

Academic Seminar

Consumers Reaction to Corporate ESG Performance: Evidence from Store Visits

We investigate end consumers' reaction to corporate ESG performance. Using granular GPS data, we find that foot-traffic to firms' stores significantly decreases in the month following negative ESG incidents. Foot-traffic decreases more for stores located in democratic counties and counties with a larger fraction of highly educated and younger residents, consistent with ESG reputation influencing the demand of consumers with a preference for corporate sustainability. On the other hand, the effects are similar across stores selling durable and non-durable goods, suggesting that our results are unlikely to be driven by the information channel that a firm's ESG practices inform consumers about the quality of its products or longevity. Overall, our findings contribute to the "doing well by doing good" debate and suggest that a firm's ESG reputation can affect its financial performance and shareholder value through the consumer demand channel.



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Dr. Weikai Li is an Assistant Professor of Finance at the Lee Kong Chian School of Business, Singapore Management University. He received his Ph.D. in Finance from the Hong Kong University of Science and Technology in 2017, Master of Finance from Tulane University, and B.A. in Economics from Zhejiang University in 2012. His research areas are empirical asset pricing, behavioral finance, informed trading, and sustainable finance. His papers are published in the *Review of Financial Studies*, *Journal of Financial Economics*, *Journal of Financial and Quantitative Analysis*, *the Journal of Econometrics*, and *Review of Asset Pricing Studies*. His works has been presented in major academic conferences such as AFA, WFA and NBER conferences, and invited talks at financial institutions including Citadel, China Investment Corporation, Bank of America Merrill Lynch, Macquarie, PanAgora Asset Management, and Magnum Research. His papers have received several best paper awards such as the CICF Best Paper Award, the Chicago Quantitative Alliance Asian Academic Competition Research Paper Award, the GRASFI Best Asset Pricing Paper Prize, the Crowell Memorial Award for Best Paper in Quantitative Investments (Second Prize), the FMA Asia Best Paper Award in Investment, and the Asian Finance Association Best Paper Award. His paper has been covered by the Wall Street Journal and Financial Times. He was a visiting scholar in Hong Kong Institute for Monetary and Financial Research in August 2021. He is also a Chartered Financial Analyst.

Date: 2 March 2023 (Thursday)

Time: 10:00 - 11:30 am

Venue: SEK104, 1/F, Simon & Eleanor Kwok Building

Language: English



****ALL ARE WELCOME****