Product introduction events and stock returns: A meta-analysis

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Cite as:
Grube Niklas, Maier Erik, BIJMOLT TAMMO (2025), Product introduction events and stock returns: A meta-analysis. *Proceedings of the European Marketing Academy*, 54th, (126319)

Paper from the 54th Annual EMAC Conference, Madrid, Spain, May 25-30, 2025

EUROPEAN MARKETING ACADEMY

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Abstract:

Product introduction events matter for firms and investors. Yet, identifying generalized drivers of the stock market response to the introduction events remains challenging. This meta-analysis synthesizes 1024 effects across 58 studies. First, cumulative abnormal returns (CAR) are positive in response to product introduction events (average CAR = .69 %). Second, the event type and country strongly influence the market response, with FDA approvals (CARs 3.27 %-points larger vs. (pre-)announcements) and introductions out of the U.S. showing higher returns (e.g., CARs 2.04 %-points larger for Europe). Third, temporal CAR patterns indicate that anticipatory effects (e.g., information leakage; vs. delayed effects after the event) dominate the market response, with more abnormal returns arising before (vs. after) the event. Fourth, for specific events (FDA approvals), this pattern reverses, with larger post event CARs, indicating delayed effects (e.g., information dispersion).

Keywords: *cumulative abnormal returns, shareholder value, product innovation*

Track: *Innovation Management & New Product Development*