When Does Brand Buzz Safeguard Firm Value? The Role of Brand Buzz Dispersion for Brand Equity and Risk

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Abstract

Researchers and practitioners conventionally relied on volume and valence metrics when examining the relationship between brand buzz and firm value. However, the role of dispersion metrics—capturing the heterogeneity in brand buzz across digital media channels—remains unclear. This research examines the impact of brand buzz dispersion on brand equity and a firm's idiosyncratic risk. By examining daily data for several hundred firms, the authors find that brand buzz dispersion can effectively safeguard a firm against stock volatility by enhancing brand equity. The results reveal several key takeaways: First, brand buzz volume dispersion and valence dispersion enhance brand equity, which in turn reduces idiosyncratic risk. Second, while buzz volume enhances the positive effect of volume dispersion on brand equity, buzz valence mitigates the positive effect of valence dispersion on brand equity. Third, the buzz-risk relationship strongly depends on industry characteristics.

Subject Areas: *Branding, Channels, Electronic Commerce and Internet Marketing, Finance, Marketing Strategy*

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