

MSI Webinar: Ad-vancing Diversity: Evaluating the Impact of Diversity in TV Advertising on Consumer Purchase Intention

June 4, 2024 | Virtual | 12:00 pm – 12:30 pm ET

Speaker:

Koen Pauwels - *Distinguished Professor of Marketing at Northeastern University*

Overview:

Koen Pauwels presents results of research with Yakov Bart (Northeastern University), Gokhan Yildirim (Imperial College London), and Gijs Overgoor (Southern Methodist University) from a longitudinal study of racial diversity in TV advertising. This study illustrates varying strategies among brands in response to evolving social norms and expectations regarding racial diversity. Specifically, the research aims to understand the type of diversity seen in television ads and how it can influence customer purchase intentions. Pauwels begins his discussion with an introduction to diversity, equity, and inclusion, touching on survey data showing consumer demand for diversity in TV ads and brand responses. He presents empirical evidence on the impact of diversity in ads on consumer purchase intentions, highlighting differences between brands that lead in minority representation and those that adopt it later. Additionally, he applies social innovation theory to distinguish between brands that are leaders in minority representation in TV ads, versus late adopters and how that can influence consumer purchase intentions.

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I. Diversity, Equity and Inclusion

- **Diversity** refers to the presence of differences among people, particularly in terms of demographic groups.
- **Equity** involves providing fair access, opportunities and support for all demographic groups within an organization.
- **Inclusion** is about creating a sense of belonging and value for everyone, especially minorities. Consumers, both from minority and majority groups, demand representation in visual brand communication.
 - Research indicates that not only do **minority groups want to see themselves represented**, but the **majority also prefers ads featuring more minorities**. This trend is evident in feedback from consumer sales reports on this topic.



- Current research has indicated that **increasing diversity in TV ad representation** has met with **mixed results**.
 - **Some consumers perceive brands' use of diversity as insincere**, viewing it as a strategy for commercial gain ([Sobande 2019](#), [Vredenburg et al. 2020](#), [Burgess et al. 2022](#), [Wang 2021](#) and [Pei et al. 2023](#)).
 - An example is **Nike's use of Colin Kaepernick** as a spokesperson, which led to accusations of exploiting social causes for profit, potentially backfiring on the company.

II. The Research

Objectives

- What is the impact of racial diversity in TV ads on consumer purchase intention?
- What is the change in racial diversity in the actual ads aired in the U.S. before and after George Floyd's murder?

- Does a racial pay gap exist in influencer marketing? If so, what explains the pay gap?

Methodology

- Researchers used data from iSpot’s 52 million smart TVs, set-top boxes, and YouGov’s online panel to analyze TV ad creatives, airings, viewer engagement and consumer purchase intentions.
 - Facial recognition algorithms using Fairfaces data were used in ad measurement to identify Black actors in ads ([Karkkainen & Joo, 2021](#)) and to calculate Black actor share of ads (BASOA).

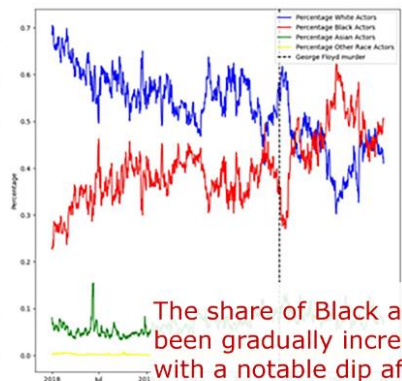
Calculation of daily Black actor share of ads (BASOA)



- Consumer attention was gauged through fast-forwarding or changing channels.
- Public attention to racial inequality following George Floyd's murder allowed researchers to study its impact on the effectiveness of ads featuring Black actors.

Why focus on BASOA?

- Ethnicity of TV actors
- shows little daily trend
- for other than black (up)
- And white (down), and
- large swings after GF



The share of Black actors in TV ads has been gradually increasing over time, with a notable dip after George Floyd's murder followed by a significant rise, while Asian actors have shown a slower upward trend with less pronounced effects from the same event.

Capturing Brand Dynamics

- Brand dynamics were assessed by applying **social innovation theory** to consumer behavior.
 - **Brands are categorized based on their leadership in racial diversity**, particularly in featuring Black actors, with some established as leaders before George Floyd's murder. Others adapted later, following the event, while laggards showed minimal change and maintained low diversity representation in the U.S. market.
- How do these brand dynamics and increasing BASOA influence consumer purchase intention?
 - **The main conclusion of the research is that being a leader in diversity pays off.** Results show that while the presence of more Black actors in ads generally correlates with a negative impact on consumer purchase intention, **this negative effect is outweighed by the positive impact** when a brand is seen as a diversity leader.
 - **For leaders, increasing the share of Black actors in ads significantly boosts purchase intention.** Early adopters also see a positive but insignificant effect, while laggards see a negative effect.
 - Overall, diversity leadership enhances the positive effects of diversity in advertising.

Being a Diversity Leader Pays Off

DV: Purchase Intention				
	Coefficient	Robust SE	z	p-value
BASOA	-0.0058	.0026	-2.28	.023
BASOA x Leader	.0206	.0085	2.43	.015
BASOA x Early Adopter	.0023	.0039	0.59	.553
BASOA x Laggard	-.0024	.0047	-0.51	.611
Number of Ads	.0004	.0001	4.78	< .001
Total Number of Faces in Ads	1.00e-07	8.80e-08	1.14	.256
Percentage of Female Actors	-.0002	.0005	-0.46	.646
AR(1)	.3951	.0648	6.10	< .001
Constant	.0228	.0046	4.98	< .001

Black Influencer Marketing

- Industry reports are contradictory in terms of a racial pay gap in influencer marketing.

Pei et al: Racial Pay Gap in Influencer Marketing: Industry reports are contradictory



Photo Credit: Getty Images

BUSINESS
Black Influencers Were the Highest Paid in 2020, Study Finds

Black influencers make significantly less money than their white counterparts, a new study says

Lindsay DeGuzman Dec 7, 2021, 12:42 PM



- **Factors contributing to pay gaps in influencer marketing** include the lack of transparency and standardization in influencer compensation, coupled with fewer regulations compared to traditional labor markets governed by minimum wage laws.
- **Factors that may reduce pay gaps in influencer marketing** include its fully digital nature, which eliminates geographic segregation as a factor, and its low barrier to entry, reducing disparities related to educational attainment.

Discussion of Results and Key Points

- There was a **notable change** in brands' approaches to racial diversity **in TV advertising following George Floyd's murder**.
- Industry **practitioners should take into account leader-follower dynamics** to assess and adjust advertising strategies.
- **Brands should adopt a proactive stance toward diversity** in advertising, aiming to lead the industry.
- **Authenticity is crucial** in shaping consumer perception and response to ads.
- **Black macro influencers are paid more** during periods of **heightened public focus on racial equity** ([Pei et al., 2023](#)).
 - This trend is often short-lived and results in uneven distribution of gains.
 - **Managerial implication:** Cultivating relationships with Black micro-influencers over time may be more cost-effective than paying premiums to Black macro-influencers during these periods.
- **Future research** should focus on identifying solutions to address the issue of uneven distribution of gains in influencer marketing.

Selected Sources:**From representation to reception: Evaluating the impact of diversity in TV advertising on consumer purchase intention.**

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Source: Sobande, F. (2019). [European Journal of Marketing](#), 54(11), 2723–2745.

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How support for Black Lives Matter impacts consumer responses on social media.

Source: Wang, Y., Qin, M. S., Luo, X., & Kou, Y. (Eric). (2022). [Marketing Science](#), 41(6), 1029–1044.

Fairface: Face attribute dataset for balanced race, gender, and age for bias measurement and mitigation.

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The diffusion of hybrid seed corn in two Iowa communities.

Source: Ryan, B., & Gross, N. C. (1943). [Rural Sociology](#), 8(1), 15–24.

Some tests of specification for panel data: Monte carlo evidence and an application to employment equations.

Source: Arellano, M., & Bond, S. (1991). [The Review of Economic Studies](#), 58(2), 277–297.

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Determining influential users in internet social networks.

Source: Trusov, M., Bodapati, A. V., & Bucklin, R. E. (2010). [Journal of Marketing Research](#), 47(4), 643–658.

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Evaluating stochastic seeding strategies in networks.

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How social media influencers foster relationships with followers: The roles of source credibility and fairness in parasocial relationship and product interest.

Source: Yuan, S., & Lou, C. (2020). [Journal of Interactive Advertising](#), 20(2), 133–147.

I like what she’s #endorsing: the impact of female social media influencers’ perceived sincerity, consumer envy, and product type.

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Influencing social media influencers through affiliation.

Source: Pei, A., & Mayzlin, D. (2022). [Marketing Science](#), 41(3), 593–615.

Labor market discrimination against Hispanic and black men.

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Salary discrimination by black males?

Source: D., & Dwyer, L. (1995). [The American Journal of Economics and Sociology](#), 54(2), 231–237.