

Do Minority-Owned Labels Help or Hurt Minority Businesses? The Effect of Minority-Owned Labels on Purchase Intentions Depending on Consumers' Political Orientation and Ethnicity

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Abstract

Minority-owned businesses suffer from systemic difficulties in operating their businesses, leading business owners to explicitly highlight their race in their marketing communication (e.g., “Black-Owned Business”) to increase consumer support. This research explores how consumers’ political orientation and race jointly impact the effectiveness of such “minority-owned labels”. We find that White (non-Hispanic) people, compared to people from other ethnic or racial backgrounds, are more likely to be sensitive to the use of the label, and the valence of their reaction depends on their political ideology. In particular, White conservatives (but not conservatives from other ethnic or racial backgrounds) are less likely to purchase from a business that uses a minority-owned label, due to their endorsement of meritocratic beliefs and rejection of race-conscious decision-making.

Keywords: diversity, labeling, intersectionality

Track: Consumer Behavior