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How do consumers react to LGBTQ+ activism? Evidence from mobile phone geolocation data

Kim van Schie, Susanne Preuss

Abstract

Corporate activism is an important tool to bring attention to societal issues. While it can have many benefits, it also comes with risks, such as alienating a relevant share of a firm's consumers. In this study, we use mobile phone geolocation data to examine how firms' LGBTQ+ activism influences consumer behavior. Our results suggest that LGBTQ+ activism decreases consumer store visits in the short term. The effect occurs in both liberal and conservative counties. This is surprising, as liberals generally react favorably to LGBTQ+ activism. One possible explanation is that (liberal) consumers reduce their store visits due to pink washing concerns.

Relevance to practice

Firms are increasingly pressured to take stances on controversial, sociopolitical, topics. Our findings (differences in store visits around LGBTQ+ activism events) are important for firms that consider speaking out on such matters. They are also relevant for investors and auditors because they indicate that sociopolitical engagement needs to be considered when assessing company risks.

Keywords

Corporate activism, Disclosure, ESG, LGBTQ+, Twitter, Polarization

1. Introduction

Firms are increasingly pressured to speak out on controversial, sociopolitical, topics (Argenti 2020). However, speaking out is not without risk: Some firms may benefit from taking stances, others may experience backlash for engaging in political discussions or for releasing statements that are perceived hypocritical (Chatterij and Toffel 2019; Melloni et al. 2023). A striking example is Budweiser, which lost about $395 million in revenue after partnering with transgender activist Dylan Mulvaney. The brand faced boycott calls from both conservative customers who disapprove of LGBTQ+ activism, and from the LGBTQ+ community, which felt that Budweiser did not adequately support Mulvaney in the aftermath of the controversy (Toh 2023; Holpuch 2023).

In this study, we examine how LGBTQ+ activism influences consumer behavior. Specifically, we use mobile phone geolocation ('foot traffic') data provided by Safe-Graph Inc. and examine changes in store visits around LGTBQ+ activism events taking place between 2018 and 2021. To identify LGBTQ+ activism events, we manually search press releases and tweets for statements on LGBTQ+ matters. We focus on the first time a firm takes a stance on LGBTQ+ matters, as first-time activism may have the greatest effect on consumer behavior. Our final sample consists of 70 SafeGraph firms, of which 14 had LGBTQ+ activism events during our sample time frame. After having identified activism events, we use a difference-in-differences research design to compare changes

in visits at stores belonging to activist firms to changes in visits at stores belonging to non-activist firms.[1] Importantly we study the *immediate* effect of the activism events and cannot speak to longer-term benefits of maintaining an inclusive company image (see e.g., Fatmy et al. 2021 and Pichler et al. 2017 for longer-term effects).

LGBTQ+ activism has the potential to both increase and decrease consumer store visits in the short-term. On the one hand, taking stances on LGBTQ+ matters is important to attract younger, more liberal consumers (Artiga Gonzáles et al. 2022; Shortall 2019). If taking stances generates positive attention among this target group, then it may increase store visits around activism events. On the other hand, LGBTQ+ activism is polarizing, and firms may face boycotts by conservative consumers who do not agree with the firms' stances (e.g., Aratani 2023). Moreover, journalists and LGBTQ+ advocates regularly expose corporate LGBTQ+ engagement as 'pink' or 'rainbow'-washing (e.g., Barker 2022; Ciszek and Lim 2021; Reed 2023).[2] Hence, activism may also decrease store visits of consumers who generally support LGBTQ+ activism but believe that corporate activism mainly serves firms' profit motives.

Our study presents several important findings: First, only about one-fourth of firms with foot traffic data and Twitter accounts took stances on LGBTQ+ matters between 2010 and 2021, supporting the idea that firms consider LGBTQ+ activism risky (Wettstein and Baur 2016). Second, consumers decrease their store visits at activist firms. To be precise, we find that store visits at activist firms decrease by 2.5% relative to store visits at non-activist firms. Interestingly, we observe an effect at grocery stores and restaurants, but not at gasoline stations. One reason may be that LGTBQ+ activism is easier to observe at stores that can integrate LGBTQ+ messages in their products, for example, by selling LGBTQ+ themed foods or merchandise. Third, we detect a similar relationship between LGBTQ+ activism and consumer visits in (highly) conservative and (highly) liberal counties. This latter finding suggests that the negative effect of LGBTQ+ activism is not exclusively driven by conservative consumers who disapprove of a firm's stance, but may also be driven by liberal consumers who perceive the stance as dishonest. Overall, our results illustrate that sociopolitical activism is a complex issue that requires firms to carefully consider their consumer base and the costs and benefits that come with it.

This study contributes to the literature in several ways. First, it contributes to the literature on the effects of sociopolitical claims made by firms. While there is some evidence on firm value effects of sociopolitical activities (e.g., Bhagwat et al. 2020), or on consumer reactions around gun control statements (Hou and Poliquin 2022; Painter 2020), evidence on consumer reactions to LGBTQ+ claims is still limited.[3] This is surprising given the growing number of firms that make LGBTQ+ statements or celebrate Pride Month (Shortall 2019). Our results, suggesting that consumers decrease their store visits in the short term, are important for firms when determining a strategy for speaking out on polarizing issues.

Second, it adds to the literature on the mismatch between firms' statements and their actions, commonly referred to as 'cheap talk'. We find negative effects of LGBTQ+ claims even in liberal counties, which could have to do with stances being perceived as hypocritical. Prior studies caution that firms may face reputational costs from cheap talk (e.g., Cho et al. 2015; Melloni et al. 2023). However, such costs are difficult to confirm empirically. While we can only speculate that hypocrisy concerns may play a role in consumer behavior, this study is among the first to address the issue by examining the effects of LGBTQ+ claims in a large sample of mobile phone geolocation data.

Finally, sociopolitical activism is an emerging topic in the field of accounting (e.g., Preuss and Max 2023). While traditionally not considered in company audits, our results demonstrate that sociopolitical engagement needs to be considered when assessing company risks. *One* statement can cause large losses for firms. Consider again the case of Budweiser: As of June 2023, Anheuser-Busch, Budweiser's parent firm, had lost an estimated $27 billion in market value due to the scandal (Thaler 2023).

2. Overview of literature and hypothesis development

2.1. The demand for and consequences of corporate political activism

In a 1970 New York Times article, Milton Friedman famously wrote that "the social responsibility of business is to increase its profits" (Friedman 1970, p. 1). However, he also noted that firms may still devote resources to the communities they operate in to increase firms' reputation and long-term financial interests. They may make charitable donations to fight poverty, decrease product prices to prevent inflation or invest in pollution reduction to protect the environment. In return, they may attract highly qualified employees at lower salaries while reducing their taxable income.

The idea that firms use social responsibility to maximize shareholder value still holds today (e.g., Cho et al. 2015). However, in addition to traditional CSR activities, stakeholders also want firms to take stances on sociopolitical matters such as abortion, climate change, immigration, gun control, and LGBTQ+ equality (Argenti 2020). Prominent examples of firms that do so are Google, which introduced gender-neutral bathrooms in its London offices (Detrick 2018), and Target, which announced stricter gun control measures following a 2019 shooting in one of its El Paso stores (Painter 2020). However, because sociopolitical activities address partisan values, they can create costs beyond the immediate financial expense of the activity. Polarization, which describes the existence of two divided groups without a middle ground, has grown in recent years to the extent that individuals reject any view opposing their own (Iyengar et al. 2019). This also affects firms and their products (Monahan et al. 2023).

Because activism poses reputational risk, only a few managers speak out on sociopolitical issues (Larcker et al. 2018; Wettstein and Baur 2016). However, public pressure may still force firms to take stances. In March 2022, Florida's governor, Ron DeSantis, signed a bill prohibiting classroom discussions about sexual orientation and gender identity (Mazzei 2022). While reluctant at first, criticism from its employees led Disney to publicly oppose the bill and apologize for not speaking out sooner (Barnes 2022; Chapek 2022). This in turn incentivized DeSantis to challenge Disney's special tax status as a self-governing local entity (Caspani and Chmielewski 2022).

2.2. Corporate political activism in the current academic literature

A growing number of academic papers study firm value consequences of CEO or firm sociopolitical activism. Benedo and Siming (2020), for instance, examine abnormal returns around CEO resignations from Donald Trump's presidential advisory council and detect losses of -0.57% around the resignation announcements. Bhagwat et al. (2020) examine returns around 293 activism events and document losses of on average -0.40%. Mkrtchyan et al. (2023b) similarly study returns around 1,402 CEO activism events and find value gains of around 0.20%. Gangopadhyay and Homroy (2023) detect returns of 1.3% around 187 events, which they attribute to higher future sales. Several further studies examine the reactions of consumers and employees. Mkrtchyan et al. (2023a) find higher employee satisfaction ratings at firms with activist CEOs. Burbano (2021) documents that sociopolitical activism has no, or negative effects on worker productivity. Hou and Polquin (2022) and Painter (2020) use mobile phone geolocation data to study consumer behavior around company announcements of stricter gun control measures. Both studies find that activism decreases consumer visits in conservative counties. Painter (2020) further documents an increase in consumer visits in liberal counties.

Even though some of the results seem conflicting (e.g., Bhagwat et al. [2020] detect negative returns around activism events while Mkrtchyan et al. [2023b] detect positive returns), they are generally consistent with the anecdotal examples presented in Section 2.1. Sociopolitical activities signal that firms dedicate resources to controversial issues with uncertain outcomes. Some firms may benefit from this, others may experience losses. Effect directions and magnitudes depend on many factors, such as the specific topic, the political ideologies of the firms' stakeholders, or the product market in which the firms operate (Painter 2020; Burbano 2021; Bhagwat et al. 2020; Mkrtchyan et al. 2023a, b). It may, for instance, pay off to win over one-half of customers at the expense of the other half when firms target niche product markets with high prices. However, when firms target large customer bases with low prices, it may be dangerous to alienate a substantial share of potential customers (Melloni et al. 2023).

Also, the credibility of the stances matters. Investors may not react to activities that they do not believe to be true (Mkrtchyan et al. 2023b). They may even discount the value of firms with authenticity concerns. Some consumers may shun firms not directly because of the ideological message but because they perceive it as hypocritical (Argenti 2020; Cho et al. 2015; Melloni et al. 2023). Such risk may in turn affect investor perceptions of expected future cash flows and explain negative returns around activism events.

2.3. Consumer reactions to LGBTQ+ claims

This study focuses on changes in consumer behavior around activism events supporting the LGBTQ+ community. This includes (announcements of) selling LGBTQ+ merchandise, celebrating Pride Month, providing an LGBTQ+ inclusive work environment, or opposing anti-LGBTQ+ legislation.

As outlined above, sociopolitical activities such LGBTQ+ activism can have both positive and negative consequences for firms. On the one hand, firms may benefit from speaking out on LGBTQ+ matters, especially when it comes to attracting younger individuals who are more likely to place themselves on the LGBTQ+ spectrum (Gaubert 2023; Shortall 2019). Consistently, Pichler et al. (2017) and Fatmy et al. (2021) document a positive relationship between the presence of LGBTQ+ friendly corporate policies and firm performance. Artiga Gonzáles et al. (2022) further find that firms serving retail customers are more likely to adopt LGBTQ+ friendly policies, supporting the idea that LGBTQ+ activism is successful in attracting (liberal) customers. On the other hand, LGBTQ+ matters are polarizing, and many conservative consumers reject brands that engage in LGBTQ+ activism (e.g., Aratani 2023). Hence, activist firms, especially those targeting end-users, may experience lower sales or store visits around activism events. In addition, some consumers may perceive activism as inauthentic (Melloni et al. 2023; Ciszek and Lim 2021; Zheng 2021). Corporate LGBTQ+ activism has a high 'pinkwashing' potential, which means that firms may take 'cheap' observable LGBTQ+ stances but do not support LGBTQ+ individuals in more meaningful ways. Merchandise, in particular, is considered a 'money grab', which benefits the income of the firm but not the community (Barker 2022). An example of pinkwashing criticism can be found in Figure 1. Panel A on the left shows an Instagram post by queeeerchameleon, a comic artist who focuses on LGBTQ+ content. The post suggests that firms use the rainbow logo instead of, for instance, investing in an inclusive work environment. Panel B on the right shows a tweet by Amazon stating that Amazon "stand[s] together with the LGBTQIA+ community" and a reply by @vexwerewolf asking Amazon to explain discrepancies in Amazon's talk and actions. If LGBTQ+ allies boycott firms due to hypocrisy concerns, then activism can cause a decline in store visits due to backlash from *both* liberal and conservative consumers.

Figure 1. Examples of rainbow-washing criticism. Source Panel A (left): https://www.instagram.com/p/CsmPtaTr37w/; Source Panel B (right): https://twitter.com/vexwerewolf/status/1400785796651700230.

That said, we also note that there is some uncertainty whether boycott calls are effective (e.g., Sykes 2023). Due to brand loyalty and switching costs, only a minority of consumers who disapprove of corporate actions ultimately boycott firms (Klein et al. 2004; Liaukonytė et al. 2023). Moreover, negative news can lead to greater brand awareness, in which case boycott calls may *increase* consumer visits (Dong et al. 2021). Whether and how LGBTQ+ activism affects consumer behavior is thus an open empirical question. Accordingly, we phrase our hypothesis as no relationship between LGBTQ+ activism and consumer reactions:

H1: Consumers do not react to corporate LGBTQ+ activism

3. Data, sample, and methodology

We combine data from several sources: We use SafeGraph Inc. to obtain data on consumer store visits, simplemaps.com to link SafeGraph zip codes to counties, and FactSet and Twitter to identify corporate LGBTQ+ activism. In addition, we use data from the MIT election lab to explore differences in effects depending on whether stores are located in conservative or liberal counties.

3.1. Smartphone geolocation data

SafeGraph Inc. provides daily store visits (foot traffic) based on anonymized smartphone geolocation data. These data come from smartphone users who agreed to sharing their locations with location-tracking applications such as mapping or weather services (Painter 2020). These users make up about 10% of the U.S. population (Hou and Polquin 2022). SafeGraph provides data on store locations, which means that our sample is based on brands with physical establishments. At the moment of download, the dataset included 38,755,100 observations and 905,584 store locations of 400,030 brands between January 2018 and November 2021.[4]

We apply several sample selection steps summarized in Table 1 Panel A. First, we drop 30,174,200 observations of stores with missing stock symbols. 85% of these stores have only one store location. They are likely small neighborhood stores whose stances we cannot observe. Second, because we later control for county and time-specific shopping behavior, we drop 305,778 observations of brand locations with zip codes that are not included in simplemaps.com's zip-code-to-county crosswalk. Third, we exclude observations of brand locations that are not covered in the full (47-months) sample timeframe. These are locations that opened or closed at some point during the time frame, and whose foot traffic may generally differ from the foot traffic of well-established locations. Combined, this leaves us with 7,688,488 observations (i.e., brand-location-months) of 94 listed firms operating 180 brands. Note that a parent firm can operate multiple different brands, which in turn can operate multiple stores. The brand with the most locations is McDonald's, with 11,790 stores, and the brands with the fewest locations are BUILT Custom Burgers, Mucho Burrito, Family Fresh Market, and Ranch One, with two locations each.[5]

Table 1. Sample selection. This table presents the sample selection. It includes the number of firms, brands, stores, and observations. We have one observation per store and year-month. Note that the large difference in brands between steps (1) and (2) is due to stores that do not belong to any brand. Each of these stores is counted as an individual brand.

	(1) Firms	(2) Brands	(3) Stores	(4) Obs.
Panel A: Safegraph observations				
(1) Safegraph observations 01/2018 – 11/2021		400,030	905,584	38,755,100
(2) Excluding stores without stock symbol	95	184	196,534	8,580,900
(3) Excluding stores without counties	95	184	186,487	8,275,122
(4) Excluding stores that are not covered throughout the full sample timeframe	94	180	163,584	7,688,448
Panel B: Store visits and LGBTQ+ activism				
(5) Excluding firms without Twitter accounts	77	130	130,886	6,151,642
(6) Excluding firms with activism events prior to 01/2018	70	113	89,270	4,195,690
Panel C: Final sample				
(7) Excluding year-months with missing values on *Treatment* for a three-month event window	**70**	**113**	**89,270**	**2,284,639**

3.2. LGBTQ+ activism

We define LGBTQ+ activism as stances taken by firms supporting the LGBTQ+ community.[6] To identify such stances, we search for keyword combinations in press releases available on FactSet and in company tweets.[7] We focus on the first time a firm speaks out on LGBTQ+ matters. If consumers permanently change their shopping behavior following LGBTQ+ activism, then later stances by the same firm may not affect consumer visits any longer.

We search for activism events at the parent firm level. 26 of the 94 SafeGraph sample firms operate more than one brand. For instance, Yum! Brands Inc. operates KFC, Pizza Hut, and Taco Bell. Amazon.com Inc. operates Amazon Fresh, Amazon Go, and Whole Foods Market. Darden Restaurants Inc. and Kroger Co. operate eight restaurants and 21 grocery store brands, respectively. The choice to search for activism events at the parent level assumes that parent-firm stances are reciprocated by the individual brands. However, even if individual brands do not take stances themselves, association with the parent firms' stances may still affect them.

After manually collecting firms' Twitter handles, we add two more sample selection steps, summarized in Table 1 Panel B. First, we drop 17 firms (1,536,806 observations) without Twitter accounts as we cannot observe their stances. In fact, most of our sample firms take LGBTQ+ stances in tweets rather than in press releases. Also, LGBTQ+ related tweets precede most LGBTQ+ related press releases. Second, we drop seven firms that had their first activism event prior to the start of our dataset (1,955,952 observations) as these firms would have missing values on our treatment variable in all months (see Section 3.3 for more details). Consequently, our final sample consists of 70 firms, of which 14 have activism events. Table 2 Panel A and B present the summary statistics for stores with and without activism events.[8] Tables A.1 and A.2 in the Appendix present an overview of all LGBTQ+ activism events, and a list of brands per activist parent firm.

Most activism events fall in June, which is to be expected as June is dedicated to celebrating LGBTQ+ pride in the U.S. With respect to the summary statistics, we observe slightly lower foot traffic at activist firms. Treatment

Table 2. Summary statistics. This table presents the summary statistics. *Ln(visits)* and *Ln(visitors)* are truncated at the 1st and 99th percentile.

	Observations	Mean	Median	Std. Dev.	Min	Max
Panel A: Treatment group						
Ln(visits)	2,190,717	5.50	5.56	1.03	2.56	7.82
Ln(visitors)	2,190,717	5.11	5.19	1.02	2.30	7.32
Treatment	279,666	0.50	0.50	0.50	0.00	1.00
Q1	2,187,793	0.04	0.00	0.19	0.00	1.00
Q2	2,187,793	0.28	0.00	0.45	0.00	1.00
Q3	2,187,793	0.40	0.00	0.49	0.00	1.00
Q4	2,187,793	0.25	0.00	0.43	0.00	1.00
Q5	2,187,793	0.03	0.00	0.16	0.00	1.00
Panel B: Control group						
Ln(visits)	2,004,973	5.71	5.83	1.00	2.56	7.82
Ln(visitors)	2,004,973	5.34	5.46	0.99	2.30	7.32
Treatment	2,004,973	0.00	0.00	0.00	0.00	0.00
Q1	2,002,112	0.04	0.00	0.20	0.00	1.00
Q2	2,002,112	0.30	0.00	0.46	0.00	1.00
Q3	2,002,112	0.42	0.00	0.49	0.00	1.00
Q4	2,002,112	0.22	0.00	0.41	0.00	1.00
Q5	2,002,112	0.02	0.00	0.14	0.00	1.00

(control) group stores receive on average 408 (468) visits and 267 (322) visitors per month, respectively (values in Table 2 are log transformed). At the same time, activist firms have notably more store locations, suggesting that larger brands with more stores are more likely to take LGBTQ+ stances. The treatment group has 2,190,717 observations and consists of 14 firms, 41 brands, and 46,611 locations (3,329 locations per firm). The control group has 2,004,973 observations and consists of 56 firms, 72 brands, and 42,659 locations (762 locations per firm).

Note that we do not expect a causal link between firm disclosures and consumer visits. Instead, tweets and press releases may just be a signal of general LGBTQ+ activism that can be observed more directly by consumers. Shake Shack, for instance, tweeted about serving a 'pride shake'. The shake, which was sold in the restaurants, was likely more visible than the tweet. In other words, a difference in store visits at Shake Shack locations may be caused by consumers noticing the shake, rather than by consumers reading the tweet.

3.3. Empirical design

We use a difference-in-differences design to test the effect of LGBTQ+ activism on consumer store visits. We estimate the following OLS regression model, where i reflects parent firms, j reflects brands, k reflects store locations, and t reflects year-months:

$$Ln(store\ visits)_{ijkt} = \alpha + \beta_1\ Treatment_{it} + \epsilon_{ijkt}$$

The dependent variable, *Ln*(*store visits*) is the natural logarithm of the number of store visits at a brand's local store in a given year-month. The independent variable *Treatment* is equal to one in the three months following a parent firm's LGBTQ+ activism event (the first month is the event month), zero in the three months prior to the event, and missing otherwise. The control group, for which *Treatment* is always zero, consists of firms that did not engage in LGBTQ+ activism events before or during our sample time frame.[9] *Treatment* thus estimates the change in store visits at locations belonging to activist parent firms relative to the change in store visits at locations belonging to the non-activist control group. Figure 2 presents a visualization of the design, and Table 3 presents an overview of all variables used. Note that the regression model by default only uses observations in year-months for which *Treatment* is at least once equal to one or zero.[10] All other months, i.e., year-months with missing values for *Treatment*, are omitted from the regression. In a three-month event window, this reduces the number of observations by 1,911,051 observations, leaving 2,284,639 observations to estimate β_1 (see also Table 1 Panel C).

In addition, we add store and county-year-month fixed effects. Store fixed effects estimate coefficients at the store-location-level and account for time-invariant store characteristics such as stores' local popularity. Year-month fixed effects account for time-specific differences in consumer visits. Consumers may, for instance, visit stores less in colder months. By using *county*-year-month fixed effects, we additionally account for differences in consumer visits in the same year-months in *the same county*. Such differences include county-specific weather events and local economic wealth (Painter 2020). Finally, we cluster standard errors by county in all tests.

4. Results

4.1. Effect of LGBTQ+ activism on consumer store visits

Our main results are presented in Table 4, column (1). The coefficient on *Treatment* is negative and significant, which means that consumers reduce their store visits when parent firms take pro-LGBTQ+ stances. The coefficient of -0.025 means that visits at these locations decreased by 2.5% relative to the stores included in the control group. This effect size compares to Painter (2020), who documents a 3.9% decrease in store visits following Walmart's announcement of stricter gun control measures.

Our base results in column (1) present the effects of comparing LGBTQ+ activist parent firms to all other non-activist control group firms. In columns (2) to (4), we re-estimate effects within the specific store types (Hou and

Figure 2. Research design. This figure illustrates our regression model using activism events from Kroger Co and Yum Brands! Inc. Our variable *Treatment* is equal to one at store locations in the three months following a firm's LGBTQ+ activism event, zero in the three months before the event, and missing otherwise. Note that September 2019 has missing values on *Treatment*, which means it will be omitted from the regressions. Our model and this figure are based on Heese et al. (2022).

Firms	Months									
	12/'18	01/'19	02/'19	03/'19	04/'19	05/'19	06/2019	07/'19	08/'19	09/'19
Kroger Co	0	0	0	1	1	1	.	.	.	.
Yum! Brands Inc.	.	.	.	0	0	0	1	1	1	.
Control	0	0	0	0	0	0	0	0	0	0

Table 3. Variable overview. This table presents the variables used. *Ln(visits)* and *Ln(visitors)* are truncated at the 1st and 99th percentile.

Variable	Description	Source
Treatment	Dummy variable equal to one in the three months following an activism event and zero in the three months preceding an activism event	Self-collected via Twitter and FactSet
Ln(visits)	Natural logarithm of one plus the number of store visits per month	SafeGraph
Ln(visitors)	Natural logarithm of one plus the number of store visitors per month	SafeGraph
Q1	Dummy variable equal to one if the percentage of votes to the republican presidential candidate in a given county is below 20%	MIT Election Lab
Q2	Dummy variable equal to one if the percentage of votes to the republican presidential candidate in a given county is greater or equal to 20% and below 40%	MIT Election Lab
Q3	Dummy variable equal to one if the percentage of votes to the republican presidential candidate in a given county is greater or equal to 40% and below 60%	MIT Election Lab
Q4	Dummy variable equal to one if the percentage of votes to the republican presidential candidate in a given county is greater or equal to 60% and below 80%	MIT Election Lab
Q5	Dummy variable equal to one if the percentage of votes to the republican presidential candidate in a given county is greater than or equal to 80%	MIT Election Lab

Polquin 2023; Painter 2020). We use the top categories given in SafeGraph, which leaves three store types: Gasoline stations, grocery stores, and restaurants. The results are presented in Table 4, columns (2) to (4). The coefficient on Treatment remains significantly negative for grocery stores and restaurants but is insignificant at gasoline stations, suggesting that LGBTQ+ activism does not affect consumer behavior at all store types. The effect also seems to differ across grocery stores and restaurants: The coefficient on *Treatment* for grocery stores suggests a decrease of 10.9%, while the coefficient on Treatment for restaurants suggests a substantially smaller decrease of 1.1%.

An explanation for the insignificant coefficient at gasoline stations may be that activism is less observable at those stores. In addition to *announcing* their support, grocery stores and restaurants can offer LGBTQ+ themed products such as Shake Shak's 'Pride Shake' mentioned in Section 3.2. Besides, boycotts may be less effective at gasoline stations, where price and location are the main drivers of consumption choices (Fernandes 2023). With respect to the difference in effects between restaurants and grocery stores, one reason may be that consumers may visit restaurants less frequently than grocery stores, in which case the effects of boycotts would not be as obvious. Alternatively, consumers may be less likely to boycott their fa-

Table 4. Effects of LGBTQ+ activism on store visits. This table presents the results of regressing *Ln(visits)* on *Treatment*. For the treatment group, *Treatment* is equal to one in the three months after an activism event, zero in the three months before the event, and missing otherwise. For the control group, *Treatment* is always zero. Standard errors are clustered by county. *t*-statistics are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% level, respectively.

Dependent variable	Ln(visits)			
	(1)	(2)	(3)	(4)
Store type	All stores	Gasoline stations	Grocery stores	Restaurants
Treatment	-0.025***	0.000	-0.109***	-0.011***
	(-15.41)	(0.04)	(-11.86)	(-4.82)
Observations	2,266,121	689,060	494,202	1,036,512
Location FE	Yes	Yes	Yes	Yes
County-year-month FE	Yes	Yes	Yes	Yes
Adjusted R²	0.892	0.914	0.908	0.859

vorite restaurant compared to their favorite grocery store.

We run several robustness tests. First, we change the event window for *Treatment* to one and six months, respectively. Second, we use the natural logarithm of the number of individual visitors, *Ln(visitors)*, as an alternative dependent variable. Third, to rule out that our results are driven by one specific activist parent firm, we rerun the test in Table 4 columns (1) to (4) and drop one individual firm at a time. The results support prior inferences. Fourth, for each activist firm, we search for negative events that may occur at the same time as the LGBTQ+ activism events. Except for Winn-Dixie, which had to issue a product call back due to possibly contaminated kale,

we do not find bad news that could explain our results.[11] Finally, we plot treatment coefficients by event window in Figure 3. To do so, we create an events dataset, including for each treatment firm the event month (month zero) and the five months before and after the activism event.[12] The control group again consists of firms that did not engage in LGBTQ+ activism during the sample time frame. The coefficients are again based on regressions with *Ln(visits)* as dependent variable and *Treatment* as independent variable, including county-year-month fixed effects.[13] Panel A to D present the treatment effects for all stores, gasoline stations, grocery stores, and restaurants, respectively. Consistent with Table 4, we observe a decrease in store visits following LGBTQ+ activism events (month zero) at grocery stores and restaurants, but not at gasoline stations. Again, the effects are more pronounced at grocery stores. Interestingly, the coefficients on *Treatment* are generally positive for grocery stores, but generally negative for restaurants. We do not have an explanation for this phenomenon, but it is possible that the net benefits of engaging in activism differ across store types, making large grocery store chains (restaurants) with high consumer turnover more (less) likely to engage in LGBTQ+ activism.

4.2. Differences across conservative and liberal counties

We find that corporate LGBTQ+ activism is associated with reduced store visits. As described in Section 3.2, this negative effect may be caused by two distinctly different consumer groups: conservative consumers who may boycott firms because they disapprove of LGBTQ+ activism, or liberal consumers who may perceive the stances as hypocritical. To shed more light on the source of the effect, we examine differences in consumers' political ideologies. If the decrease in store visits is predominantly caused by fewer conservative consumers, we would expect a stronger effect in conservative counties.

To proxy for ideology, we use data on presidential election results by county provided by the MIT Election Lab.[14] Following Painter (2020), we split vote shares into quintiles: *Q1* represents counties where the Republican presidential candidate received less than 20% of votes, *Q2* represents counties where the Republican presidential candidate received at least 20% but less than 40% of votes, *Q3* represents counties where the Republican presidential candidate received at least 40% of votes but less than 60%, and so on. We then regress *ln(visits)* on *Treatment* and on the interactions of *Treatment* with the *Q2*, *Q3*, *Q4*, and *Q5* (*Qi*) vote share quintiles, denoted as *Treatment × Qi*. We continue to use county-year-month fixed effects, which subsume the main effects (i.e., the coefficients on *Qi*). The results are presented in Table 5. Columns (1) to (3) present the results for gasoline stations, grocery stores, and restaurants, respectively.

Note that because we now use interactions of *Treatment* with *Qi*, the interpretation of *Treatment* differs: *Treatment* presents the effect of LGBTQ+ activism in the highly liberal *Q1* counties. The interaction terms *Treatment × Qi*

Figure 3. Stacked events. This figure presents the coefficient estimates from regressions of *ln(visits)* on *Treatment* and county-year-month fixed effects in a stacked events dataset. *Treatment* is equal to one if the firm has an LGBTQ+ activism event during our sample time frame, and zero otherwise. Month zero is the event month. Standard errors are clustered by county.
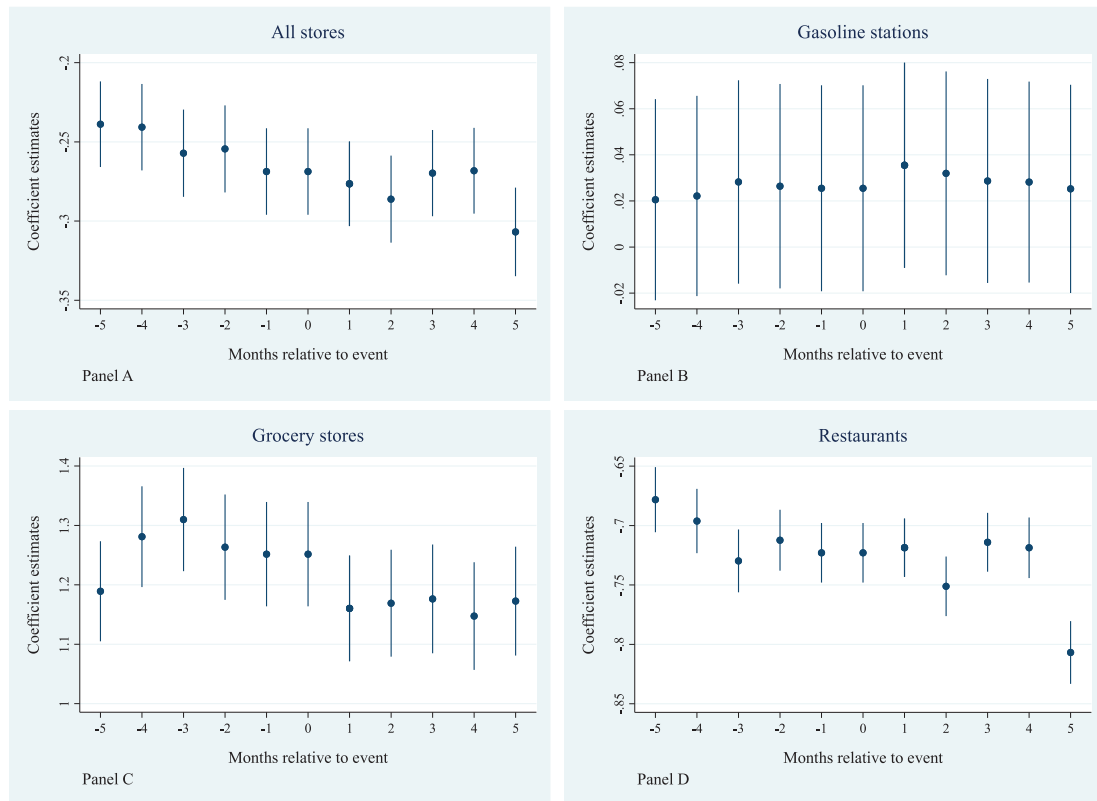

Table 5. Differences in Democratic and Republican counties. This table presents the results of regressing *Ln(visits)* on *Treatment* and on the interaction of *Treatment* with Q_i. For the treatment group, *Treatment* is equal to one in the three months after an activism event, zero in the three months prior to the event, and missing otherwise. For the control group, *Treatment* is always zero. Q_i represents different cut-offs for county-level election results. A higher value on Q_i indicates greater support for the Republican presidential candidates. The main effects of Q_i are absorbed by county-year-month fixed effects. Standard errors are clustered by county. *t*-statistics are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% level, respectively.

Dependent variable	Ln(visits)			
	(1)	(2)	(3)	(4)
Store type	All stores	Gasoline stations	Grocery stores	Restaurants
Treatment	-0.023***	-0.013	-0.078***	-0.012
	(-4.00)	(-1.16)	(-3.27)	(-1.05)
Treatment × Q2	-0.002	0.019	-0.016	-0.006
	(-0.24)	(1.54)	(-0.57)	(-0.48)
Treatment × Q3	-0.001	0.020*	-0.036	0.003
	(-0.08)	(1.68)	(-1.28)	(0.25)
Treatment × Q4	-0.005	-0.003	-0.099***	0.006
	(-0.72)	(-0.26)	(-2.99)	(0.53)
Treatment × Q5	0.005	0.008	-0.027	0.007
	(0.49)	(0.45)	(-0.58)	(0.35)
Observations	2,263,799	688,383	493,180	1,035,945
Location FE	Yes	Yes	Yes	Yes
County-year-month FE	Yes	Yes	Yes	Yes
Adjusted R²	0.892	0.914	0.908	0.859

present the differences in post-activism store visits in *Qi* relative to the *Q1* base group.

Except for one coefficient on *Treatment × Q4* in the grocery stores group, none of the interaction terms is significant at conventional levels (p < 0.05). This means that there are no significant differences between highly liberal and more conservative counties. The effects are similar when we use sample splits instead of interactions (untabulated). In these subsamples, we observe a significantly negative coefficient on *Treatment* for grocery stores and restaurants in both liberal and conservative counties.

These effects are surprising given that liberals generally support LGBTQ+ activism (Gaubert 2023; Shortall 2019), in which case we would expect an increase in foot traffic or no effect for this group. We can think of at least three explanations for our findings. First, firms may take stances because they anticipate decreases in store visits, and hope to attract new (liberal) consumers. We consider this explanation less likely given the risk that comes with sociopolitical activism (Wettstein and Baur 2016). After all, by September 2021, only about a quarter of the SafeGraph sample firms took (observable) LGBTQ+ stances. Second, LGBTQ+ activism may decrease visits by conservative consumers but may not increase visits from liberal consumers. In that case, we may observe a significantly negative effect even in liberal counties, but the decrease in liberal counties would likely be smaller than the decrease in conservative counties. We observe this to some extent at grocery stores, for which the coefficient on *Treatment × Q4* is significantly negative. However, we do not observe significant differences between

Q1 counties and the less liberal *Q3* and *Q5* counties. Also, we do not observe significant differences at restaurants. Third, liberal consumers may reduce their store visits due to authenticity concerns or perceived hypocrisy. To find some anecdotal support for this hypothesis, we search NexisUni and Google News for media coverage of the activism events. This search reveals some negative sentiment about Exxon Mobil's and Amazon's activism.[15] However, we also find newspaper articles that praise the activist sample firms for their commitment (see e.g., Moussa 2018).

Overall, we find that LGBTQ+ activism is associated with decreased store visits. These findings are consistent with prior research documenting firm value losses around activism events (e.g., Bhagwat et al. 2020), but inconsistent with studies detecting greater financial performance at firms with LGBTQ+ friendly corporate policies (Fatmy et al. 2021; Pichler et al. 2017). In addition, we document similar effects in liberal and conservative counties. These results are surprising, as they suggest that conservative consumers are not the only consumer group that responds negatively to LGBTQ+ activism. While the current data does not allow us to test this assumption empirically, one possible explanation is that liberal consumers reduce their store visits when they perceive a firm as dishonest. For instance, as illustrated in Figure 1, some firms may take (rhetorical) stances but fail to provide more direct support, such as implementing policies for an inclusive workspace. Other firms may provide such support, but may also donate to politicians voting against pro-LGBTQ+ legislation (see e.g., Place 2021). Overall, we conclude that sociopolitical activism is a complex issue, requiring firms to carefully consider how a stance may be perceived by their respective target group.

5. Conclusion

In this study, we test whether LGBTQ+ activism influences consumer behavior. To do so, we use a large dataset of mobile phone foot traffic and estimate changes in store visits at firms that take stances on LGBTQ+ matters. Our results show that consumers decrease their visits at activist grocery stores and restaurants. One surprising finding is that the negative effect of LGBTQ+ activism not only exists in conservative counties, but also in (highly) liberal counties, suggesting that factors such as pink-washing concerns play a role in consumer behavior.

We note that our study faces several important limitations. First, our sample is based on an earlier publicly available dataset of mobile phone foot traffic downloaded in December 2021. The dataset, now available under a different provider, has likely extended its coverage since. Second, in contrast to prior studies that identify activism events in newspaper articles (e.g., Bhagwat et al. 2020), we obtain activism events from corporate disclosures. Disclosures are a suitable source to study activism as they are not subject to interpretation by third parties. At the same time, this means we forgo the activism of firms that do not address LGBTQ+ matters in tweets or press releases. Third, while we document an interesting effect (a decrease in store visits following LGBTQ+ activism), the current data does not allow us to confirm the underlying mechanism empirically. Fourth, even though we do not detect news reports of concurrent events, we cannot rule out that other unobservable events or factors contribute to our findings. Therefore, our results should be considered a first, preliminary exploration of the effect of LGBTQ+ activism on consumer behavior. Future research could extend our study, for instance, by testing consumer reactions to pinkwashing revelations. Also, a larger dataset including more brands and events could provide interesting insights into cross-sectional differences such as firms' business strategies, their historical standpoints on progressive or conservative issues, or the perceived truthfulness of the activism events.

Finally, while we detect decreases in store visits surrounding the activism events, an inclusive corporate image with meaningful support for minority groups may still increase consumer visits in the short and longer term.

- **Kim van Schie** is an audit trainee at KPMG. She obtained her MSc in Accountancy and Control from the University of Amsterdam.

- **Susanne Preuss** is an Assistant Professor of Accounting at the University of Amsterdam.

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Notes

1. A difference-in-differences design compares the outcome of a treatment group to the outcome of a control group over time. The first difference is the outcome of the treatment group before and after the treatment. It accounts for systematic differences between the treatment and

control group. The second difference is the outcome of the treatment group relative to the outcome of the control group. It accounts for factors other than the treatment that may explain differences in the outcome. In our setting, the treatment is LGBTQ+ activism and the outcome is store visits. An important assumption for this design is that without the treatment, store visits at the treatment group would have been identical to store visits at the control group (see e.g., https://dimewiki.worldbank.org/Difference-in-Differences)

2. For brevity, we use the term pinkwashing hereafter.

3. A closely related survey study by Chatterji and Toffel (2019) shows that pro-LGBTQ+ CEO activism increases the purchase intentions of same-sex marriage supporters but does not affect the purchase intentions of same-sex-marriage opponents. A benefit of using physical store visits is that we can observe actual consumer behavior as opposed to intentions. A disadvantage is that we must rely on the assumption that consumers notice the stances, and that effects are not driven by other events taking place at the same time. Furthermore, we cannot observe consumer-specific characteristics (Chatterji and Toffel 2019) or online shopping (Hou and Polquin 2022).

4. We downloaded the dataset in December 2021, when SafeGraph Inc. still offered free access to researchers. In January 2023, the data moved to deweydata.io (Barry 2023). The current version may have greater coverage, including more brands or store types.

5. A disadvantage of using mobile phone geolocation data is that it is limited to in-person store visits, and we cannot test whether consumers substitute these visits by ordering online. However, we believe that this is less of an issue in our setting for at least three reasons. First, our sample firms consist of grocery stores, restaurants, and gasoline stations, whose business models are largely based on in-person visits, or which only launched their e-commerce business during our sample period (e.g., Saphores and Xu 2021; Meyersohn 2018). Second, pick-up delivery services, such as Uber Eats, would still be captured by geolocation data. Third, we cannot think of an obvious reason for consumers to switch from in-person visits to online sales in connection with LGBTQ+ activism events. Our difference-in-differences design, which compares differences in store visits between activist and non-activist firms, controls for general, time-specific, differences in store visits.

6. Activism can include both firm statements and actions (Bhagwat et al. 2020). While we use firm-initiated disclosures to identify activism, our events can also include actions if firms communicate them. Firms may, for instance, announce rainbow-colored product packages, or they may announce celebrating Pride Month.

7. In FactSet we use the search term 'transgender OR lesbian OR lgbt* OR bisexual'. Twitter does not allow wildcards (special characters that allow for all alternative word endings; typically "*"). Hence, we individually search for the words lgbt, lgbtq, lgbtqia, lgbtqia+, lesbian, and bisexual.

8. There are slightly fewer observations for the variables capturing county-specific ideology, as some zip codes do not have matching presidential election voting data. Also, the variable *Treatment* has fewer observations, which is in detail explained in Section 3.3.

9. Our research design slightly differs from earlier studies on differences in store visits that focus on *one* moment in time (Hou and Polquin 2022; Painter 2023). In contrast to these studies, we examine multiple "staggered" events taking place at different points in time.

10. We use this design to estimate effects in the immediate aftermath of the activism (i.e., three months after relative to three months before the effect). Consider, for instance, Potbelly Corp, which had its first activism event on June 2, 2018. If we coded all months prior to the event as zero and as one afterward, we would have five pre-event months (January 2018 to May 2018), and 42 post-event months (June 2018 to November 2021).

11. See https://eu.usatoday.com/story/money/food/2021/09/18/kroger-seg-kale-recalled-due-possible-listeria-contamination/8401429002/

12. We do not have sufficient data for a five-month time frame for two events (Winn-Dixie and El Pollo Loco). Hence, we drop these two events from the additional analyses.

13. Because we now use a stacked event dataset as opposed to the earlier panel, *Treatment* is one for firms with activism event, and zero otherwise.

14. We use the 2018 presidential election results for the months preceding November 2020, and the 2020 election results from November 2020 onwards.

15. See https://www.irishtimes.com/opinion/una-mullally-a-collection-of-gay-pr-machines-is-not-a-pride-parade-1.4284765 and https://extinctionrebellion.uk/2019/07/06/extinction-rebellion-welcomes-pride-in-londons-declaration-of-a-climate-emergency-pride-is-a-protest/

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Appendix 1

Table A1. LGBTQ+ activism events. This table presents the LGBTQ+ activism events. Panel A presents activism events of firms included in our sample, with events taking place between January 2018 and November 2021 (our sample time frame). Panel B presents activism events of firms excluded from our sample, with events taking place prior to January 2018.

Firm	Type	Tweet or press release title
Panel A: Activist firms included in sample		
Amazon.com, Inc.	Tweet	RT @amazonnews: We applaud SCOTUS's decision to protect LGBTQ employees from discrimination. This is a historic win in our nation's long struggle to ensure fairness & equal treatment for all. As the fight for full equality continues, we stand proudly with our public & private sector allies. (June 15, 2020)
Chipotle Mexican Grill, Inc.	Press release	Chipotle Celebrates LGBTQ+ Community With 'Love What Makes You Real' (June 6, 2019)
Domino's Pizza, Inc.	Tweet	Happy #Pride Month! Help us fill in the blank: The LGBTQIA+ nonprofit organization I'd like to see Domino's support is _____. (June 11, 2021)
El Pollo Loco Holdings Inc.	Tweet	We're proud to announce that Michaela Mendelsohn, CEO of Pollo West Group, has been named @LAPride 2018 Grand Marshal! Mendelsohn now sits among a number of respected LGBTQ+ activists and community leaders who have received CSW's most prestigious honor. (May 23, 2018)
Exxon Mobil Corp.	Tweet	Through our employee PRIDE network, ExxonMobil is energizing LGBTQ celebrations around the world. Check out a few of our favorite pictures from the Houston Pride Parade. (June 24, 2019)
Lowe's Companies, Inc.	Tweet	RT @LowesCareers: At @Lowes, we are proud to celebrate LGBTQA+ Pride month and appreciate our leadership team members, @SeemantiniGodbo, Don Frieson, and Janice Dupre for helping us kick off the month in style! #LowesForAll #Pride #LowesLife (June 4, 2021)
Noodles & Co.	Tweet	Here's a sweet way to support #PRIDE; order a colorful PRIDE Crispy–online or in-person–thru June 29. All proceeds for this limited-edition Crispy go to Out & Equal workplace advocates, our partner working exclusively on LGBTQ+ workplace equality http://order.noodles.com (June 27, 2021)
Papa John's International Inc.	Tweet	This week, we're celebrating love and community with Meghan, Analyst and President of Papa John's internal LGBTQ+ employee resource group for Equity, Advocacy, & Promotion. PapaProfiles (June 14, 2019)
Phillips 66 Co.	Press release	Phillips 66 Earns Perfect 100 on 2021 Corporate Equality Index (February 2, 2021)
Potbelly Corp.	Tweet	If you liked it, then you shoulda' put a ring on it. #PeaceLovePotbelly #LGBTQ #LoveIsLove #Pride (June 2, 2018)
Shake Shack Inc.	Tweet	We're proud to stand with the LGBTQ+ community! This month, we're servin' up an appsclusive Pride Shake (strawberry shake blended with lemonade + whipped cream + sprinkles). $1 from every shake will benefit @TrevorProject! Sip + shop our Pride swag here: http://bit.ly/shack-pride-collection-2018 (June 1, 2018)
The Kroger Co.	Tweet	Proud to earn 100% on @HRC's Corporate Equality Index for LGBTQ-inclusive workplace policies and practices. #CEI2019 (March 28, 2019)
Winn-Dixie Stores, Inc.	Press release	Southeastern Grocers Champions Belonging, Inclusion and Diversity with Pride Festival Sponsorships (September 14, 2021)
Yum! Brands, Inc.	Tweet	Yum! Brands believes in ALL people and we celebrate the contributions of the LGBTQ+ community and its allies. Click here to learn about the importance and impact of inclusion and allyship in the workplace and beyond. (June 14, 2019)
Panel B: Activist firms with events prior to sample start		
BP p.l.c.	Tweet	Proud to be recognized by @LGBTBar for our commitment to raising #LGBT diversity awareness in the workplace: http://bit.ly/10r18L2 (May 30, 2013)
Chevron Corp.	Tweet	Diversity is 1 of r core values. For the 10th yr we r proud to have achieved a perfect score for LGBT equality @HRC http://spr.ly/60110nb3 (February 21, 2015)
Darden Restaurants, Inc.	Tweet	We've been named a Best Place to Work for #LGBT Equality through @HRC, two years in a row. #CEI2014 http://bit.ly/18wuzPV (December 9, 2013)
Denny's Corp.	Press release	Denny's Participates in 2016 Corporate Equality Index
McDonald's Corp.	Tweet	Proud to earn 100% on @HRC's Corporate Equality Index for #LGBTQ- inclusive workplace policies & practices! http://McD.to/6013D6Lac #CEI2018 (November 1, 2017)
Shell plc	Tweet	We encourage every person to bring their whole self to work. Celebrating (Inter)National #ComingOutDay. http://go.shell.com/2e2uceG #LGBT #NCOD (October 11, 2016)
Walmart Inc.	Tweet	We're excited to be recognized as one of the best places to work for #LGBT equality in @HRC's #CEI2017! http://hrc.org/CEI (December 6, 2016)

Table A2. LGBTQ+ activist firms and their brands.

Firm	Brands
Amazon.com, Inc.	Amazon Fresh, Amazon Go, Whole Foods Market
Chipotle Mexican Grill, Inc.	Chipotle Mexican Grill
Domino's Pizza, Inc.	Domino's Pizza
The Kroger Co.	Baker's Supermarkets, City Market, Dillons Supermarkets, Food 4 Less, Foods Co., Fred Meyer, Fry's Food & Drug Stores, Gerbes Super Markets, Harris Teeter, Jay C, King Soopers, Kroger, Kroger Fuel Center, Mariano's, Metro Market, Pay Less Super Markets, Pick 'n Save, QFC (Quality Food Centers), Ralphs, Ruler Foods, Smith's Food & Drug Stores
El Pollo Loco Holdings Inc.	El Pollo Loco
Lowe's Companies, Inc.	Lowe's Market
Noodles & Co.	Noodles & Company
Potbelly Corp.	Potbelly Sandwich Works
Phillips 66 Co.	76, ConocoPhillips, Phillips 66
Papa John's International Inc.	Papa John's
Shake Shack Inc.	Shake Shack
Winn-Dixie Stores, Inc.	Winn Dixie
Exxon Mobil Corp.	Exxon Mobil, Mobil
Yum! Brands, Inc.	KFC, Pizza Hut, Taco Bell