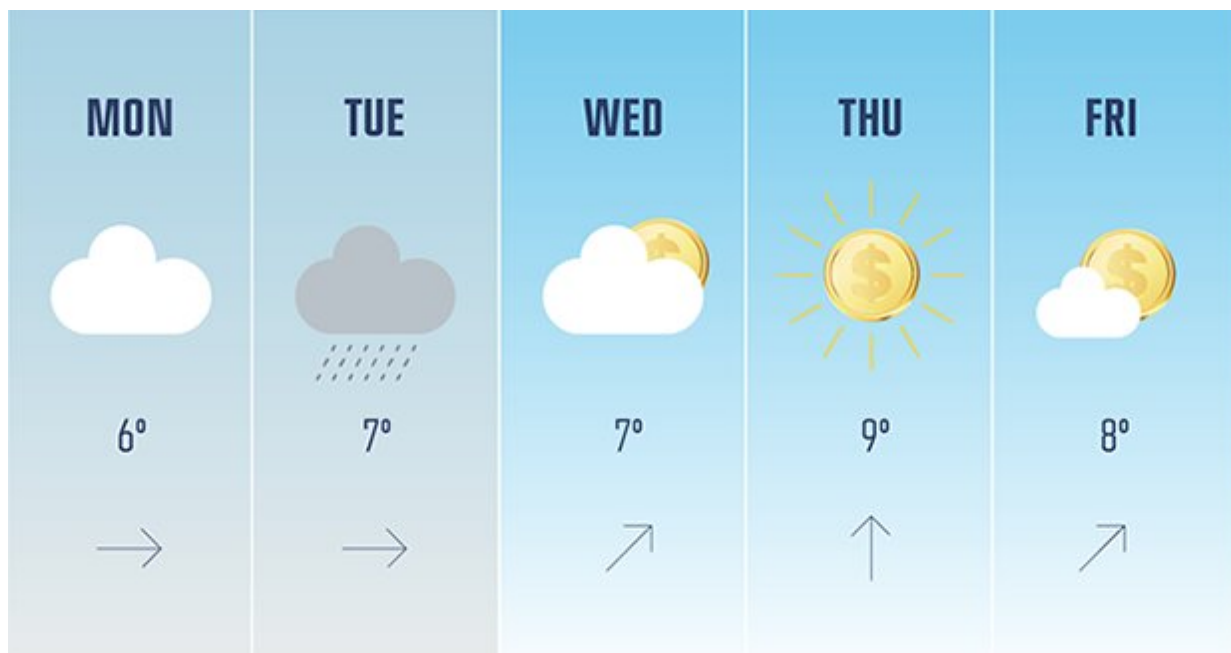


Crowdfunding? Check the weather forecast first!

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Credit: Lene Højland Bergh-Hansen

Investors' moods are affected by gloomy weather. New research from Copenhagen Business School recommends entrepreneurs looking for finance should be aware of the weather forecast at the time they want to launch their crowdfunding campaigns.

The researchers wanted to explore whether [weather](#)-induced moods can explain crowdfunders' contributions and focused on the role of investors'

moods and emotions including day-to-day decisions on the [crowdfunding](#) platform Companisto.

"Financial investment plays a vital role in the success of an entrepreneurial venture and our research shows that on cloudy days, funders invest between 10-15% less money in risky equity crowdfunding campaigns," says Assistant Professor Ali Mohammadi from Department of Strategy and Innovation, Copenhagen Business School.

"We also show there is no differences between male and female investors and find that novice investors react more to the gloomy weather," adds Mohammadi.

The research is published in the *Journal of Corporate Finance* with co-author Kouros Shafi, Assistant Professor of Entrepreneurship, California State University East Bay, Hayward, CA, USA.

Mood fluctuations

This research complements existing evidence on the link between weather as a mood stimulus and outcomes in various financial markets but what is different here is the focus on equity crowdfunding.

The quantitative research data came from the German company Companisto, one of the largest European equity crowdfunding platforms and consisted of examining 102 campaigns which received 67,982 pledges. This allowed the researchers to observe the city of where the [investor](#) lived and allowed them to link the weather data to the investor and the exact day of each investment.

"The weather measure is simply cloud coverage, which varies from no cloud at all (0) to completely cloudy (1). Hence, we can see weather fluctuation for the same campaign during the fundraising period. This

setting allows us to isolate the effect of weather from effect of entrepreneur and investor characteristics. What is interesting about [mood](#) is that it is not directly related to [economic value](#) or return of an investment," adds Assistant Professor Mohammadi.

Maximize fundraising success

While entrepreneurs cannot fully predict the weather to strategically time the [campaign](#) launch to maximize fundraising success, there are a number of strategies the researchers recommend that could be considered to offset the adverse effects of cloudy days.

"These include targeting more experienced investors and engaging in campaigns at a later stage of venture development if possible. On cloudy days, entrepreneurs can also increase their marketing activities in ways that reduce the negative effect of weather," concludes Mohammadi.

More information: Kouros Shafi et al, Too gloomy to invest: Weather-induced mood and crowdfunding, *Journal of Corporate Finance* (2020). [DOI: 10.1016/j.jcorpfin.2020.101761](https://doi.org/10.1016/j.jcorpfin.2020.101761)

Provided by Copenhagen Business School

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