

## **When Brands Get Political – The Role of Authenticity in Consumers' Reactions towards Brand Activism**

### *Abstract*

Brand activism (i.e., brands taking a stand in controversial social-political discussions) has become more common in recent years, although consumers' reactions to can be both, positive and negative rendering the outcome for brands unpredictable. Literature only scarcely investigates determinants of brand activism. With an experiment, we show that for the activism to be perceived authentic and to have a positive impact on consumers' brand attitude, purchase intentions and word-of-mouth, it is essential that consumers perceive the activist behavior as intrinsically motivated (vs. extrinsic) and as having an impact (high vs. low) on improving or solving the issue addressed. Perceived authenticity serves as the mediator in this context.

*Keywords:* brand activism, brand purpose, authenticity, brand management, motivation

*Classification:* Research Paper

## 1 Introduction and Objectives

When the sports brand Nike chose former NFL quarterback Colin Kaepernick as the face of its 30th anniversary campaign in 2018, it was much more than a normal advertising campaign. With this move, Nike positioned itself on an issue that had nothing to do with its core business and publicly spoke out against any form of discrimination. Kaepernick had caused a public debate two years prior when he refused to stand up for the American anthem before a game, stating that he would not show pride for a country that still discriminated people of color. While supporters celebrated him as a hero, opponents criticized his lack of patriotism. The quarterback had to leave his football club and has not been under contract ever since. When Nike portrayed Kaepernick as a hero in the campaign – with the tagline “Believe in something, even if it means sacrificing everything” – the brand made its own position on the issue very clear. As a result, Nike encountered very mixed reactions by the public: Critics threatened to boycott the brand, shared pictures of burning Nike shoes on social media and even former U.S. President Trump bashed the brand in a tweet. However, in sum, the positive reactions outweighed the negative ones. Supportive consumers praised the brand on social media for speaking out on an important issue and online sales increased by 31% after the campaign’s release (The Marketing Journal, 2018).

In recent years, more and more companies are taking a stand in controversial social-political discussions unrelated to their core business, with the aim to bring about societal improvements – a phenomenon termed *brand activism*. Despite most consumers wanting brands to take a stand, many of them are skeptical towards it at the same time (Sprout Social, 2018). About 70% (n = 1,500) found it important for brands to take a stand. Yet almost 40% felt that brands are not credible when they do. Compared to 2017, this latter percentage had almost doubled. Clearly, consumers not only evaluate whether a brand positions itself in a social-political context or not, but also if it does so authentically.

## 2 Research Question

This observation marks the starting point of our research. Prior literature (Korschun et al 2019) indicate that the effects of activism depend substantially on whether consumers perceive the brand’s behavior as authentic or not. Thus, this paper investigates the question whether authenticity perceptions influences consumers’ behavioral responses to brand activism (mediator). Additionally, we look at two factors that might influence consumers’ authenticity perceptions, which we identify by analyzing various activism campaigns: The motivational character behind the activist brand behavior (intrinsic vs. extrinsic) and its degree of impact on the social-political issue discussed (high vs. low). In practice, examples of brand activism often differ with respect to these two criteria. Similarly, public responses to brand activism also often refer to its motivational character or its impact.

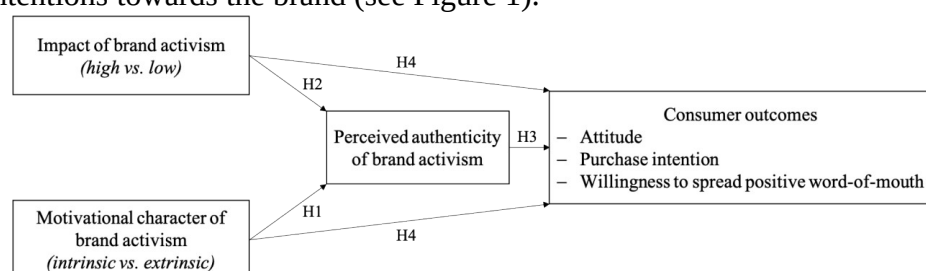
## 3 Literature review and conceptual framework

Dodd and Supa (2014)’s results show higher purchase intentions for respondents who had read a corporate social advocacy (CSA) statement compared to those who had not. Additionally, purchase intentions were significantly higher when respondents’ opinions matched the brand’s stand on the issue than without a match. Park and Jiang (2020) find that CSA can have an impact on consumers’ purchase loyalty by indirectly affecting consumers’ identification with the brand, which, in turn, indirectly affects consumers’ purchase loyalty. Rim et al. (2022) results suggest that brand activism has the potential to attract consumers that did not like the brand before (congruent opinion on social issue) but also to alienate consumers that liked the brand before (incongruent opinion on social issue). A similar study with different results comes from Lee and Chung (2022); their findings suggest that brand activism mainly has the potential to attract consumers that have an undecided opinion on the social issue. Nevertheless, there might be potential to change consumers’ incongruent stance towards a brand’s stance – especially when consumers get to know about the CSA from a credible source. Parcha and Westerman (2020) suggest that four ways exist how CSA results in attitude changes, depending on their outcome- or value-relevant involvement. Ketron, Kwaramba and Williams (2022) find that liberal consumers show a stronger expectation that brands should engage in activism than

conservative consumers. Moreover, effects of brand activism on willingness to pay and patronage intentions are stronger for liberal consumers (vs. conservative) in the agreement and disagreement condition. Consumers' attitude towards the brand mediates these effects. Chatterji and Toffel (2019) focus on CEO activism and show that a CEO's view on a sociopolitical issue influences consumers' opinion on the issue as well as their purchase intentions of the brand represented by the CEO, but only among those who have a similar opinion on the issue. If there are discrepancies among opinions, CEO activism can backfire. Korschun et al. (2019) divide a brand's image into "market-driven" vs. "value-driven". Results suggest that, when brands are driven by their values (vs. driven by market goals) taking a stand positively (negatively) influences purchase intentions. Accordingly, not taking a stand negatively influences purchase intentions when the company is perceived as "value-driven" and vice versa, stemming from consumers perceiving such company behavior as hypocritical. Schmidt et al. (2021)' study supports previous findings: Firstly, consumers expect brands to engage in brand activism. Secondly, consumers perceive activist brands more favorably and show higher levels of product use. Lastly, brand activism needs to be authentic, which entails that brands need to align their activism with previous behavior as well as their strategy and values.

The previous studies mainly suggest that brand activism positively influences consumer behavior if it matches consumers' opinion on that issue and aligns with the company's image, values and/or previous behavior. Contrarily, Mukherjee and Althuizen (2020)'s results show an asymmetrical effect of brand activism on consumer attitude. In line with previous results, consumer attitude towards the brand was significantly lower for consumers who disagreed with the brand's stand. However, attitude did not change for consumers who agreed with the brand's stand. In addition, in the disagreement condition, attitude was significantly lower when a company's spokesperson communicated the stand compared to the company's CEO or a company ambassador. Hydock, Paharia and Blair (2020) suggest that brand activism can have a positive impact for brands in certain situations (e.g., for authentic small-share brands) but can also backfire, particularly if consumers do not align with the brand's stand, supporting previous findings (Dodd & Supa, 2014; Mukherjee & Althuizen, 2020). Klostermann, Hydock and Decker (2022) find a general negative effect of corporate political activism (CPA) on brand perception (being greater for existing customers than non-customers). This negative effect increases when the brand puts more effort into their CPA, but decreases when there is high concurrence (i.e., multiple brands also take the stand). Finally, Bhagwat et al. (2020) find that investors can react negatively to brand activism.

The study by Korschun et al. (2019) provides first evidence that consumers' evaluation of brand activism depends substantially on whether consumers perceive the brand's behavior as authentic or not, so we investigate it as a mediator. Building on observations from marketing practice and the factors identified by Vredenburg et al. (2020), we identify two factors that might also influence consumers' authenticity perceptions of brand activism and behavioral intentions towards it. First, examples of brand activism often seem to differ in terms of their *motivational character*. Extrinsically motivated brand activism is usually a reaction to external pressure from the brand's stakeholders. The brand only decides to position itself in a public debate after stakeholders (e.g., consumers, employees) have remarked on or called for it. Intrinsically motivated activism, on the other hand, is proactive. The brand decides to position itself out of its own conviction. Second, brand activism measures may differ in terms of their *impact on the issue addressed*. While low impact activism does not really take tangible action to address the problem, measurable influential actions characterize high impact activism. Given these observations from marketing practice, our study investigates the motivational character of brand activism and the general impact of the activism on a social-political issue. Through consumers' authenticity perceptions, those two factors are expected to influence behavioral intentions towards the brand (see Figure 1).



## Figure 1: Conceptual Model

### 4 Method

The study employed a 2 (motivational character: intrinsic vs. extrinsic)  $\times$  2 (impact: high vs. low) plus control group between-subjects design. We recruited participants via the crowdworking platform Clickworker, via SurveyCircle (SurveyCircle, 2021) and via convenience sampling for our online questionnaire. The 318 German participants of the final sample included 144 women and 40 % 25–34-year-olds. The online survey tool randomly assigned participants to the experimental conditions. Participants viewed a modified version of a real Instagram post of a fictitious supermarket brand, in which the supermarket spoke out against racism. Participants in the intrinsically motivated condition were told that the brand had a history of speaking out on social-political issues and, unlike competitors in the industry, was the only brand to position itself on the issue of racism. Participants in the extrinsically motivated condition were informed that the post was published only after the brand had been criticized for not positioning itself sufficiently and after other brands in the industry had taken a stand in this regard. Participants in the low impact condition were told that the brand had not taken any other action than commenting on the issue of discrimination on Instagram. In the high impact condition, participants were told that the brand had also donated to humanitarian organizations and emphasized diversity in its own human resource management. The questionnaire ended with a short debriefing, explaining that the post had been modified for research purposes.

### 5 Findings

*Manipulation checks.* Participants assessed whether the brand's behavior was rather motivated from within or motivated by external pressure on a 1 to 7-point semantic differential. As intended, participants perceived the extrinsically motivated condition ( $M = 5.79$ ,  $SD = 1.16$ ) as being rather motivated from external pressure than the intrinsically motivated condition ( $M = 3.53$ ,  $SD = 1.63$ ;  $t[261] = 12.93$ ,  $p < .001$ ). Moreover, respondents assessed how impactful the brand's behavior was to combat racism and xenophobia in society on a 1 to 7-point semantic differential as well. Participants indicated a higher impact in the respective conditions ( $M = 4.20$ ,  $SD = 1.60$ ) compared to the low impact conditions ( $M = 3.80$ ,  $SD = 1.64$ ;  $t[261] = -1.98$ ,  $p = .049$ ).

*MANOVA.* A two-way MANOVA with brand attitude, purchase intention, and willingness to spread eWOM as dependent variables reveals a significant effect of motivational character of brand activism (Wilks'  $\Lambda = .81$ ,  $F(3,254) = 19.89$ ,  $p < .001$ ,  $\eta^2 = .19$ ) and of impact of brand activism (Wilks'  $\Lambda = .93$ ,  $F(3,254) = 6.36$ ,  $p < .001$ ,  $\eta^2 = .07$ ). In follow-up analyses of variance, the intrinsically motivated character of brand activism leads to significantly higher values for all dependent variables ( $M_{attitude\_intrinsic} = 5.37$ ,  $SD_{attitude\_intrinsic} = 1.26$ ,  $F(1,256) = 58.72$ ,  $p < .001$ ;  $M_{purchaseintention\_intrinsic} = 4.53$ ,  $SD_{purchaseintention\_intrinsic} = 1.40$ ;  $F(1,256) = 32.80$ ,  $p < .001$ ;  $M_{eWOM\_intrinsic} = 4.34$ ,  $SD_{eWOM\_intrinsic} = 1.50$ ;  $F(1,256) = 33.05$ ,  $p < .001$ ) than the extrinsically motivated character ( $M_{attitude\_extrinsic} = 4.20$ ,  $SD_{attitude\_extrinsic} = 1.24$ ;  $M_{purchaseintention\_extrinsic} = 3.55$ ,  $SD_{purchaseintention\_extrinsic} = 1.37$ ;  $M_{eWOM\_extrinsic} = 3.30$ ,  $SD_{eWOM\_extrinsic} = 1.47$ ). Accordingly, the high impact of brand activism leads to significantly higher values for all dependent variables ( $M_{attitude\_highimpact} = 5.10$ ,  $SD_{attitude\_highimpact} = 1.31$ ,  $F(1, 256) = 15.59$ ,  $p < .001$ ;  $M_{purchaseintention\_highimpact} = 4.28$ ,  $SD_{purchaseintention\_highimpact} = 1.42$ ;  $F(1,256) = 7.24$ ,  $p = .008$ ;  $M_{eWOM\_highimpact} = 4.15$ ,  $SD_{eWOM\_highimpact} = 1.48$ ;  $F(1,256) = 12.05$ ,  $p = .001$ ) than the low impact ( $M_{attitude\_lowimpact} = 4.49$ ,  $SD_{attitude\_lowimpact} = 1.38$ ;  $M_{purchaseintention\_lowimpact} = 3.82$ ,  $SD_{purchaseintention\_lowimpact} = 1.48$ ;  $M_{eWOM\_lowimpact} = 3.51$ ,  $SD_{eWOM\_lowimpact} = 1.60$ ). We do not find any significant interaction effects.

*Mediation.* We used PROCESS (version 3.4, Hayes, 2017) in IBM SPSS 26 to run a mediation with perceived authenticity as mediator and motivational character and impact of brand activism as independent variables. Regarding the *direct effects*, consistently, both motivational character and impact of brand activism positively increase perceived authenticity. In turn, brand authenticity positively relates to all three outcome measures. To estimate the *indirect effects*, we use 10,000 bootstrap samples, set the seed to 100, and derive percentile bootstrap confidence intervals with a 95% confidence level (BootCI95%). Both motivational character and impact of brand activism exhibit a significantly positive indirect effect on all three dependent variables. These results provide evidence for a full mediation (significant

effects for manipulation in MANOVAs, non-significant direct effects (except for attitude) in regression analysis).

## 6 Discussion

Our study investigates the extent to which consumers form authenticity perceptions and behavioral intentions towards brand activism based on two factors: motivational character and impact of brand activism. Our results show that both an intrinsic motivation (vs. extrinsic) and a high impact (vs. low) on the discussed issue significantly positively influence consumers' attitude towards the brand, their purchase intention, and their willingness to spread positive word-of-mouth. In almost all cases, consumers' authenticity perceptions mediate these effects. Only the variable "motivational character" also exhibits a direct effect on attitude. Here, authenticity perceptions only partially mediate the total effect. Thus, in addition to the perceived authenticity of brand activism, other explanatory factors appear to positively influence consumer attitude in this context. For example, consumers' approval of the overall brand behavior could lead to a stronger brand liking, which in turn has a positive effect on attitude.

## 7 Conclusion and managerial implications

The results support our assumption that consumers evaluate whether a brand stands up for something out of inner conviction or merely does so to remain competitive or to give in to public demands for a statement. Likewise, they also evaluate whether a brand truly takes tangible measures to combat a social ill or merely verbally positions itself. Thereby, the perceived motivation seems to be the more important predictor of consumer reactions. For all three dependent variables, the "motivational character" variable exhibits a stronger indirect effect than the "impact" variable.

When brands consider taking a public stand in social-political debates, they should be aware that brand activism is not a communication tool to be used lightly, merely to keep up with the trend of the times or to quickly generate consumer approval. Consumers' authenticity perception of such behavior is a key determinant of their reactions towards it. This observation is in line with the views expressed in the consumer surveys presented at the beginning of this paper. Consumers increasingly want brands to position themselves clearly on social issues outside their core business. However, they will only reward a brand's commitment if they perceive it to be authentic.

## 8 Limitations and future research

Finally, we want to point out limitations of our study as well as implications for future research. First, the external validity of our experiment is limited. Due to the fictionality of the situation in an online experiment, we cannot say with certainty whether results would also occur in the same way under real-life conditions. When consumers are confronted with a real example of brand activism in practice, other factors enter the evaluation: for example, existing attitudes towards the brand or prior knowledge about it. Future research could test real-life examples and brands. Another aspect that limits the transferability of the results to practice is the lack of demographic representativeness of the sample. Demographics show that the percentage of 25–34-year-olds (40%), university graduates (58%) or actively studying (32%) is rather high in comparison to other groups in the sample. Future research could use a representative sample of a nation's population. Importantly, depending on the respective activism context, it is also advisable to use a sample of the target customer base (e.g., in our case, supermarket shoppers). Results, moreover, might be different for other forms of activism. The statement against racism used in the experiment is an example of social brand activism and interpretation is thus limited to this context. According to Kotler and Sarkar (2018, chapter 3), however, different types, such as political, economic, workplace, environmental, and legal brand activism exist. Such contexts could be subject to future research on brand activism and consumer behavior.

Generally, the overall topic is still novel for companies and it is up to debate whether expected revenues will support companies' engagement in activist behavior. Importantly, it is still not clear whether it is not the best option to completely abstain from activism. Future research should look into this aspect in more detail and identify potential contingencies shaping this decision.

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