Persuading Investors: A Video-Based Study

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04.23.2024

1 Research questions

How is the persuasiveness of the delivery features in a startup pitch important to investors?

2 Why are the research questions interesting?

• More investment decisions are made after persuasive communication.
• Delivery in persuasive communications have a larger impact on the outcome than content.
• Empirical research on the delivery of non content features is still scarce.
- Difficulties: (1) Lack of real-world setting of persuading investors;
(2) Lack of a mechanism to quantify delivery features (visual, auditory, and verbal dimensions)

3 What is the paper's contribution?

(1) **Literature that focuses on persuasion models**
Previous literature: Using persuasive features(content, framing) as signals transmitted to the receivers.
This paper: Considering *delivery features* as a new dimension of signals applying to persuasion model.

(2) **Literature uses ML-based algorithms to code static images**
Previous literature: Using unstructured data and ML algorithms to measure verbal content, vocal content and static image. (*Peng et al (2018)*)
This paper: Improvements that allow for dynamic feature aggregation using complete video data.

(3) **Literature on persuading investors**
Previous literature: Focusing on how firms and analysts persuade investors through earnings announcements. (*DellaVigna et al (2010)*)
This paper: Proposing a unique setting where interpersonal persuasion is especially important for financial investment decisions.

4 What hypotheses are tested in the paper?

H1: Positive pitch features help startup teams gain more funding.
H2: Fervidly pitch features help investors reach better decisions with funding.

a) Do these hypotheses follow from and answer the research questions?
• Yes
b) Do these hypotheses follow from theory or are they otherwise adequately developed?
• A passionate pitch may guide investors to fund startups that not merit funding, implying a bias.
• Visual, audio, and verbal channels(pitch features) are important for investment decisions in persuasion.
• Persuasion delivery affects startups in a direction consistent with gender stereotyping and inequality.
• Persuading delivery mainly works by leading investors to form inaccurate beliefs.

5 Sample: comment on the appropriateness of sample selection procedures.

The article uses a non-laboratory, real-world environment to persuade investors, which is objective, authentic, and effective. But the sample period$(2010 - 2019)$ may be a bit short.

6 Dependent and independent variables: comment on the appropriateness.

Can more features be added to the main dependent variable pitch factor(such as eye movements)?
The selection of control variables for the two regressions in the article is relatively cautious.

7 Regression model specification: comment on the appropriateness.

The paper utilizes ML algorithms to quantify features in the visual, audio, verbal dimensions.
The basic linear factor regression specification demonstrates clear relationships between variables.

8 What difficulties arise in drawing inferences from the empirical work?

In the visual part, although excluding neutral facial emotions solves the problem of col-linearity, it also reduces the original visual measurement dimensions and makes them less objective.

9 Describe at least one publishable and feasible extension of this research.

The three-V-dimension method used in the article can be extended to capture more behaviors, such as gestures, speech fluency, etc.

References

[1] Peng, Yilang, 2018, Same candidates, different faces: Uncovering media bias in visual portrayals of presidential candidates with computer vision, Journal of Communication 68, 920–941.

[2] DellaVigna, Stefano, and Matthew Gentzkow, 2010, Persuasion: Empirical evidence, Annual Review of Economics 2, 643–669.