

CORPORATE SOCIAL RESPONSIBILITY

Who should care about the Facebook ad boycott?

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More than 500 firms have committed to removing ads from Facebook.

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More and more firms are rushing to join the Facebook #StopHateForProfit ad boycott, with at least 500 of them having already pledged their commitment. Although motivated by civil rights groups, this is a unique situation where we have a collection of firms boycotting

another firm – a B2B boycott. This special type of boycotting can be further classified as a political corporate social responsibility (PCSR) action, in that the boycotting firms' actions have (intended or unintended) political impact that could potentially lead to new government regulation. However, at least for the time being, Facebook seems to be downplaying the potential effect of this campaign on the company. In fact, Mark Zuckerberg, the company's CEO, has been quoted saying that it is a "reputational" issue affecting only a small percentage of the company's revenues and setting the expectation that Facebook is "not gonna change." However, what do consumers have to say on the matter and the political stance boycotting firms are taking? Are they planning to punish Facebook and reward its boycotters? Broadly, how do they evaluate PCSR actions, where firms traditionally seen as being motivated by profit and greed, do not remain on the sidelines but take a political stance?

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Boycotting firm sincerity and Facebook hypocrisy

To address these questions, we collected responses from 400 US consumers in the early days of the boycott (July 1-4, 2020) using the Pollfish platform; this innovative platform delivers surveys directly on users' smartphones. Our analysis indicates that the answers to our questions depend on the extent to which consumers are suspicious about boycotting firms' motives, to a large extent confirming social psychologists (i.e., causal attribution theorists) suggesting that people do not only care about what others do, but why they do it. First, we find that boycotting firms benefit directly by enjoying higher purchase intentions only when consumers believe that their stated motives are sincere (42.5% of our sample). However, boycotting firms should be worried because the majority of consumers are either not convinced about their sincerity (29.5% of our sample) or actually find them to be hypocritical (28%). Second, the more a consumer believes boycotting firms are sincere, the more they perceive Facebook as being hypocritical: that its actions are seen as falling short of its stated values. In turn, this makes Facebook users more likely to express intentions

about reducing their Facebook use. Therefore, the boycott does indeed inflict reputational damage on Facebook and has the potential to hurt the company's user engagement, which is a more important metric of the platform's attractiveness to advertisers, above and beyond a short term pause on ad spend. However, this effect, critically depends on how consumers evaluate the intentions underlying the ad boycott. Consumers are suspicious of boycotting firms and seem to wonder: is their participation a sincere or hypocritical move on their part? Consumer scepticism emerges from the broader trust deficit that characterizes the modern-day business firm. Based on our findings, this deficit becomes salient when for-profit firms engage in PCSR actions.

Identifying with Facebook

Nonetheless, the dynamics of the relationship Facebook users have formed with the social network also play a role. Specifically, we find that the more a Facebook user identifies with the social network (i.e. they see it as part of who they are), the less hypocritical they perceive Facebook to be and the less likely they are to reduce their Facebook use. It is this identification and loyalty to the social network that the company and its CEO seem to be counting on. It indeed partially insulates Facebook users who have made the app part of their own identity from being affected the boycott. Nonetheless, our research indicates that the social network's users who do not sufficiently identify with it (about 25% of Facebook users in our sample), have no hesitation in characterizing Facebook as hypocritical or in stating their intent to reduce their Facebook use. Thus, in contrast to Facebook's CEO claims, a considerable percentage of users are quite vulnerable to the effects of the boycott which should not be ignored by the company.

The CEO paradox

Given how much Facebook is associated with the personality of its founder and CEO, we also examined his role and find that about 40% of users believe that without Mark Zuckerberg at the helm, Facebook would become more sincere. Moreover, we also find that about one third of users in our sample would like to actually see him resign. However, we come across the following paradox: the more a Facebook user identifies with the social

network, the more strongly they feel that its founder, Mark Zuckerberg, tarnishes the sincerity of Facebook. Nonetheless, they do NOT want him to step down. They realize that while he makes Facebook look less sincere, he is an essential part of the brand they love and they do not want to see him resign. Are they perhaps concerned that if another CEO takes over, Facebook will not be the same?

Why should managers care?

The Facebook users among our respondents (85% of all respondents) indicate that social network should worry about the boycott since it fuels their view that Facebook is hypocritical; a view which leads to an increased intention to reduce app usage which will inevitably reduce the company's revenues. But, is the company betting on the addictive nature of social networks and discounts such expressed intentions?

Second, as companies debate if they should be joining the #StopHateForProfit ad boycott or not, we find that joining the boycott bandwagon will not benefit the boycotter and the boycott itself if they are not seen as being sincere. This provides managers with a word of caution on whether they should be joining the #StopHateForProfit ad boycott bandwagon. Our findings indicate that purpose-driven firms associated with more sincere intentions are more likely than others to benefit from the boycott, but also reinforce the boycott itself by making it more legitimate. Therefore, the identity and prior reputation of the firm is a key factor to consider when contemplating whether to participate or not in the Facebook ad boycott and broadly whether to take a political stance or engage in PCSR. In case a firm chooses to join the boycott, it needs to ensure that it can make it right by reflecting sincerity and long-term commitment. For example, extend their participation to the boycott in all regions and until the issue is addressed (not just for a month). In other words, if a firm decides to join, it should 'go all in', as it may otherwise be criticized as inauthentic, especially as sceptics already argue that it is quite convenient that the boycott has coincided with the economic uncertainty resulting from the COVID-19 pandemic.



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