

The Effect of Negative Endorser Behaviors on Firm Performance

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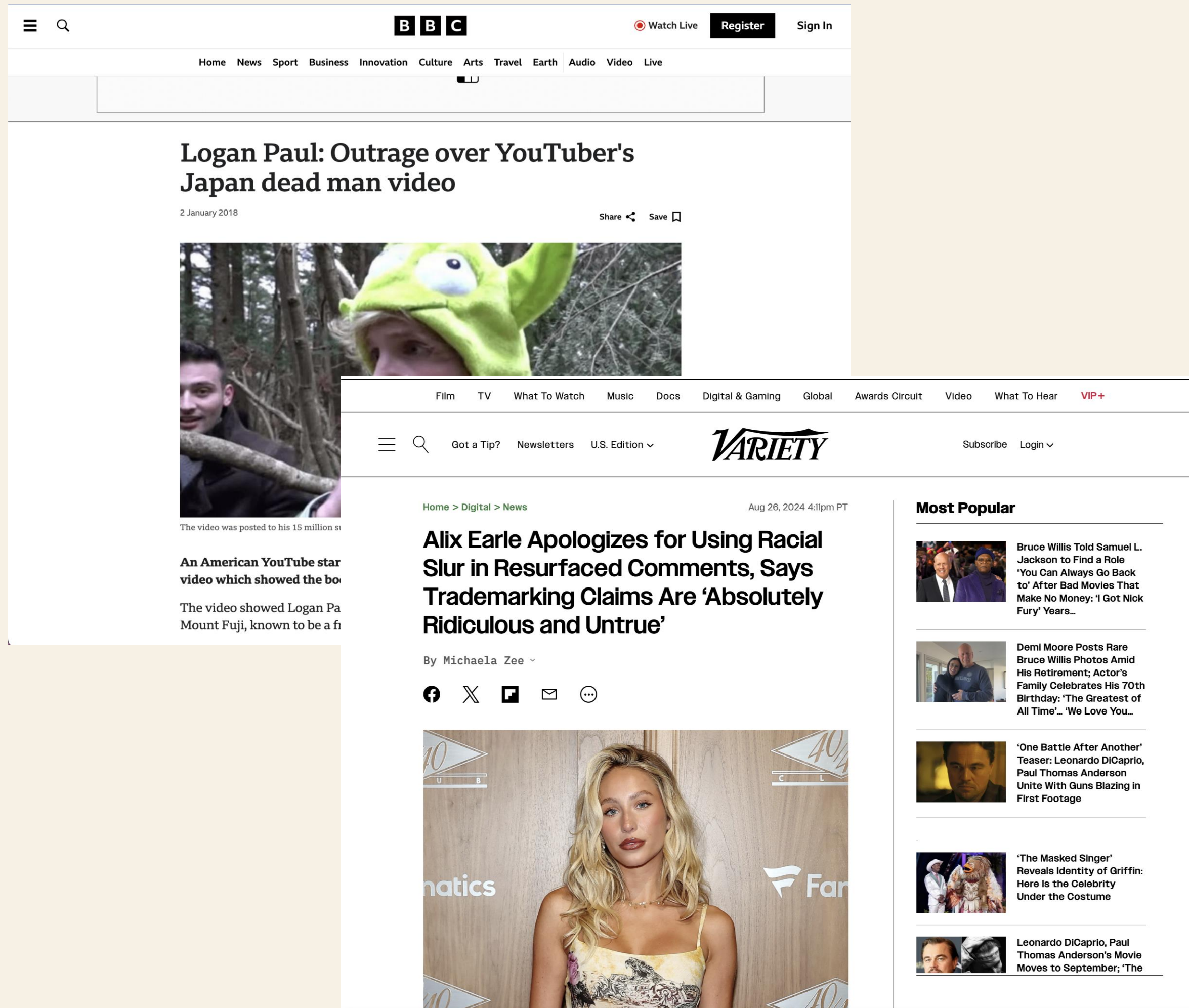
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BACKGROUND

The initial stage of this research project was the examination of the effect of celebrities' negative behaviors and consumer perceptions on the brand they endorse. The idea is to discover if these "scandals" and negative behaviors have an impact on these brands and how large these impacts are.

With the rise of social media, there has been an observed trend of social media influencers as brand endorsers. Influencers' characteristics of relatability and pop culture relevancy are seen as valuable to the brands they endorse, yet their unpredictable behaviors and wide range of personalities may lend to certain risk regarding negative effects on endorser brands.

- ❖ Using an events study methodology, we investigate how negative events associated with an endorser can affect the sponsoring firm's stock performance.
- ❖ At this stage of the research process, we have been gathering data on various social media influencers, their transgressions, and the brands that endorsed them at the time of the transgression.
- ❖ The end goal is to develop an understanding of how influencers' behaviors and consumer perceptions affect the brands they endorse.



RESEARCH QUESTION

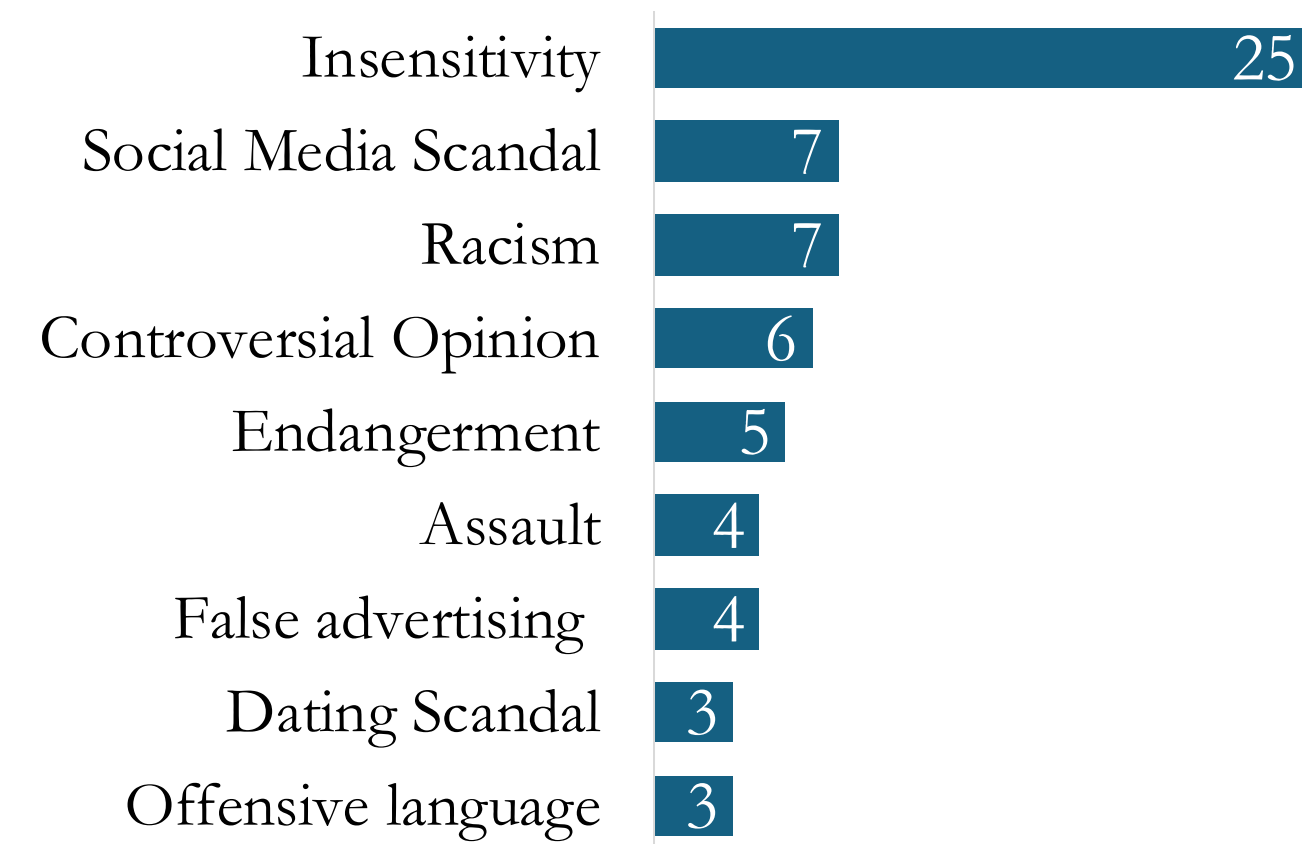
How do influencers' transgressions affect the brands they endorse and how do unique influencer characteristics impact this?

NEXT STEPS

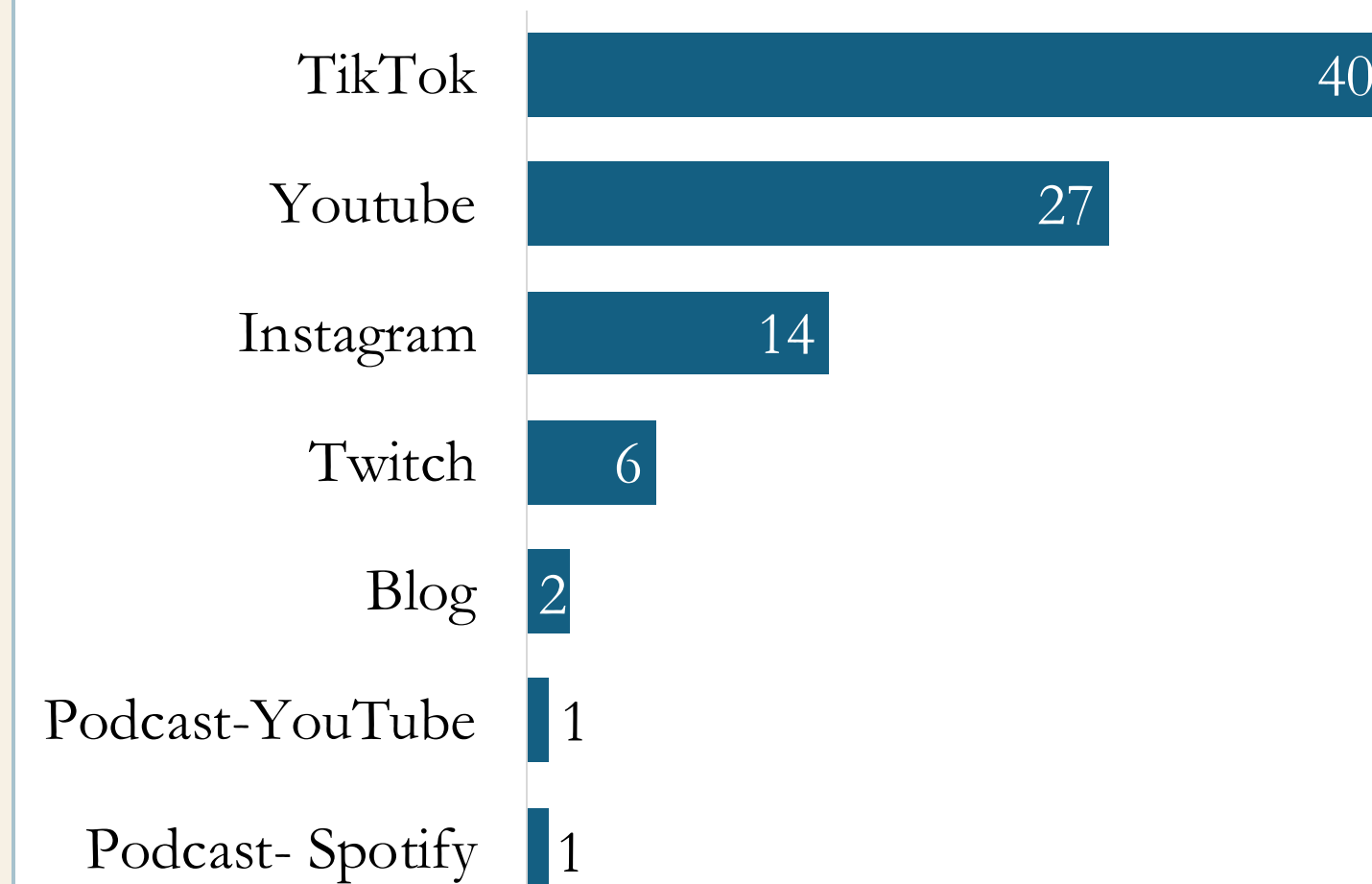
Currently, we are building and launching a survey to find what characteristics a population sample associates with said influencers. Once this data is collected, it will be added to the database. After this stage, we will be running statistical analyses to find what trends lie in the data pertaining to influencer attributes and their transgressions' effects on the brands they endorse.



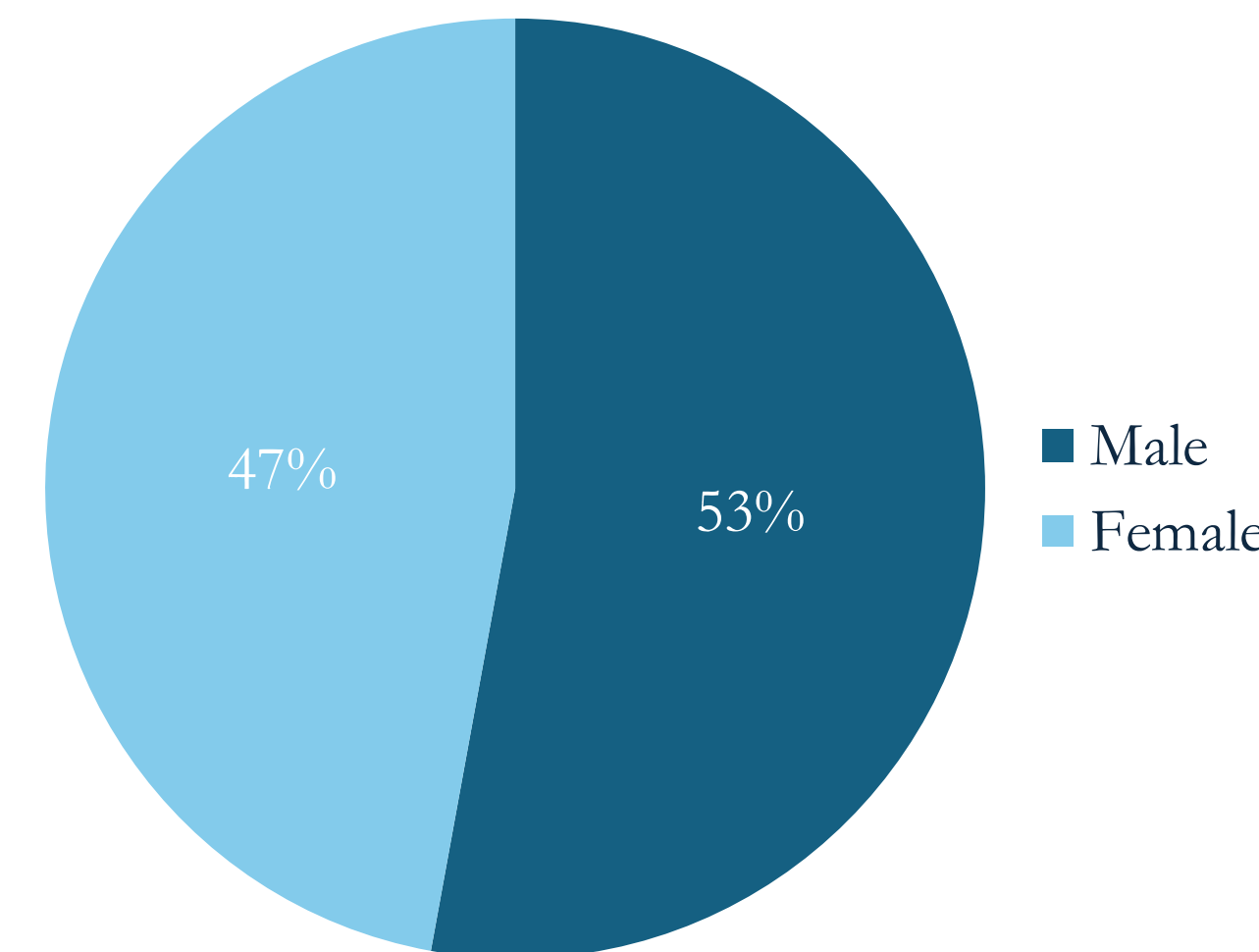
Most Frequent Transgression Categories



Primary Influencer Platform



Influencer Gender



METHODOLOGY

Research Conducted Thus Far:

- 1) Collected their biographical data such as their birthday and gender through Famous Birthdays
- 2) Collected their social media platform followings and determined their primary platform based on their highest following count
- 3) Input the number of followers and earnings from their profile on the Forbes Top Creators lists
- 4) Utilized Dow Jones Factiva database to search their first and last name, then scanned the articles until we came upon a transgression to record
- 5) Tracked the Consumer Sentiment Index for the nearest month and year of the reported transgression
- 6) Utilized Chat GPT to create a detailed list of all brands endorsed at the time of each transgression and then verified and recorded each one
- 7) Edited the original Qualtrics survey used to collect data on consumer perceptions of celebrities so that it applied to influencers

Survey Methodology:

Through Qualtrics, we edited a survey that measures consumer perceptions of the influencers we have collected data on. To do this, the survey would present the consumer with the name of an influencer randomized from a coded list. If the consumer responds that they are very or extremely familiar with an influencer, the survey will branch and ask questions regarding the perceived characteristics of the influencer. If they are not familiar at all, slightly familiar, or moderately familiar, the survey will continue to display influencer names for a maximum total of five times. If after five tries the consumer does not recognize an influencer, the survey will end.

VARIABLES

Birthday- Date of birth of each influencer
Gender- Influencer's gender
Profession- Type of content each influencer posts
Primary Platform- Influencer's account with the most followers
Platform Handle- Influencer's username on primary platform
Twitch Followers- Twitch follower count at the date of entry
TikTok Followers- TikTok follower count at the date of entry
Instagram Followers- Instagram follower count at the date of entry
Twitter Followers- Twitter follower count at the date of entry
YouTube Followers- YouTube follower count at the date of entry
Date of Followers Collected- The day the follower count was noted
Number of Followers- Total follower count from Forbes article
Influencer Earnings- Influencer earnings as listed in the Forbes article
Date of Earnings Collected- The day the earnings were noted
Transgressions Link- Link to the transgression article
Transgression Text- Description of the transgression
Truth or Lie- Whether the transgression happened, or it was made up
Transgressions Category- Type of transgression
Transgression Punishment- The punishment the influencer received for the transgression
Transgression Date- The first day the transgression was written about
Day of Month- The numerical number of the day of the month the event was announced (i.e., 1-31)
Day of Week- Day of week the event was announced (Sunday=1, Monday=2... Saturday=7)
Day of Week Name- Day of week name (e.g., "Monday")
Consumer Sentiment Index- How consumers feel about the current and future state of the economy
Brand Name- Name of brand that is currently in partnership with influencer at the time of the transgression

SURVEY VARIABLES

Personality:

- ❖ Honest, Genuine, Cheerful, Daring, Spirited, Imaginative, Reliable, Responsible, Dependable, Glamorous, Pretentious, Charming, Romantic, Tough, Strong, Outdoorsy, Rugged, Edgy, Scandalous, Cool, and Family Oriented

Endorser Qualities:

- ❖ Credibility
- ❖ Attitude
- ❖ Trust
- ❖ Reputation
- ❖ Icon
- ❖ Scandal

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