



AI 360 Research Brief

Paper title: Persistent Advantage or Changing Peers? Reassessing Profitability Persistence

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Brief overview of the research:

This study examines whether rising profitability persistence reflects stronger competitive advantages or changes in the firms being compared. Using 15,918 U.S. listed firms from 1990–2025, we compare changing firm populations with continuing firms to distinguish incumbents' collective standing from differences among incumbents.

Why this research matters:

Rising profitability persistence is often interpreted as evidence that competitive advantages are becoming more entrenched. Our findings show that this interpretation depends on which firms are studied and how their peers are defined. Established firms can improve their standing against the broader market without a comparable increase in differentiation among themselves. For researchers, the study improves how evidence of persistent advantage is interpreted. For managers, it shows why evaluating performance requires examining profitability itself, standing against current peers, and standing within a consistent group of firms.