

# The Impact of Positive and Negative News about Celebrity Endorsers on the Consumer Behavior of Generation Z — Take the Chinese Market as an Example

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**Abstract.** This study examines whether positive and negative news about celebrity endorsers affects the consumer behavior of Chinese Gen Z consumers. A quantitative research was conducted to measure Changes in Chinese Gen Z consumers' attitudes, favorability, and purchase intentions before and after the time of positive and negative celebrity endorsement events. The results of the study show that when a celebrity endorser has negative news, Gen Z consumers' favorability towards the endorser and the brand as well as their purchase intention will be significantly reduced. On the contrary, when a celebrity endorser has positive news, there is a slight, but not significant increase in Gen Z's favorability towards endorser and the brand, and their purchase intention.

## 1 Introduction

Generation Z - Broadly speaking, people born between 1995 and 2010 [1]. In the United States alone, Generation Z spends around \$143 billion per year, and their spending is increasing every year [2]. Moreover, Gen Z is a huge age group, not only they have occupied a high proportion of the U.S. population, but also in China, they are the age group that needs to be paid more attention to. Gen Z, which accounts for about 15% of China's population, represents the next engine of domestic consumption growth [3]. Thus, it is important to put more attention to Chinese Gen Z consumers. Notably, Gen Z is considered to be a generation that is closely connected to digital, they tend to be more sensitive to information and they have a very different way of thinking compared to previous generations. Therefore, once there is positive or negative news about a celebrity endorser, most Gen Z will be aware of the information. On the other hand, according to the data from U.S. International Trade Administration, China is still the second largest economy in the world with a gross domestic product (GDP) of \$14.7 trillion, following the \$20.9 trillion GDP of the United States in 2020 [4]. Meanwhile, China is a country with a typical collectivist culture that places great importance on the exemplary role of positive role models and the negative influence of negative examples on others [5]. Therefore, it is necessary to study the Chinese market, which is not only a huge market but also a market where consumers are more sensitive to positive and negative news about celebrity endorsers. However, even though China is a huge market, the research on the consumer behavior of Chinese Generation Z consumers is limited. Thus, the purpose of this study is to investigate how Chinese Gen

Z consumers, who are also mainstream consumers soon, how their consumer behavior will be influenced by the positive and negative news of celebrity endorsers.

## 2 Literature review

### 2.1 Negative News & Consumer Behavior

While the potential benefits of utilizing celebrity endorsers are great, so are the costs and risks. The benefits of celebrity use can be reversibly reversed if celebrities suddenly change their profile, decline in popularity, fall into a state of moral turpitude, lose credibility with over-endorsements, or overshadow the products they endorse. Negative information about celebrity endorsers affects not only consumer perceptions of celebrities but also the products being endorsed [6].

In addition, negative consumer perceptions of brand endorser misconduct can spill over to the brand. The endorser's words and actions represent the brand's image to a large extent, and the impact of a negative incident will undoubtedly destroy the good impression of the brand in consumers' minds. This will not only reduce consumers' willingness to buy but also lead to consumer complaints, brand switching, and negative word-of-mouth spreading [7]. However, not all studies confirm that negative news about celebrity endorsers has a negative impact. Mohanty [8] argued that the market does not pay any attention to negative news about celebrities. Bailey [9] argued that negative celebrity news has little or no impact on the brands they endorse or the companies they work with. Carrigan and Attalla [10] also indicated that negative news about the ethical

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nature of endorsers had no negative impact on consumers' propensity to purchase. On the contrary, Berger et al. [11] indicated that we believe that negative publicity may sometimes increase the likelihood of purchase and sales. While the above findings are somewhat surprising, more studies have shown that negative press from celebrity endorsers often has a negative impact. A quantitative study on how negative news about brand endorsers affects young consumers' purchase intentions shows that consumers are significantly less likely to purchase a brand after negative news about a brand endorser compared to before negative news about a brand endorser. The experimental data and in-depth interview results show that contemporary consumers are more sensitive to the perception of negative news about a brand endorser, and after learning of negative news about an endorser, they quickly scroll through major websites and make new purchase decisions about the brands they endorse [12]. In like manner, people react more to the negative events of the celebrity compared to the positive events of the celebrity. Moreover, when a celebrity has a negative event, people will closely associate the celebrity with the company and question the selection and employment of the company, thus the positive event of the celebrity employee does not have as much impact as the negative event [13]. Moreover, consumers may process the negative events of brand spokespersons psychologically, which may lead to different levels of consumer crisis emotions, and eventually affect consumers' avoidance behavior toward brands [14]. Although the literature has examined the impact of negative news about celebrity endorsers on consumers' attitudes and consumption behaviors, their studies have been conducted on previous generations (Gen X & Gen Y, etc.). The literature examining how the consumption behavior of Generation Z in China would be influenced by negative news about celebrity endorsers is still limited. Thus, the following hypotheses are proposed:

H1a: Negative news about celebrities will reduce the reputation of brands in Chinese Gen Z consumers' minds.

H1b: Negative news about celebrity endorsers will reduce Chinese Gen Z consumers' favorable perceptions of the brand and thus reduce or avoid purchasing its products.

## 2.2 Positive News & Consumer Behavior

Generally, we call events that can bring positive effects to the subject positive events, and similarly, events that can bring negative effects to the subject negative events. In this paper, a positive event for a celebrity is defined as an event that generates positive public opinion and influence on the celebrity, such as winning an award or doing public service [15]. The current study revealed that positive images and congruence between the image of celebrity and brand are important to adolescents [16]. Besides, McIntyre and Gibson [17] argued that few studies have investigated the impact of positive news. Yet, a recent study discovered that individuals seem to be more attracted to positive news than negative news.

New York Times readers share positive news faster and in greater numbers on social media than they do negative news. Positive reporting is the main body of news reporting, playing an important role in leading public opinion. It plays an important role in guiding public opinion, establishing the power of role models, and building a harmonious society [18]. Positive news about celebrities increases the market value of the companies they endorse and erodes the market value of the companies they compete with. The difference-in-difference analysis also confirms this view. It also proves that positive news favorably affects the sales of these products [19]. Another literature that uses a quantitative approach to study the impact of celebrity events on firm value shows that people are quick to react to positive celebrity events. But for the degree of impact on the company received, the impact of positive celebrity events on the market value of the company is not as great as the degree of impact brought by negative events [20]. Just like what McIntyre and Gibson [21] have argued above, there do have little research about the impact of positive news about celebrities, and the study in this field is relatively limited today. To date, there is very little literature that has examined how positive news about celebrity endorsers affects consumer behavior. Most have examined how positive news about celebrity endorsers affects the value of a company, and their findings all vary. Some studies show that positive news about endorsers has little effect on company value. Others show that positive news about the spokesperson can increase the value of the company. Given factors such as the very different consumption perceptions of Generation Z from previous generations, and to fill the gap in the field of how positive news about celebrity endorsers affects the consumption behavior of Chinese Gen Z, the following hypothesis is proposed:

H2: Positive news about celebrity endorsers will increase Chinese Gen Z consumers' favorable perception of the brand and thus purchase its products when in demand.

## 3 Methodology

A quantitative research was conducted to examine how positive and negative news about celebrity endorsers affects the consumer behavior of Chinese Gen Z. The participants of the study were undergraduate students from a university and students from its affiliated high school in mainland China. Meanwhile, in order to ensure that the study has a greater realistic guiding significance, choosing stars that most of generation Z know as examples will have a certain universality. Therefore, news about two top stars in China was chosen, "Yi Yangqianxi's irregular admission to the National Theatre" and "Wang YiBo's support for flood relief in Henan Province" as the negative and positive news of stars respectively. The respondents were randomly selected using the cluster sampling method, and a total of 180 questionnaires were collected. Thirty-two invalid questionnaires were excluded, and 154 valid questionnaires were collected, with an efficiency rate of

85.6%. From Table 1, it can be seen that 43% of the respondents were male and 57% were female, 45% were high school students, and 55% were undergraduates.

**Table 1.** Frequency analysis of demographic variables

Variables	Cat.	FQ.	Prop.	M	SD
Age	Under 18	68	44%	1.56	0.498
	18-27	86	56%		
Gender	Male	66	43%	1.57	0.496
	Female	88	57%		
Education	High School	69	45%	2.55	0.499
	Bachelor	85	55%		
Occupation	Student	154	100%	1	0

Cat.=Categories, FQ=Frequency, Prop.=Proportion

Note: Own work

## 4 Results and discussions

The questionnaire was measured using a 5-point Likert scale, with choices (1) and (5) indicating strong disagreement and strong agreement, respectively. with a reliability of 0.857 for the seven questions on how positive news about celebrities affects Generation Z's consumer behavior and a reliability of 0.79 for the seven questions on how negative news about celebrities affects Generation Z's consumer behavior. The reliability of each variable measured in spss 24.0 was at an acceptable level of 0.70 [22].

From Tables 2 and 3, it can be seen that the event of “Yi Yangqianxi's participation in the National Theatre examination” was considered as negative news by 85.06% of the respondents. After this event was reported, the mean value of Generation Z's favorability towards him plummeted from the original 3.66 to 2.36, and the reputation of the brand he endorses also dropped significantly, from the original 3.56 to 2.52. Meanwhile, the mean value of Generation Z consumers' purchase intention to the brands endorsed by Yi also dropped dramatically, from the original 3.92 to 2.57, with H1a and H1b being supported.

**Table 2.** How Gen Z determine the two news

	WSH	YNT
Positive	97.4%	85.06%
Unsure	2.6%	7.14%
Negative	0%	7.79%

WSH=Wang supports the front line of flood relief in Henan, YNT=Yi was illegally admitted to the National Theatre

Note: Own work

**Table 3.** Changes before and after the news

	Fv of W	Fv of Y	BR of W	BR of Y	W's PI	Y's PI
Before	3.53	3.66	3.69	3.56	3.87	3.92
After	3.88	2.36	3.79	2.52	4.01	2.57

Fv=Favoribility, BR=Brand Reputation, PI=Purchase Intention, W=WANG Yibo, Y=YI Yangqianxi

Note: Own work

In addition, the news that “Wang Yibo supported disaster relief in Henan Province” was regarded as positive news by 97.4% of the respondents. Before the news was reported, the mean value of Generation Z's favorability towards him was 3.53, while after the news was reported, the mean value had a slight increase to 3.88. Meanwhile, the mean value of the reputation of the brands endorsed by Wang slightly increased from 3.69 to 3.79. Notably, the mean value of Generation Z consumers' purchase intention to the brands endorsed by Wang has risen from 3.87 to 4.01. Although the mean value has increased but to a lesser extent, therefore H2 is not supported.

**Table 4.** Gen Z's purchasing power and attention to news

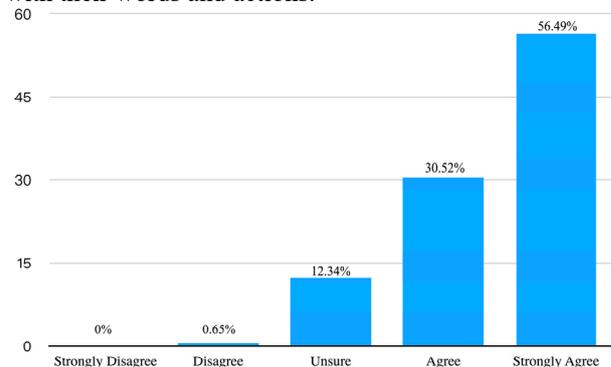
BPEFC	ACN
80.52%	86.36%

BPEFC=Buy products endorsed by your favorite celebrities, ACN=Attention to celebrity news

Note: Own work

According to Table 4, 86.36% of Gen Z respondents indicated that they often follow celebrity news, and 80.52% of Gen Z respondents expressed that they have purchased products endorsed by their favorite celebrities. This shows that Gen Z is more attentive, sensitive, and responsive to celebrity news and that the purchasing power of Gen Z in China is substantial. Brands and celebrity endorsers need to pay more attention to maintaining relationships with Gen Z consumers in the future and make strategic adjustments to address their preferences, which are very different from those of previous generations.

As shown in Fig.1, 56.49% of Gen Z respondents believe that the image of the brand endorser is closely related to the brand image, 30.52% of Gen Z respondents believe that the image of the brand endorser is related to the brand image. Therefore, it is necessary for brands to do a clear background check when selecting endorsers, and it is also advisable for brand endorsers to be careful with their words and actions.



**Fig.1.** Brand image and celebrity endorser's image

Note: Own work

## 5 Conclusion

Based on the results of the data analysis, the following three main conclusions and insights were drawn:

(1) Negative news about a brand endorser has different definitions in different people's minds. When

negative news about a celebrity appears, Gen Z will make their own judgments about whether this news is negative news. Once they decide that it is negative news, they will quickly react in terms of their favorability to this celebrity, brand image, brand reputation, and their purchasing behavior, etc. This data shows that 87.01% of the respondents believe that the image of the endorser is related to the brand image. Therefore, the majority of Gen Z will be less favorable to celebrities with negative news, and thus the reputation of the brand will be implicated and reduced among Gen Z. Based on the current situation in China, the incident of Yi made the public feel the extreme unfairness and tilt of social resources, which is one of the reasons why most of the Gen Z considered this incident as negative news, and also indirectly led to the negative impact of Gen Z on the favorability of Yi, the reputation of the brands he endorsed, and the consumer behavior.

(2) Similarly, positive news about a brand endorser also has different definitions in the minds of different people. In this survey, more than 97% of the Gen Z respondents considered "Wang supports floods in Henan province" to be positive news. Although the vast majority of the subjects thought it was positive, there was only a slight increase in their favorability towards Wang and their impression of his brand image and consumer behavior. This shows that the positive effect caused by positive news is not significant compared to negative news, but on the contrary, negative news can cause a greater negative effect.

(3) Most of the Chinese Gen Z has a high level of attention and sensitivity to news about celebrities. At the same time, more than 80% of Gen Z believe that the image of the endorser is closely related to the brand image. For the brand, it needs to do a more detailed background investigation when choosing an endorser. Only when the celebrity endorser and the brand are acting within the scope of reasonableness and legality can the effectiveness of celebrity endorsement be truly improved. Moreover, there is a fill-in-the-blank question in the questionnaire, "What kind of qualities do you think a celebrity endorser should have", and several words appear very frequently. For example, "high credibility", "positive image", "responsible", "professional", "dedicated", etc. It is evident that in Gen Z's mind, a qualified and suitable endorser should have at least these qualities. Therefore, brands should follow the trend and be more cautious in choosing endorsers, and choose celebrity endorsers with both "virtues and talents" for better meaning and effectiveness

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