

Report Type

Mid Term Award Report

Full Name

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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

Trademarks capture firms' innovation in product and marketing development. We focus on the role of product market competition in the creation of corporate trademarks because it is still an underexplored topic in the literature. Besides, since trademark creation is a corporate intellectual property strategy directly related to the product market, a study of the interplay between product market competition and trademark creation is becoming both timely and crucial. Overall, how product market competition affects a firm's decision on investment, especially highly risky innovative investment, is largely unclear. To the extent that trademarks measure firms' product-related innovation output, our study attempts to shed more light on the ongoing debate by examining, through a natural experiment of trade liberalization, the causal effect of product market competitive threat on trademark creation.

I have hired two research assistants in Singapore to manually collect trademark data for the project. 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. We plan to use 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.

Dissemination

After the research assistants finish collecting the trademark data, I will conduct 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