

Why social media outrage tends to be fleeting

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Date : December 9, 2015



Social Media Shaming: Can Outrage Be Effective?

When **Martin Shkreli**, CEO of Turing Pharmaceuticals, acquired the drug Daraprim in August and hiked the per-pill price to \$750 from \$13.50, the reaction was fast and fierce. *USA Today* and *The New York Times* wrote major pieces quoting doctors and patient advocates raising concerns that the new price of the drug, which is used by AIDS and cancer patients to combat a parasite that attacks the brain, could put it out of reach for a vulnerable population.

Many drug companies have taken criticism for pricing policies perceived as mercenary or, at least, opportunistic. But the facts in Turing's case — an overnight, 5,000% price hike of a 62-year-old drug experiencing no shortages or market changes to \$75,000 a bottle — produced a corresponding overnight, perhaps 5,000% increase in animosity toward **Shkreli**, thanks largely to **social** media. **Shkreli** was widely criticized on **Twitter** and **Facebook**, and his own pugnacious e-trail helped to feed the frenzy. He has been dubbed the most hated man in America.

The episode is far from over — in fact, the stock of drug company KaloBios surged 400% this week [when news broke](#) that **Shkreli** had purchased a majority stake in the firm.

But the outcry over Daraprim is just the latest example of the breathtaking power and speed of **social** media and its deep flaws and limitations. On the one hand, it's a classic case of consumer vigilantism, if on steroids. "The idea is you have information acceleration, and that information can get shared so quickly, because everyone with a cell phone is essentially a reporter," says Wharton **marketing** professor [Americus Reed](#). "That's where we are from a PR perspective."

The vigilantism appeared to work. **Shkreli** responded by saying he would lower the cost of the drug. "Yes it is absolutely a reaction — there were mistakes made with respect to helping people understand why we took this action. I think that it makes sense to lower the price in response to the anger that was felt by people," [Shkreli told NBC News in September](#). Competition probably didn't hurt — another company, Imprimis Pharmaceuticals, is selling a Daraprim alternative for just \$1 a pill.

On the other hand, even after **Shkreli**'s suggestion that he would lower the cost of the drug, the price has not budged. He has reiterated his intention to lower the price — a “modest decrease,” [he recently told](#) activist/blogger imstilljosh.com — but if **Shkreli** is simply waiting it out, the strategy may work. “Talk is cheap, and he is banking on that,” says Reed.

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Will it always be so? Or is **social** media capable of growing up someday — reacting quickly, but also digesting the facts and subtle contours of arguments, and fixing its gaze upon a subject until resolution? Reed tends to doubt it. **Social** media is just not built for traction. “I feel like consumers’ attention spans are getting so much more fragmented that there just isn’t enough bandwidth to process all of this and stay on top of it,” he says. “[Social media amplifies the illusion of outrage, making it seem more dangerous and risky than it is?Twitter](#)”. The reason is because **social** media outrage is completely costless. If you have a million people expressing outrage, there may be a hundred who do something that has any traction. Memory fades.”

After all, think of the recent cast of characters crossing the stage of **social** media: Cecil the Lion, Caitlyn Jenner and Tom Brady and Deflategate. Consternation and ridicule over Rachel Dolezal, the white NAACP leader living as a black woman, seems like ancient history, and yet it reached its apex as a story only in June. **Social** media outrage, it seems, is a beast with the fangs of a rattlesnake, and the attention span of a gnat.

In Profit We Trust?

Many of the particulars of Turing Pharmaceuticals’ blunder from a public relations perspective may be unique — a voluble **CEO** with a tin ear, a privately held company with no stock price to consider. But that doesn’t mean there won’t be consequences for the firm. Wharton management professor **Mary-Hunter McDonnell** says that businesses that have been boycotted experience significant increases in refunded political contributions, as well as decreases in invitations to appear before Congress and awarding of governmental contracts. In “Blacklisted Businesses: **Social** Activist Challenges and the Disruption of Corporate Political Activity” (currently under second-round review at *Administrative Science Quarterly*), McDonnell and co-author Timothy Werner assembled a database to show how a firm’s socio-political environment shapes the receptivity of critical non-market stakeholders.

The extent to which [boycotts receive media attention](#) is key, the study found — more attention means more refunded contributions, fewer Congressional hearing appearances and fewer government contracts. Indeed, **Shkreli** received more negative attention when he tried to give money to Bernie Sanders’ campaign, and the presidential hopeful effectively declined it. **Shkreli** tweeted: SO ANGRY AT [@BernieSanders](#) I COULD PUNCH A WALL!!!!!!!!!!!!!!!!!!!!!!

Such stories may continue to originate with traditional media, but **social** media takes the ball

and runs with it. “Prior to the advent of **social** media, activists primarily relied on going to the mass media, so whether they elicited concessions almost entirely depended on the amount of media attention they could collect,” says McDonnell. “Media attention legitimized their claims to some extent. **Social** media really allows activists to elevate their own voice far beyond where it used to be, [enabling] them to reach an audience very quickly and spread the word themselves. So you see this exponential spreading of the message.”

Still, she says, companies routinely make the decision to forego consequences in pursuit of immediate profit. “It’s really not that rare. I think a lot of managers think their ethical duty is to maximize profit. But for the public at large and regulators, when you pit a company’s profit target against the price of life or reducing suffering, it’s not very compelling.”

Demonstrating Benevolence

Turing has hired a small army of public-relations crisis specialists, health care lobbyists, lawyers and former health officials to steer the company out of trouble. But it may not be so easy. What **Shkreli** has done is “not that different from what countless corporate leaders are doing day in and day out,” says **Don Ferrin**, professor of organizational behavior and human resources at the Lee Kong Chian School of Business at Singapore Management University. “He put the interests of his own company ahead of the interests of other stakeholders,” he notes. “What is different is the magnitude: that he announced a strategy that would so brazenly exploit a group of consumers who are medically vulnerable.”

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Turing had options to quickly tend to its image, but instead, it has sent out mixed messages. While releasing corporate statements that it offers patient assistance programs that provide Daraprim at greatly reduced prices to those in need, the company projects a far less benevolent image through its **CEO** and his statements via mass and **social** media. “When confronted by consumers for a true wrong-doing, it is advisable to accept the fault and work toward regaining consumer trust, whether the confrontation is through online **social** networks or through offline consumer protests,” says Wharton **marketing** professor [Pinar Yildirim](#). “Otherwise, it is best to use the opportunity of heightened **social** media attention to communicate to consumers the misinformation — perhaps through traditional media, such as TV, because [the message] reaches a large number of consumers in a fast way and it is more likely to obtain ‘earned’ traditional media slots during such periods.”

Ferrin — who has co-authored an extensive body of research on issues of trust and trust repair — says that when individuals consider whether another person or company is trustworthy, one of the most important factors they look for is benevolence, which is the extent to which we believe that the individual or company cares about our interests. (The other two factors are ability and integrity — “all three are important,” he says.)

“One of the most effective ways of earning benevolence attributions is to demonstrate that you

care for someone as much as, or even more than, yourself,” says Ferrin. “Leaders often do this by demonstrating that they put their followers’ needs and well-being above their own needs. But this is an area that corporations very frequently fall down on.”

When companies lose trust, he adds, they usually do so by putting their own selfish needs — the needs of their shareholders for profits or share prices, and the needs of the top leaders for pay, bonuses, and market recognition — above the needs of all the other stakeholders. “Profits, share prices and bonuses take precedence over employees’ needs for reasonable job terms and a safe workplace; customers’ needs for safe products ethically produced; communities’ needs for responsible corporate behavior with respect to the environment and economy, etc.,” he notes. “When was the last time you heard of a corporate leader saying that his or her company was going to sacrifice its quarterly earnings performance because it was more important to care for the needs of its employees?”

A Useful Shaming

Research shows that while certain kinds of apologies work, others don’t, says Wharton management professor [Nancy Rothbard](#). “When people feel there’s been an integrity violation, apologies don’t help, because whether right or not, we as humans don’t have faith that people can cure their integrity flaws,” she says. “Where apologies help is with competence-based violations. If we made a mistake, if we misunderstood the market, people will forgive that because they feel it’s fixable.”

Yildirim says that while public shaming has its uses, and public shaming on **social** media is no different in some ways than on its antecedents, the haste of **social** media requires special considerations. “Monitoring through **social** pressure — one of whose forms is shaming — has always been an effective method for **social** groups and networks to reduce antisocial behavior and motivate pro-social acts,” she says. “This is true for a wide range of domains, from enforcing charitable donations to preventing petty crime, keeping traditions and even improving financial outcomes for groups.”

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Punishment for individuals who do not give in to group norms can be ostracism — which is a concept going back to the ancient Athenians, Yildirim points out. Online **social** networks also act in similar ways to offline networks to enforce behavior. In some cases, this can yield results that benefit society, she adds. But it is also dangerous, particularly if individuals are misinformed or acting on an emotional response to punish innocent individuals.

“For corporate purposes, consumer actions displayed on **social** networks can motivate firms and managers to act more responsibly,” Yildirim says. “Via platforms like **Twitter** and **Facebook**, customers communicate their wishes and expectations and broadcast problems

they experience. Poor service is not only embarrassing for managers but also disappoints stakeholders of a firm. It is expected as a result that managers would behave in the directions that make their stakeholders/customers satisfied.”

Turing, curiously, has taken the opposite tack. Reed says the last thing you want to do in a **social** media storm is to keep inserting yourself, which is exactly what **Shkreli** did for weeks after the initial revelation of the price hike. “What was different about this **CEO** is how almost antagonistic he was on **social** media, which was like pouring gasoline on all this. The new rule is to play in the background and monitor the wave of outrage and see where it goes.”

But playing in the background doesn’t seem to be in the culture for Turing. “Just incremental hikes would certainly have been less likely to be noticed,” says McDonnell. “These overnight, 4,000%, 5,000% price hikes are really obvious.”

Whatever the message, the shorthand of **social** media makes it hard to get it across, says Rothbard. “If you’re tweeting something with 144 characters, nuance goes out the window,” she says. “And if we have more space, we aren’t controlling how and when people are reading it. They’re reading it on their phones, or in a video or podcast, and they might be listening on a train. So the more clear and consistent we can be in our message the better. But remember, if your message is bad you need to change it.”

Turing would have been smart to test its message before sending it out, Rothbard says. “What’s so hard about it is, you don’t always know what’s going to set people off. I think when they bought this drug and increased the price they didn’t think this was going to be a negative — they probably didn’t think about how outraged people would be. First you should think through the decision you’re making and consider where you might inflame certain groups and do homework around that. Test the waters; listen to the feedback you’re getting. Do polling. If you have a good **marketing** group, these are the kinds of things you need to do.”

But the negative feedback over the price hike doesn’t seem to have stopped **Shkreli**. On Tuesday, just before his new stake in KaloBios was made public, the Turing **CEO** took another strike at those who have criticized his business practices, tweeting, “I’ve heard disturbing rumors of capitalists infiltrating the pharmaceutical industry.”

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