Brand Activism and Inclusivity

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Session Papers

Presentation 1: "The brand reputation impact of activism depends on the category and the kind of activism"
Presenting Author: Ludovica Scalco
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Presentation 2: "Racial Pay Gap in Influencer Marketing"
Presenting Author: Yakov Bart
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Presentation 3: "Ad-vancing Diversity: A Longitudinal Analysis of Black Actor Representation in Television Advertisements"
Presenting Author: Koen Pauwels
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Presentation 4: "From Representation to Reception: Evaluating the Impact of Diversity in TV Advertising on Consumer Purchase Intention"
Presenting Author: Gijs Overgoor
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Abstract

The ”Brand Activism and Inclusivity” Special Session explores the intersection of brand activism with diversity, equity, and inclusion (DEI) in the modern marketing landscape. Its objective is to analyze how brands respond to societal calls for inclusivity and the impact of these responses on brand reputation, consumer perception, and marketing strategies. This session brings together four distinct yet interconnected research papers that collectively offer a comprehensive understanding of the role of DEI in brand activism.

Presentation 1: ”The brand reputation impact of activism depends on the category and the kind of activism” by Ludovica Scalco and Anders Gustafsson, BI Norwegian Business School, investigates how various forms of corporate activism influence brand reputation over time.

Presentation 2: ”Racial Pay Gap in Influencer Marketing” by Amy Pei, Yakov Bart, Koen Pauwels, and Kwong Chan, Northeastern University, examines the existence of racial pay disparities among influencers, particularly during heightened public attention to racial inequality.

Presentation 3: ”Ad-vancing Diversity: A Longitudinal Analysis of Black Actor Representation in Television Advertisements” by Gijs Overgoor, Southern Methodist University and Yakov Bart, and Koen Pauwels, Northeastern University, provides a longitudinal view of black actor representation in TV ads, offering insights into brands’ diversity strategies.

Presentation 4: ”From Representation to Reception: Evaluating the Impact of Diversity in TV Advertising on Consumer Purchase Intention” by Gijs Overgoor, Southern Methodist University, Gokhan Yildirim, Imperial College London, Yakov Bart, and Koen Pauwels, Northeastern University, explores the effects of increased racial diversity in TV advertising on consumer purchase intentions.

Each paper contributes to a nuanced understanding of brand activism in the context of inclusivity, challenging and advancing current marketing practices and theories.

Presentation 1: The brand reputation impact of activism depends on the category and the kind of activism

Authors: Ludovica Scalco (Presenting Author), Anders Gustafsson, BI Norwegian Business School

Corporations are increasingly taking public stances on divisive sociopolitical issues through activism campaigns, statements, and actions. However, research shows mixed findings regarding whether such corporate activism positively or negatively impacts brand reputation and attitudes. This paper aims to provide clarity by investigating the longitudinal impact of activism on brand reputation and its components of value equity, brand equity, and relationship equity.

Drawing on signaling theory, a framework is developed proposing that activism allows brands to signal commitment to societal betterment, leading to improved reputation. First, value equity increases as activist brands are seen as good corporate citizens. Second, brand equity improves among consumers who agree with the stance, based on the Elaboration Likelihood Model. Third, relationship equity is strengthened as activism taps into issues meaningful to consumers.

Leveraging a Twitter dataset, a two-way random effects panel regression model tested the impact of activism on reputation and its components over 2.5 years across top global brands. Results support the hypotheses, with activism having a significant positive effect. Brand equity saw the largest increase, followed by relationship equity and value equity.

Moderation analyses found the impact is negatively moderated for digital native brands like Facebook, implying they should be careful in adopting activist stances. The impact is also negative for service brands, for whom reputation is paramount. Further analyses of specific issues showed opposing white supremacy and fighting harassment improves value equity for digital natives, while supporting minimum wage and gender equality aids their brand equity. For service brands, supporting immigration and fighting racism bolsters relationship equity.

This research contributes by providing a unifying framework clarifying the reputation impact of activism. It moves beyond single events or brands to show longitudinal effects across contexts. The findings demonstrate activism positively impacts not just abstract associations, but also perceived brand value and quality. Further, strategic insights are presented regarding risks for digital native and service brands.

Limitations include the restricted time period and lack of extremely divisive stances. Future research should expand the brand sample, utilize individual-level data, test additional moderators, and focus on the customer-brand relationship over time. Overall, this study helps managers strategically consider whether and how to engage in activism by illuminating its multifaceted reputation effects.

Presentation 2: Racial Pay Gap in Influencer Marketing

Authors: Amy Pei, **Yakov Bart (Presenting Author)**, Koen Pauwels, Kwong Chan, Northeastern University

Influencer marketing has grown exponentially, with increasing adoption by firms to promote products on social media. However, concerns exist regarding potential inequity in influencer compensation, including along racial lines. This study empirically examines whether a racial pay gap exists for influencers on Instagram. Leveraging a novel dataset of influencer marketing campaigns and payments from 2019-2020, analysis controls for relevant

campaign and influencer characteristics other than race to isolate the effect of race on pay.

Key findings reveal heterogeneity in the racial pay gap contingent on time period and influencer tier. During periods of increased public attention to racial inequality (IPARI), such as after George Floyd's murder, Black macro-influencers (those with 50k+ followers) were paid on average $263 more per post than comparable White influencers. However, no significant difference existed between Black and White micro-influencers (under 50k followers) during IPARI or between Black and White influencers of either tier during other time periods.

The observed divergence in pay suggests opportunistic behavior by firms. Brands likely perceive collaborating with Black macro-influencers during IPARI as an opportunity for publicity and effective messaging on values, given media and public focus on high-profile figures. The lack of pay boost for micro-influencers implies brands prioritize only visible Black figures when inequality receives intensified attention. While increased compensation for Black macro-influencers appears a substantive action, its temporality and uneven distribution raise critiques of virtue signaling.

This study provides the first empirical evidence of a racial pay gap in influencer marketing. The findings contribute to academic discourse on firm signaling and responses to social issues, with implications for influencers, advertisers, and policymakers. Limitations of the data open avenues for future research, including on negotiation dynamics and long-term contracts. Overall, analysis reveals nuances in how brands navigate societal expectations on diversity, laying the groundwork for deeper investigation into this multifaceted issue.

Presentation 3: Ad-vancing Diversity: A Longitudinal Analysis of Black Actor Representation in Television Advertisements

Authors: Gijs Overgoor, Yakov Bart, **Koen Pauwels** (Presenting Author), Northeastern University

Television advertising plays a pivotal role in reflecting and shaping societal values and norms. Growing emphasis on DEI has increased expectations for more inclusive representation in ads. High-profile events like George Floyd's murder catalyzed intensified calls for improved racial diversity. This study offers a longitudinal examination of brands' commitment to diversity through analysis of black actor representation in TV ads over time.

Leveraging computer vision on ad creatives from a leading data provider, time series were constructed reflecting the share of black actors in ads for each brand. Analysis of overall trends from January 2018 to July 2021 reveals a steady increase in black actor share peaking after George Floyd's murder. To further investiage the intricacies underlying this trend, the fast food industry was examined through the social innovation framework. Brands were classified as leaders, early adopters, late adopters or laggards regarding black actor representation.

The social innovation lens provides compelling insights. Late adopters substantially increased their use of black actors, largely explaining the spike during summer 2020. In contrast, leaders and early adopters already had a steady trajectory of increasing diversity before the murder and following social unrest. This distinction highlights varying strategies in responding to shifting societal expectations. Late adopters reacted rapidly to events, while proactive brands did not drastically change course.

The study contributes significantly to research on racial diversity in advertising. It moves beyond single events or brands to uncover longitudinal, cross-industry dynamics. Classifying brands based on social innovation

adoption demonstrates nuances in how advertising strategies navigate societal pressures. The findings provide benchmarks for brands in self-evaluating and realigning approaches to diversity. Industry practitioners can draw insights on effective strategies that resonate with consumers. For policymakers, the study highlights areas needing guidelines or regulations. Overall, the analysis lays the groundwork for dissecting the commercial and societal role of advertising diversity.

Some limitations provide fruitful areas for further research. The time period could be expanded, especially to discern whether late adopters sustain increased diversity. Cross-industry comparisons would offer additional strategic insights. Future work could also examine other diversity facets like gender, age, or ability. In all, this study opens avenues for deepening understanding of the multifaceted societal and commercial implications of diversity in advertising.

Presentation 4: From Representation to Reception: Evaluating the Impact of Diversity in TV Advertising on Consumer Purchase Intention

Authors: Gijs Overgoor (Presenting Author), Gokhan Yildirim, Yakov Bart, Koen Pauwels, Northeastern University

This study investigates how increased racial diversity in TV advertising impacts consumer purchase intention. Leveraging computer vision techniques on a rich dataset of ad creatives and airings, the share of Black actors in ads is quantified. The Elaboration Likelihood Model provides insights into how consumer processing route moderates the impact of greater diversity. Subsequently the study addresses how the relationship shifts amid intensified attention to racial inequality after George Floyd's murder.

Empirical results reveal that pre-GF, higher Black actor share positively affected purchase intention under lower elaboration likelihood. However, post-GF, the effect turns negative under higher elaboration. The findings underscore complexities in diversity communication, with implications for academics and practitioners.

Specifically, when consumers process ads peripherally pre-GF, racial diversity evokes favorable emotions and brand perceptions, increasing purchase intention. But post-GF, greater scrutiny of ads during central processing makes consumers more likely to perceive diversity as inauthentic signaling, diminishing purchase intention. Heightened attention to inequality strengthens this negative effect under central processing. The findings advise nuanced strategies to increase diversity for authentic messaging.

Limitations provide avenues for future research. Analysis relies on algorithmic race classification, warranting more accurate identification. Additional ad characteristics may interact with diversity representations. Focus could expand beyond Black actors or incorporate diversity facets like gender, sexuality, and class. Tracking relationship duration with diverse actors could reveal mitigating factors.

Ultimately, this investigation lays the groundwork for understanding the multifaceted drivers of effective diversity communication amid shifting societal expectations. Rather than discouraging diversity, the findings underscore its complexity, highlighting needs for thoughtful strategies and further academic inquiry. The study offers a stepping stone toward more inclusive advertising and positive social change.

Declaration

Each presenter has agreed to register for the conference and to present the paper, if the proposal is accepted. None of the papers have been submitted to other conference tracks, and none have previously been presented at EMAC.