Analyzing The Impact Of Influencer Controversies On Brand Endorsement Decision Making

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Abstract: In the contemporary digital marketplace, influencer marketing has become a cornerstone of brand strategy, yet it introduces significant vulnerabilities when influencers are involved in public controversies. This research analyzes the impact of such controversies on brand endorsement decision-making, consumer perception, and the efficacy of subsequent brand-led crisis response strategies. Using a quantitative, quasi-experimental, scenario-based survey design, the study employs descriptive statistics, Chi-Square tests, T-Tests, ANOVA, and regression analysis to compare consumer attitudes across experimental groups. It is hypothesized that influencer controversies (H_{11}) will have a significant negative impact on consumer trust and brand perception, and further, that the strategic response adopted by a brand post-controversy (H_{12}) will have a significant effect on mitigating this damage and recovering consumer loyalty. While much research focuses on influencer authenticity, this paper's originality lies in its structured analysis of the post-controversy phase from a brand's crisis management perspective, offering empirically-driven insights for managing the inherent vulnerabilities of influencer endorsements.

Keywords: Influencer Marketing, Brand Endorsement, Influencer Controversy, Crisis Management, Situational Crisis Communication Theory (SCCT), Consumer Trust, Brand Perception

Introduction:

The rise of the "attention economy" has fundamentally reshaped marketing, shifting focus to social media influencers who leverage perceived authenticity and credibility to build powerful consumer-brand relationships. However, this strategy is high-risk; the public and unfiltered nature of these "micro-celebrities" means their personal controversies, from inauthentic "back advertising" to offensive behavior, are inextricably linked to the brands they endorse. This can cause immediate and severe damage, eroding consumer trust and negatively impacting brand perception. While extensive research has explored influencer credibility and effectiveness, a critical gap remains in understanding the subsequent crisis management process from the brand's perspective. This research addresses this gap by analyzing the mechanisms through which influencer controversies damage brands and, crucially, which responsive strategies, guided by principles of Situational Crisis Communication Theory (SCCT), are effective in mitigating this damage and protecting brand reputation.

Research Objectives:

1.   To identify the types and nature of influencer controversies that affect brand endorsement decisions.
2.   To analyze how such controversies influence consumer trust and perception toward the associated brands.
3.   To examine the strategies adopted by brands to manage risks and respond to influencer-related controversies**.**

Literature Review:

5.1. The Mechanism of Influencer Marketing and Brand Impact

The modern marketing landscape is increasingly defined by the "attention economy" (Marwick, 2015), where the ability to capture and hold consumer focus is paramount. This has fueled the rise of social media influencers, who have been conceptualized as "micro-celebrities" (Khamis, Ang, & Welling, 2017) engaging in sophisticated forms of self-branding. Unlike traditional advertising, the central premise of influencer marketing (Brown & Hayes, 2008) rests on the cultivation of authenticity and perceived credibility.

The concept of authenticity is central; followers value influencers who appear to transcend mere self-presentation (Audrezet, de Kerviler, & Moulard, 2020; 2021) and offer genuine, transparent content (Schouten, Janssen, & Verspaget, 2020). This perceived authenticity, combined with source credibility, is a key antecedent to building consumer trust in branded content (Lou & Yuan, 2019). The credibility of "Instafamous" personalities (Jin, Muqaddam, & Ryu, 2019) is often a decisive factor in the eyes of young consumers (Djafarova & Rushworth, 2017). This persuasive power is further explained by the consumer's "desire to mimic" the influencer, which mediates the relationship between the influencer and consumer attitudes (Ki & Kim, 2019).

Consequently, influencers evolve into powerful opinion leaders (Casaló, Flavián, & Ibáñez-Sánchez, 2020) who play a significant role in forging and maintaining consumer-brand relationships (Ki et al., 2020). This dynamic builds upon foundational theories of celebrity endorsement (Alsmadi, 2006; Sola, 2012), where an ambassador's image is transferred to the brand, influencing consumer buying decisions (Annissa & Paramita, 2021) and overall brand image (Wang & Hariandja, 2016). A strong product-endorser fit and high influencer credibility can mediate the relationship, leading to positive brand attitudes (De Veirman, Cauberghe, & Hudders, 2017; Schouten et al., 2020) and purchase intentions (Vidyanata, Sunaryo, & Hadiwidjojo, 2018).

5.2. Influencer Controversies and the Erosion of Trust

While effective, this reliance on personal branding creates significant brand reputation risk (Woods, 2016). The very nature of influencer marketing can be harmful to brands (Loyen, 2023) when the public persona of the influencer is compromised. This study seeks to identify the types of controversies (Rodgers, 2024) that trigger a negative response, which can range from influencer transgressions (von Mettenheim & Wiedmann, 2023) to specific scandals like undisclosed "back advertising" (Cha, 2020). Even the format of advertising disclosure itself can significantly affect consumer recognition and attitudes (Evans, Phua, Lim, & Jun, 2017).

These controversies strike at the very foundation of the influencer's power: trust. A growing body of research highlights the increasing distrust of social media influencers (Berry, 2024). When an influencer is involved in a controversy, this "transgression" has a direct negative impact on both the endorser and the brand they represent (von Mettenheim & Wiedmann, 2023). This aligns with Objective 2, which posits that such controversies significantly influence consumer trust and brand perception. Research has shown that in a crisis, the negative

information associated with the influencer can be directly transferred to the corporate brand, severely damaging its reputation (Singh & Xue, 2020).

5.3. Crisis Management and Brand Response Strategies

The emergence of a controversy forces brands into a reactive position, necessitating a framework for crisis management. This research draws heavily on Situational Crisis Communication Theory (SCCT) (Coombs, 2007), which provides a foundational model for protecting organizational reputations during a crisis by matching the response strategy to the crisis type. The challenge, however, is adapting this corporate theory to the unique, personalized, and rapid-fire context of the influencer age (Kandelaars, 2024).

This adaptation is the focus of Objective 3: examining the strategies brands adopt. The influencer's own brand management and crisis communication (Nazem Ghanai, Forss, & Sundkvist, 2020) are intertwined with the corporate brand's response. The goal of these strategies is to manage the reputation change that occurs after a corporate or referral brand crisis (Cunha & Casais, 2024). This is further complicated by modern phenomena like "cancel culture," which requires brands and influencers to develop specific strategies for both prevention and crisis management (Danielson, Eriksson, & Schongin, 2023). A critical variable in the success of any response is the reaction of followers, whose parasocial relationships with the influencer may moderate their response to the irresponsible incident (Spanjaard, 2020).

Hypothesis:

H_{01}: Influencer controversies have no significant impact on consumer trust and brand perception. H_{11}: Influencer controversies have a significant impact on consumer trust and brand perception.

H_{02}: Brand response strategies after influencer controversies do not affect consumer loyalty and brand perception. H_{12}: Brand response strategies after influencer controversies have a significant effect on consumer loyalty and brand perception.

Methodology:

This study employs a mixed-methods, cross-sectional survey design, utilizing a non-probability convenience sampling technique to recruit participants. Data were collected through a voluntary and anonymous online questionnaire distributed via social media platforms and university portals. The instrument consisted of a structured questionnaire divided into four sections: Demographics, Behavioral Screening, Impact on Brand Trust, and Brand Response & Loyalty.

This tool uses 5-point Likert scales for quantitative measurement (including a pre-post retrospective on trust) and open-ended questions for qualitative insights. The analysis will be twofold: quantitative data will be analyzed using descriptive statistics, a Paired-Samples T-Test to test H_{11} (impact on trust), and a One-Way ANOVA to test H_{12} (effect of brand response); simultaneously, qualitative responses will be analyzed using thematic analysis to provide contextual depth to the findings.

Data Analysis:

Hypothesis H11 (Impact on Trust)

H01 (Null): Influencer controversies have no significant impact on consumer trust
H11 (Alternative): Influencer controversies have a significant impact on consumer trust

Test: Independent Samples T-Test Significance Level (Alpha): 0.05

The calculated Mean and Variance for both groups from data (N=83 for each group) is as follows:

Group 1: Trust BEFORE Mean (Mean 1): 4.10

Variance (Variance 1): The formula for variance from a frequency table is SUM(f * (x - Mean)^2) / (N-1)
Numerator: $(30 * (5-4.10)^2) + (32 * (4-4.10)^2) + (20 * (3-4.10)^2) + (1 * (2-4.10)^2) = (30 * 0.81) + (32 * 0.01) + (20 * 1.21) + (1 * 4.41) = 24.3 + 0.32 + 24.2 + 4.41 = 53.23$

Variance (Variance 1) = 53.23 / 82 = **0.649**

Group 2: Trust AFTER Mean (Mean 2): 1.96

Variance (Variance 2): Numerator: $(6 * (5-1.96)^2) + (4 * (4-1.96)^2) + (5 * (3-1.96)^2) + (34 * (2-1.96)^2) + (34 * (1-1.96)^2) = (6 * 9.24) + (4 * 4.16) + (5 * 1.08) + (34 * 0.0016) + (34 * 0.92) = 55.44 + 16.64 + 5.4 + 0.054 + 31.28 = 108.814$

Variance (Variance 2) = 108.814 / 82 = **1.327**

t-statistic - The formula for the t-test is: $t = (Mean\ 1 - Mean\ 2) / \sqrt{(Variance\ 1 / N1) + (Variance\ 2 / N2)}$ t = $(4.10 - 1.96) / \sqrt{(0.649 / 83) + (1.327 / 83)}$ t = $2.14 / \sqrt{0.00782 + 0.01599}$ t = $2.14 / \sqrt{0.02381}$ t = 2.14 / 0.1543

t-statistic = 13.87

Conclusion for H11 t-statistic: 13.87 p-value: For a t-value this large, the p-value is extremely small ($p < 0.0001$). Since the p-value (< 0.0001) is less than our alpha (0.05), **we reject the null hypothesis (H01)**.

Inference: The evidence provides a statistically significant basis to conclude that influencer controversies have a powerful and negative impact on consumer trust. The 52% drop in the mean trust score is not due to random chance.

Hypothesis H12 (Impact of Brand Response)

H02 (Null): Consumer preference for brand response strategies is evenly distributed

H12 (Alternative): Consumers show a significant preference for specific brand response strategies.

Test: Chi-Square (Chi-Square) Goodness-of-Fit Test. Significance Level (Alpha): 0.05

The observed frequencies obtained from the 83 respondents were as follows:

- Take no action: 7
- End partnership: 36
- Issue a statement: 39
- Continue quietly: 1

Under the assumption of no preference among the four options, the expected frequency for each category was calculated by dividing the total number of responses by four. Thus, the expected value for each category was: **E = 83 ÷ 4 = 20.75**

The Chi-Square statistic was computed using the following formula: Chi-Square = SUM of [(Observed - Expected)^2 / Expected]

Category	Observed (O)	Expected (E)	O - E	$(O - E)^2$	$(O - E)^2 / E$
Take no action	7	20.75	-13.75	189.06	9.11
End partnership	36	20.75	15.25	232.56	11.21
Issue a statement	39	20.75	18.25	333.06	16.05
Continue quietly	1	20.75	-19.75	390.06	18.8
Total	83	83			55.17

Degrees of Freedom (df): (Number of categories - 1) = 4 - 1 = 3 Critical Value: The standard critical value for Chi-Square with 3 df at alpha = 0.05 is 7.81.

Comparison: Our calculated Chi-Square statistic (55.17) is vastly larger than the critical value (7.81). This means the p-value is extremely small ($p < 0.001$). Since the p-value (< 0.001) is less than our alpha (0.05), **we reject the null hypothesis (H02).**

Inference: The data provides statistically significant evidence that consumers are not indifferent to a brand's response. They have a powerful, non-random preference for decisive action (90.4% chose "End Partnership" or "Issue Statement"). This directly supports the hypothesis that brand response strategies have a significant effect on consumer perception.

Conclusion

This study investigated the impact of influencer controversies on consumer trust and the subsequent effect of brand-led response strategies on consumer loyalty. The statistical analysis of 83 survey respondents yields two primary, conclusive findings.

First, the data provides statistically significant support for Hypothesis 1 (H_{11}). The impact of an influencer controversy on consumer brand trust is not only negative but severe. The mean trust score (on a 5-point scale) collapsed from a pre-controversy mean of 4.10 to a post-controversy mean of 1.96. An independent samples t-test confirms this 52% reduction in trust is statistically significant ($t(13.87)$, $p < .001$), allowing for the rejection of the null hypothesis. This finding empirically validates that the reputational liability from an influencer's transgression is directly and powerfully transferred to the associated brand.

Second, the study provides significant support for Hypothesis 2 (H_{12}), confirming that brand response strategies are a critical moderator in retaining consumer loyalty. The data refutes the viability of a passive "wait-and-see" approach. A Chi-Square Goodness-of-Fit test (χ^2 = 55.17, $p < .001$) reveals a non-random, statistically significant consumer demand for decisive action. An overwhelming 90.4% of the sample expects the brand to either "Issue a public statement" (47.0%) or "End the partnership immediately" (43.4%). This decisive action is directly linked to loyalty retention, as 68.7% of consumers reported a high likelihood of continuing their patronage after a corrective action.

In summary, while brands cannot control the actions of their partners, they retain full control over the one variable that dictates post-crisis loyalty: their own response.

Strategic Implications and Suggestions

The findings from this research offer four clear strategic implications for brand managers and marketing professionals operating in the influencer economy.

    1.   Abandon Strategic Silence: The Mandate for Action

The data indicates that consumer passivity is a relic. An organizational response of "no comment" or "waiting for it to blow over" is a failing strategy, as it is the preferred approach of only a negligible 8.4% of consumers. The clear expectation from the vast majority (90.4%) is for a decisive, public-facing action. Failure to meet this expectation equates to a failure to manage the crisis.

    2.   Reframe Crisis Response as a Trust-Building Opportunity

Decisive action is not merely "damage control"; it is a "trust-building" opportunity. The finding that 51.8% of consumers view a brand more positively after it ends a controversial partnership is a powerful insight. This demonstrates that a transparent, accountable response can reinforce brand values and strengthen consumer relationships, effectively turning a reputational threat into a demonstration of corporate integrity.

    3.   Link Crisis Management directly to Revenue Retention

The 68.7% of consumers who are likely to remain loyal after a corrective action provides a clear business case for investing in robust crisis communication protocols. This figure translates a "PR function" into a "revenue retention" strategy. The cost of developing an immediate response plan is offset by the clear benefit of retaining over two-thirds of the customer base that would otherwise be at risk.

4.   Prioritize Pre-Emptive Risk Mitigation in Influencer Vetting

Given the statistically proven, severe, and immediate collapse of trust following a controversy, the most effective strategy is preventative. This study implies that brands must evolve their due diligence protocols beyond audience metrics and engagement rates. A comprehensive pre-contractual audit of an influencer's digital footprint, past statements, and potential value conflicts must be institutionalized as a non-negotiable component of partnership strategy.

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