



ROBINHOOD CASE STUDY: SENTIMENT ANALYSIS

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PROBLEM STATEMENT

Robinhood, launched to “democratize finance for all,” disrupted the brokerage industry by offering commission-free trading and a user-friendly mobile app that attracted millions of first-time retail investors. By 2020, it had established itself as a dominant player in fintech, particularly among younger investors seeking accessible, low-cost trading.

However, the GameStop short squeeze of early 2021 tested the very foundation of Robinhood’s value proposition. When trading volumes surged beyond expectations, Robinhood faced unprecedented clearinghouse deposit requirements and liquidity pressures. In response, the company **restricted the purchase of certain stocks such as GameStop and AMC**, which contradicted its pro-investor mission.

This move triggered widespread **public backlash**. On Twitter and Reddit, users accused Robinhood of siding with institutional investors at the expense of retail traders. Lawsuits were filed, congressional hearings followed, and the company’s reputation as a champion of retail investors came under serious scrutiny. While Robinhood has since taken steps such as raising emergency capital, expanding its infrastructure, and preparing for greater regulatory oversight, significant **challenges remain**. The crisis exposed vulnerabilities in the platform’s liquidity management, communications strategy, and trust with its core user base.

ANALYSIS

The word cloud analysis gives us a snapshot of what people were talking about the most on Twitter in each phase of the GameStop debacle. Think of it like a mirror of public focus — the larger the word, the louder it was being said. By comparing the word clouds **before, during, and after** the event, we can see how Robinhood’s reputation shifted in the eyes of its users.

Before the debacle, the discussion around Robinhood was generally positive or neutral. The prominent words in the word cloud were related to Robinhood’s services, its mission of free trading, and the overall excitement around accessibility to the stock market. People were talking about “investing,” “app,” “free,” and other terms that reflected opportunity and optimism. This shows that, at this stage, Robinhood was still strongly associated with its brand promise: giving everyday investors access to the markets in a fresh and empowering way. From a business perspective, this is the ideal brand position — customers viewed Robinhood as an enabler and an ally.

During the debacle, the word cloud transformed dramatically. Suddenly, negative and emotionally loaded terms took over. Words like “*blocked*,” “*betrayal*,” “*fraud*,” “*scam*,” “*hedge funds*,” and “*unfair*” became central. The focus shifted from Robinhood’s promise of freedom to accusations of restriction and collusion. This means that, in real time, users were reframing Robinhood’s identity. Instead of being the champion of retail investors, it was now painted as a defender of Wall Street interests. In business terms, this was a complete reversal of brand perception — Robinhood went from disruptor to “the establishment” almost overnight. Customers no longer saw the platform as empowering; instead, they saw it as actively working against their interests.

After the debacle, the word cloud still carried the scars of the crisis, but the anger had cooled slightly. Words like “*lawsuit*,” “*SEC*,” “*trust*,” and “*transparency*” started to dominate. This shows that the conversation moved from immediate outrage to longer-term concerns about accountability and regulation. People were no longer venting their anger; they were now questioning whether Robinhood could ever be trusted again and what role regulators should play. For the business, this

highlights a critical shift: Robinhood was no longer being discussed just as an app or a service, but as a company under scrutiny by regulators, courts, and the public. This signals reputational damage with longer-term implications, such as increased oversight and a loss of customer confidence. In business terms, Robinhood's word cloud journey reflects a brand that started as a hero, quickly became a villain, and settled into a space of skepticism and scrutiny. The dramatic change in language highlights how fragile trust can be in financial services — one wrong move can instantly turn customers from advocates into critics. It also shows that recovery isn't simply about waiting for outrage to die; the "after" phase suggests that people continued associating Robinhood with lawsuits, trust issues, and regulatory intervention, meaning the company's brand identity was permanently altered.

Sentiment Analysis

Before the debacle, the overall sentiment was largely neutral to positive. Customers saw Robinhood as an enabler of financial participation, often praising its accessibility, no-commission model, and the empowerment it gave to small investors. This positivity reflected a sense of excitement and inclusion, as many retail investors felt they finally had a tool that put them on a level playing field with institutional traders. For Robinhood, this phase represented a strong foundation of goodwill and brand trust — the company was positioned as a disruptor democratizing finance.

During the debacle, sentiment shifted sharply negative. Analysis shows a surge in angry, frustrated, and distrustful messages. Words like "betrayal," "manipulation," and "unfair" reflected a collective perception that Robinhood had sided with Wall Street institutions against the very retail traders it claimed to support. Positive sentiment dropped drastically, and the emotional charge of negative tweets spiked. This wasn't just casual dissatisfaction but reputational damage at scale, as users felt their financial freedom was restricted at the worst possible moment. In business terms, this represents breaking the psychological contract between Robinhood and its users: the brand had marketed itself as "for the people," yet actions during the crisis made customers believe otherwise.

After the debacle, sentiment analysis shows only a partial recovery. While the initial anger softened over time, negativity lingered. Some users expressed reluctant acceptance — they continued to use Robinhood out of convenience, but their trust in the platform had been eroded. Others shifted focus toward skepticism, regulation, and accountability, often calling for investigations or alternative platforms. Neutral sentiment increased as the initial emotional spike faded, but positive sentiment never returned to pre-crisis levels. For Robinhood, this phase indicates a reputational scar: customers may continue using the app, but they are more cautious, less loyal, and quicker to criticize.

Taken together, the sentiment trajectory tells a clear business story. Robinhood's brand went from being celebrated as a democratizer of finance to being vilified as a betrayer of its mission to a company struggling with ongoing reputation management. This evolution highlights the fragility of consumer trust in financial services. Once broken, it isn't easy to restore.

Emotion Analysis

The emotion analysis shows how customer feelings toward Robinhood shifted dramatically across the three phases. **Before the debacle**, emotions were balanced and largely positive. Joy and trust were present, as customers appreciated Robinhood's accessibility and mission of "democratizing finance." Fear and anger appeared only in small amounts, tied more to market uncertainty than the platform itself. This phase reflected goodwill and strong brand affinity. **During the debacle**, the emotional profile changed sharply. Anger and disgust dominated as users reacted to trading

restrictions they saw as manipulative. Sadness grew as many felt excluded and betrayed, while fear increased due to uncertainty about Robinhood's intentions. Joy nearly vanished. This emotional collapse signaled a severe loss of legitimacy: customers no longer saw Robinhood as empowering but untrustworthy. **After the debacle**, emotions cooled, but trust did not fully return. Anger lessened, but skepticism and disappointment lingered. Fear persisted, while only small traces of joy and trust reappeared. This suggests partial recovery, yet without restoring deep loyalty. Customers might continue using the app, but their emotional bond with the brand weakened, leaving Robinhood more vulnerable to competitors. In short, Robinhood moved from inspiring excitement and trust to provoking anger and betrayal, and finally to a state of lingering doubt. Business-wise, customer retention may depend less on loyalty and convenience, putting long-term growth at risk.

Part of Speech Analysis

Before the debacle, nouns like “stock,” “market,” “trading,” and “opportunity” were frequent, showing that users were engaged in investment discussions and saw Robinhood as a platform for financial growth. Verbs such as “buy,” “hold,” and “gain” reflected action-oriented optimism. The language suggested confidence and participation in the investing process, with Robinhood positioned as an enabler of opportunity.

During the debacle, the composition of speech changed sharply. Verbs like “stop,” “block,” “betray,” and “lose” dominated, signaling anger and direct accusations against Robinhood. Pronouns such as “they” and “you” highlighted a clear divide between the company and its users, reflecting an adversarial tone. Adjectives like “unfair,” “corrupt,” and “greedy” captured the intensity of outrage. This shift indicated that the conversation was no longer about markets, but about **Robinhood itself as the problem**.

After the debacle, noun usage moved toward terms like “trust,” “lawsuit,” “Congress,” and “regulation,” showing a collective focus on accountability and oversight. Verbs such as “fix,” “explain,” and “change” pointed to demands for corrective action. While the emotional edge softened compared to the “during” phase, the language reflected ongoing scrutiny and conditional tolerance, rather than enthusiasm.

Overall, the POS analysis demonstrates how discourse evolved: from **optimistic investing talk (before)**, to **hostile blame (during)**, to **calls for accountability (after)**. For Robinhood, this indicates that its brand narrative shifted from opportunity-driven to controversy-driven, and it will need to rebuild its reputation to move the conversation back to positive financial engagement.

Theme Analysis

Before the event, conversations were heavily centered around **buying and trading opportunities**. Frequent mentions of words like *buy*, *crypto*, *bitcoin*, *dogecoin*, and *stockstobuy* suggest that users were focused on investment excitement and market opportunities. Robinhood was positioned mainly as a platform for access, discovery, and participation in trending stocks and cryptocurrencies. This reflects a positive and opportunity-driven discourse where the app was associated with growth and optimism.

During the event, however, the themes became significantly more contentious. Topics included *limit*, *restrict*, *block*, *manipulate*, and *citadel*, showing that discussions shifted towards anger and frustration about Robinhood's trading restrictions. Mentions of *GameStop*, *AMC*, *hedge*, and *Wall Street* confirm that attention centered on the short squeeze, while terms like *fuck*, *suspend*,

and *action* reflect the highly charged atmosphere. Robinhood was no longer viewed simply as a trading platform but rather as an actor accused of protecting institutional investors at the expense of retail traders.

After the event, the themes reveal a lingering **loss of trust and skepticism**. While trading-related words such as *buy*, *investor*, and *stock* remained, terms like *lawsuit*, *hedge*, *limit*, *suicide*, *die*, and *fuck* indicate ongoing resentment and even extreme hostility from some users. Mentions of *Elon*, *crypto*, and *dogearmi* highlight how communities began rallying around alternative assets and personalities, signaling that users were looking beyond Robinhood for new avenues of collective action. The focus on *lawsuits* and *rules* also demonstrates that the discourse shifted towards accountability and regulation, suggesting users were less interested in trading excitement and more in justice and reform.

In business terms, this progression reveals a dramatic reputational trajectory. Robinhood started as a symbol of accessibility and empowerment, but during the crisis, it became associated with betrayal, manipulation, and systemic bias. Even after the crisis, the persistence of negative themes indicates that trust recovery was limited, and competitors or alternative platforms may have benefited from the erosion of loyalty.

RECOMMENDATIONS

1. Transparent Justification of Trading Restrictions

- Robinhood must **publish a clear explanation of liquidity and collateral requirements** that forced the trading halt, using simple infographics and FAQs.
- Instead of generic statements, Robinhood should show **transaction-level data (e.g., clearinghouse collateral demands)** to prove that restrictions were operational necessities, not favoritism toward hedge funds.
- A **real-time “Why is trading restricted?” banner** in-app during crises would directly answer the accusations of manipulation observed in the sentiment/emotion analysis.

2. Proactive Customer Engagement During Crisis

- Based on spikes in **anger and accusatory verbs (“blocked,” “stopped,” “robbed”)**, Robinhood should implement **live crisis communications**: push notifications, in-app alerts, and Twitter updates every 30–60 minutes during market turmoil.
- Instead of silence (which fueled suspicion), leadership should appear in **live-streamed town halls or Twitter spaces** to answer user concerns in real time.

3. Compensation and Goodwill Gestures

- To address strong **sadness/disappointment emotions** in the “after” phase, Robinhood could:
 - **Reimburse trading fees** for affected customers.
 - Offer **one month of premium Robinhood Gold free** to retail investors who faced restrictions.

- Launch a **“Retail Investor Protection Fund”** (symbolic but powerful PR) to show alignment with small investors rather than institutions.

4. Platform and Risk Management Enhancements

- The POS analysis showed strong use of **action verbs (demand, fix, explain)**. In line with that demand for action, Robinhood should:
 - Strengthen **liquidity buffers** to reduce dependency on emergency capital injections.
 - Diversify clearinghouse relationships so one margin call cannot paralyze the platform.
 - Implement **stress-testing disclosures**, where Robinhood publicly reports whether the system can handle “X times” the trading volume of January 2021.

5. Retail Investor Education Linked to Volatility Events

- Many tweets revealed **confusion** (e.g., why trading was stopped, who benefited). Robinhood should build:
 - **Interactive in-app explainers** that pop up during extreme volatility (“Why is buying restricted? Here’s what’s happening behind the scenes”).
 - A **“Volatility Playbook”** module that educates retail traders about risks of short squeezes, clearing requirements, and collateral.
 - Partnerships with financial educators on YouTube/TikTok to **deliver straightforward explanations** during crises, targeting the same social media audience fueling the backlash.

6. Rebuilding Trust Post-Crisis

- Since the “after” phase still showed lingering **anger and negative sentiment**, Robinhood must:
 - Release a **post-mortem report** outlining lessons learned, actions taken, and improvement timelines.
 - Establish a **Customer Advisory Board** of retail investors to review policy decisions before future crises.
 - Engage in **social listening** permanently (using sentiment tracking dashboards) to detect spikes in user frustration before they escalate.

Exhibit 1.2 Word Cloud during the event



Exhibit 1.2

Exhibit 2.1: Sentiment distribution before the event

Sentiment	Count
negative	677
positive	2906

Exhibit 2.1

Exhibit 2.3: Sentiment distribution after the event

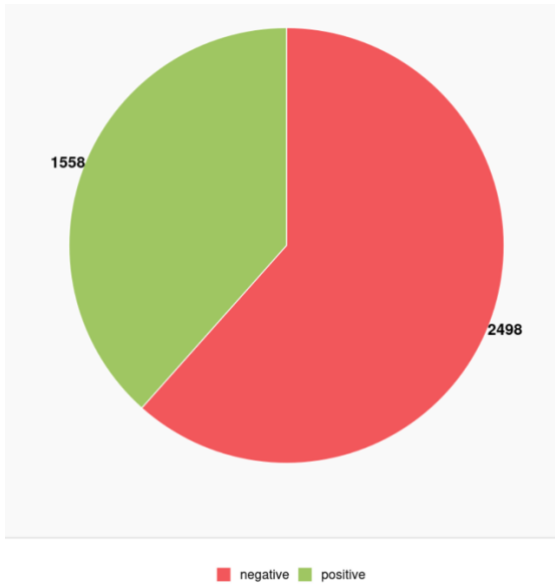


Exhibit 2.3

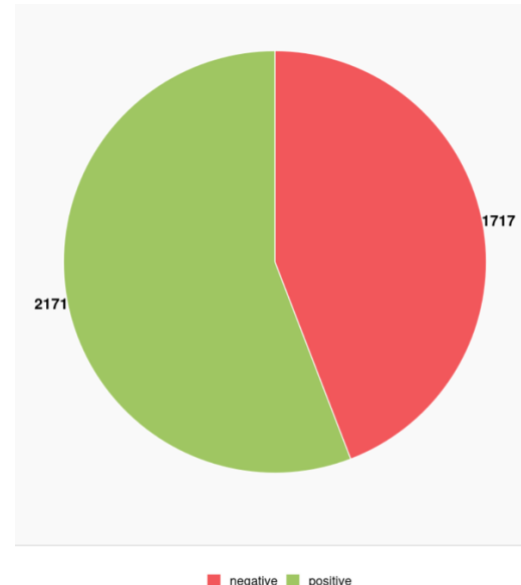


Exhibit 2.4

Exhibit 3.1: Emotion scores before the event

Exhibit 3.2: Emotion scores during the event

	Posts count	Relative posts count
Total	4 997.00	100%
anger	702.54	14%
anticipation	668.24	13%
disgust	466.33	9%
fear	782.34	16%
joy	444.02	9%
sadness	540.82	11%
surprise	410.01	8%
trust	982.69	20%

Exhibit 3.1

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trust	982.69	20%

Exhibit 3.2

Exhibit 3.3: Emotion scores after the event

	Posts count	Relative posts count
Total	4 996.00	100%
anger	600.37	12%
anticipation	782.18	16%
disgust	406.24	8%
fear	628.5	13%
joy	452.38	9%
sadness	582	12%
surprise	396.87	8%
trust	1 147.47	23%

Exhibit 4.1: Topic summary before the event

Exhibit 4.2: Topic summary during the event

Exhibit 4.3: Topic summary after the event

Exhibit 4.4 Parts of speech during the event

	Topic 1	Topic 2	Topic 3	Topic 4	Topic 5
1	buy	stock	trader	invest	stock
2	crypto	trade	robinhoodtrad	market	free
3	coinbas	money	stockstobuy	fintech	link
4	app	start	stockstowatch	investor	join
5	bitcoin	day	jimytwit	compani	sign
6	peopl	webul	account	walmart	referr
7	don	time	dont	year	freestock
8	dogecoin	today	check	startup	post
9	sell	share	jimyappofici	creat	wanna
10	platform	option	stimulus	firm	receiv
11	user	good	shit	bank	margin
12	call	great	custom	retail	xpev
13	watch	open	turn	feel	includ
14	learn	tsla	ill	bought	damn
15	big	lol	financi	appl	dont

	Topic 1	Topic 2	Topic 3	Topic 4	Topic 5
1	free	app	stock	trade	big
2	user	hood	buy	gamestop	wall
3	investig	ceo	amc	market	street
4	dogecoin	robin	gme	citadel	fund
5	limit	call	peopl	today	sell
6	allow	rich	money	restrict	short
7	webul	poor	morn	block	hedg
8	join	fuck	make	halt	investor
9	link	happen	suspend	manipul	action
10	hold	start	decid	yellen	day
11	doge	compani	regular	robinhood	tech
12	transfer	shit	nok	janet	reddit
13	invest	review	longer	fee	class
14	guy	dont	nokia	capit	gamestop
15	don	cuomo	nakd	hear	custom

Exhibit 4.1

	Topic 1	Topic 2	Topic 3	Topic 4	Topic 5
1	buy	money	trade	stock	ceo
2	dogecoin	market	gamestop	free	account
3	doge	fund	gme	link	week
4	app	sell	amc	join	start
5	peopl	citadel	restrict	trader	day
6	time	custom	share	reddit	fuck
7	dogearmi	hedg	limit	wallstreetbet	dont
8	crypto	order	investor	invest	robinhood
9	allow	suicid	rais	robinhoodtrad	open
10	purchas	user	compani	webul	don
11	deposit	talk	chang	stockstobuy	wall
12	elon	famili	guy	stockstowatch	hous
13	instant	good	lawsuit	jimytwit	vlad
14	hold	busi	short	bitcoin	street
15	musk	die	rule	wsbmod	wait

Exhibit 4.2

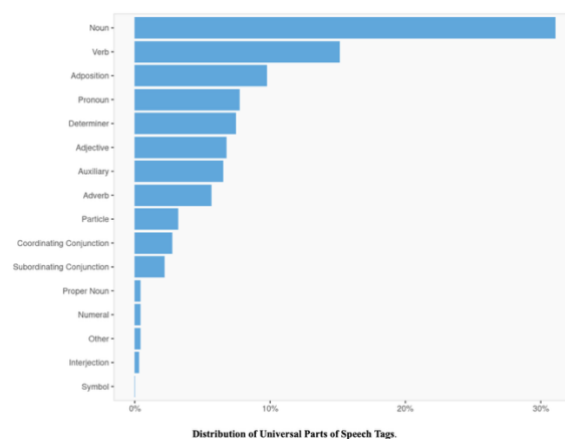


Exhibit 4.3