due diligence process to reduce information asymmetries (Shepherd and Zacharakis, 2001).

In crowdfunding settings, we expect experienced investors to actively communicate with entrepreneurs to obtain additional information about a venture (e.g., the start-up team, the underlying business or technology, potential threats and opportunities). Experienced investors use communication to collect more information, overcome information asymmetry, and make sound decisions. Conversely, novice investors may not be aware of information disadvantages and, as a result, do not communicate as extensively. This leads to our second hypothesis:

Hypothesis 2: *Experienced crowd investors communicate with start-up teams more actively than novice crowd investors.*

(3) How investor groups differ regarding signals and decision-making

Signalling theory can be used to describe individual behaviours in decision-making. Typical elements of a signalling environment include the signal itself, a person sending the signal, and a person receiving the signal (Connelly et al., 2011). Signals are actions associated with the communication of information to outsiders. Signallers are insiders who obtain specific information, e.g., about products (Kirmani and Rao, 2000) not accessible to outsiders. And receivers are individuals who lack specific information but would like to obtain it (Connelly et al., 2011). Often situations can involve multiple signals, signallers, and receivers.

Signallers in entrepreneurship settings are typically start-ups (e.g., Fischer and Reuber, 2007; Reuber and Fischer, 2005), individual entrepreneurs (e.g., Elitzur and Gavius, 2003), or peer investors (e.g., Scharfstein and Stein, 1990). Receivers in the entrepreneurship literature are often referred to as potential investors (e.g., Elitzur and Gavius, 2003; Janney and Folta, 2003, 2006). Signals contain positive or negative information that exhibit certain qualities (Connelly et al., 2011). For example, signals in venture capital settings cover information on the reputation of a start-up (e.g., Fischer and Reuber, 2007) or investment decisions by peer investors as indicators of quality and success (e.g., Scharfstein and Stein, 1990). One central idea of signalling theory is that receivers make decisions based on signals (i.e., information) received from the signaller (Connelly et al., 2011).

Entrepreneurship scholars apply signalling theory to explain the effects of signals sent by start-ups towards (potential) investors in the offline setting (e.g., Busenitz et al., 2005; Janney and Folta, 2006). Recently, researchers have directed efforts toward the analysis of signalling in crowdfunding (e.g., Ahlers et al., 2015; Block et al., 2018; Moss et al., 2015). For instance, Ahlers et al. (2015), investigated how different signals influence investment decisions of crowd investors in equity crowdfunding. They find empirical evidence that certain signals (e.g., financial roadmap, board experience, etc.) from start-ups motivate crowd investors to contribute money to crowdfunding projects. However, there is a lack of understanding of the effects of signals from start-ups on different types of equity crowd investors (i.e., novice versus experienced). Furthermore, signals do not stem from start-ups alone. In crowdfunding, signals are also sent and received by third parties such as peer investors (e.g., investment decisions as signals; Janney and Folta, 2006). Therefore, we investigate further

- how investment decisions by experienced and novice investors are influenced by signals they receive from start-ups
- how these groups' decisions are affected when they receive signals from peer investors.

(a) Signalling effects of start-ups on novice and experienced investor decision-making

Entrepreneurship literature suggests that experienced investors who frequently perform investment processes have developed skills, routines, and capabilities to evaluate the potential value of start-up ideas (e.g., Holm and Rikhardsson, 2008; Shepherd et al., 2003). Such experienced investors compare investment offers to prior deals and outcomes, and interpret information and quality criteria of start-ups (e.g., special entrepreneurial skills of the team, technology leadership, etc.) in a meaningful way (Franke et al., 2008). This provides significant advantages in identifying start-ups that

will likely be successful and making investment decisions accordingly (e.g., Fried and Hisrich, 1994; Hall and Hofer, 1993; MacMillan et al., 1987). In contrast, novice investors often lack the routines, capabilities, and experiences to effectively compare information and signals (Ahlers et al., 2015; Freear et al., 1994). Thus, experienced investors are capable to filter information provided on crowdfunding platforms more effectively than novice investors and focus on specific quality criteria. This does not mean that novice investors completely ignore quality signals. However, experienced investors tend to pay greater attention to signals from a start-up (such as information on the qualification of the team or proof of concept) than novice investors. To investigate if our assumption holds in equity crowdfunding, we propose the following hypothesis:

Hypothesis 3a: *Experienced crowd investors pay more attention to quality signals of start-ups than novice crowd investors when they make investment decisions.*

(b) Signalling effects of peers on novice and experienced investor decision-making

Signals in start-up finance also come from peer investors. In crowdfunding, contributions such as comments and questions from peer investors or their investment decisions are visible to everyone. This visibility can impact peer investors' decisions (Fernández et al., 2011; Moritz et al., 2015). Contributions are interpreted as quality signals and can influence the decisions of other crowd investors (Burtch et al., 2013; Moritz et al., 2015). Historical and current investments legitimise endorsement (Lin et al., 2009; Stuart et al., 1999). Such signals filter investment opportunities into smaller selection pools and reduce vetting efforts for future investors (Hirshleifer and Hong Teoh, 2003; Janney and Folta, 2006).

Based on insights from prior literature, we expect that novice investors are more influenced by signals from peer investors than are experienced investors because novice investors might trust the decisions of peer investors (possibly perceived as "due diligence experts") more than their own decisions. This can lead to investments simply because others have done so before. Experienced investors are more likely to trust their own capacities when vetting start-ups.

Hypothesis 3b: *Novice crowd investors pay greater attention to signals from peer investors than experienced crowd investors when they make investment decisions.*

(4) How investor groups differ regarding investment goals

Decisions are typically made for a specific reason or motivation to reach a certain target (Bellman and Zadeh, 1970). Psychology distinguishes between extrinsic motivation, which is activated by financial compensation or recognition, and intrinsic motivation, which is stimulated by fun, joy, and interest (Deci et al., 1999; Kahneman, 2003; Ryan and Deci, 2000).

One can assume that investment decisions in professional venture capital settings are focused on profit maximisation (Dixon, 1991). However, this is not the only motivation in start-up investing. For some investors, it may also be important to invest in start-ups from certain regions or sectors in which they have interest or experience (e.g., Benjamin and Margulis, 1996; Mason and Harrison, 2002). These investors may even be willing to compromise on pure financial investment goals (Huberman, 2001; Sullivan, 1994; Wetzel, 1983).

Investment goals and motives in crowdfunding can differ between individual investors or groups. For example, some investors in crowdfunding may invest

predominantly for economic reasons. They simply want to have a sufficient return on their investments (Cholakova and Clarysse, 2015). Other investors may provide capital only because they like the team, or want to support family and friends (e.g., Agrawal et al., 2015) or a particular geographic region (e.g., Lin and Viswanathan, 2015). Such motivations require few economic benefits (Kahneman, 2003). Literature suggests that experienced investors tend to be more motivated by financial goals, while novice investors may be enticed by investments with personal or geographical connections. These arguments result in Hypotheses 4a and 4b:

***Hypothesis 4a:** Experienced crowd investors are more financially-driven than novice crowd investors.*

***Hypothesis 4b:** Novice crowd investors are more loyalty-driven than experienced crowd investors.*

3 Method

3.1 Empirical setting and data collection

Regulatory frameworks can affect the capital raising start-up, the crowd investor, or the crowdfunding platforms (Hornuf and Schwienbacher, 2018). Germany has adopted a rather unrestrictive approach by avoiding regulation for equity crowdfunding. This enabled German platforms to develop fast and attract a large number of crowd investors with different backgrounds at relatively low cost (e.g., Hornuf and Schwienbacher, 2018). Hence, the German context seemed to be a great choice addressing our research objective of exploring differences between investor types. In order to test our hypotheses, we thus use survey data collected from the German equity crowdfunding platform Seedmatch, which was launched in 2011 and is the largest platform of its kind in Germany. It counts 54,134 registered users and has facilitated deal flow for 101 projects worth €33.03 million (data status: October 1, 2017). Its minimum investment requirement per crowd investor is €250. Crowd investors are able to make investments in start-ups until a predefined funding ceiling is reached. The minimum amount to be collected in order to let funds flow to the start-up is the funding threshold. When a funding threshold is not reached, committed invested money is returned to respective investors. Examples of typical crowdfunding campaigns at Seedmatch are start-ups such Rightsmart (offers digital legal advisory services), Restube (sells inflatable safety buoys), or Veganz (supplies innovative vegan specialities), which collected 400,000 Euro, 600,000 Euro, and 2,000,000 Euro from crowd investors. The largest financing round on Seedmatch was 3 million Euro by Protonet, a start-up that provides private cloud servers to small and medium enterprises. The lowest amount raised was 56,000 Euro by NeuroNation, a start-up which is offering brain-training exercises.

The data were gathered using a web-based survey (Leicht, 2013). The survey included 63 questions and 206 individual items. In order to avoid distraction of the respondent, optional questions regarding financial expertise and socio-demographics were positioned at the end of the survey. Crowd investors were provided with five-point Likert scale ratings ranging from strongly disagree to strongly agree and closed matrix questions. Explorative insights were generated by incorporating mixed questions as well as fully open text questions. To test response credibility and optimism, numerical entries

were employed. Moreover, we applied several strategies to limit effects of biases. For example, Seedmatch was not mentioned in the survey to reduce bias. The survey was pre-tested by 14 individuals, eight of whom were familiar with the subject. A pre-test ensured that items adequately captured the domain of interest and that items were not ambiguous. Respondents anonymously self-completed the survey mitigating the effect that respondents want to make them look favorable to the experimenter (Furnham, 1986; Nederhof, 1985).

To provide the survey online, we utilised the open source software package LimeSurvey. The questionnaire was published by Seedmatch to its 9334 newsletter subscribers and 7498 social media followers on Facebook, Google+, and Twitter on May 16, 2013. A reminder was sent out to 9547 newsletter subscribers on May 30, 2013. In total, 349 responses were generated. The response rate equalled roughly 18%, measured by the number of active investors on the platform at the time of the survey. To assess the representativeness of our data, we compared collected data with demographic and investment data reported on Seedmatch. We found no significant difference with regard to age, gender ratio, and average investment size.

3.2 Variables

To investigate whether novice and experienced crowd investors differ in their behaviour on crowdfunding platforms, we distinguish between three groups:

Novice investors: This group represents crowd investors with no prior offline or online investment experience.

Offline investor: This group represents crowd investors with prior offline investment experience. We do not distinguish between investors that may or may not have prior online investment experience.

Digital investors: This group represents crowd investors with online investment experience only.

We use four categories of measures to test our hypotheses and explore the differences between the above groups. These categories are

- information search (five variables)
- communication patterns (two variables)
- signalling effects (five variables)
- investment motives (five variables).

Table 1 in Appendix provides an overview of the variables used and their operationalisation.

4 Analysis

We assess the relation between group membership and the dependent variable using analysis of variance. We report the p-value for the overall F-test of the hypothesis that the means for the three groups are the same against the alternative, that the means between at

least two of the groups differ. In case the F-statistic is significant, i.e., that some of the means differ, we make pairwise comparisons of the means correcting for multiple comparisons using Tukey's method (Tukey, 1949). In a few instances, the assumption of variance homogeneity, justifying the use of the aforementioned F-test, was violated. In these cases, we supplement the F-test with the non-parametric Kruskal-Wallis test for equal populations (Kruskal and Wallis, 1952). In case the null hypothesis of equal populations is rejected, we carry out the associated non-parametric rank-sum test in order to further elucidate the relation between the three groups. An overview of the descriptive statistics is provided in Table 2 in Appendix.

For the dependent variables involving times spent or frequency, we assess the relation between the grouping variable and the pertinent dependent variable using a chi-squared test (Greenwood and Nikulin, 1996). We supplement this analysis by calculating column percentages for the three groups of investors as well. The percentages for the variables involving times spent or frequency are reported in Table 1 in Appendix.

Figure 1 shows an overview of

- the individual variables and the results
- the related hypotheses
- the most important and also
- unexpected outcomes.

For simplicity, we categorise the outcomes for each variable in three manifestations: low, medium, and high. In the following text, we document significant differences between the groups.

In *Hypothesis 1* we asked whether experienced crowd investors spend more effort obtaining and analysing information about capital-seeking start-ups than novice crowd investors. In order to test this, we included five measures:

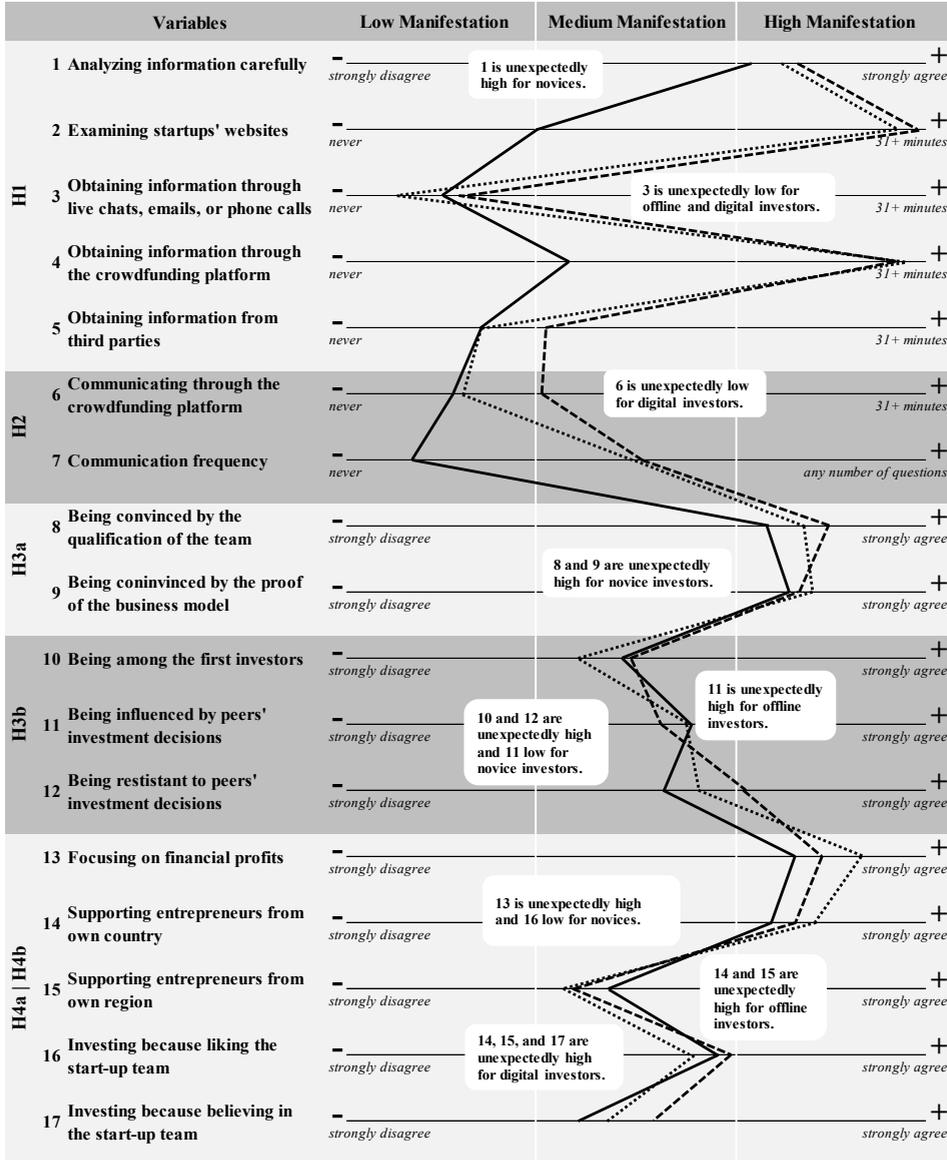
For the variable *analysis of information*, the results reveal that all groups seem to analyse information carefully. The values are all rather high (>3.4). Relative to each other, investors with prior offline experience (3.87) seem to analyse information more carefully than digital investors (3.76) and novice investors (3.46). The value for the group of novice investors is unexpectedly high. However, there are no statistically significant differences between the three groups.

For the variable *examination of start-ups' websites*, the results indicate that most crowd investors examine the corporate website of a start-up between 1 and 30 minutes. A substantial share of novice investors (>30%) spend no time at all examining the corporate website. This is in contrast to investor groups with offline and online experience where the fraction is very small (<5%). The time spent by crowd investors examining the website of a start-up follows the same pattern for digital investors and investors with prior offline experience. The differences between the groups regarding the amount of time spent examining the corporate website is significant at a 1% level of significance.

For the variable *obtainment of information through live chats, emails, or phone calls*, the analysis shows that information about the capital-seeking start-up is, for the majority of respondents, never obtained through channels such as live chats, emails, or phone calls ($\geq 60\%$ for all groups). This also applies to digital investors (>80%). Among those investors who do use these channels, there are noteworthy differences between the three groups: Among novice investors, a rather large share of this group (compared to the

other groups) spent more than 30 minutes obtaining information through these channels. Almost one third of investors with prior offline experience use between 1 and 30 minutes whereas the percentage of digital investors is much smaller in this category. The overall effort among the groups of digital investors and investors with prior offline experience is unexpectedly low. This limited effort was expected for the novice investor group only. The relation between group membership and time spent obtaining information through these channels is significant at a 1% level of significance.

Figure 1 Overview of results and comparison of investor groups



Legend: — Novice investors; - - - Investors with prior offline experience; Digital investors.

For the variable *obtainment of information through the crowdfunding platform*, the analysis reveals that most crowd investors (~60%) read information about the start-up provided on the crowdfunding platform for more than 30 minutes. One quarter of the group of novice investors never read the information about the start-up provided on the crowdfunding platform; the percentages for digital investors and investors with prior offline experience equal ~3% and ~4% respectively. The efforts of investors with prior offline experience and digital investors is high and roughly at around the same level. The effort of novice investors is lower but still at an average level. The overall test of a relation between group membership and time spent reading information on the crowdfunding platform is significant at a 1% level of significance.

For the variable *obtainment of information through third parties*, the results indicate that a large share of crowd investors never obtain information about the start-up from third parties (i.e., novice and digital investors >50%; investors with prior offline experience ~30%). Approximately one third of the novice investors group spent more than 30 minutes obtaining information from this source, which is comparable to the group of investors with prior offline experience. For digital investors this number is 13%. The chi-squared test is significant at a 1% level of significance.

Overall, we largely find support for Hypothesis 1. Experienced crowd investors spent more effort obtaining and analysing information about capital-seeking start-ups than do novice crowd investors. For most variables, we have a significant result.

Hypothesis 2 claims that experienced crowd investors communicate with start-up teams more actively than novice crowd investors. In order to test this, we included two measures:

For the variable *communication through the crowdfunding platform*, the results indicate that a large share of crowd investors never interact with the start-up through the communication channels of the crowdfunding platform (i.e., novice and digital investors >50%; investors with prior offline experience ~36%). The highest interactions take place between 1 and 30 minutes (i.e., novice and digital investors ~30%; investors with prior offline experience ~50%). For this measure, we expected low interaction for novice investors and medium to high interaction for the two other groups. But the activity of digital investors was unexpectedly low. Significance for the relation between group membership and this variable is reached at a 10% level.

For the variable *communication frequency*, the analysis reveals that roughly half of the digital investors and investors with prior offline experience never communicate with the capital-seeking start-up, while the other half seeks to have any form and length of communication. The values for novice investors are much lower than the values for the other two groups: 71% of the novice investors never ask questions to the capital-seeking start-up and 29% do any form of communication or questioning (i.e., between 1 and more than 21 times a month). The test of a relation between group membership and this variable is significant at a 5% level of significance.

Overall, we find support for Hypothesis 2. Experienced crowd investors communicate more consistently with the start-up than novice crowd investors.

Hypothesis 3a investigates whether experienced crowd investors pay more attention to quality signals of start-ups than novice crowd investors when they make investment decisions. In order to test this, we included two measures:

For the variable *focus on team qualification*, the results reveal that all groups seem to invest because they are convinced of the capabilities of the team. The values are all very high (>3.6). Relative to each other, the capabilities of the team seem to be more

important for investors with prior offline experience (4.15) than for digital (3.98) and novice investors (3.63). We find statistically significant differences at the 10% level ($F = 0.06$) between novice investors and investors with prior offline experience. The value for the group of digital investors is not significantly different from the values of the two other groups.

For the variable *attention to proof-of-concept*, the results indicate that all groups seem to invest because the team has shown that the business model works. The values are all very high (≥ 3.80). Relative to each other, proof of business model seems to be more important for digital investors (4.01) than for investors with prior offline experience (3.92) and novices (3.80). The value for novice investors is unexpectedly high. However, the groups are not significantly different from each other.

Overall, Hypothesis 3a is supported. Experienced crowd investors pay more attention to signals from start-ups than novice crowd investors when they make investment decisions.

In **Hypothesis 3b**, we test whether novice crowd investors pay greater attention to signals from peer investors than experienced crowd investors when they make investment decisions. In order to test that, we included three measures:

For the variable *being among the first investors*, the results show that for all groups it seems to be of medium importance to be among the first investors. These values are at an average level. Relative to each other, it seems more important to be among the first investors for those with prior offline experience (2.44) than for digital investors (2.00). We have a statistically significant relation for the difference between investors with prior offline experience and digital investors, at a 5% level of significance. The group of novice investors (2.35) is located between and is not statistically different from the two other groups. The value for the group of novice investors is higher than expected.

For the variable *influence of peers' investment decisions*, the results indicate that for all groups it seems to be of average importance that others have already invested. Relative to each other, it seems to be more important for novice investors (2.96) than for investors with prior offline experience (2.70) and digital investors (2.95) that others have already invested. The value for novice investors was expected to be much higher and the value for the group of investors with prior offline experience much lower. However, we do not have a significant relation for the differences between the three groups.

For the variable *resistance to peers' investment decisions*, the results reveal that crowd investors of all groups perceive themselves as not being influenced by the investment behaviour of other investors at an average level. Relative to each other, investors with prior offline experience (3.41) are less influenced by other investor behaviour than digital investors (3.02) and novices (2.74). The value for the group of novice investors is unexpectedly high. The differences are significant at a 10% level.

Overall, we find some support for hypothesis 3b. Novice crowd investors pay more attention to signals of peer investors than experienced crowd investors when they make investment decisions.

Hypothesis 4a investigates whether experienced crowd investors are more financially-driven than novice crowd investors. **Hypothesis 4b** investigates whether novice crowd investors are more loyalty-driven than experienced crowd investors:

For the variable *focus on financial returns*, the results show that all groups seem to see their capital primarily as an investment and would like to generate profits. The values are very high (> 3.8). Relative to each other, digital investors (4.43) see their capital primarily as an investment and would like to generate profits more than investors with

prior offline experience (4.08) and novice investors (3.81). There are statistically significant differences between the three groups at a 1% significance level; specifically, for the difference between the group of digital investors and the group of novice investors, but also for the difference between the group of digital investors and the group of investors with prior offline experience.

For the variable *support of entrepreneurs from own country*, the results indicate that all groups seem to be motivated to support compatriot entrepreneurs to realise their idea. The values are high (>3.6). Relative to each other, digital investors (4.09) want to support entrepreneurs in Germany to realise their idea more than investors with prior offline experience (3.87) and novice investors (3.68). We have a significant relation at a 5% level of significance for the difference between novice investors and digital investors.

For the variable *support of entrepreneurs from own region*, the analysis reveals that, for all groups, it seems to be of average importance that entrepreneurs are from the same region as investors. Relative to each other, this seems to be more important for novice investors (2.26) than for investors with prior offline experience (1.92) and digital investors (1.87). However, the differences are not significant.

For the variable *empathy for the start-up team*, the results indicate that all groups seem to invest because they like the start-up team. The values are above average (>2.9). Relative to each other, investors with prior offline experience (3.31) invest because they like the team more than novice investors (3.23) and digital investors (2.99). However, the differences are not statistically significant.

For the variable *belief in the start-up team*, the results reveal that all groups seem to invest because they believe in the capabilities of the start-up team at an average level (<2.7). Relative to each other, investors with prior offline experience (2.67) invest because they believe in the team more than digital investors (2.23). This difference is significant at a 5% level of significance. There is also a significant difference at a 5% significance level for the relation between investors with prior offline experience and novice investors (2.00).

Overall, Hypothesis 4a is supported. Experienced crowd investors focus more on financially driven investment goals such as return on investment than novice crowd investors. However, Hypothesis 4b is rejected. Experienced investors, both the group of investors with prior offline experience and digital crowd investors, focus more on loyalty driven investment goals, such as the support of entrepreneurs from their own country, than the group of novice investors. For all groups, the fact that the start-up team is from their country is more important than being from their region.

5 Discussion

In this paper, we study the differences of specific types of crowd investors active on equity crowdfunding platforms. We distinguish between novice and experienced crowd investors, as prior research suggests that experience has significant influence on the behaviour of individuals and is an often-used distinction criteria for groups in offline venture capital settings (e.g., Franke et al., 2008; Holm and Rikhardsson, 2008; Shepherd et al., 2003). We were interested in understanding whether the findings from the offline world hold true online. Hence, we developed hypotheses based on existing knowledge to investigate how the different investor groups behave on crowdfunding platforms and why they invest in start-ups. Figure 1 shows an overview of our hypotheses and outcomes.

From the literature, we know that professional investors typically perform due diligence activities such as searching, compiling, and analysing information carefully to reduce uncertainty and make informed investment decisions (Matusik et al., 2008; Van Osnabrugge, 2000; Zacharakis and Shepherd, 2001). Professional investors also communicate directly with start-up teams to learn more about their intentions and strategies or to understand a new technology in a more detailed manner (e.g., Cable and Shane, 1997; Kollmann and Kuckertz, 2006).

Our findings regarding information seeking processes of novice and experienced investors in the online setting show that the information provided by the platform provider seems to be a sufficient component for most crowd investors, specifically for novices, to make decisions about start-ups. Overall, our hypothesis that experienced crowd investors pay more attention to gathering additional information largely finds empirical support. Interestingly, novice crowd investors analyse the provided information carefully as well, almost but not as carefully as experienced investors.

Regarding communication, which is closely linked to information seeking, we assumed that experienced crowd investors also communicate with start-up teams more actively than novice crowd investors. We find empirical support for this hypothesis. Taking a closer look, it was unexpected to see that a large share of experienced investors use communication in a limited capacity. One explanation could be that crowd investors are embedded in a social network or community (e.g., Hui et al., 2014; Fiedler and Sarstedt, 2014), which may positively influence their decision-making processes without the need for information or validation checks through communication, as they trust their peers and the platform provider. Some platform providers manage information collection (e.g., about the business model, market data, financials, etc.) and vetting for their investor community before releasing a crowdfunding campaign. Such vetting activities by platform providers might explain why even experienced crowd investors do not utilise additional opportunities and communication tools more comprehensively.

Regarding signalling, the literature suggests that investors who frequently perform investment processes can compare characteristics of a start-up to prior investments and can thus interpret information and quality criteria in a more meaningful way (e.g., Franke et al., 2008). Investors without prior investment experience often lack such insights and comparisons, and are thus influenced by the decisions of peer investors more easily (e.g., Freear et al., 1994). Hence, we proposed that experienced crowd investors pay more attention to quality signals of start-ups than novice crowd investors when they make investment decisions, and that novice crowd investors pay greater attention to signals from peer investors than experienced crowd investors in their decision-making processes. Both hypotheses find empirical support. Specifically, regarding signals from start-ups, our results show that in equity crowdfunding novice investors direct their attention to quality signals of start-ups (e.g., information about the qualifications of a team) almost as much as experienced and digital investors. Regarding signals from peer investors (e.g., peers' investment decisions), our analysis reveals a differentiated result. While it seems to be similarly important to novice and digital investors that others have invested at earlier stages, it is less important to investors with prior offline experience. We assume that this investor group is not used to have access to information about the investment decisions of peer investors. In offline settings, information about peer investors is not always visible or even accessible at all, as in seed financing rounds when start-ups reach out for external financing for the first time. Offline investors typically rely on their own information, due diligence, and decisions. To the contrary, online investors are used to

the transparency of the community and may trust signals of peer investors, as they may convey a legitimising endorsement (Lin et al., 2009; Stuart et al., 1999). Additionally, signals such as information on peers' investment decisions function as a filter for the overall investment opportunities, which reduces cost and effort for other investors evaluation activities (Hirshleifer and Hong Teoh, 2003; Janney and Folta, 2006).

Another important aspect of start-up financing is investor motivation. In classic offline venture capital settings, the motivation of investors is usually directed towards financial payoff (e.g., Dixon, 1991), but can also be driven by interests, joy, fun (e.g., Benjamin and Margulis, 1996; Mason and Harrison, 2002), and regional focus (e.g., Powell et al., 2002). We suggested that experienced crowd investors are more financially-driven than novice crowd investors, and that novice crowd investors are more loyalty-driven than experienced crowd investors. We can confirm the former, but not the latter aspect: Our results show that whether or not one is a novice, an experienced offline, or a digital investor, all groups want to profit financially from their investments. We also see a home bias, meaning that investments are more probable when the start-up is from the same country or region as the crowd investor. Surprisingly, for all groups, the start-up's country is more important than the region or state. This might be due to changing education and working patterns, where people, especially in the finance and investment community, seamlessly move between regions and countries. In this environment, through characteristics such as language, accent, etc., country origins are more obvious, visible, and commonly known than regional origins. Therefore, people identify themselves more as citizens of a country than of a certain region or state where they are born or reside.

6 Conclusion

6.1 Theoretical implications

Our study offers several important contributions to the crowdfunding literature: First, our findings show that there are indeed different groups of investors active on equity crowdfunding platforms. To date there had been only limited knowledge about which groups exist, what important characteristics they possess, and how they behave in crowdfunding (McKenny et al., 2017). In our study we analyse investors with different levels of investment experience active on equity crowdfunding platforms and show that investor background can have major implications for online investment activities. By providing a detailed comparison of novice and experienced investors' behaviour and decision-making processes, we offer new insight to the literature on investor types in equity crowdfunding (e.g., Günther et al., 2018; Mohammadi and Shafi, 2018).

Second, we specifically investigate differences of novice versus experienced investors regarding information search and communication patterns. We find that experienced crowd investors pay more attention to gathering additional information when analysing crowdfunding campaigns than do novice crowd investors. Regarding communication, our results suggest that experienced crowd investors also communicate with start-up teams more actively than novice crowd investors. Our findings thus contribute to research on information assembly and communication in crowdfunding (e.g., Moritz et al., 2015; Lins et al., 2018).

Third, although prior literature provides first evidence on the role of signals in crowdfunding, scholars have overlooked to study signalling effects on different types of crowd investors as receiver of signals from diverse signallers. We find that experienced crowd investors pay more attention to quality signals of start-ups than novice crowd investors when they make investment decisions, and that novice crowd investors pay greater attention to signals from peer investors than experienced crowd investors in their decision-making processes. By investigating the effects of signals from both start-ups and peer investors on different types of investors, we contribute to the literature on signalling in crowdfunding (e.g., Ahlers et al., 2015; Courtney et al., 2017).

Lastly, our study contributes to the literature on motives in crowdfunding. We confirm the findings of prior research suggesting that investors in equity crowdfunding focus on financial motives (e.g., Cholakova and Clarysse, 2015) and provide new insight on the effects of geographic information on capital raising start-up's origin as a loyalty factor in investment decisions of different investor groups in crowdfunding (e.g., Lin and Viswanathan, 2015).

6.2 Managerial implications

Our study also offers practical implications for start-ups seeking capital, crowdfunding platform providers, and crowd investors: First, start-ups gain insights into how they can address the needs of different types of crowd investors, what kind of information they should provide to which group and in which way, and that active communication is of high importance. This is valuable, as start-ups can use these insights for their crowdfunding campaigns and for choosing their interaction approach with potential investors. For example, to actively influence the success of fundraising campaigns, start-up teams can increase communication to reduce information asymmetry perceptions by investors. Moreover, start-ups may employ signalling effects (e.g., highlighting certain information on team qualification, the business model, or peers' decisions), which may influence investors' financing decisions positively. Second, platform providers receive insights into how to structure deal flows (e.g., whether there is a need for assistance for specific groups or individuals), and which communication channels and information requirements (e.g., what is important to which type of investor) they should install. Third, crowd investors can classify themselves with respect to their level of experience and skills, and base their investment strategies on the individual situation (e.g., follow the herd, use it as filter or signal for quality, or make own evaluations and decisions based on respective capabilities).

6.3 Limitations and future research

Our study has some limitations. The survey collected data from crowd investors in Germany only. The results may therefore be influenced by both the regulatory context and the culture of crowd investors in Europe, and in particular, Germany. We also draw data from one platform only, which may be influenced by the setting and/or the followers of the platform. Moreover, as prevalent in other research involving participant self-report, the answers to our questions may be biased by respondents' social desirability. Therefore, we cannot generalise our results across all equity crowdfunding platforms worldwide, although the platform does not significantly differ from others and despite our efforts to mitigate response bias. Further studies on crowd investors' background, and data

collection from equity crowdfunding platforms in other regulatory contexts or countries, will help to control our initial findings. For example, the United States regulate both the platforms and the crowd, potentially affecting individual crowd investors' behaviour and decision-making. Future research might also consider exploring investment frequency and overall investment volume by different groups in equity crowdfunding. As the applicability of our findings to different crowdfunding models is not intuitive, future research could build on our study by analysing and comparing our results across other crowdfunding models such as donation-, reward-, or lending-based crowdfunding. This might provide additional and different insights. Finally, it seems to be important to develop a better understanding of the relation between crowd investor due diligence activities and their actual investment decisions.

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Appendix

For the continuous variables, the table displays the mean for each group of investors as well as the associated F-test of equal means across groups (non-parametric Kruskal Wallis test is supplemented where necessary). For the categorical variables, the table displays the number of responses in each category as well as the associated column percentage. Chi-squared tests of equal shares are displayed to the right. Means with the same superscript are significantly different.

Table 1 Overview variables

Variables	Description	Investors with			Significance	
		Novice investors	prior offline experience	Digital investors		
Analysis of information	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether crowd investors analyse the information provided carefully.	3.46	3.87	3.76	Prob > F = 0.29 (Prob > χ^2 = 0.65)	
Examination of start-ups’ websites	This variable captures the time spent by crowd investors examining the corporate website of a start-up. This variable is measured over a categorical variable in which crowd investors had to click one of the following options:					
		‘never’	8 (33.3)	1 (1.8)	6 (4.2)	Prob > χ^2 < 0.01
		‘1–30 minutes’	6 (25.0)	38 (69.1)	95 (66.4)	
	‘31+ minutes’	10 (41.7)	16 (29.1)	42 (29.4)		
Obtainment of information through live chats, emails, or phones calls	This variable captures the time spent by crowd investors obtaining information about a start-up through channels such as live chats, emails, or phone calls. This variable is measured over a categorical variable in which crowd investors had to click one of the following options:					
		‘never’	16 (66.7)	33 (60.0)	116 (81.7)	Prob > χ^2 = 0.01
		‘1–30 minutes’	5 (20.8)	18 (32.7)	17 (12.0)	
		‘31+ minutes’	3 (12.5)	4 (7.3)	9 (6.3)	

Table 1 Overview variables (continued)

<i>Variables</i>	<i>Description</i>	<i>Novice investors</i>	<i>Investors with prior offline experience</i>	<i>Digital investors</i>	<i>Significance</i>	
Obtainment of information through the crowdfunding platform	This variable captures the time spent by crowd investors reading the information about a start-up on the website of the crowdfunding platform. This variable is measured over a categorical variable in which crowd investors had to click one of the following options:					
		‘never’	6 (25.0)	2 (3.6)	4 (2.8)	Prob > χ^2 < 0.01
		‘1–30 minutes’	4 (16.7)	15 (27.3)	49 (34.5)	
		‘31+ minutes’	14 (58.3)	38 (69.1)	89 (62.7)	
Obtainment of information through third parties	This variable captures the time spent by crowd investors obtaining information about the start-up from third parties. This variable is measured over a categorical variable in which crowd investors had to click one of the following options:					
		‘never’	13 (54.2)	16 (29.1)	77 (54.2)	Prob > χ^2 < 0.01
		‘1–30 minutes’	3 (12.5)	21 (38.2)	47 (33.1)	
		‘31+ minutes’	8 (33.3)	18 (32.7)	18 (12.7)	
Communication through the crowdfunding platform	This variable captures the time spent by crowd investors interacting with the start-up via the communication channels of the crowdfunding platform. This variable is measured over a categorical variable in which crowd investors had to click one of the following options:					
		‘never’	15 (62.5)	20 (36.4)	82 (57.7)	Prob > χ^2 = 0.07
		‘1–30 minutes’	7 (29.2)	27 (49.1)	43 (30.3)	
		‘31+ minutes’	2 (8.3)	8 (14.5)	17 (12.0)	
Communication frequency	This variable captures how many times per month crowd investors ask questions to capital-seeking start-ups via the crowdfunding platform. We used two dummy variables:					
		‘never’	27 (71.1)	35 (48.6)	78 (49.7)	Prob > χ^2 = 0.05
		‘any number of questions’ which includes the options ‘1–5 times’, ‘6–10 times’, ‘11–15 times’, ‘16–20 times’, and ‘more than 21 times’	11 (28.9)	37 (51.4)	79 (50.3)	

Table 1 Overview variables (continued)

<i>Variables</i>	<i>Description</i>	<i>Novice investors</i>	<i>Investors with prior offline experience</i>	<i>Digital investors</i>	<i>Significance</i>
Focus on team qualification	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether crowd investors invest because they are convinced by the qualification of the team.	3.63 ^a	4.15 ^a	3.98	Prob > F = 0.06
Attention to proof-of-concept	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether crowd investors invest because the team has already shown that the business model works.	3.80	3.92	4.01	Prob > F = 0.53
Being among the first	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether it is important to crowd investors to be among the first investors.	2.35	2.44 ^a	2.00 ^a	Prob > F = 0.03
Influence of peers’ investment decisions	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether it is important to crowd investors that others have already invested before.	2.96	2.70	2.95	Prob > F = 0.43
Resistance to peers’ investment decisions	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether the investment behaviour of other investors does not affect the behaviour of crowd investors.	2.74	3.41	3.02	Prob > F = 0.07
Focus on financial returns	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether crowd investors see their capital primarily as an investment and would like to generate profits.	3.81 ^a	4.08 ^b	4.43 ^{a,b}	Prob > F < 0.01 (Prob > χ^2 < 0.01)
Support of entrepreneurs from own country	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether crowd investors want to support entrepreneurs in Germany to realise their idea.	3.68 ^a	3.87	4.09 ^a	Prob > F = 0.04 (Prob > χ^2 = 0.12)
Support of entrepreneurs from own region	This variable captures on a five-point Likert scale from ‘strongly disagree’ to ‘strongly agree’ whether it is important to crowd investors that the entrepreneurs are from their region.	2.26	1.92	1.87	Prob > F = 0.17

Table 1 Overview variables (continued)

<i>Variables</i>	<i>Description</i>	<i>Novice investors</i>	<i>Investors with prior offline experience</i>	<i>Digital investors</i>	<i>Significance</i>
Empathy for the start-up team	This variable captures on a five-point Likert scale from 'strongly disagree' to 'strongly agree' whether crowd investors invest because they like the team.	3.23	3.31	2.99	Prob > F = 0.12
Beliefs in the start-up team	This variable captures on a five-point Likert scale from 'strongly disagree' to 'strongly agree' whether crowd investors have already invested once, only because they believed in the team.	2.00 ^a	2.67 ^{a,b}	2.23 ^b	Prob > F = 0.03

Table 2 Overview descriptive statistics

<i>Variables</i>	<i>Obs</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>Min</i>	<i>Max</i>
Analysis of information	222	3.756757	1.078093	1	5
Focus on team qualification	241	3.979253	0.9593754	1	5
Attention to proof-of-concept	241	3.958506	0.9651966	1	5
Being among the first	218	2.146789	1.118143	1	5
Influence of peers' investment decisions	218	2.889908	1.20933	1	5
Resistance to peers' investment decisions	218	3.087156	1.31167	1	5
Focus on financial returns	244	4.258197	0.9133973	1	5
Support of entrepreneurs from own country	244	3.979508	0.9137665	1	5
Support of entrepreneurs from own region	244	1.934426	1.04419	1	5
Empathy for the start-up team	241	3.099585	1.098503	1	5
Beliefs in the start-up team	241	2.311203	1.30649	1	5