
Working Paper

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Amy Pei

Yakov Bart

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Kwong Chan

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**Amy Pei**
*Northeastern University*

**Koen Pauwels**
*Northeastern University*

**Yakov Bart**
*Northeastern University*

**Kwong Chan**
*Northeastern University*

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# Racial Pay Gap in Influencer Marketing

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Amy Pei
l.pei@northeastern.edu

Yakov Bart
y.bart@northeastern.edu

Koen Pauwels
k.pauwels@northeastern.edu

Kwong Chan
c.chan@northeastern.edu

Northeastern University

Is there a racial pay gap for influencers? Using a novel data set and controlling for relevant campaign and influencer characteristics other than race, we find that Black macro-influencers were paid significantly more than their White counterparts during times associated with increased public attention to racial inequality. In contrast, micro-influencers did not experience any significant changes in pay during these times, and there is no significant difference in pay between Black and White influencers outside of these time periods. These findings suggest that firm response to racial inequality appears to be opportunistic and benefits only more visible Black influencers and only when public attention to racial inequality is heightened.

*Key words*: influencer marketing, racial pay gap, racial inequality, racial bias, George Floyd

## 1. Introduction

The wage gap between Black and White workers across multiple industry sectors has been extensively documented in the labor economics literature (e.g., U.S. Bureau of Labor Statistics (2022), Wilson and Darity Jr. (2022)), and the marketing industry appears to be no exception in this regard. For example, the 2023 Career and Salary Survey conducted by Marketing Week in the UK (Rogers 2023) revealed that White marketers are paid on average 33% more than their Black counterparts. Moreover, some commentators point to the increasing wage gap along racial lines in Big Tech (Russonello 2021) and predict that the growing demand for digital skills in today's economy (including the marketing labor sector) will only increase the digital racial gap (Walia and Ravindran 2020). At



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the same time, some surveys find the pay gap for digital marketing talent in the U.S. has decreased significantly in recent years, potentially due to the recent societal changes driving companies to take action because "it's the right thing to do" (Kalser 2023a). Commentators also note that recently emerged digital marketing jobs could be done from anywhere (eliminating geographic segregation as one of the key factors behind the racial pay gap in other economic sectors) and have a relatively low barrier to entry (eliminating educational attainment differences as another key driving factor) (Kalser 2023b).

We contribute to this debate by examining a Black-White pay gap among influencers, a fast-growing digital marketing profession. Influencers are people who have built a reputation for their credibility on a specific topic and have followers (De Veirman et al. 2017). Employing influencers to promote products, or influencer marketing, is a widely-adopted practice many companies use today to engage with consumers. The industry's value was estimated at US $13.8 billion in 2021 and continues to rise (Geyser 2022b), as evidenced by the growing adoption of influencer marketing by U.S. marketers, which surged from 55.4% to 74.5% between 2019 and 2022 (eMarketer 2020).

Prior studies of influencer marketing focused on showing how influencers can affect consumer attitudes toward brands and purchase decisions (e.g., Hinz et al. (2011), Iyengar et al. (2011)), identifying influential individuals (e.g., Trusov et al. (2010), Aral and Walker (2012)) and finding the optimal seeding strategies to maximize information diffusion or influence (Katona et al. 2011, Chae et al. 2017, Lanz et al. 2019). While some research looked into influencer compensation and contracting from a theoretical standpoint (Han et al. 2022, Pei and Mayzlin 2022), our study is the first to empirically examine influencer pay, to the best of our knowledge.

Furthermore, multiple stakeholders have been raising concerns about possible inequity in influencer remuneration (Watson 2021). More than half of the influencers who responded to recent industry surveys (Agency 2021) believe that their race affected the payment offered for their work. One survey documented a 35% racial pay gap between White and Black influencers (MSL 2021). The concern about potential pay inequity has also been expressed to the authors across multiple conversations with managers in marketing departments and advertising agencies. In the UK, MPs recommended the relevant government agencies investigate pay standards in the industry as part of a wider review of the influencer market (Milmo et al. 2022). Therefore, obtaining better evidence of the presence, magnitude

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and drivers of the racial pay gap is crucial for influencers, advertisers, and policymakers. Lastly, influencer marketing is an especially suitable context for examining the racial pay gap in digital marketing because firms can adjust influencer payments relatively quickly, without the administrative burdens typically associated with adjusting salaries or hiring new employees.

To explore the racial pay gap among influencers, we analyzed a novel data set covering influencer marketing campaigns and related payments between March 2019 and August 2020. We define the Black-White racial pay gap as the residual difference in pay between Black and White influencers that could not be explained by factors other than race. After controlling for campaign and other influencer characteristics, we find that Black influencers were paid on average about $3 more per post than White influencers. However, there is substantial heterogeneity in this racial pay gap across influencer tiers and time: Black macro-influencers were paid on average $263 more per post than their White counterparts for posts associated with campaigns during periods of increased public attention to racial inequality (IPARI). There is no significant pay difference between Black and White micro-influencers during the same time periods. Furthermore, there is also no discrepancy in pay between Black and White influencers across both macro and micro categories during other time periods. In other words, the reverse Black-White pay gap is temporary and emerging only during IPARI.

Our findings are consistent with the opportunistic behavior of firms when it comes to signaling support for social issues deemed important by consumers. Influencer marketing allows firms to communicate their stance on various social and political issues, including racial equality. Consumer expectations have shifted, with a majority now anticipating brands to actively support racial equality (Chan 2020, Anderson and Mcclain 2020, Meyerson 2020), and some consumers even conditioning their purchase decision on a brand's response to this issue (Ives 2021). Consequently, it may be beneficial for companies to respond to these consumer concerns (King 2008, McDonnell et al. 2015) by participating in corporate-sponsored social activism (McDonnell 2016) and adopting practices aligned with the objectives of a broader social cause (Reid and Toffel 2009). In the context of racial inequality, Kirk and Rovira (2022) shows that the White advantage in employer call-backs reversed following the murder of George Floyd. Our study sheds light on how firms may respond to racial inequality concerns by modifying their influencer marketing practices.

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## 2. Data and Model-Free Evidence

Our data come from a U.S.-based influencer marketing agency that provides a platform connecting influencers with brands. A brand wishing to start a social media campaign first sends out a campaign invitation that provides information, including the name of the sponsor (a specific brand), the description of the campaign, the job requirements, and the total payment for the job. The invitation serves as a job posting, and interested influencers may apply. The job requirements specify how many posts should be made, on which social media platform, and the hashtags to be included in the posts to identify the campaign. Other than hashtags, brands rarely ask influencers to create posts in a specific way. The influencers have complete creative freedom as long as they feature the brand and product being promoted.

The agency provided a proprietary data set containing a sample of campaigns on Instagram[1] that started between March 1, 2019, and August 31, 2020. The campaign start date is when a brand begins setting up the campaign on the agency's platform and when influencers can begin applying to the campaign. Influencers accepted to the campaign may negotiate with the brand about their payment. However, the agency does not track the negotiations and only records the final agreed-upon payment amount. Influencers begin posting content for the campaign once they reach an agreement with the brand on the payment terms. On average, influencers start posting content for a campaign two to four weeks after the campaign start date.

For each campaign, we observe all influencers who participated, their age, race, gender, follower count, how many posts they made, and the total payment they received. For each campaign post, we observe when it was published and the total number of engagements it received. The total number of engagements associated with each post and contemporaneous follower count were collected within 24 hours of the post being published.[2]

The data set contains 1,182 unique campaigns and 11,717 observations, where the unit of observation is per influencer per campaign. There are 206 unique brands across 17 industries (Table 1 shows the industry distribution). Of the 4,527 unique influencers in the sample, 58.0% are White, 10.9% are Black, and the remaining 31.1% identify as other (non-White) race, which includes Hispanic, Asian, and other minority races[3]. Influencers

[1] According to eMarketer (2020), Instagram is the most popular platform for influencer marketing.

[2] According to the agency managers, this period sees the vast majority of all engagements with influencer posts.

[3] We grouped Hispanic, Asian, Pacific Islander, and American Natives into "Other" race because there are too few observations in our data set.

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aged 25-34 years are the largest group, making up 61.4% of our sample, followed by those aged 35-44 (27.2%) and 17-24 (7.4%) years. The remaining age groups (13-16, 45+) make up only 4.0% of the influencers. In addition, 89.2% are female, 10.2% are male, and 0.6% identify as another gender. The distributions of demographics and industries in our data set are representative of the influencer marketing industry (Klear 2019, Dermer 2020).

**Table 1 Distribution of Campaigns by Industry**

| Industry | # of Campaigns | % of Campaigns |
|---|---|---|
| Consumer Package Goods | 298 | 25.2 |
| Fashion & Apparel | 253 | 21.4 |
| Food & Beverage | 188 | 15.9 |
| Retail/eComm | 104 | 8.8 |
| Cosmetics & Fragrance | 40 | 3.4 |
| Healthcare | 29 | 2.4 |
| Internet/Web/Telecommunications | 26 | 2.2 |
| Fitness | 13 | 1.1 |
| Media & Entertainment | 11 | 0.9 |
| Travel & Hospitality | 11 | 0.9 |
| Restaurants and Quick Service Restaurants | 9 | 0.8 |
| Sports & Performing Arts | 9 | 0.8 |
| Lifestyle & Interior | 7 | 0.6 |
| Professional Services | 4 | 0.3 |
| Consumer Electronics | 2 | 0.2 |
| Non Profit | 2 | 0.2 |
| Other | 176 | 14.9 |

Our dependent variable is the payment per post, a common industry metric (Maguire 2023). We calculate it by dividing the total payment influencers receive for participating in a campaign by the total number of posts they are required to make for that campaign. The number of required posts is the same for all influencers in a campaign. The list of campaign participants and payment amounts are determined before the influencers start posting content and do not change during the campaign or after it ends. To control for influencer experience and engagement, we derive their prior campaign count and prior engagement rate. The prior campaign count is the number of campaigns an influencer has participated in up to the most recent campaign. The prior engagement rate is the cumulative number of engagements received by all campaign posts by an influencer up to the most recent campaign divided by the influencer's most recent follower count. These metrics reflect the information available to brands before the campaign start date that may affect their payment decisions.

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We operationalize increased public attention to racial inequality (against Blacks) based on the proximity to relevant events and accounting for whether the event was anticipated (calendar-based events such as Juneteenth and Black History Month) or not (George Floyd's murder). Specifically, for anticipated events, we define the periods of IPARI as the month following Juneteenth (from June 19, 2019 to July 19, 2019)[4] and Black History Month (February 2020). Since the death of George Floyd was an unanticipated event, we operationalized the related period of IPARI based on Google Trends data showing a substantial increase in public interest in the Black Lives Matter social movement over the following two months (from May 25, 2020 to July 25, 2020).

Since influencers typically start publishing content for campaigns several weeks after the start date (when influencers can begin applying to the campaign), we label influencer payments for posts they made as being affected by IPARI using two criteria. First, the campaign must have a start date within three weeks before IPARI if it is anticipated (Juneteenth and Black History Month)[5] or no earlier than the event if it is unanticipated (George Floyd's murder). Second, the first post associated with that campaign must be published during IPARI.

We use the follower count as a proxy for influencer visibility. As influencers with a larger follower base are more visible, we operationalize their visibility by whether they are macro-influencers, which refers to having 50k or more followers – a cutoff commonly used in the industry (MSL 2021)[6]. Table 2 shows the summary statistics of our variables. $N$ is the number of observations rather than unique influencers. White, Black, and other race influencers are similar in all relevant influencer characteristics, except Black influencers have a slightly lower average payment per post and lower average follower counts than the other two groups.

Figure 1 shows the highly seasonal nature of PPP for Black macro-influencers, which spiked for campaigns that started between May and June 2019 as well as between January and February 2020. In addition, the average PPP of Black macro-influencers also spiked for campaigns that started after George Floyd's death. On the other hand, the average PPP

[4] We omit Juneteenth 2020 because it is too close to the protests following the death of George Floyd.

[5] Alternatively, we labeled campaigns that started two weeks and four weeks within Juneteenth 2019 and Black History Month 2020, and the results did not change.

[6] We discretize the follower count because influencer pay is typically based on discrete ranges of follower counts (Geyser 2022a).

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of Black and White micro-influencers remained flat throughout our observation period and tracked very closely to one another.

**Table 2 Summary Statistics by Race**

**Panel A: White**

| Statistic | N | Mean | St. Dev. |
|---|---|---|---|
| PPP | 6,869 | 81 | 178 |
| Follower count | 6,869 | 24,392 | 33,415 |
| Prior campaign count | 5,710 | 11 | 12 |
| Prior engagement rate | 5,709 | 54 | 79 |
| Age | 6,869 | 32 | 6 |

**Panel B: Black**

| Statistic | N | Mean | St. Dev. |
|---|---|---|---|
| PPP | 1,271 | 77 | 127 |
| Follower count | 1,271 | 23,444 | 49,460 |
| Prior campaign count | 1,070 | 10 | 9 |
| Prior engagement rate | 1,070 | 53 | 65 |
| Age | 1,271 | 32 | 6 |

**Panel C: Other**

| Statistic | N | Mean | St. Dev. |
|---|---|---|---|
| PPP | 3,577 | 79 | 167 |
| Follower count | 3,577 | 23,690 | 36,493 |
| Prior campaign count | 2,961 | 9 | 9 |
| Prior engagement rate | 2,961 | 72 | 611 |
| Age | 3,577 | 32 | 6 |

Notes: PPP = payment per post.

$N$ is the number of observations, not unique influencers.

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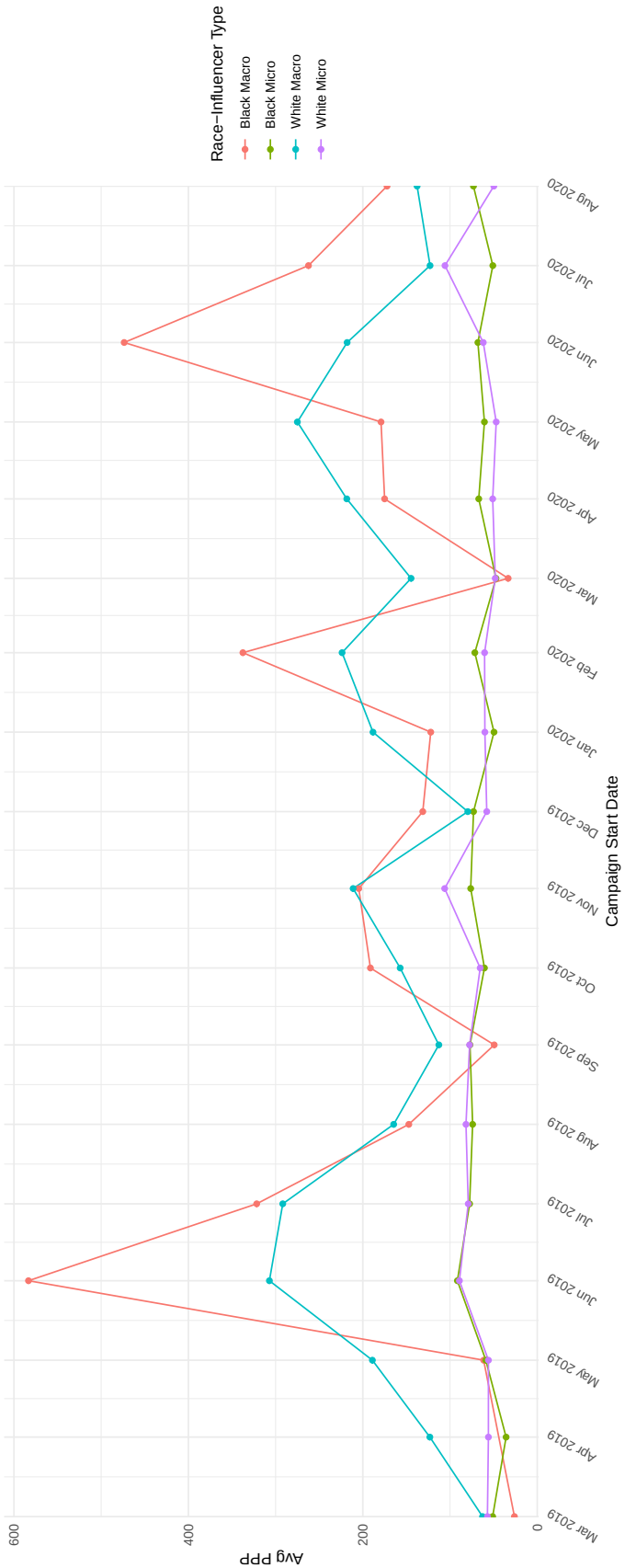


**Figure 1** Average PPP By Race and Influencer Type Over Time.

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## 3. Empirical Testing of Public Attention Effect on Racial Pay Gap across Influencer Tiers

We first examine whether influencer race affects the payment per post by estimating the following equation:

$$PPP_{ic} = \beta_1 race_i + \beta_2 ln(followerCount)_{ic} + \beta_3 priorCampCount_{ic} + \beta_4 priorEngRate_{ic} + \beta_5 gender_i + \beta_6 age_i + \eta_c + \epsilon_{ic}, \quad (1)$$

where the unit of analysis is influencer ($i$) participating in campaign ($c$). $PPP_{ic}$ is the payment per post received by influencer $i$ in campaign $c$. We control for a set of influencer characteristics: $followerCount_{ic}$ is the follower count of influencer $i$ in campaign $c$, $priorCampCount_{ic}$ is influencer $i$'s campaign count before campaign $c$, $priorEngRate_{ic}$ is influencer $i$'s engagement rate before campaign $c$, $gender_i$ is influencer $i$'s gender, $age_i$ is influencer $i$'s age. By controlling for the age and gender of the influencers, we eliminate a potential bias due to correlations between demographic variables. $\eta_c$ is a vector of campaign fixed effects that allow us to capture other unobserved campaign characteristics that may affect the payment per post. For example, it eliminates a potential bias that arises if Black influencers are more likely to participate in campaigns with greater budgets and higher payments in general. Table 3 reports the OLS estimation results. The reference group for race is $White$, and the reference group for gender is $male$. The coefficient of $Black$ is 3.188 and significant, indicating that Black influencers are paid on average $3.19 more per post than their White counterparts.

Next, we test the effect of IPARI on influencer pay across different influencer tiers and races by spliting our data set into two subsets: micro-influencers and macro-influencers. We then estimate the following model separately on each subset of data. Macro-influencers are those with 50k or more followers.

$$PPP_{ic} = \beta_1 race_i + \beta_2 IPARI_c + \beta_3 race_i \times IPARI_{ic} + \beta_4 ln(followerCount_{ic}) + \beta_5 priorCampCount_{ic} + \beta_6 priorEngRate_{ic} + \beta_7 gender_i + \beta_8 age_i + \eta_c + \epsilon_{ic}, \quad (2)$$

For anticipated events (Juneteenth and Black History Month), $IPARI_{ic}$ is a dummy variable that equals 1 if influencer $i$ made the first post for campaign $c$ during IPARI, and campaign $c$ started within three weeks before IPARI; otherwise, $IPARI_{ic}$ equals 0. For the

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**Table 3**

| | *Dependent variable:* |
|---|---|
| | PPP |
| Black | 3.188** |
| | (1.603) |
| Other | 1.598 |
| | (1.075) |
| Ln(Follower count) | 5.018*** |
| | (0.692) |
| Prior campaign count | −3.005*** |
| | (1.145) |
| Prior engagement rate | 1.408* |
| | (0.778) |
| Gender | ✓ |
| Age | ✓ |
| Campaign FE | ✓ |
| Observations | 9,740 |
| $R^2$ | 0.941 |
| Adjusted $R^2$ | 0.934 |
| Residual Std. Error | 44.190 (df = 8656) |
| *Note:* | *p<0.1; **p<0.05; ***p<0.01 |

unanticipated event of the murder of George Floyd on May 25, 2020, $IPARI_{ic}$ equals 1 if influencer $i$ made the first post between May 25, 2020 and July 25, 2020 for campaign $c$, and campaign $c$ started after May 25, 2020.

All other variables are the same as in Equation (1). Table 4 reports the OLS estimation results of Equation (2). The coefficient for $IPARI$ is not statistically significant in both the micro-influencer and macro-influencer regressions, implying that IPARI does not have any direct impact on influencer pay. The coefficient of $Black \times IPARI$ is significant only in the regression for macro-influencers, indicating that only Black macro-influencers are paid more during IPARI. In particular, they are paid $263 more per post than their White counterparts during IPARI. There are no statistically significant differences in the payment per post for other non-White influencers during IPARI regardless of their tier. In sum, only Black macro-influencers received significant increases in the payment per post during IPARI periods.

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**Table 4**

| | *Dependent variable:* | |
|---|---|---|
| | PPP | |
| | Macro-influencers | Micro-influencers |
| Black | 39.715 | 0.690 |
| | (32.506) | (0.546) |
| Other | 25.197 | 0.107 |
| | (17.381) | (0.369) |
| IPARI | 13.771 | 0.830 |
| | (152.329) | (1.502) |
| Ln(Follower count) | 115.482*** | 0.944*** |
| | (18.947) | (0.231) |
| Prior campaign count | 0.907 | −0.027* |
| | (1.701) | (0.016) |
| Prior engagement rate | −0.154 | 0.0002 |
| | (0.387) | (0.0004) |
| Black × IPARI | 263.066*** | −2.242 |
| | (93.864) | (1.737) |
| Other × IPARI | −3.793 | 0.897 |
| | (54.241) | (1.157) |
| Gender | ✓ | ✓ |
| Age | ✓ | ✓ |
| Campaign FE | ✓ | ✓ |
| Observations | 881 | 8,859 |
| $R^2$ | 0.736 | 0.994 |
| Adjusted $R^2$ | 0.496 | 0.993 |
| Residual Std. Error | 159.125 (df = 461) | 13.710 (df = 7867) |
| *Note:* | | *p<0.1; **p<0.05; ***p<0.01 |

## 4. Discussion

Our regression results show that, after controlling for other campaign and influencer characteristics, the payments per post for Black and White influencers do not differ except during IPARI periods, and only Black macro-influencers had higher pay during IPARI. This suggests that there is no general racial bias in favor of Black influencers; instead, we examine several potential explanations for our findings.

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First, if Black macro-influencers were asked to create content differently in campaigns during IPARI, such unobserved within-campaign heterogeneity in the content-related post requirements could have explained our results. Although we do not observe the actual content of the posts and are unable to control for it, the brands using the platform in our study do not ask different influencers to create posts differently in the same campaign.

Second, our results could potentially be explained by the drop in willingness to participate in campaigns during IPARI by Black macro-influencers, as such a drop in supply would explain the associated payment increase. This may occur if Black macro-influencers prefer to post organic rather than sponsored content during IPARI. However, we obtained the list of campaign applicants and verified that the percentage of applications by Black macro-influencers did not decrease for campaigns planned during IPARI.

Third, firms may expect higher return on investing (ROI) when working with Black macro-influencers in campaigns planned during IPARI. However, the coefficient of $Black \times IPARI$ in the regression on macro-influencers remains positive and significant after controlling for ROI (proxied by the numbers of impressions and engagements generated by the posts). Moreover, we find the total engagements and impressions received by Black macro-influencers do not change during IPARI, which suggests that the higher payments to these influencers during IPARI are not associated with higher ROI during these periods.

The most likely explanation for the temporary divergence in pay between Black and White macro-influencers during periods of IPARI stems from opportunistic behavior by firms. In our context, firms appear to seize two distinct opportunities: one is related to the timing, and the other is related to the influencer type. First, firms pay special attention to an issue (in this case, racial inequality) only during times when public and media attention around this issue is intensified. Second, during these periods of heightened attention, firms prioritize only Black macro-influencers (influencers with a large number of followers) rather than all Black influencers.

There are several potential reasons for why firms do this. First, journalists and media in general tend to focus on high-profile Black influencers during IPARI periods (Alain 2022, Gök 2022). By collaborating with Black macro-influencers during IPARI periods, firms may increase the likelihood of being mentioned by media outlets, leading to greater reach and publicity. For example, brands such as Adobe, Nike, and McCormick were praised for partnering with high-profile Black influencers in multiple media articles published during

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Black History Month (BEN Influencer Marketing 2022, Yahoo Finance 2023). In addition, industry experts suggest that macro-influencers are more effective at the top of the marketing funnel (Ismail 2018), where communication of firms' values and social stances typically occurs. Therefore, firms prefer to partner with macro-influencers in order to maximize the impact of their brand messaging. Finally, macro-influencers are viewed as more reliable due to their established record of performance, which is important for companies looking to leverage the opportunities associated with heightened public attention to racial inequality during limited periods of time. Indeed, some brands only work with a select few Black macro-influencers (Schiffer 2020).

## 5. Conclusion

Firms are often criticized for their apparent lack of commitment to racial equality (Benjamin 2020). Critics accuse companies of engaging in mere symbolic gestures without implementing costly actions. Yet, our research suggests that engaging in virtue signaling could be associated with some concrete and costly actions, such as offering increased compensation to visible Black influencers during periods of IPARI. However, these actions are often short-lived and benefit only Black macro-influencers. Our conversations with several marketing managers and Black macro-influencers confirm that seeking high-profile Black influencers around events like Black History Month or Juneteenth is a common practice.

On the other hand, Black micro-influencers tend to receive lower pay compared to their White counterparts without accounting for influencer and campaign characteristics, a finding that is consistent with industry surveys where Black micro-influencers were overrepresented (Lothian-McClean 2021, MSL 2021). One manager elaborated on the benefits of cultivating relationships with Black micro-influencers and helping them grow follower counts over time (towards becoming macro-influencers), instead of scrambling to sign up Black macro-influencers during periods of IPARI. This is especially important given how uneven the distribution of gains from IPARI is between Black macro- and micro-influencers.

Future research is needed to identify potential solutions to the issue of the uneven distribution of gains from IPARI among Black influencers. For example, M Booth (2023) suggests that one-off partnerships are typically priced at a higher rate than long-term brand commitments. Thus, studying the effectiveness of such long-term contracts discussed by industry practitioners (Schiffer 2020) and examining whether moving to such practice can ameliorate the uneven distribution of gains from IPARI is important.

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We also acknowledge that our data does not allow for examining the underlying process resulting in the final compensation. For example, Black macro-influencers may be offered high prices by firms right away, putting more effort into negotiating their compensation during periods of IPARI, or both. Hence, additional data on the exchanges between brands and influencers is needed for a better understanding of the negotiation dynamics between Black influencers and firms regarding pay.

Lastly, industry experts recommend paying influencers equally for the same set of deliverables within a campaign and building accountability and transparency into the recruitment process (M Booth 2023). Future research can explore the impact of these proposed changes on how benefits received by Black influencers during IPARI periods get distributed between micro- and macro-influencers.

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