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By *Lora Dimitrova* and *Margaret Fong*

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Executive Visibility in SPACs:
A Worthwhile Investment or a Futile Pursuit?[*]

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Abstract

We introduce a novel measure of executive visibility and demonstrate its influence in attracting retail investors to Special Purpose Acquisition Companies (SPACs). Visible executives raise larger SPACs in less time and garner greater investor interest at merger announcement compared to those less visible. Retail investors actively trade based on executive visibility, perceiving it as a signal of SPAC quality. Their decisions are guided by institutional investors who, benefiting from early access to SPACs and leveraging the biases of retail investors, sell their shares to their less sophisticated counterparts, thereby securing a well-timed exit prior to merger completion.

Keywords: Executives, Visibility, Reputation, SPACs.

JEL Classification Numbers: D83, G19, G34, M12.

Please visit link to Internet Appendix

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The leader who isn't seen – or heard – can't be followed.

Stern Strategy Group, 2022

Technological advances in the field of investing, including easier access to information, real-time trading platforms, zero-commission trading, and live performance data, have driven greater participation by retail investors in the market (Grennan and Michaely, 2021; Farrell et al., 2022). However, the increased use of technology in how financial products are offered to retail investors and how retail investors interact with financial firms have introduced potential risks to the protection of these investors (Barber and Odean, 2001). In the words of Gary Gensler, Chairman of the US Securities and Exchange Commission (SEC): "Through new technologies, investors – who at the time might not even be seeking advice – may be getting nudged toward those 'gummy bears'", symbolizing investors purchasing products they may not need, enticed by financial firms' utilization of behavioral psychology to trigger investors' impulses.[1]

Retail investors are now exposed to various online tools like behavioral prompts, targeted marketing, chatbots, and other design features aimed at engaging them on digital platforms (Chawla et al., 2021; Barber et al., 2022; Cookson, Engelberg, and Mullins, 2023). Digital Engagement Practices (DEPs) can potentially foster conflicts between retail investors and financial institutions, and the SEC has recently raised a call for their examination, worrying such practices could encourage investors to buy different products, trade more frequently, or alter their investment strategies (Han, Hirshleifer, and Walden, 2022).[2] This article studies whether retail investors respond to Special Purpose Acquisition Company (SPAC) executives' use of targeted marketing to increase the visibility of their digital public profiles. Our research question is motivated by the inherent susceptibility of SPACs to marketing practices, which we describe further below, and by the puzzling behavior of the retail investors who continue to invest in SPACs despite years of evidence pointing to suboptimal returns for this specific group of investors (Jenkinson and Sousa, 2011; Klausner, Ohlrogge, and Ruan, 2022; Gahng, Ritter, and Zhang, 2023).

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[1] See Securities and Exchange Commission (2022).

[2] In August 2021, the SEC issued a request for information concerning the use of DEPs and related technologies by brokers and registered investment advisors (Securities and Exchange Commission, 2021b).

SPACs are investment vehicles that do not offer a product/service and have no operating history, but raise money from public investors with the promise of a future acquisition of an unidentified target using the proceeds of the Initial Public Offering (IPO). The lack of operating business and history, and the speculative nature of an unspecified future acquisition, create a situation of limited fundamental information, where investors may rely more on rumour and marketing (CFA Institute, 2022). The SEC has issued multiple press releases on the subject, including one warning retail investors against purchasing SPACs based solely on information received through social media and other digital platforms.[3]

Meanwhile, SPAC executives are strongly incentivized to market themselves to visibility. SPAC investors essentially base their investment decisions on their evaluation of the executive team. This is because, at the IPO, SPAC executives must sell an essentially empty company to public investors. Even after an acquisition target is announced, they must ensure that there are enough investors willing to buy shares in a recently-private company of "unknown and unproven liquidity" under threat of delisting from the stock exchange if unsuccessful (Rodrigues and Stegemoller, 2021). Furthermore, SPAC executives are compensated for their ability to attract investors. This includes raising a significant amount of money at IPO, as their compensation is directly proportional to this amount, and securing shareholder approval and minimizing shareholder redemptions for a proposed acquisition, as they are compensated only if they successfully complete a deal within a limited time frame.[4]

Why might retail investors respond to executive visibility? While executive visibility is likely an imperfect proxy for investment quality, investors turn to this type of "soft information" when the availability of "hard information" is limited (Liberti and Peterson, 2019). For instance, Catalini and Hui (2019) show that online investors in early stage capital put more weight on information about financial intermediaries' social networks rather than past performance. In the securities crowdfunding market, investors respond more to soft information about the issuer, proxied by social media following, than to hard information about the issuer's financial condition (Ivanov and Knyazeva, 2017).

Investors may turn to executive visibility, but it is not without its pitfalls. Firstly, such

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[3]Securities and Exchange Commission (2021a)

[4]Prior studies have shown that executives can effectively influence their media visibility through the strategic design of firm press releases (Blankespoor and deHaan, 2020), and that they benefit from media visibility in terms of compensation and outside opportunities (Rajgopal, Shevlin, and Zamora, 2006; Malmendier and Tate, 2009; Falato, Li, and Milbourn, 2015; Kang and Kim, 2017).

visibility may not necessarily provide new insights into the underlying investment opportunity. Secondly, SPAC executives might manipulate this signal to the detriment of investors, particularly when strongly incentivized and able to do so at a low cost[5]. Lastly, the interpretation of soft information hinges on the context of its collection and the collector (Liberti and Peterson, 2019). Investors might mistakenly perceive executive visibility as indicative of investment quality, influenced by transmission noise or receiver beliefs (Akçay and Hirshleifer, 2021). Retail investors, prone to behavioral biases, may further introduce transmission bias due to their imperfect rationality. Without adequate hard information, they might assess the probability of success based on representativeness, deeming SPACs led by visible executives as more likely to succeed (Tversky and Kahneman, 1974).

We construct a novel metric of executive visibility. Our objective is to estimate the extent to which an individual executive can be observed by prospective investors, including retail investors who may rely solely on web-based information. Our measure of executive visibility includes: (i) *Press coverage*, capturing whether the executive falls in the top quintile of news coverage, online or otherwise, relative to the other executives in the sample; (ii) *Online prominence*, indicating whether the executive appears in a Google "Knowledge Panel" (GKP) or has a dedicated Wikipedia article; and (iii) *Social media*, indicating whether the executive possesses a Twitter account, or a LinkedIn account with 500 or more connections.[6]

Press coverage captures the degree to which a SPAC executive can be seen by investors, i.e., is visible, in the press (Tetlock, 2007). We capture press coverage in a wide range of outlets, and do not distinguish good from bad press coverage, as any publicity is related to visibility (Milbourn, 2003). Because a successful SPAC IPO could raise the public profile of the executive and we wish to examine the reverse, we measure *Press coverage* over the 12-month window ending before the IPO date. The results are robust to using (top) quartile(s), quintile(s), decile(s), and continuous measures of *Press coverage*.

Google Search and Wikipedia have been used in the prior literature as proxies for retail investor attention (Da, Engelberg, and Gao, 2011; Boulton et al., 2021).[7] We use the GKP, an

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[5]This is especially relevant in an era where the size of an online social network symbolizes status and popularity, with users capable of artificially inflating their networks (Donath and Boyd, 2004; Boyd, 2006; Slotnick, 2007).

[6]We use this cut-off as LinkedIn does not display the number of connections greater than 500, instead simply listing it as "500+". To examine the sensitivity of our findings to the choices made in measuring executive visibility, we examine alternative measures in Appendix A. The results are generally robust to these alternative measures.

[7]Google Search's Google Trends tool compares search activity of a certain search term across time, but cannot be used to compare across different SPAC executives, as we require in our setting.

automatically generated information box that appears upon a search in Google for topics that are indexed by Google, appearing only if the person, brand, or other search topic has enough authority. To ensure the objectivity of our *Online prominence* variable, we use Wikipedia article histories and select only articles that were created prior to the SPAC IPO date. Information limitations prevent us to do the same for the GKP.

We measure the social media visibility of our executives on LinkedIn and Twitter. These two platforms have been actively adopted by executives, and anecdotal evidence suggests they are used as sources of information, and even as channels of communication between SPAC executives and retail investors. Twitter provides the month during which the account was opened, and we use this to keep only the accounts that were created prior to the SPAC IPO date. We also examine the sensitivity of our *Social media* variable to using the count of LinkedIn followers (rather than connections), the size of Twitter following, and other variations of the variable.

We observe that our measure of executive visibility is significantly positively correlated with the amount of money raised at the time of the SPAC IPO and negatively correlated with the time it takes the SPAC to successfully complete an IPO. Specifically, we find that the most visible SPAC executives are able to raise approximately 58 percent more IPO funds, and take 30.2 percent (9 days) less time to do so, relative to the least visible executives, where the average SPAC raises \$243 million in about 30 days. We also find that SPACs with higher visibility executives are able to attract more investors at the acquisition announcement; a one-standard-deviation increase in the executive's visibility leads to a 2.8 percent increase in the two-day cumulative abnormal return (CAR) around the acquisition announcement, representing 21.1 percent of the sample standard deviation of CAR. This initial evidence suggests that investors, on average, perceive executive visibility favorably.

Our main analysis examines the trading behavior of retail investors between the SPAC's acquisition announcement to the deal's completion, known as the "de-SPAC" period, as there is little trading activity before the beginning of this period, but a nearly 100 percent turnover in share ownership from the original IPO investors by the end (Klausner, Ohlrogge, and Ruan, 2022). Our findings suggest that executive visibility is positively related to the trading behavior of retail investors, as measured by volume and trade order imbalances. A one-standard-deviation increase in SPAC executive visibility leads to an increase of 25.7 percent (28.6 percent) of the sample standard deviation of retail investors' volume (trade) imbalances. In contrast, we do not find a significant relation between executive visibility and institutional trading, possibly because

these large investors are more sophisticated and do not see executive visibility as a source of information. Nevertheless, when we study trading across time, we find that at least initially – during the first 60 days after the acquisition announcement – there is a positive relationship between executive visibility and institutional trading in SPACs.

We propose one potential mechanism to explain the trading behavior of retail investors and provide evidence in support of it. We conjecture that retail investors wrongly perceive SPAC executive visibility as a signal for the true quality of the SPAC investment. Institutional investors take advantage of retail investors' biases by purchasing early (at the IPO and soon after the merger announcement) SPACs with the most visible executives. When retail investors begin trading in the SPAC during the de-SPAC period, institutional investors ultimately have an exit strategy in selling their shares to their less sophisticated counterparts prior to merger completion. A change to the SPAC contract in 2017 likely intensified this phenomenon. This change now allows institutional investors, who hold the bulk of SPAC IPO shares, to simultaneously vote in approval of the merger and redeem their shares, leaving retail investors more vulnerable than before (Hu and Black, 2006; Rodrigues and Stegemoller, 2021; Spamann, 2022).[8] In support of this hypothesis, we find that institutional sentiment leads retail sentiment in time, but not the reverse.

An alternative channel behind our results is that our measure of executive visibility captures the unobservable ability of the executive. Notably, in our analyses, we control for observable executive characteristics that prior literature has demonstrated to be correlated with executive ability and performance. These characteristics include age, education, experience, and the degree of connectivity to other professionals. Our findings suggest that visibility captures an executive trait above and beyond what is measured by these proxies for ability. We also examine long-term SPAC performance. If our results can be explained by executive visibility capturing executive ability, we would expect executive ability to create lasting value. We find that, while the long-term returns of SPACs are significantly positively correlated with some proxies for ability, including a measure of executive ability proposed by Klausner, Ohlrogge, and Ruan (2022), no significant relation exists with our measure of visibility.

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[8]The bulk of SPAC IPO shares are sold to institutions, who obtain this early access often with preferential redemption rights. The 2017 change to the SPAC structure means that SPAC IPO investors, overwhelmingly institutions, are now able to simultaneously vote in approval of the merger and redeem the shares, while keeping the warrants attached to the shares. This has led to an empty voting problem, and the retail investors who are unaware of its existence are left vulnerable to it (Rodrigues and Stegemoller, 2021).

In support of our arguments, we also perform subsample tests and illustrate that, contrary to the argument that our measure of executive visibility captures ability, our results are significant for the subsamples of low-quality SPAC executives, low-profitability targets, and high-SPAC-attention periods. These results suggest that individual investors respond more strongly to executive visibility when there is greater uncertainty about the executive's abilities and the target's quality, and when they are actively searching about SPACs on the Internet. These findings are more consistent with an irrational, rather than rational, explanation. In summary, we do not find support that executive visibility is a proxy for executive ability. However, as ability is unobservable, we cannot completely eliminate this channel.

We examine several other alternative channels that potentially explain our results. These involve retail investors buying SPACs because of the popularity of the target industry, the popularity of the target, executives' prior SPAC success, and celebrity endorsement of the SPAC. Contrary to the first two proposed hypotheses, we find that the relationship between executive visibility and retail trading only holds for the subsamples of less popular industries and less popular targets. We test the possibility that investors respond to executives' prior SPAC success and do not find support for this hypothesis. We also examine whether the SPACs in our sample are endorsed or promoted by celebrities, as this could attract investors to SPACs regardless of executive visibility. We find no celebrity involvement in our sample, potentially because this trend began later.

Our findings are robust to a wide array of measurement choices and controls. Notably, we find that the relationship between executive visibility and trading by retail investors remains significant when we use alternative variations of our proxy for executive visibility, including a continuous measure. The results are robust to alternative measures of executive education and network size (i.e., the extent of professional connectivity), as well as two alternative time-varying measures of overall SPAC popularity. We also find that introducing additional control variables – for executives' prior experiences, backing by a bank, underwriter or private equity firm, and underwriters' incentives – do not change our finding that retail investors trade on executive visibility.

This paper makes three contributions. First, our paper adds to the growing literature on SPACs. Our main contribution is to offer a potential explanation of why SPACs attract investors, despite their opaqueness concerning fundamentals and investment prospects, and their overall underperformance over the years. Our finding – that retail investors respond to

tech-savvy executives' use of DEPs – may be a factor in retail investors' sustained interest in SPACs. This interest has persisted in the face of consistent evidence that SPACs generally represent a "poor deal" for retail investors.[9] Furthermore, we contribute to the literature on conflicts within SPAC contracts.[10] While the conflicts that are most discussed in the regulatory discourse are those between retail investors and SPAC executives, our paper raises the point that they also exist between SPAC retail investors and their institutional counterparts.

Second, our paper contributes to the literature on social media and retail investment. Prior literature finds that firms strategically use social media to reduce information asymmetry, influence investors' perceptions of their firms, promote good news, and explain bad news.[11] Existing papers also show that investors' opinions transmitted through social media predict firms' future stock returns and earnings surprises.[12] Yet, while social media helps retail investors become better informed, it also intensifies behavioral biases, spreads stale news, and does not appear to create financial benefits for less sophisticated investors.[13] We contribute to the literature by illustrating how SPAC executives together with institutional investors can take advantage of information transmission biases on social media at the expense of small retail investors.

Third, our paper contributes to the literature on top executives' visibility. Previous research finds that CEOs' coverage in the mainstream media affects their outside opportunities and allows them to extract higher compensation and private benefits (e.g., writing books, sitting on outside boards, or playing golf), but provides little, if any, firm value.[14] More recent papers show that CEOs strategically seek to influence media coverage of themselves.[15] We show that individual executives leverage on their digital visibility on the Internet and on social media to attract retail investors to SPACs, and in the process benefit themselves as well as the firm.

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[9]See Klausner, Ohlrogge, and Ruan (2022) and Gahng, Ritter, and Zhang (2023).

[10]See Dimitrova (2017), Banerjee and Szydlowski (2021), Rodrigues and Stegemoller (2021), Luo and Sun (2022), and Feng et al. (2023).

[11]See Blankespoor, Miller, and White (2014), Lee, Hutton, and Shu (2015), Cade (2018), and Jung et al. (2018).

[12]See H. Chen et al. (2014), Bartov, Faurel, and Mohanram (2018), Campbell, DeAngelis, and Moon Jr (2019), and Bradley et al. (2023).

[13]See Heimer (2016), Ammann and Schaub (2021), Chawla et al. (2021), Barber et al. (2022), Farrell et al. (2022), Han, Hirshleifer, and Walden (2022), and Cookson, Engelberg, and Mullins (2023).

[14]See Rajgopal, Shevlin, and Zamora (2006), Malmendier and Tate (2009), Falato, Li, and Milbourn (2015), and Kang and Kim (2017).

[15]See Blankespoor and deHaan (2020). A broader strand of the literature studies firm visibility and finds that firm visibility can affect firm expected returns (Merton, 1987; Fang and Peress, 2009; Tetlock, 2014; Tetlock, 2015; Hillert and Ungeheuer, 2021). Moreover, prior research finds that firms actively manage their media visibility – via investor relations, the timing of disclosures, or the quantity and tone of coverage – to improve investor following, firm value and stock returns (Reuter and Zitzewitz, 2006; Bushee and Miller, 2012; Gurun and Butler, 2012; Solomon, 2012; Ahern and Sosyura, 2014; deHaan, Shevlin, and Thornock, 2015).

1. Institutional Setting and Data

1.1. SPAC Lifecycle

SPACs follow the usual IPO process to list on a stock exchange. Typically, at the IPO, SPACs are sold at a standard price of $10 per unit, where the units are bundles of common stocks and warrants. The warrants can be exercised only upon merger completion. Shortly after the IPO, the units are split into their components and traded separately. The bulk (95 percent or more) of the IPO proceeds are placed in a trust that earns the risk-free rate, while the remainder is used to cover administrative expenses.

From the time of the IPO, executives have a limited period – generally between 18 to 24 months – to find a suitable target and complete a deal. SPACs are stipulated under stock exchange rules to acquire a target that is valued at more than 80 percent of the amount in the trust. If the executives fail to complete a deal within the allotted time, the SPAC is dissolved and the non-executive shareholders are returned their pro-rata portion of the trust – unless the SPAC's shareholders grant an extension, allowing the executives to continue searching for a target.

SPAC executives receive economic rewards only upon completion of a merger, when their "promote" and warrants take on value. Typically, they are compensated with 20 percent of the SPAC shares outstanding post-IPO. The executives usually also purchase warrants in the SPAC at a deep discount, which expire worthless if a merger is not completed. The SPAC's IPO underwriters are also often under a compensation structure in which their payout is tied to a successful merger. SPAC executives and underwriters thus have strong economic incentives to complete a deal.

The composition of investors changes over the course of a SPAC's lifecycle. Klausner, Ohlrogge, and Ruan (2022) find that SPAC IPO investors are almost entirely made up of institutions affiliated with hedge funds, and that, while these institutions retain the warrants from their units, nearly all of them exit their common shares by the time of merger completion. As with SPAC executives and underwriters, SPAC IPO investors are also incentivized to complete a deal, regardless of quality, as their warrants take on value only if a merger is completed (Rodrigues and Stegemoller, 2021). Between the IPO and merger announcement, trading in SPACs is thin. Therefore, much of the transfer of shares from the original IPO investors to new investors transpires during the "de-SPAC" period, between the merger announcement and completion.

Our sample consists of SPACs that successfully completed an IPO on a US stock exchange between January 2017 and December 2019. We begin our sample in 2017, as the SPAC merger approval process underwent significant changes in the preceding year, which we further discuss in section 4 (Rodrigues and Stegemoller, 2021). We conclude the sample in 2019 to allow all sampled SPACs sufficient time to live the full SPAC lifecycle and to calculate long-run buy-and-hold returns. Additionally, post-2019 SPACs have increasingly used celebrity endorsements, such as those of star athletes, to attract investors. Not including such SPACs in our sample allows us to examine how SPAC investors respond to executive visibility, independent of celebrity endorsements.

To construct the sample, we begin with the superset of blank check issuers in the Capital IQ and Refinitiv Eikon databases, as well as the online database SPAC Track, available at spactrack.io. We verify that each member of this superset is indeed a SPAC by reading through the IPO S-1 form (prospectus), retrieved from the SEC's EDGAR database. From the summary section of the prospectus, we identify the main executive(s) of each SPAC. This process results in 216 distinct executives across 139 SPACs.

We gather executive characteristics from a variety of sources: (1) BoardEx, a database containing information on executives in over two million organizations, (2) Factiva, for press coverage, and (3) the web and prospectuses, for hand collected data. We match our sample of executives to the BoardEx database by name, and in the case of ambiguous matches, with additional variables such as alma mater or employment history taken from the "Management" section of the prospectus. We find good coverage of our sample; of the 216 executives we identify, 86 percent are in BoardEx. Additionally, we supplement any missing fields when possible with information from the web or prospectuses. We match our sample of executives to Factiva by searching for last names, omitting identical search results, and subsequently filtering the results for the exact executive using Factiva's executive indexing.

We obtain M&A data from Capital IQ, target company accounting data from Compustat, and merger announcement dates from firm press releases. We obtain returns data from the Center for Research in Security Prices (CRSP) and trading data from the NYSE Trade and Quote (TAQ) database. We use the classification of trades in TAQ Millisecond Tools. Institutional trades are identified using a size-based proxy; trades with transaction value greater than US $20,000 are classified as institutional orders. Retail trades are classified using the method

proposed by Boehmer et al. (2021); trades that are reported in the TAQ data with exchange code "D" are identified as retail purchases (sales) if the transaction price ends below (above) a round penny.

Following Boehmer et al. (2021), we compute two measures of order imbalances for each SPAC i on each day t:

$$Volume\ imbalances_{i,t} = \frac{Buy\ volume_{i,t} - Sell\ volume_{i,t}}{Buy\ volume_{i,t} + Sell\ volume_{i,t}} \tag{1}$$

$$Trade\ imbalances_{i,t} = \frac{Buy\ trades_{i,t} - Sell\ trades_{i,t}}{Buy\ trades_{i,t} + Sell\ trades_{i,t}} \tag{2}$$

The two measures, *Volume imbalances* and *Trade imbalances*, are calculated separately for institutional and retail investors. *Volume imbalances* captures directional trading activity in number of shares, where a positive number represents net buying and a negative number represents net selling. *Trade imbalances* captures trading activity in number of trades, rather than in share volume, and should thus be more sensitive to the activity of retail traders who transact in smaller amounts.[16]

From the prospectus, we identify the SPAC IPO underwriters and collect information on their mandates and compensation structures. We join in the last available ranking in the IPO Underwriter Reputation Rankings dataset available on Professor Jay Ritter's website. These rankings are based on the underwriter's placement in tombstone advertisements and range from one to nine, with nine signifying the highest reputation (Carter and Manaster, 1990; Loughran and Ritter, 2004).

Table 2 provides summary statistics of our main variables. The average SPAC in our sample raises \$243 million and takes 30 days to complete its IPO. It acquires a private target that is 2.7 times larger in terms of market value. In the following section, we describe our main measure, *Visibility*.

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[16]The prior literature has used volume-based measures of retail order imbalances to proxy for large retail investors and trade-based measures of retail order imbalances to proxy for small retail investors (Bradley et al., 2023).

2. Measure of Executive Visibility

Our main variable of interest is *Visibility*. We follow principles outlined in the Organisation for Economic Co-operation and Development's (OECD) Handbook on Constructing Composite Indicators and attempt to create a simple measure such that it has the advantage of being easy to calculate and replicate. We define *Visibility* as the unweighted sum of three binary components – *Press coverage*, *Online prominence*, and *Social media* – thus remaining agnostic to the relative importance of each. Moreover, given that our main analyses are conducted at the SPAC level, to summarize executive data at the SPAC level, we take the maximum across the executives of each SPAC. We do this to capture the effect of the most visible executive of each SPAC, and to reflect the idea that visibility cannot be "reduced" by other less visible members of the SPAC.

Press coverage is assigned a value of one if press coverage of the executive falls in the top quintile, relative to that of the other executives in our sample, and zero otherwise. We take the number of articles that reference the executive in Factiva during the year before the SPAC IPO. Press coverage should be positively related to visibility, as it reasonably captures the degree to which the executive can be seen – in other words, is visible – in the press. We do not limit our measure to certain publications to capture visibility from a wide range of outlets, including the more casual ones that may appeal to retail investors. We also do not distinguish good from bad press coverage, as publicity regardless of tone is related to visibility (Milbourn, 2003).

Online prominence is assigned a value of one if the executive is featured in a Google "Knowledge Panel" (GKP) or dedicated Wikipedia article, and zero otherwise. Launched in 2012, the GKP is an information box that appears on the Google Search result page for specific search terms. Although automatically generated, an individual can employ strategies to acquire a GKP, or claim an existing GKP to adjust the information displayed within. We include the GKP in our measure of visibility because of Google Search's ubiquity and its use in the prior literature as a proxy for investor, particularly retail investor, attention (see, for example, Da, Engelberg, and Gao (2011)).[17] A Wikipedia page not only increases visibility – Boulton et al. (2021) find that IPO firms with Wikipedia articles capture more investor attention – but also

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[17]Google Search Volume, as provided by Google Trends, has been used in the prior literature as a proxy for investor attention and is therefore related to what we aim to capture in this paper. However, we defer from using these data here because Google provides Search Volume as a standardized measure over time. Thus, while the presentation of these data facilitates the analysis of search activity of a particular search term over time, it makes it difficult to compare search activity across different search terms.

serves as a strategy to acquire a GKP.[18] We use page histories provided by Wikipedia to include in our data only those pages that were created before the SPAC IPO.

Social media is assigned a value of one if the executive has a Twitter account, or a LinkedIn account with 500 or more connections, and zero otherwise.[19] Twitter provides the year and month of account creation, and we ensure that we count only Twitter accounts that were opened prior to the SPAC IPO. We include these two online social networks, firstly because they should be positively related to visibility, secondly because they have experienced significant adoption by business leaders, and thirdly because they are mentioned in SPAC forums. On one such forum, Reddit's "r/SPACs", LinkedIn and Twitter are frequently cited by users as sources of information and gossip, and even as direct lines of communication with executives.[20] We thus have reason to believe that executive social media use is positively related with executive visibility.

Visibility is thus a discrete variable ranging from zero to three, with three signifying high executive visibility. In addition to this main measure, we create several alternative measures to test the robustness of our findings. Appendix A, Table A.1 provides details. These alternatives include using LinkedIn followers (rather than connections), Twitter followers (rather than an account indicator), the sum (rather than the maximum) of all main executives in the SPAC, and continuous measures created with z-score or min-max normalization.

Appendix A, Figure A.1 offers an illustration of an executive within our sample who has been assigned the highest possible score: Thomas Farley of Far Point Acquisition. He is active on LinkedIn and Twitter, and has a Wikipedia page. A search of his name in Google yields a GKP giving an overview of his life and career.[21]

Table 2 depicts the average SPAC executive in our sample as 62 years old, holding an MBA

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[18]See, for examples, https://blog.reputationx.com/knowledge-panel; https://kalicube.com/case-studies/knowledge-panel/wikipedia-page-deleted-lost-knowledge-panel/; and https://searchengineland.com/how-google-creates-knowledge-panels-386025.

[19]We collect LinkedIn and Twitter information from the corresponding websites. While Twitter accounts are less common – 16.5% of our sample of SPACs have at least one executive on Twitter – LinkedIn has widespread adoption. Of the SPACs in our sample, 79.9% have at least one executive on LinkedIn, and 56.8% have at least one executive on LinkedIn with 500 or more connections. LinkedIn does not display the number of connections greater than 500, instead simply listing it as "500+", making 500 a natural cut-off point. Our results are robust to various measurement choices, which we discuss further in section 5, Robustness Tests.

[20]For example, a Reddit user writes: "I asked Doron [Myersdorf, CEO] last year if he would take Storedot public through Oxus [SPAC] on LinkedIn ... [and he] told me that he wouldn't take Storedot public in 2022" (https://www.reddit.com/r/SPACs/comments/10whzi0/oxus_the_little_spac_that_could/).

[21]Thomas Farley's Wikipedia page is accessible at: https://en.wikipedia.org/wiki/Thomas_W._Farley. His LinkedIn profile is accessible at https://www.linkedin.com/in/thomas-farley-b9a806128, while his Twitter account, at https://twitter.com/thomasfarley?lang=en. He has significant activity on his social media platforms, including authoring articles, and "liking" and sharing articles written by others.

degree, and professionally well-connected. Our measure for the latter is *Network size*, BoardEx's proprietary measure of the degree of overlap an executive has with the other individuals in the BoardEx database. The average *Network size* is 1,785, which is nearly 1.5 times larger than the average across all executives in BoardEx through education, career, board roles and other unspecified activities. In terms of visibility, the average SPAC executive is featured in 40 news articles the year before the IPO. 28.8 percent of the executives have a GKP and 20.9 percent a Wikipedia article. LinkedIn is popular (56.8 percent have an account), while Twitter is less so, though still present (16.5 percent).

2.1. Executive Visibility at the SPAC IPO

We begin by examining whether our measure of executive visibility is related to investors' interest in the SPAC IPO. We study IPO proceeds and speed, rather than underpricing. Since SPACs are sold at a standard price of $10 and the IPO proceeds placed in a trust account, there is little valuation uncertainty, and hence underpricing, at the IPO. We report our findings in Table 3.

<center>INSERT Table 3 ABOUT HERE</center>

The main variable of interest is *Visibility*. We add as control variables several executive characteristics: *Age*, which is highly correlated with executive tenure and influences executives' risk-taking and acquisition behavior (Yim, 2013); *MBA degree*, our proxy for executive education; *Network size*, the executive's degree of connectivity to other professionals (Lin et al., 2021); and *Prior SPAC*, variable indicating whether the executive has previous experience raising a SPAC IPO.[22] We also control for underwriter ranking, *Underwriter rank*, and proposed target industry. Although a SPAC cannot have a predetermined target company at listing, it can disclose in its prospectus the intention to seek a target within a specific industry. We manually identify these proposed target industries and create four binary variables signifying the most frequently cited ones: energy, financial, healthcare, and technology.

Columns (1) through (3) explore the relationship between executive visibility and IPO size. The dependent variable is *Ln(IPO amount)*, measured as the natural logarithm of the dollar amount raised at IPO, including the "greenshoe". The greenshoe allows underwriters to sell up

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[22]BoardEx's network size measure has been used in the extant literature examining board directors' connectivity and CEOs' connectivity (Goergen, Renneboog, and Zhao, 2019; Amin et al., 2020; K. D. Chen and Guay, 2020).

<center>14</center>

to 15 percent more shares than the original issue amount, representing the oversubscription of the IPO. Columns (4) and (5) examine the greenshoe amount independently. Taken together, the positive coefficient estimates for *Visibility* in these five models suggest that SPAC IPOs by visible executives experience greater interest.[23] This finding has added importance because, conditional on a successful merger, the larger the SPAC, the greater the economic reward for its executives. This is due to a significant portion of SPAC executives' compensation being in the form of a "promote", which generally translates to 20 percent of the SPAC's post-IPO proceeds. A larger SPAC thus offers a higher potential economic reward for its executives.

Columns (6) and (7) examine the time it takes SPAC executives to raise capital. *Ln(Time to IPO completion)* is the natural logarithm of the number of days between the first S-1 filing and the IPO date.[24] In both specifications, the coefficient estimate for *Visibility* is negative and statistically significant, suggesting that SPAC executives who score higher on our measure of visibility are able to close the IPO in a shorter period of time.

In terms of economic significance, our estimates indicate that SPAC executives with the highest visibility in our sample are able to raise approximately 58 percent more funds during the IPO relative to executives with the lowest visibility. This is an increase of US $95.6 million relative to the average of US $243.42 million. We also find that SPAC executives with the highest visibility in the sample are able to close the IPO in approximately 1/3 less time compared to executives with the lowest visibility. This translates to 9 days quicker compared to the average period of 30 days to complete an IPO.

How might a SPAC executive leverage visibility to promote a SPAC IPO? Appendix A, Figure A.2 provides an illustration of a prominent repeat SPAC executive Chamath Palihapitiya, who advertises his upcoming SPAC IPOs on his personal Twitter account, while touting the successful acquisitions conducted by his previous SPACs.

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[23]Columns (2) and (3) also suggest that SPACs with more reputable underwriters, and older and better-connected executives attract more investors. Possessing an MBA degree might yield a counterintuitive, negative, outcome, potentially attributed to the positively skewed distribution within our sample, and the fact that we account for networking separately, a variable that previous studies have identified as a significant contributor to the effects associated with an MBA degree.

[24]We search the EDGAR system for the date of the first S-1 filing and the date the S-1 is declared effective by the US SEC in the Notice of Effectiveness form. The latter also gives us an indication of the IPO date, which we use to verify the IPO dates available in Capital IQ.

2.2. Executive Visibility at the SPAC Merger Announcement

Table 4 examines whether our measure of executive visibility is related to investors' interest at the time of the merger announcement. This is a significant event for a SPAC; it is the first time the market learns of the proposed target, and it is when trading activity in the SPAC begins to pick up. We measure investors' interest using the CAR around the merger announcement, *M&A CAR*, calculated as the unadjusted SPAC return less the Russell 2000 index return, cumulated over a two-day window that starts on the merger announcement date.

INSERT Table 4 ABOUT HERE

Columns (1) and (2) examine regressions of *M&A CAR* on the main variable of interest, *Visibility* with year and industry fixed effects, as the target company has now been revealed to the market. Column (3) introduces several control variables for underwriter reputation and executive characteristics, as discussed in subsection 2.1. Column (4) introduces deal characteristics: the size of the target relative to that of the SPAC acquirer, the public status of the target, and the method of payment of the acquisition.[25] Column (5) adds target characteristics: profitability, leverage, and cash holdings.

We find that few characteristics can statistically significantly explain returns, though it appears that acquisitions of larger targets are perceived more positively by the market. Moreover, the coefficient estimate for *Visibility* is significant and positive across all specifications, suggesting that SPAC merger announcements by visible executives experience higher abnormal returns. In particular, a one-standard-deviation increase in executive visibility leads to a 2.8 percent increase in the CAR around the merger announcement.

This is also represented in Figure 1, which shows CARs around the merger announcement by level of SPAC executive visibility. SPACs with the most visible executives, depicted by the purple line, appear to experience the most positive reaction at the merger announcement. Meanwhile, SPACs with the least visible executives, depicted by the red line, seem to have the lowest announcement returns. Overall, Figure 1 portrays SPAC merger announcement returns as monotonically increasing with executive visibility.

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[25]Previous research has found that the relative size of the target, the public/private status of the target, and the method of payment to have an effect on acquisition performance (see Travos (1987), Moeller, Schlingemann, and Stulz (2004), Moeller, Schlingemann, and Stulz (2007), and Officer (2007), among others).

INSERT Figure 1 ABOUT HERE

In sum, Table 3 and Table 4 suggest that our measure of executive visibility is positively related to the level of investor demand at the IPO, as well as the market reaction to the merger announcement. In an Internet Appendix, we split our measure of executive visibility into its components. Interestingly, executive visibility in the mainstream media (*Press coverage*) matters more at the time of the SPAC IPO, possibly because investors at this time tend to be institutions. In contrast, social media visibility drives the results at the merger announcement, perhaps because retail investors start trading at this time, and social media provides executives with an accessible means to reach these investors.[26]

Our measure of executive visibility corresponds with anecdotal evidence of SPAC executives expanding their efforts beyond issuing press releases in the mainstream media. They actively engage on social media platforms to communicate directly with investors, encouraging them to invest in SPAC shares (See Appendix A, Figure A.2). Additionally, we observe instances from Reddit's "r/SPACs," a dedicated SPAC forum, illustrating how retail investors follow executives on social media for tips on whether and when to invest in a given SPAC. Some relevant examples are provided in Figure A.3 of Appendix A.

3. Do Retail Investors Trade on SPAC Executive Visibility?

We now turn to our main analyses examining whether retail investors respond to executive visibility in SPACs. We use the procedure of Boehmer et al. (2021) to examine the heterogeneity in trading behavior across retail and institutional investors.

In Figure 2, we start by plotting the cumulative order imbalances of retail (left-hand side) and institutional (right-hand side) investors over a window starting two weeks prior to the merger announcement and continuing for 270 days after the announcement, [–14, +270].[27] Moreover, we split the order imbalances by level of SPAC executive visibility.

INSERT Figure 2 ABOUT HERE

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[26]The merger announcement is the time when retail investors typically start trading in SPACs, since these investors usually have restricted access to SPAC IPO shares and there is little trading prior to the merger announcement. For example, see the SEC's Investor.gov, "Initial Public Offerings, Why Individuals Have Difficulty Getting Shares", available at https://www.investor.gov/introduction-investing/investing-basics/glossary/initial-public-offerings-why-individuals-have; and Matt Whitaker, "Getting a Slice: How IPO Shares Are Priced and Allotted", TD Ameritrade Ticker Tape, May 27, 2021.

[27]The average (median) time between the merger announcement and deal completion in our sample is 154 days (140 days), with over 95 percent of SPACs completing the deal within 270 days after the merger announcement.

The plots show variation in trading behavior across type of investor and across time. The top left plot suggests that, following the merger announcement, large retail investors keep investing in SPACs of high executive visibility but purchase few of the middle range visibility SPACs, and sell the lowest visibility. The bottom plot, which shows order imbalances in terms of number of trades, and therefore captures the trading behavior of small retail investors, provides a different picture. We see retail number of trades continuing to increase after the merger announcement, and this increase exists not only for SPACs with the most visible executives but also for the middle range of executive visibility. Moreover, this behavior continues and is not reversed prior to merger completion, indicating that, on average, the smallest and least sophisticated investors are those that remain invested in SPACs post-merger.

The plots on the right-hand side of Figure 2, where we illustrate the trading behavior of institutional investors, provide yet a different picture. In these plots, institutional investors do not exhibit the same buying pattern as retail investors. Institutional investors are net sellers, in terms of volume and number of trades, for all levels of executive visibility apart from the highest, which is represented by a purple line. Moreover, while they initially purchase SPACs with the highest executive visibility, this continues, on average, up to around 60 days after the merger announcement. After that, however, institutional investors start selling their shares in these SPACs as well, and by the time the merger is completed, they become net sellers, on average.

3.1. Differences in Trading Behavior Across Investors

We continue by testing the heterogeneity in investors' trading in the period from the merger announcement to its completion, using a multivariate model. Table 5 reports the results. Columns (1) to (4) illustrate the trading behavior of retail investors. The dependent variable in columns (1) and (2) is *Volume imbalances* of retail investors, while that in columns (3) and (4), *Trade imbalances*. In all four specifications, we find that the coefficient estimate for *Visibility* is statistically significant and positively correlated with retail investors' net trading. The results suggest that retail investors in SPACs trade on executive visibility and actively purchase SPACs with more visible executives. The coefficient estimates are economically large. A one-standard-deviation increase in SPAC executive visibility leads to an increase of about 2.74 (2.93) percentage points in retail investors' volume (trade) imbalances, which represents 25.7 percent (28.6 percent) of the sample standard deviation of retail investors' volume (trade)

imbalances.

Table 5, columns (5) to (8) show the trading behavior of institutional investors. The coefficient estimate for *Visibility* is positive, but statistically insignificant. We are therefore unable to conclude that there exists a significant correlation between executive visibility and the volume/trade imbalances of institutional investors following the merger announcement. A potential explanation is that executive visibility is nothing more than unsubstantiated self-promotion (i.e., "fluff"), and institutional investors, being more sophisticated, are able to see through this and hence do not trade on it. Yet, while institutional investors do not appear to trade on SPAC executive visibility, on average, Figure 2 suggests that there may be cross-time variation in their trading behavior. We examine this in the next subsection.

3.2. Differences in Trading Behavior Across Time

In Table 6, we split the de-SPAC period into two: from the merger announcement to 60 days after, *[0, 60]*, and from 60 days after the merger announcement to its completion, *[60, complete]*. Panel A of Table 6 examines the volume and trade imbalances of retail investors within these two time periods. We find that, consistent with our average retail trading results, retail investors trade on executive visibility across the two time periods; the coefficient estimates for *Visibility* are statistically significant in each specification.

Panel B of Table 6 shows the volume and trade imbalances of institutional investors. The coefficient estimates for *Visibility* in columns (1) to (2) and (5) to (6) are positive and statistically significant at least at the 5% level, suggesting that, at least initially (during the first 60 days after the merger announcement), the volume and trade imbalances of institutional investors are positively correlated with SPAC executive visibility. However, in the longer term (from day 60 to the merger completion), reported in columns (3) to (4) and (7) to (8), the coefficient estimates for *Visibility* become statistically insignificant. These findings suggest that institutional investors change their trading behavior across time.

That institutional investors exit from SPACs by the time the merger is completed, while leaving mainly retail investors holding these vehicles in the long run, is not a surprise, as the prior literature has shown that the majority of the original IPO institutional investors exit from their positions and are no longer present as shareholders after the deal has been completed (Klausner, Ohlrogge, and Ruan, 2022).[28] What is surprising is the finding that, at least initially

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[28]We conduct random checks on SPACs within our sample and verify that the initial IPO investors, often

around the merger announcement, institutional investors actively buy the most visible SPACs, as illustrated in Figure 2 and Panel B of Table 6. In what follows, we propose one potential hypothesis that could explain our findings, and provide evidence in support of it. Furthermore, we examine alternative rational and behavioral channels that could be behind our results, but find no consistent evidence for those alternatives.

4. Mechanisms Behind Retail Investors' Trading Behavior

4.1. Retail Investors Trading on Institutional Sentiment

SPACs, being publicly traded, have been touted as a way to democratize investment in private equity, offering retail investors access to investment opportunities in private firms, which were once only reserved for larger, wealthier investors (Boyer and Baigent, 2008; Rodrigues and Stegemoller, 2013). As SPAC investors were investing in the unknown, two mechanisms were put in place in the original SPAC structure to safeguard investors: the right to vote on the proposed deal, and the right to redeem their shares if not happy with the proposed deal. However, in 2016, changes to the SPAC rules decoupled the vote from the redemption right. This change created an empty voting problem, as SPAC IPO investors could now vote to approve the merger and simultaneously redeem their shares (Rodrigues and Stegemoller, 2021). For such investors, SPACs represent an investment with high potential and limited downside risk. They can either redeem their shares for the pro-rata trust value before a deal is completed while keeping the attached warrants, or sell their shares on the open market if the market price is favorable.

We conjecture that institutional investors, who typically obtain access to SPAC IPOs with preferential redemption rights before retail traders, take advantage of retail investors' biases in order to secure their own exit strategy. Unaware of the empty voting problem, retail investors may wrongly believe that the initial increase in demand for SPACs by institutional investors, and their approval of the business combination, are due to the SPAC's intrinsic value.[29] The actions of institutional investors may further intensify the potentially distorted signals that individual investors receive due to the limited hard information available on the SPAC investment (Hirshleifer, 2020; Akçay and Hirshleifer, 2021). If retail investors believe that SPACs with more

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represented by hedge funds, are no longer present by the time of the merger completion. Instead, most of the large investors at merger completion are represented by brokerage firms and pension funds.

[29]Since the rule change in 2016 that permits SPAC shareholders to both vote in favor of a proposed acquisition and redeem their shares simultaneously, nearly all proposed SPAC acquisitions have gained approval from shareholders. Rodrigues and Stegemoller (2021) find that the median SPAC has 87 percent of its outstanding shares vote in approval of the proposed acquisition and only 2 percent against.

visible executives signal better quality SPACs, the further increase in the stock prices of these SPACs, caused by the institutional demand, would only confirm their biased beliefs. Trusting the knowledge of large institutional players and lured by the rising SPAC stock prices, retail investors enter the SPAC market without realising that the interests of sophisticated investors are no longer aligned with their interests (Hu and Black, 2006; Spamann, 2022).

To test this hypothesis, we examine whether the initial trading behavior of institutional investors (in the first 60 days following the merger announcement) can predict the long-term trading patterns (up to merger completion) of retail investors. Table 7 provides evidence on the lead-lag relationship between institutional and retail sentiment.

INSERT Table 7 ABOUT HERE

Panel A of Table 7 reports the results, where the main independent variable is institutional volume imbalances, cumulated over the [0, 60] window following the merger announcement. The dependent variables are retail volume imbalances, cumulated over the [60, 90], [60, 120], and [60, complete] windows, where *complete* represents the time of merger completion. These figures are reported in columns (1), (2), and (3), respectively. The correlation of institutional sentiment and retail sentiment appears to be short-lived; only the coefficient estimate in column (1) is statistically significant. In columns (4) to (6), we report the results using imbalances measured by number of trades rather than share volume. Not only is each coefficient estimate statistically significant in columns (4) to (6), but the magnitude of the effect is also larger for trade imbalances. These findings suggest that institutional sentiment is strongly associated with the sentiment of small retail investors, and this relationship lasts for a period that is at least as long as until the merger completion. These findings are in contrast to the trading behavior we find for large retail investors. Our results are consistent with larger retail investors (proxied by volume imbalances) trading in a more sophisticated manner compared to smaller, less sophisticated retail investors (captured by trade imbalances). The results are also consistent with the "pump-and-dump" hypothesis entertained by potential retail investors on the dedicated SPAC Reddit forum, suggesting that some investors buy SPACs for a short period, push up their prices, and tempt small investors to enter the SPAC market. For an example, see Figure A.3 of Appendix A.

Panel B of Table 7 reports the results from the reverse relationship, conducted as a placebo test, where we examine whether retail volume imbalances, cumulated over the [0, 60] window

following the merger announcement can predict future institutional volume imbalances, cumulated over the [60, 90], [60, 120], and [60, complete] windows. We find that retail investors sentiment following the merger announcement has no predictive power for subsequent institutional investors sentiment, independent of whether we use volume or trade imbalances.

Overall, this pattern of results is consistent with institutional investors obtaining access to SPAC IPOs and retail investors entering the market later, trusting the knowledge of large institutional players and lured by the rising prices. Retail demand further pushes prices higher, securing the exit of institutional investors and leaving retail investors to hold SPACs in the long run. As Rodrigues and Stegemoller (2021) illustrate, the main safety net that protected investors in the pre-2017 SPACs – investors' right to vote against the merger if they do not approve the deal – has now been eliminated, leading to a potential distortion of the indirect investor protection safeguarding retail investors (Hu and Black, 2006; Spamann, 2022). The results also support the SEC's concern that retail investors may buy SPACs based on the popularity and visibility of their executives, and illustrate how sophisticated parties with preferential SPAC redemption rights could take advantage of retail investors' biases.

4.2. Alternative Mechanisms

In this section, we explore alternative mechanisms behind our results. In particular, we examine the executive's abilities, the target's industry and popularity, the executive's past success with SPACs, and celebrity endorsements.

4.2.1. Retail Investors Trading on Executive Ability

A possible alternative explanation for our results is that our measure of executive visibility captures the unobservable ability of the executive. In our analyses, we incorporate as control variables various proxies for the executive's core ability, such as education, experience, and professional connectivity, and find the relationship between executive visibility and retail trading to hold. However, our proxy of executive visibility could still nonetheless be a signal of underlying ability – an otherwise unobservable trait. As in the Spence (1973) model, this could be the case if the cost of acquiring visibility to an executive is decreasing with ability. In essence, our findings that retail investors trade based on executive visibility could be interpreted as retail investors purchasing SPACs led by more capable executives, under the belief that such leadership results in better SPAC performance. While directly testing this hypothesis is not feasible due

to the unobservability of ability, we conduct several tests to provide indicative evidence that our measure of executive visibility encompasses factors beyond mere ability.

In Panel A of Table 8, we start by reporting the correlations of our variable, *Visibility*, with other observable executive characteristics. We find that *Visibility* is only mildly (18% – 35%) correlated with these characteristics, which include proxies for education, experience, and prior performance. If the relationship between executive visibility and retail trading is indeed driven by ability, we might expect visible executives to create lasting value. We examine whether SPACs with higher visibility executives have higher buy-and-hold abnormal returns (BHARs) after the merger announcement, relative to SPACs with less visible executives. We report summary statistics for BHARs over different windows following the merger announcement in Panel B of Table 8, and multivariate results in Panel C of Table 8.

INSERT Table 8 ABOUT HERE

In columns (1) and (2), the dependent variable is the BHAR over six months following the merger announcement, while in columns (3) and (4), it is over twelve months. The coefficient estimate of *Visibility* is statistically insignificant and close to zero in every model. We are thus unable to find evidence of a relationship between executive visibility and long-run SPAC returns. In contrast, we find that SPACs of "high quality" experience higher long-term returns. Following Klausner, Ohlrogge, and Ruan (2022), SPACs are labelled as high quality if they are led by an executive who is a former senior officer of a Fortune 500 company, or by a private equity fund with more than $1 billion of assets under management. SPACs that do not meet either of these criteria are labelled as low quality. In line with Klausner, Ohlrogge, and Ruan (2022), we find that high quality SPACs outperform those of low quality. In addition, the first column of Panel A of Table 8 shows that, despite not being able to find a significant correlation between executive visibility and long-term returns, we find significantly positive correlations between some of our indicators of executive ability (age, MBA degree, and quality) and long-term returns.

In short, our findings suggest that executive visibility captures a way for executives to advertise themselves in the short run, raise capital from investors, and ensure that enough of them do not redeem their shares. This ensures that the merger can be successfully completed, as only then do SPAC executives collect their 20% promote. The fact that we do not find executive visibility to have a lasting effect on the long-term performance of SPACs is contrary

to the argument that our measure of executive visibility captures executive ability. Potentially, factors such as being visible on the Internet and having a popular social media account help to attract the attention of investors toward the company briefly, but make little to no difference in substantially changing the fundamentals of the company.[30] In the context of SPACs, this result is unsurprising, given the incentives of SPAC executives and their typically short-term involvement in the newly merged companies. Although SPAC executives are incentivized to complete a merger, their compensation is not dependent on the target's quality nor its future performance. Executives are compensated as long as they complete a deal, independent of its quality, and this could explain why we do not observe any enduring value creation.

To further support our arguments, we perform several subsample tests and illustrate that our main findings are contrary to the argument that our measure of visibility captures solely SPAC or executive quality. Panel A of Table 9 reports the results. The dependent variable is *Retail investors trade imbalances*, capturing the trading of small retail investors during the de-SPAC period. In columns (1) and (2), we split the sample based on the Klausner, Ohlrogge, and Ruan (2022) measure of quality, as described above. We find that the coefficient estimate for *Visibility* is statistically significant only for the subsample of low quality SPACs. Retail investors appear to respond to visibility only when there is more uncertainty about the SPAC's leadership, including its executive's abilities.

In columns (3) and (4) of Table 9, we split the sample of SPACs based on the target's profitability at the merger announcement. If visibility captures ability, visible SPAC executives may have the ability to stike deals with higher quality targets. However, we find that the coefficient estimate for *Visibility* is statistically significant only for the subsample of unprofitable targets, suggesting that retail investors trade on visibility when fundamental information points to greater uncertainty.

For our last test in columns (5) and (6), we split the sample based on general SPAC popularity. This attempts to capture investors' attention in SPACs in general, and is based on search data from Google Trends. Specifically, following Da, Engelberg, and Gao (2011), we take the natural logarithm of the Search Volume Index (SVI) during the week ending before the SPAC IPO date, and subtract from it the natural logarithm of the median SVI over the previous eight

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[30]Our findings are consistent with those of Lou (2014), who finds that managers opportunistically adjust firm advertising prior to insider sales in order to exploit the temporary return effect for their own benefit. Increased advertising spending attracts investor attention, leading to a contemporaneous rise in retail buying and abnormal stock returns, followed by lower future returns.

weeks. Google Trends classifies SPACs as a "topic", thus summarizing all related searches under this topic. We find that the coefficient estimate for *Visibility* is statistically significant when the general SPAC industry receives high attention, suggesting that retail investors are more likely to respond to visibility when they actively search for and have greater interest in SPACs in general.

It is worth noting that the Z-test for the difference in coefficients across the subsamples in Panel A of Table 9 do not reject the null hypothesis of equality between the coefficients. These results suggest that retail investors do not appear to trade more on visibility for SPACs with better quality executives. However, the lack of significant results could also mean that the proxies of executive quality that we use are noisy measures, and while it is likely that executive quality plays an important role, our tests do not have the power to detect it.

4.2.2. Retail Investors Trading on Target Industry Popularity

Rather than being attracted to the visibility of SPAC executives, it is possible that retail investors invest in SPACs because they offer opportunities to invest in companies from "hot" and up-and-coming industries, such as the biotechnology, financial technology (FinTech), and electric vehicle industries. To test this alternative hypothesis, in Panel B of Table 9, we split our sample of SPACs based on the popularity of the target industry. We classify a SPAC target industry as popular if the target comes from one of the top five most frequently-cited industries in our sample: Technology, Healthcare, Financial, Energy and Power, and Industrials. In columns (1) and (2), we find that the coefficient estimate for *Visibility* is positive but statistically significant only for the subsample of targets that come from less popular industries. Moreover, the Z-test rejects the null hypothesis of equality between the coefficients of the two subsamples. While this finding does not rule out the possibility that retail investors are attracted to targets from popular industries, it does suggest that these investors react more to executive visibility when the target is not from a "hot" industry.

4.2.3. Retail Investors Trading on Target Popularity

Retail investors may be attracted to the popularity/visibility of the merger target. We test the possibility that this drives our main findings by re-examining the relationship between executive visibility and retail trading within two subsamples created based on target popularity. We classify a SPAC as having high (low) target popularity if the target's press coverage is above (below) the median. We measure press coverage, using data from Factiva, as the natural

logarithm of one plus the number of articles that cite the target over the 12-month window prior to, but not including, the merger announcement date. Table 9, Panel B, columns (3) and (4) report the results. We find that the coefficient estimate for *Visibility* is positive and statistically significant only for the subsample of low popularity targets, suggesting that retail trading on executive visibility is prevalent when the merger target receives less coverage in the news.

4.2.4. Retail Investors Trading on Past SPAC Success

Repeat SPAC executives are not uncommon. In our sample, 44 percent of executives have prior SPAC experience (*Prior SPAC*) as they take the current SPAC to public listing. We examine further the possibility that investors respond to executives' prior SPAC success/experience with two hand-collected measures in addition to *Prior SPAC*: (1) an indicator variable taking on a value of one if the executive has completed a SPAC acquisition, and zero otherwise; and (2) the natural logarithm of one plus the amount of money raised by the executive's last SPAC, where zero is assigned if there is no prior SPAC. Approximately one-quarter of sampled executives have completed a prior SPAC acquisition, and the average SPAC size among those with prior SPAC experience is $252 million. In Table 9, Panel B, columns (5) and (6) we split our sample based on whether the executive was involved with a prior SPAC acquisition. We find that the coefficient estimates for *Visibility* are positive and statistically significant for both subsamples, with and without prior SPAC acquisition. The Z-test indicates no significant difference between the two coefficient estimates, implying that our results cannot be solely attributed to previous SPAC success. In untabulated tests, we substitute *Prior SPAC acquisition* with *Prior SPAC size* and find our result of retail investors trading on SPAC executive visibility unchanged.

4.2.5. Retail Investors Trading on Celebrity Endorsement

Several high-profile individuals, such as entertainment and sports celebrities, have lent their names and reputations to SPACs with the aim of attracting attention, generating investor interest, and adding credibility to the SPAC. We examine whether the SPACs in our sample are characterised by this phenomenon, as our results on executive visibility may be affected by celebrity endorsement and promotion. We find no involvement by celebrities as advisors, board members, or sponsors in our sample of SPACs, likely because this trend started from 2019 onward.

5. Robustness Tests

5.1. Alternative Measures

We conduct a series of additional tests to examine the sensitivity of our findings to alternative measures of executive visibility, executive characteristics, and general SPAC popularity over time. Table 10 reports the main coefficient of interest in specifications using these alternative measures, as defined in Table A.1 of Appendix A.

INSERT Table 10 ABOUT HERE

We begin by exploring alternative measures of *Visibility*, reporting their relationship to IPO size in column (1), time to IPO completion in column (2), merger announcement return in column (3), and retail and institutional trade imbalances in columns (4) and (5), respectively. We consider 10 alternatives, with variations such as using LinkedIn followers (instead of connections) and Twitter followers (rather than an account indicator). Additionally, we examine continuous measures of executive visibility. *Visibility alt 8* aggregates press coverage, LinkedIn connections, Twitter followers, and Google and Wikipedia indicators, each standardized to its Z-score, while *Visibility alt 9* normalizes each term by subtracting the minimum and dividing by the difference between the maximum and minimum. Lastly, *Visibility alt 10* assesses the combined visibility of all main executives cited in the prospectus summary, beyond the most prominent individual. Our key finding that retail investors trade on executive visibility remains robust across these alternative measures.

In the same table, Table 10, we report four specifications using alternative measures of executive characteristics. *Higher degree* and *Ivy league* are alternatives measures of educational attainment, indicating whether the executive holds a degree above the master's level or is a graduate of an Ivy League school, respectively. We also obtain two alternative measures of the executive's network size, *Companies* and *Roles*, which capture the number of companies and the number of roles that the executive has been associated with throughout his career. The magnitude and significance of the relation between visibility and the dependent variables again remain similar.

Lastly, we explore two alternatives to year fixed effects that measure the time-varying popularity of SPACs in general. The first alternative is press coverage of SPACs, measured as the natural logarithm of the number of articles in Factiva mentioning SPACs, and other variations

of the name, over the four weeks prior to the SPAC IPO date. The second alternative is the Abnormal Search Volume Index (ASVI) prior to the SPAC IPO, calculated using Google Trends data (Da, Engelberg, and Gao, 2011). We find that executive visibility remains significantly related to retail trading behavior.

5.2. Additional Control Variables

In Table 11, we reassess, with additional control variables, how executive visibility relates to IPO size and speed, merger announcement returns, and retail trading.

<center>INSERT Table 11 ABOUT HERE</center>

We include additional executive characteristics – whether the executive has private equity or venture capital experience, operational experience, or board experience (Lin et al., 2021). We introduce also *Affiliated firm* to signify whether the SPAC is connected with a banking, underwriting, private equity, or venture capital firm, as disclosed in the IPO prospectus. Finally, we add a control for whether the underwriters' fees are partially deferred, as this compensation structure encourages the underwriters to complete a merger (Dimitrova, 2017). Our results, including the key finding in column (4), remain robust to the inclusion of these additional control variables.

6. Conclusion

The increased use of digital engagement practices by investment advisors, brokers, dealers, and other financial institutions "have amplified the rise of new investors participating in the securities markets".[31] While the SEC welcomes this positive development, it has been working on properly informing and protecting these new, typically small retail investors. This study focuses on a specific financial vehicle, the SPAC, and explores whether the adoption of digital visibility-enhancing practices by SPAC executives influences retail investors to participate in their SPACs.

This paper finds that investors perceive executive visibility positively, with higher visibility executives raising larger SPACs faster and receiving more positive abnormal returns around the merger announcement, compared to lower visibility executives. Our main analyses suggest that

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[31]Securities and Exchange Commission Investor Advisory Committee (2023).

<center>28</center>

retail investors trade based on executive visibility, seemingly interpreting executive visibility as a signal of the SPAC's quality. Furthermore, institutional investors, who have early access to SPACs and preferential redemption rights, take advantage of the biases of less sophisticated investors and benefit by themselves trading on executive visibility, albeit earlier in the SPAC lifecycle.

The implications of these findings are in line with recently adopted rules by the SEC that are designed to protect investors who directly or indirectly invest in private funds. Retail investors' protections could be compromised by conflicts of interest commonly present in private fund advisor practices.[32] Examples of such conflicts include situations where institutional investors are given preferential redemption rights, enabling them to exit before and on more favorable terms than other investors, or when fund advisors lack independence and derive income from underlying investments.[33]

In light of our findings, it is important for the SEC to consider the allure of executive visibility and other digital engagement practices used by SPAC advisors in attracting certain investors, as such practices could potentially exacerbate conflicts of interest embedded in the SPAC contract and thereby the risks of resulting investor harm.

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[32]See the section titled "Risks and Harms to Investors" of the Final Rule by the SEC on September 14, 2023 (*Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews* 2023).

[33]Since 2022, the SEC has filed multiple enforcement actions against investment advisors for alleged failures to disclose conflicts of interest pertaining to advisory personnel's ownership of SPAC sponsors. See for example, *Order against Corvex Management LP (Corvex)* (2023).

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Figure 1: SPAC Returns by Executive Visibility Around Merger Announcement

The figure below plots the average abnormal return, cumulated over the [−10, +10] window around the merger announcement date, by *Visibility*. The purple line shows the cumulative abnormal returns for SPACs with the highest visibility executives, equal to three; the blue line, for executives with visibility equal to two; the green line, for executives with visibility equal to one; and the red line, for executives with visibility equal to zero.
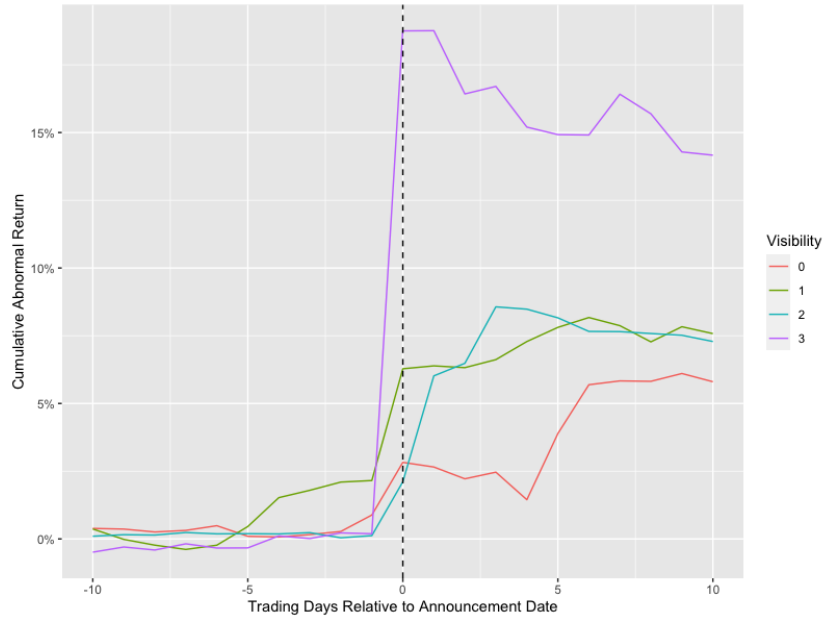
Figure 2: Trading Between Merger Announcement and Completion

The figures below plot order imbalances of institutional investors on the left-hand side and retail investors on the right-hand side, cumulated over a long event window, [–14, +270], around the merger announcement date. The top panel plots volume imbalances, while the bottom panel plots trade imbalances. The purple lines show order imbalances for SPACs with the highest visibility executives, equal to three; the blue lines, for executives with visibility equal to two; the green lines, for executives with visibility equal to one; and the red lines, for executives with visibility equal to zero.

Table 1. Definitions of Variables

This table summarizes the variables used in the analyses.

Variable name	Variable description
Visibility Variables:	
Visibility$_{it}$	An index variable with a range from zero to three, equal to the sum of *Press coverage*, *Online prominence*, and *Social media* of SPAC i.
Press coverage$_{it}$	An indicator variable equal to one if *Press coverage count$_{it}$* is in the top quintile of the sample, and zero otherwise.
Press coverage count$_{it}$	The number of articles in Factiva, indexed under the most visible executive of SPAC i by Factiva's executive indexing, over the 12 month period ending prior to the SPAC IPO date (Source: Factiva).
Online prominence$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i appears in a Google "Knowledge Panel" or has an entry on Wikipedia, and zero otherwise.
Google$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i appears in a Google "Knowledge Panel", and zero otherwise (Source: Google).
Wikipedia$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i has an entry on Wikipedia, and zero otherwise (Source: Wikipedia).
Social media$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i has 500 or more LinkedIn connections or has a personal Twitter account, and zero otherwise.
LinkedIn$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i has 500 or more LinkedIn connections (Source: LinkedIn).
LinkedIn connections (followers)$_{it}$	The number of connections (followers) that the most visible executive of SPAC i has on LinkedIn (Source: LinkedIn).
Twitter$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i has a personal Twitter account (Source: Twitter).
Twitter followers$_{it}$	The number of followers that the most visible executive of SPAC i has on Twitter (Source: Twitter).
Executive Characteristics:	
Age$_{it}$	The age of the oldest executive of SPAC i (Source: BoardEx).
MBA degree$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i holds an MBA degree, and zero otherwise (Source: BoardEx).
Network size$_{it}$	A proprietary summary measure of the connectivity to other executives in the BoardEx database of the most visible executive of SPAC i (Source: BoardEx).
Prior SPAC$_{it}$	An indicator variable equal to one if SPAC i is a sequel to a predecessor by the same executive(s), and zero otherwise (Source: SPAC prospectus).
SPAC quality$_{it}$	An indicator variable equal to one if SPAC i is led by an executive who is a former Fortune 500 senior officer, or by a private equity fund with \$1 billion or more in assets under management, as defined by Klausner, Ohlrogge, and Ruan (2022).
Board experience$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i has prior experience as a member of a board of directors, and zero otherwise (Source: SPAC prospectus).
Operational experience$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i has prior operational experience, and zero otherwise (Source: SPAC prospectus).
PE/VC experience$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i has prior experience in the private equity or venture capital industries, and zero otherwise (Source: SPAC prospectus).
Affiliated firm$_{it}$	An indicator variable equal to one if the most visible executive of SPAC i is affiliated with a private equity or venture capital firm at time t, and zero otherwise (Source: SPAC prospectus).
SPAC IPO Characteristics:	
IPO amount$_{it}$	The dollar amount (including the amount of the greenshoe) raised by SPAC i at the time of the IPO (Source: EIKON).
Greenshoe amount$_{it}$	The dollar amount of the greenshoe raised by SPAC i at the time of the IPO (Source: EIKON).
Time to IPO completion$_{it}$	The number of days between the first prospectus filing in EDGAR of SPAC i and the date of the IPO (Source: SEC EDGAR).

(Continued)

Table 1 – Continued

Variable name	Variable description
Underwriter rank$_{it}$	The IPO underwriter's reputation of SPAC i ranked from one to nine, with nine signifying the highest reputation, as developed in Loughran and Ritter (2004) (Source: Jay Ritter's website: site.warrington.ufl.edu/ritter/ipo-data/).
Underwriter deferred fees$_{it}$	An indicator variable equal to one if a portion of the IPO underwriter's compensation is deferred and paid only upon a successful acquisition completion, and zero otherwise (Source: SPAC prospectus).
SPAC Merger Characteristics:	
M&A CAR$_{it}$	The return to SPAC i adjusted for the Russell 2000 index and cumulated over the [0, +1] window around the merger announcement date (Source: CRSP).
SPAC mkt value$_{it}$	The market capitalization of SPAC i measured four weeks prior to the merger announcement date (Source: Capital IQ).
Target mkt value$_{it}$	The value of the target of SPAC i measured with the dollar amount paid for the transaction (Source: Capital IQ).
Relative size$_{it}$	The target's market value, $Target\ mkt\ value$, as a fraction of the market capitalization of SPAC i, $SPAC\ mkt\ value$.
Private target$_{it}$	An indicator variable equal to one if the target of SPAC i is a privately held firm, and zero otherwise (Source: Capital IQ).
Cash deal$_{it}$	An indicator variable equal to one if the acquisition by SPAC i is paid for with 100 percent cash, and zero otherwise (Source: Capital IQ).
Target profitability$_{it}$	Income before extraordinary items of the target of SPAC i, scaled by total assets (Source: Compustat).
Target leverage$_{it}$	The book leverage ratio of the target of SPAC i, calculated as the sum of long-term debt and debt in current liabilities, scaled by total assets (Source: Compustat).
Target cash holdings$_{it}$	Cash and cash equivalents of the target of SPAC i, scaled by total assets (Source: Compustat).
SPAC Trading Variables:	
Volume imbalances $[-14, +270]_{it}$ (Trade imbalances $[-14, +270]_{it}$)	Investors' purchases net of sales scaled by the sum of the two, all measured in volume of shares (number of trades), as calculated in Boehmer et al. (2021). The daily imbalances are cumulated over the $[-14, +270]$ trading day window around the merger announcement date (Source: TAQ).
SPAC Long-Term Returns:	
BHAR 6-months$_{it}$ (BHAR 12-months$_{it}$)	The buy-and-hold return to SPAC i, adjusted for the Russell 2000 index, calculated from the date of to six months (twelve months) after the merger announcement (Source: CRSP).

Table 2. Summary Statistics

This table presents summary statistics for the key variables used in the analyses. Panel A shows the variables related to executive visibility, Panel B, executive characteristics, Panel C, IPO and M&A characteristics, and Panel D, trading. See Table 1 for variable definitions.

	N	Mean	St. Dev.	p25	Median	p75
Panel A: Visibility Variables						
Visibility	139	1.115	0.860	0.500	1	2
Press coverage	139	0.194	0.397	0	0	0
Press coverage count	139	39.878	82.837	0	8	42
Online prominence	139	0.317	0.467	0	0	1
Google	139	0.288	0.454	0	0	1
Wikipedia	139	0.209	0.408	0	0	1
Social media	139	0.604	0.491	0	1	1
LinkedIn	139	0.568	0.497	0	0	1
LinkedIn connections	139	327.309	222.819	7	500	500
LinkedIn followers	139	2,931.338	9,105.572	92	881	2,189.500
Twitter	139	0.165	0.373	0	0	0
Twitter followers	139	13,196.813	130,373.532	0	0	0
Panel B: Executive Characteristics						
Age	139	62.568	11.358	54	64	71
MBA degree	139	0.511	0.502	0	1	1
Network size	139	1,785.158	1,650.186	454	1,387	2,614
Prior SPAC	139	0.440	0.259	0	0	1
SPAC quality	139	0.410	0.494	0	0	1
Panel C: SPAC IPO and M&A Characteristics						
IPO amount	139	243.419	160.388	138	229.220	305.570
Greenshoe amount	139	19.617	21.492	0	18.300	30
Time to IPO completion	139	30.007	25.641	20	23	33
Underwriter rank	139	6.752	1.874	5	6.500	8.500
Underwriter deferred fees	139	0.755	0.431	1	1	1
M&A CAR	134	0.047	0.133	−0.009	0.013	0.038
SPAC mkt value	133	501.309	600.808	189.678	320.813	504
Target mkt value	132	928.042	882.433	345.599	675.889	1,228.311
Relative size	131	2.726	2.615	1.045	2.093	3.539
Private target	139	0.906	0.292	1	1	1
Cash deal	139	0.043	0.204	0	0	0
Target profitability	137	−0.138	0.376	−0.122	−0.004	0.006
Target leverage	137	0.125	0.245	0	0.002	0.071
Target cash holdings	137	0.182	0.311	0.001	0.005	0.236
Panel D: SPAC Trading Variables						
Retail investors						
Volume imbalances [−14, +270]	130	−1.723	10.675	−5.757	−0.219	3.414
Trade imbalances [−14, +270]	130	1.705	10.244	−2.308	2.720	7.136
Institutional investors						
Volume imbalances [−14, +270]	130	−4.022	9.821	−9.616	−4.216	1.358
Trade imbalances [−14, +270]	130	−3.163	9.809	−8.342	−3.506	2.090

Table 3. Executive Visibility at the IPO

This table examines our measure of executive visibility as it relates to investors' interest in the SPAC IPO. The dependent variable in columns (1) through (3) is *Ln(IPO amount)*, the natural logarithm of the dollar amount (including the amount of the greenshoe) raised at the IPO, while that in columns (4) and (5) is *Ln(Greenshoe amount)*, the natural logarithm of the dollar amount of the greenshoe. The dependent variable in columns (6) and (7) is *Ln(Time to IPO completion)*, the natural logarithm of the number of days between the first S-1 filing and the IPO date. The main independent variable, *Visibility*, is our measure of executive visibility. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

	Ln(IPO amount)			Ln(Greenshoe amount)		Ln(Time to IPO completion)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Visibility	0.360***	0.155***	0.157***	0.556***	0.464**	−0.130***	−0.110**
	(0.063)	(0.050)	(0.050)	(0.158)	(0.187)	(0.040)	(0.047)
Ln(Age)		0.546**	0.483**		0.197		−0.043
		(0.229)	(0.224)		(0.835)		(0.212)
MBA degree		−0.248***	−0.222***		−0.486		0.038
		(0.085)	(0.083)		(0.307)		(0.078)
Ln(Network size)		0.060***	0.061***		0.002		0.005
		(0.022)	(0.021)		(0.078)		(0.020)
Prior SPAC		0.097	0.100		0.467		−0.066
		(0.092)	(0.092)		(0.340)		(0.087)
Underwriter rank		0.210***	0.200***		0.040		−0.016
		(0.022)	(0.022)		(0.082)		(0.021)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Potential Industry FE	No	No	Yes	No	Yes	No	Yes
Observations	139	139	139	138	138	139	139
R-squared	0.212	0.621	0.662	0.111	0.163	0.222	0.245

Table 4. Executive Visibility at the Merger Announcement

This table examines our measure of executive visibility as it relates to investors' interest in the SPAC merger announcement. The dependent variable is *M&A CAR*, the return to the SPAC, adjusted for the Russell 2000 index and cumulated over the [0, +1] window around the merger announcement date. The main independent variable, *Visibility*, is our measure of executive visibility. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

	M&A CAR				
	(1)	(2)	(3)	(4)	(5)
Visibility	0.036***	0.041**	0.034**	0.034**	0.032**
	(0.013)	(0.013)	(0.015)	(0.015)	(0.016)
Ln(Age)			0.072	0.075	0.072
			(0.067)	(0.068)	(0.071)
MBA degree			−0.029	−0.034	−0.032
			(0.026)	(0.027)	(0.027)
Ln(Network size)			0.005	0.005	0.005
			(0.006)	(0.006)	(0.007)
Prior SPAC			−0.006	−0.009	−0.011
			(0.027)	(0.028)	(0.029)
Underwriter rank			0.006	0.005	0.005
			(0.007)	(0.007)	(0.007)
Relative size of target				0.010**	0.010**
				(0.004)	(0.005)
Private target				−0.018	−0.016
				(0.050)	(0.051)
Cash deal				−0.040	−0.036
				(0.055)	(0.056)
Target profitability					−0.045
					(0.037)
Target leverage					0.032
					(0.053)
Target cash holdings					−0.032
					(0.048)
Year FE	Yes	Yes	Yes	Yes	Yes
Industry FE	No	Yes	Yes	Yes	Yes
Observations	134	134	134	131	130
R-squared	0.071	0.156	0.182	0.223	0.241

Table 5. Retail and Institutional Trading Following the Merger Announcement

This table examines retail and institutional trading on executive visibility during the de-SPAC period. *Volume imbalances* and *Trade imbalances* represent volume and trade imbalances, respectively, cumulated over the window that begins on the merger announcement date and ends at merger completion. Columns (1) through (4) present the results for retail investors, while columns (5) through (8) for institutional investors, where trades have been classified by investor type following Boehmer et al. (2021). The main independent variable, *Visibility*, is our measure of executive visibility. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

	Retail Investors				Institutional Investors			
	Volume imbalances		Trade imbalances		Volume imbalances		Trade imbalances	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Visibility	2.838***	3.187***	3.198***	3.404***	0.725	1.692	1.137	1.964*
	(1.010)	(1.149)	(1.012)	(1.147)	(0.953)	(1.128)	(0.937)	(1.124)
Ln(Age)		−3.666		−4.719		−6.326		−5.307
		(5.286)		(5.276)		(5.190)		(5.168)
MBA degree		2.928		2.775		−0.687		−0.213
		(2.007)		(2.003)		(1.970)		(1.962)
Ln(Network size)		0.068		0.370		0.020		0.246
		(0.513)		(0.512)		(0.504)		(0.502)
Prior SPAC		−2.095		−2.322		−0.987		−0.935
		(2.105)		(2.101)		(2.067)		(2.058)
Underwriter rank		1.301**		1.240**		0.125		0.158
		(0.526)		(0.525)		(0.517)		(0.515)
Relative size of target		0.028		0.110		0.334		0.245
		(0.337)		(0.337)		(0.331)		(0.330)
Private target		−3.198		−2.094		4.808		2.534
		(3.783)		(3.776)		(3.715)		(3.699)
Cash deal		−4.650		−6.109		1.768		1.425
		(4.145)		(4.136)		(4.069)		(4.052)
Target profitability		4.243		3.566		−5.627**		−4.881*
		(2.750)		(2.744)		(2.699)		(2.688)
Target leverage		−9.183**		−9.090**		−7.195*		−7.517*
		(3.959)		(3.952)		(3.887)		(3.871)
Target cash holdings		1.589		1.685		−0.260		−0.803
		(3.540)		(3.533)		(3.475)		(3.461)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	130	127	130	127	130	127	130	127
R-squared	0.255	0.389	0.189	0.343	0.216	0.309	0.242	0.314

Table 6. Retail and Institutional Trading Across Time

This table examines retail and institutional trading on executive visibility across time. We split the de-SPAC period into two sub-periods: an earlier period, defined as the [0, 60] window around the merger announcement date; and a later period, defined as the [60, complete] window around the merger announcement date, where *complete* denotes merger completion. We examine volume imbalances, *Volume imbalances*, in columns (1) through (4), and trade imbalances, *Trade imbalances*, in columns (5) through (8). Panel A reports the results for retail investors, and Panel B for institutional investors. Trades have been classified by investor type following Boehmer et al. (2021). Other controls include *Ln(Age)*, *MBA degree*, *Ln(Network size)*, *Prior SPAC*, *Underwriter rank*, *Relative size of target*, *Private target*, *Cash deal*, *Target profitability*, *Target leverage*, and *Target cash holdings*. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

	Retail Investors							
Panel A:	Volume imbalances				Trade imbalances			
	[0, 60]		[60, complete]		[0, 60]		[60, complete]	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Visibility	1.142**	1.114*	1.708**	2.128**	1.416***	1.407**	1.781**	2.013**
	(0.546)	(0.650)	(0.797)	(0.930)	(0.539)	(0.628)	(0.774)	(0.903)
Other controls	No	Yes	No	Yes	No	Yes	No	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	133	129	127	124	133	129	127	124
R-squared	0.152	0.238	0.223	0.325	0.159	0.272	0.156	0.268

Panel B:	Institutional Investors							
Visibility	1.151**	1.642**	−0.466	0.079	1.354**	1.776***	−0.248	0.220
	(0.531)	(0.642)	(0.723)	(0.848)	(0.557)	(0.676)	(0.701)	(0.824)
Other controls	No	Yes	No	Yes	No	Yes	No	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	133	129	127	124	133	129	127	124
R-squared	0.158	0.227	0.173	0.285	0.165	0.229	0.182	0.290

Table 7. Retail Trading on Institutional Sentiment

Panel A examines the relationship between the short-term trading behavior of institutional investors and the long-term trading behavior of retail investors. Panel B examines the reverse as a placebo test. The dependent variables, *Volume imbalances* in columns (1) through (3) and *Trade imbalances* in columns (4) through (6), represent the volume and trade imbalances, respectively, calculated over different windows during the de-SPAC period, which begins on the merger announcement date and ends at merger completion. Trades have been classified by investor type following Boehmer et al. (2021). Other controls include *Ln(Age)*, *MBA degree*, *Ln(Network size)*, *Prior SPAC*, *Underwriter rank*, *Relative size of target*, *Private target*, *Cash deal*, *Target profitability*, *Target leverage*, and *Target cash holdings*. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

	Retail Investors					
Panel A:	Volume imbalances			Trade imbalances		
	[60, 90]	[60, 120]	[60, complete]	[60, 90]	[60, 120]	[60, complete]
	(1)	(2)	(3)	(4)	(5)	(6)
Institutional Investors Volume imbalances [0, 60]	0.102** (0.051)	0.134 (0.088)	0.212 (0.142)			
Institutional Investors Trade imbalances [0, 60]				0.104** (0.047)	0.144* (0.081)	0.285** (0.129)
Other controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	129	129	124	129	129	124
R-squared	0.311	0.306	0.305	0.262	0.324	0.267

	Institutional Investors					
Panel B:						
Retail Investors Volume imbalances [0, 60]	−0.045 (0.066)	−0.034 (0.101)	−0.044 (0.131)			
Retail Investors Trade imbalances [0, 60]				−0.092 (0.066)	−0.109 (0.099)	−0.140 (0.126)
Other controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	129	129	124	129	129	124
R-squared	0.177	0.181	0.286	0.164	0.170	0.298

Table 8. Long-Term SPAC Performance

This table examines long-term SPAC performance, proxied by the buy-and-hold abnormal return (BHAR) from the merger announcement date to several months following. Panel A displays Pearson correlations between the six-month BHAR and several key variables, including our measure of executive visibility, *Visibility*. Panel B reports univariate statistics for BHARs calculated over various post-announcement windows. Panel C reports the results of multivariate regression models examining the relationship between *Visibility* and long-term SPAC performance. The dependent variable in columns (1) and (2) is the six-month BHAR, *BHAR 6-months*, and in columns (3) and (4) is the 12-month BHAR, *BHAR 12-months*. In addition to *SPAC quality*, we add other controls, which include *Ln(Age)*, *MBA degree*, *Ln(Network size)*, *Prior SPAC*, *Underwriter rank*, *Relative size of target*, *Private target*, *Cash deal*, *Target profitability*, *Target leverage*, and *Target cash holdings*. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

Panel A: Pearson Correlation Coefficients

	BHAR 6-months	Visibility	Age	MBA degree	Network size	Prior SPAC
Visibility	0.071					
Age	0.162*	0.354***				
MBA degree	0.166*	0.199**	0.162*			
Network size	0.125	0.261***	0.290***	0.221***		
Prior SPAC	0.079	0.181**	0.264***	0.051	0.162*	
SPAC quality	0.239***	0.236***	0.216**	0.129	0.344***	0.071

Panel B: SPAC Long-Term Returns

	N	Mean	St. Dev.	p25	Median	p75
BHAR 3-months	133	0.087	0.460	−0.087	−0.009	0.121
BHAR 6-months	129	−0.023	0.532	−0.272	−0.102	0.047
BHAR 9-months	126	−0.159	0.593	−0.459	−0.250	−0.067
BHAR 12-months	125	−0.254	0.577	−0.573	−0.375	−0.101

Panel C:

	BHAR 6-months			BHAR 12-months	
	(1)	(2)		(3)	(4)
Visibility	−0.010	−0.014		0.026	0.008
	(0.056)	(0.058)		(0.062)	(0.069)
SPAC quality	0.330***	0.279***		0.383***	0.287**
	(0.096)	(0.104)		(0.106)	(0.124)
Other controls	No	Yes		No	Yes
Year FE	Yes	Yes		Yes	Yes
Industry FE	Yes	Yes		Yes	Yes
Observations	129	125		125	124
R-squared	0.164	0.396		0.147	0.257

Table 9. Subsample Tests

This table presents the results of subsample tests of the relationship between executive visibility and retail trading during the de-SPAC period. Across all models, the dependent variable is *Retail investors trade imbalances*, the trade imbalances of retail investors, cumulated over the period that begins on the merger announcement date and ends at merger completion. The main independent variable is our measure of executive visibility, *Visibility*. Panel A, columns (1) and (2), the subsamples are created based on whether or not the SPAC is of a high quality, measured following Klausner, Ohlrogge, and Ruan (2022). In columns (3) and (4), the sample is split by above- or below-median target's profitability. In columns (5) and (6), the sample is split by above- or below-median interest in the general SPAC industry, measured using the Abnormal Search Volume Index as in Da, Engelberg, and Gao (2011). Panel B, columns (1) and (2), the subsamples are created based on whether or not the target belongs to the top-five most cited industries. In columns (3) and (4), the sample is split by above- or below-median target popularity, measured using press coverage prior to the merger announcement date. In columns (5) and (6), the subsamples are created based on whether or not the sponsor has successfully acquired a target with a prior SPAC. Other controls include *Ln(Age)*, *MBA degree*, *Ln(Network size)*, *Prior SPAC*, *Underwriter rank*, *Relative size of target*, *Private target*, *Cash deal*, *Target profitability*, *Target leverage*, and *Target cash holdings*. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

Panel A:	Retail investors trade imbalances					
	SPAC quality		Target profitability		General interest in SPACs	
	Low	High	Unprofitable	Profitable	Low	High
	(1)	(2)	(3)	(4)	(5)	(6)
Visibility	4.322***	2.714	5.293***	2.266	0.766	5.304***
	(1.792)	(1.993)	(1.814)	(1.816)	(1.629)	(2.187)
Other controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	74	53	75	52	69	58
R-squared	0.399	0.433	0.507	0.427	0.439	0.593
Z-test for diff. in coefficients		−0.600		−1.179		1.664

Panel B:	Target industry popularity		Target popularity		Prior SPAC acquisition	
	Low	High	Low	High	No	Yes
	(1)	(2)	(3)	(4)	(5)	(6)
Visibility	8.416***	2.037	5.222***	3.418	2.647**	6.858**
	(2.479)	(1.417)	(1.684)	(2.093)	(1.353)	(2.970)
Other controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	43	84	65	62	96	31
R-squared	0.608	0.409	0.498	0.403	0.403	0.806
Z-test for diff. in coefficients		−2.234		−0.671		1.290

Table 10. Robustness Tests: Alternative Measures

This table presents re-estimations of several of our tests, with alternative measures as defined in Table A.1: *Visibility alt 1* through *Visibility alt 10* in lieu of *Visibility*; *Higher degree* and *Ivy league* in lieu of *MBA degree*; *Companies* and *Roles* in lieu of *Network size*; and *SPAC press* and *SPAC search* in lieu of year fixed effects. Unless replaced with an alternative measure, we retain all original control variables and fixed effects. The table displays only the effect of executive visibility on the main dependent variable of interest. Trade imbalances are measured from merger announcement to completion. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

| | Ln(IPO amount) | Ln(Time to IPO completion) | M&A CAR | Trade imbalances | |
| | | | | Retail | Institutional |
	(1)	(2)	(3)	(4)	(5)
Visibility alt 1	0.181***	−0.102*	0.027	3.584***	1.234
	(0.054)	(0.052)	(0.017)	(1.247)	(1.230)
Visibility alt 2	0.180***	−0.101*	0.029*	3.636***	1.340
	(0.054)	(0.052)	(0.017)	(1.238)	(1.223)
Visibility alt 3	0.135***	−0.064	0.027*	2.372**	0.362
	(0.044)	(0.042)	(0.013)	(1.005)	(0.984)
Visibility alt 4	0.147***	−0.067	0.026*	2.199**	0.231
	(0.044)	(0.043)	(0.014)	(1.031)	(1.005)
Visibility alt 5	0.132***	−0.091**	0.032**	2.671**	1.182
	(0.047)	(0.044)	(0.014)	(1.064)	(1.039)
Visibility alt 6	0.130***	−0.090**	0.032**	2.688**	1.135
	(0.046)	(0.044)	(0.014)	(1.061)	(1.037)
Visibility alt 7	0.109***	−0.056*	0.020*	1.690**	0.270
	(0.034)	(0.032)	(0.010)	(0.777)	(0.758)
Visibility alt 8	0.054***	−0.018	0.007	0.739**	−0.066
	(0.015)	(0.015)	(0.005)	(0.358)	(0.349)
Visibility alt 9	0.136***	−0.048	0.019	1.956**	−0.145
	(0.042)	(0.040)	(0.013)	(0.965)	(0.939)
Visibility alt 10	0.160***	−0.104**	0.038**	3.580***	2.033*
	(0.053)	(0.049)	(0.016)	(1.183)	(1.164)
Higher degree	0.142***	−0.113**	0.028*	3.323***	1.877*
	(0.052)	(0.048)	(0.016)	(1.144)	(1.124)
Ivy league	0.147***	−0.108**	0.028*	3.428***	1.928*
	(0.051)	(0.047)	(0.015)	(1.137)	(1.120)
Companies	0.160***	−0.113**	0.037**	3.420***	1.939*
	(0.049)	(0.047)	(0.015)	(1.154)	(1.129)
Roles	0.162***	−0.121**	0.037**	3.406***	2.002*
	(0.051)	(0.047)	(0.016)	(1.168)	(1.143)
SPAC press	0.157***	−0.117**	0.031**	2.888**	1.335
	(0.050)	(0.051)	(0.015)	(1.180)	(1.183)
SPAC search	0.166***	−0.105**	0.028*	2.204*	0.819
	(0.050)	(0.051)	(0.015)	(1.193)	(1.207)
Observations	139	139	130	127	127

Table 11. Robustness Tests: Additional Control Variables

This table presents re-estimations of several of our tests, with additional control variables. Column (1) examines IPO size, column (2) time to IPO completion, column (3) merger announcement return, column (4) trade imbalances of retail investors, and column (5) trade imbalances of institutional investors. Trade imbalances are measured from merger announcement to completion. See Table 1 for variable definitions. The standard errors, reported in parentheses, are heteroskedasticity consistent. ***, **, and * denote significance at the 1%, 5% and 10% levels, respectively.

	Ln(IPO amount)	Ln(Time to IPO completion)	M&A CAR	Trade imbalances Retail	Trade imbalances Institutional
	(1)	(2)	(3)	(4)	(5)
Visibility	0.167***	−0.147***	0.035**	2.993**	2.126*
	(0.052)	(0.048)	(0.016)	(1.221)	(1.205)
Ln(Age)	0.618**	−0.219	0.068	−7.839	−4.497
	(0.247)	(0.225)	(0.074)	(5.668)	(5.593)
MBA degree	−0.281***	0.008	−0.019	2.884	−0.014
	(0.088)	(0.080)	(0.028)	(2.121)	(2.093)
Ln(Network size)	0.074**	−0.006	0.002	0.235	0.857
	(0.029)	(0.026)	(0.009)	(0.687)	(0.678)
Prior SPAC	0.116	−0.142	0.007	−2.217	−0.558
	(0.097)	(0.088)	(0.029)	(2.221)	(2.192)
Underwriter rank	0.184***	−0.013	0.004	1.045*	0.033
	(0.024)	(0.022)	(0.007)	(0.581)	(0.574)
Relative size of target			0.011**	0.165	0.295
			(0.005)	(0.354)	(0.350)
Private target			−0.011	−0.927	3.508
			(0.050)	(3.875)	(3.824)
Cash deal			−0.029	−4.815	1.577
			(0.055)	(4.200)	(4.145)
Target profitability			−0.039	3.921	−4.648
			(0.037)	(2.862)	(2.824)
Target leverage			0.026	−9.175**	−7.717*
			(0.052)	(4.013)	(3.960)
Target cash holdings			−0.023	2.127	−1.086
			(0.048)	(3.657)	(3.609)
Board experience	−0.177	0.206	0.030	3.930	−6.318
	(0.224)	(0.204)	(0.068)	(5.216)	(5.147)
Operational experience	−0.026	0.116	0.004	1.058	−0.584
	(0.092)	(0.084)	(0.028)	(2.188)	(2.159)
PE/VC experience	0.159*	0.128	−0.066***	−2.228	−1.677
	(0.085)	(0.077)	(0.025)	(1.972)	(1.946)
Affiliated firm	0.102	−0.149*	0.044	−0.304	0.394
	(0.089)	(0.081)	(0.027)	(2.058)	(2.031)
Underwriter deferred fees	0.025	0.187**	−0.009	4.137*	0.514
	(0.100)	(0.091)	(0.031)	(2.396)	(2.364)
Year FE	Yes	Yes	Yes	Yes	Yes
Industry controls or FE	Yes	Yes	Yes	Yes	Yes
Observations	139	139	130	127	127
R-squared	0.675	0.325	0.321	0.374	0.337

A. Appendix

Table A.1. Alternative Measures

This table defines the alternative measures used in Table 10. These measures relate to executive visibility, executive characteristics, and time-varying general SPAC popularity. Definitions of variables that are defined in Table 1 are not repeated here.

Variable name	Variable description
Alternative Measures of Visibility:	
Visibility alt 1	Press coverage alt 1 + Online prominence + Social media.
Visibility alt 2	Press coverage alt 2 + Online prominence + Social media.
Visibility alt 3	Press coverage + Online prominence + LinkedIn alt 1 + Twitter.
Visibility alt 4	Press coverage + Online prominence + LinkedIn alt 2 + Twitter.
Visibility alt 5	Press coverage + Online prominence + LinkedIn + Twitter alt 1.
Visibility alt 6	Press coverage + Online prominence + LinkedIn + Twitter alt 2.
Visibility alt 7	Press coverage + Google + Wikipedia + LinkedIn + Twitter.
Visibility alt 8	A continuous measure of visibility, calculated as the sum of raw press coverage, Google indicator, Wikipedia indicator, count of LinkedIn connections, and count of Twitter followers, where each term has been standardized to its Z-score.
Visibility alt 9	A continuous measure of visibility, calculated as the sum of raw press coverage, Google indicator, Wikipedia indicator, count of LinkedIn connections, and count of Twitter followers, where each term has been standardized by subtracting its minimum, then dividing by the difference between its maximum and minimum.
Visibility alt 10	Σ(Press coverage + Online prominence + Social media) across all executives in the SPAC.
Definitions of Individual Components:	
Press coverage alt 1	Quintiles of the count of news articles indexed under the executive's name in Factiva, scaled to range from zero to one.
Press coverage alt 2	Deciles of the count of news articles indexed under the executive's name in Factiva, scaled to range from zero to one.
LinkedIn alt 1	Categorical variable taking on a value of zero if the number of LinkedIn connections is zero, one if between zero and 500, and two if 500 or greater, scaled to range from zero to one.
LinkedIn alt 2	Quintiles of the number of followers, rather than connections, the executive has on LinkedIn, scaled to range from zero to one.
Twitter alt 1	Quintiles of the number of followers the executive has on Twitter, scaled to range from zero to one.
Twitter alt 2	Deciles of the number of followers the executive has on Twitter, scaled to range from zero to one.
Alternative Measures of Education:	
Higher degree	An indicator variable equal to one if the the executive holds a degree that is above a master's level, including PhD, JD, and MD, and zero otherwise.
Ivy league	An indicator variable equal to one if the executive holds an Ivy league degree, and zero otherwise.
Alternative Measures of Network Size:	
Companies	The number of different companies in which the executive has worked, according to BoardEx.
Roles	The number of different roles the executive has held, according to BoardEx.
Alternative Measures of General SPAC Popularity:	
SPAC press	The natural logarithm of the number of articles in Factiva mentioning SPACs, and other variations of the name, over the four weeks prior to the SPAC IPO date.
SPAC search	The Abnormal Search Volume Index (ASVI), measured using Google Trends data as the natural logarithm of the Search Volume Index (SVI) for the week prior to the SPAC IPO date minus the natural logarithm of the median SVI for the previous eight weeks (Da, Engelberg, and Gao, 2011).

Figure A.1: An Example of a High Visibility SPAC Executive

The figure below provides an example of an executive in our sample who has been assigned the maximum *Visibility* score: Thomas W. Farley of Far Point Acquisition.

Figure A.2: Examples of Executives Advertising SPACs on Social Media

The figures below are screen captures of Tweets published by two prominent SPAC executives, Chamath Pali-hapitiya and Bill Ackman. In his Tweet, Palihapitiya promotes the IPOs of three of his SPACs - Social Capital Hedosophia IV, V, and VI with tickers IPOD, IPOE, and IPOF, respectively. The other SPACs mentioned in his Tweet with tickers IPOA, IPOB, and IPOC are his prior SPACs that have successfully completed acquisitions. In his Tweet, Ackman promotes a potential target for his SPAC, Universal Music Group.

Figure A.3: Examples of Retail Investors Discussing SPACs on Social Media

The figures below are screen captures of online posts made by potential retail SPAC investors on a specially-dedicated SPAC forum on the online platform Reddit. The first discussion is on Pershing Square Tontine Holdings SPAC. The second discussion is on Far Point Acquisition SPAC. The third discussion is on the "pump-and-dump" strategy.

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