Small Bus Econ (2024) 63:299–324
https://doi.org/10.1007/s11187-023-00813-y

RESEARCH ARTICLE

"All that glitters is not gold!": The (Unexplored) Determinants of Equity Crowdfunding

Camilla Civardi · Andrea Moro · Joakim Winborg

Accepted: 31 July 2023 / Published online: 11 August 2023
© The Author(s) 2023

Abstract Drawing from the rich literature in behavioural finance and extensive analysis of forum data from a UK equity crowdfunding platform, we present a comprehensive framework that delineates the investment decision-making process of equity crowdfunders. Our framework captures the utilitarian, emotional, and expressive investment motives that drive crowdfunders, their behaviours and actions during and after the campaign, as well as the challenges they encounter in fulfilling their investment goals. Our work highlights the crucial need to explore the extent to which entrepreneurs and crowdfunding platforms cater to the diverse investment motives and expectations of the crowd. We offer practical insights to entrepreneurs and platforms on how they can better align their strategies with the expectations and needs of equity crowdfunders.

Plain English Summary Our research presents a novel framework that delves into the intricacies of the investment experience of equity crowdfunders. We examine the underlying motives that drive their investment decisions (utilitarian, emotional and expressive), the corresponding behavioral patterns, and the challenges that they encounter along the way. Drawing on the principles of behavioral finance, we contend that the success of equity crowdfunding as an alternative funding source for entrepreneurial firms hinges on the platform's ability to meet the diverse investment motives of the crowd across different stages of the investment process. To illustrate our argument, we conducted a netnographic analysis of a UK-based online community of equity crowdfunders. Our findings expose the adverse effects of a lack of monetization and low economic returns on the utilitarian motives of investors, leading to a diminished level of satisfaction. Additionally, we reveal that the difficulties investors face in interacting with entrepreneurs and platforms, coupled with the challenges of presenting themselves as experts, supporters of valued projects, or successful crowdfunders, can hamper the expressive and emotional motives of investors, resulting in dissatisfaction. Such challenges have the potential to erode the future interest of equity crowdfunders in the platform, undermining the viability of equity crowdfunding as a funding source for entrepreneurial firms. Our framework offers valuable insights into the factors that shape the investment experience of equity crowdfunders, providing testable propositions and highlighting the importance of addressing the identified issues to ensure the long-term sustainability and success of equity crowdfunding as a funding avenue for entrepreneurial firms.

C. Civardi · J. Winborg
School of Economics and Management, Lund University, Lund, Sweden

Present Address:
A. Moro (✉)
School of Management, Cranfield University, Cranfield UK, Cranfield, United Kingdom
e-mail: andrea.moro@cranfield.ac.uk

Keywords Equity crowdfunding · Investment motives · Investment behaviour · Behavioural finance · Start-up · Shareholder activism · Exit

JEL Classification D26 · G41 · L26 · M13

1 Introduction

Equity crowdfunding is a recent phenomenon, described by Ahlers et al. (2015) as: "a form of financing in which entrepreneurs make an open call to sell a specified amount of equity or bond-like shares in a company on the Internet, hoping to attract a large group of investors". Those who decide to pledge funds will therefore become shareholders of the start-up, until an opportunity for exit is realized.

Intriguingly, while the literature on other forms of crowdfunding is extensive and accounts for both the entrepreneur and the crowd, research on equity crowdfunding focuses mainly on the entrepreneur (Schwienbacher, 2019) so that there are various studies that explore the variables leading to campaign success i.e. how entrepreneurs can convince equity crowdfunders to invest during the campaign (Ahlers et al., 2015; Lukkarinen et al., 2016; Moritz et al., 2015; Piva & Rossi-Lamastra, 2018; Ralcheva & Roosenboom, 2020; Vismara, 2016). However, equity crowdfunding research cannot be limited to "campaign" success in terms of funds raised (Vanacker et al., 2019). It is essential to explore investors' perspective, meaning what motivates investors and whether their motives are eventually satisfied. Interestingly enough, this is an area so far largely neglected (Katzenmeier et al., 2019; Mochkabadi & Volkmann, 2020; Schwienbacher, 2019), which deserves exploration also because of the unbalanced relationship between the entrepreneur and the equity crowdfunders.

In fact, in equity crowdfunding, entrepreneurs seem to have the upper hand: they decide the valuation of the start-up, how much to raise, and at which price (Collins & Pierrakis, 2012; Hornuf et al., 2020). Even if during the campaign the entrepreneur shares information with investors (Johan & Zhang, 2020) about the most likely exit channel (Ahlers et al., 2015), there is no real contractual obligation to realize it, also because the start-up's future is unpredictable (Cassar, 2004). Moreover, equity crowdfunders have very little power to influence the exit strategies e.g. the sale to Venture Capital or to other firms, buy-back, IPOs, etc. (Lin, 2017). Finally, equity crowdfunding investors are not contractually protected from damaging entrepreneurial behaviour, given that it is not uncommon for platforms to use sub-optimal contracts that disadvantage the crowd (Schwienbacher, 2019) in terms of voting rights, dividends, and dilution when bigger players enter the shareholding structure (Rossi et al., 2019).

Despite these not-very-promising premises, people have kept pledging funds. According to Fundly (2020), crowdfunded firms have generated a revenue of $6.48 billion in Europe, $17.2 billion in North America, $85.74 million in South America. In the UK, it grew from £0.31 billion invested in 2011 to a record of £9.41 billion in 2019 (Skingle, 2019; Zhang et al., 2017). Moreover, countries previously not allowing equity crowdfunding, opened the opportunities for it by implementing new regulations (e.g. the Title III of the Jobs Act in the U.S.). So, the question arises: what attracts equity crowdfunders and lead them to invest despite so many "negative certainties" and limited "positive uncertainties"?

The literature assumes (Block et al., 2018; Hornuf & Schwienbacher, 2018) and explores (Cholakova & Clarysse, 2015; Estrin et al., 2018; Zhang et al., 2017) the utilitarian investment motivation of equity crowdfunders. In other words, it argues that crowdfunders invest to obtain high financial returns and to diversify their portfolio of investments. However, such motivation seems "irrational" when considering the performance investors have enjoyed so far: a very minor fraction of firms that raised funds via equity crowdfunding went public or paid investors back via buybacks or sale to BA/VC, e.g. only 3% of all UK equity crowdfunded firms (Beauhurst, 2020). However, this does not imply that the largest majority of firms fail, since only 15–20% of them eventually entered the liquidation stage, causing crowdfunders to lose their investment. In fact, insufficient information exists regarding the vast majority of firms that finance their activities via equity crowdfunding, as it remains uncertain how many of them continue to successfully operate without financially compensating their investors, versus how many are "living dead/empty shells" (Beauhurst, 2020; Cumming et al., 2021a, 2021b; Eldridge et al., 2021; Hornuf et al., 2018; Signori & Vismara, 2018; Walthoff-Borm et al., 2018). All

in all, evidence suggests that there might be additional nuances to the crowd's investment decision (Katzenmeier et al., 2019; Lukkarinen, 2019) aside a pure financial motivation. Thus, past research proposed alternatives: Goethner et al. (2021) classifies investors according to their approach and investment strategies (Casual Investors, Crowd Enthusiasts, and Sophisticated Investors) and Feola et al. (2019) claim that investors are more heterogeneous than we think and assign diverse levels of importance to investment drivers. However, little is known about investment motivations of equity crowdfunders (Mochkabadi & Volkmann, 2020), and no framework has been proposed to describe investors' decision process. The aim of this paper is therefore to develop a framework which explains the dynamics between equity crowdfunding motives, behaviours during and after the campaign, and challenges investors face to materialize motives.

We build our analysis on behavioural finance: "finance with normal people in it, people like you and me" (Statman, 2014), which assumes that investors are not pure rational actors, but are influenced by cognitive errors (i.e. hindsight, overconfidence) and misleading emotions (i.e. thrill, fear). In fact, behavioural finance places fundamental importance on emotions and their role in determining investments made in the context of imperfect information, by investors who are not considered completely rational (Statman, 2014; Wallmeroth, 2019).

We propose a framework where equity crowdfunders are driven by the search for utilitarian benefits (what does the investment do for me and my wallet?), but also emotional benefits (how does the investment make me feel?) and expressive benefits (what does the investment say about me to others and myself?). Moreover, we suggest that expressive benefits have an additional effect on both utilitarian and emotional investment motives by allowing for their "externalization". The framework encompasses the entire equity crowdfunder experience, comprising both the campaign and post-campaign stages leading up to the exit, if any. We appraise which types of investment motives can be fulfilled at different stages of the investment experience, and the challenges that investors may encounter.

Our framework suggests that the long term success of equity crowdfunding as an alternative source of funds for entrepreneurial firms is going to depend on their capability of satisfying equity crowdfunders' investment motives in the different stages: lack of investors' satisfaction due to scarce economic returns can frustrate utilitarian motives; lack of interaction with the entrepreneurs and the platforms, coupled with the difficulty of presenting oneself as expert, supporter of valued projects, or successful crowdfunder can frustrate expressive and emotional motives. The resulting dissatisfaction may compromise investors' future interest in equity crowdfunding to the point that entrepreneurial firms will not be able to rely on it to raise funds anymore.

2 Equity Crowdfunding Environment

Small firms and start-ups have been recognized as major factors influencing economic growth, job creation, and innovation (European Commission, 2020; Kane, 2010). However, they often encounter problems in accessing early-stage financing (Berger & Udell, 1998; Cassar, 2004; Denis, 2004; Moro et al., 2020). Berger and Udell (1998) identify the opacity of new firms and their limited track record as a deterrent in accessing financing from banks. The 2008 financial crisis (Arrieta-Paredes et al., 2019; Ghulam, 2019) and the recent Covid-19 crisis worsened the situation (Belghitar et al., 2021), as banks decreased their lending activity (Block et al., 2018; Casey & O'Toole, 2014; Pelizzon et al., 2016). Entrepreneurs face difficulties in convincing traditional equity investors, such as business angels or venture capital funds, to pledge capital (Belleflamme et al., 2014), due to their highly selective criteria. Moreover, BA/VC involvement implies reduced independence and the risk of losing control of the firm (Feola et al., 2019), a major concern for entrepreneurs. All in all, the difficulty in obtaining finance and the desire to retain control are considered some of the causes that support the development of novel financing segment, which includes crowdfunding, often referred to as a "democratic" source of finance (Bruton et al., 2015; Harrison & Baldock, 2015).

The literature generally classifies the majority of crowdinvestors as composed by unsophisticated investors, with no accountability and weak rights (Blaseg et al., 2021; Block et al., 2018), pledging relatively small amounts, which make them distinctively different from business angels (Kleinert & Volkmann,

2019). When comparing equity crowdfunders to business angels, the former might be more similar to "lotto investors" or "traders", as Sørheim and Landström (2001) define those informal investors who have limited knowledge and skills with which to add value to the start-up. Moreover, crowdfunding is open to everyone, whereas angel groups and VC funds are composed by accredited investors with previous relevant experience, who conduct thorough due diligence and monitoring, and use extensive contracts when investing (Cumming et al., 2021a, 2021b; Schwartz, 2015). Also, VCs and angel investors participate actively in their portfolio companies and monitor the management and their investment activity, while that of equity crowdfunders is limited to lower amounts and time spent (Estrin et al., 2018). Moreover, the crowd is very heterogeneous in terms of experiences and backgrounds: both individual and professional investors can participate in the process (Cumming et al., 2019; Rossi et al., 2019), meaning that equity crowdfunding attracts individuals, friends, unknown unsophisticated investors, professional and institutional investors such as business angels and venture capital funds, incubators, etc. (Baeck et al., 2014; Brown et al., 2018, 2019). Thus, it is not a surprise that equity crowdfunders vary greatly in terms of age (< 30 to over 60 years old), academic and professional background, even if the majority are male (Feola et al., 2019; Moritz et al., 2015; Zhang et al., 2017). Investors are also heterogeneous in terms of the size of investments made and the effort put into the investment selection (Cumming et al., 2019; Zhang et al., 2017). Moreover, different countries seem to be associated with different types of investors, some seem to be dominated by unprofessional investors (Estrin et al., 2018; Zhang et al., 2017) while others see the prevalence of wealthier investors (Wallmeroth, 2019).

As far as the platforms are concerned, some of them encourage co-investments between professional investors, notably business angels, and small investors, while other platforms, require accredited investors to open the offering to smaller crowdfunders (Rossi et al., 2019). Moreover, equity crowdfunding platforms are different in terms of investors' involvement/legal structure, as well as investors' rights and their status (Hornuf et al., 2020), to say that some of them allow the entrepreneur to issue different shares that carry voting and pre-emption rights for those investors investing amounts larger than a pre-set threshold (Cumming et al., 2019). Some platforms also grant the shareholders cash-flow, control, and exit rights even if it is unlikely crowdfunders exercise their rights because of the transaction costs (Hornuf et al., 2020). There is also heterogeneity in terms of deal structure (Butticè et al., 2020), in particular the choice between nominee and direct shareholding (Cumming et al., 2021a, 2021b; Rossi et al., 2019). Finally, investors are also subject to their country's regulations in terms of taxation (Cicchiello et al., 2019) since country's environment and policies can be more or less conducive to investments (Moro et al., 2020) and affect equity crowdfunding investors' decisions (Gleason et al., 2000).

The heterogeneity of crowdfunders and the crowdfunding environment suggests a varied set of motivations for engaging in equity crowdfunding (Mollick, 2014). Hence, the assumption that the crowd is mainly driven by economic advantage (Block et al., 2018; Cholakova & Clarysse, 2015; Hornuf & Schwienbacher, 2018) is overly simplistic.

Behavioural finance provides a more appropriate framework for understanding the dynamics of equity crowdfunding investors than traditional frameworks that look at investors as rational players (Fama, 1970; Modigliani & Miller, 1958). Grounded in Adam Smith's "Theory of Moral Sentiments" (Smith, 2002), behavioural finance posits that financial decisions are influenced by psychological factors and biases that distort logical reasoning (Kahneman, 1984; Tversky & Kahneman, 1974). Thus, investor are not purely rational actors focused solely on utilitarian maximisation (Fama, 1970; Modigliani & Miller, 1958). In line with a more open approach to investors motivation, Statman's (2017) proposes grouping investment motives/benefits into utilitarian, emotional, and expressive categories. Utilitarian benefits pertain to financial gains, expressive benefits relate to the investment's reflection of one's values and identities, and emotional benefits pertain to the investment ability to elicit emotions such as pride, excitement, and hope. All in all, Statman's (2017) framework allows for the expansion of the pure financial approach to incorporate non-rational investor behaviour.

3 Methodology

Our research relies on netnographic approach. We perform the analysis of comments from an online forum. Netnography is a qualitative research approach to social media data developed in the 1990s by Kozinets (2015). Such an approach presents the advantage of conducting research in an unobtrusive way, and so, without a possible detrimental presence by the researcher, who can observe 'naturally occurring talk and interactions' without interfering (Bertilsson, 2014). The choice of carrying a netnography analysis and using forum data respects the nature of equity crowdfunding, which does not usually involve direct contacts between investors and/or entrepreneurs, but online interactions only: equity crowdfunders can partially reduce the problem of information asymmetry by developing a community and exchanging opinions (Vismara, 2016). Hence, online data and communities present a fruitful avenue for researchers.

The first step of netnographic analysis involves the identification of a suitable and appropriate online platforms to be used. We started our research by selecting a specific online community: the UK forum community.freetrade (https://community.freetrade.io) and collecting posts. We selected a UK forum as the United Kingdom provides the two most successful equity crowdfunding platforms and is recognized as reference point for equity crowdfunding in Europe: 68% of European equity crowdfunding transactions take place there (Ziegler et al., 2019).

It is important to consider the nature of the data collected, in this case the forum is a free, open, public site, anyone can read the comments posted without the needing to register, as the registration is only needed to post comments, ensuring the access to anyone interested in the theme being discussed. Furthermore, users publish their comments under a chosen pseudonymous and no personal data is accessible to other users, ensuring anonymity. We substituted the pseudonyms used with a user number during both data collection and analysis, and anonymized the names of the companies and platforms the users discuss (the words *Company* and *Platform* are used instead). The comments quoted have not been corrected for mistakes, and emoticons are also included in a written format to maintain the tone the users intended (i.e. ":smile:").

3.1 Data Collection and Data Analysis

To obtain rich and meaningful data we looked at the two biggest threads of the forum. The first thread accounted for 2111 comments from 288 users as of January 2023, while the second showed 661 comments from 157 users. We decided to collect the comments from 20 randomly selected users who posted at least 20 comments across so that we ended up with a total of 1130 comments across the two threads. The sample was considered sufficiently big as it represented 41% of the total comments in the two threads and having at least 20 comments from each investor allowed to have rich data, avoiding the risk of misinterpretation and incompleteness. The comments were analysed to find relevant data to answer our research question: "How can we better understand equity crowdfunders' investment motives and the challenges to their realization by studying how they talk about their investment experiences online?".

The research was guided by Statman's (2017) framework, as a macro-categorization of investment motives, while first order categories and second order themes of motivations naturally emerged from the comments. The analysis follows the established thematic analysis process developed by Braun and Clarke (2006), which is commonly used in netnographic studies (Heinonen & Medberg, 2018), thanks to its flexibility and theoretical freedom. The initial analysis performed with the support of NVivo (1.7.1) resulted in 412 relevant quotes organized across 48 initial codes. During the subsequent rounds of coding, the 48 first codes formed 27 sub-themes, which were grouped into 8 main themes. The themes are here presented in Table 1. The analysis outlined the presence of four themes related to investment motives. The next two themes introduce the behaviours of the crowd before and after the investment, interpreted in line of the investment benefits sought, as well as the two themes referred to the challenges of satisfaction of the investment motives (Table 2).

4 Equity Crowdfunding: a Framework

Traditional financial theory suggests that investments have an economic motivation: people invest with the hope of ending up richer than they were before the investment. However, more recent

Table 1 Data Overview

Sub-Themes	*Main Themes*
Financial return (FR) Tax and loss reliefs (TLR) High Risk Appetite / Search for Unicorn (HR) Self-efficacy (SE)	Utilitarian Motives
FOMO (FO) Search for fun/thrill (SFT) Support liked entrepreneurs/teams (SLE) Support valued projects (SVP)	Emotional Motives
Investment disclosure (ID) Societal contribution (SC) "Expert" recognition (ER)	Expressive Motives
Reinforcing emotional motives (REM) Reinforcing utilitarian motives (RUM)	Reinforcing role of Expressive Motives
Contact entrepreneurial team (CET) Discussion board (DB) Discussion among each other (DEO) Expert opinions (EO)	Campaign Behaviours
Monitoring and news sharing (MNS) Brand Ambassador (BA) Asking for guidance (AG) Contact entrepreneur (CE) Contact platform (CP)	Post-Campaign Behaviours
Lack of platform communication (LPC) Lack of entrepreneurial communication (LEC) Lack of control (LC)	Challenges to Satisfaction of Emotional and Expressive Motives
Lack of monetization (LM) Early exit (EE) Investment failure (IF)	Challenges to Satisfaction of Utilitarian Motives

research, namely the behavioral finance stream (Kahneman, 2003; Statman, 2017) contends that additional non-economic justifications contribute in investment decision. We argue that this is also relevant to equity crowdfunding investments (Johan & Zhang, 2020). We build our framework by applying Statman's (2017) behavioural finance framework to the realm of equity crowdfunding. Various investment motives and behaviours implemented by the crowd before and after the campaign, as well as the challenges faced to the satisfaction of their investment motives, identified through the netnographic analysis, are presented through representative quotes in the text. A table with additional quotes can be found in the Appendix. Thanks to our findings, we generate propositions to inform future research and practitioners. Finally, we introduce the conceptual framework derived.

4.1 Investors' Motives

4.1.1 Utilitarian Motives

Cholakova and Clarysse (2015) argue that the motivation to invest in equity crowdfunding is utility-driven and positively predicted by the expectation of financial returns. The reports by Collins and Pierrakis (2012) and Zhang et al. (2017) are in line with their results: 87% of the UK crowd invests to obtain financial returns and 80% for diversification purposes (Zhang et al., 2017). Thus, it is not a surprise that the study by Cholakova and Clarysse (2015) sets the tone for the following research focused on financial motivation, to the point that Block et al. (2018) assume that equity crowdfunding is driven by financial motivations only and implies a passive investment approach. Similarly, Hornuf and Schwienbacher

(2018) define equity crowdfunding as "a category of crowdfunding, in which backers expect financial compensation for their investment" – dividends, capital gain, but also the post-investment tax deductions that many countries offer. We find evidence of the role of the utilitarian motives in the forum we analyse, for instance: "*as much as I like the mission, return criteria have to fit too*" (I14_FR1[1]) or "*We are here to make money*" (I17_FR1) suggest a clear focus on the financial return. Moreover, it is also important to consider the role of tax benefits and loss reliefs, as a country's environment and policies can be more or less conducive to investments (Moro et al., 2020) and tax relief schemes to seed investors can be quite substantial (Estrin et al., 2018; Hornuf et al., 2018). For instance, Enterprise Investment Scheme EIS and Seed Enterprise Investment Scheme SEIS are UK government schemes which grant 30 to 50% tax relief and no capital gain tax on profits from the sale of shares after a three years holding period, as well as loss relief which varies according to the individual tax bracket (Cicchiello et al., 2019). The schemes are hence a way to recover part of the investment while waiting for an exit (tax relief) or a part of the losses encountered (loss relief). Investors seem to consider them: "*EIS relief is a must unless they are in an existing investment*" (I11_TLR1) or "*[…] I claimed a tax relief on this dog three years ago*" (I18_TLR1). All in all, the forum discussion supports the search for financial return, tax benefits and loss reliefs as important motives for the investors.

Further explanations linked to utilitarian drivers are found when considering the risk profile of those who engage in entrepreneurial activities. Moskowitz and Vissing-Jørgensen (2002) justify the unattractive risk-return of entrepreneurial investments with entrepreneurs' high-risk tolerance, large additional pecuniary benefits, over-optimism, misperception of risks and a preference towards skewness. In equity crowdfunding, the latter is represented by the enticement towards very small probabilities of extraordinarily high returns, while being aware that the majority of the start-ups they invest in will fail (Estrin et al., 2018), as suggested by I1_HR1: "*You need to accept that most of your investment will fail […]*" or by I3_HR1: "*This is high risk high reward*". This approach is documented in our data as investors both show "High Risk Appetite and Tolerance for Losses", coupled with the search for the "Unicorn" as pointed out by I2_HR1: "*yes they will easily be a unicorn when that happens!*" or I12_HR1: "*I'm looking for outsize returns […]*".

In addition, behavioural finance explains that how people consider gain and losses is often coded in unexpected ways: "a person who has not made peace with his losses is likely to accept gambles that would be unacceptable to him otherwise" (Kahneman & Tversky, 1979). Thus, serial equity crowdfunders might sustain the loss on most of their investments due to the chance/hope that the next investment might be a unicorn, regardless of the small chance of that happening. The overweighting of small probabilities determines the lottery phenomenon (Tversky & Kahneman, 1992), so that equity crowdfunders might be overoptimistic about the start-ups' future (e.g. I3_HR1: "*Very nice progress and incredibly detailed business plan / path to reach unicorn status by 2026*") and overestimate their skills and abilities in selecting successful start-ups while they misperceive the total risk ("self-efficacy") (Stevenson et al., 2019). We find various evidence of such bias in our data such as in the case of I2_SE1: "*I am also very confident that I will comfortably succeed at this game […]*" or I12_SE1: "*I'll invite you to my yacht when this one takes off*". All those considerations lead us to develop our first proposition:

> *P1: Equity crowdfunders' investment decisions may be driven by the search for financial benefits or reliefs, or may display high risk appetite, search for Unicorns, or self-efficacy bias.*

4.1.2 Emotional motives

Estrin et al. (2018) argue that the willingness to help the entrepreneurs and being part of a project can influence equity crowdfunding investment decisions and Katzenmeier et al. (2019) point at the importance of personal enjoyment and identification. Thus, the crowd might also consider non-utilitarian motives when investing as emotional ones (Statman, 2017).

Emotional benefits relate to "how does the investment makes me feel". Positive feelings can derive

[1] The notation I14_FR1a refers to Investor Number 14, Financial Return (FR) Investment Motive as per Table 1, and the corresponding Proposition 1, later introduced.

from the investment matching the investor's values and resulting in emotions as pride, excitement, and hope (Statman, 2019). In an investment setting, the role of emotional benefits should not be underestimated, since non-economic optimal beliefs and intuition are known to drive specific financial choices (Kahneman, 2003): regret avoidance and "hope for great winnings drive people to buy lottery tickets and engage in stock trading" (Pan & Statman, 2012; Statman, 2019). The crowd could also be influenced by the "Fear of Missing Out" (FOMO): "a pervasive apprehension that others might be having rewarding experiences from which one is absent" (Przybylski et al., 2013), for example the fear of missing a potential financially rewarding opportunity in the investment context (Güler, 2021). This aspect is evidenced by I4_FO2: "*Any news on the term? I liked the Company but didn't pull the trigger […] want to know if/how much I should kick myself*" or I12_FO2: "*I've passed the opportunity to invest several times […] making me realise I missed this one*".

According to behavioural finance, non-economic optimal sentiments behind financial choices include fun and excitement: "the thrill of investing" (Statman, 2014). Such feelings seem to be relevant among investors in the forum such as in the case of I2_SFT2: *"[…] if they are successful then it's "Too the Moon""* or I7_SFT2: "*It is a mix bag for me but it is fun*".

Past research on business angels also suggests that non-utilitarian, emotional drivers can play an important role as they make the collaboration between entrepreneurs and angels more personal (Sudek, 2006): business angels want to "have fun while making money" and be involved with entrepreneurial ventures (Mason & Harrison, 2002). The search for "fun" affects the investment selection process: Benjamin and Margulis (2000) outline the role of the passionate commitment of entrepreneurs as a powerful tool to motivate investors (Stenholm & Renko, 2016), for example I3_SLE2 states: "*I like the pose of Entrepreneur's-Name the founder – he carries a humility that I love to see in founders […] Entrepreneur's-Name is absolutely outstanding*". Additionally, leadership capacities, commitment, competence, and capability to take decisions are also highly praised entrepreneurial qualities that drive investment decisions in both equity crowdfunding and angel financing (Landström, 1998; Shafi, 2021), I4_SLE2 argues: "*I've been thinking more and more about founders and less about the business recently"*. Some forum users manifest the importance of supporting entrepreneurs they like when deciding to invest.

A similar emotional driver that may influence equity crowdfunders' decisions is the desire to financially contribute to the development of specific business ideas which investors like, which can generate the feeling of being part of the entrepreneurial community, co-participating in "inventing new products or services" (Cardon et al., 2013), as suggested by I1_SVP2: *"[…] the desalination bit was originally the bit that caught my eye […]*". As business angels research states, equity crowdfunders might also search for the personal satisfaction of assisting in building successful ventures (Wetzel, 1983), whose values they share (Statman, 2019), and the feeling of being entrepreneurial and part of a community (Wallmeroth, 2019): "*Not going to lie Company ticks alot of boxes: Team […] Eco-friendly, Socially conscious narrative*" (I13_SVP2). We hence derive the following proposition:

> *P2: Equity crowdfunders' investment decisions may be driven by FOMO, the search for fun/thrill, or the need to support valued projects and/or entrepreneurs/teams they like.*

4.1.3 Expressive motives and their reinforcing role

Expressive benefits relate to "what does the investment say about me to others and to myself", they enable us to signal information about the way we are (our tastes, status) or act, to ourselves and others (Statman, 2017). Academic literature has mostly suggested that crowdfunders are a community of unsophisticated, passive providers of financial resources, with no accountability and weak rights (Blaseg et al., 2021; Block et al., 2018). If we compare them to professional investors like business angels, the former might be more similar to "lotto investors" or "traders", as Sørheim and Landström (2001) define those informal investors who have limited knowledge and skills. Hence, it might be difficult to believe that the crowd might be driven by expressive benefits when investing. However, the image that equity crowdfunders have or want to project of themselves can be very different from the one described. They can see themselves as benefactors, supporters of entrepreneurship and innovation, socially responsible investors,

or "business creators" and "co-creators" (Landström, 1998) and expect to be recognised as such by others. For instance, I11_ID3 discloses: "*I've invested in Platform £317,502.80 in 224 companies and Platform £57,517.30 in 18 businesses […] I calculate that I've lost around £30k*". Particularly, crowdfunders can choose to signal their investors' status by sharing the investments they have made with other investors, and predictably, a forum is one of the best places where to disclose them: "*Yeah, I invested, I was just reading the update. It's cool that they now have commercial products on the market*" (I8_ID3). More generally, 15 out of the 20 users selected choose to do so, both in terms of projected successful investments, as well as failures, and few users share their entire investment portfolio.

Therefore, irrespective of their different investment experience and amount invested, business angels and equity crowdfunders may share the idea that, as first supporters of start-ups, they play a key role in the economy by selecting those firms that deserve support, as mentioned by I2_SC3: "*I think it is ingenious and could potentially save the WHO billions […]*". Business angels' choices are found to be highly impacted by the opportunity of creating employment (Wetzel, 1983) and they are considered investors who can be driven by a feeling of social responsibility (Wright, 2017) and acquire the status of "angels". It would make sense for equity crowdfunding investors to think of themselves in a similar way: enablers of the development of businesses and society, thanks to their financial contribution:*"[…] We're moving to a cashless society. It delivers good ROI for charities*" (I19_SC3).

Furthermore, since equity crowdfunders represent the shareholders of the start-up, they can see their investments as an indication of their social status and wealth (Statman, 2019). Past research on other crowdfunding types such as donation crowdfunding has also identified the importance of altruistic motives driven by egoistical feelings: donors might have a deep need to help others, but the donation act itself can be self-beneficial as it provides public recognition, social identity or status and positive psychological feelings (Moysidou, 2017), such as being included and respected by the community (Statman, 2019). The importance of recognition and image creation was outlined in research on Innovestment, the German crowdfunding platform for sustainable investments (Bretschneider & Leimeister, 2017). Evidence of this is found in two main forms in the forum. On one hand, a few members become a reference point to the community and take initiatives as the creation of a new community for investors and provide information on future campaigns. I13_ER3 argues: "*If anyone has found my posts in this thread helpful and would fancy more like it in a dedicated site, please do let me know […] I think it'd be awesome if we were in a position where as a community we could effectively encourage companies to crowdfund!:astonished*" and "*Just wanted to say I'm grateful for all the support, and I mean each and every DM, reply or like, it's definitely the encouragement/reassurance I needed, now in 'let's do this' mode*". On the other hand, many members also construct an image of themselves as "equity crowdfunding experts" through their engagement in the forum: *"Property is a massive no no for me along with ALL drinks companies in the crowdfunding sphere! Although I do predict success for Company1 with failure for Company2!"*(I2_ER3). Thus, we argue:

> *P3: Equity crowdfunders' investment decisions may be driven by investors´ desire to disclose the investments made, be perceived as contributors to the society, or recognised as "experts".*

4.1.4 The Reinforcing role of expressive motives

The quotes presented outline the importance of expressive motives, however they also suggest that expressive motives play a relevant supporting role to utilitarian and emotional motives. In fact, it is not always possible to label a decision as only utilitarian, emotional, or expressive, but the benefits are related to each other and part of single investment decisions (Statman, 2019). Emotional motives such as supporting entrepreneurial teams that investors particularly care for, or projects they value, can also have an expressive dimension: seeing and presenting oneself as the "start-up backer" for successful projects they identify with, and therefore obtaining both personal and public recognition (e.g. I13_REM4: "*I think some great businesses have crowdfunded this year, e.g. my personal 2019 favourites: Companies*"). Some quotes embed both expressive and emotional benefits, hence, while the two concepts of emotional and expressive benefits can be differentiated at a theoretical level,

they often have overlapping manifestations (Statman, 2019). Additionally, utilitarian motives can have an important expressive component when satisfied: to flaunt among friends, colleagues etc. about the successful investment or the expectations of high future gains (e.g. I12_RUM4: "*that's a 5X return in 18 months in theory and their trajectory is exciting*"). Thus, we argue that in addition to their direct role, expressive motives play a supporting role to utilitarian and emotional motives:

> *P4: Expressive motives reinforce the role of utilitarian and emotional motives, allowing for their "externalisation".*

4.1.5 Satisfying the Motives

Equity crowdfunding investments may find satisfaction at different moments in time. Since past literature has mostly focused on the campaign stage in order to identify the variables leading to the campaign success (Ahlers et al., 2015; Lukkarinen et al., 2016; Moritz et al., 2015; Piva & Rossi-Lamastra, 2018; Ralcheva & Roosenboom, 2020; Vismara, 2016), the period after the campaign has been so far largely neglected. However, it is important for the investors: utilitarian benefits are only realised in case of successful investment after the campaign, while emotional and expressive benefits may find satisfaction both during and after the campaign.

4.1.6 Campaign stage

During the campaign stage, potential investors scan the investment opportunities presented by the platforms, evaluating the firms that have launched an equity crowdfunding campaign. Initially, there is no immediate utilitarian benefit investors can enjoy: they will mostly wait to see whether the firm will be able to raise the requested amount of money and the project will go ahead (Dushnitsky & Zunino, 2019). In this stage there is only an "utilitarian commitment": the investor pledged to provide the funds if the start-up is successful in reaching the targeted amount.

At the same time, emotional and expressive benefits have a chance to be realised. There can be emotional benefits linked to the thrill of the investment: enjoyment in looking at entrepreneurial firms, becoming aware that it is possible to contribute to their development, or the satisfaction of going through the documentation submitted by the firm and the opportunity to analyse it, even to cross check whether the figures/expected performance are realistic (Zhang et al., 2017). Expressive motives can be satisfied because a potential investor may see oneself as an "expert" in evaluating and assessing the firm (e.g. I9_EO5: "*I suggest you guys check the EY Audit in Platform section, page 25: of the £100m of revenues, £35m come from penalties to customers. Personally, I would not like to invest in a company with low ethical standards*"), or by discussing the start-up prospects among each other (e.g. I3_DEO5: "*Anyone here invest in Company?*" or I2DEO_5 "*Company on Platform looks interesting. Any thought? I like it.*"). Investors are able to discuss topics such as: "valuation, financial snapshot, likely returns, shareholder rights, and market risk" (Kleinert & Volkmann, 2019). They can contact the entrepreneurial team directly: "*After a direct connect from the CEO, I'm currently having a serious look […]*" (I3_CET5), or through the platform discussion board: "*I've posted a bunch of questions so let's see…*" (I1_DB5). Hervé et al. (2019) also found that crowdfunders with high social interactions tend to invest more. Furthermore, these behaviours generate word of mouth and information cascades which may convince undecided investors and attract new ones (Vismara, 2018), increasing the probability that the campaign will reach the target amount. This can both provide emotional and expressive satisfaction, particularly if the investors' interaction is responsible for herding behaviour (Estrin et al., 2018): other crowdfunders are influenced to invest making the campaign successful. While the opposite is also important, crowdfunders capable of distinguishing the "lemons" (Akerlof, 1970) from the good companies through due diligence, can become reference points to the community.

We find four main behaviours expressed by the crowd during the campaign phase: contact entrepreneurial team and use of discussion boards to obtain more information about current raises, discussion among each other (most frequent behaviour) and presentation of "expert" opinions (see Appendix for additional quotes). The behaviours are in line

with the satisfaction of emotional and expressive motives, and the reinforcing role of the last.

P5: During the campaign stage, equity crowdfunders may find satisfaction of their emotional and expressive motives.

4.1.7 Post-campaign stage

Once the investment is done, the crowd and the start-up enter a new phase, characterized by waiting, expectation, and in some cases, contact and involvement. They can assume a proactive role towards the start-up, for instance by promoting it (e.g. I2_BA6: "*I've invested twice in Company great team and great product […]*"), or remain passive throughout the investment, waiting to see how it will turn out (Hornuf et al., 2020). If crowd investors tried to establish a contact with the management after the investment (e.g. I3_CE6: "*[…] I met Entrepreneur in San Francisco early this year and everything they are doing is so polished and profesh […]*"), choosing to be active and participative, they would have the chance to add potential value to the start-up and satisfy their investment motives. Their participation and involvement could help achieving utilitarian motives and increase the chances of obtaining a financial profit, when the investors are in a position to favour the start-up success by offering their professional experience, introducing personal network contacts, or by acting as a brand ambassador on social media and introduce new investors to the start-up (Di Pietro et al., 2018). However, as shown by previous quotes, such behaviour could also fulfil non pecuniary returns due to the emotional and expressive benefits resulting from participating to the entrepreneurial process, exchanging ideas and receiving public recognition (Reis et al., 2000). Hence, it may be very important for equity crowdfunders to be able to interact with the firm's management or other investors (Brown et al., 2018; Moritz et al., 2015; Wald et al., 2019). In our data, we find that the crowd assumes four main kinds of post-campaign behaviours, ranging from a simple monitoring of the companies they invested in and sharing the news found (e.g. I3_MNS6: *"I received the details of the VC / Series A raise […]*" and "*Happy to share any info I get […]*"), to an active promotion, and there is some evidence of brand ambassador activity (e.g. I3_BA6: "*Company launching second round of funding on Platform 1. […] Very impressed w leadership team who could take this to a very exciting place and exactly what gets me excited about crowdfunding…*".

Furthermore, the forum is used as a place where to enquire for information about the situation of the investments and ask for guidance (e.g. I12_AG6: "*Is anyone else here an investor in Company? They're currently 15X and offering us to sell 50% stake. Just wondering what anyone else is doing?*), while part of the crowd searches for a direct contact with the entrepreneur, or the crowdfunding platform in case of investment issues, as I1_CE6: "*I have emailed both Platform and the Company CMO (I had his email) to ask […]*".

Given the data, we hence propose that the crowd has the opportunity of satisfying emotional and expressive motives by interacting with each other, the entrepreneur, and the platform:

P6: During the post-campaign stage, equity crowdfunders may find satisfaction of their emotional and expressive motives via interaction.

However, the post-campaign stage can be very eventful for crowdfunders. In fact, it is in this phase that they realise if they made the right choice to trust the entrepreneurs financed. The challenges faced by the crowd are not only to the satisfaction of their utilitarian motives (will the investment succeed?), but also to their emotional and expressive motivations, and so, how the investment experience makes them feel and how that can influence the perception that they have of themselves as equity crowdfunders.

For example, Moritz et al. (2015) find that entrepreneurs rarely use direct personal communication channels with crowdfunders, since engaging with them can be very time-consuming, and lead to "information congestion", which concerns the entrepreneurs (Brown et al., 2019; Cumming et al., 2021a, 2021b). Bessière et al. (2019) show that in the event of co-investment between equity crowdfunders (with no voting rights, through a nominee platform) and business angels (both through a dedicated platform and single investments), the latter are the sole party having an active role after the financing round is concluded. Hence, a lack of involvement and control over their own investment could be detrimental to the satisfaction of emotional and expressive motives. (e.g. I2_LEC7a: "*They are still trading, but do not reply to messages nor give updates […]*") and generate some

frustration (e.g. I20_LC7a: "*Shareholder investors sold down the river. You have to be so careful with start-ups*").

In fact, another main distinction between the satisfaction of utilitarian and expressive or emotional motives is that the first will be satisfied in case of a financially successful investment, whereas the latter can find realization even in case of failure of the companies financed, given that the crowd considers the experience worthy. For this reason, we argue that the investment in equity crowdfunding presents specific challenges linked to a lack of communication and control (e.g. I2_LPC7a: "*And nor a single word from Platform to let investors know about their investments*") and control (e.g. I2_LC7a: "*[…] if Entrepreneurs let us know what wages they are taking […]*" or I4_LC7a: "*far too many companies raising Millions from crowdfunding on to go into administration months later having used the funds to pay back director loans*"), which are the main determinants of unsatisfaction of emotional and expressive motives.

The lack of control perceived by the crowd has important implications also regarding the unsatisfaction of utilitarian motives, as it is linked to the three main challenges found to the satisfaction of utilitarian motives: lack of monetization, early exit and finally, investment failure. Lack of monetization relates to the impossibility for the crowd to sell their shares (e.g. I1_LM7b: "*Paper money is nice. Real money will be nicer*" or I10_LM7b: "*Missed an opportunity with Company in 2020 to sell the shares back to the founder; have had no updates from the Company since*"). Very few platforms offer a secondary market for pricing or exit, which makes the equity crowdfunding market very illiquid (Rossi et al., 2019) and difficult for investors to realize any financial return, regardless of whether the start-ups have thrived (Lin, 2017). Secondly, equity crowdfunders often have poor contractual power (Rossi et al., 2019; Schwienbacher, 2019), hence they constantly face dilution and have no possibility of opposing an exit, even if they think it is not in their best interests. Finally, past research suggests that, the majority of exits are bankruptcies (Eldridge et al., 2021), even if the percentage is relatively low (around 18%). Nevertheless, the returns obtained are not necessarily in line with investor expectations (e.g. I8_EE7b: "*I was particularly disappointed by Company, seemed like they were on to a winner and they sold for ~ 1.7X It felt like the initial risk wasn't worth it for that*"), and investors complain about the failures they face that they perceive as higher than the official ones (e.g. I12_IF7b: "*9 out of 22 companies I've invested in have stopped trading*" or I18_IF7b: "*Up to 7 now. 7 failure in three weeks! And only a few have bothered to tell investors directly*"). Moreover, in the UK market, only 3% of equity crowdfunded firms have reached an IPO or a successful acquisition (Beauhurst, 2020), hence the satisfaction of eventual utilitarian motivations seems low. Thus, we derive the following propositions.

> *P7a: The lack of platform/entrepreneurial communication or control may compromise equity crowdfunders' satisfaction of emotional and expressive motives.*
> *P7b: The lack of monetization, the presence of early exits and high rate of investment failures may compromise equity crowdfunders' satisfaction of utilitarian motives.*

Finally, we summarise the framework that explains the dynamics of equity crowdfunding in Fig. 1, which shows how the three types of motives might influence the crowd's behaviours during and after the campaign. We also include the challenges that equity crowdfunders might face during their investment experience, which could determine the lack of satisfaction of the investment motives.

5 Conclusion

Equity crowdfunding provides entrepreneurs with financial resources and control, as well as the freedom to decide repayment terms. Past literature mostly focuses on the benefits for entrepreneurs, stating the positive effect of helping to solve the financial gap start-ups face (Lehner et al., 2015; Wang et al., 2019), but fails to explore the psychology of the crowd including potential challenges during the post-campaign phase and how their

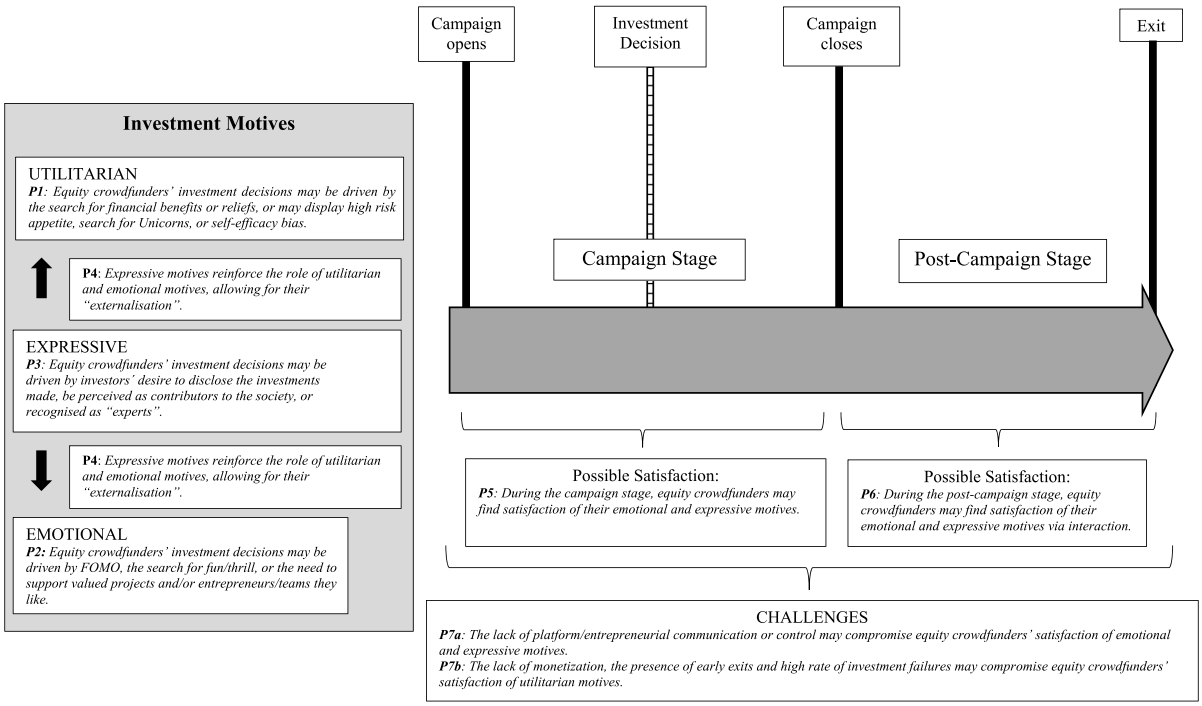

Fig. 1 Timeline and Framework with Propositions about Equity Crowdfunders' Investment Decisions

experiences may shape future investment decisions (Cumming et al., 2021a, 2021b).

Based on behavioural finance and the analysis of forum data, we propose a framework that explains the dynamics between equity crowdfunding motives, behaviour during and after the campaign and challenges investors face to see their motives fulfilled. We explain that investors motivated by utilitarian goals may find the post-campaign and exit stages very challenging due to the lack of control over recovering their investment and receiving remuneration. On the other hand, equity crowdfunders may find satisfaction to their expressive motives thanks to the possibility of 1) disclosing they invested in a great idea, which positively impacts society, 2) giving advice to other investors, and 3) interacting with the start-up community. Furthermore, emotional motives might be satisfied thanks to the thrill/fun that the investment process generates, the possibility of dialoguing with the entrepreneur or supporting a project that they think is valuable, even if there is no exit or financial remuneration.

Expressive and emotional motives may still be partially satisfied independently from the entrepreneur and even in the case of venture failure, as long as investors supported the project based on its moral or ethical values, or on its social and economic impact. In this case, satisfaction would arise from the moment of the investment decision and will last during the campaign. Nevertheless, the satisfaction of emotional and expressive motives could be challenging if tied to a direct interaction between investors and the start-up community and the entrepreneur or the crowdfunding platform do not allow or care for it. As seen, a perceived lack of control can also negatively impact future investment decisions.

These reflections take us to the major implications of our work and their relevance to practitioners in the field. If investors are primarily driven by utilitarian motives, and platforms do not properly support the exchange of shares or entrepreneurs

do not remunerate them, they may not invest in equity crowdfunding again in the future because of lack of financial satisfaction: "Equity crowdfunding is dead. Long live to equity crowdfunding" (Silchenko, 2015). On the contrary, if investments are mostly driven by emotional and expressive motives, the success of equity crowdfunding may depend on the ability of entrepreneurs and platforms to satisfy these motives through effective communication and community-building tools (Mochkabadi & Volkmann, 2020). The presence of online forums where equity crowdfunders meet each other and discuss their investments suggests the importance of emotional and expressive motives.

Our framework also outlines the major issues that equity crowdfunding is facing, suggesting the importance of appreciating the diversity of motives driving investment decisions (utilitarian, emotional, expressive) and their relative weight (Statman, 2017), as well as understanding equity crowdfunders opportunities to see motives satisfied. The analysis done leads us to the question: are entrepreneurs and equity crowdfunding platforms acting to provide satisfaction to investors? Failure to do so may result in the demise of equity crowdfunding or its marginalisation as a source of finance for firms. Secondly, can we develop metrics that can measure investors' expectations and their satisfaction? Further research, by exploiting past inventories, can try to develop an inventory that catch investors' expectations as well as their satisfaction. By having a clearer idea about investors opinions, both entrepreneurs and platforms can better adjust their behaviour. Thirdly, how can entrepreneurs and equity crowdfunding platforms develop tools that address the satisfaction of investors' motives? Further exploration of communication/involvement tools that allow for the satisfaction of the desire for interaction (Brown et al., 2019; Di Pietro et al., 2018; Moritz et al., 2015) and address expressive and emotional motives is needed.

Existing research on equity crowdfunding has reached an intermediate stage: a period of transition from nascent to mature research, where experimentation is well underway, but there is no stable model as a sole reference point (Bessière et al., 2019). Further research is necessary to deepen our understanding of the drivers of equity crowdfunding. Only a greater knowledge of the phenomenon can allow us to make a better use of this tool and avoid the risk of its disappearance.

Appendix

Table 2 Extracts from the forum

INVESTMENT MOTIVES	
Utilitarian Motives	
Financial return (FR)	
I2_FR1	"I don't believe that × 1.5 is a great return!"
I4_FR1	"Given the high failure rate of early stage investing 4.3 × over 7 years would be below par."
I12_FR1	"that's a 5X return in 18 months in theory and their trajectory is exciting."
I14_FR1	"As much as I like the mission, return criteria have to fit too. I'm not yet fully convinced but from face value I see it as one of the interesting ones on market atm with attractive valuation. Worth spending some time on for me."
I16_FR1	"Getting excited here:slight_smile: Hope *Company* is not raising soon and the advance subscription converts to £60 M valuation. It would be good for those who subscribed as we can be very hopeful of a much higher valuation in the next round. I also hope *Company* speeds up their expansion."
I17_FR1	"Time will tell. We are here to make money!:slight_smile:"
Tax and loss reliefs (TLR)	
I10_TLR1	"Only one positive return but they sold out before the three year EIS period so return was reduced."

Table 2 (continued)

INVESTMENT MOTIVES	
Utilitarian Motives	
I11_TLR1	"EIS relief is a must unless they are an existing investment."
I12_TLR1	"I've just been doing my tax return for the year (yuck) and am hoping to get some relief from my EIS and SEIS investments that didn't make it."
I18_TLR1	"Pretty sure I claimed tax relief on this dog about 3 years ago."
I19_TLR1	"I typically only invest in EIS eligible companies through crowdfunding"
High risk appetite and loss tolerance / Unicorn (HR)	
I1_HR1	"you need to accept that most of your investments will fail and the hope/ personal due diligence is there to hopefully pick enough winners to balance the books. But don't invest in private equity (or crypto) unless you are willing to lose it all."
I2_ HR1	"yes they will easily be a unicorn when that happens!"
I3_ HR1	"This is high risk high reward." "Very nice progress and incredibly detailed business plan / path to reach unicorn status by 2026."
I12_ HR1	"I'm looking for outsize returns and think that focusing in on these two areas I'm more likely to hit them."
Self-efficacy (SE)	
I1_SE1	"Completely agree that there are red flags everywhere. I don't do this often but every now and then allow myself a few wildcards. (…) Time will tell and 100% open to people calling me a fool in the future:wink:"
I2_ SE1	"I am also very confident that I will comfortably succeed at this game,even though I have discovered it to be a bit of a cesspit!"
I12_ SE1	"I'll invite you to my yacht when this one takes off!"
Emotional Motives	
FOMO (FO)	
I1_FO2	"Annoyingly, the one that got away. (…) Like you say, should have focused on the desalination but rather than power."
I4_ FO2	"Any news on the terms? I liked the *Company* pitch but didn't pull the trigger on an investment, want to know if/how much I should kick myself."
I12_ FO2	"I've passed the opportunity to invest several times and still it's there, growing and making me realise I missed this one."
I17_ FO2	"What are your thoughts on "THIS" ? Have you tried it? Is it that good? Any info? (…)….it seems they are after unicorn status, do not want to fomo in the current environment"
Search for fun/thrill (SFT)	
I2_SFT2	"One more hurdle to overcome and (…) if they are successful then it's "Too the Moon""
I3_ SFT2	"Exciting and seriously nervous at same time but that's the buzz we are all looking for."
I7_ SFT2	"It is a mix bag for me but it is fun"
I16_SFT2	"Getting excited here:smile:"
Support liked entrepreneurs/teams (SLE)	
I3_SLE2	"I like the pose of *Entrepreneur's-Name* the founder- he carries a humility that I love to see in founders. (…)*Entrepreneur's-Name* is absolutely outstanding. Talk about investing in people this is it."
I4_SLE2	"I've been thinking more and more about founders and less about the business recently."
I6_SLE2	"Worth a look, the founders are very responsive in the discussions."

Table 2 (continued)

INVESTMENT MOTIVES	
Utilitarian Motives	
I15_SLE2	"Can't wait to see how these guys get on, very very strong team"
I16_SLE2	"the Q&A video with an investor indeed shows that the founder is a very likable person"
Support valued projects (SVP)	
I1_SVP2	"Yeah, the desalination bit was originally the bit that caught my eye rather than the energy bit. Millions of people will hopefully benefit from that."
I2_SVP2	"This has to be one of the best features that *Company* have released,it is fantastic"
I3_SVP2	"have huge hopes for these guys. (…) I think they are in the right place at right time with the right solution."
I7_SVP2	"Believed this one would succeed but it bits the dust. They were doing really good work helping the environment."
I12_SVP2	"Any fans of Calvin and Hobbes in here? You will love this one… I'm going in large style…"
I13_SVP2	"Not going to lie *Company* ticks alot of boxes: Team (VC involvement, CEO ex-*Company*) (…) Eco-friendly, Socially conscious narrative"
Expressive Motives	
Investment disclosure (ID)	
I2_ID3	"I'm in for £1300 and will maybe top up to £2000 when it opens in a week or two"
I8_ID3	"Yeah I invested, I was just reading the update. It's cool that they now have commercial products on the market."
I11_ID3	"Since 2017, I've invested in *Platform* £317,502.80 in 224 companies and *Platform* £57,517.30 in 18 businesses. Other investments (including direct top-ups) of around another £50k (*Company*, *Company* for example). I calculate that I've lost around £30k in total, but I think this will increase as the cost of living crisis continues to grow. The biggest burns to date: *Company* and *Company* (around £20k lost between them). My largest investments are *Companies* (…) I estimate the portfolio as of last year to be £600k (…) I am confident I will still generate a profit, as my key investments are faring well (…)"
I15_ID3	"Invested in their previous round and will defo be doubling down!"
Societal contribution (SC)	
I1_SC3	"Yeah, the desalination bit was originally the bit that caught my eye rather than the energy bit. Millions of people will hopefully benefit from that."
I2_SC3	"I think it is ingenious and could potentially save the WHO billions IF the human trials succeed and they can overcome the politics side of things."
I3_SC3	"have huge hopes for these guys. Essentially a tool that can run a self employed person's business, provide powerful insights and save days of time each year on accounting and tax. I think they are in the right place at right time with the right solution."
I19_SC3	"I'm going to invest a smallish amount in *Company*. We're moving to a cashless society. It delivers good ROI for charities."
"Expert" recognition (ER)	

Table 2 (continued)

INVESTMENT MOTIVES	
Utilitarian Motives	
I13_ER3	"If anyone has found my posts in this thread helpful and would fancy more like it in a dedicated site, please do let me know – it's great incentive and reassurance for me to fully take the plunge.:smile: I think it'd be awesome if we were in a position where as a community we could effectively encourage companies to crowdfund!:astonished:", "Just wanted to say I'm grateful for all the support, and I mean each and every DM, reply or like, it's definitely the encouragement/reassurance I needed, now in 'let's do this' mode:muscle:"
I2_ER3	"Property is a massive no no for me along with ALL drinks companies in the crowdfunding sphere! Although I do predict success for *Company* with failure for *Company*!"
I3_ER3	"Profit is absolutely not the way to go up front. That's not how this game works. Do you suggest *Company* slows down, stops doing continual raises and turns a profit instead of growth.:thinking: Yeah I thought not. This is high risk high reward." "Always enjoy getting different views and perspectives. My Investing 5 "Sniff Test" Items are: Leadership Team (exit experience, diversity, ability to pivot…). ESG Credentials. Does their product/service fix a genuine issue. How strong is their USP/MOAT. Is it seriously scalable w potential for huge ROI. Number 1 is MASSIVE. With the right people they will make a success out of bloody anything."
I5_ER3	"If you want to have a chance of generating meaningful returns from crowdfunding, you need to invest like a sophisticated investor: forget about the minutiae of the company, focus on the bigger picture, invest early in companies that have a path to delivering at least 100 × returns (which involves, in part, believing in the founders). Most will fail, but as long as 1 in 10 succeed at 100(0)xing, you'll see meaningful returns."
Reinforcing role of Expressive Motives	
Reinforcing emotional motives (REM)	
I2_REM4	"I have said consistently from day one *Company*"
I8_REM4	"I did top up my *Company* investment in the most recent round, I feel they are one of the few that are making real progress"
I13_REM4	"I think some great businesses have crowdfunded this year, e.g. my personal 2019 favourites: *Companies*"
Reinforcing utilitarian motives (RUM)	
I1_RUM4	"It was definitely one of my moonshot investments but on paper has been positive. Their plan is to go public this year (no promises obviously) to raise funds to invest in more businesses and to scale the show globally."
I3_RUM4	"Yes I invested in their first two rounds and from just £4 K I have ~ 45 K *Company* that are at $1.90 each as of today. Crazy! I have no plans to sell and will let this ride to silly levels and then offload…"
I9_RUM4	"I invested in *Company* 3 years ago and they grew revenues from £5m in 2019 to £15m in 2020 (cover boom)"
I12_RUM4	"that's a 5X return in 18 months in theory and their trajectory is exciting."
Campaign Behaviours	
Contact entrepreneurial team (CET)	
I3_CET5	"After a direct connect from the CEO, I'm currently having a serious look at the following opportunity on *Platform*: *link*. What are peep's thoughts. Defo something different for sure"

Table 2 (continued)

INVESTMENT MOTIVES	
Utilitarian Motives	
I4_ CET5	"Okay gang. I bring to you a CC pitch that had my head turned. (…) I've request access to the future projections and they have a webinar next week."
I5_ CET5	"After reading their pitch deck, I'm none the wiser about their target or the use of the proceeds. (…) I don't understand why, so I've asked! I will edit this comment with the answer edit: They responded to me to say (…)"
I13_ CET5	"They were meant to go live this monday just gone, actually. They've said it'll be this monday now, but I have my doubts. Definitely an interesting one to watch. Source: Emailed the founders."
Discussion board (DB)	
I1_DB5	"I've posted a bunch of questions so let's see…"
I7_DB5	" no no for me because of the lack of information. The most amazing thing was whoever was handling their responses saying they have had the figures vetted by their larger investors so the figure are all good."
I16_DB5	"They were and still are not very responsive to or vague if they do answer, tough questions on the Discussions."
Discussion among each other (DEO)	
I1_DEO5	"Anyone looked at *Company* on *Platform* yet? Invested in their previous round.",
I2_ DEO5	"*Company* on *Platform* looks interesting. Any thoughts? I like it." "dare I say but another over valued company with vague replies in an out like a thief in the night!"
I3_ DEO5	"Anyone here invest in *Company*? I did (one of my bigger ones) and have huge hopes for these guys.", "Here's one I'm currently assessing. This one was a recommendation (just today) to me from a big hitting start up investor. *Link*. What do you think?",
I4_ DEO5	"Hello Hive mind:honeybee: I've come across this pitch on *Platform* that has caught my attention. I like to invest in business I could / do use and like Fintech / Insurtech spaces as ripe for new entrants. Has anyone else given this a serious look?"
I6_ DEO5	"Be careful. The main investors have a lot more information. With that said… Has the company given a reason for why the investor pulled out?"
I11_DEO5	"*Company* is raising at a questionable valuation… Does anyone else think the same?"
I14_ DEO5	"Anyone here looking at *Company 1*? I invested in *Company 2*, which seems miles ahead of *Company 1*, but the valuation, institutional backing and early traction seem very attractive. They are raising on *Platform*, about a week left on the campaign. Anyone else in this?"
Expert opinions (EO)	
I1_EO5	"Walk away. If they don't respect prospective investors with sharing sufficient about this business to have an informed decision then they are unlikely to respective crowd investors with updates or more important share classes."
I9_EO5	" From what I understood *Company 1* has a "*Company 2*" business model, lending to people with no credit history in Spain. I suggest you guys check the EY Audit in *Platform* section, page 25: of the £100m of revenues, £35m come from penalties to customers. Personally, I would not like to invest in a company with low ethical standards."
I10_EO5	"I would check on Conpanies House if any of the directors have any history—good or bad!"

Table 2 (continued)

INVESTMENT MOTIVES	
Utilitarian Motives	
I12_EO5	"I'm pretty familiar with them (…) I can see them growing but I'd say the market is parties and corporate events rather than anything bigger so they'll always be constrained to getting money evening and weekends. (…) No matter how good they are people don't seem to be sticky with the product so I don't see the outsize returns here. If the comparison is with bowling or cinema for a night out then they come in a bit pricey too. Not to say I don't think they're good, just don't see how they get good returns longer term."
I16_EO5	"I think I have followed every one of *Company*'s round on *Platform*, but couldn't get myself to invest in the company. Early on, their business model wasn't very clear and that's why I'm not surprised that they keep on crowdfunding this frequent to support their growth. They were and still are not very responsive to or vague if they do answer, tough questions on the Discussions. This time around, I feel that they play too much marketing tricks which are to me bordering on being misleading. One is that all ordinary A investors who invested in the private part of this round were lumped together as one? Making it appear to those who don't look closely that an entity is investing over 3m! Why the need to do that? Is it because they couldn't get a single VC to support them? (…)"
Post-Campaign Behaviours	
Monitoring and news sharing (MNS)	
I3_MNS6	"As an existing and long term shareholder in *Company* I received the details of the VC / Series A raise. Without sharing too much, as it's confidential, they have secured a multiple £M investment (…) Will be an interesting next couple of years… " "Happy to share any info I get in case you guys don't get it, just let me know…."
I9_MNS6	"no… its something that I heard from a reliable source (an insider)… I think we can assume that the company is selling between 15 and 20% of the equity?"
I16_MNS6	I'm also invested in Vita Mojo and participated in their recent raise. You can follow their progress closely by following their LinkedIn account
I19_MNS6	"*Company* investors (me included) about to take a massive paper loss in an emergency equity round. They were hit early with coronavirus knocking off their China factory, so were out of stock even before the virus hit the West."
Brand ambassador (BA)	
I2_BA6	"I've invested twice in *Company* great team and great product. They are going to continue growing and eventually I can easily see them being acquired"
I3_BA6	"*Company* launching second round of funding on *Platform 1*. First round was *Platform 2*. I like. Invested in round 1 and a follow up pre emption round. *Company* price is already × 5 from launch in Sept 2019:rocket: Very impressed w leadership team who could take this to a very exciting place and exactly what gets me excited about crowdfunding…" "Can I suggest you have a look at *Company* on *Platform*. I've invested in these guys twice, including this round (well it's a reservation currently for this round). They have a great scalable solution, terrific leadership team, timing is right, and big hitting lead investor. They have also just agreed a tie up with Google which they excitedly announced to investors yesterday although exact details are not yet known…."
Asking for guidance (AG)	

Table 2 (continued)

INVESTMENT MOTIVES	
Utilitarian Motives	
I11_AG6	"Thanks, but have you invested? Cash burn isn't always a bad thing (usually but not always) so I am weighing up all information. *Company* for example delivered a great return. Do you have any knowledge on the company as an investor or only what I can see?"
I12_AG6	"Is anyone else here an investor in *Company*? They're currently 15X and offering us to sell 50% stake. Just wondering what anyone else is doing? I'm inclined to hold but would appreciate any guidance."
I16_AG6	"This is good news. I'm an investor. Can you please share the source of this info?—Thanks. Just able to check my email. Have they indicated somewhere else the price per share in the IPO? Hope it's a good multiple to the 2018 & 2019 rounds.My question now, being based overseas, is what would be my best course of action to sell my shares. Will *Platform* facilitate this for those based overseas? Any idea or info?"
I17_AG6	"do you have any idea of their latest round's valuation and share price? I invested back then on *Platform* in 2017 if i remember correct. They have never raised again since then on *Platform* right?"
Contact entrepreneur (CE)	
I1_CE6	"I have emailed both *Platform* and the *Company* CMO (I had his email) to ask….will hate anything useful I get back."
I3_CE6	"Hey nice choice on *Company*. I invested early in the *Company* days. I met *Entrepreneur* in San Francisco early this year and everything they are doing is so polished and profesh. Making excellent progress and I reckon we could be close to an exit in the next 24 months."
I10_CE6	"I have been reviewing those (that have not failed yet) and will be contacting any that have not provided updates within the last three months. Especially with the seemingly more relaxed rules on providing updated accounts to Companies House"
I16_CE6	"I sent an email to *Entrepreneur* of *Company* few days ago but I still have not received a reply:frowning:"
Contact platform (CP)	
I1_CP6	"Have been chasing *Platform* for a few updates across businesses and they said that they had been talking to *Company* over the last few weeks."
I10_CP6	"Just trying to work out if EIS loss relief is available (…) Have asked *Platform* about it."
I12_CP6	"I had to make a formal complaint to *Platform* after they told me that B class shareholders were "not entitled to information". I understand they're doing well but found this disappointing."
I18_CP6	"I have asked *Platform* to investigate it as a scam. I understand most start ups fail, but this one looks as if it didn't even try."
Challenges to Satisfaction of Emotional and Expressive Motives	
Lack of platform communication (LPC)	
I2_LPC7a	"And not a single word from *Platform* to let investors know about their investments." *(rumored acquisition)*
I10_LPC7a	*"Platform* are rubbish at answering questions about companis that have failed or in difficulties—been waiting over a month for replies to two messages."

Table 2 (continued)

INVESTMENT MOTIVES	
Utilitarian Motives	
I12_LPC7a	Guilty of investing in this one. *Platform* haven't said anything, someone on the forums picked it up. I have to say, my failures are almost all exclusively on *Platform* and they are complete rotters at telling you what is going on. I don't hold them responsible but I think they should provide the feedback and information flow for what's going on. Also, simple statements like whether you can right off the loss against tax etc
Lack of entrepreneurial communication (LEC)	
I2_LEC7a	"They are still trading,but do not reply to messages nor give updates. You just kind of know when you are going to get screwed over.", "Absolutely 100% screwed over from day one,they never communicated from day one and basically took the money and gave investors the "V" sign"
I3_LEC7a	"How many times have you heard "sorry for nothing for 9 months we have been really busy". What to spend an hour or two preparing an update (on information you already have at hand) informing the people that essentially kept your business alive in the early stages or to engage a group of brand ambassadors that will go above and beyond to help the brand. Madness & Outrageous. I just keep sending requests for the updates until they reply and commit to improving. Never give up"
I10_LEC7a	"Some are good (*Company 1*, *Company 2*, others good when they are seeking more investments and others very poor. I have been reviewing those (that have not failed yet) and will be contacting any that have not provided updates within the last three months."
Lack of control (LC)	
I2_LC7a	"It would be nice Ito know if *Entrepreneurs* let us know what wages they are taking and if they have previously sold any shares??" "I URGE ALL INVESTORS TO STAY AWAY FROM THIS COMPANY THEY ARE LIKE VAMPIRES SUCKING PEOPLE DRY & I do feel sorry for all previous investors who unfortunately are going to lose all their money. *Company* will be no more in 6–18 months."
I20_LC7a	"Shareholder investors sold down the river. You have to be so careful with start-ups."
I3_LC7a	"I'd love to see the terms of the asset sale, especially around what it means for the leadership team. LOVE to see it, but yep you guessed right that ain't happening like in all these cases. Something smelling really fishy me thinks…"
I4_LC7a	"That have been far too many companies raising Millions from crowdfunding on to go into administration months later having used the funds to pay back director loans."
I5_LC7a	"if you're a layman participating in crowdfunding then you're just dumb capital, you as an individual are worthless to founders, in fact you're a liability, and so the investment case for participating in a crowdfunding round has to be very tightly coupled to the company you're investing in… because when the company blows up, you're left with nothing: the founders couldn't care less about you, they don't know your name, and you probably won't have the opportunity to invest in them again.", "well-off people enrich themselves further at the expense of normal people with predatory financial nonsense."
Challenges to Satisfaction of Utilitarian Motives	
Lack of monetization (LM)	
I1_LM7b	"Paper money is nice. Real money will be nicer:wink:"

Table 2 (continued)

INVESTMENT MOTIVES	
Utilitarian Motives	
I9_LM7b	"the IPO question is a interesting one for *Platform*… considering that no *Platform* Companies IPO in the last 10 years maybe they assume that it will never happens…"
I10_LM7b	"Missed an opportunity with *Company* in 2020 to sell the shares back to the founder; have had no updates from the company since"
I14_LM7b	"In this type of investing its really hard to get experience first hand because it takes years for a startup actually get to a point where you can post mortem it or learn from its success."
Early exit (EE)	
I8_EE7b	"I was particularly disappointed by *Company*, seemed like they were on to a winner and they sold for ~ 1.7X It felt like the initial risk wasn't worth it for that"
I9_EE7b	"I invested in *Company* and the return has been 3.5x (without EIS) and 5.0x (with EIS). Not really fantastic…" "it was a disappointing outcome considering the amazing traction of the company. The company was sold for £42m but its generating annual revenues of £55m…"
I10_EE7b	"1 exit but within 3 years so EIS impact 1 buyout with marginal return—again within 3 years 1 where new owner bought 50% of the holding—in profit and still have 50% holding Would I invest again? – unlikely"
Investment failure (IF)	
I10_IF7b	"8 out of 19 investments failed—losses around £3k but have some loss relief to claim back. Only one positive return but they sold out before the three year EIS period so return was reduced."
I11_IF7b	"I have industry experience, and the failure rate of crowdfunding companies is certainly above 90%."
I12_IF7b	"*Platform*—9 out of 22 companies I've invested in have stopped trading (ouch)."
I16_IF7b	"Incredible indeed. It seems that *Platform* does not do anything at all to filter the companies raising on their platform.",
I18_IF7b	"Up to 7 now. 7 failures in three weeks! And only a few have bothered to tell investors directly.",

Open Access This article is licensed under a Creative Commons Attribution 4.0 International License, which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence, and indicate if changes were made. The images or other third party material in this article are included in the article's Creative Commons licence, unless indicated otherwise in a credit line to the material. If material is not included in the article's Creative Commons licence and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder. To view a copy of this licence, visit http://creativecommons.org/licenses/by/4.0/.

References

Ahlers, G. K. C., Cumming, D. J., Günther, C., & Schweizer, D. (2015). Signaling in equity crowdfunding. *Entrepreneurship Theory and Practice, 39*(4), 955–980. https://doi.org/10.1111/etap.12157

Akerlof, G. A. (1970). The Market for 'Lemons': Quality Uncertainty and the Market Mechanism. *The Quarterly Journal of Economics, 84*(3), 488–500. https://doi.org/10.2307/1879431

Arrieta-Paredes, M. P., Hallsworth, A. G., & Coca-Stefaniak, J. A. (2019). Small shop survival – the financial response to a global financial crisis. *Journal of Retailing and Consumer Services*, *53*(101984). https://doi.org/10.1016/j.jretconser.2019.101984

Baeck, P., Collins, L., & Zhang, B. (2014). Understanding alternative Finance The UK Alternative Finance Industry Report 2014. In *Nesta* (Issue November).

Beauhurst. (2020). *Following the Crowd: The State of UK Crowdfunding*. https://www.beauhurst.com/research/following-the-crowd/

Belghitar, Y., Moro, A., & Radić, N. (2021). When the rainy day is the worst hurricane ever: The effects of governmental policies on SMEs during COVID-19. *Small Business Economics*https://doi.org/10.1007/s11187-021-00510-8

Belleflamme, P., Lambert, T., & Schwienbacher, A. (2014). Crowdfunding: Tapping the right crowd. *Journal of Business Venturing, 29*(5), 585–609. https://doi.org/10.1016/j.jbusvent.2013.07.003

Benjamin, G. A., & Margulis, J. B. (2000). *Angel Financing: How to Find and Invest in Private Equity*. John Wiley & Sons.

Berger, A. N., & Udell, G. F. (1998). The Economics of Small Business Finance: The Roles of Private Equity and Debt Markets in the Financial Growth Cycle. *Journal of Banking & Finance, 22*(6–8), 613–673. https://doi.org/10.1016/S0378-4266(98)00038-7

Bertilsson, J. (2014). Critical netnography: Conducting critical research online. In E. Jeanes & T. Huzzard (Eds.), *Critical Management Research Reflections from the Field* (pp. 135–153). SAGE Publications Ltd. https://doi.org/10.1007/978-1-137-32712-3_6

Bessière, V., Stéphany, E., & Wirtz, P. (2019). Crowdfunding, business angels, and venture capital: An exploratory study of the concept of the funding trajectory. *Venture Capital, 22*(2), 135–160. https://doi.org/10.1080/13691066.2019.1599188

Blaseg, D., Cumming, D. J., & Koetter, M. (2021). Equity Crowdfunding: High-Quality or Low-Quality Entrepreneurs? *Entrepreneurship Theory and Practice, 45*(3), 505–530. https://doi.org/10.1177/1042258719899427

Block, J. H., Colombo, M. G., Cumming, D. J., & Vismara, S. (2018). New players in entrepreneurial finance and why they are there. *Small Business Economics, 50*(2), 239–250. https://doi.org/10.1007/s11187-016-9826-6

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology, 3*(2), 77–101. https://doi.org/10.1191/1478088706qp063oa

Bretschneider, U., & Leimeister, J. M. (2017). Not just an ego-trip: Exploring backers' motivation for funding in incentive-based crowdfunding. *Journal of Strategic Information Systems, 26*(4), 246–260. https://doi.org/10.1016/j.jsis.2017.02.002

Brown, R., Mawson, S., Rowe, A., & Mason, C. (2018). Working the crowd: Improvisational entrepreneurship and equity crowdfunding in nascent entrepreneurial ventures. *International Small Business Journal: Researching Entrepreneurship, 36*(2), 169–193. https://doi.org/10.1177/0266242617729743

Brown, R., Mawson, S., & Rowe, A. (2019). Start-ups, entrepreneurial networks and equity crowdfunding: A processual perspective. *Industrial Marketing Management, 80*, 115–125. https://doi.org/10.1016/j.indmarman.2018.02.003

Bruton, G., Khavul, S., Siegel, D., & Wright, M. (2015). New Financial Alternatives in Seeding Entrepreneurship: Microfinance, Crowdfunding, and Peer-to-Peer Innovations. *Entrepreneurship Theory and Practice, 39*(1), 9–26. https://doi.org/10.1111/etap.12143

Butticè, V., Di Pietro, F., & Tenca, F. (2020). Is equity crowdfunding always good? Deal structure and the attraction of venture capital investors. *Journal of Corporate Finance*, *65*(101773). https://doi.org/10.1016/j.jcorpfin.2020.101773

Cardon, M. S., Gregoire, D. A., Stevens, C. E., & Patel, P. C. (2013). Measuring entrepreneurial passion: Conceptual foundations and scale validation. *Journal of Business Venturing, 28*(3), 373–396. https://doi.org/10.1016/j.jbusvent.2012.03.003

Casey, E., & O'Toole, C. M. (2014). Bank lending constraints, trade credit and alternative financing during the financial crisis: Evidence from European SMEs. *Journal of Corporate Finance, 27*, 173–193. https://doi.org/10.1016/j.jcorpfin.2014.05.001

Cassar, G. (2004). The financing of business start-ups. *Journal of Business Venturing, 19*(2), 261–283. https://doi.org/10.1016/S0883-9026(03)00029-6

Cholakova, M., & Clarysse, B. (2015). Does the Possibility to Make Equity Investments in Crowdfunding Projects Crowd Out Reward-Based Investments? *Entrepreneurship Theory and Practice, 39*(1), 145–172. https://doi.org/10.1111/etap.12139

Cicchiello, A. F., Battaglia, F., & Monferrà, S. (2019). Crowdfunding tax incentives in Europe: A comparative analysis. *European Journal of Finance, 25*(18), 1856–1882. https://doi.org/10.1080/1351847X.2019.1610783

Collins, L., & Pierrakis, Y. (2012). The venture crowd: Crowdfunding equity investment into business. *Nesta*, *July*, 1–36.

Cumming, D. J., Meoli, M., & Vismara, S. (2019). Investors' choices between cash and voting rights: Evidence from dual-class equity crowdfunding. *Research Policy, 48*(8), 103740. https://doi.org/10.1016/j.respol.2019.01.014

Cumming, D. J., Meoli, M., & Vismara, S. (2021a). Does equity crowdfunding democratize entrepreneurial finance? *Small Business Economics, 56*, 533–552. https://doi.org/10.1007/s11187-019-00188-z

Cumming, D. J., Vanacker, T., & Zahra, S. A. (2021b). Equity Crowdfunding and Governance: Toward an Integrative Model and Research Agenda. *Academy of Management Perspectives, 35*(1), 69–95. https://doi.org/10.5465/amp.2017.0208

Denis, D. J. (2004). Entrepreneurial finance: An overview of the issues and evidence. *Journal of Corporate Finance, 10*(2), 301–326. https://doi.org/10.1016/S0929-1199(03)00059-2

Di Pietro, F., Prencipe, A., & Majchrzak, A. (2018). Crowd Equity Investors: An underutilized asset for open innovation in startups. *California Management Review, 60*(2), 43–70. https://doi.org/10.1177/0008125617738260

Dushnitsky, G., & Zunino, D. (2019). The Role of Crowdfunding in Entrepreneurial Finance. In H. Landström, A. Parhankangas, & C. Mason (Eds.), *Handbook of Research on Crowdfunding*. https://doi.org/10.2139/ssrn.3237356

Eldridge, D., Nisar, T. M., & Torchia, M. (2021). What impact does equity crowdfunding have on SME innovation and growth? An empirical study. *Small Business Economics, 56*, 105–120. https://doi.org/10.1007/s11187-019-00210-4

Estrin, S., Gozman, D., & Khavul, S. (2018). The evolution and adoption of equity crowdfunding: Entrepreneur and investor entry into a new market. *Small Business Economics, 51*(2), 425–439. https://doi.org/10.1007/s11187-018-0009-5

European Commission. (2020). *Entrepreneurship and Small and medium-sized enterprises (SMEs) | Internal Market, Industry, Entrepreneurship and SMEs*. https://ec.europa.eu/growth/smes_en

Fama, E. F. (1970). Efficient Capital Markets: A Review of Theory and Empirical Work. *The Journal of Finance, 25*(2), 383. https://doi.org/10.2307/2325486

Feola, R., Vesci, M., Marinato, E., & Parente, R. (2019). Segmenting "digital investors": Evidence from the Italian equity crowdfunding market. *Small Business Economics, 56*, 1235–1250. https://doi.org/10.1007/s11187-019-00265-3

Fundly. (2020). *Crowdfunding Statistics: Facts on the Latest Fundraising Craze*. https://blog.fundly.com/crowdfunding-statistics/#general

Ghulam, Y. (2019). Smes' credit conditions during the financial crisis in Europe. *Prague Economic Papers, 28*(1), 105–125. https://doi.org/10.18267/j.pep.672

Gleason, K. C., Mathur, L. K., & Mathur, I. (2000). The interrelationship between culture, capital structure, and performance: Evidence from European retailers. *Journal of Business Research, 50*(2), 185–191. https://doi.org/10.1016/S0148-2963(99)00031-4

Goethner, M., Luettig, S., & Regner, T. (2021). Crowdinvesting in entrepreneurial projects: Disentangling patterns of investor behavior. *Small Business Economics, 57*(2), 905–926. https://doi.org/10.1007/s11187-020-00332-0

Güler, D. (2021). The Impact of Investor Sentiment on Bitcoin Returns and Conditional Volatilities during the Era of Covid-19. *Journal of Behavioral Finance*, 1–14. https://doi.org/10.1080/15427560.2021.1975285

Harrison, R. T., & Baldock, R. (2015). Financing SME growth in the UK: Meeting the challenges after the global financial crisis. *Venture Capital, 17*(1–2), 1–6. https://doi.org/10.1080/13691066.2015.1050241

Heinonen, K., & Medberg, G. (2018). Netnography as a tool for understanding customers: Implications for service research and practice. *Journal of Services Marketing, 32*(6), 657–679. https://doi.org/10.1108/JSM-08-2017-0294

Hervé, F., Manthé, E., Sannajust, A., & Schwienbacher, A. (2019). Determinants of Individual Investment Decisions in Investment-Based Crowdfunding. *Journal of Business Finance and Accounting*. https://doi.org/10.1111/jbfa.12372

Hornuf, L., & Schwienbacher, A. (2018). Market mechanisms and funding dynamics in equity crowdfunding. *Journal of Corporate Finance, 50*, 556–574. https://doi.org/10.1016/j.jcorpfin.2017.08.009

Hornuf, L., Schmitt, M., & Stenzhorn, E. (2018). Equity crowdfunding in Germany and the United Kingdom: Follow-up funding and firm failure. *Corporate Governance: An International Review, 26*, 331–354. https://doi.org/10.1111/corg.12260

Hornuf, L., Schilling, T., & Schwienbacher, A. (2020). Are Equity Crowdfunding Investors Active Investors? *CESifo Working Paper No. 7884*, *Category 1*(Economics of Digitalization).

Johan, S., & Zhang, Y. (2020). Quality revealing versus overstating in equity crowdfunding. *Journal of Corporate Finance*, *65*(101741). https://doi.org/10.1016/j.jcorpfin.2020.101741

Kahneman, D. (1984). Choices, Values, and Frames. *American Psychologist, 39*(4), 341–350. https://doi.org/10.1037/0003-066X.39.4.341

Kahneman, D. (2003). Maps of Bounded Rationality: Psychology for Behavioral Economics. *The American Economic Review, 93*(5), 1449–1475. https://doi.org/10.1257/000282803322655392

Kahneman, D., & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk. *Econometrica, 47*(2), 263–292. https://doi.org/10.2307/1914185

Kane, T. (2010). *The Importance of Startups in Job Creation and Job Destruction*. Kauffman Foundation Research Series: Firm Formation and Economic Growth. https://doi.org/10.2139/ssrn.1646934

Katzenmeier, S., Bendig, D., Strese, S., & Brettel, M. (2019). The supply side: Profiling crowdfunders. In H. Landström, A. Parhankangas, & C. Mason (Eds.), *Handbook of Research on Crowdfunding* (pp. 122–164).

Kleinert, S., & Volkmann, C. (2019). Equity crowdfunding and the role of investor discussion boards. *Venture Capital, 21*(4), 327–352. https://doi.org/10.1080/13691066.2019.1569853

Kozinets, R. V. (2015). *Netnography: Redifined* (2nd ed.). SAGE Publications Inc.

Landström, H. (1998). Informal investors as entrepreneurs. *Technovation, 18*(5), 321–333. https://doi.org/10.1016/S0166-4972(98)00001-7

Lehner, O. M., Grabmann, E., & Ennsgraber, C. (2015). Entrepreneurial implications of crowdfunding as alternative funding source for innovations. *Venture Capital, 17*(1–2), 171–189. https://doi.org/10.1080/13691066.2015.1037132

Lin, L. (2017). Managing the risks of equity crowdfunding: Lessons from China. *Journal of Corporate Law Studies, 17*(2), 327–366. https://doi.org/10.1080/14735970.2017.1296217

Lukkarinen, A. (2019). *Drivers of investment activity in equity crowdfunding*. Aalto University.

Lukkarinen, A., Teich, J. E., Wallenius, H., & Wallenius, J. (2016). Success drivers of online equity crowdfunding campaigns. *Decision Support Systems, 87*, 26–38. https://doi.org/10.1016/j.dss.2016.04.006

Mason, C. M., & Harrison, R. T. (2002). Is it worth it? The rates of return from informal venture capital investments. *Journal of Business Venturing, 17*(3), 211–236. https://doi.org/10.1016/S0883-9026(00)00060-4

Mochkabadi, K., & Volkmann, C. K. (2020). Equity crowdfunding: A systematic review of the literature. *Small Business Economics, 54*(1), 75–118. https://doi.org/10.1007/s11187-018-0081-x

Modigliani, F., & Miller, M. H. (1958). The Cost of Capital, Corporation Finance and the Theory of Investment. *American Economic Review, 48*(3), 261–297. https://doi.org/10.1257/aer.101.5.i

Moritz, A., Block, J., & Lutz, E. (2015). Investor communication in equity-based crowdfunding: A qualitative-empirical study. *Qualitative Research in Financial Markets, 7*(3), 309–342. https://doi.org/10.1108/QRFM-07-2014-0021

Moro, A., Maresch, D., Fink, M., Ferrando, A., & Piga, C. (2020). Spillover effects of government initiatives fostering entrepreneurship on the access to bank credit for entrepreneurial firms in Europe. *Journal of Corporate Finance, 62*, 101603.

Moskowitz, T. J., & Vissing-Jørgensen, A. (2002). The returns to entrepreneurial investment: A private equity premium puzzle? *American Economic Review, 92*(4), 745–778. https://doi.org/10.1257/00028280260344452

Moysidou, K. (2017). Motivations to Contribute Financially to Crowdfunding Projects. In D. Salampasis & A.-L. Mention (Eds.), *Open Innovation: Unveiling the Power of the Human Element*. World Scientific Publishing. https://doi.org/10.1142/9789813140851_0011

Mollick, E. (2014). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing, 29*(1), 1–16

Pan, C. H., & Statman, M. (2012). Questionnaires of Risk Tolerance, Regret, Overconfidence, and Other Investor Propensities. *The Journal of Investment Consulting, 13*(1), 54–63. https://doi.org/10.2139/ssrn.1549912

Pelizzon, L., Riedel, M., & Tasca, P. (2016). Classification of Crowdfunding in the Financial System. In P. Tasca, T. Aste, L. Pelizzon, & N. Perony (Eds.), *Banking Beyond Banks and Money*. https://doi.org/10.1007/978-3-319-42448-4

Piva, E., & Rossi-Lamastra, C. (2018). Human capital signals and entrepreneurs' success in equity crowdfunding. *Small Business Economics, 51*, 667–686. https://doi.org/10.1007/s11187-017-9950-y

Przybylski, A. K., Murayama, K., Dehaan, C. R., & Gladwell, V. (2013). Motivational, emotional, and behavioral correlates of fear of missing out. *Computers in Human Behavior, 29*(4), 1841–1848. https://doi.org/10.1016/j.chb.2013.02.014

Ralcheva, A., & Roosenboom, P. (2020). Forecasting success in equity crowdfunding. *Small Business Economics, 55*(1), 39–56. https://doi.org/10.1007/s11187-019-00144-x

Reis, H. T., Sheldon, K. M., Gable, S. L., Roscoe, J., & Ryan, R. M. (2000). Daily Well-Being: The Role of Autonomy, Competence, and Relatedness. *Personality & Social Psychology Bulletin, 26*(4), 419–435. https://doi.org/10.1177/0146167200266002

Rossi, A., Vismara, S., & Meoli, M. (2019). Voting rights delivery in investment-based crowdfunding: A cross-platform analysis. *Economia e Politica Industriale, 46*(2), 251–281. https://doi.org/10.1007/s40812-018-0109-x

Schwartz, A. A. (2015). The Digital Shareholder. *Minnesota Law Review, 100*(2), 609–686.

Schwienbacher, A. (2019). Equity crowdfunding: Anything to celebrate? *Venture Capital, 21*(1), 65–74. https://doi.org/10.1080/13691066.2018.1559010

Shafi, K. (2021). Investors' evaluation criteria in equity crowdfunding. *Small Business Economics, 56*(1), 3–37. https://doi.org/10.1007/s11187-019-00227-9

Signori, A., & Vismara, S. (2018). Does success bring success? The post-offering lives of equity-crowdfunded firms. *Journal of Corporate Finance, 50*, 575–591. https://doi.org/10.1016/j.jcorpfin.2017.10.018

Silchenko, V. (2015). *Equity Crowdfunding Is Dead—Long Live Equity Crowdfunding | HuffPost null*. Huffpost. https://www.huffpost.com/entry/equity-crowdfunding-is-de_b_6813872

Skingle, H. (2019). *Q3 2019 market update: The latest equity investment data*. Beauhurst. https://www.beauhurst.com/blog/equity-investment-update-q3-2019/

Smith, A. (2002). *The Theory of Moral Sentiments*. Cambridge University Presshttps://doi.org/10.1017/CBO9780511800153

Sørheim, R., & Landström, H. (2001). Informal investors—A categorization, with policy implications. *Entrepreneurship and Regional Development, 13*(4), 351–370. https://doi.org/10.1080/08985620110067511

Statman, M. (2014). Behavioral finance: Finance with normal people. *Borsa Istanbul Review, 14*(2), 65–73. https://doi.org/10.1016/j.bir.2014.03.001

Statman, M. (2017). *Finance for Normal People: How Investors and Markets Behave*. Oxford University Press.

Statman, M. (2019). Behavioral Finance The Second Generation. In *CFA INSTITUTE RESEARCH FOUNDATION*-https://doi.org/10.2139/ssrn.941491

Stenholm, P., & Renko, M. (2016). Passionate bricoleurs and new venture survival. *Journal of Business Venturing, 31*(5), 595–611. https://doi.org/10.1016/j.jbusvent.2016.05.004

Stevenson, R. M., Ciuchta, M. P., Letwin, C., Dinger, J. M., & Vancouver, J. B. (2019). Out of control or right on the money? Funder self-efficacy and crowd bias in equity crowdfunding. *Journal of Business Venturing, 34*(2), 348–367. https://doi.org/10.1016/j.jbusvent.2018.05.006

Sudek, R. (2006). Angel Investment Criteria. *Journal of Small Business Strategy, 17*(2), 89–104.

Tversky, A., & Kahneman, D. (1974). Judgment under uncertainty: Heuristics and biases. Biases in judgments reveal some heuristics of thinking under uncertainty. *Science, 185*(4157), 1124–1131.

Tversky, A., & Kahneman, D. (1992). Advances in prospect theory: Cumulative representation of uncertainty. *Journal of Risk and Uncertainty, 5*(4), 297–323. https://doi.org/10.1007/BF00122574

Vanacker, T. R., Vismara, S., & Walthoff-Borm, X. (2019). What happens after a crowdfunding campaign? In H. Landström, A. Parhankangas, & C. Mason (Eds.), *Handbook of Research on Crowdfunding*.

Vismara, S. (2016). Equity Retention and Social Network Theory in Equity Crowdfunding. *Small Business Economics, 46*(4), 579–590. https://doi.org/10.2139/ssrn.2654325

Vismara, S. (2018). Information cascades among investors in equity crowdfunding. *Entrepreneurship: Theory and Practice, 42*(3), 467–497. https://doi.org/10.1111/etap.12261

Wald, A., Holmesland, M., & Efrat, K. (2019). It Is Not All About Money: Obtaining Additional Benefits Through Equity Crowdfunding. *Journal of Entrepreneurship, 28*(2), 270–294. https://doi.org/10.1177/0971355719851899

Wallmeroth, J. (2019). Investor behavior in equity crowdfunding. *Venture Capital, 21*(2–3), 273–300. https://doi.org/10.1080/13691066.2018.1457475

Walthoff-Borm, X., Vanacker, T., & Collewaert, V. (2018). Equity crowdfunding, shareholder structures, and firm performance. *Corporate Governance: An International Review, 26*(5), 314–330. https://doi.org/10.1111/corg.12259

Wang, W., Mahmood, A., Sismeiro, C., & Vulkan, N. (2019). The evolution of equity crowdfunding: Insights from co-investments of angels and the crowd. *Research Policy, 48*(8), 103727. https://doi.org/10.1016/j.respol.2019.01.003

Wetzel, W. E. (1983). Angels and Informal Risk Capital. *Sloan Management Review, 24*(4), 23–34.

Wright, F. (2017). How do entrepreneurs obtain financing? An evaluation of available options and how they fit into the current entrepreneurial ecosystem. *Journal of Business and Finance Librarianship, 22*(3–4), 190–200. https://doi.org/10.1080/08963568.2017.1372011

Zhang, B. Z., Ziegler, T., Garvey, K., Ridler, S., Burton, J., & Yerolemou, N. (2017). *Entrenching innovation: The 4th UK Alternative Finance Industry Report*. Cambridge Centre for Alternative Finance.

Ziegler, T., Shneor, R., Wenzlaff, K., Odorović, A., Johanson, D., Hao, R., & Ryll, L. (2019). *Shifting Paradigms the 4 Th European Alternative.THE 4TH EUROPEAN ALTERNATIVE FINANCE BENCHMARKING REPORT*.

Publisher's Note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.