Be careful what you ask for:
Fundraising strategies in equity crowdfunding

Online Appendix

August 2019

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Appendix A: Abridged Main and Robustness Empirical Results

Table A1: Variable Definitions

This table lists all of the variable names, with their descriptions, that are in addition to Table 1 presented in the main text. As in Table 1, index i indicates cross-sectional variation across campaigns, and the index t indicates temporal variation in the daily panel.

Variable	Category	Description
Founder characteristics		
EXPERIENCE-2 (%)	X_i	Share of founders in the company's founding team with either: prior experience founding a start-up, or experience working in a company that experienced an IPO, acquisition, private investment rounds, or business growth.
EXPERIENCE-2 (D)	X_i	Dummy variable = 1 if EXPERIENCE-2 (%) > 0; 0 otherwise
EDUCATION-2 (%)	X_i	Share of founders in the company's founding team with a postgraduate degree (Master or PhD)
EDUCATION-2 (D)	X_i	Dummy variable = 1 if EDUCATION-2 (%) > 0; 0 otherwise
Control variables		
BUSINESS MODEL	Z_i	A series of dummy variables for the companies' business models: B2B, B2C, mixed B2B and B2C, and unknown model.
DELIVERY MODE	Z_i	A series of dummy variables for the companies' mode of delivery: Digital, Non-Digital, mixed Digital and Non-Digital, and unknown mode of delivery.
CURRENCY	Z_i	Dummy variable =1 if the campaign currency is EUR, 0 if GBP.
RESIDUAL VALUATION	G_i	Residual term in the regression of VALUATION on FUNDING GOAL.

Table A2. Descriptions of Tables by Panel

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

These tables report OLS regressions for the campaign goal, valuation, and equity offered, in the cross-sectional sample of all campaigns. The explanatory variables include all founder team characteristics (X_i), control variables (Z_i), and additional variables as indicated. All variables are described in Table 1 and Table 1A. T-statistics are in parentheses and standard errors are clustered at the company-level to take into account repeat campaigns.

Panel B: Determinants of Campaign Success and Funding Received

These table report Probit regressions for campaign success (S_i) and OLS regressions for the funding amount (F_i) in the cross-sectional sample of all campaigns. The explanatory variables include all founder team characteristics (X_i), control variables (Z_i), and additional variables as indicated. The direct effect regressions further include fundraising strategies (G_i). All variables are described in Table 1 and Table 1A. T-statistics are in parentheses and standard errors are clustered at the company-level to take into account repeat campaigns.

Panel C: Investment Flows and Campaign Stopping Decisions

These tables first report the random effects panel regressions for daily investment flows ($Inv_{i,t}$). The sample includes all campaigns and includes investment from the start of campaign to reaching goal (for successful campaigns) or last investment (for unsuccessful campaigns). The explanatory variables are founder team characteristics (X_i), control variables (Z_i), fundraising strategies (G_i), panel variables ($P_{i,t}$), and additional variables as indicated. The explanatory variables further include daily momentum variables ($M_{i,t}$).

Next, the tables report only the second stage of a two-stage GLS (random effects with IV) panel regression for the stopping dummy ($Stop_{i,t+1}$) with instrumented lagged daily investment flows. The sample includes only successful campaigns, and starts after the cooling off period. The explanatory variables in the (2nd stage) stopping regression include the lagged daily investment flows ($Inv_{i,t}$), founder team characteristics (X_i), control variables (Z_i), fundraising strategies (G_i), panel variables ($P_{i,t}$), and additional variables as indicated. Daily investment flows ($Inv_{i,t}$) are instrumented with a (1st stage) regression that includes all variables from the 2nd stage, as well as the daily momentum variables ($M_{i,t}$). This 1st stage regression is not shown.

All variables are described in Table 1 and Table 1A. T-statistics are in parentheses and are clustered at company level to take into account repeat campaigns.

Table A3. Streamlined Main Results

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.287**	0.197**	0.153	0.071	0.888	0.722
		(2.23)	(2.06)	(1.25)	(0.76)	(1.20)	(1.26)
EDUCATION	(%, D)	0.420**	0.309**	0.480***	0.399***	-1.098	-0.935
		(2.55)	(2.64)	(3.38)	(3.52)	(-1.24)	(-1.34)
FEMALES	(%)	-0.353**		-0.164*		-0.442	
		(-2.57)		(-1.77)		(-0.58)	
FEMALES ONLY	(D)		-0.267*		-0.153		-0.153
			(-1.72)		(-1.58)		(-0.18)
FEMALES MIXED	(D)		-0.293**		-0.060		-1.037
			(-2.14)		(-0.67)		(-1.50)
N		767	767	767	767	767	767
Adjusted R-squared		0.343	0.344	0.441	0.441	0.107	0.108

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.270	0.150	0.327*	0.186	0.439*	0.329*	-0.053	-0.060
		(1.61)	(1.18)	(1.95)	(1.45)	(1.92)	(1.82)	(-1.00)	(-1.47)
EDUCATION	(%, D)	0.062	-0.034	0.152	0.029	0.644*	0.486**	0.014	-0.010
		(0.25)	(-0.20)	(0.63)	(0.17)	(1.86)	(2.18)	(0.19)	(-0.19)
FEMALES	(%)	-0.184		-0.248		-0.686**		-0.083	
		(-1.09)		(-1.48)		(-3.15)		(-1.26)	
FEMALES ONLY	(D)		-0.131		-0.173		-0.628**		-0.179**
			(-0.70)		(-0.94)		(-2.49)		(-2.57)
FEMALES MIXED	(D)		-0.121		-0.179		-0.333		0.092*
			(-0.80)		(-1.17)		(-1.22)		(1.72)
N		767	767	767	767	333	333	333	333
Adjusted R squared		0.181	0.179	0.192	0.190	0.316	0.314	0.952	0.954

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.488	0.245	0.396	0.177	0.042	0.025
		(1.45)	(0.92)	(1.17)	(0.67)	(1.39)	(0.91)
EDUCATION	(%, D)	0.471	0.116	0.420	0.077	-0.012	-0.023
		(0.94)	(0.32)	(0.86)	(0.21)	(-0.37)	(-0.89)
FEMALES	(%)	-0.812**		-0.736**		-0.058*	
		(-2.61)		(-2.38)		(-1.80)	
FEMALES ONLY	(D)		-0.818**		-0.756**		-0.052
			(-2.41)		(-2.22)		(-1.40)
FEMALES MIXED	(D)		-0.201		-0.124		-0.028
			(-0.69)		(-0.43)		(-0.83)
N		35035	35035	35035	35035	7814	7814
N groups		719	719	719	719	321	321
Between R-squared						0.154	0.152

Table A4. Each founder characteristic included separately

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE-2	(%, D)	0.288**	0.212**	0.132	0.065	1.012	0.819
		(2.17)	(2.14)	(1.07)	(0.69)	(1.38)	(1.43)
EDUCATION	(%, D)	0.374*	0.297*	0.456**	0.391***	-1.228	-0.953
		(2.26)	(2.54)	(3.26)	(3.51)	(-1.40)	(-1.38)
FEMALES	(%)	-0.380**		-0.175		-0.553	
		(-2.76)		(-1.87)		(-0.73)	
FEMALES ONLY	(D)		-0.262		-0.141		-0.228
			(-1.68)		(-1.45)		(-0.27)
FEMALES MIXED	(D)		-0.309*		-0.0735		-1.055
			(-2.20)		(-0.81)		(-1.52)
N		767	767	767	767	767	767

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE-2	(%, D)	0.283*	0.164	0.335**	0.199	0.451*	0.362*	-0.046	-0.049
		(1.69)	(1.28)	(1.99)	(1.54)	(1.87)	(1.95)	(-0.87)	(-1.20)
EDUCATION	(%, D)	0.0171	-0.0458	0.0879	0.00902	0.557	0.453*	0.0283	0.00331
		(0.07)	(-0.27)	(0.37)	(0.05)	(1.60)	(2.04)	(0.39)	(0.07)
FEMALES	(%)	-0.213		-0.277		-0.769***		-0.0756	
		(-1.27)		(-1.66)		(-3.51)		(-1.15)	
FEMALES ONLY	(D)		-0.146		-0.183		-0.721**		-0.167*
			(-0.78)		(-1.00)		(-2.95)		(-2.45)
FEMALES MIXED	(D)		-0.124		-0.179		-0.362		0.0956
			(-0.84)		(-1.19)		(-1.27)		(1.77)
N		767	767	767	767	333	333	333	333

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE-2	(%, D)	0.516	0.285	0.416	0.210	0.048	0.030
		(1.50)	(1.06)	(1.21)	(0.79)	(1.56)	(1.09)
EDUCATION	(%, D)	0.386	0.074	0.337	0.035	-0.022	-0.026
		(0.76)	(0.20)	(0.68)	(0.10)	(-0.68)	(-1.03)
FEMALES	(%)	-0.854**		-0.762**		-0.062*	
		(-2.78)		(-2.49)		(-1.92)	
FEMALES ONLY	(D)		-0.829**		-0.763**		-0.056
			(-2.47)		(-2.26)		(-1.49)
FEMALES MIXED	(D)		-0.186		-0.102		-0.029
			(-0.66)		(-0.36)		(-0.87)
N		35035	35035	35035	35035	7814	7814

Table A5. Founding company or startup success

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE-2	(%, D)	0.186*	0.143*	0.105	0.053	0.629	0.408
		(1.85)	(1.67)	(1.08)	(0.70)	(0.93)	(0.78)
EDUCATION	(%, D)	0.398**	0.299**	0.468***	0.394***	-1.162	-0.960
		(2.41)	(2.57)	(3.32)	(3.51)	(-1.34)	(-1.40)
FEMALES	(%)	-0.375**		-0.178*		-0.483	
		(-2.80)		(-1.94)		(-0.63)	
FEMALES ONLY	(D)		-0.280*		-0.159*		-0.197
			(-1.86)		(-1.65)		(-0.23)
FEMALES MIXED	(D)		-0.316**		-0.072		-1.080
			(-2.26)		(-0.81)		(-1.54)
N		770	770	770	770	770	770
Adjusted R-squared		0.341	0.342	0.441	0.442	0.104	0.104

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE-2	(%, D)	0.068	0.083	0.101	0.111	0.309	0.173	-0.089*	-0.100**
		(0.52)	(0.76)	(0.78)	(1.01)	(1.47)	(0.96)	(-1.90)	(-2.62)
EDUCATION	(%, D)	0.034	-0.037	0.116	0.023	0.611*	0.471**	0.005	-0.019
		(0.14)	(-0.22)	(0.48)	(0.13)	(1.80)	(2.14)	(0.07)	(-0.36)
FEMALES	(%)	-0.204		-0.270		-0.771***		-0.070	
		(-1.21)		(-1.61)		(-3.65)		(-1.11)	
FEMALES ONLY	(D)		-0.140		-0.183		-0.699**		-0.166**
			(-0.74)		(-0.98)		(-2.97)		(-2.51)
FEMALES MIXED	(D)		-0.136		-0.197		-0.386		0.112**
			(-0.92)		(-1.31)		(-1.31)		(2.03)
N		770	770	770	770	333	333	333	333
Adjusted R squared		0.179	0.179	0.190	0.190	0.312	0.307	0.953	0.954

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE-2	(%, D)	-0.166	-0.130	-0.223	-0.174	-0.035	-0.028
		(-0.67)	(-0.59)	(-0.92)	(-0.81)	(-1.28)	(-1.12)
EDUCATION	(%, D)	0.395	0.099	0.347	0.061	-0.031	-0.031
		(0.81)	(0.27)	(0.73)	(0.17)	(-0.94)	(-1.19)
FEMALES	(%)	-0.850**		-0.764**		-0.060*	
		(-2.75)		(-2.49)		(-1.78)	
FEMALES ONLY	(D)		-0.843**		-0.776**		-0.057
			(-2.46)		(-2.27)		(-1.47)
FEMALES MIXED	(D)		-0.200		-0.115		-0.023
			(-0.71)		(-0.41)		(-0.66)
N		35176	35176	35176	35176	7814	7814
N groups		722	722	722	722	321	321
Between R-squared						0.151	0.150

Table A6. Postgraduate degree

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.279**	0.205**	0.122	0.048	1.066	0.936*
		(2.20)	(2.15)	(1.01)	(0.52)	(1.53)	(1.77)
EDUCATION-2	(%, D)	-0.016	-0.044	0.157**	0.116*	-1.612**	-1.473**
		(-0.14)	(-0.53)	(2.01)	(1.72)	(-3.13)	(-3.15)
FEMALES	(%)	-0.318**		-0.139		-0.375	
		(-2.27)		(-1.56)		(-0.50)	
FEMALES ONLY	(D)		-0.222		-0.094		-0.285
			(-1.39)		(-1.00)		(-0.33)
FEMALES MIXED	(D)		-0.286**		-0.111		-0.588
			(-2.17)		(-1.28)		(-0.92)
N		755	755	755	755	755	755
Adjusted R-squared		0.334	0.335	0.488	0.485	0.136	0.139

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.238	0.143	0.291*	0.180	0.361	0.294	-0.065	-0.069
		(1.42)	(1.12)	(1.74)	(1.40)	(1.60)	(1.62)	(-1.17)	(-1.65)
EDUCATION-2	(%, D)	0.070	0.145	0.061	0.137	-0.076	-0.177	-0.044	-0.089**
		(0.54)	(1.33)	(0.47)	(1.23)	(-0.35)	(-1.10)	(-0.93)	(-2.34)
FEMALES	(%)	-0.154		-0.202		-0.692**		-0.084	
		(-0.91)		(-1.19)		(-3.07)		(-1.25)	
FEMALES ONLY	(D)		-0.104		-0.129		-0.666**		-0.189**
			(-0.55)		(-0.69)		(-2.61)		(-2.72)
FEMALES MIXED	(D)		-0.112		-0.168		-0.294		0.093*
			(-0.75)		(-1.10)		(-1.13)		(1.75)
N		755	755	755	755	326	326	326	326
Adjusted R squared		0.184	0.185	0.194	0.194	0.301	0.301	0.953	0.955

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.339	0.174	0.254	0.111	0.049	0.028
		(1.03)	(0.66)	(0.77)	(0.43)	(1.61)	(0.97)
EDUCATION-2	(%, D)	-0.053	0.035	-0.034	0.055	0.023	0.008
		(-0.20)	(0.16)	(-0.13)	(0.26)	(0.84)	(0.28)
FEMALES	(%)	-0.832**		-0.750**		-0.059*	
		(-2.68)		(-2.41)		(-1.89)	
FEMALES ONLY	(D)		-0.827**		-0.765**		-0.052
			(-2.42)		(-2.20)		(-1.39)
FEMALES MIXED	(D)		-0.221		-0.153		-0.034
			(-0.77)		(-0.54)		(-1.05)
N		34294	34294	34294	34294	7621	7621
N groups		708	708	708	708	314	314
Between R-squared						0.161	0.157

Table A7. Dropping repeat campaigns

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.241**	0.158*	0.113	0.045	0.844	0.709
		(2.11)	(1.79)	(0.93)	(0.47)	(1.02)	(1.10)
EDUCATION	(%, D)	0.310**	0.247**	0.469***	0.395***	-1.805**	-1.380**
		(2.52)	(2.65)	(3.58)	(3.61)	(-2.25)	(-1.99)
FEMALES	(%)	-0.231**		-0.124		-0.257	
		(-2.20)		(-1.27)		(-0.30)	
FEMALES ONLY	(D)		-0.202*		-0.111		-0.188
			(-1.71)		(-1.09)		(-0.20)
FEMALES MIXED	(D)		-0.150		-0.058		-0.589
			(-1.37)		(-0.56)		(-0.71)
N		570	570	570	570	570	570
Adjusted R-squared		0.399	0.397	0.417	0.418	0.056	0.055

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.282	0.194	0.321*	0.217	0.566**	0.376*	0.054	-0.006
		(1.57)	(1.38)	(1.76)	(1.53)	(2.32)	(1.77)	(0.82)	(-0.12)
EDUCATION	(%, D)	0.286	0.228	0.361	0.286	0.725**	0.519**	0.182	0.081
		(1.19)	(1.27)	(1.50)	(1.57)	(2.63)	(2.26)	(1.52)	(1.04)
FEMALES	(%)	-0.098		-0.137		-0.372*		-0.093	
		(-0.52)		(-0.72)		(-1.74)		(-1.04)	
FEMALES ONLY	(D)		-0.164		-0.200		-0.394		-0.192**
			(-0.78)		(-0.95)		(-1.46)		(-2.11)
FEMALES MIXED	(D)		0.072		0.051		-0.156		0.041
			(0.41)		(0.29)		(-0.56)		(0.54)
N		570	570	570	570	185	185	185	185
Adjusted R squared		0.119	0.120	0.125	0.126	0.415	0.407	0.937	0.937

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.475	0.294	0.382	0.224	0.041	0.039
		(1.25)	(1.01)	(1.01)	(0.77)	(1.04)	(1.20)
EDUCATION	(%, D)	0.607	0.425	0.632	0.441	-0.055	-0.037
		(1.36)	(1.23)	(1.40)	(1.28)	(-1.45)	(-1.36)
FEMALES	(%)	-0.625*		-0.582*		-0.042	
		(-1.82)		(-1.74)		(-1.09)	
FEMALES ONLY	(D)		-0.708*		-0.660*		-0.004
			(-1.92)		(-1.83)		(-0.09)
FEMALES MIXED	(D)		-0.052		-0.018		-0.038
			(-0.17)		(-0.06)		(-1.03)
N		28991	28991	28991	28991	4466	4466
N groups		542	542	542	542	183	183
Between R-squared						0.239	0.240

Table A8. Adding customer base and mode of delivery as controls

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.306**	0.208**	0.160	0.074	0.975	0.805
		(2.34)	(2.17)	(1.31)	(0.80)	(1.30)	(1.41)
EDUCATION	(%, D)	0.430**	0.314**	0.453***	0.386***	-0.889	-0.811
		(2.59)	(2.68)	(3.32)	(3.51)	(-1.09)	(-1.25)
FEMALES	(%)	-0.372**		-0.163*		-0.561	
		(-2.77)		(-1.77)		(-0.74)	
FEMALES ONLY	(D)		-0.288*		-0.146		-0.362
			(-1.92)		(-1.52)		(-0.43)
FEMALES MIXED	(D)		-0.292**		-0.069		-0.942
			(-2.18)		(-0.78)		(-1.40)
BUSINESS MODEL	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
DELIVERY MODE	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N		767	767	767	767	767	767
Adjusted R-squared		0.342	0.342	0.449	0.450	0.117	0.118

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.254	0.196	0.307	0.226	0.472**	0.333*	-0.046	-0.055
		(1.18)	(1.09)	(1.42)	(1.26)	(1.98)	(1.84)	(-0.87)	(-1.30)
EDUCATION	(%, D)	0.818**	0.366	0.851**	0.388	0.687**	0.494**	0.036	0.006
		(2.44)	(1.53)	(2.60)	(1.62)	(2.04)	(2.23)	(0.47)	(0.11)
FEMALES	(%)	-0.043		-0.116		-0.734**		-0.092	
		(-0.19)		(-0.51)		(-3.32)		(-1.47)	
FEMALES ONLY	(D)		-0.093		-0.140		-0.654**		-0.190**
			(-0.39)		(-0.59)		(-2.75)		(-2.92)
FEMALES MIXED	(D)		0.151		0.108		-0.382		0.096*
			(0.72)		(0.50)		(-1.40)		(1.80)
BUSINESS MODEL	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DELIVERY MODE	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N		767	767	767	767	333	333	333	333
Adjusted R squared		0.645	0.643	0.647	0.645	0.314	0.310	0.952	0.954

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.285	0.140	0.168	0.056	0.045	0.025
		(1.11)	(0.68)	(0.66)	(0.27)	(1.54)	(0.95)
EDUCATION	(%, D)	0.810**	0.348	0.711**	0.274	-0.018	-0.029
		(2.19)	(1.21)	(2.03)	(1.00)	(-0.48)	(-0.98)
FEMALES	(%)	-0.693**		-0.586**		-0.055	
		(-3.03)		(-2.63)		(-1.64)	
FEMALES ONLY	(D)		-0.798***		-0.705**		-0.045
			(-3.33)		(-2.99)		(-1.14)
FEMALES MIXED	(D)		-0.018		0.064		-0.040
			(-0.08)		(0.28)		(-1.16)
BUSINESS MODEL	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
DELIVERY MODE	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N		35035	35035	35035	35035	7814	7814
N groups		719	719	719	719	321	321
Between R-squared						0.204	0.204

Table A9. Adding currency as control

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.277**	0.190**	0.161	0.077	0.738	0.618
		(2.16)	(2.00)	(1.31)	(0.82)	(0.98)	(1.06)
EDUCATION	(%, D)	0.424**	0.311**	0.477***	0.397***	-1.042	-0.902
		(2.61)	(2.68)	(3.35)	(3.48)	(-1.19)	(-1.29)
FEMALES	(%)	-0.352**		-0.165*		-0.420	
		(-2.56)		(-1.78)		(-0.55)	
FEMALES ONLY	(D)		-0.269*		-0.151		-0.186
			(-1.73)		(-1.56)		(-0.22)
FEMALES MIXED	(D)		-0.285**		-0.067		-0.919
			(-2.08)		(-0.77)		(-1.35)
CURRENCY	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N		767	767	767	767	767	767
Adjusted R-squared		0.344	0.344	0.441	0.442	0.113	0.114

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.271	0.151	0.326*	0.185	0.380*	0.296	-0.060	-0.064
		(1.61)	(1.18)	(1.94)	(1.45)	(1.65)	(1.64)	(-1.12)	(-1.55)
EDUCATION	(%, D)	0.061	-0.034	0.152	0.029	0.684**	0.489**	0.020	-0.009
		(0.25)	(-0.20)	(0.64)	(0.17)	(2.15)	(2.29)	(0.26)	(-0.17)
FEMALES	(%)	-0.184		-0.248		-0.726**		-0.090	
		(-1.09)		(-1.48)		(-3.32)		(-1.35)	
FEMALES ONLY	(D)		-0.131		-0.173		-0.662**		-0.184**
			(-0.70)		(-0.94)		(-2.62)		(-2.63)
FEMALES MIXED	(D)		-0.121		-0.178		-0.351		0.088*
			(-0.80)		(-1.16)		(-1.29)		(1.66)
CURRENCY	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N		767	767	767	767	333	333	333	333
Adjusted R squared		0.181	0.179	0.192	0.190	0.326	0.322	0.953	0.954

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.468	0.231	0.384	0.167	0.034	0.021
		(1.38)	(0.87)	(1.13)	(0.63)	(1.13)	(0.77)
EDUCATION	(%, D)	0.481	0.124	0.425	0.081	-0.009	-0.024
		(0.96)	(0.34)	(0.87)	(0.23)	(-0.25)	(-0.90)
FEMALES	(%)	-0.812**		-0.735**		-0.067**	
		(-2.61)		(-2.39)		(-2.04)	
FEMALES ONLY	(D)		-0.824**		-0.760**		-0.061
			(-2.42)		(-2.24)		(-1.59)
FEMALES MIXED	(D)		-0.187		-0.115		-0.032
			(-0.65)		(-0.40)		(-0.97)
CURRENCY	Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N		35035	35035	35035	35035	7814	7814
N groups		719	719	719	719	321	321
Between R-squared						0.164	0.163

Table A10. Valuation instead of equity

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.287**	0.197**	0.153	0.071	0.888	0.722
		(2.23)	(2.06)	(1.25)	(0.76)	(1.20)	(1.26)
EDUCATION	(%, D)	0.420**	0.309**	0.480***	0.399***	-1.098	-0.935
		(2.55)	(2.64)	(3.38)	(3.52)	(-1.24)	(-1.34)
FEMALES	(%)	-0.353**		-0.164*		-0.442	
		(-2.57)		(-1.77)		(-0.58)	
FEMALES ONLY	(D)		-0.267*		-0.153		-0.153
			(-1.72)		(-1.58)		(-0.18)
FEMALES MIXED	(D)		-0.293**		-0.060		-1.037
			(-2.14)		(-0.67)		(-1.50)
N		767	767	767	767	767	767
Adjusted R-squared		0.343	0.344	0.441	0.441	0.107	0.108

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.270	0.150	0.330**	0.187	0.439*	0.329*	-0.053	-0.060
		(1.61)	(1.18)	(1.96)	(1.46)	(1.92)	(1.82)	(-1.00)	(-1.43)
EDUCATION	(%, D)	0.062	-0.034	0.154	0.032	0.644*	0.486**	0.021	-0.005
		(0.25)	(-0.20)	(0.64)	(0.19)	(1.86)	(2.18)	(0.28)	(-0.10)
FEMALES	(%)	-0.184		-0.246		-0.686**		-0.086	
		(-1.09)		(-1.45)		(-3.15)		(-1.29)	
FEMALES ONLY	(D)		-0.131		-0.171		-0.628**		-0.183**
			(-0.70)		(-0.92)		(-2.49)		(-2.61)
FEMALES MIXED	(D)		-0.121		-0.178		-0.333		0.094*
			(-0.80)		(-1.16)		(-1.22)		(1.76)
FUNDING GOAL		No	No	Yes	Yes	No	No	Yes	Yes
VALUATION		No	No	Yes	Yes	No	No	Yes	Yes
N		767	767	767	767	333	333	333	333
Adjusted R squared		0.181	0.179	0.192	0.190	0.316	0.314	0.952	0.953

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.488	0.245	0.410	0.185	0.041	0.025
		(1.45)	(0.92)	(1.21)	(0.70)	(1.37)	(0.89)
EDUCATION	(%, D)	0.471	0.116	0.405	0.068	-0.014	-0.025
		(0.94)	(0.32)	(0.83)	(0.19)	(-0.44)	(-0.96)
FEMALES	(%)	-0.812**		-0.725**		-0.058*	
		(-2.61)		(-2.32)		(-1.79)	
FEMALES ONLY	(D)		-0.818**		-0.748**		-0.052
			(-2.41)		(-2.17)		(-1.38)
FEMALES MIXED	(D)		-0.201		-0.126		-0.028
			(-0.69)		(-0.44)		(-0.85)
FUNDING GOAL		No	No	Yes	Yes	Yes	Yes
VALUATION		No	No	Yes	Yes	Yes	Yes
N		35035	35035	35035	35035	7814	7814
N groups		719	719	719	719	321	321
Between R-squared						0.152	0.151

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Table A11. Residual valuation instead of equity

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.287**	0.197**	0.153	0.071	0.888	0.722
		(2.23)	(2.06)	(1.25)	(0.76)	(1.20)	(1.26)
EDUCATION	(%, D)	0.420**	0.309**	0.480***	0.399***	-1.098	-0.935
		(2.55)	(2.64)	(3.38)	(3.52)	(-1.24)	(-1.34)
FEMALES	(%)	-0.353**		-0.164*		-0.442	
		(-2.57)		(-1.77)		(-0.58)	
FEMALES ONLY	(D)		-0.267*		-0.153		-0.153
			(-1.72)		(-1.58)		(-0.18)
FEMALES MIXED	(D)		-0.293**		-0.060		-1.037
			(-2.14)		(-0.67)		(-1.50)
N		767	767	767	767	767	767
Adjusted R-squared		0.343	0.344	0.441	0.441	0.107	0.108

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.270	0.150	0.330**	0.187	0.439*	0.329*	-0.053	-0.060
		(1.61)	(1.18)	(1.96)	(1.46)	(1.92)	(1.82)	(-1.00)	(-1.43)
EDUCATION	(%, D)	0.062	-0.034	0.154	0.032	0.644*	0.486**	0.021	-0.005
		(0.25)	(-0.20)	(0.64)	(0.19)	(1.86)	(2.18)	(0.28)	(-0.10)
FEMALES	(%)	-0.184		-0.246		-0.686**		-0.086	
		(-1.09)		(-1.45)		(-3.15)		(-1.29)	
FEMALES ONLY	(D)		-0.131		-0.171		-0.628**		-0.183**
			(-0.70)		(-0.92)		(-2.49)		(-2.61)
FEMALES MIXED	(D)		-0.121		-0.178		-0.333		0.094*
			(-0.80)		(-1.16)		(-1.22)		(1.76)
FUNDING GOAL		No	No	Yes	Yes	No	No	Yes	Yes
RESIDUAL VALUATION		No	No	Yes	Yes	No	No	Yes	Yes
N		767	767	767	767	333	333	333	333
Adjusted R squared		0.181	0.179	0.192	0.190	0.316	0.314	0.952	0.953

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.488	0.245	0.352	0.155	0.042	0.026
		(1.45)	(0.92)	(1.05)	(0.60)	(1.39)	(0.93)
EDUCATION	(%, D)	0.471	0.116	0.295	-0.034	-0.012	-0.022
		(0.94)	(0.32)	(0.62)	(-0.10)	(-0.36)	(-0.86)
FEMALES	(%)	-0.812**		-0.683**		-0.058*	
		(-2.61)		(-2.19)		(-1.79)	
FEMALES ONLY	(D)		-0.818**		-0.705**		-0.052
			(-2.41)		(-2.05)		(-1.37)
FEMALES MIXED	(D)		-0.201		-0.116		-0.029
			(-0.69)		(-0.40)		(-0.88)
FUNDING GOAL		No	No	Yes	Yes	Yes	Yes
RESIDUAL VALUATION		No	No	Yes	Yes	Yes	Yes
N		35035	35035	35035	35035	7814	7814
N groups		719	719	719	719	321	321
Between R-squared						0.153	0.151

Table A12. Dropping equity

Panel A: Determinants of Funding Goal, Pre-money Valuation, and Equity Offered

		Funding Goal		Pre-money Valuation		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.287**	0.197**	0.153	0.071	0.888	0.722
		(2.23)	(2.06)	(1.25)	(0.76)	(1.20)	(1.26)
EDUCATION	(%, D)	0.420**	0.309**	0.480***	0.399***	-1.098	-0.935
		(2.55)	(2.64)	(3.38)	(3.52)	(-1.24)	(-1.34)
FEMALES	(%)	-0.353**		-0.164*		-0.442	
		(-2.57)		(-1.77)		(-0.58)	
FEMALES ONLY	(D)		-0.267*		-0.153		-0.153
			(-1.72)		(-1.58)		(-0.18)
FEMALES MIXED	(D)		-0.293**		-0.060		-1.037
			(-2.14)		(-0.67)		(-1.50)
N		767	767	767	767	767	767
Adjusted R-squared		0.343	0.344	0.441	0.441	0.107	0.108

Panel B: Determinants of Campaign Success and Funding Received

		Campaign Success				Funding Received			
		Total Effect		Direct Effect		Total Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.270	0.150	0.328*	0.186	0.439*	0.329*	-0.051	-0.059
		(1.61)	(1.18)	(1.95)	(1.46)	(1.92)	(1.82)	(-0.96)	(-1.41)
EDUCATION	(%, D)	0.062	-0.034	0.134	0.016	0.644*	0.486**	0.030	0.001
		(0.25)	(-0.20)	(0.56)	(0.09)	(1.86)	(2.18)	(0.40)	(0.02)
FEMALES	(%)	-0.184		-0.243		-0.686**		-0.086	
		(-1.09)		(-1.44)		(-3.15)		(-1.29)	
FEMALES ONLY	(D)		-0.131		-0.167		-0.628**		-0.184**
			(-0.70)		(-0.90)		(-2.49)		(-2.62)
FEMALES MIXED	(D)		-0.121		-0.181		-0.333		0.096*
			(-0.80)		(-1.18)		(-1.22)		(1.78)
FUNDING GOAL		No	No	Yes	Yes	No	No	Yes	Yes
N		767	767	767	767	333	333	333	333
Adjusted R squared		0.181	0.179	0.191	0.189	0.316	0.314	0.952	0.953

Panel C: Investment Flows and Campaign Stopping Decisions

		Investment Flow				Stop (2nd stage)	
		Total Effect		Direct Effect		Direct Effect	
		Continuous model	Dummy model	Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.488	0.245	0.405	0.188	0.041	0.024
		(1.45)	(0.92)	(1.20)	(0.72)	(1.36)	(0.89)
EDUCATION	(%, D)	0.471	0.116	0.357	0.031	-0.015	-0.025
		(0.94)	(0.32)	(0.73)	(0.09)	(-0.47)	(-0.97)
FEMALES	(%)	-0.812**		-0.720**		-0.058*	
		(-2.61)		(-2.30)		(-1.78)	
FEMALES ONLY	(D)		-0.818**		-0.742**		-0.052
			(-2.41)		(-2.14)		(-1.38)
FEMALES MIXED	(D)		-0.201		-0.130		-0.028
			(-0.69)		(-0.45)		(-0.85)
FUNDING GOAL		No	No	Yes	Yes	Yes	Yes
N		35035	35035	35035	35035	7814	7814
N groups		719	719	719	719	321	321
Between R-squared						0.152	0.151

Table A13. Weather affecting both the funding flow and the stopping decision

		Flow (1st stage) direct effect		Stop (2nd stage) direct effect	
		Continuous model	Dummy model	Continuous model	Dummy model
INSTRUMENTED FLOW				-0.037***	-0.037***
				(-3.41)	(-3.42)
EXPERIENCE	(%, D)	0.112	-0.154	0.055	0.038
		(0.3)	(-0.50)	(1.43)	(1.10)
EDUCATION	(%, D)	-0.007	-0.372	-0.021	-0.029
		(-0.02)	(-1.24)	(-0.52)	(-0.89)
FEMALES	(%)	-0.563		-0.076*	
		(-1.57)		(-1.91)	
FEMALES ONLY	(D)		-1.036**		-0.068
			(-2.74)		(-1.48)
FEMALES MIXED	(D)		0.331		-0.038
			(0.93)		(-0.93)
MOMENTUM VARIABLES		Yes	Yes	Yes	Yes
N		7814	7814	7814	7814
N successful		321	321	321	321
Between R-squared				0.172	0.172
Sargan-Hansen overidentification test				0.629	0.634
Sanderson-Windmeijer F informativeness test				0.000	0.000

Table A14. Simultaneously estimated determinants of funding goal and equity offered

		Funding Goal		Equity Offered	
		Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.287**	0.197**	0.888	0.722
		(2.28)	(2.10)	(1.23)	(1.29)
EDUCATION	(%, D)	0.420**	0.309**	-1.098	-0.935
		(2.60)	(2.70)	(-1.26)	(-1.37)
FEMALES	(%)	-0.353**		-0.442	
		(-2.62)		(-0.59)	
FEMALES ONLY	(D)		-0.267*		-0.153
			(-1.76)		(-0.18)
FEMALES MIXED	(D)		-0.293**		-1.037
			(-2.19)		(-1.53)
N		767	767	767	767

Appendix B: Empirical Analysis that Corrects for Selection Bias

Here we consider the econometric issue that outcomes like funding raised and the entrepreneur's stopping decision are only observed for successful campaigns. If the campaign is unsuccessful because it is unable to reach the campaign goal within 60 days, founders get no money. If the probability of success is a function of founder characteristics X_i, the sample of successful campaigns is not representative of the founder population. Then regressing amounts raised on team characteristics in a censored sample of successful campaigns might produce biased estimates due to this selection bias.

We use the two-step Heckman (1979) model to correct for potential selection bias, which relies on the notion that this is a form of omitted variable bias.[1] We formulate a model for the probability of having a successful campaign, S_i, which is a function of both founder characteristics as well as other selection variables, i.e., a function of $P_i = X_i, M_i$. This first stage captures the probability of being in the sample of successful campaigns. In the second stage, we estimate our variables of interest, the funding raised (F_i) and the entrepreneur's stopping decision ($Stop_{i,t}$) in the sample of successful campaigns and include an additional term that represents the probability of being in the sample given founder characteristics and other selection variables. This term, called the Inverse Mills Ratio, thus corrects for selection bias.

The specification for the funding amount with the Heckman correction is:

$$\begin{cases} \Pr(S_i = 1 | P_i) = \Phi(P_i \gamma) + \epsilon_i, & \forall i \\ (F_i | X_i, S_i = 1) = X_i \beta + (\rho \sigma) \lambda(P_i \hat{\gamma}) + \psi_i \end{cases}$$

where $i = 1, \dots, N$ are individual campaigns and where λ is the Inverse Mills Ratio evaluated at $P_i \hat{\gamma}$, and $\rho \sigma$ is it's coefficient. Here ρ is the correlation between unobserved determinants of campaign success and unobserved determinants of variable of interest F_i and σ is the standard deviation of the unoberserved determinants of variable of interest F_i. The coefficient on the Inverse Mills Ratio $\rho \sigma$ indicates whether selection bias is present when tested against the null of zero. The coefficients β on explanatory variables of interest X are unbiased, such as those in the model $F_i = X_i \beta + \psi$, which is unconditional on success, and this is the relationship of interest.

The identification of unbiased coefficients under this Heckman procedure relies on the non-linearity in the Inverse Mills Ratio and from having at least one selection variable included in the first stage but not the second. This selection variable should predict the probability of success with a coefficient that is statistically significantly different from zero but should not directly explain F except through the probability of success. We use cross-sectional momentum variables M_i, the proxies for investor demand during the first week of the campaign, which include the number (#) and strengths ($) of competing campaigns, tax credit deadlines, Google trends, rain, and temperatures, during the first week of the campaign. This is in line with the evidence that early momentum can have an important effect on campaign success (see for example Vulkan et al (2015), Mollick (2014) and Åstebro et al (2017)). The argument is that competition on the SEEDRS platform, weather, tax breaks inducement, and popularity for this alternative asset class, all during campaign start (the first week of the campaign), do not influence eventual funding amount raised except through the probability of success.

Thus, we estimate a Heckman two-stage model, to account for the effect that funding amounts are only observable conditional on campaign success. The selection stage regression is reported in Table B1. The

---

[1] See Heckman, James, 1979, "Sample Selection Bias as a Specification Error", Econometrica, 47(1), 153-161.

second regression of the two-step Heckman selection model for total funding raised is reported in Table B2, where the estimated coefficient $\widehat{\rho\sigma}$ Inverse Mills Ratio term is not statistically different from zero.

Table B1. Determinants of campaign success, for the Heckman correction

This table reports a Probit regressions for campaign success (S_i) in the cross-sectional sample of all campaigns. The explanatory variables include all founder team characteristics (X_i), and control variables (Z_i). The direct effect regressions further include fundraising campaigns (G_i) and cross-sectional momentum variables (M_i). All variables are described in Table 1. T-statistics are in parentheses and standard errors are clustered at the company-level to take into account repeat campaigns.

		Campaign Success			
		Total effect		Direct effect	
		Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.297*	0.168	0.353**	0.201
		(1.78)	(1.31)	(2.11)	(1.57)
EDUCATION	(%, D)	0.041	-0.027	0.142	0.046
		(0.16)	(-0.16)	(0.57)	(0.27)
FEMALES	(%)	-0.156		-0.225	
		(-0.93)		(-1.35)	
FEMALES ONLY	(D)		-0.104		-0.151
			(-0.56)		(-0.83)
FEMALES MIXED	(D)		-0.121		-0.183
			(-0.79)		(-1.18)
FUNDING GOAL				-0.211***	-0.206***
				(-3.44)	(-3.36)
EQUITY OFFERED				0.007	0.007
				(0.84)	(0.81)
TEAM SIZE		0.031	0.034	0.061	0.065
		(0.47)	(0.45)	(0.91)	(0.86)
PRIOR SEEDRS		1.099***	1.113***	0.973***	0.994***
		(8.92)	(8.95)	(7.32)	(7.38)
SEIS		0.369*	0.354*	0.242	0.230
		(1.78)	(1.71)	(1.17)	(1.11)
EIS		0.663***	0.650**	0.745***	0.725***
		(3.34)	(3.28)	(3.90)	(3.81)
continued on next page…					

| | | Campaign Success | | | |
| | | Total effect | | Direct effect | |
		Continuous model	Dummy model	Continuous model	Dummy model
continued from previous page…					
COMPETITION (#)		0.001	0.001	-0.000	-0.000
		(0.05)	(0.07)	(-0.02)	(-0.02)
COMPETITION (£)		-0.160**	-0.156**	-0.176**	-0.171**
		(-2.12)	(-2.07)	(-2.30)	(-2.25)
DEADLINE*SEIS		0.217	0.210	0.267	0.253
		(0.72)	(0.69)	(0.89)	(0.83)
DEADLINE*EIS		-0.468	-0.452	-0.393	-0.370
		(-1.58)	(-1.51)	(-1.29)	(-1.20)
GOOGLE TRENDS		0.002**	0.002**	0.002**	0.002**
		(2.66)	(2.69)	(2.73)	(2.78)
RAIN		-0.096**	-0.096**	-0.092**	-0.092**
		(-2.16)	(-2.14)	(-2.02)	(-2.02)
TEMP: <5C		-0.070	-0.059	-0.096	-0.083
		(-0.27)	(-0.23)	(-0.37)	(-0.32)
TEMP: 5C to 10C		0.148	0.152	0.178	0.186
		(0.88)	(0.91)	(1.05)	(1.10)
TEMP: 15C to 20C		0.194	0.207	0.207	0.222
		(1.09)	(1.16)	(1.17)	(1.25)
TEMP: >20C		0.448	0.458	0.409	0.425
		(1.44)	(1.46)	(1.31)	(1.36)
SECTOR	Fixed effects	Yes	Yes	Yes	Yes
QUARTER	Fixed effects	Yes	Yes	Yes	Yes
N		767	767	767	767
Pseudo R-squared		0.199	0.198	0.211	0.209
F test		0.042	0.043	0.037	0.037

Table B2. Determinants of funding amount, with a Heckman correction

This table reports OLS regressions the funding amount (F_i) in the cross-sectional sample of all successful campaigns. The explanatory variables include all founder team characteristics (X_i) and control variables (Z_i). The direct effect regressions further include fundraising campaigns (G_i). All variables are described in Table 1. T-statistics are in parentheses based on two-step Heckman (1979) standard errors. The coefficient on the IMR lambda variable captures the selection bias correction based on the selection equation reported in Table B1.

		Funding Received with Heckman correction			
		Total effect		Direct effect	
		Continuous model	Dummy model	Continuous model	Dummy model
EXPERIENCE	(%, D)	0.390*	0.299*	-0.081	-0.076*
		(1.86)	(1.89)	(-1.41)	(-1.79)
EDUCATION	(%, D)	0.638**	0.492**	0.004	-0.011
		(2.32)	(2.47)	(0.05)	(-0.20)
FEMALES	(%)	-0.653**		-0.061	
		(-2.93)		(-0.99)	
FEMALES ONLY	(D)		-0.606**		-0.165**
			(-2.49)		(-2.54)
FEMALES MIXED	(D)		-0.303		0.110*
			(-1.43)		(1.93)
FUNDING GOAL				1.047***	1.049***
				(50.80)	(52.20)
EQUITY OFFERED				-0.006**	-0.006**
				(-2.36)	(-2.28)
TEAM SIZE		0.113	0.092	-0.034	-0.062**
		(1.42)	(1.03)	(-1.55)	(-2.61)
PRIOR SEEDRS		-1.182***	-1.183***	-0.064	-0.061
		(-3.72)	(-3.66)	(-0.84)	(-0.80)
SEIS		-0.617*	-0.621**	0.058	0.048
		(-1.95)	(-1.97)	(0.72)	(0.61)
EIS		0.230	0.212	0.015	0.022
		(0.66)	(0.61)	(0.16)	(0.24)
SECTOR	Fixed effects	Yes	Yes	Yes	Yes
QUARTER	Fixed effects	Yes	Yes	Yes	Yes
IMR lambda		-0.317	-0.342	-0.157	-0.151
		(-0.64)	(-0.68)	(-1.24)	(-1.20)
N total		767	767	767	767
N successful		333	333	333	333
F test		0.053	0.053	0.047	0.047

For the optimal stopping decision, we estimate a model with both selection effects and a system of endogenous equations by following the procedure suggested in Woodridge (2002, p.568). He suggests to first correct for selection bias by including the Inverse Mills ratio in both the endogenous investment equation for $Inv_{i,t}$ (where we use the time-varying momentum variables $M_{i,t}$ as instruments for $Inv_{i,t}$) and in the stopping equation for $Stop_{i,t}$. Thus, it is a system of three equations, as below.

$$\begin{cases} \Pr(S_i = 1 | P_i) = \Phi(P_i \gamma) + \epsilon_i, & \forall i \\ \left(Inv_{i,t} \middle| X_i, S_i = 1\right) = X_i \pi + M_{i,t} \phi + t\delta + (\rho\sigma)\lambda(P_i \hat{\gamma}) + u_{i,t}, & \text{for } t \geq 8 \\ \left(Stop_{i,t+t} \middle| X_i, \widehat{Inv}_{i,t}, S_i = 1\right) = X_i \beta + \alpha \widehat{Inv}_{i,t} + t\delta + (\rho\sigma)\lambda(P_i \hat{\gamma}) + e_{i,t}, & \text{for } t \geq 8 \end{cases}$$

where $i = 1, \dots, N$ are individual campaigns and $t = 8, \dots, T$ are days from hitting the target.

The null hypothesis of no selection effects can be tested using standard t-tests for the coefficient of the Inverse Mills ratio. Under the null of no selection, the standard errors are correct (Woodridge 2002, p.568).

Table B3 reports the second equation for lagged daily investment flows $Inv_{i,t}$ and the third equation for the stopping dummy ($Stop_{i,t+1}$), with this selection bias correction. We find that the estimated coefficient $\widehat{\rho\sigma}$ Inverse Mills Ratio term $\lambda(P_i \hat{\gamma})$ is not statistically different from zero and therefore selection effects are not a concern in this particular system of equations.

Table B3. Determinants of campaign stopping decisions, with a Heckman correction

This table reports the two-stage GLS (random effects with IV) panel regression for the stopping dummy ($Stop_{i,t+1}$) with instrumented lagged daily investment flows and with a selection bias correction. The sample includes only successful campaigns, starts after the cooling off period, and includes panel variables ($P_{i,t}$). As before, the (2nd stage) stopping regression include the lagged daily investment flows ($Inv_{i,t}$), which are instrumented with a (1st stage) regression that includes all variables from the 2nd stage, as well as the daily momentum variables ($M_{i,t}$). All variables are described in Table 1. T-statistics are in parentheses and are clustered at company level to take into account repeat campaigns. The coefficient on the IMR lambda variable captures the selection bias correction based on the selection equation reported in Table B1.

		Flow (1st stage) direct effect		Stop (2nd stage) direct effect	
		Continuous model	Dummy model	Continuous model	Dummy model
INSTRUMENTED FLOW				-0.021**	-0.021**
				(-2.48)	(-2.48)
EXPERIENCE	(%, D)	-0.074	-0.271	0.049	0.032
		(-0.18)	(-0.87)	(1.48)	(1.13)
EDUCATION	(%, D)	-0.025	-0.328	-0.010	-0.017
		(-0.06)	(-1.05)	(-0.30)	(-0.69)
FEMALES	(%)	-0.363		-0.057*	
		(-0.95)		(-1.70)	
FEMALES ONLY	(D)		-0.698*		-0.043
			(-1.73)		(-1.19)
FEMALES MIXED	(D)		0.244		-0.034
			(0.63)		(-0.97)
FUNDING GOAL		0.796***	0.814***	-0.016	-0.014
		(5.81)	(5.94)	(-0.98)	(-0.84)
EQUITY OFFERED		0.007	0.007	0.001	0.001
		(0.40)	(0.39)	(0.81)	(0.76)
COOLING OFF		1.837**	1.751**	0.143**	0.145**
		(2.52)	(2.44)	(2.12)	(2.12)
TEAM SIZE		-0.220	-0.308**	-0.010	-0.009
		(-1.57)	(-2.03)	(-0.81)	(-0.67)
PRIOR SEEDRS		-0.732	-0.676	0.032	0.027
		(-1.34)	(-1.20)	(0.60)	(0.49)
SEIS		0.580	0.506	0.031	0.027
		(1.20)	(1.04)	(0.62)	(0.53)
EIS		-0.099	-0.065	-0.031	-0.038
		(-0.18)	(-0.11)	(-0.54)	(-0.67)
HOLIDAYS		-0.161	-0.162	0.143**	-0.025**
		(-0.94)	(-0.94)	(2.12)	(-3.22)
MOMENTUM VARIABLES		Yes	Yes		
TIME TREND		Yes	Yes	Yes	Yes
SECTOR	Fixed effects	Yes	Yes	Yes	Yes
QUARTER	Fixed effects	Yes	Yes	Yes	Yes
WEEK-DAY	Fixed effects	Yes	Yes	Yes	Yes
IMR lambda		-1.082	-0.978	0.033	0.020
		(-1.16)	(-1.03)	(0.38)	(0.23)
N		7814	7814	7814	7814
N successful		321	321	321	321

Appendix C: Theory

C.1   The model

Given the project and the characteristics of the entrepreneurs behind it, there is an expected amount of money μ available. The entrepreneurs have to declare a goal γ for the campaign and they have $T = 60$ days to achieve the goal. During the campaign, the entrepreneurs receive ϕ which is a Gaussian random variable[1] centered at μ with a standard deviation σ. If ϕ is below γ, it fails. If ϕ is above γ, the entrepreneurs can raise more money.

Clearly, the entrepreneurs have an incentive to announce a goal γ that is low and keep going after the goal is reached. However, the market is reasonable, meaning there is a limit on how much overfunding can be raised, and therefore too low campaign goals will not be able to reach the actual amount needed. We model this as follows: given your target γ, you can only raise $\min(\phi, \lambda\gamma)$, that is, the capital the entrepreneurs get is bounded from above by an amount $\lambda\gamma$ that is related to what they initially asked for, λ being a constant larger than 1.

The entrepreneurs maximize their expected realized funding

$$\mathrm{E}^{\mathbb{P}}\left[\min\left(\phi, \lambda\gamma\right) \mathbb{I}_{\phi \geq \gamma}\right] \tag{1}$$

where the indicator function $\mathbb{I}_{\phi \geq \gamma}$ worth 1 if the campaign is a success and 0 otherwise.

The optimal goal is denoted γ^*.

C.2   Results

We are now able to show the following results: the entrepreneurs set the campaign goal γ to maximize their expected realized funding $\mathrm{E}^{\mathbb{P}}\left[\min\left(\phi, \lambda\gamma\right) \mathbb{I}_{\phi \geq \gamma}\right]$ where the indicator function $\mathbb{I}_{\phi \geq \gamma}$ worth 1 if the campaign is a success and 0 otherwise. The optimal goal γ^* satisfies $\gamma^* = \arg\max_{\gamma > 0} \mathrm{E}^{\mathbb{P}}\left[\min\left(\phi, \lambda\gamma\right) \mathbb{I}_{\phi \geq \gamma}\right]$.

Lemma 1 *The expected realized funding is*

$$
\begin{aligned}
&E^{\mathbb{P}}\left[\min\left(\phi, \lambda\gamma\right) \mathbb{I}_{\phi \geq \gamma}\right] \\
&= \begin{cases} \mu\left(\Phi\left(-z\right) + \eta \left(\begin{array}{c} \varphi\left(z\right) - \varphi\left(z + \left(\lambda - 1\right)\left(\eta^{-1} + z\right)\right) \\ + \left(z + \left(\lambda - 1\right)\left(\eta^{-1} + z\right)\right) \Phi\left(-z - \left(\lambda - 1\right)\left(\eta^{-1} + z\right)\right) \end{array} \right) \right) & \text{if } \sigma > 0 \\[2em] \min\left(\mu, \left(1 + \left(\lambda - 1\right)\right)\gamma\right) \mathbb{I}_{\gamma \leq \mu} & \text{if } \sigma = 0 \end{cases}
\end{aligned}
\tag{2}
$$

---

[1] If Y_t denotes the invested capital at day t, then the total available capital is $\phi = \sum_{t=1}^{\tau} Y_t$ where τ is the time at which the campaign ceases. In the case where $\{Y_t\}_{t=1}^{\infty}$ is a sequence of independent identically distributed random variables (not necessarily Gaussian), than the central limit theorem implies that ϕ is approximately Gaussian for τ sufficiently large. Since a campaign usually last at least 60 days, it is reasonable to assume a Gaussian distribution for ϕ.

where $z = (\gamma - \mu)/\sigma$, $\eta = \sigma/\mu$, Φ is the cumulative distribution function of a standard normal random variable, φ is its correspondent density function[2].

In the case where $\sigma = 0$, $\min(\mu, \lambda\gamma)\, \mathbb{I}_{\gamma \leq \mu}$ is maximized at $\gamma^* = \mu$. In the case where $\sigma > 0$, the maximization of Equation (2) leads to an optimal goal $\gamma^*(\mu, \sigma, \lambda)$ that is a function of the parameters. The optimization is performed numerically.

Proof. If $\sigma > 0$ and $\eta = \frac{\sigma}{\mu}$, then

$$
\begin{aligned}
\mathrm{E}^{\mathbb{P}}\left[\min(\phi, \lambda\gamma)\,\mathbb{I}_{\phi \geq \gamma}\right] &= \mathrm{E}^{\mathbb{P}}\left[\left(\mu + \sigma \min\left(\frac{\phi - \mu}{\sigma}, \frac{\lambda\gamma - \mu}{\sigma}\right)\right)\mathbb{I}_{\frac{\phi - \mu}{\sigma} \geq \frac{\gamma - \mu}{\sigma}}\right] \\
&= \mathrm{E}^{\mathbb{P}}\left[\left(\mu + \sigma \min\left(Z, \frac{(\lambda - 1)\mu + \lambda\sigma z}{\sigma}\right)\right)\mathbb{I}_{Z \geq z}\right] \quad \text{where } z = \frac{\gamma - \mu}{\sigma} \\
&= \sigma \mathrm{E}^{\mathbb{P}}\left[\left(\eta^{-1} + \min\left(Z, z + (\lambda - 1)\left(\eta^{-1} + z\right)\right)\right)\mathbb{I}_{Z \geq z}\right] \\
&= \sigma\left(\eta^{-1}\mathrm{E}^{\mathbb{P}}\left[\mathbb{I}_{Z \geq z}\right] + \mathrm{E}^{\mathbb{P}}\left[Z\left(\mathbb{I}_{Z \geq z} - \mathbb{I}_{Z \geq z + (\lambda - 1)(\eta^{-1} + z)}\right)\right]\right) \\
&\quad + \sigma\left(z + (\lambda - 1)\left(\eta^{-1} + z\right)\right)\mathrm{E}^{\mathbb{P}}\left[\mathbb{I}_{Z \geq z + (\lambda - 1)(\eta^{-1} + z)}\right] \\
&= \sigma\left(\eta^{-1}\Phi(-z) + \varphi(z) - \varphi\left(z + (\lambda - 1)\left(\eta^{-1} + z\right)\right)\right) \\
&\quad \sigma\left(z + (\lambda - 1)\left(\eta^{-1} + z\right)\right)\Phi\left(-z - (\lambda - 1)\left(\eta^{-1} + z\right)\right)
\end{aligned}
$$

where the last equality comes from Lemma 2. $\square$

Lemma 2 *For a standard normal random variable Z, its truncated moment satisfies*

$$
\mathrm{E}^{\mathbb{P}}\left[Z^k \mathbb{I}_{Z > a}\right] = a^{k-1}\varphi(a) + (k - 1)\mathrm{E}^{\mathbb{P}}\left[Z^{k-2}\mathbb{I}_{Z > a}\right].
$$

In particular,

$$
\mathrm{E}^{\mathbb{P}}\left[Z\mathbb{I}_{Z > a}\right] = \varphi(a), \quad \text{and } \mathrm{E}^{\mathbb{P}}\left[Z^2\mathbb{I}_{Z > a}\right] = a\varphi(a) + \Phi(-a)
$$

where Φ is the cumulative distribution function of a standard normal random variable.

If the campaign is successful, the following equation described the expected realized funding exceeding the campaign goal:

$$
\mathrm{E}^{\mathbb{P}}\left[\min(\phi, \lambda\gamma)\,\mathbb{I}_{\phi \geq \gamma}\right] - \gamma. \tag{3}
$$

---

[2]The density function is $\varphi(z) = \frac{1}{\sqrt{2\pi}}\exp\left(-\frac{z^2}{2}\right)$ and the cumulative function satisfies $\Phi(y) = \int_{-\infty}^{y}\varphi(z)\,dz$. Note that $\frac{\partial\varphi}{\partial z}(z) = -z\varphi(z)$.

C.3   Comparative Statics

We now provide some numerical detailed examples which illustrate important features of our model. Indeed, Figure 1 shows the expected realized funding $\mathrm{E}^{\mathbb{P}}\left[\min\left(\phi,\lambda\gamma\right)\mathbb{I}_{\phi\geq\gamma}\right]$, seen as a function of the campaign goal γ for various levels of uncertainty $\sigma\in\{7.5\%,\ 10\%,\ 12.5\%,\ 15\%,\ 17.5\%,\ 20\%,\ 22.5\%,\ 25\%\}$ where the dashed black (blue) line corresponds to the lowest (highest) σ.

Figure 1. Expected realized funding

$\mu = 1,\ \lambda = \frac{3}{2}$ $\mu = 1,\ \lambda = 2$
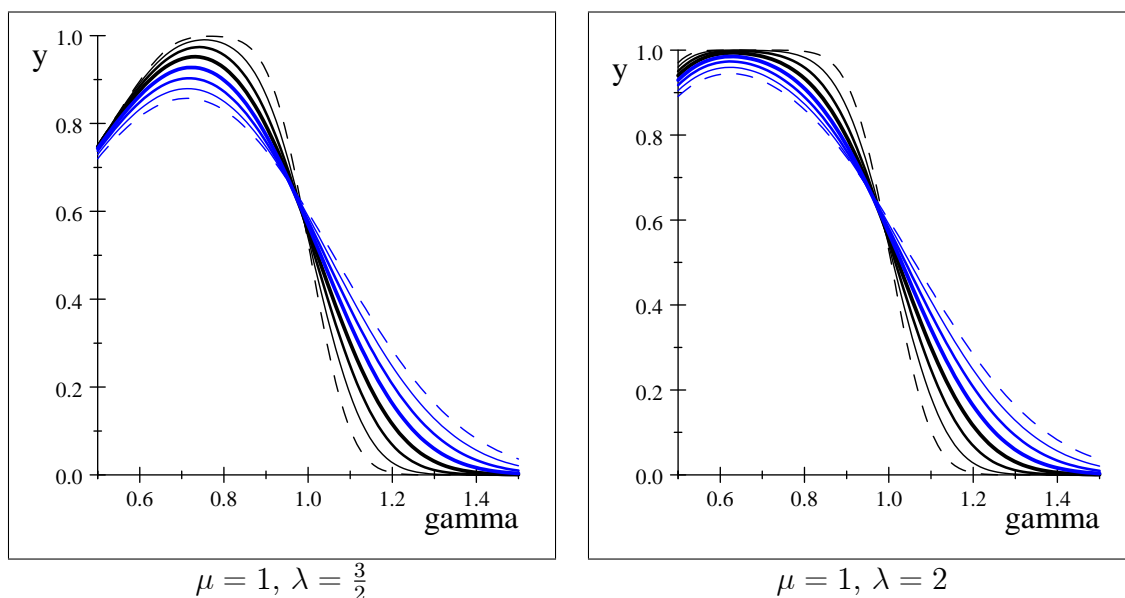
We observed that within the interval $\sigma\in[7.5\%,25\%]$,

(1) the optimal campaign goal γ_σ^* is a function of σ since all the expected realized funding doesn't reach their maximum at the same value of γ;

(2) the optimal expected funding γ_σ^* is smaller than the expected funding μ available to the entrepreneur;

(3) the optimal campaign goal γ_σ^* is a decreasing function of σ, meaning the *better informed entrepreneurs ask for more.*

(4) Seen as a function of λ, the optimal campaign goal γ_λ^* decreases as λ increases. One interpretation is that *more risk averse entrepreneurs* (with respect to likelihood of campaign failing) *will set a lower goal.*

3

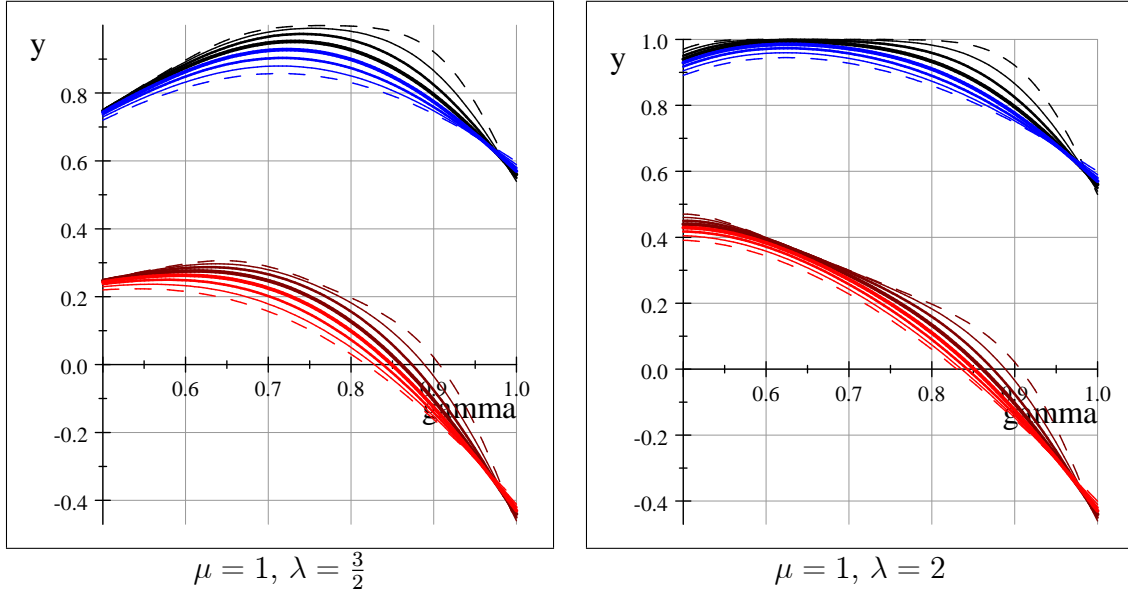**Figure 2. Expected over funding funding**

$$\mu = 1, \lambda = \tfrac{3}{2} \qquad\qquad \mu = 1, \lambda = 2$$

Figure 2 presents the expected over funding $\mathrm{E}^{\mathbb{P}}\left[\min\left(\phi, \lambda\gamma\right)\mathbb{I}_{\phi \geq \gamma}\right] - \gamma$ (red curves) for $\sigma \in \{7.5\%, 10\%, 12.5\%, 15\%, 17.5\%, 20\%, 22.5\%, 25\%\}$, the dashed dark red (light red) line corresponds to the lowest (highest) σ. The overfunding at the optimal campaign goal γ^*_σ correspond to the level of the red curve at the point where the corresponding blue/black curve is maximized. We conclude from this figure that

(1) the expected overfunding for campaign goal is positive in the neighborhood of the optimum;

(2) the expected overfunding is more important when the multiplier λ that determines the upper bound is larger;

(3) for the two cases under study, the expected overfunding at the optimal campaign goal γ^*_σ decreases with the standard deviation σ and the differences is less important when the upper bound is looser (larger λ). *So better informed entrepreneurs will take less overfunding.*

4