

Comment on “Spilling the Beans on Political Consumerism: Do Social Media Boycotts and Buycotts Translate to Real Sales Impact?”

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Abstract

We discuss (Liaukonyte et al., 2022)’s fascinating new case study of the boycott and buycott of Goya products in 2020. The authors use detailed consumer-level shopping panel data to document two surprising and striking findings. First, social media calls to boycott had almost no effects, especially amongst the core Goya consumer group: Democratic-leaning Latinos. Second, the authors document an unintended consequence - Goya’s supporters reacted by initiating a call for a “buycott.” The boycott and buycott combination ultimately increased Goya sales, especially amongst non-traditional Republican-leaning buyers, albeit only for a few weeks. We hope this paper will stimulate more work to determine which aspects of these findings generalizes to other instances of political consumerism. In our discussion, we offer thoughts on some of the potentially exceptional circumstances of the Goya case study and some directions for deeper testing of the underlying mechanisms driving the consumer responses.

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1 Introduction

We welcome the opportunity to comment on the Liaukonyte et al. (2022) paper “Spilling the Beans on Political Consumerism: Do Social Media Boycotts and Buycotts Translate to Real Sales Impact?” The U.S. has witnessed a recent increase in the role of ethical/political consumerism, a form of consumer activism based on *dollar voting*. Typically consumer activists call for boycotts¹ of products from unethical companies and/or buycotts² of products from ethical companies. In recent years, 42% of large companies and 54% of top brands have been exposed to some form of such political consumerism (John and Klein 2003). Such political consumerism frequently targets controversial corporate and marketing decisions touching on ethical issues ranging from labor and working conditions to sustainability. In 2017 alone, boycotts and buycotts were called against LL Bean (Victor, 2017), New Balance (Gilbert, 2016), Nordstrom (Allison Rupp, 2017), Starbucks (Mazza, 2017), Uber (Isaac, 2017) and Under Armour (Kilgore, 2017) largely for taking stances for or against the Trump administration.

In practice, we still know very little about the true impact (if any) of such political consumerism. The evidence is typically anecdotal, and the results are mixed. For instance, Nike’s sales and stock price increased 10% and 7%, respectively, in the quarter following a boycott in response to its controversial advertising featuring Colin Kaepernick, an activist and ex-NFL player (Carroll, 2018). In contrast, Dick’s Sporting goods allegedly lost millions following the boycotts called in response to its stringent new gun sales policy following two mass shootings (Siegel, 2019). Given the intense media visibility of the boycotts and the high-profiles of the companies, a deeper inquiry into the mechanisms driving consumer response is of high value.

Liaukonyte et al. (2022) conduct a detailed case study of the boycott of Goya-branded products in response to CEO, Robert Unanue’s, praise of President Trump as a “blessing” during a White House speech. Historically, Goya has been considerably more popular with Democratic-leaning consumers than Republican. The boycott almost immediately triggered a buycott response, which included social media postings of President Trump and his daughter Ivanka posing with Goya products and a GoFundMe campaign that raised \$300,000 to buy Goya products for charity. On

¹(Friedman, 1985) defines a consumer boycott as “an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases in the marketplace.”

²(Friedman, 1996) defines a buycott as “[efforts] which attempt to induce shoppers to buy the products or services of selected companies in order to reward them for behavior which is consistent with the goals of the activists.”

the face of it, the boycott appeared to work with 75% more social media chatter generated by the boycott than the buycott.

Using a large and representative U.S. consumer shopping panel, the authors conduct an event study of the boycott to quantify the impact on sales and some of the sources of heterogeneity in consumer response. The data tell a different story from the early media coverage. The authors document a surprising unintended consequence of the boycott: Goya sales increased 22% during the three weeks after the boycott; although the effect immediately dissipated thereafter. Zooming-in on counties with differing political affiliations, the authors find that sales increase in both heavily Republican and heavily Democratic counties; although the increase is considerably larger in the former (56.4%) than the latter (9.2%). Perhaps most striking, the impact for Latino households - the core Goya consumer - is small and statistically insignificant; although black households do appear to boycott the brand. In short, the boycott appeared to have been largely ineffective, perhaps due to established brand loyalty. Meanwhile, the corresponding buycott temporarily rallied non-traditional buyers; although the magnitudes were nowhere near Unanue's claim of a 1000% spike in sales³. These facts should stimulate more research into the underlying mechanisms driving the activation of political consumerism and the drivers of the effects on sales.

Generalizing the results to other boycotts/buycotts and broader sources of political consumerism is challenging on the basis of this single case study. As we discuss below, various incidental factors specific to the Goya boycott and its timing are difficult to tease out. Therefore, we hope that Liaukonyte et al. (2022) will stimulate more detailed case studies of boycotts an/or buycotts to document the empirical regularities. In particular, we think it would be useful to study (1) the potential for counter-campaigns and unintended consequences as with the Goya boycott, and (2) the mechanisms that drive the consumer response.

2 Why was Goya Singled Out for a Boycott?

Typically, consumer boycotts arise in response to ethically questionable corporate or marketing decisions such as Nike's alleged use of sweatshops and worker abuse in Southeast Asia during

³After Rep. Alexandria Ocasio-Cortez protested Goya, Unanue later announced "When she boycotted us, our sales actually increased 1,000%, so we gave her an honorary — we never were able to hand it to her — she got employee of the month for bringing attention to Goya and our adobo" (Lee, 2020).

the 1990s (Sankey, 2018), and Nestle’s campaign for breastmilk substitute in developing countries during the 1970s. With Goya, however, the boycott arose in response to (political) activism by its CEO: Unanue unilaterally praised President Trump with no official corporate endorsement by Goya Foods, Inc. Around the same time, several other CEOs also unilaterally endorsed President Trump with no consumer backlash.⁴ In fact, several factors make the timing of Unanue’s comments unusual. He made his statement while at the White House to attend the signing in the Rose Garden of the White House Hispanic Prosperity Initiative, ostensibly to support the Latino community. His remarks were part of a broader announcement of Goya’s commitment to donate a million cans of chickpeas and another million pounds of goods to food banks (Goya, 2020). In fact, Goya Foods had a long history of charitable giving and support of the Latino community and was the only food company⁵ to be recognized by a president – Obama (Goya, 2011). The unique circumstances of a high-visibility firm with a history of activism and a reputation of charity and support in the Latino community made Goya a predictable target for political consumerism (King McDonnell, 2015), especially in light of Trump’s strong stance against immigration from South America.

3 Consumer Motivation to Participate in a Goya Boycott/Buycott

The extant literature on political consumerism has discussed the various countervailing factors that motivate consumer participation in a boycott or buycott (e.g., Garrett, 1987; John Klein, 2003; Klein et al., 2004). The perceived benefits of participation reflect a consumer’s preferences for the underlying cause and/or the reputational benefits of supporting the cause. At the same time, the costs of participation include the direct consequence of foregoing consumption weighed against the perception that the campaign will successfully trigger a desirable response from the targeted company.

⁴Neureiter Bhattacharya (2021) discuss how Alex Gorsky (Johnson Johnson), Ed Bastian (Delta Air Lines), and Ike Perlmutter (Marvel Entertainment), drew much less criticism in spite of their public praise for President Trump.

⁵Goya claims on its website to be “the only company to ever be honored by the President.” See <https://www.goya.com/en/our-company/history>

3.1 The Coordination Problem

One of Liaukonyte et al. (2022)'s most striking findings is the lack of response in the Latino community. However, there may be good reasons not to have expected the boycott to have much effect. In general, experts do not seem to think boycotts are very effective at hurting a company and/or brand's sales (e.g., Dubner, 2016; Samuelson Reed, 2017). Consumers may be reluctant to participate if they do not expect the company to change (e.g., Sen et al., 2001; John Klein, 2003). This challenge is exacerbated by the free-riding problem in most boycotts/buycotts since a consumer would need to expect sufficient participation to trigger a response from the company. Turning to Goya, since Unanue acted unilaterally with no brand communication, activists logically sought his censure or dismissal by the Goya board and did not seek to punish the company itself. However, Goya Foods is a family-owned private entity, making Unanue's job less vulnerable than in a publically-traded company. Further, Unanue did not directly mention a specific political cause, in contrast for instance with the boycott of Chick-Fil-A whose CEO Dan Cathy denounced gay marriage or Apple whose CEO Tim Cook denounced Indiana's Religious Freedom Restoration Act (Hou Poliquin, 2022). Even when activist CEOs go so far as to endorse specific politically-charged issues, the effects have been found to be small. For instance, support for gun control from a group of CEOs had a small and short-term effect on store visits (Hou Poliquin, 2022). Since Unanue did not directly mention a political cause, it's plausible that consumers did not anticipate high participation in the boycott.

Further, as discussed above, Unanue's praise of Trump coincided with his announcement of a large charitable donation and his support of the White House Hispanic Prosperity initiative. This additional announcement presents a threat to the authors' identification strategy to measure the effects of the boycott and buycott, respectively. To the extent these events potentially generated a positive shock to Goya demand, especially within the Latino community, the confounding effect would offset the evidence for a boycott. As evidence of this potential confound, consider that a GoFundMe page raised over \$100,000 to buy Goya products to be donated to the food bank two days after the call to boycott (Harper, 2020).

3.2 Boycott Goals: Sales versus Media Attention

As explained above, one of the more plausible goals for the call to boycott was to pressure Goya into censuring or dismissing their CEO. Sales may not be the appropriate measure for the strength of such a pressure campaign. Rather, according to CSR expert Brayden King (Ngo, 2022): “The no. 1 predictor of what makes a boycott effective is how much media attention it creates, not how many people sign onto a petition or how many consumers it mobilizes.” While Goya sales were not hurt in the short-term, the combination of the boycott and counter buycott generated extensive media coverage by leading newspapers and social media. One study estimated that the media coverage generated \$47 million worth of negative publicity for Goya (Atkinson, 2020). Less than six months later, Goya’s board did in fact vote to censure Unanue (Kosman, 2021). Similarly, Uber CEO Travis Kalanick dropped out of President Trump’s business council shortly after a boycott (Isaac, 2017). In sum, some boycotts may not be geared towards punishing the company through lower sales. Rather, the boycott may seek negative media coverage as the pressure for a company to discipline an activist CEO.

3.3 Social Preferences versus Reputational Benefits

Political consumerism ostensibly starts with social preferences, such as a genuine preference for a more open stance on immigration or a preference for protections of the freedom of speech. However, it is unclear whether the effects in this paper reflect genuine social preferences for an underlying cause (e.g., the treatment of Latino immigrants) as opposed to an opportunity for the consumer to signal (socially and/or to self) her political affiliation. The fact that White and Black households, not Latino, were the most likely to change their shopping behavior is suggestive of the possibility that the mechanism is not purely about the plight of immigrants.

Testing signaling is difficult as it requires an instrument that varies the strength of the signal. In theory, as the Goya price increases, it reduces the number of willing buyers, thereby strengthening the signal conveyed by a purchase in equilibrium (see for instance Dubé et al., 2017). One could therefore test signaling as a motivation for Goya boycott/buycott participation by testing whether the magnitude of the change in sales rates is higher in higher-price weeks and/or markets. Of course, this test would require a plausibly exogenous source of price variation.

4 Social Preferences versus Mere Advertising

It is also possible that social preferences played little to no role at all. An unusual feature of the Goya case study is that both President Trump and his daughter, Ivanka, appeared in the media with packages of Goya branded foods, with both the brand label and taglines clearly visible. Even in the absence of a call to boycott Goya, these media appearances could generate a similar effect as a celebrity endorsement advertising campaign. The image of the President and his daughter could have shifted out demand through its *informative* effect (generate awareness amongst non-traditional buyers), and/or through its *persuasive* effect (if consumers trust their leaders' product recommendations and/or enjoy consuming the same products as their role models).

The role of these advertising effects presents another potential threat to the authors' identification strategy to measure the effects of the boycott and buycott, respectively. A mere advertising effect would work in the same direction as the buycott and the opposite direction as the boycott. One possible approach to disentangling the advertising effect from the social preferences effect would consist of re-running the analysis during other instances of activism by the Goya CEO that did not stimulate a direct media response from the president and his daughter.

5 Conclusions

With political consumerism on the rise, Liaukonyte et al. (2022)'s case study of the Goya boycott and buycott is quite timely. The lack of boycott response amongst core consumers and the unintended adverse effect of the counter buycott are surprising and warrant deeper inquiry. We hope subsequent researchers will build more case studies to assess the extent to which these findings generalize and to dig more deeply into the mechanisms driving when firms find themselves subject to political consumerism and why consumers would be motivated to participate in "dollar voting."

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