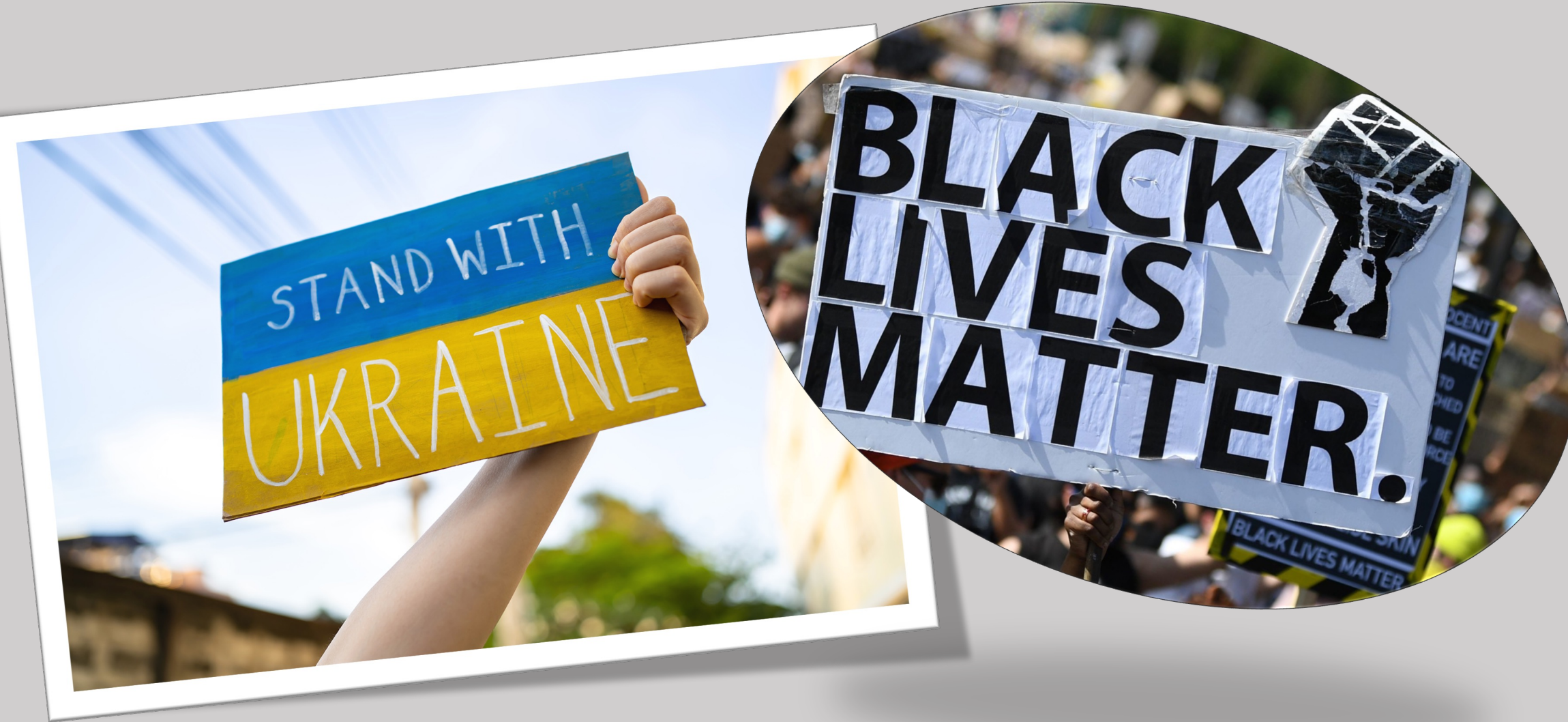


# Speedy Activists: Firm Response Time to Sociopolitical Events Influences Consumer Behavior

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Does the speed with which firms react to sociopolitical issues affect consumer sentiment and consumption?

## Summary of Findings

- The longer firms waited to respond to George Floyd's death on Instagram, the more they were met by negative user comments.
- Consumers were more likely to purchase from firms who posted quickly.
- Slow-to-act firms must incur dramatic financial losses to compensate for their slow response times in the eyes of consumers.

## E1: Evidence from Instagram

### Methods

- Scraped Instagram posts from Fortune 500 companies ( $N=74$ ) about Black Lives Matter (BLM) on/after May 25, 2020, and 26,984 user comments.
- Used a pre-trained NLP model to calculate post's authenticity and user comments' sentiment likelihood (e.g., negative, unsupportive, disagreeing)<sup>1,2</sup>.

### Results

Sentiment Label ~ Days Since Protests + Est. Post Authenticity

	Negative	Disagreement	Unsupportive
Days Since Protests	1.34*** (0.23)	1.25*** (0.22)	1.37*** (0.23)
Est. Authenticity	-0.11 (0.08)	-0.14 (0.08)	-0.12 (0.08)
Constant	30.49*** (7.62)	43.18*** (7.23)	31.89*** (7.53)
Obs	74	74	74
R-Squared	0.168	0.174	0.182

Note: Standard errors in parentheses. Significance levels: \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

With each day companies wait to respond to BLM, their user comments become 1.34 percentage points more negative.

## References

- 1 Lewis, M., Liu, Y., Goyal, N., Ghazvininejad, M., Mohamed, A., Levy, O., ... Zettlemoyer, L. (2020). BART: Denoising Sequence-to-Sequence Pre-training for Natural Language Generation, Translation, and Comprehension.
- 2 Williams, A., Nangia, N., & Bowman, S. R. (2018). A broad-coverage challenge corpus for sentence understanding through inference. *NAAACL HLT 2018 Proceedings of the Conference*, 1.
- 3 Templeton, E. M., Chang, L. J., Reynolds, E. A., LeBeaumont, M. D. C., & Wheatley, T. (2022). Fast response times signal social connection in conversation. *Proceedings of the National Academy of Sciences*, 119(4).

## E2: Incentive-Compatible Purchasing Intentions

### Methods

- Participants (Prolific;  $N=450$ ) to read 3 companies' social media response to BLM (in random order).
- IV: Delay of the posts: 1 week v. 1 month v. never
- DV: Participants used a cash bonus to purchase \$0.03 raffle tickets toward gift cards at each company.

Real Company Statements: Target, Walmart, Amazon



### Results

	Num. of Raffle Tickets
Statement Condition: Never (Baseline)	
Statement Condition: After 1 Week	0.454** (0.138)
Statement Condition: After 1 Month	0.174 (0.127)
Constant	0.203 (0.114)
Obs.	1,293
R-Squared	0.30
Incl. Company + Participant Fixed Effects	Yes
Excl. Failed Comprehension Check	Yes

Note: Standard errors in parentheses. Significance levels: \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

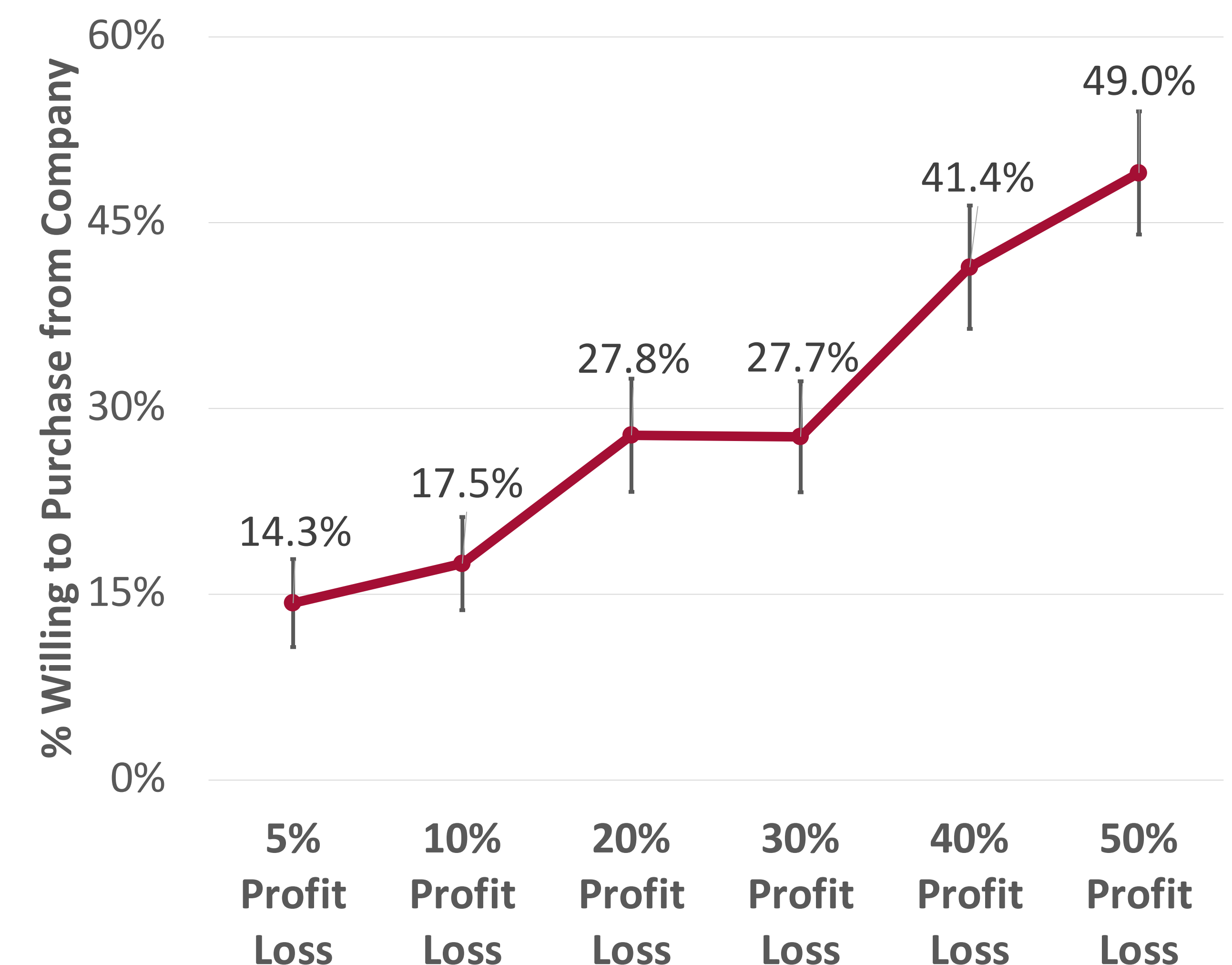
Participants held greater brand preference for companies that released a statement faster (one week) than slower (1 month) or not at all.

## E3: Trade-off with Slow Reactions

### Methods

- Participants (Prolific;  $N=600$ ) read about a slow-to-act company that withdrew business from Russia after 2 months of its invasion in Ukraine.
- IV: Business sacrifices 5, 10, 20, 30, 40, or 50% of annual profit to withdraw from Russia.
- DV: Willing to purchase from this company?

### Results



Timeliness of firms' reactions to sociopolitical events matters: only dramatic financial losses (40-50% of annual profits) may begin to compensate for delayed reactions.