

Title: The Impact of Legal Protection of Trade Secrets on Advertising Spending: Insights from the Recognition of the Inevitable Disclosure Doctrine

Speaker: Prof. Kapil Tuli, Singapore Management University

Area: Marketing

Date: 17.07.2026, Venue: P21 @ 2.00PM

Abstract:

Protecting trade secrets is important for firms and policymakers because they are critical assets for firm performance and valuation. Extant research, however, seldom examines whether increases in trade secret protection have an impact on firm's marketing actions to leverage their trade secrets, even though trade secret protection has limited value if firms cannot leverage them. Drawing on the attention-based view of the firm, this study proposes that stronger protection of trade secrets is likely to lead to higher managerial attention to leveraging trade secrets, resulting in higher advertising spending. The study tests this proposition by exploiting the staggered recognition of the inevitable disclosure doctrine (IDD) by U.S. state courts, a legal development that protects trade secrets by restricting employee movement to rival firms. The results show that firms headquartered in states that recognize IDD significantly increase their advertising spending. Consistent with the proposed contingency framework, the results also show that the positive effect of IDD recognition on advertising spending is weaker for firms with CEO duality but stronger for younger firms and firms in industries with higher peer advertising spending. Post hoc analyses show that increases in advertising spending following IDD recognition are associated with higher firm sales.

Speaker Profile:



Professor Kapil Tuli is Deputy Dean (Research) and Lee Kong Chian Professor of Marketing at the Lee Kong Chian School of Business, Singapore Management University. He is completing his term as Co-Editor of the *Journal of Marketing Research*. He received his Ph.D. in Marketing from Emory University and is widely recognized as a leading scholar in marketing strategy. His research spans customer relationship management, marketing theory, and the financial impact of marketing initiatives, with publications in premier journals including *Management Science*, *Journal of Marketing*, *Journal of Marketing Research*, *Journal of the Academy of Marketing Science*, and *International Journal of Research in Marketing*. His contributions have been recognized through numerous honors, including the Varadarajan Award for Early Career Contributions to Marketing Strategy Research, election as an EMAC Fellow, and multiple long-term impact awards from the *Journal of Marketing*.

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