

Social Identity and Social Media Activities in Equity Crowdfunding

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ABSTRACT

The existence of crowdfunding platforms has helped creators to bring their innovative products to market. In recent years, equity crowdfunding has increased in popularity as an alternative form of finance, and has helped thousands of innovating entrepreneurs to raise money, and join a broader conversation with large numbers of potential investors. Early-stage startup investment is no longer restricted to venture capital firms and high net worth angel investors. Using Social Identity Theory (SIT) as a basis, we look at a sample of crowdfunding campaigns from the UK-based platform, Crowdcube. In this study we are trying to understand how groups of potential crowdfunding investors act in relation to the social media activities of those campaigns. We examine how different social media activities of can have an impact upon the funding of a crowdfunding campaign. This study has significant implications for fundraisers who want to utilize social media to increase their chances of a successful crowdfunding campaign. In our study we identify that by being more active on social media, and having a higher level of engagement with the crowd, this will have a positive impact on the overall funding of a crowdfunding campaign.

Author Keywords

Crowdfunding; Equity Crowdfunding; Social Identity Theory; Social Media; Crowdcube.

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ACM Classification Keywords

Theory; Human Factors.

INTRODUCTION

Open innovation was first coined by Henry Chesbrough in 2003, where he described it as combining internal and external ideas to advance the development of new technologies [10]. Crowdfunding platforms enable this openness between the companies who are raising money, and the crowd who may become backers. Companies that actively seek out ideas from the crowd, and are open to insights from backers can really utilize the value of the crowd and create innovative products [38]. The process of launching a crowdfunding campaign is also a co-creation process. When a crowdfunding project is presented to a crowd of potential backers, the result of whether it is funded or not, is a market test [4]. The provision of funds can be seen as a much stronger commitment to the project than results seen in a questionnaire or a survey.

According to the Massolution Industry Report, total equity crowdfunding volume worldwide was \$2.56 billion. That number has been roughly doubling each year since 2012. While data is not yet available, this report also projects this figure to be near \$4 billion [30]. Based on these numbers, Forbes projects that equity crowdfunding may well surpass standard venture capital models by 2020 [6].

Compared to other types of crowdfunding, there is relatively little empirical research on equity crowdfunding [19]. Some research discussed the potential of equity crowdfunding for returns [39], however, the majority of the re-search in this area has been related to regulation and focused on the new inexperienced investors [19, 41]. These studies focused on the Jumpstart Our Business (JOBS) Act, a legal change that meant start-ups in the US could be funded by non-accredited investors. In the UK, the FCA's regulatory approach to crowdfunding as begun to open up the crowd potential investors to everyone, not only high net worth individuals, or venture capitalists [14].

This study uses Social Identity Theory (SIT) to examine equity crowdfunding, and to show how identity in social

media plays a key role in the engagement of fundraisers and potential investors. The first part of our study will describe crowdfunding, with a particular interest in equity crowdfunding. Next, we will move on to describe SIT, and how it could affect a crowdfunding campaign. We present a model and hypotheses of how different social media activities can affect the funding of a crowdfunding campaign.

We then examine data gathered from a crowdfunding platform, Crowdcube, and test our hypotheses against this data. Using this data and three key measures of social media activity (Social Media Usage, Social Media Appropriation, and Social Media Selectivity); we discover that there is a positive impact between this and the proportion of funding a campaign will receive.

CROWDFUNDING

Crowdfunding comes from the concept of crowdsourcing, which involves utilizing a multitude of humans to gather ideas, and solutions to solve a wide variety of problems. First coined by Jeff Howe in the June 2006 issue of Wired magazine, he describes crowdsourcing as a new web-based business model that uses the creative solutions of a large network, through the use of an open call for proposals [26]. However, long before the term was coined crowdsourcing was being used to create new products, and engage customers. In 1949, Pillsbury, a beloved baking brand, held a mail-in cooking competition, called Bake-off [35]. Customers would send in their recipes, and the best recipe would receive a prize. Pillsbury would create a cookbook with the best recipes, and send it to their customers, who received crowdsourced cooking tips. Like crowdsourcing, the idea of gathering money from a large network is not new. A very early example of crowdfunding occurred in 1884, when the pedestal for the Statue of Liberty was funded by Joseph Pulitzer through micro-donations by the American people [5]. Online crowdfunding is relatively new, with new platforms such as Kickstarter and Indiegogo providing small to medium businesses with a new way to access capital.

According to a number of studies, [7, 19, 9] there are four paradigms of crowdfunding. These four categories are:

- 1) **Crowd Charity:** With this type of crowdfunding, donors receive nothing for their contribution. This type of crowdfunding is used mainly by non-profit and NGO organisations to raise money. Charity crowdfunding platforms include Razoo, Crowdrise, and GoFundMe.
- 2) **Rewards-based Crowdfunding:** Here, backers typically contribute small amounts of money in exchange for benefits from a proposed product or service (e.g. provision of that product once it is developed). Kickstarter, PledgeMusic and Indiegogo are all platforms that enable rewards-based crowdfunding.
- 3) **Debt-based Crowdfunding:** This model is also referred to as peer-to-peer lending. Lenders give money to entrepreneurs or organisations, and expect repayment at

some agreed upon time. Depending on the platform used, some lenders will receive interest, while others do not. Examples of peer-to-peer crowdfunding platforms include Kiva, Lending Club, and Funding Circle.

- 4) **Equity Crowdfunding:** This type of crowdfunding offers investors a stake (or equity) in the company in return for their funds. This form of crowdfunding is usually used to fund the launch or growth of a company. CrowdCube, Seedrs, and CircleUp are some of the most popular equity crowdfunding platforms.

In this study we will only focus on equity crowdfunding. We do this because we believe it represents a longer-term and more uncertain return for investors [48]. We believe that equity crowdfunding is much more complex and ambiguous than rewards-based or peer to peer lending. Equity crowdfunding offers backers the opportunity to become more than just donors. Instead of fixed instant rewards with rewards-based crowdfunding, backers are given a share of the company in return for their contribution [22]. These backers are looking to get a return on their investment in the form of future dividends, company sale, or a public offering. In a short period of time equity crowdfunding is becoming more important in the world of finance. However, much of the research surrounding equity crowdfunding has been legal literature about protecting the new investors, and research focused on the laws and regulations in different countries of equity crowdfunding [41, 16].

SOCIAL IDENTITY THEORY AND EQUITY CROWDFUNDING

Social identity theory was introduced by Henri Tajfel and John Turner in the 1970s and 80s as a means of explaining intergroup behaviour [42]. Social identity is a person's sense of 'whom they are', based on the social group to which they belong. SIT suggests a person does not have one 'personal self', but rather multiple selves and identities associated, each associated with different social groups in which they perform some particular role [45]. Individuals perceive others as part of 'ingroups' with which they socially identify, or 'outgroups' with which they do not [31]. Central to this are shared norms and attitudes, which determine how members of an ingroup interact [32, 8]. SIT has been applied to explain behaviours in a number of different domains, including why we choose entertainment media in accordance with certain group memberships [44], how we categorise ourselves in our organisation context [25], and how we make economic decisions that may appear irrational [3].

There have been previous papers that have used SIT to research crowd behavior and crowdfunding. It has been seen that a person's identity influences what people do and why they give [18]. Research has shown that fundraisers who are able to convey their personality and identity are more likely to succeed [43]. Investors pay close attention to the project creators themselves, meaning fundraisers have to get their identity across to the investors in order to engage the crowd [20]. Most importantly for this study, SIT suggests that

people will invest more of their personal time and effort to support ideas that resonate with their social identity [1].

HYPOTHESES AND MODEL

Social Identity Theory is used in this study as it describes how people act based on the groups they are part of. Figure 1 illustrates how three factors; social media usage, social media appropriation, and social media selectivity, influence the funding of a crowdfunding campaign. It also shows how these three factors have an impact on each other. Some research suggests that a company's social media activities help strengthen the bond between the customer and the firm and contribute to financial performance [37]. We want to take this further and see if these social media activities can have an impact on funding for a crowdfunding campaign.

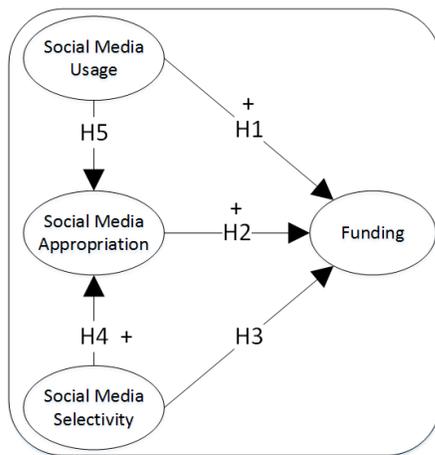


Figure 1. Research model for studying social identity in online crowdfunding.

Social Media Usage and Funding

One of the most popular means of interacting with external stakeholders is through social media [46, 47]. In relation to social identity, a company that regularly communicates and interacts with external parties via social media offers the crowd an opportunity to get to know what the company is about [36]. Social media use will enable companies to convey their identity to the crowd, and will be an opportunity for the crowd to understand and identify with that company. For example, a fundraiser can set up a Facebook page to engage the crowd even before they decide to use a crowdfunding platform. Studies have shown that the greater number of Facebook friends, the more successful a crowdfunding project is in terms of amount of money raised [34]. Thus, we hypothesise that companies who are more active on social media will have a positive impact on funding.

H1: *More Social Media Use will have a positive impact on Funding*

Social Media Appropriation and Funding

Social media appropriation refers to the level of engagement the crowd has with a company's social media posts. The number of Facebook "Likes" and "Shares" on their posts, as

well as the number of "Retweets" and "Favourites" on their Tweets would all be examples of social media appropriation. In relation to social identity, social media appropriation will be a good measure of how engaged the crowd are, and how highly the company's identity resonates with the crowd. Highly engaging social media campaigns are likely to generate commitment on part of the consumer, reinforcing loyalty to the brand, and making the customer more likely to commit additional effort to support the brand in the future [24]. In this case, campaigns are looking to build brand engagement and hope to encourage potential investors to commit funds to their campaign. For companies to have a higher level of social media appropriation, they must carefully manage their social media [37]. For example, companies providing regular updates about events, sending personalised messages to individual customers, and encouraging member contributions can enhance firm equity [2]. Research has also found that the fundraiser's ability to demonstrate their identity in larger social networks is associated with success [29]. This measure of appropriation is a good way to show how well the fundraiser is demonstrating their identity to the crowd. Thus, we hypothesise that companies who have a higher rate of social media appropriation, will have a positive impact on funding.

H2: *More Social Media Appropriation will have a positive impact on Funding*

Social Media Selectivity and Funding

The first route towards establishing specificity in a company's identity is the social media that company chooses to use. This selective use can tell a great deal about a company's social identity and whom they are targeting [28]. In relation to social identity theory, companies could choose a specific social media over others, in an attempt to share their identity with specific groups of potential investors. Research suggests that a user's preference for choosing a social media, such as Facebook over Twitter, is related to the user's personality [27]. As a result, companies use different platforms depending on their target market [40]. With the right social media management, this selective use, and targeting of specific groups could make their posts more interesting and more likely to have an interest in their crowdfunding campaign. However, as they become more selective, they are lowering the number of potential investors with whom they are interacting. This could have a negative impact on funding. Thus, we hypothesise that companies who are more selective on social media will have an impact on funding.

H3: *More Social Media Selectivity will have an impact on Funding*

Social Media Selectivity and Social Media Appropriation

Social media is particularly suited for collecting information/feedback from customers, initiating two-way conversations with customers and developing relationships through communication [13, 28]. By only focusing on specific social media, they align their social identity with

those using those using that media. This would make their posts more interesting to those potential investors, and more likely to respond to their posts. Placing more importance one group over another will make that group feel more empowered, and will make them feel like they will have a say in ongoing decision making [11]. Thus, we hypothesise that companies who are more selective on social will have a positive on social media appropriation.

H4: *More Social Media Selectivity will have a positive impact on Social Media Appropriation*

Social Media Usage and Social Media Appropriation

It's clear to link social media use and social media appropriation. It is thought that the more you post on Facebook, or Twitter, the greater the level of response will be. As companies use social media to convey their identity, potential investors that identify with it will begin to respond. Here, this response will be in the form of Facebook 'Likes' and 'Shares', and Twitter 'Favourites' and 'Retweets'. However, too much social media usage could also have a bad effect on social media appropriation. In relation to social identity, posts that do not get across the company's identity to the crowd would be less interesting to those they are trying to engage with. This could lead to a lower response or engagement rate for their posts. Companies need to make sure each post is communicating their identity to the crowd.

H5: *More Social Media Usage will have an impact on Social Media Appropriation*

DATA COLLECTED AND RESEARCH METHOD

Data Collection

In order to test the proposed research model, we gathered public data from an established equity crowdfunding platform, namely Crowdcube. Crowdcube is a UK-based online equity crowdfunding website that enables members of the general public to invest in start-ups, early stage and growth businesses, alongside professional investors. Launched in 2011, Crowdcube has become one of the leading equity crowdfunding models, having raised over £195 million to fund over 460 campaigns. Crowdcube is growing at a rapid rate and is continuing to attract new members, currently with over 300,000 registered investors on the platform.'

Crowdcube was selected for two key reasons. First, Crowdcube is an established platform which has been operating for over five years at the time of writing. This means the dynamics of the platform are relatively mature and allows analysis to focus on completed campaigns, rather than trying to predict outcomes of ongoing fundraising. There have also been a number of high profile successes, creating a level of public awareness (hence, possible investor diversity). Companies like JustPark and Sugru have both raised over £3 million using Crowdcube. JustPark raised over £3.7 million from 2,900 investors in just 34 days. Sugru raised over £3.3 million, and did not just benefit from small investors, as a single investor dedicated £1 million. This was

the largest single investment on the Crowdcube platform. In July 2015, E-Car Club was the first successful exit from Crowdcube. The company received a significant investment from Europcar, which meant that 63 original investors in E-Car Club via Crowdcube benefited from a multiple return on their investment.

Second, Crowdcube caters to investors of varying experience. Investors on Crowdcube are divided into four groups; 1) Everyday Investors, 2) Advised Clients, 3) Self-Certified Sophisticated, and, 4) High Net Worth Investors. Both professional and non-professional investors can give as little as £10 to fund a company. Crowdcube is a good platform to test our hypotheses because it is one of the leading companies in the equity crowdfunding space, with a diverse crowd made up of mostly new investors, but also many experienced investors.

It should be noted that Crowdcube has two basic models. The first is the debt-based, or bond, model. With this model you are giving a loan to a company in return for a fixed amount of interest every year. The second model, and the most popular on the platform, is the equity-based model, where investors give money in return for a share in the business. Consistent with the focus of this study, data gathering and analysis will focus on campaigns adopting the equity-based model.

We gathered information on 104 crowdfunding campaigns on Crowdfunding. This data included information such as Name, Target Amount, Amount Raised, Number of Investors, etc. We also gathered Twitter and Facebook data for 99 out of the 104 campaigns. 5 campaigns were left out of the study completely as we were not able to collect their social media data. The social media data collected included number of posts, number of Facebook 'Likes' and 'Shares', and number of Twitter 'Retweets' and 'Favourites'. The data gathered was between the company's incorporation date, and the date the company finished funding on Crowdcube.

MEASURES

For the first three of our hypotheses, we used the 'Funded' variable as our main dependent variable for our regression models. This variable was given by dividing the total amount funded by the target amount. This variable tells us the proportion of funding to a campaigns target. For all our tests, the social media data was extracted between two dates; the company's incorporation date, and the date that their crowdfunding campaign ended. Figure 2 shows a snapshot of 27 crowdfunding campaigns from our dataset, focusing on their social media activity.

Name	Twitter Handle	Tweets (Between Dates)	Retweets	Favourites	Facebook page_name	FB Posts (Between Dates)	Likes	Comments	Shares	Social Media Use	Social Media Response	Social Media Selectivity	Funding Finished	
2	Rejuvenation Water	RejuvenationWtr	1181	3660	3196	rejuvenationwater	443	2325	339	475	2006	5.3458	0.6454	07/02/2017
3	Conquering Horizons Limited	victor_mobility	187	182	335	Victormobility	41	324	25	267	247	7.4912	0.6404	30/01/2017
4	Circuitree Energy Independence LTD	Circuitree23	85	58	75						85	1.5647	0.0000	19/01/2017
5	The Surrey Cook LTD	TheSurreyCook	142	33	105	thesurreycook	26	237	7	44	168	2.4940	0.6305	18/01/2017
6	School Notices	school_notices	987	163	122	schoolnotices	689	5337	276	1343	1576	4.4194	0.1256	12/01/2017
7	Le Col Holdings LTD	officiallecol	1889	3245	3164	LeColClothing	639	5806	337	779	3119	5.1400	0.4945	07/01/2017
8	MyShowcase	myshowcase	7000	9973	8736	myshowcase news	2311	22427	2565	14554	10635	5.9811	0.5036	06/01/2017
9	Hop Stuff Brewery	hopstuffbrewery	3931	3786	2837	hopstufflondon	1554	8736	861	1378	5903	3.0514	0.4334	23/12/2016
10	All By Mama	allbymama	11034	5731	8967	allbymama	1193	21900	3631	2549	12912	3.2017	0.8049	26/12/2016
11	Pedals London Ltd	pedals_delivery	407	106	346	pedalsdelivery	46	147	4	17	492	1.3598	0.7969	12/12/2016
12	Huree	huree_me	1049	225	351	Huree.co	975	259	0	11	2024	0.4180	0.0366	10/12/2016
13	My Friends Room Limited	myfriendsroom	325	379	876	myfriendsroom	165	343	73	71	1030	1.5312	0.6372	06/12/2016
14	Raw Halo LTD	rawhaloUK	698	1300	1283	rawhalo	327	561	42	113	1307	3.1776	0.3620	30/11/2016
15	Fanny's Kebabs	fannyskebabs	2	0	1	FannysKebabs	12	95	6	6	20	7.2857	0.7143	28/11/2016
16	Rentivo	rentivo	1915	124	441						1915	0.2350	0.0000	27/11/2016
17	Bluebella	bluebella	7744	13367	9223	OfficialBluebella	2417	17176	6294	3656	11048	4.2350	0.5243	25/11/2016
18	Mush	mushmums	618	225	633	mushmums	274	2514	175	566	1050	4.4148	0.3857	23/11/2016
19	Meetzo	meetzoapp	32	20	21	meetzoapp	12	484	2	17	44	12.9162	0.4545	22/11/2016
20	Solely Original	SolelyOriginal	305	51	202	SolelyOriginal	145	196	20	27	542	0.9311	0.3556	22/11/2016
21	British Boxers	GrandpaJem	2973	3429	2128	BritishBoxersCotton	890	6315	724	2353	4809	3.6833	0.5392	17/11/2016
22	Hulo LTD	HueZApparel	3181	1868	4140	HUEZapparel	466	1834	222	330	4243	2.2407	0.7444	15/11/2016
23	Pit Pat	pitpatpat	2735	941	1989	pitpatpat	731	4379	387	495	3543	2.2516	0.5782	15/11/2016
24	Builderstorm Limited	builder_storm	99	45	47	builderstorm	80	381	5	49	179	2.9162	0.1061	10/11/2016
25	The Baobab Network	baobabnetwork	14	3	10						34	0.3266	0.0000	04/11/2016
26	Innis & Gunn	innisandgunnUK	6377	7092	6078	InnisAndGunn	2634	334735	26382	36644	9173	42.6755	0.4154	03/11/2016
27	The Cheese Truck	cheesetruckldn	4972	5552	7467	thecheesetruck	455	7548	962	709	6387	3.3204	0.8323	03/11/2016
28	Everything Unlocked Limited TIA Health Unlocked	healthunlocked	3536	4756	3363	healthunlocked	682	4880	605	3436	4278	3.8477	0.6812	01/11/2016

Figure 2. Snapshot of social media data gathered from the crowdfunding campaigns

To test H1, we used social media use as the independent variable. This was measured as the total number of Facebook posts plus the total number of Twitter posts. This measure shows how often companies post on social media, and is a good indication of social media use. Our independent variable for H2 was social media appropriation. This variable is the Number of Facebook ‘Likes’ and ‘Shares’, plus Twitter ‘Retweets’ and ‘Favourites’, all divided by the total number of posts. For this, we wanted to get a measure of how engaged the crowd are with the company’s posts. Social media appropriation gives us a result, where the higher the number, the more engaged the crowd is with their posts. For H3, we used social media selectivity as our independent variable. We measured this by and dividing it by the total number of social media posts. Social media selectivity gives us how active a company is on one social media over another. It is a measure between 0 and 1, where the smaller the number, the less selective they are, while the closer to 1, the more selective they are.

To test H4 and H5, we use social media appropriation as our dependent variable for our regression tests. With H4, our independent variable was social media selectivity, and for H5, social media usage was our independent variable.

RESULTS

To test our hypotheses, we decided to use a series of regression tests. This is recognised as a valid approach to simple model-testing [17]. It is also the most popular approach for econometrics-based system-level studies of crowdfunding, meaning results can arguably be compared more easily. Further, a covariance-based approach such as AMOS or LISREL may have struggled with the modest sample size and formative measures. The third option was a component-based PLS modelling approach but the absence of reflective measures means the benefits are not obvious – especially given recent debate on the potential for false positives when PLS is applied too casually [23].

To test our first 3 hypotheses, we ran all three factors side by side against the dependent variable of Funding. These results can be seen in Table 1. All posts were collected between two

dates; the incorporation date, and the date funding was finished on Crowdcube.

Factor	Measure	Beta
Social Media Usage	Total Facebook Posts + Total Tweets & Replies	0.238*
Social Media Appropriation	(Number of Facebook Likes + Shares + Number of Twitter Favourites + Retweets) / Total number of posts.	0.208*
Social Media Selectivity	(Maximum number of posts – Minimum number of posts) / Total number of posts.	0.081
*p < 0.05, **p < 0.01, ***p < 0.001		

Table 1. Regression output for our first 3 hypotheses.

This test had an R² of 0.118, and an adjusted R² of 0.88. Social media usage is positively related to the funding, with a beta of 0.238*. Thus, the result provides support for hypothesis 1. Hypothesis 2 was also supported with a beta of 0.208*. Thus, the result showed that social media appropriation is positively statistically related to funding. Social media selectivity is positively related to the funding but is not significant, with a p level greater than 0.05. Thus, the result did not provide support for hypothesis 3.

To test our other 2 hypotheses, we used social media appropriation as our dependent variable, and ran single regression tests against both social media selectivity and social media usage. The results of these tests can be seen in Table 2.

Factor	Measure	R ²
Social Media Selectivity	(Maximum number of posts – Minimum number of posts) / Total number of posts.	.072**
Social Media Usage	Total Facebook Posts + Total Tweets & Replies	.028
*p < 0.05, **p < 0.01, ***p < 0.001		

Table 2. Regression output for our last 2 hypotheses.

The social media selectivity is positively statistically related to the social media appropriation, with an R² of .072**, and an adjusted R² of 0.062**. This test shows provides support for hypothesis 4. Hypothesis 5 came out with an R² of 0.028, and an adjusted R² of 0.018. This test rejected the hypothesis, showing that there was no significance and relationship between social media usage and social media appropriation.

DISCUSSION AND CONCLUSION

In our first hypothesis, we focused on a company's use of social media, and how often they communicate with potential investors. Our study supported this hypothesis that the more a company posts to social media, such as Facebook or Twitter, the greater their proportion of funding will be for a crowdfunding campaign. From an identity point of view, we employed the view that companies that regularly communicate and interact with external parties via social media offers the crowd an opportunity to get to know what the company is about [32]. This result suggests campaigns that post more, are better conveying their identities across to the crowd of potential investors.

In our second hypothesis, we looked at social media appropriation and how it could impact the funding of a campaign. The results supported our hypothesis, showing that the number of 'Likes' and 'Shares' on Facebook, and the number of 'Favourites' and 'Retweets' on Twitter do have a positive impact on the funding a crowdfunding campaign receives. This supports previous SIT research that highly engaging social media campaigns are likely to generate commitment on part of the consumer [24]. This suggests that it is not just about the amount of posts, but the responses and engagement are also important.

Our third hypothesis dealt with social media selectivity, and its impact on funding. We employed the view that a user's preference for choosing a social media, such as Facebook over Twitter, is related to the user's personality [27], and as a result, companies use different platforms depending on their target market [35]. Our study rejected this hypothesis, suggested that the selective use of social media does not impact on the overall funding of a crowdfunding campaign.

The fourth hypothesis was focused on how social media selectivity could positively impact on social media appropriation. Our results supported this hypothesis by showing that as the social media selectivity increased, so did the level of social media appropriation. This builds upon SIT

theory that giving preference to one group over others will make that group feel more empowered [11]. It also uses the identity theory that companies can help individual stakeholders to accumulate bonds by interacting frequently and making affiliations [12]. This was the most interesting result out of all of the others, as we saw that social media selectivity did not have a direct impact on funding. Selectivity is important because it has a positive impact on social media appropriation, meaning a subtle and indirect impact on funding.

Our fifth and final hypothesis dealt with social media usage, and its impact on social media appropriation. We hypothesised that there would be a relationship between these two variables; however, this was rejected by our findings. Our results suggested that social media does not have any impact on social media appropriation. What this shows is that a large number of posts to Facebook or Twitter does not mean you will get a response from the crowd. In relation to SIT, we argue that for there to be a link between these, those posts need to identify with the potential investors, in order for them to engage and respond.

This study has discussed crowdfunding, and the emergence of equity crowdfunding as an alternative form of investment, as opposed to traditional financing. We developed a research model that builds on social identity theory, to link social media activities to the funding of a crowdfunding campaign. To do this, we gathered data from Crowdcube, an established UK-based investment platform for equity crowdfunding.

From this study, we contribute to SIT by applying it to how investors act, and what makes them invest in campaigns. It builds upon other studies that use SIT to explain crowdfunding and crowd behaviours [29, 15, 38]. We take this further and show that social media activities can have an impact on funding for a crowdfunding campaign. Fundraisers will note that social identity is important in why a crowdfunding campaign can succeed or fail.

This study also presents a model of certain variables that can predict how well a campaign will do, in terms of funding. Similar to other crowdfunding research, [21, 33] the model described here will also be able to help the fundraiser run a more successful campaign. It tells the fundraiser how important social media is in order to run a successful campaign.

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