

The Effect Of Media Exposure On Stock Returns Of Clothing And Luxury Goods Companies On The Indonesia Stock Exchange

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Abstract

This study aims to analyze the effect of media exposure on stock returns of clothing and luxury goods companies listed on the Indonesia Stock Exchange for the 2020–2024 period, and to examine the role of firm size as a moderating variable with profitability as a control variable. Quantitative methods with a Moderated Regression Analysis (MRA) approach and panel data regression were used. The sample consisted of 17 companies with 81 final observations after outlier elimination using the z-score method. The panel data model was selected using the Chow Test, resulting in the Common Effect Model (CEM) as the selected model. The analysis results showed that media exposure had no significant effect on stock returns ($\beta = -0.661$; $t = -0.614$; $p = 0.541$), thus H1 was rejected. Firm size was also not shown to moderate the relationship between media exposure and stock returns ($\beta = 0.023$; $t = 0.587$; $p = 0.559$), thus H2 was also rejected. The overall model was not significant ($F = 0.987$; $p = 0.420$) Adjusted R-squared was -0.001 .

Keywords: Media Exposure, Stock Return, Firm Size, Moderation, Consumer Cyclical

INTRODUCTION

In the ever-evolving digital era, media, as a vital channel for information dissemination, has a significant impact on investor decision-making. Media attention not only influences investors' information acquisition and cognition but also further impacts stock returns by altering market sentiment and corporate governance mechanisms (Ren, 2024). Media exposure plays a crucial role in shaping public opinion (Maryam Saputri et al., 2024; Tjhin et al., 2024; Welfalini et al., 2024), by shaping public and investor

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perceptions of a company. Media exposure, whether in the form of positive or negative news coverage, can impact a company's reputation and market expectations regarding its future performance.

The non-primary consumer goods sector is a sector in the production and distribution of products and services (Maryam Saputri et al., 2024; Tjhin et al., 2024; Azzahra, et al. 2023), especially the clothing and luxury goods sub-sector, which is a unique capital market segment because it is highly influenced by trend dynamics, brand perceptions, and consumer sentiment.

Information published through the media is an important signal for investors in making investment decisions. Understanding how the media influences investor decision-making is a crucial issue for companies in carrying out their operational activities, which aim to generate profits, maximize share value, and improve investor welfare (Chang et al., 2025; Fang and Peress, 2009; Tetlock, 2007). To achieve these goals, companies must meet capital needs by offering shares on the capital market. In this case, investors, as capital owners, have a primary goal in investing in the capital market: to obtain returns. Returns can be in the form of capital gains or dividends (Mody Kusumatuti et al., 2024).

Although several studies have demonstrated the influence of media on stock returns, research in the Indonesian capital market context is still relatively limited, particularly in the Non-Primary Consumer Goods sector, the Apparel and Luxury Goods sub-sector. This research is relevant due to the limited empirical studies that specifically examine the relationship between media exposure and stock returns, considering the role of firm size as a moderator and profitability as a control variable in Indonesia. The Indonesia Stock Exchange, as one of the developing capital markets in Southeast Asia, has unique characteristics that distinguish it from capital markets in developed countries (Maryam Saputri, Orinaldi, and Faturahman, 2024), so findings from developed markets cannot be directly applied here. In addition, the 2020–2024 research period covers the COVID-19 pandemic, which provides a context of significant external shocks to the fashion industry and consumer behavior. Therefore, based on this background, this study aims to: (1) analyze the influence of media exposure on stock returns in companies in the apparel and luxury goods sub-sector listed on the Indonesia Stock Exchange during the 2020–2024 period; and (2) testing whether the level of media coverage can influence investor responses reflected in changes in stock returns with firm size as a moderator variable and profitability as a control.

THEORETICAL BASIS

Signaling Theory

Signaling theory, or signaling theory, is a theory first proposed by Spence (1973), which explains how informed parties (companies/management) can convey signals to



less informed outside parties (investors) through various mechanisms, including media coverage. Signaling theory states that information released by companies can serve as signals for investors in making investment decisions (Mody Kusumatuti et al., 2024). In making investment decisions, business actors and investors can utilize information that illustrates management's efforts to carry out the owner's wishes. Information from the company will be sent to investors; this information will first be processed and examined to determine whether it is a positive or negative indication (Isnayni Sabila and Bambang Sutopo, 2025).

Efficient Market Hypothesis (EMH)

The Efficient Market Hypothesis (EMH) states that stock prices are unpredictable because they reflect all relevant information (Fama, 1970). The efficient market hypothesis assumes that investors can process information rationally (Syafitri and Suryani, 2022). Therefore, they will make investment decisions based on data, risk and return assessments, and their knowledge and experience in the capital market (Syafitri and Suryani, 2022).

However, various empirical studies have found market anomalies indicating that markets do not always behave completely efficiently. Investors often overreact or underreact to new information, including media coverage (De Bondt and Thaler, 1985). As an emerging market, the Indonesian capital market is considered not yet fully efficient, so media exposure has the potential to have a stronger influence on stock price movements than in more mature capital markets.

Media Exposure

Media exposure acts as a means for companies to communicate with external parties, such as stakeholders, to convey information and the company's potential (Welfalini et al., 2024). Media exposure in the context of capital markets refers to the amount, frequency, and sentiment of news coverage regarding a company. Companies across various media platforms. It's not uncommon for information presented on the stock exchange to influence stock prices, profits, and even very high abnormal returns, which can impact market efficiency (Anti and Rahmawati, 2020; Muhammad Rizky Ramadhan and Isni Andriana, 2025). Research (Tetlock, 2007) is one of the most influential studies demonstrating that media sentiment can predict stock market returns. In his study, Tetlock found that a high proportion of negative words in media coverage correlated with a subsequent decline in stock prices and an increase in trading volume. In this study, media exposure was measured by observing the frequency of news coverage from year to year and then calculating Ln (number of articles/year).

Firm Size

Company size is a crucial factor in achieving operational efficiency. Total assets are one indicator of company size. Company sizes naturally vary, and each company strives to continuously grow by increasing its resources and business potential (Welfalini et al., 2024). In the context of the relationship between media exposure and stock returns, company size has theoretical relevance as a variable that can moderate the strength of the relationship.

Profitability

Profitability In this study, return on assets is proxied by dividing net profit after tax by the company's total assets (Mody Kusumatuti et al., 2024). Profitability is included in the model as a control variable because it is known to independently influence stock returns through dividend expectations and growth prospects.

Stock Return

The profit earned from a stock investment is the definition of stock return. Stock return can be either a realized return that has already occurred or an expected return that has not yet occurred but is expected to occur in the future (Sunandi and Nariman, 2022). Stock return includes two main components: capital gain (loss) derived from the difference in stock prices between periods and dividends distributed by the company (Sunandi and Nariman, 2022) (Jogiyanto, 2017). Mathematically, stock return can be calculated using the formula: $(P_t - P_{t-1}) / P_{t-1}$.

Hypothesis Development

Based on signaling theory (Spence, 1973) and the Efficient Market Hypothesis (Fama, 1970), media coverage serves as a mechanism for disseminating various information that influences investor expectations and decisions. The greater a company's media exposure, the more information the market will receive, and the response to that information will be reflected in the company's stock movements. The non-primary consumer goods sector, particularly the apparel and luxury goods subsector, is heavily influenced by trend dynamics, brand perceptions, and consumer sentiment (Tjhin et al., 2024). When a stock or company receives extensive media coverage, that information is immediately conveyed to investors, influencing their investment decisions. This effect is reflected not only in the quantity of coverage but also in its quality and content. Based on this, the following hypothesis is proposed:

H1: Media exposure influences stock returns.

Firm Size Firm size fundamentally changes the way media coverage is conducted. Banz (1981) and Merton (1987) show that larger firms have a broader investor base and lower levels of information asymmetry. As a result, investors in larger firms are better able to rationally process and calibrate media information, leading to more proportional and less exaggerated price responses. Conversely, for smaller firms, media exposure plays a larger role as a primary source of information that can more dramatically influence investor sentiment due to the limited availability of alternative information sources. Thus, firm size is expected to moderate the strength of the relationship between media exposure and stock returns.

H2: Firm Size moderates the relationship between Media Exposure and Stock Return.

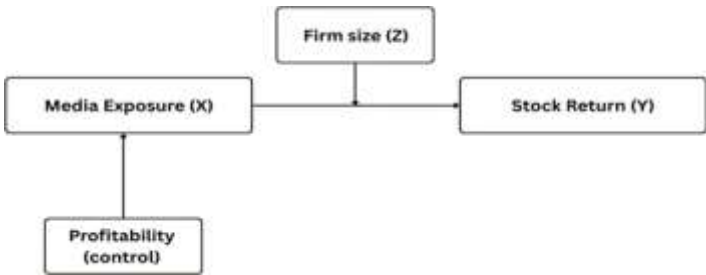


Figure 1. Conceptual Framework

RESEARCH METHODS

This research uses quantitative methods with secondary data. The data used comes from non-primary consumer goods companies, in the apparel and luxury goods subsectors, listed on the Indonesia Stock Exchange (IDX) for the period 2020–2024. The data for this study were obtained from various available sources.

The data includes company financial reports, historical stock price data from the IDX, and media coverage data. This study uses panel data that connects cross-company dimensions (cross-section) and time series dimensions (time series) for the period 2020–2024, therefore, the analysis is conducted using panel data regression.

Table 1. Research Sampling Criteria

No	Criteria	Amount
1.	Companies listed in the non-primary consumer goods sector, clothing and luxury goods sub-sector during the 2020-2024 period	23



2.	Company Which No have <i>annual report</i> complete during the 2020-2024 period	(6)
	Research Sample	17
	Total Sample (n x research period) (17 x 5)	85

Based on the sampling criteria above, 17 companies were selected as research samples, with 85 observations. This research is based on one dependent variable (Y), namely stock returns, one independent variable (X), namely media exposure, and one moderating variable (Z) in the form of firm size and a control variable, namely profitability.

From 85 initial observations (17 companies × 5 years), outlier detection and elimination were performed using the z-score method with a threshold of $|z| > 3$ on the dependent variable (stock return), resulting in 81 final observations used in the analysis. Descriptive statistics and Moderated Regression Analysis (MRA) were the data analysis methods used in this study. The regression equation model in this study is as follows:

$$Y = \alpha + \beta_1 X + \beta_2 Z_1 + \beta_3 Z_2 + \beta_4 (X \times Z_1) + \varepsilon$$

Description: Y = Company Stock Return; α = Constant; β_1 - β_4 = Regression coefficient; X = Media Exposure; Z1 = Firm Size; Z2 = Profitability; $X \times Z_1$ = Interaction variable between media exposure and firm size; ε = Error term

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics provide a general overview of the distribution characteristics of each variable. Data processing using SPSS with 81 observations after eliminating outliers yielded the results presented in the following table.

Table 2 Descriptive Statistics

Variables	N	Mean	Std. Dev	Min	Max
Stock Return (Y)	81	-0.0227	0.4866	-0.6667	1.8846
Media Exposure (X)	81	1,7056	1.3235	0.0000	4,2047



<i>Firm Size(Z)</i>	81	28,0338	1,1493	25,9711	30,2421
<i>Profitability (Control)</i>	81	-0.0397	0.2153	-1.7701	0.2486

Source: Processed data, SPSS, 2026

Based on the table above, the average Y value of -0.02274 indicates that, on average, the sample companies experienced negative stock returns during the observation period, with a minimum value of -0.666667 and a maximum of 1.884615. This negative average value indicates that, in general, the sample companies experienced a downward trend in stock returns during the study period.

Variable X has a mean of 1.70564 averaging 1.71 articles/year (in Ln) equivalent to approximately $e^{1.71} = 5.5$ articles per year per company indicating relatively low media coverage.

The Z variable shows an average of 28.034 (in natural logarithm), with a minimum value of 25.971 and a maximum of 30.242. This relatively narrow distribution indicates that the sample consists of companies of relatively similar sizes. Meanwhile, profitability has a negative average of -0.03966 with a standard deviation of 0.215318, indicating low average profitability performance during the observation period.

Table 3 Multicollinearity Test Results

Variables	Tolerance	VIF	Information
<i>Media Exposure(X)</i>	0.911	1,098	There is no multicollinearity
<i>Firm Size(Z)</i>	0.919	1,088	There is no multicollinearity
<i>Profitability (Control)</i>	0.990	1,010	There is no multicollinearity

Source: Processed data, SPSS, 2026

All independent variables show a Tolerance value greater than 0.10 and a VIF value smaller than 10. Variable X has a Tolerance value of 0.911 and a VIF of 1.098; Z has a Tolerance value of 0.919 and a VIF of 1.088; while Control has a Tolerance value of 0.990 and a VIF of 1.010. Thus, it can be concluded that the regression model does not contain multicollinearity problems and is suitable for further analysis.



Table 4 Panel Data Model Selection

Test	Criteria	Rule Decision	Prob. value	Result	Select ed
<i>Chow</i>	FEM vs CEM	If Prob. > 0.05 → H_0 accepted → CEM	0.4695 0.2909	H_0 Accepted	CEM
<i>Hausman</i>	FEM vs REM (not done because Cho w chooses CEM)	If Prob. > 0.05 → H_0 accepted → BRAKE	-	Irrelevant	-

Source: Processed data, Eviews 14, 2026

Since CEM was selected, the Hausman Test was not necessary considering that the Hausman Test is only relevant for choosing between FEM and Random Effect Model (REM). (Rizaldi and Arrozi, 2025) The selection of CEM indicates that there are no statistically significant differences in characteristics between companies that influence the relationship between variables, so the model can be treated uniformly (pooled) without the need to accommodate individual company effects.

Table 5 Panel Data Regression Analysis with Moderation

Variables	B (Unstd. Coeff.)	Std. Error	t	Prob.	Sig.	Information
<i>Constant</i>	2.017717	2.191649	0.920639	0.743	0.3602	-
<i>Media Exposure(X)</i>	-0.660857	1.075835	-0.614274	-0.685	0.5409	Rejected
<i>Firm Size(Z)</i>	-0.071032	0.079302	-0.895716	-0.703	0.3732	Rejected

<i>Profitability</i> (Control)	0.377349	0.254974	1.479951	1,441	0.1430	Rejected
<i>R Square</i>	0.049360					
<i>Adjusted R Square</i>	-0.000673					
F	0.986539					
Sig. F	0.420097					

Source: Processed data, Eviews 14, 2026

The results of panel data regression analysis (Panel Least Squares) with 17 cross-sections, 5 periods (2020–2024), and 81 observations show that all variables in the model have no significant effect on stock returns, where media exposure (X) has a negative coefficient of -0.660857 ($t = -0.614274$; $p = 0.5409$) so that H1 is rejected, the moderating variable of the $X \times$ Firm Size interaction is also insignificant ($\beta = 0.022657$; $t = 0.587450$; $p = 0.5586$) so that H2 is also rejected, and the control variables of profitability and firm size are each insignificant with $p = 0.3732$ and $p = 0.1430$. The F-statistic value of 0.986539 with a probability of 0.420097 (> 0.05) indicates that simultaneously all independent variables in the model have no significant effect on stock returns. The R squared value of 0.049360 indicates that the model is only able to explain around 4.9% of the variation in stock returns.

CONCLUSION

This study aims to analyze the effect of media exposure on stock returns in the apparel and luxury goods sub-sector companies listed on the Indonesia Stock Exchange for the 2020–2024 period, and to examine the moderating role of firm size in this relationship with profitability as a control variable. Based on multiple regression analysis with 81 observations from 17 sample companies, the results of panel data regression analysis using the Common Effect Model (CEM) approach obtained two main findings. First, media exposure did not significantly affect stock returns ($\beta = -0.661$; $p = 0.541 > 0.05$), so H1 was rejected. The negative direction of the coefficient indicates that increased media exposure tends to be associated with decreased returns, but this relationship is not statistically proven, which can be explained through the Efficient Market Hypothesis perspective that the market in this sub-sector has anticipated media information in stock prices, or that the frequency of news coverage alone without considering sentiment and content quality is not enough to significantly influence investor



decisions. Second, firm size was not proven to moderate the relationship between media exposure and stock returns ($\beta = 0.023$; $p = 0.559 > 0.05$), so H2 was also rejected, indicating that differences in firm size in a relatively homogeneous sample are not sufficient to differentiate investor sensitivity to media coverage. Overall, the model was insignificant ($F = 0.987$; $p = 0.420$) with a negative Adjusted R-squared value (-0.001), confirming that stock returns in the apparel and luxury goods sub-sector in the 2020–2024 period were more dominantly influenced by factors outside the model, such as market sentiment, post-pandemic fashion industry dynamics, and macroeconomic conditions.

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