# Summary of *Persuading Investors: A Video-Based Study*

*Allen Hu, Song Ma(Working paper, 2021)*

2024.04.23 Yanrui Zhou

1. **What are the research questions?**
   - Whether and how can delivery features in satrt-up pitches affect the decisions of investors? Can investors benefit from positive pitches which they funded?

2. **Why are the research questions interesting?**
   - Prior studies mainly focused on the content of communication, however the delivery which is scarcely researched also matters for investors' decisions;
   - Past studies can't quantify the persuasiveness and decisions well while this paper captures the deliveries using ML under a setting of real-world.

3. **What is the paper's contribution?**
   - This article contributes to literature that researches persuasive communications and subsequent economic decisions.
     - **Past studies:** focus on content; use lab setting while studying delivery(Stigler, 1961;...).
     - **Expand:** focus on delivery and use ML algorithms to quantify features of persuasion delivery under a setting of non-lab.
   - This article complements the studies using unstructured data and ML in economic research.
     - **Past studies:** focus on unstructured data and ML such as text, voice, static images(Boxell,2018;...).
     - **Expand:** use ML-inferred dynamic features of pitch videos and aggregate them into an overall variable.
   - This article contributes to the literature about persuasion.
     - **Past studies:** most empirical literature of persuasion focuses on marketing and advertising(DellaVigna and Gentzkow,2010;...).
     - **Expand:** present a unique setting in which interpersonal persuasion is particularly important for investment decisions.

4. **What hypotheses are tested in the paper?**
   - H1: More positive startup pitches are more likely to obtain funding;
   - H2: Positive pitch videos can help investors make better decisions;
   - H3: Persuasion delivery features influence investors' decisions mainly through inaccurate beliefs channels rather than preference-based channels.

   (a) these hypotheses answer the research questions in different ways;

   (b) H1 studies the phenomenon, H2 furtherly studies the whether investors can benefit from it while H3 research from the aspect of economical mechanism.

5. **Sample: comment on the appropriateness of the sample selection procedures.**
   - this article selects the pitch videos and startups' information spans from 2010 to 2019, but I think it's better if this research can use a longer window.

6. **Comment on the appropriateness of variable definition and measurement.**
   - Dependent variable: **I(Invested)** is the key dependent variable that equals 1 while the startup was chosen by the accelerator and 0 otherwise. Since the contract grants a fixed amount of investment, it's reasonable, but we can't deny that this variable is not able to reflect the exact amount of investment.

- Independent variable: **the Pitch Factor** is constructed from detailed features to capture the level of positivity, but it can't reflect the causal impact from different dimensions and tell us which feature is more vital while giving a pitch.

7. **Comment on the appropriateness of the regress/predict model specification.**
   - the main model is $I(Invested)_{ijt} = \alpha + \beta \cdot X_{it} + \delta_j + \varepsilon_{ijt}$ in which all pitch features are standardized and accelerator fixed effects are controlled.Standard errors are clustered at the accelerator-year level. The setting is appropriate and exact.

8. **What difficulties arise in drawing inferences from the empirical work?**
   - since the dependent variable I is not specified well, the research can't persuade me to fully believe the result that "better pitch, more funding". It can only show that these feathers can enhance the probability of getting funds. By the way, the number of observations in this research is 1,139, which is not enough to get a robust inferences.

9. **Describe at least one publishable and feasible extension of this research.**
   - this paper can combine the research between content and delivery, and study two questions:
     - which channel is more important;
     - whether a more positive delivery can help the same content be incorporated by the investors better.