

**FIN02**

## **Market Buzz: The Impact of Social Media Sentiment and Attention on Robinhood Traders**

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### **Abstract**

This study examines social media's influence on retail investor trading by analyzing daily Robinhood stock holdings and social media metrics for 427 U.S. firms (2018-2020). The results reveal that attention is a consistent driver of retail trading, with a one-standard-deviation increase leading to a 68% rise in the median daily change in holdings, magnifying meme stock by 34 times. In contrast, sentiment influences trading only in specific contexts, such as higher-priced stocks, firms near 52-week lows, and periods of low political communication. During the COVID-19 pandemic, both signals lost significance. These findings extend attention theory by illustrating how digital platforms and social signals reshape retail trading patterns, with attention dominating sentiment in driving retail investor behavior. This study provides critical insights for practitioners and regulators, emphasizing the implications for market efficiency and oversight in the era of social media-driven investing.

### **Conference Track**

Finance and Investment