Politicized Purchasing: Consumer Responses to Divisive Corporate Political Activity

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Following the U.S. Supreme Court’s Citizen’s United ruling allowing companies to make unlimited political donations, companies have waded into controversial political issues. This paper reports four experiments showing consumers strongly punish (rarely reward) firms that engage in corporate political activity that is inconsistent (consistent) with the consumer’s own political orientation.

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**EXTENDED ABSTRACT**

In the 2010 Citizen’s United decision, the Supreme Court of the United States (SCOTUS) ruled companies can spend unlimited amounts of money on political causes. Consequently, companies have been making donations to causes that are not directly related to their financial performance. For example, Amazon, Chick-Fil-A, and Target have used resources to influence the debate over same-sex marriage, policy ostensibly unrelated to firm performance. More importantly, the position companies take on divisive issues has the potential to communicate to consumers that these companies have an underlying political orientation, which may or may not be in line with that of consumers.

The present research addresses this emerging issue by examining how divisive firm political involvement can alter consumer preferences. We find that consumers respond negatively when companies support causes that are inconsistent with the consumer’s political orientation across three different public policy contexts. In addition, we demonstrate that perceived value overlap is the underlying mediator explaining consumer responses to divisive firm political involvement.

In the present research, we make three main contributions. First, we demonstrate that consumers typically respond negatively to firm political involvement implying a political orientation inconsistent with their own, but rarely respond positively to firm political involvement consistent with their own political values. Second, we demonstrate that divisive firm political involvement can affect product evaluations, such as perceived taste and quality of a cupcake, through perceived value overlap with the firm. Third, we offer practical implications for policy makers, practitioners, and consumer advocacy groups looking to better understand divisive firm political involvement.

**THEORETICAL DEVELOPMENT**

Corporate political activity (CPA) is consistently associated with positive financial implications for firms. However, if a company engages in political activity that cannot be directly tied to firm financial interest, it is likely that such activities will convey to consumers that the firm holds a particular political orientation. This adoption of an identifiable political orientation represents a paradigm shift in the influence, purpose, and nature of interaction between the public and private sectors. While firms historically engaged in firm political involvement exclusively for self-interest, firms now routinely donate to causes outside their obvious interests. Importantly, these forms of “political signaling” could also allow consumers to determine preferences based on the perceived political orientation of the company, supporting firms with similar political values and/or punishing firms that differ. Despite this, no studies have explored how this new wave of CPA affects consumer behavior, or why these effects may occur.

**STUDY 1**

270 participants read a news story detailing a fictional firm donating $500,000 to fight immigration reform (conservative condition), or support immigration reform (liberal condition). Participants in two additional conditions read that the firm was uninterested in joining the immigration debate (not interested condition) or moving offices (control condition). After reading the news story, participants responded to a manipulation check by indicating their impression of the political orientation of the firm as well as their brand attitudes and purchase intentions toward the firm. Lastly, participants indicated their political orientation.

Analyses revealed the liberal (conservative) condition was seen as significantly more liberal (conservative) than the control and conservative (liberal) conditions, providing support for a firm’s ability to adopt a political orientation identifiable to consumers. Moderated regression analyses further demonstrate that consumers respond negatively when a company adopts a political orientation that is at odds with the consumers’ political orientation, and limited support for a positive effect among very liberal consumers when a company is engaged in liberal CPA. Next, Study 2 tests for generalizability within a different policy domain (abortion).

**STUDY 2**

301 participants read a news story detailing a fictional firm donating $500,000 to support a policy limiting abortion rights (conservative condition) or opposing a policy limiting abortion rights (liberal condition). Participants then responded to the same items as Study 1. Results again indicated support for our manipulation check. Moderated regression analyses next found mostly negative effects for both conditions relative to the control and limited positive effects within the liberal condition for very liberal consumers. Next, Study 3A/3B tests the generalizability of this pattern with a different form of divisive firm political involvement (politically motivated business policies) in a third policy context (gay marriage).

**STUDY 3A/3B**

In Study 3A (n = 320) and Study 3B (n =327), participants viewed a fictional bakery’s website detailing their policy toward serving LGBT weddings. Study 3A and 3B were run as identical studies before and after the SCOTUS decided Obergefell v. Hodges (2015) legalizing gay marriage. The bakery indicated they “proudly serve traditional marriages between women and men” (conservative condition); ‘proudly serve marriages for customers of all sexual orientations’ (liberal condition), or made no mention of LGBT marriage. Moderated regression analyses yielded a significant interaction term for each interaction on brand attitudes, purchase intentions, boycotting likelihood, positive word-of-mouth intentions, the dependent variables, and value overlap, the proposed mediator. Analyses of consumer reaction pre- v. post-SCOTUS suggests a reactive nature to consumers after the decision, with reactance driving significant changes to brand attitudes after the decision.

Next, we examined value overlap, the proposed mediator. Results revealed a significant indirect effect of the interaction on brand attitudes, purchase intentions, boycott likelihood, and positive word of mouth intentions through value overlap for both conditions, providing support for value overlap as the mediator. Study 4 tested whether this pattern extended to evaluations of an actual product.
STUDY 4

180 participants were assigned to one of the three conditions described in Study 3. Consistent with Study 3A/3B, results revealed a significant indirect effect of each interaction term on each dependent variable through identification with the bakery. Finally, results suggest the interactive effect of consumers’ political orientation and the CPA related to gay marriage predicts perceived quality and taste of a cupcake, through value overlap, the mediator.

Study 4 provides strong support as both a replication of earlier results as well as our model’s ability to predict downstream consequences on actual product evaluations. Together, Studies 1-4 strongly support of our conceptualization of divisive firm political involvement, and how it affects consumers.