Does financial disclosure and assurance (really) matter to equity crowdfunding investors? Examining investors' revealed and stated preferences*

John Aland
University of Notre Dame
jaland@nd.edu

Nicole Cade
University of Pittsburgh
ncade@katz.pitt.edu

John Donovan#
University of Notre Dame
jdonova4@nd.edu

Abstract

We conduct a discrete choice experiment to simultaneously test the influence of eight factors in equity crowdfunding investment decisions. In our experiment, real-world investors with experience investing in early-stage ventures raising capital under *Regulation Crowdfunding* make a series of investment decisions, each time choosing to invest in one of two crowdfunding opportunities that vary on eight attributes. Although no single investor makes a choice between every potential pair of offerings, in the aggregate, we identify the relative importance among attributes by regressing investors' decisions on attribute levels in our pooled panel data. In this way, our choice experiment examines crowdfunding investors' decision-making via revealed preference. We interpret these revealed preferences against the backdrop of investors' stated preferences, as measured from investors' responses to direct survey questions.

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# Corresponding author.

Authors' Note: The current draft of this study reports the evidence collected via a survey of equity crowdfunding investors. We also include details of our *planned* hypothetical choice experiment. In our experiment, individuals from the same population of crowdfunding investors will be asked to make a series of choices between two crowdfunding investment opportunities. Within each choice set, the attributes of each offering will be randomly assigned at one of several pre-determined levels. By soliciting a series of "A or B" choices with different baskets of attributes making up each option, we can draw insights into crowdfunding investors' decision-making via revealed preference. During the workshop, we hope to receive feedback on the survey and related evidence as well as the design of the hypothetical choice experiment which we plan to run in 2024.

1. Introduction

In recent years, equity crowdfunding emerged as a source of entrepreneurial capital in which start-up businesses raise funds from a large number of small-dollar investments through an internet-based platform. Access to capital for start-ups is critical, as start-ups generate significant economic growth and are important drivers of innovation and job creation within the economy (Haltiwanger et al. [2012], Decker et al. [2014]). However, start-ups have uncertain futures and are inherently opaque, which makes it difficult for investors to determine in which start-ups to invest. Prior archival research reveals several factors such as level of equity retention, assurance, and financial disclosure that are positively associated with capital raised in the equity crowdfunding market (Ahlers et al. [2015], Donovan [2021], Bogdani et al. [2022]), but these studies are limited in their ability to make strong statements about causality. In this study, we ask real-world equity crowdfunding investors to participate in a discrete choice experiment designed to simultaneously test the influence of eight factors in crowdfunding capital allocation decisions. In so doing, we provide causal evidence on the tradeoffs crowdfunding investors make among key financial and nonfinancial factors.

Better understanding how equity crowdfunding capital allocation decisions are made is important for at least two reasons. First, the equity crowdfunding market is economically significant across the world and growing. For example, in Europe, Crowdcube alone has facilitated start-ups raising over one billion pounds since its inception (Crowdcube [2024]). In the US, *Regulation Crowdfunding* (Reg CF) has generated over $1 billion in investment in start-up companies since its inception in 2016 as part of the Jumpstart Our Business Startups (JOBS) Act (Yahoo! [2023]). Annual capital raised through Reg CF has grown from $25 million in 2016 to $253 million in 2023, with a high-water mark of $479 million in 2021 (Florida Atlantic

University Crowdfunding Data [2024]). By alleviating small businesses' capital constraints, equity crowdfunding supports technological innovation and creates jobs. For example, Wefunder credits the creation of nearly 47 thousand jobs to the 3,400 start-ups it helped fund between 2016 and 2021 (Wefunder [2024]). Given the downstream effects, it is vital to better understand how decisions are made within this growing market.

Second, equity crowdfunding is thought to democratize and diversify investing (Forbes [2021], Stevenson, Kuratko, and Eutsler [2019], Cumming, Meoli, and Vismara [2021]). For example, although traditionally accessible only to wealthy investors and venture capital, equity crowdfunding provides small-dollar investors access to start-up companies' capital raising activities. In stark contrast to the $7.9 million median investment amount of venture capitalists investing in start-ups (Statista [2023]), 3.2 million individual investments comprise Wefunder's $757 million raised as of 2021, which equates to an average investment amount of approximately $237. This novel form of crowdfunding also can facilitate the flow of capital to smaller, more diverse companies that lack access to capital from more traditional sources such as financial institutions. Given its role in capital formation and its accessibility to small-dollar investors, equity crowdfunding is relevant to two oft-competing missions of the Securities and Exchange Commission (SEC)—to facilitate capital formation and to protect retail investors. As evidence of the SEC's support for this growing market, it increased the amount a company can raise through Reg CF offerings in a calendar year from $1.07 million to $5 million in 2022. To protect investors, the SEC plainly outlines in an investor bulletin the risks inherent to investing in this space (SEC [2022]). Examining equity crowdfunding investors' decision-making should be informative to the SEC as it weighs the tradeoffs of regulation in this rapidly evolving setting.

We examine equity crowdfunding investors' decision-making via their revealed preferences using a discrete choice experiment.[1] Choice experiments are commonly used by economics, political science, and marketing researchers who wish to examine individuals' relative preferences among an assortment of attributes (e.g., Ameriks et al. [2020], Wiswall and Zafar [2018]). For example, Hainmueller and Hopkins [2015] use a choice experiment to study which attributes—e.g., education level, employment plans, language skills—are more and less influential in shaping Americans' support for a potential immigrant's admission to the United States. Following prior research, investors in our choice experiment make a series of decisions, each time choosing to invest in one of two crowdfunding offerings (A or B, C or D, and so on), with each offering (A, B, C, D, etc.) varying at random on eight different attributes. By having participants make investment decisions that involve tradeoffs among key attributes, we generate inferences about both crowdfunding investors' preferences among the levels of each attribute and the relative importance across attributes.

A choice experiment is critical to better understanding crowdfunding investors' decision-making for several reasons. First, conducting a choice experiment allows us to infer investors' preferences from their *decisions*, rather than from investors' responses to pointed questions about these preferences (a method subject to known biases). Second, relative to the 2x2 factorial design frequently utilized by experimental accounting researchers, a choice experiment can introduce both a greater number of manipulated factors (what we call attributes) and a greater number of levels of each attribute. This complexity brings the benefit of simultaneously examining the importance to investors of a variety of attributes at a variety of levels of *other* attributes. Third, by manipulating only the eight attributes we choose to and identifying investors' preferences

[1] Discrete choice experiments are sometimes referred to as "hypothetical choice experiments" or "conjoint analysis."

under all-else-equal conditions, we take a step towards addressing the endogeneity concerns typical of archival studies.

We ensure a representative sample of active equity crowdfunding investors by collaborating with KingsCrowd, Inc.—a leading equity crowdfunding ratings platform—to recruit participants from their subscriber base. To validate our recruitment procedure and to inform the design of our choice experiment, we first conduct a survey to examine the factors KingsCrowd subscribers *believe* are relevant to their capital allocation decisions. We collect nearly 100 responses after contacting a random sample of over 6,500 paid subscribers (of which, approximately 1,300 open our email). Based on ex ante power analyses assuming power of 0.90 and alpha of 0.10, our target minimum sample size for our choice experiment is 214. We aim to secure this sample size using similar recruiting procedures to those used for our survey, but broadening the pool of potential participants to KingsCrowd's entire subscriber base and increasing the incentive to participate.

As expected, survey respondents are experienced in equity crowdfunding; the median respondent indicates having made between five and nine investments in equity crowdfunding campaigns over the past year and 28% of respondents indicate having made more than 15 related investments in the past year. Overall, responses suggest that the equity crowdfunding investors in our sample view their capital contributions as high-risk financial investments; rather than, for example, as a donation they will not get back. They also report weighting entrepreneur and financial attributes more heavily than nonfinancial and offering attributes in their investment decisions. For example, three financial attributes—reporting historical revenues, experiencing positive sales growth, and providing audited financial data—are among the six most highly rated.

The remaining three most important attributes are that the entrepreneur possesses "grit," that the team has had prior entrepreneurial success, and that the offering target is realistic.

While the stated importance of entrepreneur attributes is consistent with prior evidence in entrepreneurial finance that suggests venture capitalists place significant emphasis on the entrepreneurs in which they invest (Gompers et al. [2020]), one oft-cited concern when valuing start-up companies is the uncertainty underlying the relation between historical accounting information and future performance. Thus, ex ante, it is not obvious that investors would prioritize financial attributes in their equity crowdfunding investments. Nevertheless, 67% of survey respondents report using fundamental analysis to help determine how much to invest in an equity crowdfunding opportunity. Thus, our survey evidence corroborates archival evidence demonstrating positive associations among historical accounting information, assurance over the financial statements, and equity crowdfunding capital raised (Donovan [2021], Bogdani et al. [2022], Gong et al. [2022]).

Ultimately, the goal of our choice experiment is to elicit equity crowdfunding investors' revealed preferences among attributes prior research or theory suggests are likely to affect investors' willingness to provide capital. To capture key aspects of the entrepreneur, we include entrepreneurial history (e.g., Shafi [2020]), education (e.g., Lim and Busenitz [2020]), and gender (e.g., De Crescenzo, Ribeiro-Soriano, and Covin [2020], Andrieu, Le pendeven, and Leboeuf [2021]) as levels of an *Entrepreneur Highlight* attribute in our choice experiment. To capture key aspects of the company's financial position, we include as attributes the company's revenue/profitability history and the financial statements' level of assurance. We also include the maximum offering amount because doing so is necessary to examine compliance versus non-compliance with assurance regulations under Reg CF. Considering prior findings and the results

of our survey, we also include as attributes the company's existing source of capital (Kleinert, Volkmann, and Grünhagen [2020], Wasti, Ahmed, and Khan [2024]), the equity stake offered to crowdfunding investors (Ahlers et al. [2015], Vismara [2016]), and the percentage of target funds raised to date (Lukkarinen, Teich, Wallenius, and Wallenius [2016], Hornuf and Schwienbacher [2018]). Finally, we include a *Company Highlight* attribute, which has as levels a strong social media presence, being located close to the investor, a commitment to sustainability, and a commitment to diversity, equity, and inclusion (DE&I). Although some prior research supports the role of social media, home bias, and a commitment to sustainability or DE&I in investors' decision-making (e.g., Eisenbeiss, Hartmann, and Hornuf [2023]; Hornuf, Schmitt, Stenzhorn [2022]; Vismara [2019]), the investors in our survey report relatively low weightings, on average, for each of these aspects.

Our paper contributes in several ways. First, by using a discrete choice experiment to document equity crowdfunding investors' relative preferences among financial and nonfinancial attributes, we contribute to our understanding of the burgeoning equity crowdfunding market. Recent studies in accounting relying on archival methods provide evidence that voluntary financial reporting and assurance over the financial statements are positively associated with equity crowdfunding capital raised (Donovan [2021], Bogdani et al. [2022], Gong et al. [2022]). Although these studies provide descriptive evidence regarding the importance of financial characteristics in equity crowdfunding, the endogenous nature of voluntary disclosure and assurance make it difficult to identify whether investors actually use these attributes when deciding whether and how much to invest. Indeed, archival analysis leaves open the possibility that the relation is better explained by other, unobservable attributes such as the quality of the business idea or certain nonfinancial information (e.g., past entrepreneurial experience) driving

both the company's disclosure choices and funding success (Aland [2023]). In this way, our experimental evidence allows causal inferences that complement existing archival evidence.

Second, our study improves our understanding of the role of financial reporting in evaluating start-up companies. Our survey evidence suggests that equity crowdfunding investors emphasize financial characteristics such as historical revenue and assurance in their decision-making. This evidence is consistent with investors using revenue, profit, and assurance information when it is front and center (as demonstrated in Cade, Garavaglia, and Hoffman [2023] and Stevenson, Eutsler, Lang, and Robertson [2024]), but counter to a common narrative among some practitioners that accounting information is irrelevant to the evaluation of start-up companies. Through our choice experiment, we provide direct evidence on how crowdfunding investors value and trade off financial and nonfinancial attributes in their decision-making. Finding evidence that suggests investors value financial information in the presence of significant nonfinancial information would imply the SEC could better serve investors by requiring financial information be plainly disclosed on equity crowdfunding offering pages—that is, by removing the option to report important information only within the oft-difficult to find Form C filing. In contrast, finding evidence that suggests investors do not value financial or assurance information in our experiment would imply little need to regulate the disclosure of such information.

Finally, we contribute methodologically by expanding the use of discrete choice experiments to an entrepreneurial capital provider setting. Discrete choice experiments have broad applicability in accounting contexts, as the method not only allows researchers to evaluate how individuals value a particular type of information, but also how individuals perceive the *relative importance* of different types of information within a set. To our knowledge, Tomy and

Wittenberg-Moerman [2023] is the only other study to use this method to examine an accounting question.[2] These authors find that lenders in informal markets value borrowers' sales and profit levels when making credit decisions, but that these preferences do not affect real-world credit decisions due to creditors' perception that borrowers' financial information is not reliable. Motivated by this result and prior work on assurance in crowdfunding, we examine the impact of both financial metrics and assurance level on equity crowdfunding investment decisions.

2. Background: Equity Crowdfunding, Financial Disclosure, and Assurance

Crowdfunding is a growing source of capital for start-up businesses in which entrepreneurs raise funds from a large number of individuals through an internet-based platform (Chemmanur and Fulghieri [2014], Ahlers et al. [2015]). Three different forms of crowdfunding currently exist in the market: (i) rewards-based crowdfunding (e.g., Kickstarter), (ii) lending crowdfunding (also known as peer-to-peer lending), and (iii) equity crowdfunding, the focus of this study. Equity crowdfunding allows individual investors to obtain an ownership stake in a start-up in exchange for capital. Entrepreneurs raising capital in the equity crowdfunding market make a *take-it or leave-it* offer to potential investors on a crowdfunding platform. Within this offer, entrepreneurs indicate their capital requirements and detail the percentage of equity ownership offered in exchange.

In the United States, the SEC formally adopted *Regulation Crowdfunding* (Reg CF) in May 2016 after equity crowdfunding was legalized by Title III of the Jumpstart Our Business Startups Act (JOBS Act). While entrepreneurs have discretion with respect to the disclosure of

[2] Clor-Proell, Koonce, and White [2016] use a related methodology called a half-fractional factorial experimental design to examine how the features of hybrid financial instruments affect the judgments of experienced finance professionals. Two key differences between their method and ours include (i) the participants in their experiment independently evaluate each scenario rather than make a series of discrete choices in head-to-head comparisons, and (ii) their inferences are identified on an entirely within-participants basis.

entrepreneur, nonfinancial, and offering characteristics, Reg CF requires companies in the equity crowdfunding market to provide financial statements (as well as select financial information) to investors as part of their Form C filing. Despite strict disclosure requirements in their Form C filing, having a company's financial information readily available on the company's crowdfunding offering page is not guaranteed; whether this financial information is anywhere on the offering page is a function of both the platform being used and the company's preferences. Furthermore, the level of required assurance over these financial statements varies based on the maximum amount of capital the firm is seeking. Appendix A outlines the specific financial reporting and assurance requirements under Reg CF.

It is not clear to what extent the factors relevant in a more traditional investment setting remain relevant in a crowdfunding setting. For example, considerable prior research studies the role of financial reporting in the valuation of more mature firms with publicly traded equity and a healthy secondary market (e.g., see Kothari [2001] for a review). However, start-up companies often do not have fully developed operations or a long history, implying that expected growth and future investment opportunities must play a disproportionate role in their valuations. Unlike publicly traded securities, liquidity in the crowdfunding setting is essentially non-existent, meaning crowdfunding investors must be prepared to wait years before having a chance to exit their investment. Indeed, as of April 2024, KingsCrowd reports that only 77 (1.2%) of the 6,375 Reg CF offerings they have tracked since 2018 have had a successful exit (i.e., investors realized a positive return on investment). These and other unique features of the equity crowdfunding market challenge the idea that investor behavior in more traditional investment settings generalizes to this setting.

In recent years, researchers began exploring the determinants of equity crowdfunding success (see Mazzocchini and Lucarelli [2022] for a review). Many of the related studies examine individual associations between funding success in this market and characteristics of (1) the company, such as location, age, or development stage (e.g., Barbi and Mattioli [2019], Shafi [2021], Mamonov and Malaga [2018, 2019]), (2) the entrepreneur, such as gender, education, and experience of the entrepreneurial team (e.g., Vismara [2016], De Crescenzo et al. [2020], Piva and Rossi-Lamastra [2017]), or (3) the offering, such as funding goal and campaign duration (e.g., Ralcheva and Roosenboom [2020], Lukkarinen et al. [2016]).

Key to our research, some prior work specifically examines the roles of financial disclosure and assurance in the equity crowdfunding market. Donovan [2021] and Pattanapanyasat [2021] study the equity crowdfunding markets in the United Kingdom and in Australia, respectively, where financial reporting is voluntary, and both provide evidence that greater financial statement disclosure is positively associated with capital raised. Other research finds a positive association between venture performance and specific financial metrics such as reported revenue (Cumming, Meoli, and Vismara [2019], Kleinert, Volkmann, and Grünhagen [2020]) and expected sales growth and EBITDA (Nitani, Riding, and He [2019]). Still, other research provides evidence that many individuals do *not* prioritize financial information in their crowdfunding investment decisions. For instance, Ahlers et al. [2015] find that investors *do not* penalize companies that fail to provide financial information so long as a disclaimer is provided and Shafi [2021] finds no association between funding success and the financial metrics disclosed in campaign descriptions.[3] Cade et al. [2023] experimentally demonstrate that investors can and do use crowdfunding companies' financial information if they have it in plain view, but

[3] Ahlers et al. [2015] use data from 104 campaigns listed by the Australian Small Scale Offerings Board between 2006 and 2011 and Shafi [2020] uses data from 207 campaigns listed on Crowdcube in 2015-2016.

that some investors avoid *seeking out* such information to avoid the psychological discomfort they experience when processing numbers.

Bogdani et al. [2022] and Gong et al. [2022] both study the role of CPA assurance in the equity crowdfunding market in the US and provide evidence that greater assurance (i.e., reviewed/audited financial statements) is positively associated with capital raised. Despite this association and some experimental evidence supporting the theory that investors view assurance favorably (Stevenson et al. [2024]), Burke, Wangerin, and Warfield [2023] observe little evidence that equity crowdfunding companies voluntarily obtain a higher level of assurance than that required by their stated maximum amount of Reg CF capital. These authors suggest that some of the evidence in the prior literature may, in fact, be driven by investors' *negative* response to non-compliance with SEC regulations rather than a positive response to additional assurance—i.e., start-ups that do not receive a required audit (non-compliant firms) could be fundamentally different in a way that impacts investors' capital allocation decisions. Overall, the role of accounting and financial reporting in equity crowdfunding remains a hotly debated issue among regulators, practitioners, and academics. In this study, we provide complementary experimental evidence on the importance of financial information and assurance both in isolation and relative to other, nonfinancial factors.

3. Overview of Research Methods

To maximize the generalizability of our inferences to real-world equity crowdfunding investor behavior, we recruit participants in collaboration with a leading equity crowdfunding ratings platform, KingsCrowd, Inc. KingsCrowd bills itself as a "one-stop solution for vetted private market deal flow" and provides investment ratings for thousands of Reg CF offerings. KingsCrowd's subscriber base consists of individuals who receive access to in-depth analysis on

Reg CF offerings in exchange for a fee, as well as individuals who receive (free) limited access to the KingsCrowd website and/or a weekly newsletter with information on top-rated investments and trends in the Reg CF industry free via email. By focusing our recruiting efforts on KingsCrowd's subscriber base, we ensure participants are from a population of individuals with a credible interest in investing in early-stage companies raising capital through Reg CF.

We take a dual-approach to better understand what (really) matters to equity crowdfunding investors, recruiting participants from KingsCrowd's subscriber base at two points in time. First, we conduct a survey wherein investors respond to direct questions about a variety of attributes that theory and prior research suggest might influence equity crowdfunding investment decisions. In this survey, we also ask investors a variety of questions about themselves (e.g., demographic characteristics, investing experience), about the process they use to identify investment opportunities, and about how they conceptualize equity crowdfunding investments. Second, we conduct a discrete choice experiment wherein investors make a series of decisions to invest in one of two Reg CF offerings (A or B, C or D, and so on). Each offering (A, B, C, D, etc.) includes information about eight key attributes, with the level of each attribute randomly assigned. By forcing investors to make investment decisions that involve tradeoffs among key attributes, the choice experiment is designed to provide insights into crowdfunding investment decision-making via investors' revealed preferences. We also ask investors to indicate their likelihood of investing in each individual offering (A, B, C, D, etc.) to ensure our results are robust to measuring the likelihood of investment at the offering level (as opposed to at the choice level).

4. Survey Evidence on Investors' Stated Preferences

4.1 SURVEY DESIGN

We design our survey to better understand the attributes equity crowdfunding investors *believe* are relevant to their investment decisions and to inform which attributes to include in our choice experiment.[4] We develop a list of candidate attributes through a combination of conversations with KingsCrowd executives, our reading of popular press articles (WSJ [2023A]; WSJ [2023B]), and prior research (see Section 2). Each attribute ultimately relates to one of four overarching factors: financial, nonfinancial, offering, or entrepreneur.

We develop our survey instrument using Qualtrics online survey software. We group questions related to each factor onto a single page, and we present these four pages in random order to avoid order effects. After participants share their insights on each factor, they move onto a final set of questions (always presented last), which solicits their demographic characteristics, process for identifying promising crowdfunding opportunities, and insights into how they conceptualize equity crowdfunding investments broadly. Participants are not required to respond to every question in the survey, so the number of responses we collect for each question varies.

4.2 SURVEY RESPONSE RATE

In September 2023, KingsCrowd contacted a random sample of 6,657 paying subscribers and invited them to complete our survey in exchange for a chance to win one of several $50 gift cards. KingsCrowd sent an initial and follow-up email one week apart. Subscribers opened 17.30% (18.15%) of the first (second) set of emails, and the click-through rate on our survey was approximately 1.41% (1.64%). Together, approximately 8.59% of potential participants who opened at least one of the two related emails from KingsCrowd ultimately completed our survey,

[4] Prior to collecting data, the relevant Human Research Protection Office approved this study's use of human subjects.

a response rate consistent with those reported by prior survey research using email to recruit participants (e.g., Graham, Harvey, and Puri [2013, 2015], and Graham, Grennan, Harvey, and Rajgopal [2022] report response rates between 6% and 13%).

4.3 SURVEY SAMPLE SUMMARY STATISTICS

Survey participants are highly educated, relatively sophisticated individual investors with equity crowdfunding experience. For example, respondents report making between 5-9 investments in equity crowdfunding campaigns over the past year, on average. Approximately 88% of respondents report having a bachelor's degree or higher, and 43% report having at least one graduate degree (e.g., masters, Ph.D.). Approximately 80% of our sample reports prior experience investing in non-crowdfunding single name securities such as publicly traded stocks or cryptocurrency and approximately half indicate meeting the criteria to be considered an accredited investor as defined by the SEC.[5] 71% of respondents indicate that they believe they are more sophisticated than the average investor. Respondents are between 25 and 80 years old, with a mean (median) age of 52 (54). Approximately 90% of respondents are male. Although high, this percentage of male participation is similar to that observed in the equity crowdfunding market in the UK (Horvat and Papamarkou [2017]) and to other areas of entrepreneurial finance such as venture capital (Center for Strategic and International Studies [2022]). Altogether, survey respondents are a representative sample of equity crowdfunding investors.

4.3 SURVEY RESULTS

The Online Appendix presents our survey results in detail. In this section, we discuss the results most relevant for understanding our sample and developing our choice experiment.

[5] See criteria here: https://www.sec.gov/education/capitalraising/building-blocks/accredited-investor.

4.3.1 How do investors identify potential equity crowdfunding investment opportunities? First, we consider how investors identify opportunities in the crowdfunding market. Figure 1 reports the percentage of investors who indicate using each of six specified processes to identify equity crowdfunding investment opportunities (investors could select up to three). The vast majority (74%) of investors indicate regularly checking equity crowdfunding platforms and 65% (25%) report using information provided by KingsCrowd (alternate newsletters) to identify opportunities. This latter result is consistent with Burke [2023], who provides evidence of a positive association between an offering having been rated by KingsCrowd and daily investment pledges. In contrast, few investors report relying on social media (8%), local companies raising capital (4%), or friends and family (1%) to identify opportunities.[6] This descriptive evidence is an important first step toward understanding what information equity crowdfunding investors use in their decision-making. For example, whereas financial attributes may not be relevant to the small proportion of investors investing for personal reasons—such as a desire to support local businesses or in response to an endorsement from a friend or family member—they could be relevant to the majority of investors who identify opportunities in arms-length transactions, similar to other securities offerings regulated by the SEC.

4.3.2 How do investors conceptualize equity crowdfunding investments? To better understand how equity crowdfunding investors conceptualize their capital contributions in this space, we ask survey participants to contextualize their equity purchases along a seven-point scale with endpoints *A donation I do not expect to get back* (-3) and *An investment I expect to sell for a gain or a loss* (+3). The untabulated evidence overwhelmingly suggests equity

[6] We also ask investors about the importance of location with respect to their past crowdfunding investments, with results again consistent with no strong "home bias" for products available in their local communities. Nearly 26% of respondents indicate that none of their crowdfunding investments were in local businesses, with the average respondent indicating that just 13% of their equity crowdfunding investments are considered local to them.

crowdfunding investors view their capital contributions in this space as financial investments. Specifically, only 3% of respondents indicate conceptualizing their equity purchases as a donation (responding with either a -3 or a -2 on our seven-point scale), while nearly two thirds (66%) of respondents indicate conceptualizing their equity purchases as an investment (responding with either a 2 or a 3). Still, investors appear aware of the inherent riskiness associated with this market. For example, investors report believing it is essentially a toss-up (50/50 chance) as to whether they will eventually sell their most recent crowdfunding investment for a gain, and report being nearly "fully prepared" to lose the entire amount invested in crowdfunding opportunities to date. In a similar vein, they also report suspecting that more than half of equity crowdfunding campaigns ultimately fail, which would result in a -100% return on investment for investors. In sum, results suggest that the investors in our sample conceptualize their crowdfunding capital contributions as high-risk financial investments.

4.3.3. What factors do investors believe are more and less relevant to their equity crowdfunding investment decisions? Our remaining survey questions provide insights into the attributes investors value in their potential equity crowdfunding investments. In addition to asking about individual attributes, we ask investors to indicate the importance of the four overarching factors—financial, nonfinancial, offering, and entrepreneur attributes—using 11-point scales with endpoints *Not at All Important* (0) and *Very Important* (10). We standardize investors' responses by dividing each individual factor rating by the sum total of all four factor ratings provided by an investor, and Figure 2 reports the average relative importance for each factor for all investors, as well as for the accredited and unaccredited investor subsamples.

Statistical tests reveal we can reject the null hypothesis that investors report weighting all four factors equally. Specifically, although the relative importance of entrepreneur and financial

attributes are not significantly different from each other (0.295 versus 0.280; $t_{(89)} = 1.39$), investors rate both factors as significantly more important than nonfinancial and offering attributes (0.207 and 0.219, respectively) (all $t_{(89)} > 4.37$; all $p < 0.01$). Comparing across investor types, we find that the more sophisticated, accredited investors place significantly more weight on entrepreneur attributes than do unaccredited investors ($t_{(86)} = 2.47$; $p = 0.02$) and significantly less weight on nonfinancial attributes than do unaccredited investors ($t_{(86)} = -2.07$; $p = 0.04$). There are no statistically significant differences in the weights accredited and unaccredited investors place on either financial or offering attributes (both $p > 0.71$).

To provide more granular insights into investors' views of these four factors, investors use seven-point scales with endpoints *Not at All Important* (1) and *Very Important* (7) to rate the importance of several key attributes of each factor. Figure 3 presents these attributes and the average responses associated with each. Consistent with the stated importance of financial attributes, three of the six most important attributes are financially-oriented; having "reported positive revenue growth in [the company's] most recent financial data" (mean of 5.20), having "previously reported revenue" (mean of 5.18), and having "financial data that has been audited by an independent auditor" (mean of 5.11). In a separate question, we also ask investors to rate the reliability of audited and unaudited financial statements. Investors again use seven-point scales, now with endpoints *Not at All Reliable* (1) and *Very Reliable* (7). Consistent with prior research demonstrating an association between financial statement assurance and crowdfunding offering success (Bogdani et al. [2022], Gong et al. [2022]), in Figure 4, investors report a belief that audited financial information is significantly more reliable than unaudited financial information (mean of 5.78 versus 3.26; $t_{(94)} = 13.98$; $p < 0.01$). Where relevant, we discuss these and other specific results throughout the remainder of the paper.

5. Planned Discrete Choice Experiment

5.1 EXPERIMENTAL DESIGN AND PROCEDURES

5.1.1 Discrete choice experiments. Discrete choice experiments are commonly used to estimate individuals' relative preferences among a variety of attributes of a product or service. The method uses a survey-based experimental design wherein participants view a series of hypothetical scenarios and are tasked with indicating which of the two alternatives presented in each scenario they prefer. Each alternative comprises a set of attributes, with the level of each attribute being assigned from a predefined set. By capturing individuals' preferred alternative in each choice task, a researcher can quantify individuals' relative strength of preferences for each attribute (and their levels).

5.1.2 Our choice experiment. We build an internally hosted website to develop our online instrument and collect data. After an initial welcome page, experimental participants make a series of decisions to invest in one of two Reg CF offerings (A or B, C or D, and so on). Each offering (A, B, C, D, etc.) includes information about eight key attributes (Appendix B provides an example). We randomly assign the levels of each attribute in each offering so that each level has an equal chance of being viewed. While this choice preserves the benefits of random assignment and ensures roughly equivalent power for each coefficient, it can result in instances of nonsensical combinations of attributes or overrepresentation of a level relative to the real world (e.g., if we used gender as its own attribute, female entrepreneurs would show up 50% of the time). Thus, we are careful to choose attributes and levels that, with random assignment, approximate real-world distributions. We discuss our attribution selection procedure in Section 5.2.

Because considering every possible pair of offerings would be too cumbersome for participants, participants in our experiment make a series of 20 investment decisions, with each participant viewing a random subset of the universe of possible pairs of offerings. For every decision, the following prompt is present at the top of the webpage:

> Suppose you are considering making an investment in a Regulation Crowdfunding (Reg CF) offering at an amount consistent with your prior crowdfunding investments. You are considering the two companies outlined below. Each of these companies have been seeking investment for the past six days. You have collected the following information about each company from the offering website and Form C. Apart from the information explicitly provided, assume that the offering companies are identical in all other respects.
>
> If you had to choose between these two options, in which of these two companies would you choose to invest?

Within the prompt, we intentionally avoid assigning a specific dollar amount to the investment decision because there is considerable variation in real-world Reg CF investment amounts and any specific dollar amount would likely feel large to some participants and small to others.[7] We also avoid specifying a particular industry, as allowing participants to imagine an industry of their choosing should help avoid the situation where they are forced to invest in an offering they would definitely *not* invest in—for example, if they believe they would never invest in a restaurant, forcing them to choose between two restaurants seeking capital would add noise to our data. To ensure participants read and process the prompt, we build into the experimental instrument a 10-second "delay" timer before the first pair of offerings appears. Participants must wait another ten seconds after viewing the offering details (for the first and all subsequent scenarios) before they can submit their associated responses.

In addition to indicating which of the two offerings in a pair presents the preferred investment opportunity, we also ask participants to independently rate each offering with the

[7] For example, per KingsCrowd, the average dollar-investment logged by KingsCrowd subscribers is $1,003, but the related standard deviation is $2,597.

following question: “On a scale from 1 to 7, where 1 indicates that you would absolutely not invest in the company and 7 indicates that you absolutely would invest, how would you rate Company A (B)?” Asking for these independent ratings allows us to identify instances in which investors would truthfully invest in both or neither company and sets us up to conduct an alternate test of our research question. The study ends after participants provide responses for 20 scenarios and complete a short post-experimental questionnaire.

5.2 REG CF OFFERING ATTRIBUTES

The attributes we include in our experiment are listed in Appendix C. We choose these attributes and their associated levels based on our survey evidence and the findings of prior research. The first attribute, *Equity Stake Offered to CF Investors*, represents the equity stake that the entrepreneur is offering collectively to crowdfunding investors. Consistent with greater equity being retained conveying a higher quality business model to outside investors (Leland and Pyle [1977]), prior archival research provides evidence of a negative association between the size of the equity stake offered and the likelihood of successfully raising capital via crowdfunding (Donovan [2021]; Vismara [2016]). Donovan [2021] reports that the average equity stake offered to crowdfunding investors in the United Kingdom is approximately 13.2%, and we calculate a similar percentage (approximately 15%) in the United States based on the universe of Form C filings.[8] Still, our survey responses indicate significant heterogeneity in preferences for the equity stake being offered. That is, survey responses indicate a mean (median) preference for 35% (27%) equity being offered; the associated standard deviation is 23.75%. In light of this heterogeneity, we manipulate *Equity Stake Offered to CF Investors* at five distinct levels: 5%, 10%, 15%, 25%, and 35%.

[8] Average equity amount calculated from data provided by KingsCrowd as Maximum Raise Amount/Valuation. This number compares to the 13.2% average equity amount given up in Donovan [2021].

Under Reg CF, companies are required to disclose the maximum offering amount, which represents the total amount of funds the company is willing to accept from crowdfunding investors. This maximum amount includes any amount of oversubscription, which occurs when a company raises more than 100% of their minimum target. Because companies that do not raise their minimum target do not receive any funds, most companies set their minimum target to be lower than their capital requirements. Additionally, as described in Appendix A, the maximum offering amount dictates the required level of financial assurance under Reg CF. Burke et al. [2023] provide archival evidence that the observed distribution of maximum offering amounts clusters around these assurance thresholds. Motivated by this observed distribution, we manipulate *Maximum Offering Amount* at four levels: $124,000, $618,000, $1,235,000, and $5,000,000. Together with our financial statement assurance manipulation, manipulating the maximum offering amount implies that whether a crowdfunding company complies with Reg CF's assurance requirements is also randomly assigned. Thus, by including a maximum offering amount attribute, we aim to provide causal evidence on how investors perceive compliance versus non-compliance with assurance regulations.

Our third attribute, *Entrepreneur Highlight*, is motivated by our survey evidence that suggests that entrepreneur-specific characteristics are among the most important to crowdfunding investors (see Figure 2). Two levels, "First-time Entrepreneur" and "Serial Entrepreneur" signal the entrepreneur's prior experience and success, as our survey evidence indicates that past entrepreneurial success and the entrepreneur's demonstrated "grit" are two of the most important factors stated by crowdfunding investors. We also include "Female Entrepreneur" as a level within this attribute, as prior literature provides empirical evidence that the entrepreneur's gender affects the likelihood of raising capital (Geiger and Oranburg [2018]; Cumming, Meoli, and

Vismara [2021]). Finally, we include "Entrepreneur has a business degree," as prior research suggests entrepreneurs' education-level is associated with capital raised (Lim and Busenitz [2020]), but our survey evidence suggests that a degree in business is not one of the more important characteristics that investors consider in their investment decisions.

Our fourth attribute, *Company Highlight*, reveals nonfinancial information about the company to investors. Specifically, we manipulate whether the company (i) has a strong social media presence, (ii) is considered local to the investor, (iii) is committed to sustainability, or (iv) is committed to diversity, equity, and inclusion (DE&I). These characteristics are commonly highlighted within real-world crowdfunding offerings—e.g., some platforms even allow investors to filter their investment opportunities by these characteristics—and some prior research supports the role of social media, home bias, and a commitment to sustainability or DE&I in investors' decision-making (e.g., Eisenbeiss, Hartmann, and Hornuf [2023]; Hornuf, Schmitt, Stenzhorn [2022]; Vismara [2019]). However, our survey evidence suggests these factors are not particularly relevant to crowdfunding investors' decision-making.

We also manipulate the company's existing sources of capital at five levels (*Sources of Capital)*: (i) no outside capital, (ii) friends and family, (iii) prior Reg CF crowdfunding offering, (iv) bank loan, or (v) venture capital. Burke et al. [2023] provide empirical evidence that raising capital through accredited investors like venture capitalists is positively associated with capital raised in the equity crowdfunding market. Our survey results reflect a similar view held by investors—in particular, that it is important for a company to have "had previous success raising capital from venture capitalists or angel investors."

To speak directly to the accounting literature, we include *Financial Information* and *Financial Statement Assurance* as attributes. We manipulate *Financial Information* at three

levels: (i) pre-revenue, (ii) generates revenue, but is not profitable, and (iii) profitable. Survey respondents indicate a strong preference for companies that have generated revenue and have demonstrated growing revenue to achieve profitability. We manipulate *Financial Statement Assurance* by varying whether the financial statements issued by the company as part of Form C are (i) certified by management, (ii) reviewed by an independent auditor, or (iii) audited by an independent auditor. Recent archival evidence suggests that assurance over the financial statements is positively associated with capital raised in crowdfunding (Bogdani et al. [2022], Gong et al. [2022]), and our survey evidence suggests investors consider assurance over the financial statements as very important to their investment decisions.

Last, we manipulate the percentage of the company's minimum target raised in the first six days of the campaign (*% Raised toward Minimum Target*). Because investment in equity crowdfunding offerings is an "all-or-nothing" endeavor—i.e., offerings must reach their targets for individual investments to be realized—it might be useful to consider the likelihood the company is expected to meet its target before committing capital. Along this line of reasoning, prior research discusses the roles of offering momentum and information cascades in investment decisions (Vismara [2018], Hornuf and Schwienbacher [2018]), and our survey evidence suggests signals of offering momentum are important to crowdfunding investors. Crowdfunding platforms such as Wefunder and StartEngine appear to hold a related belief. For example, StartEngine lists a subset of offerings on its site under the header "Most Momentum" and defines these offerings as "offerings that have raised the most money in the last few days."

5.3 PARTICIPANT RECRUITMENT AND INCENTIVE COMPATIBILITY

To recruit participants with real-world crowdfunding investment experience, we partner with KingsCrowd, Inc., who has agreed to contact their entire database of subscribers to invite

them to complete our experiment. We follow Schuessler and Freitag [2020] and use the power calculator they make available at https://markusfreitag.shinyapps.io/cjpowr/ to determine the target sample size for our choice experiment. Using the most conservative assumptions, the (conservative) minimum required effective sample size for our choice experiment is 8,560 observations.[9] Because every participant contributes 40 observations (two observations for every investment decision), 214 participants is sufficient for achieving our target sample size.

We take several steps to promote participation and achieve our target sample size. First, we send a follow-up email to all potential participants roughly one week after the initial email. Second, we provide interested participants an opportunity to learn about their fellow crowdfunding investors by offering to share a summary of our findings at a later date. Third, we offer participants a chance to win one of 25 $200 investments in a crowdfunding offering that best reflects the on-average preferences revealed by our experiment. This final step has the added benefit of incentivizing responses that accurately reflect the decisions participating investors *would* make if faced with similar scenarios in the real world.

As discussed in Section 4.2, the click through rate on our survey instrument was approximately 1.5%. Assuming a similar level of interest in completing our experiment, we expect to secure approximately 202 responses from the population of more than 13,500 KingsCrowd website users. In addition to this population, KingsCrowd has agreed to send our study participation request to an additional 33,947 email newsletter subscribers, who average an open rate 32.1%, per KingsCrowd. Assuming a similar 1.5% click through rate, we anticipate an additional 163 respondents from this secondary pool. Together, we hope to recruit more than our target sample size of 214. Having just one shot to recruit participants from this population of

[9] Specifically, we use as inputs the maximum number of attribute levels in our choice experiment (five), an effect size (AMCE) of 0.05, power of 0.90, and an alpha of 0.10.

experienced equity crowdfunding investors is one reason our research is well-suited for the registration-based editorial process.

6. Planned Analyses and Results

6.1 EXPERIMENTAL RESPONSE RATE AND SAMPLE DESCRIPTIVES

We plan to report the percentage of subscribers who open each set of emails and the associated click-through rate on our study. Together, these statistics provide an overall response rate conditional on opening at least one of the two related emails from KingsCrowd. We expect our experimental participants to have similar demographic characteristics to those of our survey sample; that is, we expect them to be highly educated, relatively sophisticated, individual investors with equity crowdfunding experience. Table 1 reports both the sample construction and related descriptive statistics.

6.2 PLANNED MULTIVARIATE ANALYSIS

Following the statistical approach developed by Hainmueller, Hopkins, and Yamamoto [2014], we examine the preferences of crowdfunding investors by estimating the importance of each attribute level relative to a reference group. We quantify this relative importance as the average marginal component effect (AMCE), which represents the change in the probability of an investor selecting a crowdfunding offering when considering one attribute level versus another.[10] Because we randomly assign the level of all eight attributes in each offering, the basket of offerings with one particular level of an attribute and the basket of offerings with another particular level of an attribute should have the same ex post distribution for all other

[10] Marketing researchers commonly use choice experiments to estimate consumers' "willingness to pay" for a given product characteristic. In these settings, consumers are price takers and thus, researchers are able to draw inferences regarding how much a consumer is willing to pay for a given product. In the crowdfunding setting, companies/ entrepreneurs do not set the price of their offering. Rather, investors can determine both whether and how much money to contribute to a given firm. As a result, we are not able to estimate crowdfunding investors' willingness to pay, and instead estimate AMCEs to draw inferences regarding whether a particular attribute level alters crowdfunding investors' willingness to provide capital.

attributes (on average). In this way, each AMCE approximates the relevant change in probability of investment under all-else-equal conditions. For example, the AMCE of receiving an audit versus a review can be estimated by comparing the average likelihood of investors choosing to invest across the basket of offerings where *Financial Statement Assurance* = "Reviewed by an independent auditor" to the average likelihood of investors choosing to invest across the basket of offerings where *Financial Statement Assurance* = "Audited by an independent auditor."

Hainmueller et al. [2014] and Hainmueller and Hopkins [2015] demonstrate that the relevant AMCEs can be simultaneously estimated using a regression of a binary outcome variable (the offering selected versus the offering not selected), on a set of indicator variables that represent the levels associated with each attribute. We specifically estimate the following model:

$$\begin{aligned} \textit{Investment Choice}_{i,j,k} = \; & \alpha_0 + \beta_1 \textit{Equity\_10\%}_{i,j,k} + \beta_2 \textit{Equity\_15\%}_{i,j,k} + \beta_3 \textit{Equity\_25\%}_{i,j,k} + \\ & \beta_4 \textit{Equity\_35\%}_{i,j,k} + \beta_5 \textit{Offering\_618}_{i,j,k} + \beta_6 \textit{Offering\_1235}_{i,j,k} + \\ & \beta_7 \textit{Offering\_5000}_{i,j,k} + \beta_8 \textit{Female Entrepreneur}_{i,j,k} + \beta_9 \textit{Business Degree}_{i,j,k} + \\ & \beta_{10} \textit{Serial Entrepreneur}_{i,j,k} + \beta_{11} \textit{Social Media}_{i,j,k} + \beta_{12} \textit{Sustainability}_{i,j,k} + \\ & \beta_{13} \textit{DEI}_{i,j,k} + \beta_{14} \textit{Friends\_Family}_{i,j,k} + \beta_{15} \textit{Reg CF}_{i,j,k} + \beta_{16} \textit{Bank Loan}_{i,j,k} + \\ & \beta_{17} \textit{Venture Capital}_{i,j,k} + \beta_{18} \textit{Revenue}_{i,j,k} + \beta_{19} \textit{Profitable}_{i,j,k} + \beta_{20} \textit{Review}_{i,j,k} + \\ & \beta_{21} \textit{Audit}_{i,j,k} + \beta_{21} \textit{Raised 15-30\%}_{i,j,k} + \beta_{22} \textit{Raised 30-50\%}_{i,j,k} + \\ & \beta_{23} \textit{Raised 50-75\%} + \beta_{24} \textit{Raised} > 75\% + \varepsilon_{i,j,k} \end{aligned} \quad (1)$$

All variables are defined in Appendix D. The dependent variable, *Investment Choice*, is an indicator variable equal to one if investor *i* selects the investment offering *j* in their *k*th choice task, and zero otherwise. Returning to the example in Appendix B, if a respondent selects Offering A, *Investment Choice* will be set equal to one for Offering A and equal to zero for Offering B. The independent variables in the model include a set of indicator variables for each attribute presented in a given offering. When an offering displays the level of an attribute associated with an indicator variable, that variable is set equal to one. For example, in Appendix B, Offering A has *Equity Stake Offered to CF Investors* = 10%. Therefore, the *Equity_10%*

variable is set equal to one, and the *Equity_15%*, *Equity_25%*, and *Equity_35%* variables are all set equal to zero. For each attribute, we select a reference category for the baseline case for comparative purposes. The baseline case in model (1) is an offering with the following attribute levels: *Equity Stake Offered to CF Investors* = 5%, *Maximum Offering Amount* = $124,000, *Entrepreneur Highlight* = First-time Entrepreneur, *Company Highlight* = Company is located in the city closest to you, *Sources of Capital* = No outside capital, *Financial Information* = Pre-revenue, *Financial Statement Assurance* = Certified by management, and *% Raised toward Minimum Target* = 0-15%. Therefore, the coefficient estimates in model (1) can be interpreted as a change in the probability of investment for a given attribute level, relative to the baseline case. We cluster standard errors by respondent because observed choice outcomes are not independent across offerings selected by each individual respondent (Hainmueller and Hopkins [2015]).

The results of our discrete choice experiment are well suited to be reported in a figure that provides graphical evidence of the AMCE associated with each attribute level. We provide an example of such graphical evidence using simulated data in Section 6.5. To facilitate processing of our empirical models, we include tables in this proposal that we ultimately intend to report in an Online Appendix. For example, Table 2 reports the results of model (1). The estimated coefficient on each attribute level reflects the average difference in the probability of being selected for crowdfunding investment relative to the baseline case.

A primary benefit of our choice experiment is that the analysis of the AMCE allows us to draw conclusions about the relative importance of aspects both *within* attributes and *across* attributes. For example, survey respondents indicate that having "the company's most recent financial data… audited by an independent auditor" is very important to their investment decision (see Figure 2). If this stated preference bears out in our experiment, we should find a

significantly positive coefficient on *Audit*, indicating that assurance over the financial statements increases a company's likelihood of being selected for investment relative to issuing financial statements only certified by the company's management. Furthermore, a significantly larger AMCE for *Audit* relative to the AMCE for *Review* would suggest investors also prefer companies with audited rather than reviewed financial statements.

Looking across attributes, we can compare the AMCE associated with audited financial statements to the AMCE associated with any other attribute (Hainmueller and Hopkins [2015])—e.g., to that of prior entrepreneurial success. Suppose, for example, experimental participants weigh prior entrepreneurial success more heavily than audited financial statements in their investment decisions. We would detect this effect by comparing the relative magnitudes of the coefficients on the *Serial Entrepreneur* and *Audit* variables. In particular, a significantly larger coefficient on the *Serial Entrepreneur* variable would suggest that we see a larger increase in the probability of being selected for investment (i.e., a larger AMCE) by moving from a first-time entrepreneur to an entrepreneur with a history of success, relative to moving from a company issuing financial statements certified by management to audited financial statements. This method thus allows us to draw conclusions about the relative importance of financial versus nonfinancial attributes in equity crowdfunding.[11]

6.3 PLANNED CROSS-SECTIONAL ANALYSES

Next, we estimate several cross-sectional tests. Following Bansak, Hainmueller, and Hangartner [2016], we re-estimate model (1) while holding constant the level of each individual attribute, one by one. Table 3 reports the results of these analyses. Panel A examines cross-

[11] To ensure results are not driven by situations where investors would truthfully invest in both (or neither) offering but are forced to choose one by construction, we reexamine our primary tests using investors' individual 1-7 point ratings of each offering. We dichotomize investors' responses, coding them as 1 if the response is above the midpoint (and so indicates support for investment) and 0 otherwise and re-estimate model (1).

sectional variation in the AMCE by the level of *Equity Stake Offered to CF Investors*, and subsequent panels B through H examine cross-sectional variation by the levels of the other seven attributes.[12] The primary purpose of this set of analyses is to examine whether the relative importance of attribute levels varies conditional on a particular attribute level being presented to an investor. This exploratory analysis also allows us to assess the stability of investors' preferences in the cross-section.

Of particular interest are the cross-sectional analyses based on *Entrepreneur Highlight* reported in Panel C. Our survey evidence suggests that investors emphasize entrepreneur characteristics such as prior entrepreneurial success. If this stated preference bears out in our experiment, it should be of interest to examine variation in the relative importance of the other attributes (e.g., audited financial statements) when *Serial Entrepreneur* is equal to one (column 4 of Panel C) versus when *Serial Entrepreneur* is equal to zero (columns 1-3 of Panel C).

Also of interest is the cross-sectional analyses reported in Panel G, which examine variation in the importance of all attributes conditional on the level of assurance over the financial statements. Our survey evidence suggests that crowdfunding investors believe that auditor assurance significantly increases the reliability of a company's financial statements, and that crowdfunding investors use financial statement information to assess valuation. The results reported in Panel G allow us to assess whether investors place greater emphasis on financial information (*Revenue* and *Profitable*), conditional on obtaining higher levels of assurance over the financial statements (*Review* or *Audit*).

[12] For each cross-sectional test reported in Table 3, the attribute for which we examine cross-sectional variation is omitted from model (1). For example, in Panel A of Table 3, we omit the *Equity_10%*, *Equity_15%*, *Equity_25%*, and *Equity_35%* variables from the model. Additionally, we caution that each cross-sectional analysis uses a subsample dictated by the relevant attribute. That each analysis is based on a subsample implies that, relative to the test in Table 2, the tests in Table 3 have lower power to find statistically significant evidence of a given effect size.

We also perform cross-sectional tests based on crowdfunding investor demographic characteristics. First, in Table 4, we examine differences between accredited and unaccredited investors. Recall that our survey evidence suggests that accredited investors place more emphasis on financial attributes and founder attributes, while non-accredited investors place more emphasis on non-financial attributes in their investment decisions (see Figure 2). Thus, we re-estimate model (1) separately for the subsamples of accredited and unaccredited investors to test whether these stated preferences hold in our choice experiment.

Second, we test whether experience investing in Reg CF offerings alters investors' preferences. As part of the post-experimental questionnaire, participants report the number of equity crowdfunding investments they have made over the previous year. We create an indicator variable, *High Investment_Num*, equal to one if the number of investments made by the participant is greater than the sample median, and zero otherwise. In Table 5, we separately estimate model (1) for the subset of more experienced investors (*High Investment_Num*) and less experienced investors (*Low Investment_Num*).

Third, we examine cross-sectional variation based on investor age. As discussed above, there is significant heterogeneity in the age of our survey respondents, with ages ranging from 25 to 80 years and a median age of 52. In Table 6, we re-estimate model (1) for the subset of investors with ages above and below the median.

6.4 PLANNED ANALYSIS OF VOLUNTARY VERSUS MANDATORY ASSURANCE

In our final analyses, we specifically examine the role of voluntary assurance in the equity crowdfunding market. Recent archival studies provide evidence suggesting that assurance levels beyond that required by Reg CF is associated with a greater likelihood of raising capital in equity crowdfunding (Bogdani et al. [2022], Gong et al. [2022]). However, as Burke et al. [2023]

note, in archival studies it is difficult to determine whether assurance is truly voluntary because Reg CF requires companies to provide reviewed or audited financial statements if they are already available for another purpose. For example, if a bank loan requires the company to obtain an audit, Reg CF requires the company to report these audited financial statements. Our experimental design allows us to examine the causal effect of voluntary assurance using the following model:

$$\begin{aligned} \textit{Investment Choice}_{i,j,k} = \; & \alpha_0 + \beta_1 \textit{Mandatory Review}_{i,j,k} + \beta_2 \textit{Voluntary Review}_{i,j,k} + \beta_3 \textit{Mandatory} \\ & \textit{Audit}_{i,j,k} + \beta_4 \textit{Voluntary Audit}_{i,j,k} + \beta \; \textit{Other Attribute Levels}_{i,j,k} + \varepsilon_{i,j,k} \end{aligned} \tag{2}$$

In model (2), we bifurcate the treatment effect of *Review* and *Audit* from model (1) into separate indicator variables for voluntary and mandatory assurance. Specifically, *Mandatory Review* is an indicator variable equal to one if the firm issues reviewed financial statements as required by Reg CF based on the requirements discussed in Appendix A, and *Voluntary Review* is an indicator variable equal to one if Reg CF requires the company to issue financial statements that are certified by management, but the company voluntarily discloses reviewed financial statements. *Mandatory Audit* and *Voluntary Audit* are similarly defined indicator variables for the Reg CF audit requirements discussed in Appendix A. Model (2) also includes all of the other attribute levels included in model (1). Table 7, column 1 reports the results of model (2). If investors view voluntary assurance as a positive attribute, we expect to observe positive coefficients on *Voluntary Review* and *Voluntary Audit*.

We also test whether voluntary and mandatory assurance alters the extent to which investors emphasize financial statement information. In column 2 of Table 7, we interact *Revenue* and *Profitable* with the indicator variables for mandatory assurance (*Mandatory Review* and *Mandatory Audit*) and voluntary assurance (*Voluntary Review* and *Voluntary Audit*). This

test allows us to examine whether investors place more emphasis on financial statement information when assurance is voluntary versus required by Reg CF.

Finally, in Table 8, we further study the role of assurance requirements by separately examining offerings based on the required level of assurance under Reg CF. First, in column 1 of Table 8, we re-estimate model (1) for the subsample of offerings with attributes that imply Reg CF would require the financial statements only be certified by management (the lowest level of assurance). In this test, the treatment effects of *Review* and *Audit* can both be viewed as the effect of voluntary assurance (CPA review or audit, respectively) on investors' likelihood of investment. This test allows us to examine whether investors value voluntary assurance, *ceteris paribus*, and any differences between the level of this assurance (review versus audit).

Second, in column 2, we estimate the following model for the subsample of offerings with attributes that imply Reg CF would require the financial statements to be reviewed:

$$Investment\ Choice_{i,j,k} = \alpha_0 + \beta_1 Mgt\ Certify_{i,j,k} + \beta_2 Audit_{i,j,k} + \beta\ Other\ Attribute\ Levels_{i,j,k} + \varepsilon_{i,j,k} \quad (3)$$

Because column 2 examines offerings for which Reg CF requires a review, we select the *Review* category as the hold-out group among assurance attributes in model (3). Therefore, the treatment effect of *Mgt Certify* can be interpreted as the effect of *not* complying with the review requirement on investors' likelihood of investment. Additionally, the treatment effect of *Audit* in model (3) can be interpreted as the effect of voluntarily providing audited financial statements (which is additional assurance beyond a review) on investors' likelihood of investment.

Finally, in column 3, we estimate the following model for the subsample of offerings with attributes that imply Reg CF would require the company to issue audited financial statements:

$$Investment\ Choice_{i,j,k} = \alpha_0 + \beta_1 Mgt\ Certify_{i,j,k} + \beta_2 Review_{i,j,k} + \beta\ Other\ Attribute\ Levels_{i,j,k} + \varepsilon_{i,j,k} \quad (4)$$

Similar to model (3), we select the *Audit* category as the hold-out group in model (4), and thus the treatment effect of *Mgt Certify* and *Review* can be interpreted as the effect that providing non-compliant management certified or reviewed financial statements, respectively, has on investors' likelihood of investment when audited financial statements are required. Columns 2 and 3 of Table 8 allow us to examine the causal effect of non-compliance with Reg CF assurance requirements on investors' likelihood to contribute capital. We also whether investors differentially treat non-compliance with some level of assurance (the coefficient on *Review* in column 3) and non-compliance with no auditor involvement (the coefficient on *Mgt Certify* in column 3).

6.5 RESULTS USING SIMULATED DATA

In this section we demonstrate with simulated data how we intend to report our empirical results using figures in the final registered report. We emphasize that this section is for demonstration purposes only and is only intended to be included in the registered report *proposal*.

We simulate a sample of 214 investor profiles with preferences for various attributes along with random error among these preferences. We have each simulated investor make 20 choices in which they select a single offering (Offering A or Offering B). We randomly assign the levels of each attribute so that each level has an equal opportunity to being represented in an offering. Using these simulated choices, we estimate model (1) and report the results in Figure 5. We emphasize that these results do not represent *ex ante* predictions for our choice experiment, but rather are included to demonstrate how we plan to visually depict the AMCE for each

attribute level. We plan to provide graphical evidence similar to the example in Figure 5 for each test reported in Tables 2-8 of this proposal.

7. Conclusion

In this study, we use a discrete choice experiment to explore the relative preferences of real-world equity crowdfunding investors across eight financial and nonfinancial attributes. The attributes and associated levels included in our experiment are informed by both the survey evidence included in this proposal and prior research. By conducting a discrete choice experiment, we are able to simultaneously test the influence of eight factors in crowdfunding capital allocation decisions, providing causal evidence on the tradeoffs crowdfunding investors make among these key factors.

[We will discuss our ultimate findings here once the experiment is run and the resulting data is analyzed. E.g., Overall, we document that [insert attribute] is relatively more important to investors in their crowdfunding investment decision-making than [insert attribute]. Additionally, in cross-sectional analyses, we find that investor preferences *are/are not* stable in the cross-section. We also show that assurance levels *do/do not* matter to investors. Furthermore, by providing both survey and experimental evidence, our study allows us to draw conclusions regarding crowdfunding investors stated versus revealed preferences. We document that although crowdfunding investors state that [insert attribute] *does/does not* matter for their investment decisions, our experimental evidence suggests that [insert attribute] investors do/do not consider [insert attribute] when making investment choices.]

The results of our study contribute in several ways. First, we contribute to the literature on the growing equity crowdfunding market by providing experimental evidence of investor preferences that complements existing archival research. Second, through the inclusion of

attributes related to financial reporting and assurance, we help to improve our understanding of the role of financial reporting in start-up companies, providing direct evidence on how investors value financial and non-financial attributes in their decision-making, which can help to inform founders, investors, and regulators. Last, we contribute broadly to the accounting literature through the use of a discrete choice experiment, which has broad applicability within the accounting field, though to date has been underutilized.

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Appendix A: Reg CF Financial Reporting and Assurance Requirements

Reg CF specifically requires the following:

- If the company is raising $124,000 or less, no independent review or audit of the financial statements is required, but management must certify the financial statements
- A review of the financial statements is required if the company is raising:
    - Between $124,000.01 and $618,000
        OR
    - Between $618,000.01 and $1.235 million if this is the first time the company is raising crowdfunding capital
- An independent audit of the financial statements is required if the company is raising:
    - More than $618,000 if the company has previously raised capital via Reg CF
        OR
    - More than $1.235 million in all cases
- In all offerings, if a higher level of assurance than what is required is available, that must be provided as part of the offering

The amounts above reflect the current dollar thresholds. These amounts went into effect September 20, 2022 as a result of the SEC's final rules for "Inflation Adjustments under Titles I and III of the JOBS Act."[13] **Prior to September 20, 2022**, these requirements were:

- If the company is raising $107,000 or less, no independent review or audit of the financial statements is required, but management must certify the financial statements
- A review of the financial statements is required if the company is raising:
    - Between $107,000.01 and $535,000
        OR
    - Between $535,000.01 and $1.070 million if this is the first time the company is raising crowdfunding capital
- An independent audit of the financial statements is required if the company is raising:
    - More than $535,000 if the company has previously raised capital via Reg CF
        OR
    - More than $1.070 million in all cases
- In all offerings, if a higher level of assurance than what is required is available, that must be provided as part of the offering

[13] https://www.sec.gov/files/rules/final/2022/33-11098.pdf

Appendix B: Example of a scenario presented to crowdfunding investors

This appendix provides an example of one of the scenarios that will be presented to crowdfunding investors in the proposed discrete choice experiment. The values of the attributes selected for each scenario are selected randomly from the levels reported in Appendix B. Each investor is presented with different scenarios, and asked the following prompt:

Suppose you are considering making an investment in a Regulation Crowdfunding (Reg CF) offering at an amount consistent with your prior crowdfunding investments. You are considering the two companies outlined below. Each of these companies have been seeking investment for the past six days. You have collected the following information about each company from the offering website and Form C. Apart from the information explicitly provided, assume that the offering companies are identical in all other respects.

	Offering A	**Offering B**
Equity Stake Offered to CF Investors	10%	5%
Maximum Offering Amount	$124,000	$1,235,000
Entrepreneur Highlight	Entrepreneur has business degree	Serial Entrepreneur
Company Highlight	Company has a strong social media presence	Company is committed to sustainability
Sources of Capital	Bank Loan	Venture Capital
Financial Information	Pre-Revenue	Generates revenue, but is not profitable
Financial Statement Assurance	Reviewed by an independent auditor	Certified by management
% Raised toward Minimum Target	15-30%	30-50%

If you had to choose between the two options above, in which of these two companies would you choose to invest?

Appendix C: List of attributes that appear in the information set presented to investors

This appendix provides the list of all potential attributes and levels presented to investors in the hypothetical scenarios.

Attribute No.	Attribute Description	Level	Level Description (included in the experiment)
I.	*Equity Stake Offered to CF Investors*	1	5%
		2	10%
		3	15%
		4	25%
		5	35%
II.	*Maximum Offering Amount*	1	$124,000
		2	$618,000
		3	$1,235,000
		4	$5,000,000
III.	*Entrepreneur Highlight*	1	First-time Entrepreneur
		2	Female Entrepreneur
		3	Entrepreneur has business degree
		4	Serial Entrepreneur
IV.	*Company Highlight*	1	Company has a strong social media presence
		2	Company is located in the city closest to you
		3	Company is committed to sustainability
		4	Company is committed to diversity, equity, and inclusion

V.	*Sources of Capital*	1	No outside capital
		2	Friends and family
		3	Prior Reg CF offering
		4	Bank loan
		5	Venture capital
VI.	*Financial Information*	1	Pre-Revenue (no sales)
		2	Generates revenue, but is not profitable
		3	Profitable
VII.	*Financial Statement Assurance*	1	Certified by management
		2	Reviewed by an independent auditor
		3	Audited by an independent auditor
VIII.	*% Raised toward Minimum Target*	1	0-15%
		2	15-30%
		3	30-50%
		4	50-75%
		5	>75%

Appendix D: Variable Definitions

Variable	Definition
Investment Choice	A binary outcome variable that equals 1 if individual *i* selects the investment offering *j* in her *k*th choice task, and zero otherwise.
Equity_10%	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Equity Stake Offered to CF Investors" is **10%**, and zero otherwise
Equity_15%	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Equity Stake Offered to CF Investors" is **15%**, and zero otherwise
Equity_25%	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Equity Stake Offered to CF Investors" is **25%**, and zero otherwise
Equity_35%	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Equity Stake Offered to CF Investors" is **35%**, and zero otherwise
Offering_618	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Maximum Offering Amount" is **$618,000**, and zero otherwise
Offering_1235	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Maximum Offering Amount" is **$1,235,000**, and zero otherwise
Offering_5000	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Maximum Offering Amount" is **$5,000,000**, and zero otherwise
Female Entrepreneur	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Entrepreneur Highlight" is **Female Entrepreneur**, and zero otherwise
Business Degree	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Entrepreneur Highlight" is **Entrepreneur has Business Degree**, and zero otherwise
Serial Entrepreneur	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Entrepreneur Highlight" is **Serial Entrepreneur**, and zero otherwise
Social Media	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Company Highlight" is **Company Has a Strong Social Media Presence**, and zero otherwise
Sustainability	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Company Highlight" is **Company is Committed to Sustainability**, and zero otherwise
DEI	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Company Highlight" is **Company is Committed to Diversity, Equity, and Inclusion**, and zero otherwise
Friends_Family	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Sources of Capital" is **Friends and Family**, and zero otherwise
Reg CF	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Sources of Capital" is **Prior Reg CF Offering**, and zero otherwise
Bank Loan	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Sources of Capital" is **Bank Loan**, and zero otherwise
Venture Capital	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Sources of Capital" is **Venture Capital**, and zero otherwise

Revenue	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Financial Information" is **Makes Revenue, but is not Profitable**, and zero otherwise
Profitable	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Financial Information" is **Profitable**, and zero otherwise
Mgt Certify	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Financial Statement Assurance" is **Certified by Management**, and zero otherwise
Review	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Financial Statement Assurance" is **Reviewed by an Independent Auditor**, and zero otherwise
Audit	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "Financial Statement Assurance" is **Audited by an Independent Auditor**, and zero otherwise
Raised 15-30%	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "% Raised Toward Minimum Target" is **15-30%**, and zero otherwise
Raised 30-50%	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "% Raised Toward Minimum Target" is **30-50%**, and zero otherwise
Raised 50-75%	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "% Raised Toward Minimum Target" is **50-75%**, and zero otherwise
Raised > 75%	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, the level of the attribute "% Raised Toward Minimum Target" is **>75%**, and zero otherwise
High Investment Num	An indicator variable that equals 1 if the number of investments made by respondent *i* is greater than the sample median, and zero otherwise
Low Investment Num	An indicator variable that equals 1 if the number of investments made by respondent *i* is less than the sample median, and zero otherwise
High Investor Age	An indicator variable that equals 1 if the age of respondent *i* is greater than the sample median, and zero otherwise
Low Investor Age	An indicator variable that equals 1 if the age of respondent *i* is less than the sample median, and zero otherwise
Mandatory Review	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, Reg CF would require the company to have reviewed financial statements, and the value of *Review* for investment offering *j* in the *k*th choice task is equal to 1, and zero otherwise. See Appendix A for the Reg CF Financial Reporting and Assurance requirements.
Voluntary Review	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, Reg CF would require the company to have only certified financial statements, but the value of *Review* for investment offering *j* in the *k*th choice task is equal to 1, and zero otherwise. See Appendix A for the Reg CF Financial Reporting and Assurance requirements.
Mandatory Audit	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, Reg CF would require the company to have audited financial statements, and the value of *Audit* for investment offering *j* in the *k*th choice task is equal to 1, and zero otherwise. See Appendix A for the Reg CF Financial Reporting and Assurance requirements.
Voluntary Audit	An indicator variable that equals 1 if, for investment offering *j* in the *k*th choice task for a given respondent, Reg CF would require the company to have only reviewed or certified financial statements, but the value of *Audit* for investment offering *j* in the *k*th choice task is equal to 1, and zero otherwise. See Appendix A for the Reg CF Financial Reporting and Assurance requirements.

Figure 1: How do investors identify potential equity crowdfunding investment opportunities?

This figure provides a summary of 89 responses to the question "Which of the following best describes the process(es) you take to identify equity crowdfunding opportunities?" Percentages do not total to 100% because respondents were allowed to select up to three of the seven choices as part of their response.

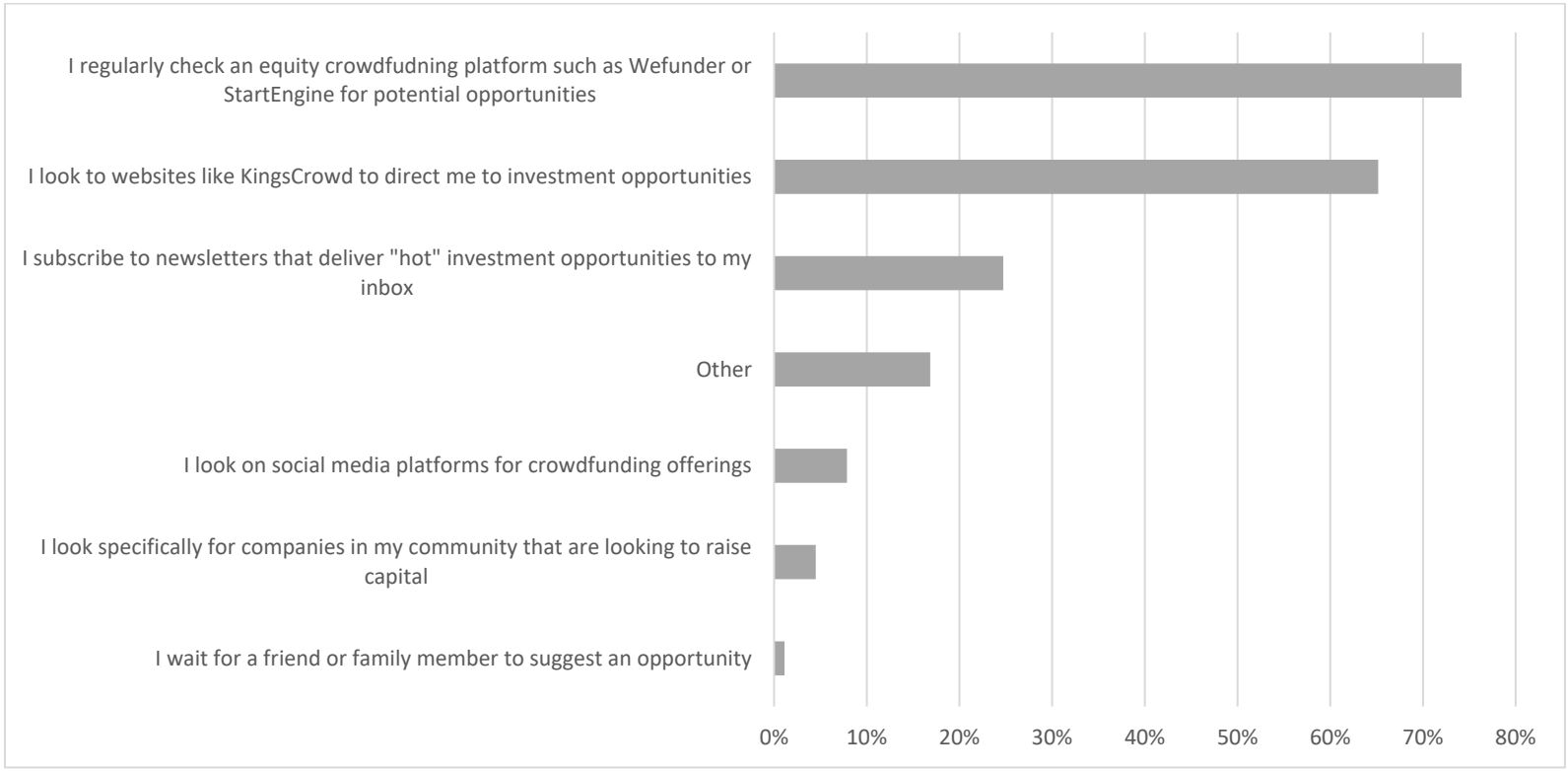

Figure 2: Relative importance of factors considered by crowdfunding investors

This figure summarizes 90 respondents' beliefs about the relative importance of four primary factors (nonfinancial, financial, offering, and founder attributes). Respondents use 11-point scales with endpoints *Not at All Important* (0) and *Very Important* (10) to rate the importance of each factor in their equity crowdfunding investment decisions. Our measure of relative importance for each factor is an average of respondents' standardized responses for that factor, where responses are standardized by dividing each individual respondent's factor rating by the sum total of all four factor ratings provided by that respondent. For example, if a respondent indicates that each factor is a 4 out of 10 in terms of importance, the denominator for that respondent's standardized measure would be 16, and each factor would have a relative importance of 0.25 (=4/16). Relative importance values are plotted for our full sample, "all investors," as well as for our "accredited" and "unaccredited" investor subsamples.

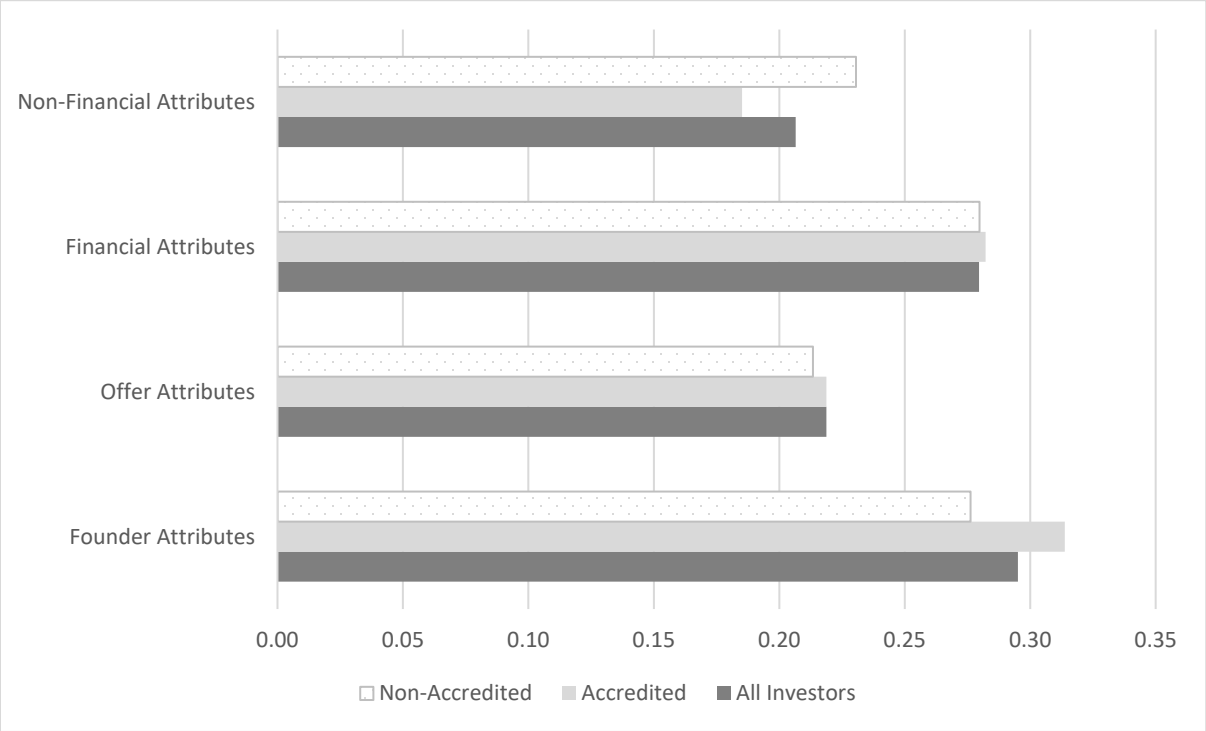

Figure 3: Ranking of attributes considered by crowdfunding investors

This figure plots the mean response from 95 respondents for each attribute where respondents used seven-point scales with endpoints *Not at All Important* (1) and *Very Important* (7) to respond to the prompt "Suppose you are considering an equity crowdfunding investment opportunity. How important is it that:" Founder attributes are depicted with a solid line, financial attributes are depicted with a diagonal pattern, offering attributes are depicted with dotted lines, and nonfinancial attributes are depicted with a vertical pattern.

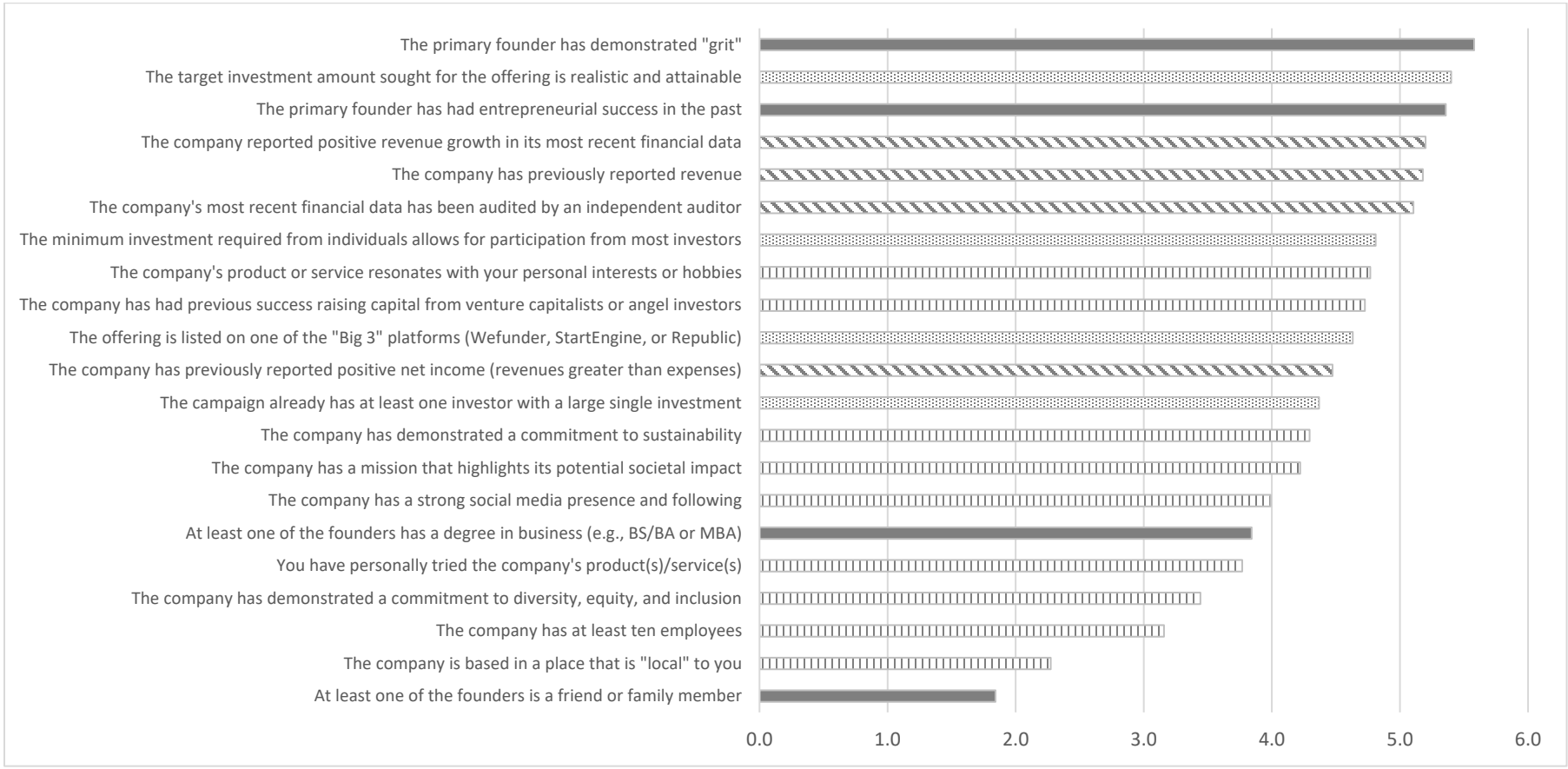

Figure 4: Perceived reliability of audited vs. unaudited financial statements

This figure plots the distribution of 95 responses to two questions about the relative reliability of audited and unaudited financial information. Specifically, investors use seven-point scales with endpoints *Not at all Reliable* (1) and *Very Reliable* (7) to indicate their responses to "How reliable (accurate) do you believe a crowdfunding company's financial information is, assuming it has…" (a) "been both reviewed by management and audited by an independent auditor" (audited), and (b) "been reviewed by management but has not been audited by an independent auditor" (unaudited).

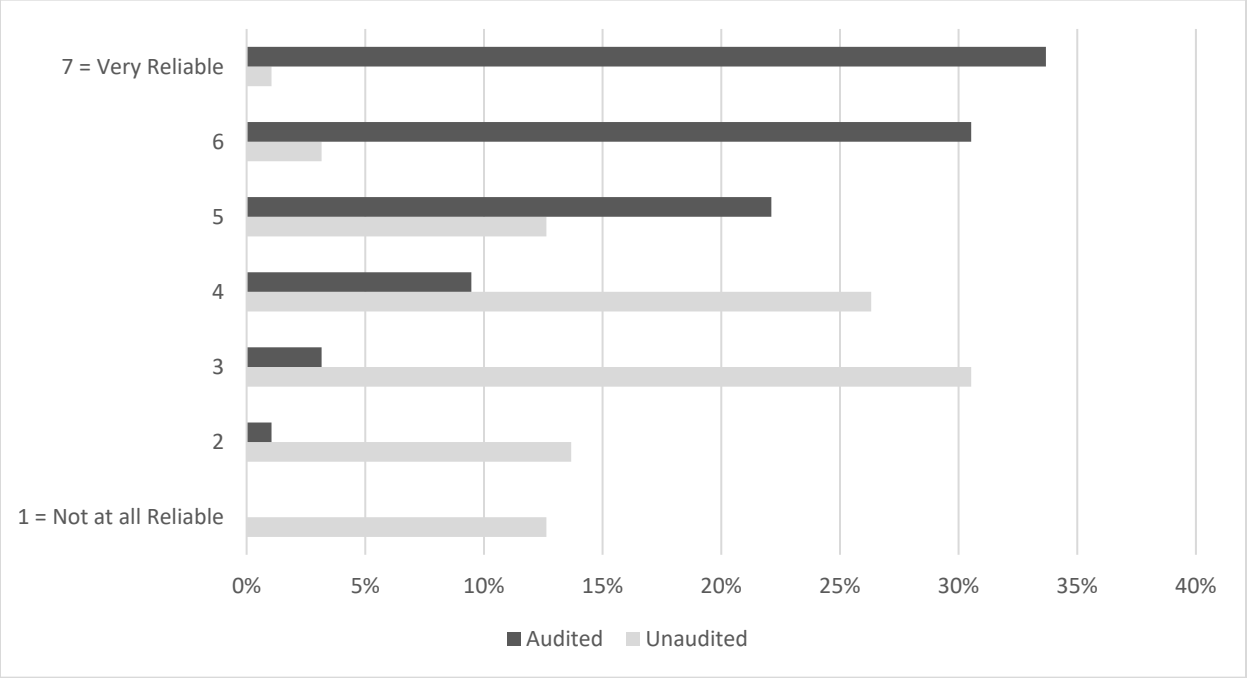

Figure 5: Example – Likelihood of Being Selected for Crowdfunding Investment using Simulated Data

This figure plots the estimates of the randomly assigned attribute levels on the likelihood of a crowdfunding investor selecting a company for investment. Estimates are based on model (1) using simulated data, with clustered by simulated respondent. Horizontal bars represent the 95% confidence interval associated with each point estimate. Points without horizontal bars denote the attribute level that is used as the reference category for each attribute.

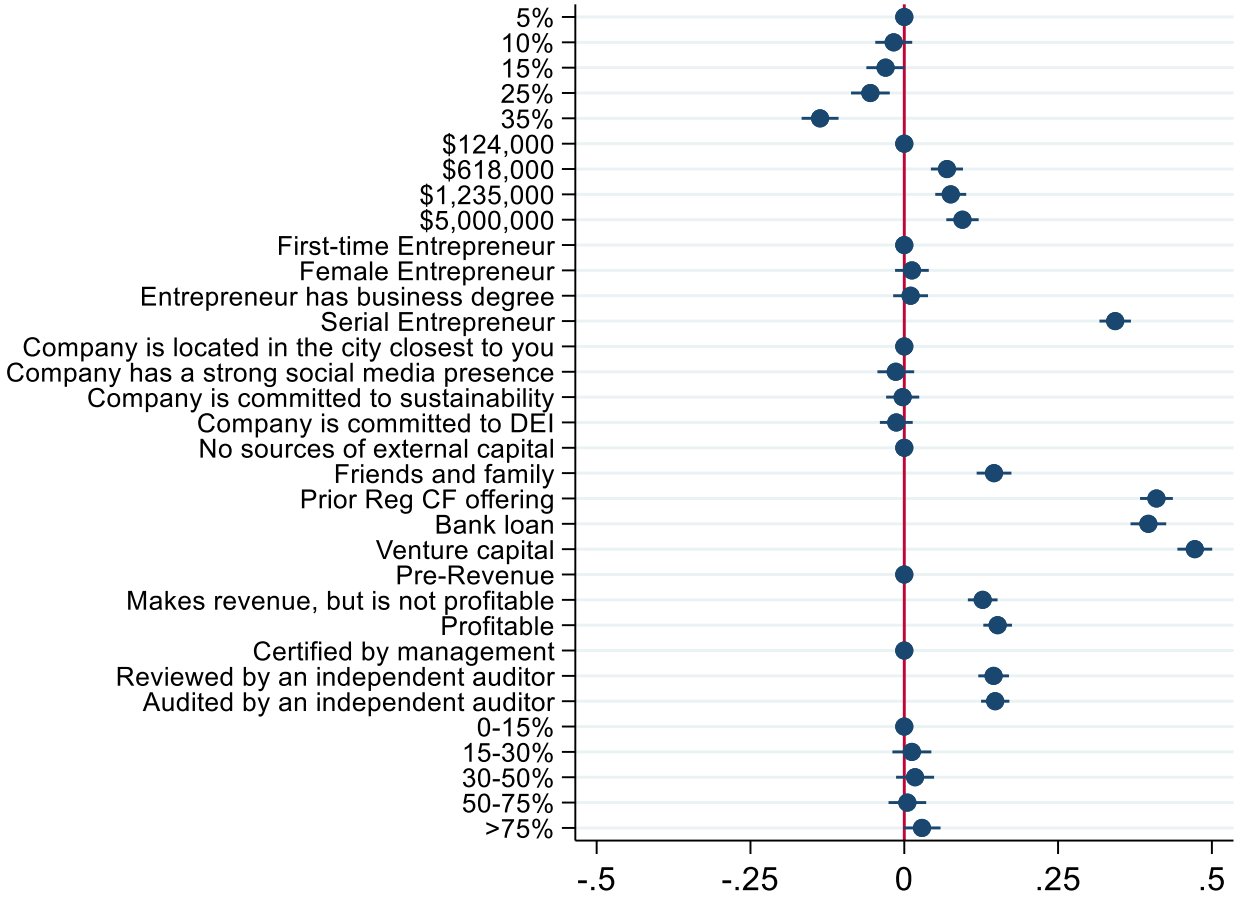

Table 1: Choice Experiment Sample Construction and Descriptives

Panel A: Sample Construction

	First Email	Second Email	Total
Requests sent	[empty]	[empty]	[empty]
Emails opened	[empty]	[empty]	[empty]
Responses started	[empty]	[empty]	[empty]
Completed responses	[empty]	[empty]	[empty]
Total responses	[empty]	[empty]	[empty]
Response rate	%	%	%

Panel B: Sample Demographics

	Mean	Range	Standard Deviation
# of Equity CF Investments in Past Year	[empty]	[empty]	[empty]
Holds a bachelor's degree or higher	[empty]	[empty]	[empty]
Holds at least one graduate degree	[empty]	[empty]	[empty]
Has experience investing in non-crowdfunding single name securities	[empty]	[empty]	[empty]
Accredited investor	[empty]	[empty]	[empty]
Self-reported "above average" sophistication	[empty]	[empty]	[empty]
Age	[empty]	[empty]	[empty]
Gender (Male = 1)	[empty]	[empty]	[empty]

Table 2: Importance of Each Attribute to Crowdfunding Investment Decisions

This table reports the results of model (1) estimating the average marginal component effect (AMCE) to examine the relative importance of each attribute to crowdfunding investment decisions. The dependent variable, *Investment Choice*, is an indicator variable equal to one if individual *i* selects the investment opportunity *j* in her *k*th choice task, and zero otherwise. Standard errors are clustered by respondent. Variable descriptions are provided in Appendix D. ***, **, * Indicates statistical significance at the 1%, 5%, and 10% levels respectively.

Dependent Variable	*Investment Choice*	
	Coefficient	**t-stat**
Equity_10%	[empty]	
Equity_15%	[empty]	
Equity_25%	[empty]	
Equity_35%	[empty]	
Offering_618	[empty]	
Offering_1235	[empty]	
Offering_5000	[empty]	
Female Entrepreneur	[empty]	
Business Degree	[empty]	
Serial Entrepreneur	[empty]	
Social Media	[empty]	
Sustainability	[empty]	
DEI	[empty]	
Family_Friends	[empty]	
Reg CF	[empty]	
Bank Loan	[empty]	
Venture Capital	[empty]	
Revenue	[empty]	
Profitable	[empty]	
Review	[empty]	
Audit	[empty]	
Raised 15-30%	[empty]	
Raised 30-50%	[empty]	
Raised 50-75%	[empty]	
Raised > 75%	[empty]	
Constant	[empty]	
N	[empty]	
Adj. R-squared	[empty]	

Table 3: Cross-sectional Analyses by each attribute level

This table reports the results of model (1) estimating the average marginal component effect (AMCE) to examine the relative importance of each attribute to crowdfunding investment decisions. Each panel reports the results for a specific attribute (see Appendix C). Each column reports the results of model (1) for the sub-sample of investment opportunities that present a given level within that attribute. The dependent variable, *Investment Choice*, is an indicator variable equal to one if individual *i* selects the investment opportunity *j* in her *k*th choice task, and zero otherwise. Standard errors are clustered by respondent. Variable descriptions are provided in Appendix D. ***, **, * Indicates statistical significance at the 1%, 5%, and 10% levels respectively.

Panel A: Equity Stake Offered to CF Investors

	[1]		[2]		[3]		[4]		[5]	
	Equity_5%		**Equity_10%**		**Equity_15%**		**Equity_25%**		**Equity_35%**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Offering_618	[empty]		[empty]		[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]		[empty]		[empty]	

Table 3: Cross-sectional Analyses by each attribute level (continued)

Panel B: Maximum Offering Amount

	[1]		[2]		[3]		[4]	
	Offering_124		**Offering_618**		**Offering_1235**		**Offering_5000**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]		[empty]	

Table 3: Cross-sectional Analyses by each attribute level (continued)

Panel C: Entrepreneur Highlight

	[1]		[2]		[3]		[4]	
	First Time Entrepreneur		**Female Entrepreneur**		**Business Degree**		**Serial Entrepreneur**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]		[empty]	

Table 3: Cross-sectional Analyses by each attribute level (continued)

Panel D: Company Highlight

	[1]		[2]		[3]		[4]	
	Local		**Social Media**		**Sustainability**		**DEI**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]		[empty]	

Table 3: Cross-sectional Analyses by each attribute level (continued)

Panel E: Sources of Capital

	[1]		[2]		[3]		[4]		[5]	
	No Capital		**Friends_Family**		**Reg CF**		**Bank Loan**		**Venture Capital**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]		[empty]		[empty]	

Table 3: Cross-sectional Analyses by each attribute level (continued)

Panel F: Financial Information

	[1]		[2]		[3]	
	Pre-Revenue		**Revenue**		**Profitable**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]	

Table 3: Cross-sectional Analyses by each attribute level (continued)

Panel G: Financial Statement Assurance

	[1]		[2]		[3]	
	Mgt Certified		**Review**		**Audit**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]	

Table 3: Cross-sectional Analyses by each attribute level (continued)

Panel H: % Raised toward Minimum Target

	[1]		[2]		[3]		[4]		[5]	
	Raised 0-15%		**Raised 15-30%**		**Raised 30-50%**		**Raised 50-75%**		**Raised > 75%**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]		[empty]		[empty]	

Table 4: Cross-sectional Analyses - Accredited vs. Non-accredited investors

This table reports the results of model (1) estimating the average marginal component effect (AMCE) to examine the relative importance of each attribute to crowdfunding investment decisions. Column 1 (2) reports the results of model (1) for the sub-sample of respondents that indicate they meet (do not meet) the requirements to be considered an accredited investor. The dependent variable, *Investment Choice*, is an indicator variable equal to one if individual *i* selects the investment opportunity *j* in her *k*th choice task, and zero otherwise. Standard errors are clustered by respondent. Variable descriptions are provided in Appendix D. ***, **, * Indicates statistical significance at the 1%, 5%, and 10% levels respectively.

	[1]		[2]		[3]	
	Non-Accredited Investors		**Accredited Investors**		**Test [1] = [2]**	
Dependent Variable	*Investment Choice*		*Investment Choice*			
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Difference**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]	
N	[empty]		[empty]			
Adj. R-squared	[empty]		[empty]			

Table 5: Cross-sectional Analyses - High vs. Low experience in Reg CF Investments

This table reports the results of model (1) estimating the average marginal component effect (AMCE) to examine the relative importance of each attribute to crowdfunding investment decisions. Column 1 (2) reports the results of model (1) for the sub-sample of respondents that indicate that the number of investments they have made in Reg CF filings are above (below) sample median. The dependent variable, *Investment Choice*, is an indicator variable equal to one if individual *i* selects the investment opportunity *j* in her *k*th choice task, and zero otherwise. Standard errors are clustered by respondent. Variable descriptions are provided in Appendix D. ***, **, * Indicates statistical significance at the 1%, 5%, and 10% levels respectively.

	[1]		[2]		[3]	
	High Investment_Num		**Low Investment_Num**		**Test [1] = [2]**	
Dependent Variable	*Investment Choice*		*Investment Choice*			
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Difference**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]	
N	[empty]		[empty]			
Adj. R-squared	[empty]		[empty]			

Table 6: Cross-sectional Analyses – Respondent Age

This table reports the results of model (1) estimating the average marginal component effect (AMCE) to examine the relative importance of each attribute to crowdfunding investment decisions. Column 1 (2) reports the results of model (1) for the sub-sample of respondents' age above (below) sample median. The dependent variable, *Investment Choice*, is an indicator variable equal to one if individual *i* selects the investment opportunity *j* in her *k*th choice task, and zero otherwise. Standard errors are clustered by respondent. Variable descriptions are provided in Appendix D. ***, **, * Indicates statistical significance at the 1%, 5%, and 10% levels respectively.

	[1]		[2]		[3]	
	High Age		**Low Age**		**Test [1] = [2]**	
Dependent Variable	*Investment Choice*		*Investment Choice*			
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Difference**	**t-stat**
Equity_10%	[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]	
Offering_618	[empty]		[empty]		[empty]	
Offering_1235	[empty]		[empty]		[empty]	
Offering_5000	[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]	
N	[empty]		[empty]			
Adj. R-squared	[empty]		[empty]			

Table 7: Mandatory vs. Voluntary Assurance

This table reports the results of model (1) estimating the average marginal component effect (AMCE) to examine the relative importance of each attribute to crowdfunding investment decisions. The dependent variable, *Investment Choice*, is an indicator variable equal to one if individual *i* selects the investment opportunity *j* in her *k*th choice task, and zero otherwise. Standard errors are clustered by respondent. Variable descriptions are provided in Appendix D. ***, **, * Indicates statistical significance at the 1%, 5%, and 10% levels respectively.

Dependent Variable	[1] *Investment Choice*		[2] *Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**
Mandatory Review	[empty]		[empty]	
Voluntary Review	[empty]		[empty]	
Mandatory Audit	[empty]		[empty]	
Voluntary Audit	[empty]		[empty]	
Revenue	[empty]		[empty]	
Profitable	[empty]		[empty]	
Mandatory Review x Revenue			[empty]	
Mandatory Review x Profitable			[empty]	
Voluntary Review x Revenue			[empty]	
Voluntary Review x Profitable			[empty]	
Mandatory Audit x Revenue			[empty]	
Mandatory Audit x Profitable			[empty]	
Voluntary Audit x Revenue			[empty]	
Voluntary Audit x Profitable			[empty]	
Equity_10%	[empty]		[empty]	
Equity_15%	[empty]		[empty]	
Equity_25%	[empty]		[empty]	
Equity_35%	[empty]		[empty]	
Offering_618	[empty]		[empty]	
Offering_1235	[empty]		[empty]	
Offering_5000	[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]	
Business Degree	[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]	
Social Media	[empty]		[empty]	
Sustainability	[empty]		[empty]	
DEI	[empty]		[empty]	
Family_Friends	[empty]		[empty]	
Reg CF	[empty]		[empty]	
Bank Loan	[empty]		[empty]	
Venture Capital	[empty]		[empty]	
Raised 15-30%	[empty]		[empty]	
Raised 30-50%	[empty]		[empty]	
Raised 50-75%	[empty]		[empty]	
Raised > 75%	[empty]		[empty]	
Constant	[empty]		[empty]	
N	[empty]		[empty]	
Adj. R-squared	[empty]		[empty]	

Table 8: Reg CF Assurance Requirements - Cross-sectional Test

This table reports the results of model (1) estimating the average marginal component effect (AMCE) to examine the relative importance of each attribute to crowdfunding investment decisions. Column 1 (2) [3] reports the results of model (1) for the sub-sample of offerings for which Reg CF mandates the company discloses financial statements that are certified by management (reviewed by an independent auditor) [audited by an independent auditor]. The dependent variable, *Investment Choice*, is an indicator variable equal to one if individual *i* selects the investment opportunity *j* in her *k*th choice task, and zero otherwise. Standard errors are clustered by respondent. Variable descriptions are provided in Appendix D. ***, **, * Indicates statistical significance at the 1%, 5%, and 10% levels respectively.

	[1]		[2]		[3]	
	Mandatory Certified FS		**Mandatory Review**		**Mandatory Audit**	
Dependent Variable	*Investment Choice*		*Investment Choice*		*Investment Choice*	
	Coefficient	**t-stat**	**Coefficient**	**t-stat**	**Coefficient**	**t-stat**
Mgt Certify			[empty]		[empty]	
Review	[empty]				[empty]	
Audit	[empty]		[empty]			
Equity_10%	[empty]		[empty]		[empty]	
Equity_15%	[empty]		[empty]		[empty]	
Equity_25%	[empty]		[empty]		[empty]	
Equity_35%	[empty]		[empty]		[empty]	
Female Entrepreneur	[empty]		[empty]		[empty]	
Business Degree	[empty]		[empty]		[empty]	
Serial Entrepreneur	[empty]		[empty]		[empty]	
Social Media	[empty]		[empty]		[empty]	
Sustainability	[empty]		[empty]		[empty]	
DEI	[empty]		[empty]		[empty]	
Family_Friends	[empty]		[empty]		[empty]	
Reg CF	[empty]		[empty]		[empty]	
Bank Loan	[empty]		[empty]		[empty]	
Venture Capital	[empty]		[empty]		[empty]	
Revenue	[empty]		[empty]		[empty]	
Profitable	[empty]		[empty]		[empty]	
Review	[empty]		[empty]		[empty]	
Audit	[empty]		[empty]		[empty]	
Raised 15-30%	[empty]		[empty]		[empty]	
Raised 30-50%	[empty]		[empty]		[empty]	
Raised 50-75%	[empty]		[empty]		[empty]	
Raised > 75%	[empty]		[empty]		[empty]	
Constant	[empty]		[empty]		[empty]	
N	[empty]		[empty]		[empty]	
Adj. R-squared	[empty]		[empty]		[empty]	