

Investigating the Impact of Super Bowl Participation on Local Economy: A Perspective of Stock Market

Authors : Rui Du

Abstract : This paper attempts to assess the impact of a major sporting event —the Super Bowl on the local economies. The identification strategy is to compare the winning and losing cities at the National Football League (NFL) conference finals under the assumption of similar pre-treatment trends. The stock market performances of companies headquartered in these cities are used to capture the sudden changes in local economic activities during a short time span. The exogenous variations in the football game outcome allow a straightforward difference-in-differences approach to identify the effect. This study finds that the post-event trends in winning and losing cities diverge despite the fact that both cities have economically and statistically similar pre-event trends. Empirical analysis provides suggestive evidence of a positive, significant local economic impact of conference final wins, possibly through city image enhancement. Further empirical evidence shows the presence of heterogeneous effects across industrial sectors, suggesting that city image enhancing the effect of the Super Bowl participation is empirically relevant for the changes in the composition of local industries. Also, this study also adopts a similar strategy to examine the local economic impact of Super Bowl successes, however, finds no statistically significant effect.

Keywords : Super Bowl Participation, local economies, city image enhancement, difference-in-differences, industrial sectors

Conference Title : ICREUE 2016 : International Conference on Real Estate and Urban Economics

Conference Location : London, United Kingdom

Conference Dates : June 23-24, 2016