

New Product Development Announcements and Shareholder Value: A Meta-Analysis

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Abstract

This research addresses contradictory findings on how innovation and new product development (NPD) announcements affect shareholder value. Drawing on signaling theory and using meta-analysis of 59 studies (a total sample of 56,262 NPD events), this research finds empirical evidence that, on average, such announcements positively influence firms' stock returns, with a 1.212% Cumulative Abnormal Return (CAR). Regarding NPD announcement types, investors react more strongly to New Product Pre-Announcements (NPPAs) than New Product Announcements (NPAs) announcements. Moreover, CAR increases with Research and Development (R&D) intensity but decreases with firm size and industry concentration. These findings emphasize that NPD announcements impact investors' reactions, underscoring the significance of timing and the need to account for firm- and industry-specific factors when analyzing market responses.

Keywords: *meta-analysis, cumulative abnormal return, new product development (NPD)*

Track: *Innovation Management & New Product Development*