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

Jimin Nam*, Maya Balakrishnan, Julian De Freitas, & Alison Wood Brooks



*Correspondence: jnam@hbs.edu



Does the speed with which firms react to sociopolitical issues affect consumer sentiment and consumption? <u>Summary of Findings</u>

- 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)^{1,2}.

Results

Sentiment Label ~ Days Since Protests + Est. Post Authenticity

	Negative	Disagreement	Unsupportive
Days Since Protests	1.34***	1.25***	1.37***
	(0.23)	(0.22)	(0.23)
Est. Authenticity	-0.11	-0.14	-0.12
	(0.08)	(0.08)	(0.08)
Constant	30.49***	43.18***	31.89***
	(7.62)	(7.23)	(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. *NAACL 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

Target stands
against racism
and stands with
Black families,
Communities, and
our Team Members

What is taking place is further proof we must stand together, push for change and help build a more inclusive and just society. It's not only who we are as a company, but it's at the core of the most basic principles of human rights and justice.

We also know it takes more than talk—it takes action So, Walmart and the Walmart Foundation are committing \$100M over five years through a new center for racial equity. The goal of the center will be to address systematic racism in society head-on and accelerate change.

The doors of Walmart are open to everyone. Our stores should be a place where every individual can feel welcome and know they will be treated with respect as they work or shop.

The inequitable and brutal treatment of Black people in our country must stop.

Together we stand in solidarity with the Black community – our employees, customers, and partners – in the fight against systemic racism and injustice.

amazo

Results

Num. of Raffle Tickets
0.454**
(0.138)
0.174
(0.127)
0.203
(0.114)
1,293
0.30
Yes
Yes

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

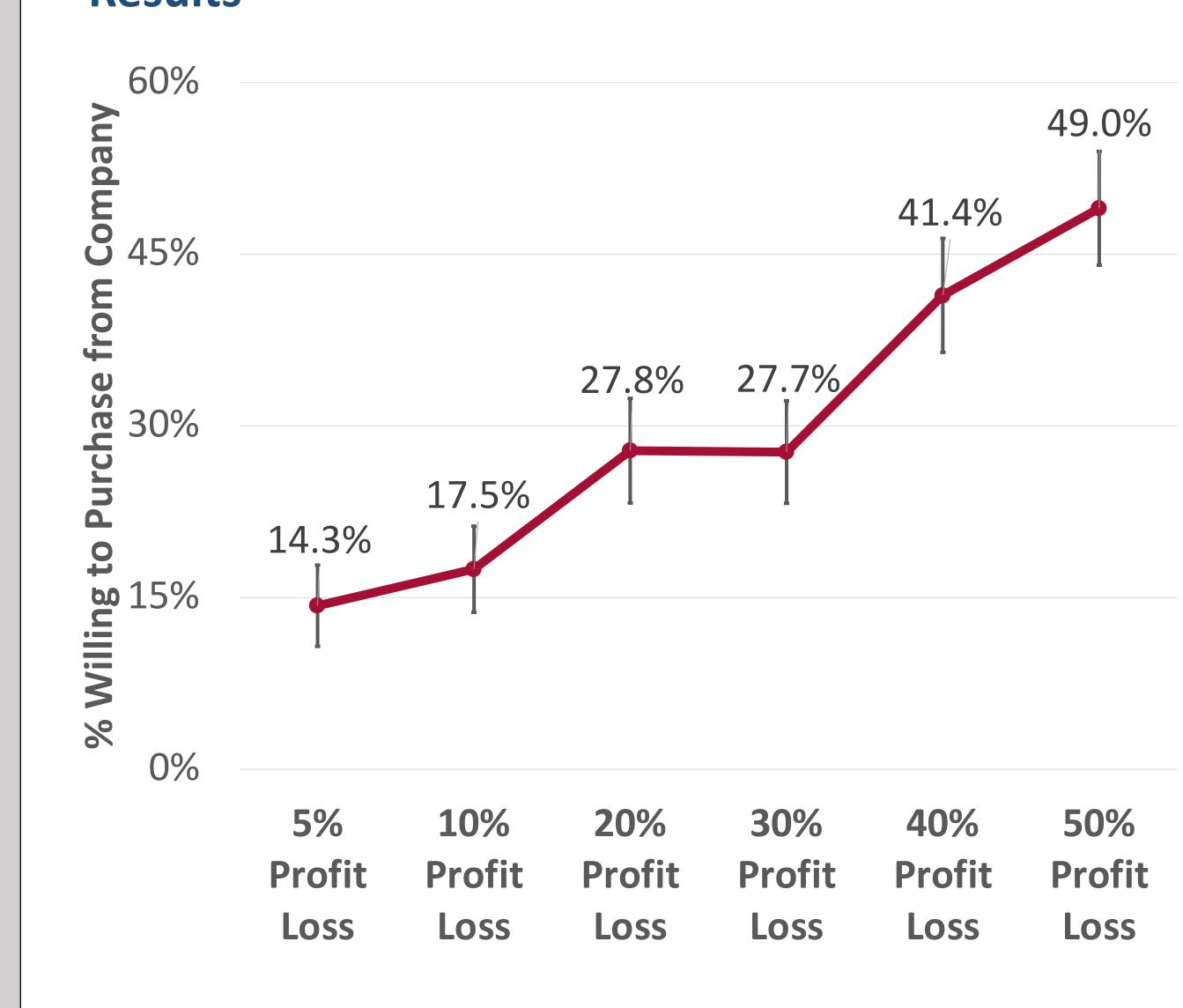
Participants held greater brand preference for companies that released a statement faster (one week) than slower (1 month) or not at all.

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.