How Do Disclosure Repetition and Interactivity Influence Investors' Judgments?

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Compliance with the *Journal of Accounting Research* data policy

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Item 1. Data Handling
Data handling and analyses were conducted by Brian Gale and Stephanie Grant.

The hand collection and review of financial statement disclosures by a randomly-selected set of S&P 500 firms were conducted by Nerissa Brown.

Item 2. Generation of the Data
See the article for a detailed description of the procedures used to generate the data. Experiment 1 reported in the paper was run in April 2019. Participants are 165 graduate and senior undergraduate business students. Participants in Experiment 1 completed the experiment via a web-administered instrument in computer lab sessions. Experiment 2 reported in the paper was run in October 2020. Participants are 126 Amazon Mechanical Turk workers. Participants in Experiment 2 completed the experiment via a web-administered instrument on their own time. The data were processed in Microsoft Excel and statistically analyzed using SPSS version 26. The instruments are included with the submission.

For the financial statement disclosure analysis, a random sample of twenty-five (25) S&P 500 firms were selected from a full sample of the S&P 500 (identified in Compustat) as of August 2020. The 10-K filings for these 25 firms were downloaded directly from SEC EDGAR, available at www.sec.gov.

Brian Gale and Stephanie Grant vouch for the stated sources of the raw experimental data. Nerissa Brown vouches for the stated sources of the financial statement disclosure data.

Item 3. Proprietary Nature of Data
Not applicable.

Item 4. Steps Necessary to Collect and Process Data
See section 3 of the article for a detailed description of the steps necessary to collect and process the data. The experimental materials for the experiments are provided as a separate file. The file name is "BGG Research Materials" and is available to download as an online appendix on JAR's web site.

Item 5. Code Used to Conduct Primary Analyses
The code to convert the raw data into the final dataset and conduct the primary analyses is available at the end of this document.

Item 6. Maintenance of Data and Programs
The authors assure that the data and programs will be maintained for at least six years, consistent with National Science Foundation guidelines.

Item 5. Code Used to Conduct Primary Analyses

Variable Definitions

Independent Variables (all Experiments)
repetit: -1 for the *low repetition* condition and 1 for the *high repetition* condition

interact: -1 for the *low interactivity* condition and 1 for the *high interactivity* condition

Dependent and Process Variables

Experiment 1
Occ_exp_abs_percent: our measure of processing of repeated information. The variable is the magnitude of participants' adjustments to FreshHouse's occupancy expenses when calculating occupancy efficiency (i.e., occupancy expenses / revenue), scaled by the amount of the one-time decrease to occupancy expenses (i.e., $20 million). Our dependent variable takes a value from 0 to 1, with 1 indicating a larger adjustment, and thus, greater processing of the repeated information.

Food_exp_abs_percent: our measure of processing of non-repeated information. The variable is the magnitude of participants' adjustments to FreshHouse's food expenses when calculating food efficiency (i.e., food expenses / revenue), scaled by the amount of the one-time decrease to food expenses (i.e., $25 million). Our dependent variable takes a value from 0 to 1, with 1 indicating a larger adjustment, and thus, greater processing of the non-repeated information.

Stock_val: participants' responses to the following question using a 101-point scale with endpoints 0 ("Much lower") and 100 ("Much higher"), and a midpoint of 50 ("Same as average firm"). "What is an appropriate common stock valuation for FreshHouse relative to an average firm in the industry?"

Proc_AdjBoth_percent: our measure of investors' *combined* processing of both repeated and non-repeated information. We measure combined processing by examining participants' adjustments for *both* transitory items. We calculate our dependent variable by adding participants' scaled adjustments for both the firm's occupancy and food expenses. Our combined processing dependent variable takes a value from 0 to 2, with 2 indicating larger adjustments, and thus, greater processing of both the repeated and non-repeated information.

Experiment 2
Revenue_Abs_Percent: our measure of investors' processing of non-repeated information. The variable is the magnitude of participants' adjustments to revenue, scaled by the amount of the one-time increase to revenue (i.e., $120 million). Our dependent variable takes a value from 0 to 1, with 1 indicating a larger adjustment, and thus, greater processing of the non-repeated information.

Stock_val: participants' responses to the following question using a 101-point scale with endpoints 0 ("Very low") and 100 ("Very high"). "What is an appropriate common stock valuation for FreshHouse?"

Data Analyses

Table 1, Experiment 1

We used a 2 × 2 analysis of variance (ANOVA) to test the effect of our independent variables, *repetit* and *interact*, on our dependent variable, *Occ_exp_abs_percent*. The following SPSS syntax generated results reported in Table 1.

```
*Table 1, Panel A
DATASET ACTIVATE DataSet1.
MEANS TABLES=Occ_exp_abs_percent BY Condition
  /CELLS=MEAN STDDEV COUNT.

*Table 1, Panel B
UNIANOVA Occ_exp_abs_percent BY Repetit Interact
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /CRITERIA=ALPHA(0.05)
  /DESIGN=Repetit Interact Repetit*Interact.

*Table 1, Panel C
SORT CASES  BY Repetit.
SPLIT FILE SEPARATE BY Repetit.

T-TEST GROUPS=Interact(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Occ_exp_abs_percent
  /CRITERIA=CI(.95).
SORT CASES  BY Interact.
SPLIT FILE SEPARATE BY Interact.
T-TEST GROUPS=Repetit(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Occ_exp_abs_percent
  /CRITERIA=CI(.95).
```

Table 2, Experiment 1

We used a 2 × 2 analysis of variance (ANOVA) to test the effect of our independent variables, *repetit* and *interact*, on our dependent variable, *Food_exp_abs_percent*. The following SPSS syntax generated results reported in Table 2.

```
*Table 2, Panel A
SPLIT FILE OFF.

DATASET ACTIVATE DataSet1.
MEANS TABLES=Food_exp_abs_percent BY Condition
  /CELLS=MEAN STDDEV COUNT.

*Table 2, Panel B
UNIANOVA Food_exp_abs_percent BY Repetit Interact
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /CRITERIA=ALPHA(0.05)
  /DESIGN=Repetit Interact Repetit*Interact.
```

```
*Table 2, Panel C
SORT CASES  BY Repetit.
SPLIT FILE SEPARATE BY Repetit.

T-TEST GROUPS=Interact(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Food_exp_abs_percent
  /CRITERIA=CI(.95).

SORT CASES  BY Interact.
SPLIT FILE SEPARATE BY Interact.

T-TEST GROUPS=Repetit(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Food_exp_abs_percent
  /CRITERIA=CI(.95).
```

Table 3, Experiment 1

We used a 2 × 2 analysis of variance (ANOVA) to test the effect of our independent variables, *repetit* and *interact*, on our dependent variable, *Stock_val*. The following SPSS syntax generated results reported in Table 3.

```
*Table 3, Panel A
SPLIT FILE OFF.

DATASET ACTIVATE DataSet1.
MEANS TABLES=Stock_val BY Condition
  /CELLS=MEAN STDDEV COUNT.

*Table 3, Panel B
UNIANOVA Stock_val BY Repetit Interact
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /CRITERIA=ALPHA(0.05)
  /DESIGN=Repetit Interact Repetit*Interact.

*Table 3, Panel C
SORT CASES  BY Repetit.
SPLIT FILE SEPARATE BY Repetit.

T-TEST GROUPS=Interact(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Stock_val
  /CRITERIA=CI(.95).

SORT CASES  BY Interact.
SPLIT FILE SEPARATE BY Interact.

T-TEST GROUPS=Repetit(-1 1)
  /MISSING=ANALYSIS
```

```
  /VARIABLES=Stock_val
  /CRITERIA=CI(.95).
```

Table 4, Experiment 1

We used a 2 × 2 analysis of variance (ANOVA) to test the effect of our independent variables, *repetit* and *interact*, on our dependent variable, *Proc_AdjBoth_percent*. The following SPSS syntax generated results reported in Table 4.

```
*Table 4, Panel A
SPLIT FILE OFF.

DATASET ACTIVATE DataSet1.
MEANS TABLES=Proc_AdjBoth_percent BY Condition
  /CELLS=MEAN STDDEV COUNT.

*Table 4, Panel B
UNIANOVA Proc_AdjBoth_percent BY Repetit Interact
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /CRITERIA=ALPHA(0.05)
  /DESIGN=Repetit Interact Repetit*Interact.

*Table 4, Panel C
SORT CASES  BY Repetit.
SPLIT FILE SEPARATE BY Repetit.

T-TEST GROUPS=Interact(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Proc_AdjBoth_percent
  /CRITERIA=CI(.95).

SORT CASES  BY Interact.
SPLIT FILE SEPARATE BY Interact.

T-TEST GROUPS=Repetit(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Proc_AdjBoth_percent
  /CRITERIA=CI(.95)
```

Table 5, Experiment 2

We used a 2 × 2 analysis of variance (ANOVA) to test the effect of our independent variables, *repetit* and *interact*, on our dependent variable, *Revenue_Abs_Percent*. The following SPSS syntax generated results reported in Table 5.

```
*Table 5, Panel A
DATASET ACTIVATE DataSet2.
MEANS TABLES=Revenue_Abs_Percent BY Condition
  /CELLS=MEAN STDDEV COUNT.
```

```
*Table 5, Panel B
UNIANOVA Revenue_Abs_Percent BY Repetit Interact
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /CRITERIA=ALPHA(0.05)
  /DESIGN=Repetit Interact Repetit*Interact.

*Table 5, Panel C
SORT CASES  BY Repetit.
SPLIT FILE SEPARATE BY Repetit.

T-TEST GROUPS=Interact(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Revenue_Abs_Percent
  /CRITERIA=CI(.95).

SORT CASES  BY Interact.
SPLIT FILE SEPARATE BY Interact.

T-TEST GROUPS=Repetit(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Revenue_Abs_Percent
  /CRITERIA=CI(.95).
```

Table 6, Experiment 2

We used a 2 × 2 analysis of variance (ANOVA) to test the effect of our independent variables, *repetit* and *interact*, on our dependent variable, *Stock_val*. The following SPSS syntax generated results reported in Table 6.

```
*Table 6, Panel A
SPLIT FILE OFF.

MEANS TABLES=Stock_val BY Condition
  /CELLS=MEAN STDDEV COUNT.

*Table 6, Panel B
UNIANOVA Stock_val BY Repetit Interact
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /CRITERIA=ALPHA(0.05)
  /DESIGN=Repetit Interact Repetit*Interact.

*Table 6, Panel C
SORT CASES  BY Repetit.
SPLIT FILE SEPARATE BY Repetit.

T-TEST GROUPS=Interact(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Stock_val
  /ES DISPLAY(TRUE)
```

```
  /CRITERIA=CI(.95).

SORT CASES  BY Interact.
SPLIT FILE SEPARATE BY Interact.

T-TEST GROUPS=Repetit(-1 1)
  /MISSING=ANALYSIS
  /VARIABLES=Stock_val
  /ES DISPLAY(TRUE)
  /CRITERIA=CI(.95).
```