

Report Type

Mid Term Award Report

Full Name

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Faculty/Department

Cambridge Judge Business School

Project Title

Product Market Competition and Corporate Trademarks

Project Abstract

We investigate how product market competition influences the creation of firms' trademarks, which represent the innovative output of firms' product development activities and marketing strategies. On one hand, intensified competition threat motivates firms to create more trademarks to enhance their competitive position and deter the entry or expansion of their rivals. On the other hand, increased product market competition may discourage firms from undertaking risky product development innovation, resulting in fewer trademark applications. As it is unclear a priori which effect will prevail, there is a need for empirical evidence to inform theory.

Activities and Achievement

I have finished the data collection in Singapore for the US trademark data for the project. During my visit at Development Bank of Japan in June-July 2016, I have collected the trademark data in Japan as well. I have collected the US import and export data from the Center for International Data at the University of California at Davis and Schott's International Economics Resource Page at the Yale University, which cover the periods from 1974 to 1988 and 1989 to 2005, respectively. Import data are classified according to the 1972 version of SIC code during 1974-1988, but are classified according to the 1987 version of SIC code during 1989 to 2005. I have used the 1972 SIC-1987 SIC concordance table provided by the NBER-CES Manufacturing Industry Database to link the data between the two periods. Finally, I have obtained accounting data from the Compustat database and stock price and return data from the CRSP database.

The main measure of trademark creation is defined as the number of trademarks a firm applied for in a given year. Since trademarks could be created for two purposes, i.e., product and marketing development, we construct two additional measures of trademark creation by classifying each trademark as either a product development trademark or a marketing development trademark. We define product trademark as the number of trademarks registered for innovations in product names, service names, brand names, etc and trademarks with less than three words, and define marketing trademark as the number of trademarks registered for innovations in logos, slogans, or sounds.

To construct the measure for large reductions in import tariffs, I first calculate industry level tariff rates as the duties collected by US Custom divided by the Free-on-Board value of general imports for each 3-digit SIC industry in each year. I then define a shock to import tariffs in a specific industry-year as a binary variable that takes the value of one if a negative change in import tariffs is 2, 2.5, or 3 times larger than its median change, and zero otherwise.

Dissemination

After finishing collecting the trademark data, I have conducted empirical analysis outlined in the grant proposal. To promote the papers arising from the research project, I will present working papers in workshops of top universities in the world in 2017-2018, especially those with experts on the topic. Through workshops and conference presentations, I can obtain constructive comments from world-class finance/accounting scholars, and may also achieve possible collaborations or enhancements of research findings based on the suggestions offered by conference discussants.

The ultimate expected outcome of this project is published journal articles in top-tier finance or economics journals, such as Quarterly Journal of Economics, Journal of Finance, and Journal of Financial Economics.

Outputs

Research paper is not available yet.

Major Difficulties and Any Other Issues

So far, there are no major difficulties.

Web Links

No links available yet.

Additional Information

Declaration

This award has not yet produced any relevant outputs, but details of any future publications will be submitted to the CERF database as soon as they become available.

Signature - Main Award Holder