Research Question
• Do visuals increase attention, improve processing of earnings news?
• Are managerial choice on visuals to inform or opportunistic?

Research Motivation
• 1998 SEC’s handbook mentions the importance of Graphics in creating clearer and more informative documents: “Graphics are instruments for reasoning about quantitative information.” & “Often the most effective way to describe, explore, and summarize a set of numbers—even a very large set—is to look at pictures of those numbers” (Tufte 1983).

Visuals and Attention to Earnings News on Twitter
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Research Question

Data and Sample
• Earnings messages tweeted by S&P 1500 Index firms from June 2011 to February 2018.
• Analyst forecast, financial and return data from I/B/E/S, Compustat, and CRSP.

Hypotheses & Research Design
• H1a: Attention of firm followers is higher when earnings news is disseminated on Twitter using visuals than without visuals.
• Channel 1: Direct Attention Effect. The attention of firm followers to an earnings-related message is greater when that message contains visuals (H1a)
• Channel 2: Attention Spillover Effect. The attention of firm followers to an earnings-related message is greater when other earnings-related messages sent by the firm contain visuals (H1c)

Cross-sectional Tests
• Visual attention effect is concentrated on days when investors face many competing announcements.
• Visual attention effect is concentrated among earnings announcements with greater interest to individual investors.
• Visual attention effect is concentrated on when the number of retweets of earnings messages is high.

Determinants of the Use of Visuals
• Good but temporary earnings news. Firms attempt to attract attention when the firm has
  ➢ good news (beat analyst consensus).
  ➢ but temporary (lower earnings persistence and lower sales growth persistence).
  ➢ “Make hay while the sun shines”.

Key Takeaway
• Visuals can be a double-edged sword. While visuals can help increase investor engagement with financial disclosures, as desired by the S.E.C. in its Plain Writing Initiative, they can also reduce the informational efficiency of the capital markets because of managerial agency incentives.

Main Findings
• Investors’ attention to the earnings news is significantly higher when the firm uses visuals, as indicated by higher number of retweets and likes. (H1)

Consequences of the use of visuals: higher initial investor reactions (ERC) and lower post-announcement reactions (PEAD). (H2)

Visuals in Earnings News Tweets (Examples)
• Charts, figures, graphs:
  ◦ Net sales, organic sales growth, earnings per share, free cash flow
  $7.88 +3.5% $2.58 85%

• Photos (e.g., CEO face):
  "Newport executed well in Q2 with sales of $153.0M representing 14.2% year-over-year growth."