Does Cancel Culture Affect the Bottom Line? The Story of How Valenced Arousal Met Brand Reputation and The Bottom Line Took a Hit

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Abstract

Social media polemics that call to cancel, boycott, or otherwise disrupt a business or individual have become endemic to the medium. However, the effectiveness of using social media to "cancel" or boycott is still in question. The following case study of Abercrombie & Fitch explores the effectiveness of these "call to cancel" and, by analyzing the sentiment of the tweets, a time-series regression analysis was used to develop a predictive model in which the a priori state informs the posterior distribution of correlations to fiscal indicators. Twitter data were collected for each fiscal quarter for 10 years and reduced using a one-dimensional K means to give three valenced means for each basic emotion. Results showed a spike in negative sentiment values that corresponded to the call to cancel. The polemic differences for each of the emotions were strongly correlated to adjusted sales. Results showed a structural break in sales, indicating that the boycott was successful. The sudden change in sentiment preceded a shock to the fiscal system of the company, which introduced analytical variance to the system that lasted between two to six periods after the call to cancel. Individual emotions were ultimately found to be representing 2 factors present in the 8-emotion model- positive and negative sentiment. The implications of this study lend credence to the construct of cancelling while also calling into question the idea of separate emotions. Rather, the intensity of the communication was shown to be a better predictor of Abercrombie & Fitch's bottom line.

Keywords: call to cancel, Plutchik Theory of Emotion, Sentiment Analysis, Time Series Analysis, decision-making in purchasing