

The PR PREMIUM

Smadar Siev

Abstract

Press Releases (PR) are one of the means for a firm to communicate with the public. The annual number of PR varies substantially among firms, from just a few to hundreds. This work documents the correlation between the annual volume of firms' PR and their contemporaneous and subsequent stock return. The analysis sampled about 1,500 companies from the technology sector. The correlation remains intact even after controlling for firm characteristics such as Beta and market capitalization.

The difference between the average annual stock return of LPR and HPR firms, defined respectively as the firms belonging to the lower and upper third of the sample and ordered by number of annual PR, is as high as 4% - 6%.

My findings may have implications concerning firms' PR publishing strategy in the future.