

All are welcome! How power distance belief and religiosity impact consumer responses to corporate racial equity initiatives

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85

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Abstract

Purpose – This paper aims to investigate consumer responses to diverse racial representation (DRR). DRR is a policy of ensuring that employees from racial minority groups are fairly represented in a company's teams and it is one way brands could promote marketplace equality. Although researchers have begun to investigate DRR's implications for marketing, little attention has been paid to the roles of power distance belief and religiosity in this domain.

Design/methodology/approach – This research reports three experimental studies examining consumer responses to the adoption (vs non-adoption) of DRR. Moreover, these studies explore the moderating role of power distance belief and religiosity while establishing the mediating role of perceived altruism.

Findings – The results demonstrate that a brand's DRR adoption (vs non-adoption) decision increases willingness to pay and advocacy intentions. Furthermore, the positive effect of the brand's DRR adoption on willingness to pay and advocacy intentions is stronger among consumers with lower power distance beliefs driven by perceived altruism. This research also identifies religiosity as a boundary condition, such that the interactive effect between DRR adoption and power distance belief is attenuated among consumers with higher levels of religiosity.

Research limitations/implications – This study provides valuable avenues for future research. The authors found that cultural and religious values are critical in consumer responses to racial equity initiatives; future research should explore other cultural variables not examined. Additional research is needed to investigate other factors that impact consumer reactions to racial equity initiatives from different settings to extend the research findings.

Practical implications – The authors found that consumers value and could punish brands failing to promote racial equity. This effect is more pronounced among consumers with low (vs high) levels of power

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distance belief or religious ones. Thus, managers operating in different locations should consider their customers' dominant cultural and religious values when deciding whether to adopt racial equity initiatives to avoid adverse consumer reactions. The authors show that managers can leverage consumers' religious values to improve brand outcomes following the adoption of racial equity.

Originality/value – The findings of this research demonstrate the crucial roles of power distance belief and religiosity on consumer decisions, thus enriching the literature and providing guidance for managers wishing to adopt equality-based initiatives.

Keywords Religiosity, Altruism, Power distance belief, Brand activism, Racial equity

Paper type Research paper

Introduction

Businesses are increasingly recognising the importance of addressing crucial but controversial socio-political issues (Kang and Kirmani, 2024; Moorman, 2020). This recognition has led to the emergence of brand activism, which refers to a company's willingness to address pressing but unresolved social problems – such as racial and gender equity, marriage equality and human rights violations – through statements or actions that have the potential to drive societal change (Vredenburg *et al.*, 2020). Even though brand activism is inherently risky due to the divisive nature of the issues promoted (Wang *et al.*, 2022a), companies engaging in these activities can not only benefit society by inducing positive social change in its milieu but also be rewarded by consumers as a result (Hydock *et al.*, 2020; Lee *et al.*, 2023).

Lately, there has been a growing interest, both from the public and academia, in issues relating to diversity, equity and inclusion within the marketplace (Arsel *et al.*, 2022; Marshall *et al.*, 2007). Previous research indicates that equality-based initiatives have positive effects on employee motivation and firm financial performance (Khan and Kalra, 2022; Park *et al.*, 2023; Patel and Feng, 2021). In line with this, companies such as McDonald's and Nike have adopted policies or incentives that promote diversity (Glazer and Francis, 2021), and leading brands like Disney, Booking.com and Colgate-Palmolive have recognised the potential of diversity and prioritised it in their business operations (Boulton, 2019; Newsweek, 2023).

Due to the rising multicultural nature of the marketplace, racial diversity, in particular, has emerged as a critical business and societal problem that demands immediate action (Arsel *et al.*, 2022; Park *et al.*, 2023). This has led to increased brands' efforts towards incorporating a fair representation of minorities in their workforce's customer-facing and executive teams, a practice called diverse racial representation (DRR) (Khan and Kalra, 2022). DRR, a form of brand activism, equally addresses a value-laden issue consumers care about and use to assess a brand's commitment to enhancing social welfare (Quach *et al.*, 2024). Past research has highlighted the importance of understanding how a brand's DRR initiatives shape consumers' marketplace experiences and reactions (Bennett *et al.*, 2013; Kang and Kirmani, 2024). There is also an increasing need to understand corporate transparency trends and growing regulatory demands. For example, brands' workforce diversity data disclosure is mandated by the US Equal Employment Opportunity Commission, with an increasing number of organisations opting for public disclosure (Balakrishnan *et al.*, 2024). Similarly, the EU Corporate Sustainability Reporting Directive is actively working on a policy framework that would make such data accessible to relevant stakeholders, presumably including consumers, based on the European Union report (European Union, 2023).

While previous work on brand activism has studied consumer responses to brand stances on issues such as abortion, sexual orientation and gun control (Hydock *et al.*, 2020;

Mukherjee and Althuizen, 2020), there is limited research on consumers' responses to brand activism as it relates to the brand's stance on DRR. Moreover, most of the brand activism research has mainly focused on how brand-related factors such as market share and brand equity impact consumer reactions (Ahmad *et al.*, 2022; Hydock *et al.*, 2020). Therefore, investigating the impact of brand activism related to DRR on crucial brand outcomes like consumers' willingness to pay and advocacy intentions is fundamental to the assessment of a brand's commitment to social welfare. It is also necessary to examine the value-laden nature of DRR brand activism issues through the lens of consumer-related factors relating to their cultural, religious and political values (Pimentel *et al.*, 2024). Notably, the impact of consumer political ideology on their reaction to brand activism has been documented (Garg and Saluja, 2022), but the role of cultural and religious values has received limited attention (see Appendix 3 Table A1 for review).

Thus, building on previous findings indicating cultural and religious values influence consumer responses to controversial brand activities (Chowdhury *et al.*, 2022; D'Arco *et al.*, 2024; Xu *et al.*, 2021), our research expands the limited literature on consumer reactions to brand activism initiatives by investigating the impact of DRR-linked brand activism on consumers' advocacy intentions and willingness to pay for the brand through the lens of two key constructs: power distance belief (PDB) and religiosity. PDB is a cultural dimension that captures how people perceive inequality and hierarchical structures (Hofstede, 2001), whereas religiosity pertains to the degree to which individuals conform to the beliefs of their religion (Hyodo and Bolton, 2021). PDB and religiosity are culturally relevant values that have been found to influence consumer behaviour across a wide variety of settings (Arli *et al.*, 2021; Lee and Lalwani, 2023), but it is unknown how they impact consumer responses to brand activism reflected by a brand's DRR policy.

In line with prior work (Bhattacharya and Sen, 2003; Reed *et al.*, 2012; Tajfel and Turner, 2004), we expect positive reactions to an organisation's DRR adoption decision. More specifically, we argue that DRR adoption (vs non-adoption) leads to higher levels of willingness to pay and advocacy intentions. However, the positive effect of DRR adoption will be stronger among consumers with lower levels of PDB because they care more about others' welfare (Hofstede, 2001). Promoting social change through DRR reinforces the brand's perceived altruism, reflecting the brand's concern for others' well-being. Perceived altruism is a social value that appeals to consumers (Baek *et al.*, 2022), making it crucial in the present research. Thus, consumers should perceive a brand that adopts DRR as having a shared value, enhancing their support for the brand. Therefore, we expect perceived altruism to drive the proposed interaction effect between a firm's DRR adoption and PDB, such that high levels of religiosity attenuate the interactive effect between a firm's DRR adoption and PDB, as we later elaborate.

The present research makes several contributions. First, this research is, to the extent of our knowledge, the first empirical study to examine the role of PDB and religiosity on consumer reactions to a firm's activism initiative on DRR. With this work, we answer a call for more research on how brand activism practices affect consumer-brand relationships (Khan and Kalra, 2022; Park *et al.*, 2023). Second, by identifying the mechanism driving the identified effects (perceived altruism), we contribute to the identification of psychological underpinnings behind consumers' responses to diversity efforts (Eilert and Nappier Cherup, 2020; Vredenburg *et al.*, 2020). Finally, from a practical standpoint, our research provides more nuanced insights regarding the impact of PDB and religiosity on consumer reactions to a brand's DRR brand activism initiatives, providing valuable guidance for managers seeking to adopt activist initiatives as part of their corporate strategies. This is crucial as Moorman (2020) contends that most marketing managers support company-level brand activism

Theoretical background

Consumer responses to brand activism initiatives

Brand activism can be defined as a business effort to promote or impede societal change through its activities on social, economic, political and environmental issues (Sarkar and Kotler, 2020). These authors argue that brand activism is different from the more general corporate social responsibility because it addresses controversial issues that may have political implications and generate polarised reactions from the public, and the issue may be progressive or conservative in nature. For instance, support for LGBTQ+ rights is considered a progressive stance, whereas opposition to their rights is considered a conservative stance (Fernandes, 2020). Also, brand activism has been used interchangeably with corporate activism, but it is important to note that brand activism occurs when a brand uses individual or family branding to undertake the activism initiative (Moorman, 2020). Furthermore, to be effective, activism needs also to be authentic, which ensures that the brand's practices match its purpose and marketing messaging (Lewis and Vredenburg, 2023; Vredenburg et al., 2020). Authentic activism seems a valuable and promising approach for brands. However, relying solely on this idea may discourage several brands from adopting activism initiatives for fear of being deemed inauthentic (Gray et al., 2024; Moorman, 2020). Specifically, Gray et al. (2024) argued that brands have different purposes, like making social issues central to their existence, having a dual purpose or aligning their social initiative to a relevant issue. Also, recent research shows that being authentic does not guarantee a positive reaction, especially from consumers who hold different values from the brand's stance (D'Arco et al., 2024).

Accordingly, Moorman (2020) offered a typology of the ideas about a brand and its roles that likely guide brand managers' decision to engage in activism. The three notable views are brand authenticity, corporate citizenship and brand as an educator. The brand authenticity view aligns with the authentic brand activism offered by Vredenburg et al. (2020), whereas corporate citizenship views conceive brands as fulfilling their responsibility to benefit society. Finally, the brand as educator view suggests that brands take actions to promote social change and teach consumers new ideas. The present research relies more on corporate citizenship and educator views, suggesting that most brands engage in activism to fulfil their responsibilities to society and teach consumers new ideas to promote social change. This idea aligns with Gray et al. (2024), who contend that a major theme in the brand activism literature is creating meaningful social impact through tangible initiatives. Thus, consumers may pay more attention to the potential impact of the activism initiative as well as how the brand is implementing it.

Regarding the implementation of the initiative, Eilert and Nappier Cherup (2020) stated that brand activism initiatives can take the form of taking public stances (i.e. external brand activism) or adopting practices to promote the cause within an organisation (i.e. internal brand activism). Scholars suggest that the latter approach may be less risky for companies and enhance the acceptance of their subsequent public stances on the issue, as stakeholders would perceive an alignment between the public stance and internal corporate practices (Ahmad et al., 2022; Hydock et al., 2020; Vredenburg et al., 2020). This is especially true in an interconnected world where social media has increased access to information about brand activities (Pöyry and Laaksonen, 2022). It seems then more practical for firms to start their activist initiatives internally before taking public postures (Eilert and Nappier Cherup, 2020) – by, for instance, adopting DRR practices.

Previous research suggests that brand activism can successfully promote consumers' relationships with a company as long as the companies' efforts align with values embraced by consumers (Bhattacharya and Sen, 2003). As such, we expect that adopting DRR practices would generate positive consumer reactions. In line with this, recent findings indicate that consumers prefer diverse companies' offerings over those associated with less diverse companies (Balakrishnan *et al.*, 2024; Quach *et al.*, 2024). These findings indicate that consumers value brand DRR initiatives (for an overview of the studies, see Appendix 3 Table A1). Also, given the significant investment of time, effort and financial resources, DRR initiatives demand (Ahmad *et al.*, 2022), it can be inferred that these practices are likely to yield positive consumer outcomes, including increased willingness to pay and advocacy intentions. Formally:

H1. DRR adoption (vs non-adoption) decision will lead to higher levels of willingness to pay and advocacy intentions.

To develop a deeper understanding of consumers' reactions to a brand's DRR initiative, it is worth considering other variables that may affect the relationship, notably brand and consumer-related factors (Lewis and Vredenburg, 2023; Pöyry and Laaksonen, 2022). Previous work has investigated the impact of brand factors such as market share, brand equity and the brand activism agent (Ahmad *et al.*, 2022; Hydock *et al.*, 2020; Mukherjee and Althuizen, 2020). For instance, brand activism benefits brands with small (vs large) market share because those with large market share will lose (vs gain) more customers overall (Hydock *et al.*, 2020). Past research has also looked at consumer-related factors such as the role of consumer emotions and pre-existing relationships with the brands (Baek *et al.*, 2022; Garg and Saluja, 2022; Kang and Kirmani, 2024). Indeed, consumers with a stronger relationship with a brand respond more negatively (vs positively) when the brand supports an issue that misaligns with their views (Garg and Saluja, 2022).

Because most of brand activism concerns value-laden issues, scholars suggest investigating how consumer beliefs impact their reactions (Pimentel *et al.*, 2024). Consumer beliefs increasingly affect their consumption decisions (D'Arco *et al.*, 2024), such that they may associate and buy more from brands with shared values on important social issues (Balakrishnan *et al.*, 2024). In a recent review of brand activism literature, Pimentel *et al.* (2024) called for further examination of the impact of political, cultural and religious values in the brand activism domain. Previous research shows that political ideology significantly impacts consumer reactions towards a brand, such that consumers avoid buying (vs buy) from a brand when its stance on a social issue does not align with their political values (Fernandes, 2020; Kang and Kirmani, 2024). Thus, we extend this line of research by focusing on the impact of one crucial cultural and religious value that has been shown to impact consumer decisions significantly: PDB and religiosity.

Diverse racial representation decision and power distance belief

According to Hofstede's (2001) cultural dimension theory, PDB reflects individuals' views and endorsement of societal inequality and hierarchies. The high and low PDB continuum represents people's acceptance of dependence versus interdependence in social relations (Hofstede *et al.*, 2005). For instance, Zhang *et al.* (2010) indicated that the USA is low in PDB, whereas India scores high. PDB also reflects a psychological trait that varies among individuals (Winterich and Zhang, 2014). Researchers have investigated the role of PDB in different contexts, such as loyalty programs (Wang and Lalwani, 2019), impulsive buying (Zhang *et al.*, 2010), charitable behaviour (Han *et al.*, 2017; Winterich and Zhang, 2014) and brand transgression (Xu *et al.*, 2021). These findings suggest that PDB is a significant

cultural dimension that pervasively affects consumer behaviour and consumption decisions (Xu *et al.*, 2021).

Cultural dimension theory supports the view that individuals with low PDB prefer a society where everyone is treated equally (Hofstede, 2001; Hofstede *et al.*, 2005). In this vein, subsequent work has shown that low PDB individuals criticise injustices perpetuated by social institutions, including brands (Winterich and Zhang, 2014), show sensitivity to others' well-being (Han *et al.*, 2017; Schein and Gray, 2018) and feel more responsible for promoting societal equality (Han *et al.*, 2017). Hence, when an institutional actor such as a firm takes action to promote equality through DRR initiatives, we expect low PDB consumers to show stronger support for the organisation. We predict that the positive effect of DRR adoption (vs non-adoption) decision on willingness to pay and advocacy intentions should be more pronounced among consumers low in PDB. Conversely, people scoring high on PDB place greater value on laws and rely on the existing system for protection against uncertainties (Leonidou *et al.*, 2013). These individuals show more respect for authority and prefer a hierarchical society (Hofstede, 2001). Furthermore, people high in PDB consider inequality a desirable social feature, making them less motivated to promote equality for others' welfare (Winterich and Zhang, 2014). As such, consumers with high PDB should perceive less value in a brand's DRR activities that seek to address marketplace disparities. Formally, we hypothesise that:

- H2. There is an interaction effect between a brand's DRR decision and PDB, such that the positive impact of a brand's DRR adoption (vs non-adoption) on willingness to pay and advocacy intentions will be stronger among consumers with lower levels of PDB.

To better explain the predicted reactions of consumers with low (vs high) levels of PDB following a brand's DRR decision above, we turn to perceived altruism as a driving mechanism.

The mediating role of perceived altruism

Altruism refers to being compassionate and caring towards others who require support (Eisenberg, 2000). In the prosocial and business settings, perceived altruism captures the belief that a firm's initiatives are primarily driven by its genuine concern for improving others' welfare (Ellen *et al.*, 2006). Similarly, perceived altruism can extend beyond interpersonal relationships to consumer-firm relationships (Johnson *et al.*, 2019).

Here, we argue that consumers are likely to perceive a firm's DRR practices as altruistic. First, unlike public stance-taking, which may be seen as a means to gain public attention, DRR initiatives require more time and financial resources to implement, leading consumers to believe that they are more altruistic (Mukherjee and Althuisen, 2020; Vredenburg *et al.*, 2020). Second, recent studies show that, more generally, engagement in CSR initiatives positively relates to perceived altruism (Baek *et al.*, 2022; Ellen *et al.*, 2006). Also, altruism is a social value that people consider very important in their relationship with others for social progress, as it is appropriate to help those who help others (Hardy and Van Vugt, 2006). Indeed, research shows that following this principle of reciprocity, consumers supported a brand that engaged in low-fit product extension through increased purchases (Johnson *et al.*, 2019). Consistent with these studies, we expect that perceived altruism will drive the positive interaction effect of a brand's DRR adoption decision and PDB on willingness to pay and advocacy intentions.

The relationship between DRR adoption and perceived altruism, however, is likely to be moderated by PDB. As we previously noted, research suggests that consumers lower in PDB

tend to be more other-focused and show a greater interest in enhancing social welfare (Han *et al.*, 2017). Thus, we argue that consumers low (but not high) in PDB should perceive the activist brand as more altruistic following a DRR adoption (vs non-adoption) decision – which, in turn, will subsequently result in more positive consumer outcomes. However, given that consumers high in PDB tend to be more self-focused (Lee and Lalwani, 2023), they should be less likely to perceive a brand's DRR initiative as highly altruistic. Stated formally:

H3. Perceived altruism will mediate the interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions.

As discussed earlier, we equally seek to examine the impact of consumers' religious values (i.e. religiosity) on their reactions to a brand's DRR decision. Importantly, PDB and religiosity are strong personal values shaped by culture but may sometimes have different effects on consumer decisions (Arli *et al.*, 2022; Hofstede *et al.*, 2005). Thus, it is important to clarify how they interact to impact consumer reactions to a brand's DRR decisions.

Religiosity as a boundary condition

Religion refers to widespread belief systems that establish strong and lasting attitudes and motivations in individuals by stipulating ideas of the overall order of existence (Gallup, 2018; Geertz, 1973). Religious beliefs encompass a set of doctrines and values that individuals understand and adhere to (Bloodgood *et al.*, 2008). Religiosity pertains to the degree to which individuals conform to such doctrines and values (Hyodo and Bolton, 2021). Drawing on social identity theory (Tajfel and Turner, 2004), research has shown that religion plays a critical role in shaping individuals' self-concept, leading those with high religiosity to strongly embrace and advocate religious values and doctrines (Casidy *et al.*, 2021; Hyodo and Bolton, 2021).

Crucially, most world religions uphold the notion that all individuals are created equal and should be treated accordingly (Cui *et al.*, 2015). Substantiating this, it has been found that consumers display greater sensitivity to others' welfare and are more likely to help in times of need (Hyodo and Bolton, 2021). Also, religious individuals adhere to ideals of accommodation and generosity towards others (Schumann *et al.*, 2014; Shariff and Norenzayan, 2007). For instance, Shariff and Norenzayan (2007) discovered that religious individuals were helpful to others in an anonymous economic game. Along the same lines, Septianto *et al.* (2021) indicate that religious consumers are more likely to donate to charitable causes than their less religious counterparts. Finally, recent works suggest that religious consumers support brands that engage in prosocial activities that align with their values (Chowdhury *et al.*, 2022; Cui *et al.*, 2015).

Consistent with these findings, we argue that since religion prompts consumers to embrace equal treatment of others, a brand's DRR initiative promoting racial equality should appeal more to high-religiosity consumers, increasing their support for the brand. Thus, we propose that religiosity would act as a boundary condition. Specifically, we expect high religiosity to attenuate the interactive effect between a brand's DRR adoption decision and PDB on brand outcomes. Given that high religiosity is associated with an appreciation of the value of equality, such consumers should appreciate and reward the brand's DRR adoption (vs non-adoption) decision, regardless of their PDB. Stated formally:

H4. The interaction effect of a brand's DRR adoption decision and PDB on willingness to pay and advocacy intentions will be attenuated by religiosity. Specifically, the DRR adoption (vs. non-adoption) decision will lead to higher levels of willingness

Overview of the studies

We conducted three studies to test the predictions. Study 1 tested the main effect of a brand's DRR adoption (vs non-adoption) decisions on willingness to pay and advocacy intentions (*H1*), as well as the moderating role of PDB (*H2*). The study used a one-factor, two-level (Brand DRR: adoption, non-adoption) between-subjects design. PDB was measured based on established scales adapted from (Yoo *et al.*, 2011). Study 2 replicated Study 1 and further tested the mediating role of perceived altruism (*H3*). Notably, we used different stimuli to manipulate the brand's DRR decision and collected data from another sample to improve the generalisability of the findings. Perceived altruism was measured using scales adapted from (Ellen *et al.*, 2006). A supplementary analysis (Study 2B in Appendix 5) replicated Study 2 by manipulating PDB to improve our findings' robustness and managerial relevance. The study used a 2 (Brand DRR: adoption, non-adoption) by 2 (PDB: low, high) between-subjects design. Finally, Study 3 tested the full conceptual model by replicating Study 2 and establishing religiosity as a boundary condition (*H4*). The study used a single factor (Brand DRR: adoption, non-adoption) between-subjects design. PDB and perceived altruism were measured as in Studies 1 and 2, while religiosity was measured using items adapted from prior research (McGregor *et al.*, 2010). Appendix 4 Figure A4 describes the conceptual model of the present research. We adapted our stimuli from previous studies (Garg and Saluja, 2022; Hydock *et al.*, 2020), the stimuli and all measures are presented in the Appendix.

Study 1

The aim of Study 1 was to provide initial evidence for the main effect of a brand's DRR adoption (vs non-adoption) decision on willingness to pay and advocacy intentions (*H1*) and the moderating role of PDB (*H2*).

Method

Participants and design. The study used a single factor (Brand DRR: adoption, non-adoption) between-subjects design. In total, 131 US participants from Amazon's Mechanical Turk (mTurk) participated in exchange for a small monetary reward.

Procedure. Participants were randomly assigned to the experimental conditions. The respondents were shown different versions of a fictitious news article describing the recent social initiative of an unknown financial services brand, Palaviz (see Appendix 1 Figures A1 and A2 for details). The participants assigned to the DRR adoption condition read the information regarding Palaviz's adoption of a policy of having a fair representation of individuals from minority racial groups in all of its customer-facing staff and executive teams. The other participants read that the firm does not adopt the DRR policy. Then, participants answered questions on willingness to pay, advocacy intentions, PDB and political ideology and provided their demographics.

Measures. PDB was measured using five items ($\alpha = 0.93$) adapted from Yoo *et al.* (2011). Willingness to pay was measured using three items ($\alpha = 0.86$), adapted from Chaudhuri and Holbrook (2001). Also, advocacy intentions were measured using three items ($\alpha = 0.98$) adapted from Xie *et al.* (2015). All measures were on a seven-point Likert scale (1 = strongly disagree, 7 = strongly agree). Finally, we also measured political ideology using a single item adapted from previous research (1 = strongly liberal, 7 = strongly conservative; Jost, 2006). See Appendix 2 measures for details.

Results and discussion

We removed three observations that failed the attention checks, leaving us with 128 valid responses for data analysis (60.2% male, Estimated Median_{age} = 43.3, range 18–59+).

Willingness to pay and advocacy intentions. The result of a separate one-way analysis of variance (ANOVA) showed a significant mean difference between the two experimental conditions in terms of willingness to pay [$F(1, 127) = 28.03, p < .001$] and advocacy intentions [$F(1, 127) = 38.28, p < 0.001$]. Specifically, the results show that willingness to pay was higher in the DRR policy adoption condition ($M_{\text{adoption}} = 3.90, SD = 1.62$) than in the DRR policy non-adoption condition ($M_{\text{non-adoption}} = 2.48, SD = 1.42$). Similarly, brand advocacy intentions were higher in the DRR policy adoption condition ($M_{\text{adoption}} = 4.52, SD = 1.65$) than in the DRR policy non-adoption condition ($M_{\text{non-adoption}} = 2.67, SD = 1.72$). Thus, the results supported *H1*.

Moderating role of power distance belief. We used Hayes (2017) PROCESS Model 1 and used the brand's DRR decision as the predictor, PDB as the moderator and willingness to pay and advocacy intentions as the dependent variables. We added political ideology as a covariate, as previous research suggests that brand activism issues tend to be politicised, making it possible for consumers' political ideology to impact their reactions towards DRR initiatives (Hydock et al., 2020). The result shows a main effect of a brand's DRR policy decision on willingness to pay ($b = 1.54, SE = 0.25, p < 0.001$) and advocacy intentions ($b = 1.90, SE = 0.27, p < 0.001$), a main effect of PDB on willingness to pay ($b = 1.90, SE = 0.27, p < 0.001$) and advocacy intentions ($b = 1.72, SE = 0.30, p < 0.001$), a main effect of political ideology on willingness to pay ($b = -0.17, SE = 0.08, p = 0.04$), but an insignificant effect on advocacy intentions ($b = -0.09, SE = 0.08, p = 0.30$).

Notably, there was a significant negative interaction effect of a brand's DRR decision and PDB on willingness to pay ($b = -0.61, SE = 0.18, p = 0.001$). More specifically, following the DRR adoption (vs non-adoption) decision, willingness to pay was higher among consumers low in PDB ($M_{\text{adoption}} = 3.89$ vs $M_{\text{non-adoption}} = 1.49; b = 2.40, SE = 0.36; p < 0.001$). However, such difference in willingness to pay was weaker and marginally significant among consumers high in PDB ($M_{\text{adoption}} = 4.03$ vs $M_{\text{non-adoption}} = 3.35; b = 0.68, SE = 0.36; p = 0.06$).

Similarly, we found a significant negative interaction effect of the brand's DRR decision and PDB on advocacy intentions ($b = -0.91; SE = 0.19, p < 0.001$). Specifically, following the DRR adoption (vs non-adoption) decision, advocacy intentions were higher among consumers low in PDB ($M_{\text{adoption}} = 4.70$ vs $M_{\text{non-adoption}} = 1.51; b = 3.19, SE = 0.39, p < 0.001$). Conversely, such difference in advocacy intentions was weaker and insignificant among consumers high in PDB ($M_{\text{adoption}} = 4.40$ vs $M_{\text{non-adoption}} = 3.77; b = 0.62, SE = 0.38, p = 0.10$). These results supported our *H2* (see Appendix 4 Figure A5).

Discussion. Study 1 provided initial support for the main effects of a brand's DRR policy decision (*H1*) and the interaction effect of the DRR decision and PDB (*H2*). Specifically, consumers responded more positively following a brand's DRR policy adoption (vs non-adoption) decision, such that willingness to pay and advocacy intentions were higher following the DRR policy adoption (vs non-adoption) decision among consumers low in PDB. However, the positive effect of the brand's DRR policy adoption (vs non-adoption) decision among consumers high in PDB was weaker. The effects of PDB were robust to the inclusions of political ideology and respondents' racial affiliations.

Study 2

The aims of Study 2 were threefold. The first is to replicate the findings of Study 1. Second, we sought to improve the generalisability of our findings by using a different brand, stimuli

and sample. Finally, and most importantly, we tested the mediating role of perceived altruism as the mechanism driving the observed interactive effect of DRR decision and PDB (*H3*).

Method

Participants and design. The study used a single factor (Brand DRR: adoption, non-adoption) between-subjects design. In total, 240 UK participants from Prolific participated in exchange for a small monetary reward.

Procedure. As in Study 1, participants were randomly assigned to the experimental conditions. The respondents were shown different versions of a fictitious news article describing the recent initiative of an unknown clothing brand, UrbanStyle (see [Appendix 1 Figures A3](#) and [A4](#) for details). The participants assigned to the DRR adoption condition read the information regarding UrbanStyle's adoption of a policy of having a fair representation of individuals from minority racial groups in all of its customer-facing staff and executive teams. The other participants read that the brand chose to remain silent about the DRR policy. Participants answered questions on willingness to pay, advocacy intentions, PDB, and political ideology used in Study 1. Perceived altruism was measured with five items ($\alpha = 0.94$), adapted from [Ellen et al. \(2006\)](#). We equally measured additional covariates like collectivism with six items ($\alpha = 0.88$), adapted from [Yoo et al. \(2011\)](#) and Authenticity with six items ($\alpha = 0.94$), adapted from [Aaker \(1997\)](#). See [Appendix 2](#) measures for details. Finally, respondents provided their demographics.

Results and discussion

We removed the observations that failed the attention checks, leaving us with 237 valid responses for data analysis (48.1% male, Estimated Median_{age} = 37.12, range 18–59+).

Manipulation check. ANOVA indicated that our DRR manipulation was successful as respondents in the adoption condition agreed that the brand is making efforts to address racial equity compared to those in the non-adoption condition [$M_{\text{adoption}} = 5.79$, $SD = 1.18$ vs $M_{\text{non-adoption}} = 2.35$, $SD = 0.14$; $F(1, 236) = 388.42$, $p < 0.01$].

Willingness to pay and advocacy intentions. The ANOVA results showed a significant mean difference between the two experimental conditions for willingness to pay [$F(1, 236) = 4.88$, $p = 0.03$] and advocacy intentions [$F(1, 236) = 28.68$, $p < 0.001$]. As expected, willingness to pay was higher in the DRR policy adoption condition ($M_{\text{adoption}} = 3.84$, $SD = 1.29$) than in the DRR policy non-adoption condition ($M_{\text{non-adoption}} = 3.45$, $SD = 1.39$). Similarly, brand advocacy intentions were higher following the adoption of the DRR policy ($M_{\text{adoption}} = 4.42$, $SD = 1.39$) than the DRR non-adoption policy ($M_{\text{non-adoption}} = 3.40$, $SD = 1.53$). The results further supported *H1*.

Moderating role of power distance belief. We used [Hayes \(2017\)](#) PROCESS Model 1 and used the brand's DRR decision as the predictor, PDB as the moderator and willingness to pay and advocacy intentions as the dependent variables, whereas political ideology, collectivism and consumer demographics were added as covariates. The result revealed a main effect of a brand's DRR policy decision on willingness to pay ($b = 0.44$, $SE = 0.17$, $p < 0.01$) and advocacy intentions ($b = 1.06$, $SE = 0.18$, $p < 0.001$), a main effect of PDB on willingness to pay ($b = 1.12$, $SE = 0.27$, $p < 0.001$) and advocacy intentions ($b = 1.18$, $SE = 0.29$, $p < 0.001$), a main effect of collectivism on willingness to pay ($b = 0.25$, $SE = 0.08$, $p < 0.01$) and advocacy intentions ($b = 0.30$, $SE = 0.09$, $p < 0.001$). However, political ideology had no significant effect on willingness to pay ($b = 0.04$, $SE = 0.06$, $p = 0.50$) and advocacy intentions ($b = 0.09$, $SE = 0.07$, $p = 0.19$). Also, consumers' race ($b = 0.13$, $SE = 0.09$, $p = 0.15$), age ($b = 0.05$, $SE = 0.06$, $p = 0.45$), gender ($b = 0.02$, $SE = 0.14$, $p = 0.92$), education

($b = -0.20$, $SE = 0.11$, $p = 0.07$) and income ($b = 0.06$, $SE = 0.09$, $p = 0.53$) had no significant effect on willingness to pay and advocacy intentions and were not reported further.

Notably, there was a significant negative interaction effect of a brand's DRR decision and PDB on willingness to pay ($b = -0.65$, $SE = 0.17$, $p < 0.001$). More specifically, following the DRR adoption (vs non-adoption) decision, willingness to pay was higher among consumers low in PDB ($M_{\text{adoption}} = 4.04$ vs $M_{\text{non-adoption}} = 2.96$; $b = 1.08$, $SE = 0.24$; $p < 0.001$). However, there was no significant difference in willingness to pay among consumers high in PDB ($M_{\text{adoption}} = 3.68$ vs $M_{\text{non-adoption}} = 3.88$; $b = -0.20$, $SE = 0.24$; $p = 0.41$).

Similarly, we found a significant negative interaction effect of the brand's DRR decision and PDB on advocacy intentions ($b = -0.76$; $SE = 0.19$, $p < 0.001$). Specifically, following the DRR adoption (vs non-adoption) decision, advocacy intentions were higher among consumers low in PDB ($M_{\text{adoption}} = 4.77$ vs $M_{\text{non-adoption}} = 2.96$; $b = 1.81$, $SE = 0.26$, $p < 0.001$). Conversely, there was no significant difference in advocacy intentions among consumers high in PDB ($M_{\text{adoption}} = 4.10$ vs $M_{\text{non-adoption}} = 3.78$; $b = 0.31$, $SE = 0.26$, $p = 0.23$). These results further support our $H2$ (see [Appendix 4 Figure A6](#)).

Perceived altruism. We also conducted a moderation test to assess the interaction effect of a brand's DRR decision and PDB on perceived altruism. The results showed a main effect of the brand's DRR decision on perceived altruism ($b = 2.48$, $SE = 0.13$, $p < 0.001$), a main effect of PDB on perceived altruism ($b = 0.50$, $SE = 0.21$, $p = 0.02$). However, political ideology ($b = 0.05$, $SE = 0.05$, $p = 0.32$) and collectivism ($b = 0.06$, $SE = 0.06$, $p = 0.31$) have no effect on perceived altruism. Importantly, there was a significant interaction effect of the brand's DRR decision and PDB on perceived altruism ($b = -0.32$, $SE = 0.13$, $p = 0.02$). Specifically, following the DRR adoption (vs non-adoption) decision, perceived altruism was higher among consumers low in PDB ($M_{\text{adoption}} = 5.30$ vs $M_{\text{non-adoption}} = 2.50$; $b = 2.80$, $SE = 0.19$, $p < 0.001$). However, the difference in perceived altruism was weaker among consumers high in PDB ($M_{\text{adoption}} = 5.00$ vs $M_{\text{non-adoption}} = 2.84$, $b = 2.16$, $SE = 0.18$, $p < 0.001$).

Moderated mediation. We ran two tests of moderated mediation to assess the mediating role of perceived altruism on the interaction effect of a brand's DRR policy decision and PDB on willingness to pay and advocacy intentions. To do this, we used PROCESS Model 8 with 5,000 bootstrap resamples using the brand's DRR decision as the predictor, PDB as the moderator and perceived altruism as the mediator, whereas willingness to pay and advocacy intentions served as the dependent variables. We added political ideology, collectivism and authenticity as covariates, as research suggests they may influence consumers' reactions towards a brand's activist initiative ([Hydock et al., 2020](#); [Winterich and Zhang, 2014](#)).

The result revealed the main effect of perceived altruism ($b = 0.32$, $SE = 0.07$, $p < 0.001$) and authenticity ($b = 0.33$, $SE = 0.07$, $p < 0.001$) on willingness to pay. However, political ideology ($b = -0.08$, $SE = 0.06$, $p = 0.12$) and collectivism ($b = 0.09$, $SE = 0.07$, $p = 0.19$) had no significant impact on willingness to pay.

Notably, there was a significant negative index of moderated mediation for willingness to pay ($B = -0.10$, $SE = 0.05$, 95% CI = $[-0.20, -0.02]$). Specifically, the indirect effect of a brand's DRR decision through perceived altruism was lower among consumers low in PDB ($b = 0.89$, CI $[0.41, 1.38]$) than those high in PDB ($b = 0.69$, CI $[0.30, 1.10]$). Accordingly, perceived altruism significantly mediated the interaction effect of a brand's DRR decision and PDB on willingness to pay.

Also, the result showed the main effect of perceived altruism ($b = 0.30$, $SE = 0.08$, $p < 0.001$) and authenticity ($b = 0.51$, $SE = 0.07$, $p < 0.001$) on advocacy intentions. However, political ideology ($b = -0.08$, $SE = 0.06$, $p = 0.15$) and collectivism ($b = 0.10$, $SE = 0.07$, $p = 0.16$) have no significant impact on advocacy intentions. Notably, there was a significant

negative index of moderated mediation for advocacy intentions ($B = -0.10$, $SE = 0.05$, 95% $CI = [-0.19, -0.01]$). Specifically, the indirect effect of a brand's DRR decision through perceived altruism was lower among consumers low in PDB ($b = 0.84$, $CI [0.34, 1.35]$) than those high in PDB ($b = 0.65$, $CI [0.24, 1.08]$). Thus, perceived altruism significantly mediated the interaction effect of a brand's DRR decision and PDB on advocacy intentions. Taken together, these results supported *H3*, confirming the mediating role of perceived altruism on the interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions.

Discussion. Study 2 provided additional support for the main effect of a brand's DRR adoption (vs non-adoption) decision on willingness to pay and advocacy intentions (*H1*) and the moderating role of PDB (*H2*) using different stimuli and samples. Importantly, Study 2 confirmed the mediating role of perceived altruism (*H3*) regardless of the inclusion of authenticity and collectivism.

Study 3

Study 3 sought to extend the results of Studies 1 and 2 by establishing religiosity as a boundary condition to the interactive effect between a brand's DRR adoption and PDB (*H4*). Specifically, we expect the negative interaction effect of a brand's DRR adoption decision and PDB on the outcome variables to be attenuated among consumers with high levels of religiosity.

Method

Participants and design. Study 3 used a single factor (Brand DRR: adoption, non-adoption) between-subjects design. In total, 260 US participants from Amazon's MTurk participated in exchange for a small monetary reward.

Procedure. We manipulated the brand's DRR decision using a fictitious news article as in study 1, and participants were randomly assigned to the experimental conditions. After reading the news article in their assigned conditions, participants answered questions on willingness to pay, advocacy intentions, PDB and Perceived Altruism. Furthermore, religiosity was measured using five items ($\alpha = 0.89$) adapted from prior research (McGregor et al., 2010). See Appendix 2 measures for details. Finally, respondents answered questions about political ideology and their demographics.

Results and discussion

We removed observations that failed the attention checks, leaving us with 233 valid responses for data analysis (48.9% male, Estimated Median_{age} = 41.4, range 18–59+).

Willingness to pay and advocacy intentions. ANOVA results showed a significant mean difference between the two experimental conditions in terms of willingness to pay [$F(1, 232) = 88.22$, $p < 0.001$] and advocacy intentions [$F(1, 232) = 121.33$, $p < 0.001$]. Specifically, the results show that willingness to pay was higher for the DRR policy adoption condition ($M_{\text{adoption}} = 4.20$, $SD = 1.28$) than the DRR policy non-adoption condition ($M_{\text{non_adoption}} = 2.56$, $SD = 1.37$). Similarly, brand advocacy intentions were higher following the adoption of the DRR policy ($M_{\text{adoption}} = 4.86$, $SD = 1.60$) than the DRR non-adoption policy ($M_{\text{non_adoption}} = 2.53$, $SD = 1.62$). Thus, the results further supported *H1*.

Moderating role of power distance belief. To assess the interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions, we ran a test of moderation. To do this, we used PROCESS Model 1 using the brand's DRR decision

(adoption vs non-adoption) as the predictor, PDB as the moderator and willingness to pay and advocacy intentions as the dependent variables.

The result revealed a main effect of a brand's DRR policy decision on willingness to pay ($b = 1.57$, $SE = 0.17$, $p < 0.001$) and advocacy intentions ($b = 2.32$, $SE = 0.20$, $p < 0.001$), a main effect of PDB on willingness to pay ($b = 0.73$, $SE = 0.20$, $p < 0.001$) and advocacy intentions ($b = 1.08$, $SE = 0.24$, $p < 0.001$).

Notably, there was a significant negative interaction effect of a brand's DRR decision and PDB on willingness to pay ($b = -0.29$; $SE = 0.12$, $p = 0.02$). That is, following the DRR adoption (vs non-adoption) decision, willingness to pay was higher among consumers low in PDB ($M_{\text{adoption}} = 3.97$ vs $M_{\text{non-adoption}} = 1.99$; $b = 1.97$, $SE = 0.24$, $p < 0.001$). However, the difference in willingness to pay was weaker among consumers high in PDB ($M_{\text{adoption}} = 4.38$ vs $M_{\text{non-adoption}} = 3.20$; $b = 1.18$, $SE = 0.24$, $p < 0.001$).

Similarly, we found a significant negative interaction effect of the brand's DRR decision and PDB on advocacy intentions ($b = -0.60$; $SE = 0.15$, $p < 0.001$). Specifically, following the DRR adoption (vs non-adoption) decision, advocacy intentions were higher among consumers low in PDB ($M_{\text{adoption}} = 5.03$ vs $M_{\text{non-adoption}} = 1.90$; $b = 3.14$, $SE = 0.29$, $p < 0.001$). Conversely, the difference in advocacy intentions was weaker among consumers high in PDB ($M_{\text{adoption}} = 4.71$ vs $M_{\text{non-adoption}} = 3.22$; $b = 1.49$, $SE = 0.29$, $p < 0.001$). These results provided further evidence for $H2$ (see [Appendix 4 Figure A7](#)).

Perceived altruism. We also conducted a moderation test to assess the interaction effect of a brand's DRR decision and PDB on perceived altruism. The results showed a main effect of the brand's DRR decision on perceived altruism ($b = 3.35$, $SE = 0.18$, $p < 0.001$) and a main effect of PDB on perceived altruism ($b = 0.89$, $SE = 0.22$, $p < 0.001$). Importantly, there was a significant interaction effect of the brand's DRR decision and PDB on perceived altruism ($b = -0.50$, $SE = 0.13$, $p < 0.001$). Specifically, following the DRR adoption (vs non-adoption) decision, perceived altruism was higher among consumers low in PDB ($M_{\text{adoption}} = 5.70$ vs $M_{\text{non-adoption}} = 1.67$; $b = 4.03$, $SE = 0.26$, $p < 0.001$). However, the difference in perceived altruism was weaker among consumers high in PDB ($M_{\text{adoption}} = 5.41$ vs $M_{\text{non-adoption}} = 2.74$, $b = 2.66$, $SE = 0.26$, $p < 0.001$).

Moderated mediation. Next, we ran two tests of moderated mediation to test the mediating role of perceived altruism on the interaction effect of a brand's DRR policy decision and PDB on willingness to pay and advocacy intentions. To do this, we used PROCESS Model 8 with 5,000 bootstrap resamples using the brand's DRR decision as the predictor, PDB as the moderator and perceived altruism as the mediator, whereas willingness to pay and advocacy intentions served as the dependent variables.

The result revealed a significant index of moderated mediation for willingness to pay ($B = -0.28$, $SE = 0.09$, 95% CI = $[-0.48, -0.11]$). Specifically, following a brand's DRR non-adoption (vs adoption) decision, the indirect effect of a brand's DRR decision through perceived altruism was lower among consumers low in PDB ($b = 2.25$, CI $[1.78, 2.81]$) than those high in PDB ($b = 1.49$, CI $[1.06, 1.95]$). Also, there was a significant negative index of moderated mediation for advocacy intentions ($B = -0.35$, $SE = 0.11$, 95% CI = $[-0.60, -0.15]$). Specifically, the indirect effect of a brand's DRR decision through perceived altruism was lower among consumers low in PDB ($b = 2.82$, CI $[2.25, 3.48]$) than those high in PDB ($b = 1.86$, CI $[1.33, 2.42]$). These results support the mediating role of perceived altruism on the interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions ($H3$).

Religiosity as a boundary condition. To test $H4$, we used PROCESS Model 3, a moderated moderation model. The brand's DRR decision (i.e. adoption vs non-adoption), PDB, religiosity and their interactions were used as the independent variables, willingness to

pay and advocacy intentions were the dependent variables, and political ideology was a covariate. The results indicated no main effect of religiosity on willingness to pay ($b = -0.16$, $SE = 0.16$, $p = 0.32$) and no main effect of political ideology ($b = -0.04$, $SE = 0.05$, $p = 0.42$) on willingness to pay.

However, and more importantly, as expected in *H4*, we found a significant three-way interaction effect on willingness to pay ($b = 0.18$, $SE = 0.08$, $p = 0.02$). Specifically, when examining low levels (i.e. -1 SD) of religiosity, following the DRR policy adoption (vs non-adoption), willingness to pay increased among consumers low in PDB ($M_{\text{adoption}} = 4.27$ vs $M_{\text{non-adoption}} = 1.90$; $b = 2.37$, $SE = 0.33$, $p = 0.001$). Such effect was weaker and insignificant among consumers high in PDB ($M_{\text{adoption}} = 4.16$ vs $M_{\text{non-adoption}} = 3.65$; $b = 0.51$, $SE = 0.41$, $p = 0.22$).

However, the interaction effect between DRR policy adoption and PDB was attenuated at high levels (i.e. $+1$ SD) of religiosity. Specifically, following the DRR policy adoption (vs non-adoption), willingness to pay increased among consumers high in PDB ($M_{\text{adoption}} = 4.51$ vs $M_{\text{non-adoption}} = 2.95$; $b = 1.56$, $SE = 0.33$, $p < 0.001$) and low in PDB ($M_{\text{adoption}} = 3.77$ vs $M_{\text{non-adoption}} = 1.99$; $b = 1.78$, $SE = 0.31$, $p < 0.001$).

Furthermore, religiosity had no main effect on advocacy intentions ($b = -0.18$, $SE = 0.20$, $p = 0.38$), and political ideology had no impact on advocacy intentions ($b = -0.04$, $SE = 0.06$, $p = 0.48$). More importantly, we found a significant three-way interaction ($b = 0.30$, $SE = 0.10$, $p = 0.002$). Specifically, when examining low levels (i.e. -1 SD) of religiosity, following the DRR policy adoption (vs non-adoption), advocacy intentions increased among consumers low in PDB ($M_{\text{adoption}} = 5.16$ vs $M_{\text{non-adoption}} = 1.46$; $b = 3.71$, $SE = 0.40$, $p < 0.001$). Such effect was weaker and insignificant among consumers high in PDB ($M_{\text{adoption}} = 4.15$ vs $M_{\text{non-adoption}} = 3.86$; $b = 0.29$, $SE = 0.50$, $p = 0.56$).

However, the interaction effect between DRR policy adoption and PDB was attenuated at high levels (i.e. $+1$ SD) of religiosity. Specifically, following the DRR policy adoption (vs non-adoption), advocacy intentions increased among consumers high in PDB ($M_{\text{adoption}} = 5.12$ vs $M_{\text{non-adoption}} = 2.98$; $b = 2.14$, $SE = 0.39$, $p < 0.001$) and low in PDB ($M_{\text{adoption}} = 4.99$ vs $M_{\text{non-adoption}} = 2.16$; $b = 2.84$, $SE = 0.37$, $p < 0.001$). [Appendix 4 Figures A8 and A9](#) present the graph for visualising the discussed attenuating role of religiosity on the dependent variables.

Discussion. Study 3 offered additional support for the main effect of a brand's DRR decision on willingness to pay and advocacy intentions (*H1*), the moderating role of PDB (*H2*) and the mediating role of perceived altruism (*H3*). Overall, following a brand's DRR policy adoption (vs non-adoption) decision, willingness to pay and advocacy intentions were higher (*H1*). Moreover, we found that the positive impacts of a brand's DRR policy adoption (vs non-adoption) decision were stronger for consumers lower in PDB (*H2*). These effects were driven by perceived altruism (*H3*). Finally, we established high levels of religiosity as an essential boundary condition, attenuating the interaction effect of a brand's DRR policy decision and PDB (*H4*).

General discussion

This research investigated the effect of a brand's DRR adoption (vs non-adoption) decision on willingness to pay and advocacy intentions. It further examined the moderating roles of PDB and religiosity and the mediating role of perceived altruism. In three experiments, we demonstrated that a brand's DRR adoption (vs non-adoption) decision generally leads to increased consumer willingness to pay and advocacy intentions. The results also show that the positive effect of a brand's DRR policy adoption decision on brand outcomes is stronger among consumers lower in PDB, which is driven by perceived brand altruism. Moreover, we

identify high levels of religiosity as a significant boundary condition that attenuates the observed interactive effect. These findings show that brands can improve marketing outcomes beyond the often-explored practice of taking public stances by adopting internal practices that promote equality and inclusivity. Our findings show that the DRR policy may be more effective as consumers are more likely to perceive the initiative as altruistic, increasing their willingness to pay and advocacy intentions. We equally show that PDB and religiosity are crucial contingent factors that affect the extent of positive and negative reactions from consumers following the DRR adoption decision. See [Appendix 3 Table A2](#) for a summary of the hypotheses testing. Together, these findings highlight that the impact of a brand's DRR decision and PDB on brand outcomes depends largely on the consumers' levels of PDB and religiosity.

Theoretical contributions

The present research contributes to the existing literature in several ways. Firstly, this research is one of the first to empirically examine the role of PDB and religiosity on consumer reactions to a firm's DRR initiatives. In this regard, we provide new insights into how PDB can prompt consumers to reward a brand for promoting marketplace equality through the adoption of the DRR policy. Specifically, our research demonstrates that consumers lower in PDB respond more positively to a brand's DRR adoption (vs non-adoption) decision, hence increasing their willingness to pay and advocacy intentions. This finding is crucial as it demonstrates that consumers increasingly value and reward a brand's activism initiative that addresses racial equity. Thus, we extend previous research on racism and brand activities in the marketplace, showing that brands can take tangible actions to promote social change through DRR policy adoption ([Bennett et al., 2013](#); [Wang et al., 2022b](#)). Whereas previous research indicates how brand practices encourage racial discrimination and negative consumer experiences in the marketplace ([Bennett et al., 2013](#); [Crockett et al., 2003](#)), our research shows that brands can promote marketplace equality and inclusion through racial equity policy adoption.

Furthermore, we demonstrate the role of religiosity in attenuating the role of PDB on brand outcomes following a firm's DRR adoption decision. Specifically, our research empirically shows that religiosity is crucial to consumers higher in PDB in assessing and responding to a brand's DRR initiative. The findings are crucial in that they show the synergetic roles of the culturally relevant values of PDB and religiosity in enhancing consumer reactions to equality-based issues ([Cui et al., 2015](#); [Han et al., 2017](#)). Thus, we contribute to the growing research on the effects of PDB and religiosity on consumer behaviour ([Hyodo and Bolton, 2021](#); [Lee and Lalwani, 2023](#)).

Moreover, we identify perceived altruism as the mechanism driving the effects of a brand's DRR decision on consumer reactions towards the brand. Previous CSR and brand activism researchers often referred to perceived altruism as a crucial factor driving consumer responses to firms' prosocial initiatives ([Baek et al., 2022](#); [Ellen et al., 2006](#); [Vredenburg et al., 2020](#)). However, perceived altruism's determinants have rarely been investigated in the brand activism domain. In this regard, we show that a brand's DRR adoption and PDB are predictors of perceived altruism, which drives consumers' positive reactions towards a brand. Thus, we establish a link between brand activism, PDB and altruism, thereby contributing to the growing research on altruistic consumption ([Chernev and Blair, 2015](#); [Ellen et al., 2006](#)). In doing so, we provide further insights on the effect of consumer-based factors, especially consumer beliefs on their reactions to brand activism initiatives ([D'Arco et al., 2024](#); [Pimentel et al., 2024](#)).

Finally, unlike previous research focusing on a brand's public stance-taking (Garg and Saluja, 2022; Hydock *et al.*, 2020), the present study explores consumer responses to brand activism initiatives implemented within the organisations that directly impact consumers and other stakeholders interacting with brands daily. Overall, our research shows that consumers value and reward brands promoting racial equity in their organisations.

Managerial implications

The findings of this research provide valuable insights for managers in several ways. Firstly, our research shows that DRR policy adoption is essential to consumers, and they reward (vs punish) the adopting (vs non-adopting) brands. This finding is crucial and shows that consumers value a brand's internal activism initiatives. Indeed, Vredenburg *et al.* (2020) noted that some brands face public backlash for taking public stances on social issues that they do not practice internally. Thus, it may be advisable for brand managers to start promoting the focal social issue within the organisation before taking a public stance (Eilert and Nappier Cherup, 2020).

The results also indicate that consumers increasingly rely on their cultural value of PDB and religious values to evaluate and respond to brands' DRR initiatives. More specifically, consumers low in PDB are most likely to punish (vs reward) brands that fail to promote racial equity through impactful internal practices. Surprisingly, consumers high in PDB, who may be more vulnerable to racial discrimination, seem to care less about a brand's racial equity policy decisions that should ordinarily appeal to them. Thus, companies operating in different countries should expect distinct reactions to their DRR initiatives from consumers with varying levels of PDB and religiosity. It is imperative for brand managers to carefully consider the PDB and religiosity levels of most of their customers when deciding to adopt (vs not adopt) racial equity initiatives. Brand managers may position their racial equity campaign to suit different market segments. For instance, scholars suggest that some Republican-dominated states of the US score high in PDB, whereas Democratic-dominated states score low in PDB (Wang *et al.*, 2022b). This may also be the case in other countries like the UK, such that consumers living in more right-leaning (vs left-leaning) states would score high (vs low) in PDB. Accordingly, brand managers may use these geographical markers to understand and position their racial equity campaigns to appeal to each target segment. More specifically, brands can adopt a racial equity policy if most of their customers live in states like Virginia. Conversely, brands with most of their customers residing in a state like Utah may not garner the expected positive reactions from consumers due to their high levels of PDB.

Furthermore, we found that a brand's racial equity adoption increased willingness to pay and advocacy intention among religious consumers, regardless of their levels of PDB. This result shows that brands with the most customers scoring high in PDB may still promote racial equity while mitigating the adverse reaction. Therefore, brand managers, with most of their customers scoring high in PDB, should emphasise religious values like adherence to equality in their campaign messages as part of their rationale for adopting a racial equity policy to enhance the effectiveness of the messages and gain higher consumer support.

Another important finding from the present research is the crucial role of perceived altruism as the mechanism driving consumers' positive reactions towards a brand's DRR policy adoption. While previous research emphasised the importance of authenticity in consumer reactions to brand activism (Vredenburg *et al.*, 2020), scholars demonstrate that authenticity may not generate positive reactions when consumers do not agree with the brand's initiative (Hydock *et al.*, 2020), as is the case with consumers high in PDB in the present research. Our research offers perceived altruism as another crucial driver of

consumer positive reactions in this domain. Indeed, we found that perceived altruism mitigated the negative reactions from consumers with high levels of PDB. Thus, it is imperative for brands to show that they are altruistic in their brand activism campaigns, and one way of doing this is by first taking tangible actions to promote the issues within the organisation (Moorman, 2020).

Moreover, despite the increasing call to address diversity and inclusion issues in society (Arsel *et al.*, 2022), marketing managers are reluctant to adopt such policies to avoid alienating some of their customers (Moorman, 2020; Park *et al.*, 2023). The present research provides helpful insights for managers, showing that impactful internal actions like the DRR policy adoption are critical for social change and marketing success.

Limitations and future research

Our findings provide several avenues for future research. First, the present study examined the interaction effect of a brand's DRR policy decision and PDB on consumer responses towards the brand and the attenuating role of religiosity. However, additional cultural dimensions could influence consumers' reactions to DRR policy decisions. For instance, previous research identifies uncertainty avoidance, collectivism and masculinity as other cultural dimensions that could affect consumer reactions towards brands (Eilert and Nappier Cherup, 2020; Yoo *et al.*, 2011). Also, religiosity has been investigated by disentangling it into intrinsic, extrinsic and quest dimensions (Arli *et al.*, 2022; Chowdhury *et al.*, 2022). Our research indicates that religiosity outperforms the impact of intrinsic religiosity on consumer reactions to a brand's DRR initiative. However, future research should examine the interplay of these additional cultural and religious factors in influencing consumer responses towards brands adopting DRR policies to promote equality in their organisations.

Furthermore, brands may take actions (e.g. adopt policies) on social issues that elicit different levels of controversies, resulting in distinct consumer responses. The growing calls to promote diversity, equality and inclusion in society have led to an increasing academic and public interest in addressing social issues that aid discrimination (Crockett *et al.*, 2003; Park *et al.*, 2023). Indeed, consumers face different forms of discrimination in the marketplace due to their physical or demographic characteristics, affecting their overall experiences (Bennett *et al.*, 2013). Our research focused on one such issue (i.e. racial equity). Future research should explore brands' policies around other social issues like LGBTQ+ rights and universal health care to test the generalisability of our findings.

Also, our research examined a brand's DRR policy decision from a consumer perspective because they are key stakeholders targeted by brands through activism initiatives (Moorman, 2020). We collected data from different cultural settings (i.e. the UK and the USA) to improve the generalisability of our findings. However, consumer reactions to social issues addressed through brand activism may vary due to differences in cultural and religious values in many countries. Thus, future research should examine how consumers from other countries respond to DRR activist initiatives to complement our findings. Finally, it would be interesting to investigate how DRR policy decisions affect a brand's financial performance (Bhagwat *et al.*, 2020) and the managerial motivations for adopting such policies.

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Further reading

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Figure A1. DRR adoption condition
Source(s): Authors' own work



Figure A2. DRR non-adoption condition
Source(s): Authors' own work

Please read the news article about Palaviz from a reliable newspaper below: Studies 1 and 3.

THE DAILY WATCH

BRAND IMPLEMENTS RACIAL EQUITY POLICY

March 10th, 2024

The famous clothing brand UrbanStyle took to its social media pages and website to announce its decision to advocate for the implementation of a racial equity policy. The company's spokesperson said, "As a progressive organization, UrbanStyle believes that promoting racial equity will make everyone, especially our customers and employees, feel safe and welcomed. We care about our customers and feel it is right to use our platform to state an opinion on pressing issues that affect them".

The brand was among the first to have a fair representation of minority groups in all frontline and executive teams to reflect its diverse customer base. The spokesperson clarified, "We currently partner with notable groups promoting racial equity in the country and have invested heavily in staff training to better serve customers from different racial groups".

Page 5

Figure A3. DRR adoption condition
Source(s): Authors' own work

THE DAILY WATCH

BRAND SILENT ON RACIAL EQUITY POLICY

March 10th, 2024

The famous clothing brand UrbanStyle has chosen to remain silent on the issue of implementing a racial equity policy, as is apparent from its social media pages and website. The company's spokesperson said, "As a professional organization, UrbanStyle prefers not to politicize any issue. We care about our customers but feel that it is not appropriate to use our platform to state an opinion on pressing issues that affect them".

The brand has always remained neutral on divisive issues, knowing that taking a stand comes with risks. The spokesperson clarified, "For us, it is an unnecessary risk to take sides on a particular issue that alienates some customers or leads to a boycott. Several groups are committed to promoting crucial social issues, and we do not want to take over their job".

Page 5

Figure A4. DRR non-adoption condition
Source(s): Authors' own work

Appendix 2. Measures

Note: All measures are based on a seven-point Likert scale (1 = strongly disagree, 7 = strongly agree) unless specified otherwise:

109

- (1) Power distance belief ([Yoo et al., 2011](#))
 - People in higher positions should make most decisions without consulting people in lower positions.
 - People in higher positions should not ask the opinions of people in lower positions too frequently.
 - People in higher positions should avoid social interaction with people in lower positions.
 - People in lower positions should not disagree with decisions made by people in higher positions.
 - People in higher positions should not delegate important tasks to people in lower positions.
- (2) Perceived altruism ([Ellen et al., 2006](#))
 - The brand feels morally obliged to help address the issue.
 - The brand truly believes in addressing this issue.
 - The brand wants to make it easier for more people who care about the issue to support it.
 - The brand has a long-term interest in promoting social welfare through this initiative.
 - The brand wants to make society better for everyone.
- (3) Religiosity ([McGregor et al., 2010](#))
 - I am confident in my religious beliefs.
 - I aspire to live and act according to my religious beliefs.
 - My religious beliefs are grounded in objective truth.
 - Most people would agree with my religious belief system if they took the time to understand it rather than just relying on stereotypes about it.
 - If my religious beliefs were being publicly criticised, I would argue to defend them.
- (4) Willingness to pay ([Chaudhuri and Holbrook, 2001](#))
 - I am willing to pay a higher price for the company's products and services.
 - I am willing to pay a lot more for the company's product than other companies that sell similar products.
 - I would switch to another company only if the price of this product increases substantially.
- (5) Advocacy intentions ([Xie et al., 2015](#))
 - I intend to say positive things about this company to my friends and other people.
 - I intend to recommend buying from this company to my friends and other people.
 - I intend to promote the good aspects of this company to my friends and relatives.
- (6) Collectivism ([Yoo et al., 2011](#))

- Individuals should sacrifice self-interest for the group.
- Individuals should stick with the group even through difficulties.
- Group welfare is more important than individual rewards.
- Group success is more important than individual success.
- Individuals should only pursue their goals after considering the welfare of the group.
- Group loyalty should be encouraged even if individual goals suffer.

(7) Perceived authenticity ([Aaker, 1997](#))

- Sincere;
- Real;
- Original;
- Honest;
- Genuine; and
- Authentic.

Power distance belief manipulation

Participants will be asked to list three reasons in support (vs against) of the statement:

“There should be an order of inequality in this world in which everyone has a rightful place; high and low are protected by this order”. Adapted from [Zhang et al. \(2010\)](#). Participants in the high (vs low) PDB condition will argue *in support of* (vs *against*) the statement. The manipulation check was assessed using the PDB scales adapted from [Yoo et al. \(2011\)](#).

Table A1. Studies on consumer responses to brand activism initiatives

Author/year	Theory/method	Key findings
Eilert and Nappier Cherup (2020)	Legitimacy/ conceptual	Brand activism represents a response to barriers that hinder social change. Brands can promote social change internally by promoting the intended issues within the organisations or externally through marketplace activities like taking public stances on sociopolitical issues
Fernandes (2020)	Moral foundation/ experiment	Liberals engage in boycotts/boycott related to the protection of harm/fairness, while conservatives engage in boycotts/buycotts related to the protection of authority, loyalty and purity driven by individualizing vs binding moral values
(Kang and Kirmani, 2023)	Branding research/ experiment	Brand activism that is incongruent with a consumer's political ideology (moderator) increases unethical behaviour driven by the desire to punish the brand. These effects are attenuated by stance inconsistency and highly unethical behaviour
Mukherjee and Althuizen (2020)	Moral foundation/ experiment	Brand attitude and choice were negative when consumers disagreed with the brand's stance, driven by brand dis/identification. There was no positive when consumers agreed with the brand's view on the issue
Hydock <i>et al.</i> (2020)	Identity-based consumption literature/experiment	A brand with a large but not small market share (moderator) loses more customers who disagree with its stance on a social issue but gains fewer customers when they agree with its stance. This effect is driven by brand dis/identification
(Wannow <i>et al.</i> , 2024)	Branding and emotion research/ experiment	Brand activism negatively impacts brand attitude and issue advocacy driven by other-condemning emotions (mad, annoyed, disgust). This effect is mitigated by consumer–brand identification
Quach <i>et al.</i> (2023)	Signalling and implicit/experimental	Consumer perceptions of executive-team diversity led to an increase in purchase intentions for sustainable luxury driven by decreased scepticism. This effect is amplified by consumer mindset
Khan and Kalra (2022)	Moral foundation/ experiment	Consumers perceive racially diverse (vs homogenous) teams as more likely to take others' perspectives in decision-making, increasing the perception of the morality of the firm activities driven by perceived morality. This effect is positively moderated by the perceived perspective-taking of the team
Park <i>et al.</i> (2022)	Stakeholder and theory-in-use/ secondary data	Marketing activities such as diverse product offerings and investment in advertising positively affect not-for-brands' ability to have equitable participation of customers from diverse racial groups, while a relational customer base has a negative impact

(continued)

Table A1. Continued

Author/year	Theory/method	Key findings
Bennett et al. (2013)	Social perception literature/ survey	There are notable differences in perceived brand warmth (vs competence), envy and contempt towards brands among minority racial groups like African Americans and Asian Americans compared to the white majority, representing different marketplace experiences of these consumer groups
Wang et al. (2022a)	Brand activism research/secondary data	BLM support has a negative impact on consumer responses towards a brand (likes and follow). Political affiliation and posting self-promotional content amplify the negative impact, while prosocial history attenuates the negative impact
Crockett et al. (2003)	Race stressors and coping strategies/ interviews	Black American men frequently experience discrimination in their marketplace activities, like longer waiting times in queues and favouring of outgroups. Black American men cope with these treatments through status-signalling consumption, filing complaints to management or trivialising the painful situation
This research	Branding research/ experiment	Racial equity policy adoption (vs non-adoption) increases willingness to pay and advocacy intentions driven by perceived altruism. These effects are attenuated by power distance belief, whereas religiosity serves as a boundary condition
Source(s): Authors' own work		

Table A2. Summary of the hypotheses testing (Studies 1–3)

Hypotheses	Analysis	Dependent variable	F-statistics, mean differences, and coefficients.	Remark
H1	Main effects of DRR decision (Study 1)	WTP	$[F(1, 127) = 28.03, p < 0.01]$ DRR ($M_{\text{adoption}} = 3.90, SD = 1.62$) vs ($M_{\text{non_adoption}} = 2.48, SD = 1.42$)	Supported
		Advocacy intentions	$[F(1, 127) = 38.28, p < 0.01]$ DRR ($M_{\text{adoption}} = 4.52, SD = 1.65$) vs ($M_{\text{non_adoption}} = 2.67, SD = 1.72$)	Supported
		WTP	($b = -0.61; SE = 0.18, p = 0.00$) Consumers low in PDB: $b = 2.40, SE = 0.36; p < 0.01$ Consumers high in PDB: $b = 0.68, SE = 0.36; p = 0.06$	Supported
H2	Moderation by power distance belief (Study 1)	Advocacy intentions	($b = -0.91; SE = 0.19, p < 0.01$) Consumers low in PDB: $b = 3.19, SE = 0.39; p < 0.01$ Consumers high in PDB: $b = 0.62, SE = 0.38; p = 0.10$	Supported
		WTP	<i>Moderated mediation</i> ($B = -0.10, SE = 0.05, 95\% CI = [-0.20, -0.02]$) Consumers low in PDB: ($b = 0.89, CI [0.41, 1.38]$) Consumers high in PDB: ($b = 0.69, CI [0.30, 1.10]$)	Supported
H3	Moderated mediation through perceived altruism (Study 2)	Advocacy intentions	($B = -0.10, SE = 0.05, 95\% CI = [-0.19, -0.01]$) Consumers low in PDB: ($b = 0.84, CI [0.34, 1.35]$) Consumers high in PDB: ($b = 0.65, CI [0.24, 1.08]$)	Supported

(continued)

Table A2. Continued

Hypotheses	Analysis	Dependent variable	F-statistics, mean differences, and coefficients.	Remark
H4	Boundary condition of religiosity (Study 3)	WTP	<i>Three-way interactions</i> ($b = 0.18$; $SE = 0.08$, $p < 0.05$)	Supported
			<i>At low levels of religiosity (-1 SD)</i>	
			Consumer low in PDB: $b = 2.37$, $SE = 0.33$, $p < 0.01$	
			Consumer high in PDB: $b = 0.51$, $SE = 0.41$, $p > 0.05$	
			<i>At high levels of religiosity (+1 SD)</i>	
			Consumer low in PDB: $b = 1.78$, $SE = 0.31$, $p < 0.01$	
		Advocacy intentions	Consumer high in PDB: $b = 1.56$, $SE = 0.33$, $p < 0.01$	Supported
			<i>Three-way interactions</i> ($b = 0.30$; $SE = 0.10$, $p < 0.01$)	
			<i>At low levels of religiosity (-1 SD)</i>	
			Consumer low in PDB: $b = 3.71$, $SE = 0.40$, $p < 0.01$	
			Consumer high in PDB: $b = 0.29$, $SE = 0.50$, $p > 0.05$	
			<i>At high levels of religiosity (+1 SD)</i>	
			Consumer low in PDB: $b = 2.84$, $SE = 0.37$, $p < 0.01$	
			Consumer high in PDB: $b = 2.14$, $SE = 0.39$, $p < 0.01$	

Source(s): Authors' own work

Table A3. Summary of the hypotheses testing for the supplementary study (Study 2B)

Hypotheses	Analysis	Dependent variable	F-statistics, mean differences, and coefficients	Remark
H1	Main effects of DRR decision	WTP	[F(1, 226) = 92.28, $p < 0.001$] DRR ($M_{\text{adoption}} = 4.35$, SD = 1.49) vs ($M_{\text{non_adoption}} = 2.53$, SD = 1.36) [F(1, 226) = 111.78, $p < 0.001$] DRR ($M_{\text{adoption}} = 4.63$, SD = 1.59) vs ($M_{\text{non_adoption}} = 2.46$, SD = 1.50) [F(1, 226) = 4.33, $p < 0.04$] Consumers low in PDB: ($M_{\text{adoption}} = 4.37$, SD = 1.45 vs $M_{\text{non_adoption}} = 2.15$, SD = 1.08, $b = 2.21$, SE = 0.27, $p < 0.01$) Consumers high in PDB: ($M_{\text{adoption}} = 4.34$, SD = 1.54 vs $M_{\text{non_adoption}} = 2.91$, SD = 1.51, $b = 1.43$, SE = 0.26, $p < 0.01$) [F(1, 226) = 7.96, $p < 0.001$] Consumers low in PDB: ($M_{\text{adoption}} = 4.84$, SD = 1.37 vs $M_{\text{non_adoption}} = 2.10$, SD = 1.25, $b = 2.74$, SE = 0.29, $p < 0.01$) Consumers low in PDB: ($M_{\text{adoption}} = 4.42$, SD = 1.77 vs. $M_{\text{non_adoption}} = 2.82$, SD = 1.65, $b = 1.60$, SE = 0.29, $p < 0.01$)	Supported
H2	Moderation by power distance belief	WTP		Supported
H3	Moderated mediation through perceived altruism	WTP	<i>Moderated mediation</i> ($f = -0.55$, SE = 0.24, 95% CI = [-1.06, -0.11]) Consumers low in PDB: ($b = 2.26$, CI [1.72, 2.92]). Consumers high in PDB: ($b = 1.71$, CI [1.30, 2.20]) ($f = -0.69$, SE = 0.28, 95% CI = [-1.24, -0.15]) Consumers low in PDB: ($b = 2.81$, CI [2.24, 3.39]). Consumers high in PDB: ($b = 2.12$, CI [1.64, 2.64])	Supported
Source(s): Authors' own work				

Appendix 4. List of figures

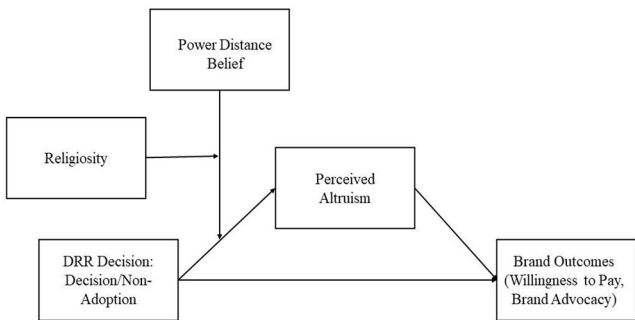


Figure A5. Research model
Source(s): Authors' own work

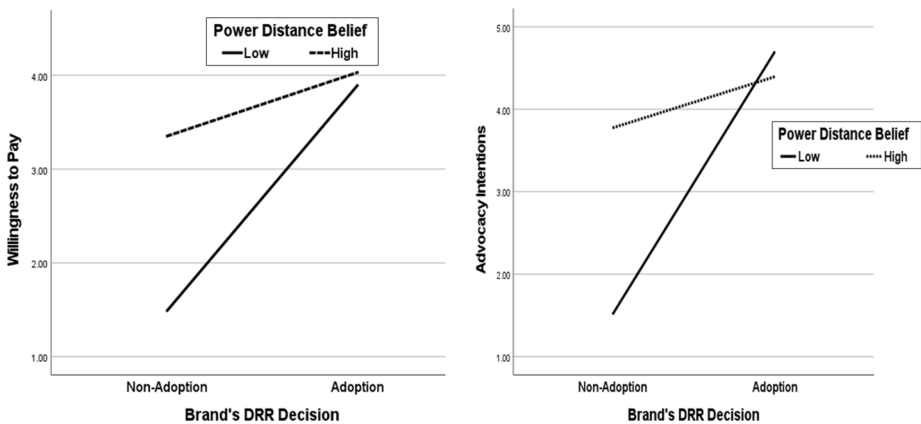


Figure A6. The interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions (Study 1)
Source(s): Authors' own work

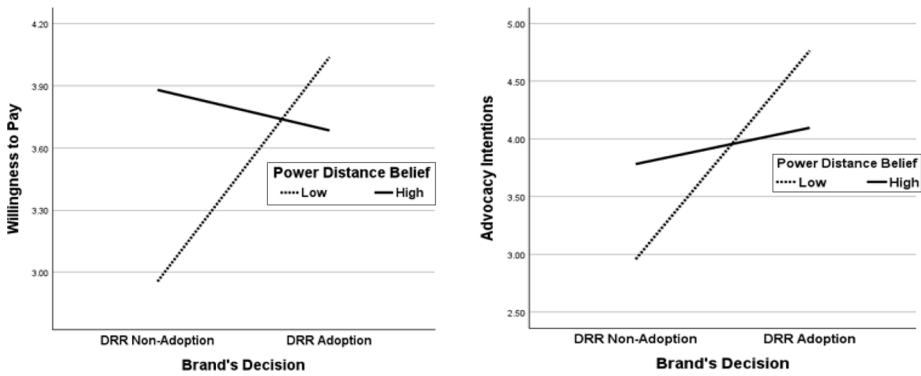


Figure A7. The interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions (Study 2)
Source(s): Authors' own work

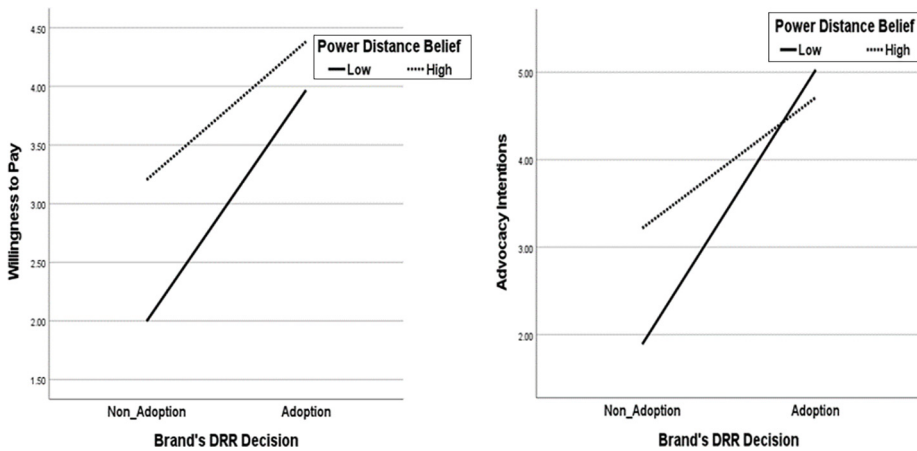


Figure A8. The interaction effect of a brand's DRR decision and power distance belief on willingness to pay and advocacy intentions (Study 3)
Source(s): Authors' own work

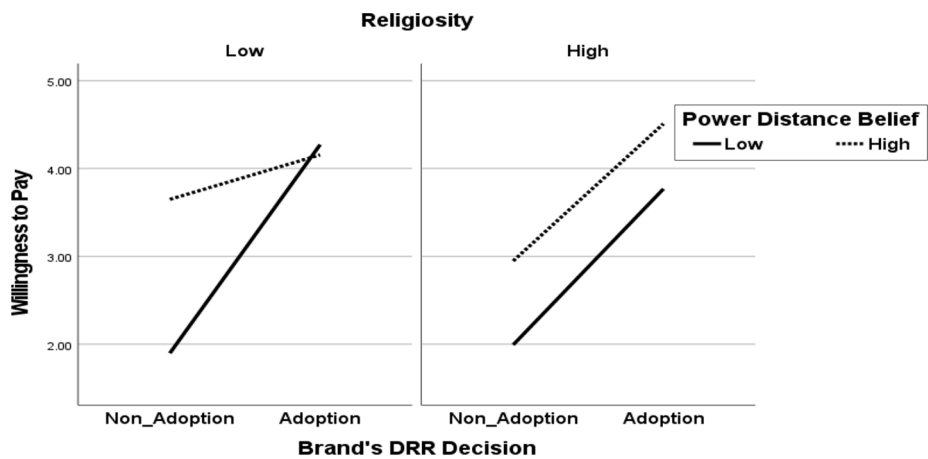


Figure A9. Graph of the three-way interaction effects among a brand's DRR decision, power distance belief and religiosity on willingness to pay (Study 3)
Source(s): Authors' own work

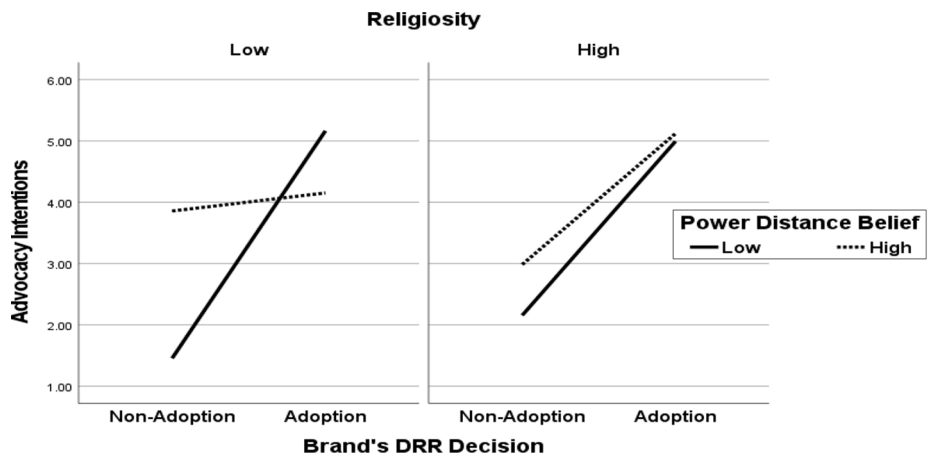


Figure A10. Graph of the three-way interaction effects among a brand's DRR decision, power distance belief, and religiosity on advocacy intentions (Study 3)
Source(s): Authors' own work

The aims of Study 2B were threefold. The first is to replicate the findings of Study 2. Second, we sought to improve the generalisability and managerial relevance of Study 2 by manipulating PDB. Finally, the study equally tested the mediating role of perceived altruism (*H3*).

Method

Participants and design. The study used a 2 (Brand DRR: adoption, non-adoption) by 2 (PDB: low, high) between-subjects design. In total, 240 US participants from Amazon's mTurk participated in exchange for a small monetary reward.

Procedure. We manipulated a brand's DRR decision (i.e. adoption vs non-adoption) using the same stimuli (a fictitious news article) as in Study 1. PDB was manipulated by asking participants to list three reasons in support of (vs against) the statement: "There should be an order of inequality in this world in which everyone has a rightful place; high and low are protected by this order" (adapted from Zhang *et al.*, 2010). Participants in the high (vs low) PDB condition listed arguments in support of (vs against) the statement. We assessed the manipulation check using the PDB scales in study one (Yoo *et al.*, 2011). The respondents were randomly assigned to one of the experimental conditions and then answered questions regarding willingness to pay, advocacy intentions, PDB and perceived altruism. Finally, respondents responded to the measure of political ideology and provided their demographics.

Results and discussion

We removed the observations that failed the attention checks, leaving us with 227 valid responses for data analysis (58.1% male, estimated Median_{age} = 40.7, range 18–59+).

Manipulation check. ANOVA indicated that our PDB manipulation was successful as respondents in the high (vs low) PDB condition scored higher on the measure of PDB [$M_{\text{high PDB}} = 2.73$, $SD = 1.38$ vs $M_{\text{low PDB}} = 2.36$, $SD = 1.28$; $F(1, 226) = 4.29$, $p < 0.05$]. Appendix 3 Table A3 presents the summary of the discussed hypotheses testing. The results provide additional support for our predictions (i.e. *H1*, *H2* and *H3*), demonstrating the robustness of our findings.

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