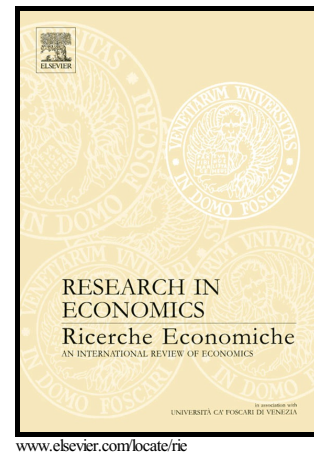


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Media exposure and corporate reputation

Luís Cabral



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# Media Exposure and Corporate Reputation

Luís Cabral

*New York University*

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**Abstract.** The media typically provide greater coverage of large and reputed corporations. I provide a theory of firm reputation dynamics based on the positive feedback effects resulting from the correlation between firm size and media coverage. I show that, in equilibrium, the dynamics of firm reputation are highly asymmetric: slow increases in reputation are followed by sudden drops. Moreover, endogenous media coverage implies greater dispersion of firm performance. Finally, I consider implications for corporate media strategy, namely the trade-off between “no news is good news” and “there is no such thing as bad publicity.”

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Paganelli-Bull Professor of Economics and International Business, Stern School of Business, New York University; Research Fellow, IME and PPRS (IESE); and Research Fellow, CEPR; luis.cabral@nyu.edu.

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