

How Does Media's Reporting Tone Influence Consumption? Evidence from the US-China Trade War

Celina Proffen

Goethe University Frankfurt

Lukas Jürgensmeier

Goethe University Frankfurt

Acknowledgements:

We thank our doctoral advisors, Nicola Fuchs-Schündeln and Bernd Skiera, for their support. Furthermore, we thank Davide Difino and our colleagues for valuable feedback. We gratefully acknowledge financial support from efl - the Data Science Institute.

Cite as:

Proffen Celina, Jürgensmeier Lukas (2022), How Does Media's Reporting Tone Influence Consumption? Evidence from the US-China Trade War. *Proceedings of the European Marketing Academy*, 51st, (107079)

Paper from the 51st Annual EMAC Conference, Budapest, May 24-27, 2022



How Does Media's Reporting Tone Influence Consumption? Evidence from the US-China Trade War

Abstract

The recent US-China trade war has inflicted high costs on US consumers through repeated rounds of tariff increases. These mechanisms are well understood. However, trade conflicts do not occur in a vacuum and, during the Trump presidency, they were accompanied by aggressive rhetoric. In this manuscript, we investigate whether communication styles matter for consumer behavior. In particular, we estimate how the reporting tone in the media changed US citizens' consumption of China-associated goods—in our case, visits to Chinese restaurants. Relying on articles from over 100 newspapers and high-frequency data on restaurant visits from two US states, we find that if the weekly reporting tone about China decreases by one standard deviation, there are 4.0% fewer daily visits to Chinese restaurants. This result is more pronounced in Tennessee (-4.9%), while for Oregon, a politically and culturally more liberal state, we find a smaller and less significant decline (-1.8%).

Keywords: *Textual Analysis; Consumer Behavior; Trade War*

Track: Consumer Behaviour