

Meta, Amazon are the latest companies to diverge on DEI

Article

The news: Meta and Amazon are backing away from their prior diversity, equity, and inclusion initiatives, joining a growing list of major companies and brands that are deprioritizing DEI.

- **McDonalds, Walmart**, and others have scaled back such commitments, a sign that the trend spans industries beyond tech and advertising.
- **However, some companies are holding firm, a sign of diverging attitudes toward DEI.** Costco recently **rebuffed a push from investors** to move away from DEI initiatives, and **Apple** has asked shareholders to block an effort to roll back commitments.

The conflict: Data shows that **diversity initiatives lead to positive outcomes for businesses and consumers alike**; some 4 out of 5 consumers say that they will support brands that continue their commitments, and 77% are **willing to abandon brands** that reverse support for diversity. So why are so many companies backing off?

- Pressure from activist investors could be one cause. Apple, **Starbucks**, and others have seen pushes from investors to jettison DEI initiatives, among other social causes, putting significant financial pressure on companies to respond.
- Another is the incoming Trump administration, which has heavily criticized DEI. Meta's pullback came days after it announced the end of a fact-checking policy criticized by conservative lawmakers, a move seen as an effort to align with Republicans, who will also control both chambers of Congress.
- Brands could also be nervous about backlash to social causes: **Target and Bud Light** both **saw sales suffer significantly in 2023** after the companies responded to criticism of Pride Day initiatives by pulling products from shelves and nixing social media campaigns.

Our take: Brands that are moving away from DEI efforts are making political calculations. Evidence shows that consumers respond positively to DEI, but companies like Meta or McDonald's that are large enough may decide that the political benefits of aligning with Republican lawmakers may outweigh any potential downsides.

Importance of Sustainability and DEI to the Company/Brand According to CMOs Worldwide, June 2024

% of respondents

| | Sustainability | DEI |
|---|----------------|-----|
| Is an important part of what our brand stands for | 42% | 40% |
| Will be more important in the future | 38% | 33% |
| We are ahead of our competitors on this topic | 31% | 31% |
| Is a commercial opportunity for us as a brand | 29% | 26% |
| Is an area where we can differentiate vs. competitors | 29% | 26% |
| Our customers expect us to address this issue | 28% | 25% |
| Important to how we operate as a business, but not to our marketing | 19% | 18% |
| Is a topic for politicians, not brands | 10% | 11% |

Source: NielsenIQ and GfK, "CMO Outlook," Nov 7, 2024

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