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The Double-Edged Sword Effect of Negative Public Opinion on Beauty Brands by Internet Celebrity Founders: Taking Rhodes' 2024 Skin Color Inclusivity Crisis as an Example

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Abstract. This paper takes Rhode's dispute over the color matching of pocket powder blusher in 2024 as the core case, and compares Youthforia and Tati Beauty to analyze the dual role of negative public opinion when the founder of online celebrity is highly tied to the brand. The research conducts data triangulation based on peer-reviewed literature, industry data reports, corporate disclosures, and news reports. Analysis shows that negative public opinion can damage brand trust through reputation linkage and attribution of responsibility, and may also bring short-term attention; Whether this attention can be transformed into brand assets depends on the nature of the event, response speed, responsibility, and subsequent rectification. The Rhodes case shows that direct communication, involving critics in product improvement, and verifiable corrective actions can help restore trust, but public information is not sufficient to prove that negative public opinion itself leads to subsequent sales growth. This article proposes a dual path explanatory framework of "reputation damage controversial attention" based on this, and emphasizes the need to be cautious in the causal conclusions of the case.

Keywords: Internet celebrity founder, Brand crisis, Negative public opinion, Attribution theory, Trust Restoration

1. Introduction

In the beauty industry driven by social media, founders often assume roles such as brand endorsers, content producers, and value symbols simultaneously. This highly personalized brand structure can enhance communication and purchase intention through pseudo social relationships and source credibility, but it also forms a closer connection between personal reputation and corporate reputation; When the founder or their brand is involved in controversy, negative evaluations may spread along this link to brand attitude and corporate reputation [1-4]. Therefore, internet celebrity founders are both low-cost attention portals and centralized reputation risk nodes. The study on Chinese brand crisis samples also found that conformity cues in social platforms can drive the forwarding and commenting of crisis information, and may generate long tail diffusion [5].

Different brands exhibit different outcomes under similar public opinion pressure. e. L.F. Beauty announced the acquisition of Rhode in 2025 for a maximum transaction consideration of $1 billion,

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disclosing Rhode's net sales for the 12-month period ending March 31, 2025 to be $212 million [6, 7]; Youthforia announced its closure in 2025 after the deepest foundation make-up color number dispute in 2024, and several retailers had previously taken the brand off the shelves [8]; Tati Beauty ceased operations in 2021, and its founder publicly mentioned multiple factors such as the pandemic and legal disputes [9]. These materials support the comparison of "crisis type response method follow-up results", but cannot be used to identify a single public opinion event as the sole reason for brand growth or closure. Based on this, this article proposes a research question: What are the opposite paths through which negative public opinion may affect the brand of internet celebrity founders, and what are the conditions that constrain its results?

This study is based on the analysis of meaning transfer, source credibility, quasi social relationships, attribution theory, and situational crisis communication theory. The theory of meaning transfer explains how the founder's image is linked to the brand's meaning [10]; Research on source credibility and quasi social relationships illustrates how trustworthiness, interactivity, and relationship strength affect brand attitudes and purchase intentions [11, 12]; Attribution research distinguishes the difference in blame between performance-based crises and value based crises [13, 14]; The theory of situational crisis communication emphasizes the selection of response strategies based on attribution of responsibility. These theories together form the framework for analyzing negative reputation damage, controversial concerns, and trust repair in this article.

This study adopts an exploratory multiple case study design, with Rhode as the longitudinal core case and Youthforia and Tati Beauty as controls. The materials include peer-reviewed papers, public industry reports, corporate regulatory disclosures, and media reports with clear authors and publication dates; Prioritize the use of enterprise disclosure and traceable first-hand or near first-hand records for key facts, and cross check them with different sources. Due to the lack of platform backend data, consumer level data, or experimental data in this article, the analysis results are used to propose mechanism explanations and propositions, and do not constitute statistical tests for mediating or causal effects.

The goal of this study is to construct a dual path explanatory framework for the brand crisis of internet celebrity founders: the first path is the formation of reputation loss through negative information linked to the founder brand, blame attribution, and trust decline; The second path is to increase the visibility of disputes and bring short-term attention. Further investigate how the correctability of events, the degree of value correlation, and the quality of crisis response affect the relative strength of the two paths, and based on this, propose crisis management recommendations for beauty brands.

2. Literature review

In order to systematically analyze the double-edged sword effect of negative public opinion on the beauty brands of internet celebrity founders, this study integrates three classic theories as analytical lenses and expands them with the latest developments in related research in recent years to construct a complete theoretical analysis framework.

With the development of social media platforms and the creator economy, internet celebrity founders combine personal narratives, interactive relationships, and brand management. In recent years, empirical research has shown that pseudo social relationships, credibility, and interactivity can enhance consumers' brand attitudes, purchase intentions, and content dissemination intentions [2-4]. This indicates that the founder's personal reputation is not an ancillary variable outside of brand communication, but an important clue for consumers to evaluate the brand; The same connection also means that risks are more likely to shift to the brand after disputes occur.

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Hussain and others found that based on a study of 550 respondents that negative public opinion from celebrities can damage brand reputation and corporate reputation. Although this evidence comes from celebrity endorsement scenes, it is enlightening for the founder brand of internet celebrities: compared to ordinary endorsers, founders are more likely to participate in brand decision-making and value expression, and consumers are more likely to see their behavior as a signal of the brand itself. Therefore, this article regards the "founder brand connection strength" as an important prerequisite for reputation transmission, but acknowledges that spokespersons and founders are not completely equivalent, and relevant inferences still need to be tested by specialized founder samples.

The theory of meaning transfer suggests that the cultural significance carried by celebrities can be transferred to products and consumers through the process of dissemination and consumption. In the context of social media, this process no longer relies solely on one-way advertising: the quasi social relationships formed by continuous interaction will enhance the credibility of internet celebrities and further influence brand attitudes, purchase intentions, and electronic word-of-mouth [2-4]. Therefore, when the founder and the brand coexist for a long time, consumers may incorporate their judgments of the founder's taste, authenticity, and values into the brand's meaning.

Meaning transfer may also result in negative outcomes. The damage of negative information about celebrities to brand and corporate reputation has been empirically supported [1]. Based on the theory of meaning transfer [10], this article explains this phenomenon as "negative meaning transfer": consumers write negative evaluations of the founder or brand events into the brand meaning, and adjust their attitudes and purchasing behavior accordingly. It should be emphasized that this concept in this article is a case-based extension of existing theories, rather than a mediator variable that has been separately validated by this study.

This article proposes the first path based on this: after the dispute triggers the responsibility judgment, the negative meaning may be transferred from the founder or product event to the brand, causing a decrease in trust and purchase intention [1, 10]. If the brand subsequently provides explanations, apologies, and verifiable improvements that match the level of responsibility, consumers may re evaluate the cause of the incident and the credibility of the brand [14, 15], thus creating conditions for meaning reconstruction.

The theory of source credibility regards professionalism and trustworthiness as important foundations for persuasive effectiveness [11]. In social media marketing research, credibility and quasi social relationships are significantly correlated with brand attitude and purchase intention [2-4,12]. For internet celebrity founders, direct response during a crisis may improve communication accessibility, but true trust repair still depends on whether the information is truthful, whether they take responsibility, and whether there are follow-up actions in place; Personally responding does not automatically equate to trustworthiness.

Crisis communication research emphasizes that response strategies should match the perceived crisis responsibility of the public and reduce reputation threats through remedial actions. The type of brand crisis can also affect blame: crises related to product performance typically receive lower levels of internal attribution and blame than crises related to values [14]. Therefore, effective trust repair is not a single apology, but a process of "acknowledging the problem, explaining responsibility, implementing corrective actions, and continuously verifying"; For value based crises, it is more difficult to restore trust solely through communication skills. Chinese consumer research has also found that moral related crises are more likely to trigger conflicting attitudes and reduce repeat purchases and word-of-mouth communication than ability related crises [16]. In addition, a sample study of Chinese enterprises shows that negative online information can affect brand

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attitudes through brand reputation, and strong communication skills have a certain buffering effect; Although negative rumors differ in nature from confirmed product controversies, this result still indicates that sustained communication skills are an important variable for crisis resilience [17].

The Rhodes case provides procedural materials for the above judgment. After George publicly criticized the graying effect of powder blusher on dark skin, Bieber directly communicated with him and provided compensation for color number consultation; George subsequently stated that the brand listened to feedback and adjusted the formula [18]. Interviews and industry reports in 2025 further indicate that George was involved in Rhodes' subsequent product consulting, and the brand invited him to enter the laboratory. The new color code will be launched about six months later [19, 20]. These actions are closer to observable improvements than mere statements, but their net effect on consumer trust still needs to be investigated or tested with experimental data.

Attribution theory suggests that people will explain negative events based on the internal and external, stability, and controllability of the reasons, which affect blame, emotions, and subsequent behavior. In a brand crisis, consumers not only judge whether the event is negative, but also whether the company should be responsible, whether the problem will happen again, and whether the brand has the ability to control and correct it. Therefore, public opinion of the same scale may have different consequences due to different types of events and attribution of responsibility.

Wang, Chan, and Gohary compared performance based and value based brand crises through three experiments and found that value based crises are more likely to trigger internal attribution and blame towards the company, and reduce brand attitudes through blame [14]. This conclusion suggests that although skin tone adaptation issues manifest as product performance defects, they may also be understood by consumers as issues of inclusive values, and therefore cannot be simply attributed to "external and unstable" mistakes. Whether a brand can redefine an incident as a correctable product issue through timely rectification is a dynamic process that requires evidence support.

Based on this, this article understands "revisionability" as the result of consumer attribution and brand action shaping together, rather than an event prior attribute. There is a technical rectification path for formula or color code issues, but if the brand delays response or recurs, it may also be attributed to stable values defects; On the contrary, quick accountability, involving affected groups, and publicly disclosing improvement results may reduce stability and internal judgment [14, 15]. This dynamic attribution perspective constitutes an important boundary condition for the dual path effect.

In summary, existing research has demonstrated the reputation spillover of negative information about celebrities, the role of pseudo social relationships and credibility, and the differences in blame for different types of crises [1-4]. However, applying these mechanisms to the scenario where internet celebrities are also brand founders still has three shortcomings:

Firstly, most studies focus on celebrity endorsement scenarios, with insufficient attention paid to the unique negative public opinion effects of internet celebrities as brand founders. The founder is not only the "face" of the brand, but also the decision-maker of brand strategy and values. The depth, transmission speed, and repair path of negative public opinion may differ fundamentally from that of a simple spokesperson.

Secondly, existing research mostly focuses on the single directional effects (either damage or repair) of negative public opinion, and rarely examines the parallel positive and negative effects and their transformation conditions in the same event. In fact, controversial events often bring huge search heat and traffic dividends while triggering resistance, and this parallel mechanism has not been fully revealed in existing literature.

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Thirdly, empirical research on the specific strategy of "transforming critics into collaborators" in crisis response is extremely limited. Traditional crisis communication literature often focuses on passive response methods such as apology, denial, and defense, while the practice of actively involving critics as participants in rectification is rarely analyzed in depth.

This study is based on the above-mentioned gaps and takes the Rhodes 2024 skin color inclusiveness crisis as a case study to systematically explore the parallel mechanism and boundary conditions of the double-edged sword effect of negative public opinion. The aim is to reveal how negative meaning transfer and controversial attention work in parallel on brand fate, and under what conditions negative public opinion can achieve positive transformation.

3. Case analysis and discussion

Case analysis and discussion demonstrate the coexistence of reputation damage and controversial concerns in the Rhodes crisis. In August 2024, Golloria George evaluated powder blusher in Rhode pocket at TikTok, and pointed out that multiple color numbers showed graying effect on dark skin; Subsequently, Bieber communicated directly with George, who publicly stated that the brand took responsibility, adjusted the formula, and compensated for his color code consulting work. According to data from 2025, George continues to be involved in Rhodes product consulting, with industry reports stating that the brand invited him into the laboratory and will launch an extended color code approximately six months later; The related collaborative content has received millions to tens of millions of views [19, 20]. These pieces of evidence indicate that the criticism event generated both negative reviews and high visibility, and also demonstrate that the brand took observable corrective actions. Subsequently, e.l.f. Beauty disclosed that Rhode achieved net sales of $212 million in the 12 months ending March 31, 2025, and announced acquisition transactions of up to $1 billion. However, the chronological order and co-occurrence cannot prove that disputes or responses led to sales growth; A more reliable conclusion is that high-quality responses may reduce reputation damage and help brands absorb the attention originally brought by controversy. The comparative case further shows that the brand outcome cannot be attributed to a single public opinion. After expanding the color number of Date Night foundation make-up, George criticized Youthforia's darkest color number as lacking the color change of the color that suits the dark skin; Reports show that Credo, Revolve, and Thirteen Lune subsequently delisted their brands, and Youthforia announced its closure in 2025. The report also pointed out that the founder did not explicitly attribute the closure to controversy, so this article only considers it as an important background variable. Tati Beauty closed in 2021, and the founder mentioned multiple reasons such as the pandemic and legal disputes [9], which should not be simplified as "integrity disputes directly leading to delisting". A more cautious proposition can still be raised in the comparison of the three cases: when a brand can quickly take responsibility, involve affected groups in rectification, and provide verifiable results, it is more likely to reduce stability and internal attribution; Delay, ambiguity, or lack of substantive action in response make it more difficult to prevent reputation damage [14, 15].

4. Conclusion

This article proposes a dual path explanatory framework of "reputation damage controversial attention". Firstly, when the founder is highly tied to the brand, negative information may spill over to the brand reputation; Secondly, controversy increases visibility, but attention itself does not equate to positive brand assets; Thirdly, the type of crisis, attribution of public blame, and the

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quality of rectification determine whether attention can be taken over by the brand without continuously eroding trust. In terms of management, brands should distinguish between product performance and value risks, quickly verify and acknowledge identifiable issues; The founder can communicate directly, but it must be supported by substantive actions such as compensation, product modifications, third-party participation, and subsequent disclosure; Transforming critics into consultants with real decision-making power and reasonable compensation can help improve the verifiability of rectification. The limitation of this article lies in the use of publicly available second-hand information, lacking consumer experiments, platform background data, and counterfactual comparisons, thus unable to confirm intermediary effects or sales causality. Future research can verify two paths and their boundary conditions through experiments, in-depth interviews, and time series data.

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