



# Embracing diversity, equity, and inclusion (DEI): Considerations and opportunities for brand managers



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## KEYWORDS

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**Abstract** Diversity, equity, and inclusion (DEI) is ubiquitous in today's public discourse, underpinned by societal recognition of inequality and demands for less discrimination. Further, DEI increasingly serves as a resource for brands to express their identity and align with consumer values. However, implementing DEI as a brand management strategy requires more than lip service and poses risks if not properly embraced. For instance, consumers can perceive DEI initiatives as inauthentic, or initiatives can miss the mark with target consumer groups when poorly executed. Because brands are now more inclined to take responsibility and a public stance on sociopolitical issues, we take a step back and discuss key considerations and opportunities for brands to embrace DEI. We first document the case for DEI in brand management. Next, we present the consumer and brand perspectives of DEI before unpacking the considerations and opportunities of embracing DEI for brand management. Overall, our manuscript provides guidance for brands, marketers, regulators, and policy makers to better understand the role of DEI for brand management.

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## 1. The case for DEI in brand management

Academic and practitioner conversations about diversity, equity, and inclusion (DEI) have

accelerated (Bernstein et al., 2020; Demangeot et al., 2019), with this focus becoming imperative for society, academia, brands, regulators, and policymakers. We draw on Arsel and colleagues' (2022, p. 920) definition of DEI, as they define diversity as physical or sociocultural differences attributed to people, and the representation of these differences in market spaces; equity as fairness in the treatment of people in terms of

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both opportunity and outcome; and inclusion as creating a culture that fosters belonging across diverse groups. Importantly, we extend this definition by contextualizing equity as an ideal and measurable outcome of diversity and inclusion in action.

The case for DEI is grounded within social movements, such as MeToo and Black Lives Matter, and was compounded by the social unrest associated with the COVID-19 pandemic—which disproportionately impacted many marginalized communities (Govindji, 2022). In effect, societal recognition of inequality and demand for less discrimination have increased (Chandy et al., 2021). In response, many brands—across sectors as diverse as retail, technology, manufacturing, and government—are renewing their aspirations and commitments to DEI. Organizational leaders report DEI as a high strategic priority (Creary, Rothbard, & Scruggs, 2021, May). In the business domain, DEI has received the most attention within organizational behavior and human resource management, which are stereotypically high-stakes settings given their impact on job opportunities and careers of historically marginalized groups (American Medical Association, 2022). From a marketing perspective, DEI most notably involves the practice of inclusive marketing (i.e., understanding and appreciating consumer differences, identities, and histories). In more practical terms, this involves mindfully creating campaigns that respectfully include and resonate with the target audience (Dimitrieska et al., 2019). Such campaigns can also have significant positive effects, such as higher ad recall compared with those featuring a single traditional representation (FacebookIQ, 2021). Despite a lack of scholarly and practitioner research, DEI presents critical implications for brand management—with the business case for DEI stronger than ever (McKinsey, 2020).

Although DEI is integral to brand management, knowledge about how brands can embrace DEI and its impact on the brand is in its infancy. While research has begun to address DEI from consumer behavior and workforce perspectives (Arsel et al., 2022; McKay et al., 2011), DEI from a brand management perspective has garnered limited attention. This knowledge gap is important to address, as not prioritizing DEI can have detrimental impacts on brands. The rise, fall, and questionable rebirth of the American lifestyle retailer Abercrombie & Fitch (A&F) is a prime example. From 1992—under the direction of former CEO Mike Jeffries—A&F's brand proposition was the embodiment of elitism. Over the preceding two decades, however, the racist and discriminatory

ideology underlying the brand surfaced and ultimately lead to its demise.

Documented in a 29-page Look Policy, A&F's original "all-American look" (i.e., stores with athletic, white, and half-naked models and erotic imagery), became a violation of federal and state discrimination laws (Valenti & Johnson, 2017). A&F also suffered a raft of negative reputational and financial outcomes, including a 10% drop in same-store sales in 2013 and an all-time low share price in 2016 (Kaplan, 2015). This case not only highlights DEI as a moral, legal, and economic imperative but also as a strategic imperative for brands.

Prior research highlights the benefits of addressing DEI for brands, consumers, and society (Bone et al., 2014; Veresiu & Giesler, 2018). While some have investigated the role of authenticity and legitimacy between brands and consumers, others have researched DEI in its infancy. For example, Kates' (2004) study of gay male consumers showed that factors such as the duration of support toward the community—and relevant issues—signal legitimacy, and consumers reward legitimate brands and punish illegitimate ones. Although these findings reveal implications for brands seeking to embrace DEI and engage in such initiatives, equally important is an understanding of key considerations and opportunities for brand management. Against this background, this article addresses the need for research into DEI as an intentional and authentic brand management strategy.

In this article, we first present the consumer perspective of DEI in terms of self-identity, purpose, and preparedness to act. Second, we present the brand perspective of DEI in terms of organizational structure, social responsibility, cultural relevance, and aligning brand-consumer values. Finally, we unpack key considerations and opportunities of embracing DEI for brand management, providing summarized guidelines and areas for further research. Taken together, this manuscript guides brands and marketers to better understand the importance of embracing DEI.

## 2. The consumer perspective of DEI

Over the last decade, large numbers of consumers have been motivated to join various social movements, inspiring civic action to drive social change (Nardini et al., 2021). As these movements gained critical mass, consumers acted (e.g., protesting, boycotting) to bring about change for the betterment of society. How consumers react to brands that take a stand on social movements has also

evolved. Today, almost two-thirds of US consumers see diversity as important and expect brands to embrace it in their advertising (FacebookIQ, 2021). Growing up amid extensive political turmoil and global economic uncertainty has driven younger consumers' stance on social justice issues, perceiving DEI as an increasingly important issue. These consumers consider diversity more broadly (Smith & Turner, 2015), including demographic and cognitive diversity based on individuals' experiences and perspectives. Generation Z brings its values to the decision-making process more than prior generations (Djafarova & Fouts, 2022). Importantly, as more of Gen Z assumes senior positions in public and private sectors, they will influence policies to reflect their desire for social, racial, and environmental justice. Gen Alpha has been described as "up-agers" (i.e., people who are physically, socially, and psychologically maturing faster, causing heightened commercial sophistication). Reportedly, Gen Alpha members have been expressing brand preferences from as young as age 3 (Dretsch, 2021). Gen Alpha is set to be the largest, wealthiest, and most culturally diverse generation ever, which reinforces the importance of DEI in branding (McCrinkle & Fell, 2020). In this section, we provide a snapshot of the consumer perspective with a particular focus on DEI reflecting identity, enhancing sense of purpose, and motivating action.

### 2.1. DEI as a reflection of consumers' self-identity

DEI is inextricably linked to consumers' self-identity given that these values span race, gender, age, and sexual orientation, as well as contextual influences like family background and life experience. Consumers also reward brands and businesses that mirror real-world demographics (Moir, 2021). This understanding is important given the inherent need for individuals to identify and socially verify their experiences, as exemplified by consumers' ultimate desire to establish a shared reality with others (Hogg & Rinella, 2018), including brands. Self-identity is especially critical in the context of DEI because identity is increasingly fluid and nuanced, with people rarely fitting into distinct categories. Individuals may even move in and out of cultures depending on how they self-identify, which highlights the multidimensional nature of diversity (Gopaldas & Fischer, 2017). The understanding of intersectionality is also imperative. Coined by race theory scholar Kimberle Crenshaw, *intersectionality* refers to how different aspects of a person's identity can expose them to overlapping forms of

discrimination. Intersectional storytelling is crucial for brands, so original content must consider the multiple ways oppression and privilege can coincide or amplify.

The traditional notion of gender is being contested beyond the binary confines of male and female, which do not sufficiently account for the fluidity and multifaceted nature of gender identity (Mazzuca et al., 2020). Indeed, 56% of Gen Z present outside their assigned gender and 62% believe gender identity can change over time (Wunderman Thompson, 2022). Leading brands are responding to and helping reshape consumer culture. Examples include nongendered physical retail space (e.g., The Fluid Project), genderless fashion collections (e.g., Ganni, Karl Lagerfeld x Alled-Martinez, and Harris Reed), and brands introducing optional pronouns on staff name badges (e.g., Marks & Spencer, Target; Benveniste, 2019; McLean, 2021).

### 2.2. DEI as a sense of purpose for consumers

While many brand managers strive to create positive customer experiences that elicit satisfaction, consumers also cultivate positive brand attitudes toward brands that demonstrate a sense of purpose (Carnevale et al., 2018). Importantly, two-thirds of US consumers believe brands must take a stand on social and political issues (Commisso, 2022). This perception is particularly prevalent among Gen Z consumers who consider brand purpose a crucial criterion for decision-making (Porter Novelli, 2019). These consumers expect brands to be transparent and advocate for oppressed or marginalized groups, as well as desire a better planet, fairer systems, and kinder humanity (Luttrell & McGrath, 2021).

Gen Z consumers are more ethnically and culturally diverse than any other generation (Budiman, 2020; Porter Novelli, 2019). However, racism still prevails with one in four Gen Z members and Millennials experiencing discrimination—and the same number claiming to have been targeted on social media (Brodzik et al., 2021). These consumers are looking to institutions to accelerate change, shifting policies and power structures rooted in white and able-bodied privilege. For many consumers, there has been a rise in "FoNo" (i.e., a fear of normal; WGSN, 2022), which speaks to an underlying fear of regression to oppressive mechanisms such as gender inequality and racial disparity. In essence, consumers desire a more sustainable and equitable world, rather than returning to how it was before COVID-19 (Ipsos, 2020).

### 2.3. DEI as a motivator for consumers

Consumers are increasingly prepared to act in support of or opposition to brands based on their DEI principles and practices. Consumers want to see themselves accurately represented and, importantly, to see depictions of true diversity among their communities and peers (WGSN, 2022). In the US, more than 60% of consumers say their brand perceptions are impacted by diversity in advertising, and more than a third are more likely to trust a brand that features diversity in advertising (Petrock, 2020). Importantly, 70% of Gen Z will end relationships with brands that run ad campaigns perceived as macho, racist, or homophobic (McKinsey, 2021a), or when brands do not live up to their promises or advertised values (National Retail Federation, 2017). Such action can be amplified by consumers on social media, holding brands that do not reflect prevailing sociocultural values accountable—as evidenced by Instagram accounts such as @show\_the\_boardroom, which showcases large corporate board members as majority white and male demographics.

### 3. The brand perspective of DEI

Various brands—such as Patagonia, TOMS, Target, and Nike—are taking a stand on divisive social and/or political issues (Peters & Silverman, 2016), which can elicit both positive and negative consumer reactions. Regardless, brands are increasingly aware of the expectations placed upon them for meaningful and authentic DEI initiatives. Leading brands address social inequities by embedding DEI within their identity and marketing strategy (Mallon, 2019). However, others are slow to respond. For example, Victoria's Secret refused to include plus size and transgender models in its 2018 fashion show. This resulted in backlash and a significant drop in viewership of the national broadcast, down to 3 million viewers from 10 million the year before (Burke, 2019). The general shift toward brands taking a stance on DEI is driven by a top-down belief that these values are an important driver of financial performance (Weber Shandwick, 2019). Beyond its implications on consumer perceptions and behavior, DEI has significant effects on current and potential employees, as authentic DEI strategies result in brands becoming employers of choice (Hamacher, 2022). In Section 3, we provide a snapshot of the brand perspective of DEI with a particular focus on the holistic impact on brand identity, sociocultural responsibility and relevance, and the alignment of brand and consumer values.

### 3.1. DEI's impact on brand identity

Diversity benefits organizations in general (Triana et al., 2021), as well as brands specifically. Further, brands also play a pivotal role in shaping culture and can become part of the social infrastructure and cultural fabric that defines society (Schau et al., 2009). For instance, brands like Billabong, Quicksilver, and Rip Curl influence the cultural narrative of the surfing industry, yet tend to reinforce a white, blonde-haired, and blue-eyed surfer aesthetic, which ignores the sport's roots in Hawaii, Samoa, Tonga, and Africa. Today, Mami Wata—a premium African surf lifestyle brand—taps into these unserved consumer segments by championing an alternative aesthetic (Segran, 2021) and shifting perceptions away from Western stereotypes. In addition, the Vans brand has launched a collection to bring greater awareness to African surf culture (Beer, 2021). These examples highlight the role of representation, as consumers are more likely to internalize brand messaging if they can see themselves reflected in it. However, tokenistic or stereotypical representation can be damaging (Wunderman Thompson, 2022).

Diversity within an organization can also have an impact on the brand. For instance, at a senior executive level, diversity can enhance decision-making quality by taking the views of underrepresented consumer groups into account (Agyemang-Mintah & Schadewitz, 2019). Within a marketing context, diverse teams can better understand the ideals and aspirations of various minority groups, then authentically and accurately reflect these in brand communications (Wunderman Thompson, 2022).

### 3.2. Sociocultural responsibility and relevance

Corporate social responsibility (CSR) is an established factor that drives competitive advantage (Peloza & Shang, 2011; Sands & Minahan, 2004). Today's brand managers have multifaceted social responsibilities, and many are taking an activist stance whereby public action is focused on partisan issues (Moorman, 2020). This is an emerging marketing tactic that enables a brand to stand out in a fragmented marketplace, with many brands taking a stance regarding public health, LGBTQIA+ rights, reproductive rights, gun control, immigration, and DEI (Vredenburg et al., 2020). Some brands—like Patagonia, TOMS, and Warby Parker—have their social purpose so deeply



entwined with the product or service (i.e., “social purpose natives”; Vilá & Bharadwaj, 2017), that brand survival without it is difficult to imagine. Like CSR, such posturing can positively influence consumers in terms of purchase intention, brand image, and sustainability (Bhattacharya et al., 2009). In essence, taking a public stance on sociopolitical issues can be a means of meaningfully connecting with consumers—many of whom are increasingly drawn to, and willing to spend more money on, products and services that display a social conscience.

### 3.3. Aligning brand and consumer values

Brands and consumers have enduring values that pertain to desirable end-states, transcend specific situations, and guide behavior (Schwartz & Bilsky, 1987). From a consumer perspective, values can be expressed via consumption and the construction of self (Belk, 1988), or via the degree to which a brand expresses and enhances its identity (Kim et al., 2001). Importantly, brands must often expand their meaning and values over time to sharpen their differentiation relative to other brands, appeal to new consumers, or resonate with changes in cultural values and consumer tastes (K. L. Keller, 1999). Some even adopt multiple brand meanings, which can be contradictory, such as Land Rover’s “rugged-yet-sophisticated” or Burberry’s “traditional-but-fashion-forward” opposing brand values. These labels—referred to as paradox brands—are particularly appealing to bicultural consumers (Rodas et al., 2021). This preference is likely because bicultural consumers have greater cognitive flexibility, meaning they view the world as inherently contradictory and are more comfortable with ambiguity. Given that consumption can reflect and strengthen social and individual identities, brands must consider how their practices align with evolving consumer DEI values. Consumer brand preferences are increasingly driven by the alignment of their values and purpose (Ipsos, 2020), and consumers are willing to pay more for products that are value-aligned.

## 4. Key DEI considerations and opportunities in brand management

From the consumer and brand perspectives, the case for DEI has never been stronger. Despite growing awareness and understanding of the critical importance of DEI among brands, real progress has been slow across industries and countries. Global representation of ethnic minorities on

executive teams remains low (McKinsey, 2020) with no FTSE 100 companies having Black CEOs, CFOs, or chairs (Parr, 2021) and only 2% of S&P 500 companies having more than 50% female board members (Levine, 2020). To fully embrace DEI, brands must establish associated principles, practices, and performance objectives across all areas of influence: the workforce, marketplace, and society (Brodzik et al., 2021). Brands have numerous critical considerations when attempting to do this, as poorly embraced or inauthentic initiatives can have detrimental effects, including motivating a consumer movement (i.e., a boycott, boycott, or call for cancellation; Saldanha et al., 2022).

### 4.1. Key considerations

Though the risk of running ineffective DEI initiatives is present, it is not certain. When embraced in a holistic, authentic, and meaningful way, DEI presents brands with important opportunities. As such, Appendix 1 provides an overview of key considerations, opportunities, and illustrative examples. Section 4 further illustrates and exemplifies each key consideration.

#### 4.1.1. Failure to act (or poor action)

In recent years, brands have started to develop, implement, and manage DEI-related initiatives. Brands that fail to act following DEI values are lagging and losing relevance (Petrock, 2020), causing consumers to perceive them in a negative light. Similar to how individual and firm actions impact future outcomes, so too can inaction (Tykocinski et al., 1995). Drawing on the psychology domain and parallels to climate change inaction, there are numerous reasons not to act. Individual and firm ignorance is one such reason and can take multiple forms (e.g., not knowing a problem exists or how to respond to it). A key issue caused by inaction is that decision-makers generally do not understand how various actions can host a magnitude of positive impacts (Bord et al., 2000). As such, decision paralysis can take effect. Perceived inequity can also motivate inaction. For instance, stakeholders may blame others for noncooperation with an issue (e.g., sustainable practices, climate change, etc.) and use this as justification. As a result, the fear of being victimized by free riders (Kerr, 1983) can deter some brands from acting. Finally, inaction can be caused by fear of a negative public response to efforts that might fall short of expectations. For example, shortly after L’Oreal received praise for hiring transgender model Munroe Bergdorf to be a

company spokesperson, Bergdorf posted a tweet directed at “all white people” discussing white privilege. L’Oreal quickly ended the partnership and faced public scrutiny for contradicting its proposed stance on diversity (Fortin, 2017). Rather than take a course of action that could lead to consumer resistance, brands may choose inaction as a path forward.

#### 4.1.2. Perceived inauthenticity of responses

Brand value is socially constructed (Leung & Sharkey, 2014), and consumers buy products not only for their utility but also for their meaning (Levy, 1959). In this regard, authenticity is a cornerstone of consumption. Consumers seek authentic experiences, so authenticity is an important dimension of brand identity (Alexander, 2009). However, it is also possible for a brand to be perceived as inauthentic, and inauthentic behavior can negatively impact brands and reduce product quality perceptions (Frake, 2017). Even though a brand’s approach to DEI can be perceived as authentic, when deployed in an inauthentic manner, there is potential for backlash—and this is particularly common among Gen Z consumers (Cox, 2022). For example, the social media hashtag #BlackOutTuesday resulted in consumer backlash about the disparity between brand marketing and action, with posting the empty black square becoming synonymous with empty gestures as consumers questioned real brand actions beyond their promises for reflection and general statements of support.

Brand tokenism (i.e., the practice of making only a perfunctory or symbolic effort, especially by recruiting minimal people from under-represented groups) is how brands can be seen as inauthentic (Burgess et al., 2021). In the case of fashion brands, for example, minority community models might be recruited to convey a brand as diverse even if the internal makeup of the organization is homogenous. Brands that rushed to implement or promote their commitment to DEI issues have also been accused of “woke washing” (i.e., cashing in on social justice movements; Vredenburg et al., 2020). Appropriating social activism as a form of promotion draws parallels to the practice of “greenwashing” (Mahdawi, 2018), which can pose a significant risk to brands. For instance, the brand motive for such support can be scrutinized (Holt, 2002), and consumers may question a brand’s activist engagement (Vredenburg et al., 2020). In essence, brand value can be hurt when it engages in activism or sociopolitical marketing messaging

that does not align with a brand’s purpose, values, or corporate practice.

#### 4.1.3. Upholding DEI values in virtual worlds

Brands must ensure that their presence in the virtual realm is a natural extension of their DEI values expressed in the real world. This is especially important as virtual brandscapes become more commonplace (Hobbs, 2021) and increasing numbers of diverse consumers engage in virtual worlds (McKinsey, 2022). For example, Decentraland and Snapchat broadened the range of adaptive wearables (e.g., running blades) and assistive devices (e.g., hearing aids) that users can add to their avatars to ensure their virtual platforms were representative and accessible for people with disabilities. The opportunity to defy real-world limitations makes virtual realms attractive to many people with disabilities, but virtual environments are not sufficiently inclusive to them, nor women, Black people, and the LGBTQ+ community (Shardlow, 2022; IoDF, 2021). Today, there are discriminatory price discrepancies between metaverse avatars based on race, gender, and skin color (e.g., avatars with darker skin selling for less).

Concern also exists about the potential for bullying and discrimination against people with disabilities and the LGBTQ+ community in virtual settings (Wunderman Thompson, 2022). These concerns represent an opportunity for brands and platforms to provide a progressive and permissive alternative to oppressive real-life laws or social structures (Shardlow, 2022). While the metaverse holds exciting potential for consumers with limited accessibility, brands must also consider equitable access and physical entrance into such digital worlds. Presenting customizable avatar options that fully reflect human diversity is another consideration for brands, as consumers who engage in the metaverse typically choose avatars that resemble their real-life selves per Dior’s recent partnership with Ready Player Me (Razorfish, 2022; Westcott et al., 2021). Final diversity and inclusivity consideration lies in the representation of virtual influencers via various cultural, racial, and ethnic groups, as well as genders and physiques because they can command as strong a following as human influencers (Sands, Ferraro et al., 2022). For example, Balmain appointed three diverse virtual AI influencers—Shudu, Margot, and Xhi—to better reflect the brand’s celebration of inclusion (Sands, Campbell et al., 2022). Equitable engagement must cement placemaking—both real and virtual—as consumers seek safe, fair, and opportunistic metaverses.

#### 4.1.4. Data, technology, and decision-making bias

While it is important to adopt an evidence-based, metrics-driven approach to DEI to identify problems, establish baselines, and measure progress (Roberts & Thomas-Hunt, 2022), brands must consider the potential for bias in data collection, management, and use (Campbell et al., 2020). While human bias is natural, when reproduced in data and algorithms, it can be harmful and costly—especially to those already subject to discrimination, such as marginalized groups and underrepresented communities. For example, the algorithm used by hospitals in the US has been shown to prioritize the care of healthier, white patients over sicker, Black patients even though they required more attention (Johnson, 2019). Common data biases are racial (Manzini et al., 2019) and gender-specific (Butler et al., 2018), and reasons for them include imbalanced data, model bias, and demographics of technologists, analysts, engineers, and users (Sengupta & Srivastava, 2022).

Data bias can cause skewed search results and incorrect forecasts, ultimately mimicking, creating, and modeling biases that spur misinformed decisions (Haenlein & Kaplan, 2019). The impact of data bias can negatively affect DEI but also has far-reaching implications for brands and society more broadly, such as inciting social outrage, causing discrimination, producing incorrect analytics, and yielding monetary losses (Ibrahim, 2022). Much of the scholarly and practitioner discussion regards underlying bias in AI and machine learning as both continue to scale across industries, functions (Sahbaz, 2019), and DEI initiatives. For instance, AI-based systems (e.g., recommendation engines) can be riddled with unconscious biases and perpetuate harmful and inaccurate stereotypes (Gupta et al., 2021). This could continue to undermine the future of individuals, specifically Black, Indigenous people of color. This is illustrated by Amazon's recruiting AI algorithm which was created to help remove the inherent bias present in human recruiters. However, the AI turned out to be biased against women because it was built based on prior internal recruitment data. Further, the Google Photos algorithm mistakenly labeled photos of Black people as gorillas, leading consumers to question Google's target market (Zhang, 2015).

To combat gender and race inequities in AI, beauty brand Olay partnered with Algorithmic Justice League founder Joy Buolamwini to triple the number of women of color in STEM by 2030 (Shackleton, 2022). Olay works with the nonprofit

Black Girls Code and—via the Decode the Bias campaign—will assess bias within its Skin Advisor tool. Bias and resulting discrimination are being illuminated and contested via “AI colonialism”, which documents how AI's development and outcomes repeat the patterns of colonial history (Hao, 2022). There is an associated growing movement to “decolonize AI,” which seeks to induce socio-technical change in AI-powered systems (Miller, 2022). Brands—and any other parties involved—have a responsibility to ensure that their data not only represents target populations but is also collected and utilized in a manner that drives unbiased decision-making.

## 4.2. Key opportunities

Though implementing DEI requires examining key considerations, doing so can unlock opportunities for organizations, as discussed in Section 4.2.

### 4.2.1. Drive positive social change

Today's brands have the opportunity—and responsibility—to challenge the status quo and drive positive social change in all spheres of influence. As such, there is a need for brands to take greater accountability not just for the impact they have on their customers, but also on the broader communities in which they operate and serve, working toward positive social change for all (World Economic Forum, 2020). DEI as a catalyst for positive social change can be understood by its broader historical context, which includes evolving cultural conditions and racial and social justice movements. Given the enduring nature of the sociocultural issues surrounding DEI, consumers have high expectations of brands to conduct themselves in a way that reflects their values and transforms institutional and marketplace beliefs and behaviors (Brodzik et al., 2021). For example, Ben & Jerry's publicly recognizes the concept of intersectionality (e.g., the connection between voting rights and racism) and has avoided single-issue campaigns in favor of broader initiatives (e.g., climate justice, racial justice, and LGBTQ+ rights campaigns). In keeping with the brand tone, Ben & Jerry's Australia refused to serve two scoops of the same flavored ice cream together until LGBTQ+ marriage was legalized (Kocay, 2017).

Brands experiencing DEI progress are using their power to dismantle systemic discrimination and oppression by building inclusive cultures, as an example. Importantly, driving real social change via DEI requires brands to embed these values into all business decisions and models, set ambitious goals, and publicize achievements.

#### 4.2.2. Appeal to more diverse audiences

Paying close attention to how DEI is executed in all business initiatives allows brands to appeal to increasingly wider and diverse audiences (both consumers and employees). Importantly, appealing to consumers using DEI initiatives allows brands to connect more deeply and meaningfully with customers and attract more diverse and often untapped customers (Bitmead, 2020). Effective efforts are apparent in language changes across many personal care products. For example, Unilever recently removed the word *normal*—usually regarding Caucasian skin and hair types—from all its beauty products (Taylor, 2021). In addition, Marks and Spencer removed the word *nude* as a color description from copy across all communications (Wright, 2022)—something many supposedly inclusive brands have not done. Customers also feel more respected by brands that embrace DEI, which leads to increased satisfaction (McKay et al., 2011). Brands can generate new, relatable narratives for audiences with an array of backgrounds and experiences using diverse endorsers—most commonly celebrities and influencers (Sands, Ferraro et al., 2022a). Via DEI, brands can reach audiences from different backgrounds with varying perspectives and experiences and, in turn, create a more equitable and inclusive brand, impacting its reputation and firm financial position (Sakpal, 2020).

#### 4.2.3. Gain competitive advantage

In addition to being a moral, strategic, and increasingly legal imperative, DEI has become an economic driver that can create a competitive advantage for brands (World Economic Forum, 2020). A strong and substantiated DEI orientation can make a brand more competitive regarding customer and talent attraction and retention. Organizations that prioritize DEI outperform their market average across a range of key financial metrics: profitability (McKinsey, 2020), market growth (Brodzik et al., 2021), innovation revenue (Lorenzo & Reeves, 2018), employee engagement and retention (Downey et al., 2015), and employee and organizational well-being (Hamacher, 2022). By comparison, brands that have not embraced DEI lose competitiveness, as they are 29% less likely to achieve above-average market profitability (McKinsey, 2020).

Often, brands that fully embrace DEI are newer to the marketplace, with more established brands slower to act (Hunt et al., 2020). For example, the brand Good American launched inclusive denim—sized 00 to 24—before heritage denim

brands like Levi's, Wrangler, or Lee. Skims brand launched genderless loungewear in 2020 before other, more established brands, and Rihanna's Fenty brand disrupted the makeup industry by launching foundations in more than 40 shades before legacy brands, creating a new industry standard (Todi, 2019). These brands capitalize on the benefit of embedding DEI into the original brand identity rather than reeducating a consumer base.

There are exponential profit opportunities from underserved demographic groups and consumer segments, such as the disability market having \$13 trillion in disposable income (Return on Disability, 2020). In addition, McKinsey (2021b) identified a \$300 billion market for brands that expand access to goods and create offerings tailored to the needs and preferences of Black consumers. In the face of unanticipated and dramatic disruptions such as COVID-19, the economic imperative for DEI is even more critical, as it improves a brand's ability to adapt to rapid change by innovating business models and strengthening its business recovery efforts (McKinsey, 2020).

#### 4.2.4. Leverage collaborative partnerships

Brand collaboration provides an opportunity for organizations to act on DEI and develop authentic initiatives. Brand collaboration can build sustainable organizational value (Knox et al., 2000; Uggla & Åsberg, 2010), and Aaker and Joachimsthaler (2000) suggest that looking at brands as stand-alone silos can cause confusion and inefficiency. A key benefit of brand collaboration is that brands can capitalize on each other's preestablished brand equity (K. Keller, 2003), allowing them to express multiple identities—which bicultural consumers value (Balmer & Greyser, 2002). Bicultural consumers are also a significant and rapidly growing consumer segment (Rodas et al., 2021). As such, collaborating with brands that have different core values and identities can resonate with diverse consumer segments, widening the opportunity and scope when deciding which brands to partner with. For a brand looking to understand or gain access to a marginalized community, collaboration with another brand that advocates for such respective groups has brand association benefits. In turn, the partnering entity can leverage that brand's platform and reach. This is evident by the H&M partnership with the nonprofit Buy from a Black Woman, as well as Apple's partnership with CNote, a fintech company with a brand identity built specifically around economic inclusion.



**Table 1. Future considerations for brand managers and academic researchers.**

	<b>Brand manager considerations</b>	<b>Academic research considerations</b>
Acting	<ul style="list-style-type: none"> <li>• Provide stakeholders with knowledge and training to develop a shared understanding of DEI</li> <li>• Gain deep understanding of relevant (i.e., marginalized or under/mis-represented) communities, and align brand principles, practices, and performance measures</li> <li>• Carefully consider brand communications to avoid negative outcomes (e.g., reinforcing discrimination, cultural appropriation, tokenism, widening representation gaps)</li> <li>• Manage the narrative surrounding the brand (e.g., ignorant comments by brand representatives)</li> </ul>	<ul style="list-style-type: none"> <li>• Better understand barriers to action from a brand perspective: What are the barriers, hurdles, or challenges brand managers face while acting?</li> <li>• How can tech (e.g., AI) rapidly scan and manage comms that could negatively impact the brand identity or consumers?</li> </ul>
Avoiding inauthentic responses	<ul style="list-style-type: none"> <li>• Act in ways that can be substantiated and provide real utility for consumers rather than symbolic action (e.g., avoid empty brand gestures)</li> <li>• Be willing to own and openly acknowledge the brand’s past, current, and future actions</li> <li>• Understand the potential role of the brand (i.e., the reach, boundary to participate, lead, and support DEI principles and practices) to impact social change</li> </ul>	<ul style="list-style-type: none"> <li>• How can brands identify their realm of influence in impacting social change?</li> <li>• What is the interplay between brand personality and consumer expectations of the brand to positively impact equity?</li> </ul>
Upholding DEI values	<ul style="list-style-type: none"> <li>• Ensure that DEI values are reflected in both physical and virtual brand experiences</li> <li>• Consider the opportunity of engaging diverse brand representatives (e.g., influencers, frontline staff) in the real and virtual worlds</li> </ul>	<ul style="list-style-type: none"> <li>• Do consumers respond differently to diversity among brand representatives in the real versus virtual world (e.g., social media influencers)?</li> <li>• Do consumers see brand efforts reflecting diversity in virtual worlds as exploitative? What is the impact on the brand?</li> </ul>
Addressing potential bias	<ul style="list-style-type: none"> <li>• Develop safeguards—for people, processes, and systems—to avoid potential bias in data collection, management, and use</li> <li>• Review AI algorithms to ensure decision-making is unbiased (i.e., discrimination does not creep in)</li> </ul>	<ul style="list-style-type: none"> <li>• How can AI systems be (re)trained to identify and report discrimination and bias?</li> </ul>
Driving social change	<ul style="list-style-type: none"> <li>• Develop a core set of DEI values that are known throughout the company</li> <li>• Strive for greater equality in leadership</li> <li>• Steer away from initiatives focused on one dimension to ensure greater understanding of consumers’ intersectionality</li> <li>• Review language used in all communications to avoid alienating consumer segments (e.g., “nude” color, “normal” type)</li> </ul>	<ul style="list-style-type: none"> <li>• What role can brands play in transforming marketplace practices to align with DEI?</li> <li>• What language do diverse communities prefer to replace existing norms (e.g., “nude”/normal)?</li> </ul>

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Table 1 (continued)

	Brand manager considerations	Academic research considerations
Appealing to diverse audiences	<ul style="list-style-type: none"> <li>Review DEI initiatives to ensure they appeal to wide and diverse groups to maximize audience appeal</li> <li>Understand consumer differences and consider ways to cater to relevant groups now and going forward</li> </ul>	<ul style="list-style-type: none"> <li>What opportunities can enhance the customer experience for diverse audiences using technology (e.g., live agents, immersive experiences)?</li> <li>What aspects of accessible design can be implemented to physical and digital spaces to aid consumers with different abilities?</li> </ul>
Gaining competitive advantage	<ul style="list-style-type: none"> <li>Strive for increased diversity among all brand stakeholders</li> <li>Consider opportunities to support diverse or minority groups (e.g., increasing Black, indigenous, and people-of-color-owned brands and creatives)</li> </ul>	<ul style="list-style-type: none"> <li>What value—financial and otherwise—does embracing DEI as a competitive advantage afford brands?</li> <li>What value do consumers place on products and services that are owned or created by Black, indigenous people of color?</li> </ul>
Collaborative partnerships	<ul style="list-style-type: none"> <li>Seek opportunities to forge partnerships with brands that have strong DEI values</li> <li>Seek partnerships that help to increase understanding and mitigate stereotypes or aid internal teams in developing strategies to connect with various groups of people</li> </ul>	<ul style="list-style-type: none"> <li>What is the spillover effect caused by partnering with a brand that has strong DEI values?</li> <li>In the context of DEI, what brand partnerships provide the most value (e.g., brand-institution, brand-endorser, brand-brand)?</li> </ul>

### 5. Key takeaways, next steps for prioritizing DEI

Undoubtedly, there is a heightened focus on DEI, and such initiatives have become a top priority for brands. Over the last decade, DEI has become a moral, strategic, and economic imperative (World Economic Forum, 2020). Managing a diverse, inclusive, and equitable brand is not a trend but an enduring responsibility to (1) better align with changing sociocultural norms, markets, and labor pools (Hamacher, 2022), (2) bridge gaps in pop culture stories, and (3) address inaccurate representations. Moving forward, brand missions must evolve to provide real utility in consumers’ lives. Navigating DEI will be strategically important for brands and researchers to further understand the challenges and opportunities DEI presents. In synthesizing our work, we summarize future considerations for brand managers and researchers in Table 1. Rather than being an exhaustive list, these considerations seek to inspire brand managers and academic researchers in their future DEI-oriented endeavors.

Beyond the considerations raised in Table 1, it will be important for brands to take a broad approach to understand DEI through the lens of intersectionality (i.e., understanding the multiple layers of oppression faced by different marginalized groups; Samuels & Ross-Sheriff, 2008). Such an understanding builds appreciation for the shared and unique experiences of different consumer groups and will play an important role in democratizing access, content development, and brand messaging. Now more than ever, consumers—as both customers and employees—are looking for thoughtful, impactful brand responses and radical transparency. Brand and marketing managers are highly encouraged to move forward in a way that balances the considerations and opportunities of embedding DEI principles, policies, and practices. A DEI ethos is a critical opportunity toward a more equitable and empowering brand, marketplace, and society.

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## Appendix 1. Overview of key considerations and opportunities

Consideration	Description	Illustrative examples
Failure to act or poor action	Absence, misalignment, or oversight of DEI principles, policies and/or practices due to ignorance or lack of understanding	<ul style="list-style-type: none"> <li>• H&amp;M campaign depicting a Black child wearing a sweater emblazoned with “Coolest Monkey in the Jungle” was deemed racist and triggered a wave of mass store invasions and destruction.</li> <li>• Victoria’s Secret CMO Edward Razek’s controversial comments against using transgender and plus-size models resulted in the brand losing market share.</li> <li>• Model Karlie Kloss appeared in Vogue magazine dressed as a Japanese geisha leading to public outrage for cultural appropriation and whitewashing, citing other examples of white women being cast as Asian women.</li> <li>• A Heineken campaign that showed a beer swerving past several Black people to arrive in the hands of a light-skinned woman with the tagline “Sometimes, lighter is better” faced backlash when it was aired in the US.</li> </ul>
Perceived inauthenticity	Potential for DEI responses to be perceived as inauthentic due to symbolic versus substantiated action	<ul style="list-style-type: none"> <li>• #BlackOutTuesday resulted in consumer backlash about the disparity between brand marketing and action, with the empty black square posted to social media becoming synonymous with empty brand gestures.</li> <li>• After BLM protests in 2020, Nike released a campaign flipping its famous “Just Do It” tagline in a campaign labeled For Once, Don’t Do It, and urged consumers: “Don’t sit back and be silent.” Nike was later condemned because less than 5% of its director-level executives are Black.</li> <li>• Celebrity chef Gordon Ramsay was accused of tokenism after he launched a restaurant described in promotional material as “an authentic Asian eating house.”</li> <li>• A Pepsi commercial in which Kendall Jenner bridged the gap between cops and protestors with a can of Pepsi led many to criticize Pepsi for suggesting racial and social issues could be solved with a drink.</li> </ul>
Upholding DEI values in virtual worlds	Ensuring that DEI values are reflected in both physical and virtual brand experiences	<ul style="list-style-type: none"> <li>• Ralph Lauren’s Roblox-based Winter Escape featured ungendered fashion options, creating a space for users to experiment with their virtual winter wardrobes.</li> </ul>

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Consideration	Description	Illustrative examples
		<ul style="list-style-type: none"> <li>Balmain appointed three diverse virtual AI influencers—Shudu, Margot, and Xhi—to better reflect the brand’s celebration of inclusion.</li> <li>Dior partnered with Ready Player Me to generate fully customizable 3D avatars based on a user’s submitted photo.</li> </ul>
Data bias and measurement issues	Potential for bias to exist in DEI-related data collection, management, and use	<ul style="list-style-type: none"> <li>Amazon’s employee recruitment tool discriminated against women as the AI’s algorithm learned to identify patterns in men’s resumes and developed a preference.</li> <li>The Apple credit card initially offered smaller lines of credit to women than to men due to gender bias identified in an algorithm.</li> <li>An algorithm used by hospitals in the US was shown to prioritize the care of healthier, white patients over sicker, Black patients even though they needed more attention.</li> </ul>
Opportunity	Description	Illustrative examples
Drive positive social change	Actively participate/lead in transforming prevailing marketplace practices to better align with DEI values	<ul style="list-style-type: none"> <li>Unilever’s declaration to achieve gender equality in global leadership by the end of 2020.</li> <li>Ben &amp; Jerry’s publicly recognizes the intersectionality of discrimination (e.g., voting rights and racism being related) and steers away from single-issue campaigns in favor of a broader body of work (e.g., climate justice, racial justice, and LGBTQ+ rights campaigns).</li> <li>Marks and Spencer removed the word “nude” as a color description from copy across all communications.</li> </ul>
Appeal to more diverse audiences	Introduce DEI initiatives that appeal to wider and more diverse consumers and employees	<ul style="list-style-type: none"> <li>Carrefour introduced a “quiet hour” to provide a more welcoming grocery shopping atmosphere for those with different sensory abilities.</li> <li>Starbucks uses speech-to-text technology for those with different hearing capabilities, and multiple stores feature immersive experiences in sign language and free live agents who can describe surroundings.</li> <li>Levi’s (2022) pledged to match its corporate employee’s demographics to that of the US population and ensure candidates are interviewed by a racially diverse panel.</li> </ul>



Gain competitive advantage	Embracing DEI as a moral, strategic, and economic imperative for the brand to create competitive advantage	<ul style="list-style-type: none"> <li>• Exelon increased diversity at the management level over a six-year period and saw its shareholder return increase by 120% and the company's share price by 73%.</li> <li>• Multiple retailers including Nordstrom, Macy's, and Sephora "taking the pledge" to increase Black-owned product to 15% of the product mix.</li> <li>• Google launched Real Tone photography software that works better with darker skin tones, which are often misrepresented by other cameras.</li> <li>• Dove's Kids Care Hair Love collection encourages children of color to celebrate their natural hair texture. To encourage empowerment, the product packaging includes positive affirmations (e.g., "I am caring, brilliant, and creative") to boost kids' self-esteem and promote a healthy relationship with their hair and beauty.</li> </ul>
Leverage collaborative partnerships	Forging partnerships with other DEI aligned brands to collaborate on new initiatives	<ul style="list-style-type: none"> <li>• Apple x CNote partnership provides finance and investment in economic equality, racial justice, gender equity and climate change initiatives.</li> <li>• Reebok x GUAP partnership helps Reebok steer away from stereotypes and produce content that highlights different types of people.</li> <li>• Savage x Fenty partnership brought women of all shapes, sizes, abilities, identities, and ethnicities on stage for fashion shows.</li> <li>• H&amp;M x Buy From a Black Woman provides retail space to brands owned by Black women.</li> </ul>

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