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From
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"The Stock Market, Product Uniqueness, and Comovement of Peer Firms"

ABSTRACT

Using text-based computational analysis, we examine whether firm stock market valuations reflect product uniqueness and how firms covary with peers in the stock market. We find that firms have higher stock market valuations than matched peer firms when their product portfolios are more unique relative to matched peer firms. We also find that the returns of text-based peers better explain own-stock returns than traditional industry peers. These results hold for both conglomerate firms and single segment firms using best-matched single-segment peer firms. Overall, our findings show that the stock market values product uniqueness and recognizes peer groups based on fundamental product characteristics that are not reflected in standard peer groupings.