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## Super Bowl Investing

### Suggested Grade & Mastery Level

High School – All Levels

### Suggested Time

Three to four class periods

### Teacher Background

The Super Bowl is one of the most watched TV events. It is predicted more than 100 million Americans and close to a billion people world-wide will also be watching the Super Bowl. Millions of viewers are football fans, but millions more will tune in just to see the commercials.

Each year advertisers are given the opportunity to display their products and services to one of the largest consumer audiences in the world. However, this opportunity does not come cheap. For Super Bowl XLVIII, FOX Broadcasting is charging up to \$4 million (that's \$200,000 more than 2013) for each 30-second commercial time slot (more than \$133,000 per second!).

In a reflection of our improving economy, several long time Super Bowl advertisers who did participate last year are back doing commercials for the big game, including Pepsi and Anheuser-Busch InBev.

Traditionally, advertisers have tried to create commercials for the Super Bowl as exciting and provocative as the game itself. In 1984, Apple Computer introduced its Macintosh computer with a memorable, futuristic ad that suggested Apple would overtake the computer dominance of IBM. More recently, viewers have been entertained with spots featuring monkeys who run a company; a guy who jumps out of a plane to get his favorite beverage; and stunning graphics, such as the fellow who out runs a cheetah for a soda.

Some believe that spending the resources to advertise during the Super Bowl is a good investment for a company. They believe it builds "brand credibility" and it is a rare opportunity when a majority of the country is "galvanized to a single TV show." (Spain, *MarketWatch*, February 3, 2005) Others believe that the impact of advertising during the Super Bowl is only slight.

According to a study conducted by the Business Department of the University of Colorado, "companies announcing the purchase of advertising slots during the Super Bowl broadcast may get a slight boost in their stock prices... perennial Super Bowl advertisers like Budweiser do not see an impact on their stock prices... where the corporation was not a regular Super Bowl advertiser there was an uptick in stock price of about one percent... For regular advertisers, the stock prices reaction was statistically negligible and was slightly negative."(Campbell & Hughson, 2007)

For The Stock Market Game investor, the Super Bowl presents an interesting investment research opportunity. In this project SMG teams will decide on the effectiveness of Super Bowl advertising and predict the immediate impact of that advertisement on the price of stock.





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## Performance Objectives

The students will be able to:

- Collect and compare data.
- Use data to draw conclusions and rationalize decisions.
- Understand the importance of brand recognition.

## Materials

Activity Sheet 1: Bowl Ads – Then & Now

Activity Sheet 2: Ad Rating & Price Sheet

## Springboard Activity

### Bridging Activity

#### *Ask*

What are your five most favorite commercials? Why?

Have your students respond to these questions individually. Then ask them to work in their SMG teams to create a Master list of their five most favorite commercials. The list should be based on a tally of the commercials each member has named as a favorite. If there is no agreement among the individual responses, teams should discuss and come to a consensus about which five commercials they like best as a team.

Have the teams share their selections with each other. Remind them that when they share they should include why the commercial they have selected is a favorite.

#### *Ask*

In your SMG portfolio, have you already invested in some of the companies in your favorite commercials?

If they do not have any of the companies in their portfolios ask them if they would consider buying stock in any of the companies whose commercials they liked? Why? Why not?

### Linking Activity

Through a quick show of hands, determine how many students in the class will be watching this year's Super Bowl Game.

#### *Explain*

Some 90 million Americans and close to a billion people world-wide will be watching the Super Bowl game. Millions of viewers are football fans, but millions also will tune in just to watch the commercials.





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Each year advertisers are given the opportunity to create advertisements for products and services for one of the largest consumer audiences in the world. However, this opportunity is not inexpensive. Networks can charge companies an average of nearly \$3 million for each 30-second commercial time slot – That’s approximately \$100,000 per second!

What do you think the impact on a company’s stock price will be when it has a Super Bowl commercial that is voted the best or is the most talked about?

Over the next few days you have an opportunity to test out the power of TV commercials.

## Activities

### Before the Super Bowl

#### *Explain*

Each year companies are willing to pay extremely high prices to advertise during the Super Bowl. In many ways, the Super Bowl to companies is like the prom to high school seniors. Companies spend a lot of time and money preparing for the event. Many companies use their Super Bowl advertising time to debut new products and new services.

Today we will explore the relationship between Super Bowl advertising and a company’s stock price.

#### *Distribute*

**Activity Sheet One** and complete in teams.

#### *Discuss*

Now that you have researched the impact of last year’s Super Bowl advertising on each company’s stock prices, what do you predict will be the impact of the most popular Super Bowl commercials on the companies’ stock prices this year? Why?

After students have completed the “Now” section of **Activity Sheet One**

#### *Ask*

Did any of the companies you selected advertise in last year’s Super Bowl? If Yes, which ones and what conclusions can be drawn about the impact of their advertisement on their stock price?

Have the students write an essay explaining their predictions regarding the impact of Super Bowl TV advertising on stock prices. They should use the data their SMG teams collected to support their answers.

### During & After the Super Bowl

This activity has students watch the Super Bowl game. It is recommended that parents be alerted to the fact that some of the commercials may be provocative or potentially offensive.

This activity should be introduced before the Super Bowl is televised and completed shortly after.





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## *Explain*

We will gather data to make predictions about the impact of a company's Super Bowl ad on its stock price. We will also create ratings criteria and examine stock prices for some of the companies advertising in this year's Super Bowl.

## *Ask*

Why do companies advertise?

Via class consensus, create a list of the top five responses. Responses will vary but should include descriptions like: to debut new products, to challenge their competitors, to create a positive image for their company and brands, to let investors know about them, etc.

## *Distribute*

**Activity Sheet Two.** The ratings criteria should be based on the top five responses regarding why companies advertise. Students should complete one activity sheet for each company they are reviewing. Some companies show more than one commercial during the game. It is preferable that students report on one ad per company.

The students should watch at least 45 minutes of the Super Bowl and complete the appropriate portions of **Activity Sheet Two**.

## **Assessment**

Following the Super Bowl broadcast, teams should compile the data they gathered from Activity Sheets One and Two and compose an essay about the positive, negative, or negligible impact of Super Bowl advertising on a company's stock price. They may also wish to include additional research.

## **Application**

Ask your students to consider one of the companies not currently in their SMG portfolio that advertised during the Super Bowl. Have them track and rate TV advertising for the company over one month. During the same month track the price of the stock. Is there a relationship between the stock price and the quality of TV commercials? Would they recommend purchasing the stock based on their rating of the company's TV commercials? Why? Why not?

They should prepare a presentation of the data they collected and the conclusion they have made.

## **Enrichment**

Ask your students to select a company from their portfolio that did not advertise during this year's Super Bowl. Ask them to create a presentation to the company's board of directors either persuading them or dissuading them from advertising during next year's Super Bowl broadcast. Assume that the cost will be 3.8 million dollars for 30-seconds.

The presentation should be visually engaging, contain a selection of charts, tables, and graphs illustrating their position. They should be prepared to present orally to the class.





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In forming their argument they should consider whether or not

- the company they represent can afford to advertise,
- the audience watching the Super Bowl represents their customer base
- advertising during the Super Bowl has positive effects on stock prices





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## Activity Sheet 1: Bowl Ads – Then & Now

On **superbowl-ads.com** click the last year to see other products and services advertised during Super Bowl. Select five products and services whose commercials or products you like.

Use the Recommended Sites or your favorite research and information sites to complete the table.

Recommended Sites:

<http://www.superbowl-ads.com>

<http://www.superbowl-commercials.org>

<http://www.nasdaq.com>

<http://www.nyx.com>

<http://finance.yahoo.com>

PRODUCT/ SERVICE	COMPANY/TICKER	CLOSING PRICE PER SHARE			
		1 Month Before	1 Day Before*	1 Day After	1 Month After

\*This refers to the closing price on the Friday before the Super Bowl.

Based on the completed table, did advertising during the Super Bowl increase the company's stock price? Why do you believe this? *NOTE: Direct cause and effect is tough to prove here, but you can speculate about the impact of the commercial on its company's stock price.*

Based on the completed table, what other conclusions can be drawn? For example: Did the stock prices for companies who bought more advertising time increase more than companies that only had one add? Please develop three conclusions based on the data in the table.





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## Now

Visit the Previews section of [www.superbowl-ads.com](http://www.superbowl-ads.com) or scroll through the 2014 Super Bowl-related posts at [www.superbowl-commercials.org](http://www.superbowl-commercials.org).

Does your team own shares of the companies scheduled to advertise during this year's Super Bowl? If your team does, please list your favorite five with a brief explanation of why your team purchased them.

If your team does not own any of the companies advertising during this year's Super Bowl, please select the five companies that most interest you as investment opportunities. Explain why.

PRODUCT/ SERVICE	COMPANY/TICKER	CLOSING PRICE* & DATE	EXPLANATION OF PURCHASE

\*Depending on when you complete this activity, you may use the previous day's closing price.





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## Activity Sheet 2: Ad Rating & Price Sheet

<b>BRAND/COMPANY:</b>	
<b>COMMERCIAL SYNOPSIS:</b>	

RATING CRITERIA	RATING					SUBTOTAL
	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
	<b>TOTAL</b>					

TICKER	CLOSING PRICE PER SHARE		
	1 Month Before	1 Day Before	1 Day After

