Do firms that include diversity in their advertisements perform better in terms of brand perception, consumer trust, and financial performance than firms that do not?

And how does this differ across Entertainment, Fashion, and Cosmetic industries?

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ABSTRACT,

This thesis investigates the relationship between diversity in advertising, brand perception, consumer trust, and financial performance, by focusing on the entertainment, fashion, and cosmetic industries. Netnograpgy has been used as a qualitative approach in this research in order to analyze how consumers responded to selected diversity-centered advertising campaigns on social media platforms from Victoria's Secret, Levi's, and Disney. To evaluate emotional reactions, sentiment and thematic analyses were conducted. Additionally, financial performance indicators, particularly, stock price movements, website traffic, and Return on Advertising Spend (ROAS) were examined.

The findings of this research reveal that the inclusion of diversity in advertisements significantly influences consumer trust and brand perception, primarily depending on perceived authenticity. Campaigns perceived as sincere fostered strong emotional connections and brand loyalty among certain consumer segments even if faced with initial backlash. On the other hand, other campaigns faced criticism for perceived performative diversity, highlighting potential risks when authenticity is questioned.

Financial analyses showed mixed and unexpected results as initial negative sentiment online did not consistently correlate with financial decline.
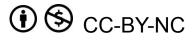
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Diversity, Marketing, Authenticity, Trust, Perception, Profitability, Netnography.

During the preparation of this work, the author used OpenAI's ChatGPT in order to pick examples and refine the bachelor thesis by checking grammar and spelling. After using this tool/service, the author reviewed and edited the content as needed and takes full responsibility for the content of the work.

1. INTRODUCTION

1.1. Background and Relevance

Today's world gets increasingly globalized and socially conscious by day, and diversified representation in advertising has become a reflection of corporate values and a potential driver of business success, more than just a branding tool. Consumers are more aware of the social and ethical stances companies take than ever, and almost 86% of consumers expect brands to address social and environmental issues (Cone Communications, 2017). Issues of diversity and inclusion have been mainstream in the past few decades. Brands nowadays aim to connect with diverse audiences more, and their advertising strategies include people of varying races, genders, sexual orientations, and body types. This change causes a division in public sentiment as it brings both praise and controversy. Understanding the effects of these strategies on brand trust, perception, and financial outcomes is important for both businesses and scholars.

1.2. Research Problem and Question

This thesis investigates the relationship between diversity in advertising and its impact on brand perception, consumer trust, and financial performance, with a focus on three different industries: entertainment, fashion, and cosmetics.

The main research question for this research paper is:

Do firms that include diversity in their advertisements perform better in terms of brand perception, consumer trust, and financial performance than firms that do not?

And how does this differ across the Entertainment, Fashion, and Cosmetic industries?

The academic relevance of this study is supported by different literatures that examine how diverse representation in advertising influences brand outlook and consumer behavior. Campbell et al. (2023) emphasize that inclusive advertising can enhance brand credibility and consumer alignment, particularly among underrepresented groups. Similarly, Eisend et al. (2022) found that diversity in advertisement that is perceived as authentic generates more favorable responses. However, other research warns of backlash when diversity is seen as performative or insincere (An & Kwak, 2019; Mundy, 2015), indicating that the success of these strategies is highly context-dependent. As for the chosen industries, they were selected because of their prominent role in shaping societal standards and identities by being highly visual and culturally influential. The entertainment, fashion, and cosmetic industries become the focus of diversity-related discussions frequently throughout the years. Moreover, existing literature tends to generalize the impacts of diversity advertising, and it does not differentiate industry-specific effects. This thesis aims to fill that gap by comparing these three sectors, and offering industry-specific insights into the complex relationship between diversity in advertising and consumer perceptions, trust, and financial outcomes.

1.3. Research Objectives

From a methodological perspective, this thesis employs netnography. Netnography is a qualitative, online ethnographic method that involves collecting and analysing consumer reactions to social media posts from brands that have launched diversity-centered campaigns. Drawing on Kozinets' (2010, 2015) frameworks, the study systematically examines user comments and engagement metrics to evaluate emotional tone, trust signals, and broader public reaction. Sentiment and thematic analysis have also been applied to a set of randomly chosen comments by the public during this research in order to uncover patterns in public reception. Moreover, Financial indicators like stock price movement, website traffic, and advertising effectiveness (ROAS) are used to assess potential performance outcomes.

The aim of this research is to bridge the gap between representation in media and positive business outcomes which will contribute to marketing and business ethics scholarship. It also enables companies and marketers to use the findings to create campaigns that are both inclusive and are accepted positively by their audience. This lets the paper offer practical implications. By comparing cases across multiple industries, this study explores the complex interplay between social representation, consumer engagement, and business performance.

2. LITERATURE REVIEW

2.1. Diversity and Inclusion in Advertising

In the recent few decades, diversity and inclusion have become critical parts of brand advertising. Companies are increasingly expected not just to market products, but to emphasise on different social and cultural issues, with advertising acting as a reflection of their ethical and societal commitments (Campbell et al., 2023). Diversity in advertising research refers to the portrayal of people with distinct attributes in advertising, while inclusion refers to the engagement with diversity and emphasizes the incorporation and valuation of the presence and perspective of different groups of people into an environment (Sjukun, 2024).

The importance of diversity and inclusion in advertising is boosted by everchanging consumer expectations. According to a 2019 survey by Adobe, 61% of Americans said diversity in advertising is important to them, and 38% reported that they are more likely to trust brands that feature diversity in their ads (Adobe, 2019). Another survey in 2021 found that Gen Z and Millennials are more responsive to inclusive content, with over 70% of Gen Z consumers stating that they are more likely to go for brands that they perceive as inclusive (Adobe, 2021).

Moreover, inclusive advertising is thought to have contributed positively to brand image. The research conducted by Unilever in 2024 has shown that inclusive advertising is 25% more likely to increase clients coming back to a brand and also 16% more likely to increase intention to purchase. Authentic inclusivity can develop emotional connection and loyalty between the customer and the business, as long as it is perceived as said by the audience. However, these benefits highly depend on how

the audience interprets the given message, particularly if they believe the advertisement reflects genuine brand values (Eisend et al., 2022).

Recent academic papers also support this. Research done by Campbell et al. (2023) states that consumers are more responsive to diversity when it is done naturally by the brand and integrated smoothly rather than when it is done only for marketing, and following the trends, which usually comes off as inauthentic. An and Kwak (2019) also found that while visual diversity is becoming more and more common, it is often not deeply integrated into the brand, and stays at a surface-level, this was revealed during a large-scale analysis of brand imagery on social media. "Woke-washing" is when brands implement diversity only for performative incentives, and when audiences sense that diversity is performative, backlash is commonly faced, and consumer trust may decline (Mundy, 2015).

From a strategic perspective, as time goes, diversity and inclusion in advertising are becoming more than optional but essential components of competitive brand positioning. In a globalized market, ignoring the expectations of diverse consumer bases can end up in reputational damage and even market exclusion. At the same time, brands that authentically promote inclusion in their company and advertisements are more likely to build long-term loyalty among increasingly values-driven consumers (Unstereotype Alliance, 2024).

2.2. Consumer Trust and Brand Perception

Consumer trust and brand perception both play a big role in shaping consumer behaviour, and they are interconnected concepts. Consumer trust refers to the confidence that consumers place in a brand's ability to stick to its promises and keep up with ethical standards (Delgado-Ballester et al., 2003). On the other hand, Brand perception defines the feelings that individuals develop toward a brand based on its actions. In the context of advertising, diversity and inclusion initiatives made by brands have a direct influence on both variables.

Recently done research supports that diversity in advertisement can improve both trust and brand perception, especially when the representation is authentic. For example, a Deloitte study done in 2021 indicated that 57% of consumers are more loyal to brands that are committed to addressing social problems and inequalities through their marketing efforts, moreover, 94% believe that companies should be inclusive in their advertising (Deloitte, 2021). This shows a growing expectation for brands to reflect diverse identities meaningfully and with purpose.

Social media platforms have had a huge effect on these expectations, amplifying them to a greater level. Every year, consumers gain more power to voice opinions and hold brands accountable in real-time. This causes brand trust to become increasingly fragile and dependent on perceived transparency and consistency (Lozano & Escrich, 2017). For example, the backlash against brands like H&M and Pepsi following controversial campaigns that were deemed tone-deaf or exploitative, demonstrates the speed with which consumer trust can erode when diversity is mishandled. Examples of this kind has caused brands to act responsibly and carefully throughout the years. Nevertheless, there are also businesses with success

stories, in which trust and favorable brand perception have translated into consumer loyalty and advocacy.

2.3. Representation in the Fashion, Cosmetic, and Entertainment Industries

The inclusion of diverse identities in advertising varies across different industries. While progress has been made in representing individuals of varying backgrounds and traits, each industry approaches diversity differently. This difference is mainly shaped by historical norms, cultural expectations, and consumer pressures. This section of the research explores how fashion, cosmetic, and entertainment industries have engaged with diversity in their advertising practices and its effect on public image.

Fashion Industry

The fashion industry has gone through a lot of changes in the last few decades. Looking in history, the sector has traditionally been criticized for setting specific and not always attainable beauty standards, often privileging thin, white, able-bodied models (Gabriel, 2023). However, throughout the years, and especially more recently, several brands and fashion houses have made efforts to promote greater inclusivity. An example for an improved brand is the Savage X Fenty by Rihanna. The brand has been praised on social media for including models of various backgrounds and traits on both their international runways and marketing campaigns (Cooper, 2020). Similarly, one of the leading fashion giants, Victoria's Secret, rebranded its annual fashion show in 2024 and featured more diverse talent, including trans and plus-size models which was the first time ever for Victoria's Secret. After years of criticism due to its lack of inclusivity, the brand's change saw both praise and backlash, which will be talked about later in this research.

Even though these influential advances have been made in the fashion industry, representation in this sector still remains inconsistent. The Fashion Spot's annual diversity report (2023), states that racial diversity on fashion show runways has increased by 48%, making almost half of the models being people of color. However, on the other hand, other minorities like trans, plus-size, and older models remain significantly underrepresented. Moreover, many critics have argued that some of these diversity efforts made by brands are purely performative, and only meant to capitalize on social trends rather than reflect structural change (Stewart & Moffett, 2023).

Cosmetic Industry

Diversity has been more radical in the cosmetics industry. Consumer demand has been the main driver of diversity for cosmetics. Fenty Beauty is again a good example for this. Launched in 2017, the brand offered 40 different options of foundation shades on release, which set new industry benchmarks. This collection included a new wide range of skin tones which were often ignored by mainstream beauty brands. The brand's success, generating $72 million in earned media value within a month, demonstrated the commercial viability of inclusive marketing (Forbes, 2017).

Following Fenty's release of a diverse range of foundation shades, competitors widened their lines too. In addition, they also included more race-diverse models and influencers in their advertising. Nonetheless, challenges are ongoing. Similarly to the fashion industry, while racial inclusion has seen meaningful growth, representation across other minorities is still limited (Yeboah, 2022).

Sjukun (2024), found in his research that inclusive advertising has become more common in the beauty industry, however, it often lacks depth in storytelling, therefore faces a lot of backlash.

Entertainment Industry

The entertainment industry is arguably the most publicly looked into and criticized of the three industries chosen due to its direct cultural influence and massive global reach. Historically, mainstream film and television have either underrepresented or misrepresented minority groups. However, recent efforts by major studios like Disney and Netflix, have led to more inclusive casting and narratives.

Netflix and its efforts with making more diverse products have been at the center of public attention in the past few years. They have made sound by producing original content centered on LGBTQ+ stories, racial minorities, and neurodiverse characters. A study by UCLA (2022) found that TV shows with more inclusive casts tend to attract more diverse audiences and often perform better globally even though some countries block these movies due to cultural beliefs.

The three industry case studies chosen show the constantly evolving nature of representation in advertising. While there is noticeable progress, room for improvement still remains in each of these industries.

2.4. Financial Outcomes of Inclusive Advertising

Coming from the shareholder theory, most people would agree that the main goal of a business is to be profitable and make as much value as possible. In a globally diversified and socially conscious world of people, including diversity in your business values has become increasingly important. This change leads to the financial implications of diversity advertising to be at a firm's focus as brands seek to align ethical marketing practices with business performance. While diversity in advertising campaigns were viewed as a corporate social responsibility effort before, now, there is strong evidence suggesting they can also generate measurable financial returns when executed authentically.

In a research done by Unstereotype Alliance (2024), it was revealed that inclusive advertising can increase short-term sales by 3.5% and long-term sales by 16%. Campaigns where diverse identities are present, emotionally resonate with consumers and also translate into higher conversion rates.

In contrast, attempts at diversity without perceived authenticity have sometimes backfired. For instance, in a 2017 campaign by Pepsi called "Live for Now", which attempted to tap into protest movements with celebrity Kendall Jenner, was pulled within days due to severe backlash. Even though the short-term financial impacts were minor, the reputational damage led to widespread media criticism and a hit to consumer trust (Coombs & Holladay, 2018).

These examples point out the argument that inclusive advertising can deliver measurable financial benefits, when perceived as sincere and aligned with brand identity. However, the data also underscores the importance of context, how campaigns are executed, and consumer perception in determining whether these efforts enhance or harm brand value.

3. METHODOLOGY AND RESEARCH DESIGN

3.1 Qualitative research: Netnography

Qualitative research studies things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them (Creswell & Poth, 2016, p. 3). It differs from quantitative research because the research is done through interviews, observations, and texts, in their natural settings, rather than numerical data (Denzin & Lincoln, 2018). For this thesis, and the research conducted, a form of qualitative research called Netnography was used. The research is exploratory in nature and focuses on real-world case studies drawn from the fashion, cosmetics, and entertainment industries. Through the lens of netnography, the study interprets consumer-generated content in response to diverse advertising campaigns on social media.

Netnography is a new qualitative research methodology used specifically for understanding online cultures and communities that are formed through digital communication platforms like social media and other virtual platforms (Kozinets, 2010, p. 62). Netnography involves the collection and analysis of different data types from online platforms, such as text, images, and videos, typically supplemented by participant observation and interviews (Kozinets, 2014). Netnography was used as the main way of collecting and analysing data from social media since it makes it possible to observe and analyse user reactions and interactions in their online environment, providing authentic data. It helped conduct research on whether diversity advertising has an effect on brand perception and trust, and if it causes positive financial performance.

3.2 Data

The data that was used for this study was derived from the social media platform Instagram. A post has been chosen for each industry type, based on their alignment with the research question. Chosen posts are aimed to showcase diversity advertising and highlight different consumer reactions that arise from these posts. The consumer reaction under these posts were then evaluated, 100 random comments being chosen, in order to answer whether the diversity in advertising positively impacted brand perception and consumer trust. These posts were chosen based on a few criteria.

The post should explicitly showcase the diversity advertising, or made as a reaction to recent marketing campaigns by brands.

Is posted within the last 10 years

It has minimum of 100 comments

The data has been extracted according to Instagram's Terms of Service.

3.4. Sampling Criteria and Case Selection

As the sampling criteria, intentional selection of posts that are rich in information and relevant to the research question were made, this is called purposive sampling. Purposive sampling was specifically used to ensure that each selected case met the study's objectives and theoretical relevance. The following campaigns were included:

Fashion: Victoria's Secret 2024 Fashion Show (featuring the first trans models)

Cosmetics: Levi's AI-generated models campaign

Entertainment: Disney's The Little Mermaid (2023) featuring Halle Bailey as Ariel

These three cases were selected based on their visibility, controversy, and thematic relevance. During date collection, campaigns that sparked public debate and presented clear examples of either support or backlash in the comments were given priority over campaigns that were ignored by public discussion. This sampling strategy ensured a mix of sentiments and consumer reactions for a rich comparative analysis.

3.5. Sentiment and Thematic Analysis Procedures

Comments were analyzed using a combination of manual coding and natural language processing (NLP) tools for sentiment classification. Sentiment analysis categorized responses as positive, negative, or neutral.

Moreover, recurrent words and phrases were visualized using word clouds to identify dominant discourse themes.

Thematic analysis followed Braun and Clarke's (2006) six-phase method:

1. Familiarization with the data
2. Generating initial codes
3. Searching for themes
4. Reviewing themes
5. Defining and naming themes
6. Producing the report

Key themes included perceptions of authenticity, accusations of "wokeness," alignment with brand identity, emotional resonance, and the economic implications of inclusive campaigns. The overall process of this method can be found in the Appendix A.

3.6. Limitations and Ethical Considerations

This study faces several limitations. First, netnography does not allow for participant verification, and online comments may not represent the views of the wider population. Second, sentiment analysis tools, while useful, are imperfect in capturing sarcasm, irony, or cultural nuance. Third, financial performance correlations are difficult to isolate due to external market factors. Ethically, only publicly accessible data was used, and no personally identifiable information was stored or reproduced. This research aligns with ethical guidelines for online content analysis and respects the anonymity of online users (Kozinets, 2015), alongside the ethical considerations guidelines provided by the University of Twente.

4. RESULTS

Five Steps were followed in order to derive the results of this analysis:

1. General explanation of the campaign/advertisement. The advertisement or campaign will be explained, including what the brand wanted to achieve and the message behind their advertisement. Images of the campaign/advertisement will be included when relevant and available.

2. Analysis of comments/reactions. An in-depth analysis of the responses per campaign is provided, focusing on the themes and issues that emerged from the data. The different types of reactions observed will be shown by identifying patterns and outstanding highlights that characterize the public sentiment. The analyses also explore specific instances that stood out within the broader conversation, providing insights into the unique aspects of each campaign's impact.

3. Word visualization. This will help see which words were used most amongst the randomly chosen 100 comments. The size of the word translates to its frequency of use.

4. Sentiment analysis. A sentiment analysis is done with the general sentiment (positive, negative, neutral) among the responses in the comments.

5. Financial analysis. In order to find out whether the advertisement campaign affected positively or negatively to the brands sales, the official financial data from that period will be analysed alongside the reactions from the comments. While it's hard to prove direct causation, correlations between financial performance and diversity advertisements will be evaluated. Three different categories will be included in the financial analysis. These are:

Stock Price Movement

Return on Advertising Spend (ROAS)

Website Traffic and Store Visits

4.1 First transgender models to ever walk in the Victoria's Secret Fashion Show

Image 4.1. Valentina Sampaio and Alex Consani on the Victoria's Secret runway

Victoria's Secret has faced a lot of backlash due to its lack of diversity throughout the years. However, the firm tried to revitalize its brand by introducing a more diverse lineup during the 2024 Victoria's Secret Fashion Show in an attempt to embrace a more inclusive representation of beauty on their runway. This campaign's main aim was to show a broader spectrum of body types, ages, and backgrounds, in order to align with contemporary values and meet consumer expectations.

The fashion show featured a very diverse lineup of models however, all eyes were on the first transgender models to walk the Victoria's Secret runway, Alex Consani and Valentina Sampaio. These individuals were used to advertise some of Victoria's Secret's recent drops.

While this fashion show's purpose was clear, not the whole public took it positively. Some praised the brand's efforts to diversify its representation through the inclusion of models from various backgrounds, while others criticized the execution, arguing that the changes were superficial and did not fully address the underlying issues. Some critics even argue that this fashion show was a reactive act rather than proactive, due to the firm facing backlash because of its lack of diversity, especially regarding body types and transgender representation.

The inclusion of transgender models in Victoria's Secret's fashion show sparked a wide range of reactions on Instagram. An analysis of the comment section reveals a fairly shocking distribution of sentiment:
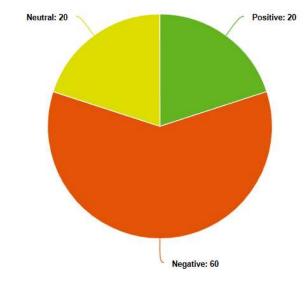
20 comments were positive,

20 neutral,

60 negative.

While this random sample of 100 comments suggests a negative response overall, the qualitative nature of the comments provides deeper insights into public perception.

Positive comments on this post mostly celebrate the representation of trans women and include words that are encouraging and praising. These responses emphasized support for diversity and solidarity with the LGBTQ+ community. In contrast, negative reactions made mostly relies on biological essentialism, which reject the legitimacy of trans identities and framing the campaign as a threat to cisgender women. Neutral comments under this post are not overtly hostile or supportive, commonly reflecting ongoing debates, they often repeat biological arguments or question the campaign's intent.

Figure 4.1. Word Visualisation

Figure 4.2. Sentiment Analysis

Financial Analysis:

Stock Price Movement

Considering the fact that this campaign took place on October 15, 2024, the 4th quarter of 2024 will be analysed. According to FinanceCharts (n.d.), Victoria's Secret & Co. (NYSE: VSCO) experienced a notable fluctuation in its stock price throughout 2024. However, after the fashion show, the brand did not experience any stock value drops, and surprisingly started gaining value faster, peaking on December 13th, at 48.71$. The stock surged by 56% during the year, reflecting initial investor optimism. However, by early 2025, the stock value had declined by 49%, erasing those gains. However, this downturn is thought to be influenced by disappointing sales forecasts and broader economic concerns, rather than the fashion show which happened all the way back on October 15th 2024.

As of May 2025, VSCO is trading at approximately $23.42, down from its 52-week high of $48.72.

Return on Advertising Spend (ROAS)

The specific Return on Advertising Spend figures of Victoria's Secret for the 2024 campaign aren't publicly disclosed, but the brand's marketing efforts led to significant engagement (Traackr, n.d.):

Over 2,000 influencers activated

5,542 mentions

66 million engagements

414 million video views

These metrics indicate a successful reach and engagement strategy for the brand, though the direct financial return remains unclear.

Website Traffic and Store Visits

Post-show, Victoria's Secret reported increased store and online traffic, suggesting heightened consumer interest. In a statement, CEO Hillary Super noted, "We are experiencing increased levels of traffic to our stores and our digital site which we believe is reflective of our improved merchandise offering and the positive impact of the VS Fashion Show in late October." (Peters and Images, 2025)

Figure 4.1.3. Summary of financial analysis:

Metric	Outcome
Stock Price Movement	+56% in 2024, followed by a 49% decline in early 2025
Marketing Engagement	High engagement with 66M interactions and 414M video views
Website Traffic and Store Visits	Increased traffic post-show, but limited impact on sales growth

4.2. Levi's use of AI generated models to increase diversity.

Image 4.2. An AI generated model Levi's used.

In March 2023, Levi's partnered up with Lalaland.ai to bring AI models to online retail. Lalaland.ai was founded in 2019 and is an Amsterdam-based digital fashion studio. Levi's took this step to further diversity by featuring products on various body types, ages, sizes, and skin tones. According to Levi's, these AI models should have worked alongside human models rather than replacing them, to create a more inclusive and personalized shopping experience.

Even though Levi's thought the public would appreciate its efforts for inclusivity and diversity, the public reacted mostly in a negative way. The comments sections of a selected post and a post made by an instagram user criticising this step has been analysed to draw conclusions on people's reaction.

According to the Instagram post based on the announcement of this campaign, public sentiment towards it was mixed, with a noticeable lean toward skepticism or concern. 100 random comments were selected for analysis and this is the results of sentiment analysis:

Sentiment Breakdown

Neutral: 37 comments

Positive: 18 comments

Negative: 45 comments

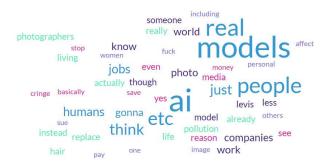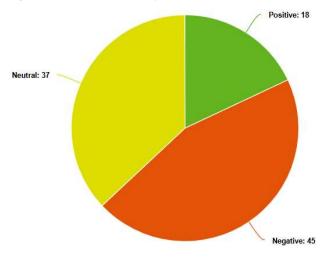**Figure 4.2.1. Word Visualization:**

Figure 4.2.2. Sentiment Analysis:

Financial Analysis:

Stock Price Movement

Levi Strauss & Co.'s stock experienced various fluctuations throughout 2023. At the beginning of the year, the stock opened at around $14.44. In March, the AI model announcement was made, and the stock saw a modest increase, reaching a high of around $17.75 later in the year. By the end of the year, the stock closed at approximately $15.84. Overall it marked a 9.99% annual increase.

As of May, 2025, LEVI is trading at around $17.32.

As we can see from these results, despite the negative reaction to the announcement, Levi Strauss & Co. still experienced an increase in its stock prices.

Return on Advertising Spend (ROAS)

The Specific ROAS figures for the AI-generated model campaign are not publicly disclosed.

Reportedly however, Levi's experienced a 19% increase in e-commerce revenue in Q2 2024, and then attributed this growth to enhancements in their digital platforms and user experience by making changes such as:

faster site speeds,

improved search functionality, and better product storytelling.

Website Traffic and Store Visits

In April 2025, Levi's website received approximately 14.3 million visits. This might seem a lot however, it represents a 17% decrease from the previous month. While this means that there was a short-term decline in website visitors, it's important to keep in mind the seasonal variations and broader market trends when interpreting these figures.

Figure 4.2.3. Summary of financial analysis.

Metric	Outcome
Stock Price Movement	+9.99% in 2023; trading at $17.32 as of May 21, 2025
Marketing Engagement	19% increase in e-commerce revenue in Q2 2024
Website Traffic and Store Visits	14.3 million visits in April 2025; 17% decrease from previous month

4.3. Halle Bailey's portrayal of Ariel (Little Mermaid):
Image 4.3. Disney poster for The Little Mermaid.

On October 13, 2022, Disney studios posted an announcement poster to advertise a new live action movie of the classic the little mermaid animation film. At the same time, Halle Bailey also made an Instagram post for the announcement of the film. The movie was released on May 26, 2023, which caused a big controversy due to Halle Bailey's portrayal of Ariel, the little mermaid. This outburst was mainly because of Halle Bailey's

ethnic background which does not match the original storyline and background of the Little Mermaid. People were upset that Danish culture was ignored due to Disney's inclusivity and diversity efforts. However, the backlash was more existent during the announcement of the film rather than the release.

One person commented " No seriously Halle say your fans to respect other people's cultures 🙅‍♀️ It's becoming nonsense. I am Danish and The Little Mermaid at her Statue here at Churchill Square in Copenhagen. The original story of The Little Mermaid is typically Danish and the wreck of the boat that The Little Mermaid excavates is that of King form Denmark Frederik VI which sank during a crossing to Norway   The story of The Little Mermaid is based on Scandinavian mythology......The story of The Little Mermaid takes place in the North Sea. The Danish Sea   It's called cultural approval. We could talk about cultural approval for hours because it's so interesting   The Hamburger was not invented by the United States but by Germany. It was invented in Hamburg, hence exactly the name Hamburger   The croissant is not French but Austrian   Sauerkraut and mustard were invented in China   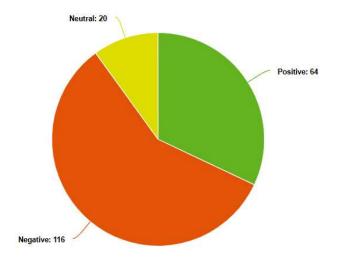 Raclette was invented by the Swiss   Art was invented by prehistoric men 🧑‍♀️ Plums come from Iran   Mirabelle plums come from China   The Little Mermaid comes from Denmark   Snow White comes from Germany   Rapunzel is also German   Joan of Arc is French   The Princess and the Frog is also a German tale 🙅‍♀️ At some point you have to stop being ignorant and accept reality face to face with respect at least for the culture of others. Otherwise Mamie Wata is African, that corresponds more to your culture rather than stealing mine 🙄".
This comment alone shows the role of cultural norms and values when it comes to diversity. Not all people from all cultures accept their representation being taken away for another's. For a better analysis of all the sentiments in the comment sections of both Disney's and Halle Bailey's advertisement posts, 100 comments have been randomly selected from each of them making a total of 200 for analysis.

Positive reactions included many users supporting Halle Bailey's casting, expressing joy, pride, and hope. Supporters emphasised on the representation and visibility for Black girls and how their childhood dreams are also becoming reality. People also were excited and happy for a modern, inclusive Disney. Empowerment and emotional resonance were key parts of positive reactions. However, some people voiced disapproval, often citing perceived deviation from the original character and how Halle Bailey does not resemble Ariel and does not meet nostalgia-driven expectations. Thinly veiled or explicit racism were also amongst made comments. Hashtags like "#notmyarial" also started.

Sentiment Breakdown
Neutral: 20 comments
Positive: 64 comments
Negative: 116 comments

4.3.1. Word Visualization:

4.3.2. Sentiment Analysis:

Financial Analysis:

For the financial analysis of Disney's choice of Little Mermaid I will analyse the box office results and stock prices.

Stock Price Movement

The Little Mermaid was released on May 26, 2023. At that time, The Walt Disney Company's (NYSE: DIS) stock was trading at approximately $88. Over the subsequent months, the stock experienced fluctuations influenced by various factors, including overall company performance and broader market trends. As of May 24, 2025, DIS is trading at approximately $109.72, reflecting a growth of about 24.7% over the two-year period. While this increase cannot be solely attributed to the film's performance, it indicates a positive investor sentiment towards Disney's diversified portfolio.

Box Office Performance

The film had a worldwide Gross of$569.6 million.

The film had a strong domestic opening, earning $95.6 million over the traditional three-day weekend and $118.8 million over the four-day Memorial Day weekend, making it the fifth-highest Memorial Day opening in history.

Website Traffic and Store Visits

While specific data on website traffic and store visits post-release is not publicly available, the film's performance on Disney+ provides insight into consumer interest. Upon its release on the platform on September 6, 2023, The Little Mermaid garnered 16 million views within the first five days, making it one of the most viewed Disney movie premieres on Disney+ . This indicates a strong digital engagement and suggests heightened consumer interest in the brand's offerings during that period.

5. DISCUSSION

The question explored in this study was: Do firms that include diversity in their advertisements perform better in terms of brand perception, consumer trust, and financial performance than firms that do not, and how does this differ across the entertainment, fashion, and cosmetic industries?

Through qualitative Netnographic analysis, combined with sentiment and thematic analyses, this research has identified particular relationships between diversity advertising, consumer trust, brand perception, and financial performance.

For comparison with existing literature, the findings made in this research align significantly with Campbell et al. (2023), who emphasized that whether the outcome of diversity advertising is positive or not heavily relies on perceived authenticity. Campaigns that were analysed in this research mostly resulted in negative reactions by the public, indicating that these campaigns were not perceived as authentic. For example, Levi's AI-generated models for diversity and Victoria's Secret's trans-inclusive campaign was met with skepticism and accusations of performative diversity or "diversity washing," which is a frequently mentioned concept in Campbell et al.'s (2023) that gave warnings about consumer backlash from perceived insincerity. In comparison, despite the mostly negative comments, Disney's The Little Mermaid casting also evoked powerful, positive emotional responses, which created a strengthened brand connection with underrepresented consumer segments. This resulted in the movie's box office success.

Moreover, the existing research by An and Kwak (2019), demonstrated significant variability in reactions to diverse representation based on cultural and social expectations, which was mirrored in this research. Particularly in the comments on the Little Mermaid and Victoria's Secret campaigns, people's debates rapidly evolved into broader discussions on identity politics, and societal values, highlighting how diversity in advertisements can transcend mere promotional intent and become a reflection of broader social attitudes.

Furthermore, the financial outcomes of advertisement campaigns varied across the three cases analysed, this indicates that positive consumer sentiment and trust do not always translate into financial gains. Starting with Victoria's Secret, the brand experienced substantial short-term stock market gains and increased consumer engagement during and right after their show, indicating potential long-term financial benefits despite

negative initial comments. Unstereotype Alliance's research done in 2024 found that inclusive advertisements that were perceived as authentic generate an average increase in sales by 3.5% in the short term, and also have significant contributions to long-term brand growth and consumer loyalty. This research contradicts the existing business case by Unstereotype Alliance as Victoria's Secret's inclusion of trans models was perceived as inauthentic but still ended up making financial gains. The existing business case by Unstereotype Alliance is further disapproved due to Levi's experiencing moderate financial stability even though their AI-generated diverse models caused negative reactions. This suggests that diversity in advertising campaigns and their impact on financial outcomes depend on broader market contexts. Lastly, Disney's Little Mermaid showed clear financial success upon release despite facing significant backlash and cultural complaints. This further increases the complexity of interpreting direct correlations between diversity advertising and financial outcomes.

It could be said that even though people complain and disapprove of the diversity steps made by different brands on social media, they are the same people paying for the brands products. Therefore, disapproval of advertising campaigns do not directly translate to loss in financial gains either.

5.1 Practical Implications

The findings of this research offer different practical implications for marketing professionals. The main takeaway from this study is that brands should approach diversity advertising authentically, aligning campaign messages with genuine organizational values and transparent intentions. Leaving diversity on the surface-level will not result in improved financial gains or better relationship with the consumer. Companies should always engage diverse communities proactively rather than reactively, avoiding superficial diversity strategies that can backfire. For example, Levi's might benefit more from clearer communication and genuine inclusion strategies instead of technology-driven shortcuts like the use of AI models. Similarly, Disney and other entertainment brands should anticipate potential backlash when casting actors with different backgrounds than the original role, but remain committed to genuine representation that aligns with core audience values. This will end up strengthening consumer loyalty and engagement.

5.2 Conclusion

The original research question of this study was answered by showing that inclusive advertising can positively impact a brand's perception and consumer trust when it is done authentically. However, the positivity of the outcomes depends on how the campaign is executed and the consumer perceptions of sincerity. Financial outcomes, however, showed variability across industries, which demonstrates the importance of contextual understanding when inclusive advertising's success is assessed. At the end and overall, authenticity emerged as a key determinant of effectiveness and positive outcome.

5.3 Limitations

This study's limitations include potential bias inherent in the Netnographic analysis, regarding sample representativeness. The online comments analyzed in this research is not able to reflect broader consumer populations and as each of the 100 comments were randomly chosen, other valuable opinions might have been overlooked. Vocal minority opinions that were not afraid to make comments on these posts could have also overshadowed the quieter majority views. Furthermore, the sentiment analysis that was conducted in this research may not fully capture nuances like sarcasm or irony made by the original commenters, this could potentially misclassify some emotional responses. Moreover, the financial analysis part of this research also presents some limitations. It is difficult to isolate the exact financial impact of a particular advertising campaign due to the external market and economic factors.

5.4 Future Research

Based on the limitations and unanswered questions from this research conducted, Future research could focus on more longitudinal studies in order to better understand the long-term financial impacts of diversity advertising campaigns. Moreover, using a quantitative research approach rather than a qualitative one that was used in this research, for example, surveys could provide complementary insights, which will offer a more comprehensive view of consumer perceptions that goes beyond vocal online commenters. Furthermore, exploring the internal corporate strategies and policies as well as the external marketing efforts of brands would also be beneficial for a deeper assessment of authenticity levels and their effects on brand perception and consumer trust.

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Appendix A. Braun and Clarke's (2006) six-phase method.

Braun and Clarke's (2006) six-phase thematic analysis was conducted on every 100 comments extracted. Atlas.ti to which access provided by the University of Twente was used for this analysis.

Phase 1: Familiarization
The entire comment dataset that was extracted from the comments section of the instagram post made by the official accounts will be read through. Initial observations, patterns, tone, and context were noted down.

Phase 2: Generating Initial Codes
Each 100 comments were systematically went through, and the important features (e.g., "authenticity praised," "woke backlash," "supportive") were assigned short labels (or "codes").

Phase 3: Searching for Themes
The codes were then grouped into broader themes that reflect recurring patterns in the data.

Phase 4: Reviewing Themes
The themes were checked if they work in relation to the full dataset and if needed, refined for clarity and consistency.

Phase 5: Defining and Naming Themes
Each theme was then clearly defined with a concise description and given a meaningful name.

Phase 6: Producing the Report
The themes were summarized by using direct comment examples, and explained what they reveal about consumer perception and trust in response to the ad.

These 6 phases were applied to each comment group one by one.

1. Victoria's secret first Trans models

Step 1: Data Familiarization
The analysis began by importing the combined 200 randomly extracted Instagram comments excel file into Atlas.ti, and reading through each comment to understand the overall feelings users expressed.

Step 2: Generating Initial Codes
Every comment was reviewed and coded one by one based on the emotional content it contained.

Initial coding categories included:
Positive Sentiment (e.g., "inspiring," "beautiful," "representation matters")
Negative Sentiment (e.g., "unacceptable," "not real women," "disappointing")
Neutral Sentiment (comments without explicit emotional indicators, ambiguous or informational remarks, e.g., factual inquiries, emoji-only comments without clear emotion)

Step 3: Searching for Themes
Codes that were set initially were reviewed in order to identify overarching sentiment-based themes:
Representation and Acceptance: Key phrases in these comments included explicit support, celebration of diversity, and empowerment narratives.
Resistance and Disapproval: These comments included statements showing opposition, discomfort, or criticism towards the inclusion of trans models.
Neutral/Ambivalent Responses: These include comments without a clear positive or negative side.

Step 4: Reviewing Themes
Each theme was then reviewed in Atlas.ti through code co-occurrence matrices and network views in order to ensure internal coherence and distinct boundaries between sentiments. Themes were then adjusted for clarity.

Step 5: Defining and Naming Themes
Clarification of the thematic categories were finalised:
Positive Sentiments, defined as enthusiastic support for diversity and recognition of significance in representation, consisted of 60 out of the 100 comments.
Negative Sentiments, including critical responses and discomfort with transgender representation, was the majority, with an amount of 60.
Neutral Sentiments, including non-emotive comments, including requests for clarification or emojis that lacked clear sentiment, covered the remaining 20.

Step 6: Producing the Report
The frequency and content of the comments were exported from Atlas.ti to present a report:

Negative comments accounted for the majority sentiment (60 out of 100).
Positive responses contained 20 comments, which reflected supportive sentiments for representation.
Neutral responses were minimal (20 comments).

2. AI Model Comments

Step 1: Data Familiarization
The analysis began by importing the 100 randomly extracted Instagram comments excel file into Atlas.ti, and reading through each comment to understand the overall feelings users expressed.

Step 2: Generating Initial Codes
Every comment was reviewed and coded one by one based on the emotional content it contained.

Initial coding categories included:
Positive Sentiment (e.g., expressions of support, excitement, innovative appreciation)
Negative Sentiment (e.g.,expressions of criticisms, ethical concerns, resistance to AI usage)
Neutral Sentiment (comments without explicit emotional indicators, ambiguous or informational remarks, e.g., informational comments, questions, emoji-only comments without clear emotion)

Step 3: Searching for Themes
Codes that were set initially were reviewed in order to identify overarching sentiment-based themes:
Innovation and Inclusivity: Overall, these comments included appreciation for technological advancement and diverse representation.
Ethical Concerns and Criticism: These consisted of statements questioning authenticity, ethics, and perceived exploitation of diverse individuals with AI.
Neutral/Ambivalent Responses: These include neutral comments or informational comments.

Step 4: Reviewing Themes
Each theme was then reviewed in Atlas.ti through code co-occurrence matrices and network views in order to ensure internal coherence and distinct boundaries between sentiments. Themes were then adjusted for clarity.

Step 5: Defining and Naming Themes
Clarification of the thematic categories were finalised:
Positive Sentiments, defined as comments supporting innovative and inclusive aspects of AI usage, consisted of 25 out of the 100 comments.
Negative Sentiments, Comments expressing skepticism, or outright criticism of AI-generated models, were at a number of 60.
Neutral Sentiments, including non-emotive comments or informational comments without emotional bias, covered the remaining 15.

Step 6: Producing the Report
The frequency and content of the comments were exported from Atlas.ti to present a report:

Negative comments accounted for the majority sentiment (60 out of 100).
Positive responses contained 25 comments, were fewer but meaningful.
Neutral responses represented the smaller proportion (15 comments).

3. Halle Bailey's portrayal of Ariel in the Little Mermaid.

Step 1: Data Familiarization
The analysis began by importing the 100 randomly extracted Instagram comments excel file into Atlas.ti, and reading through each comment to understand the overall feelings users expressed.

Step 2: Generating Initial Codes
Every comment was reviewed and coded one by one based on the emotional content it contained.

Initial coding categories included:
Positive Sentiment (e.g., supportive language, phrases and emojis (like the heart or applauding))
Negative Sentiment (e.g., critical or rejecting comments, negative emojis, derogatory statements)
Neutral Sentiment (comments without explicit emotional indicators, ambiguous or informational remarks)

Step 3: Searching for Themes
Codes that were set initially were reviewed in order to identify overarching sentiment-based themes:
Celebration and Support: characterized by enthusiastic expressions, positive reinforcement, and support for representation.
Resistance and Criticism: comments indicating opposition, discomfort with racial changes, or dissatisfaction with the casting.
Neutral/Ambivalent Responses: comments with unclear or mixed emotional undertones or purely informational statements.

Step 4: Reviewing Themes
Each theme was then reviewed in Atlas.ti through code co-occurrence matrices and network views in order to ensure internal coherence and distinct boundaries between sentiments. Themes were then adjusted for clarity.

Step 5: Defining and Naming Themes
Clarification of the thematic categories were finalised:
Positive Sentiments, including Affirmative or supportive of Halle Bailey's portrayal were a total number of 64.
Negative Sentiments, including critical or derogatory comments towards the casting choice were covering most of the comments, with an amount of 116.
Neutral Sentiments, including informational, or emotion-neutral comments covered the remaining 20.

Step 6: Producing the Report
The frequency and content of the comments were exported from Atlas.ti to present a report:

Negative comments accounted for the majority sentiment (116 out of 200).
Positive responses contained 64 comments, which reflected supportive sentiments.
Neutral responses were minimal (20 comments).