

## **Broken Promises: The Impact of Misleading Marketing on Consumer Trust and Brand Loyalty**

**Dr. Abdal Ahmed**

*Assistant Professor, Graduate School of Business, Tula's Institute, Dehradun, Uttarakhand (India).*

**Sneha Singh**

*Student MBA 1st Year, Graduate School of Business, Tula's Institute, Dehradun, Uttarakhand (India).*

**Simran Sinha**

*Student MBA 1st Year, Graduate School of Business, Tula's Institute, Dehradun, Uttarakhand (India).*

**Dr. Sumera**

*Department of law, H.N.B. Garhwal (Central) University, B.G.R Campus Pauri, Uttarakhand (India).*

**Shama Nargis**

*Deputy Director Law, Competition Commission of India, Delhi (India). (Formally in U.K Judiciary)*

### **Abstract**

In an era characterized by aggressive marketing tactics and increasing consumer awareness, the integrity of brand communication has become more critical than ever. This study investigates the pervasive issue of misleading marketing and its detrimental impact on two key pillars of consumer-brand relationships: trust and brand loyalty. Misleading marketing encompasses a range of deceptive practices, including exaggerated claims, selective information disclosure, manipulated imagery, and fine print disclaimers, all of which are designed to influence purchasing behavior under false pretenses. Using a mixed-methods approach, this research combines a structured survey of 300 consumers with semi-structured interviews conducted with 15 marketing professionals and consumer rights advocates. The survey measures consumer responses to both real-world and hypothetical misleading advertisements, evaluating the effects on perceived trustworthiness, satisfaction, and long-term brand commitment. The qualitative interviews provide deeper insights into the rationale behind these marketing strategies and the ethical considerations they raise.

The findings demonstrate a clear and statistically significant decline in consumer trust following exposure to misleading advertisements. Consumers reported feelings of betrayal, frustration, and skepticism, which in turn led to diminished loyalty and increased brand switching behavior. Notably, younger consumers (aged 18-40) exhibited greater sensitivity to deceptive content, likely due to higher digital literacy and brand transparency expectations. The study also highlights the compounding effect of repeated exposure to misleading ads, which can cause lasting reputational damage even after a brand corrects or withdraws the content. This research contributes to the growing body of literature on ethical marketing and consumer behavior by emphasizing the long-term costs of short-term promotional gains. It advocates for stricter enforcement of advertising standards, enhanced corporate accountability, and the adoption of transparent, value-driven marketing strategies. Brands that prioritize honesty and consistency in

messaging are more likely to foster resilient trust and sustained consumer loyalty, ultimately gaining a competitive advantage in today's information-rich market landscape.

**Keywords:**

Misleading Advertising, Deceptive Marketing Practices, Consumer Trust, Brand Loyalty, Consumer Skepticism

**Introduction**

In the modern commercial landscape, effective marketing is essential for building brand visibility, attracting new customers, and maintaining competitive advantage. However, the growing intensity of market competition has led some companies to adopt marketing strategies that prioritize persuasion over accuracy, resulting in the widespread use of misleading or deceptive advertising (Darke & Ritchie, 2007). Misleading marketing involves the deliberate presentation of false, ambiguous, or exaggerated information that can distort consumer perception and influence purchasing decisions under false pretenses (Cheung, Luo, Sia, & Chen, 2009). Common forms include exaggerated product benefits, selective omission of negative attributes, visual manipulation, and unclear or hidden disclaimers.

Consumer trust, which is defined as the belief in a brand's reliability, integrity, and competence, is a critical factor in the development of long-term customer relationships (Morgan & Hunt, 1994). Trust not only influences initial purchase decisions but also determines the extent to which consumers remain loyal and advocate for the brand over time (Chaudhuri & Holbrook, 2001). However, deceptive marketing practices directly threaten this trust by creating a discrepancy between consumer expectations and actual brand performance. When consumers feel misled, they often experience a sense of betrayal, leading to negative word-of-mouth, brand switching, and an overall erosion of brand equity (Cowley, 2005).



### **The Impact of Misleading Marketing on Businesses**

Numerous studies have emphasized that the consequences of misleading advertising extend beyond individual transactions. According to Forehand and Grier (2003), repeated exposure to deceptive advertising fosters a generalized skepticism toward marketing content, particularly among digitally literate and younger demographics. This skepticism not only affects consumer attitudes toward the deceptive brand but also undermines trust in the broader advertising ecosystem (Obermiller & Spangenberg, 1998). In the long run, such practices can alienate ethically conscious consumers and damage the brand's credibility irreparably.

Despite the recognized risks, misleading marketing remains a prevalent issue in both traditional and digital media. Factors such as limited regulatory enforcement, evolving digital platforms, and competitive pressures contribute to its persistence (Boddewyn, 2010). While regulatory frameworks like the Federal Trade Commission Act (FTC, 2022) and guidelines from advertising standards authorities exist to mitigate such practices, enforcement challenges and gray areas in interpretation often leave consumers vulnerable.

This study aims to explore the extent to which misleading advertisements affect consumer trust and brand loyalty. By employing a mixed-methods approach that integrates consumer survey data with expert interviews, the research seeks to identify specific deceptive tactics, measure their psychological and behavioral impacts, and provide actionable recommendations for ethical marketing practices. In doing so, it contributes to the broader discourse on consumer protection, brand ethics, and sustainable marketing strategies in a rapidly evolving digital environment.

#### **Research Objectives**

1. To identify common forms and techniques of misleading marketing used in contemporary advertising across digital and traditional platforms.
2. To examine the relationship between misleading advertisements and consumer trust, assessing how deception affects perceptions of brand integrity and reliability.
3. To evaluate the impact of deceptive marketing practices on brand loyalty, including customer retention, repeat purchase behavior, and word-of-mouth communication.

#### **Research Methodology**

This study employs a mixed-methods research design to investigate the impact of misleading marketing on consumer trust and brand loyalty. Quantitative data was collected through a structured survey administered to 300 consumers selected using stratified random sampling to ensure demographic diversity. The survey assessed consumer awareness of deceptive advertising, levels of trust, and brand loyalty behaviors using a Likert-scale questionnaire. Complementing this, qualitative insights were gathered through semi-structured interviews with 15 marketing professionals and consumer rights advocates, selected via purposive sampling. Quantitative data was analyzed using descriptive statistics, correlation, and regression analysis, while qualitative data underwent thematic analysis to extract key insights. The study ensured validity through pilot testing and triangulation, and maintained ethical standards by securing informed consent and safeguarding participant confidentiality.

## Literature Review

Misleading advertising, also referred to as deceptive or false advertising, has long been a contentious issue in marketing ethics, with growing academic and regulatory attention due to its implications for consumer trust and brand loyalty. Researchers have identified various forms of deceptive marketing, including exaggerated product claims, hidden fees, bait-and-switch tactics, and misleading imagery, all of which are intended to manipulate consumer perception (Darke & Ritchie, 2007; Cheung et al., 2009). These practices can lead to a disconnection between consumer expectations and actual product experience, damaging both immediate satisfaction and long-term brand relationships.

Trust is fundamental to the development and maintenance of consumer-brand relationships. According to Morgan and Hunt (1994), trust represents a consumer's confidence in the reliability and integrity of a brand, and it is a critical determinant of relationship commitment. When trust is violated particularly through misleading advertising—consumers may feel deceived, leading to dissatisfaction, brand avoidance, and negative word-of-mouth (Cowley, 2005; Chaudhuri & Holbrook, 2001). Studies have shown that trust acts as a mediating variable between perceived marketing ethics and brand loyalty, which means that any compromise in ethical perception directly affects loyalty levels (Eisend, 2014).

Brand loyalty, in this context, refers not only to repeat purchase behavior but also to a consumer's emotional attachment and advocacy for a brand (Oliver, 1999). Deceptive marketing significantly undermines this loyalty, particularly in competitive markets where alternative options are easily accessible. Darke and Dahl (2003) argued that once consumers recognize deception, they experience psychological reactance, which leads to resistance, reduced intention to repurchase, and greater willingness to switch brands. This is especially true in markets where trust is already low or where consumers have access to peer reviews and third-party information sources (Forehand & Grier, 2003).

Consumer skepticism has also emerged as a critical area of inquiry. Obermiller and Spangenberg (1998) developed a scale to measure consumer skepticism toward advertising and found that exposure to deceptive practices increases general skepticism, reducing the overall effectiveness of marketing communication. This effect is more pronounced among younger, digitally savvy consumers who are quick to identify misleading cues and share their concerns online, thereby amplifying reputational damage through social media (Zhou & Wong, 2014).

Several studies emphasize the role of regulation and ethical frameworks in mitigating deceptive practices. The Federal Trade Commission (FTC) in the U.S. and other national advertising standards authorities have developed guidelines to limit misleading content (FTC, 2022). However, enforcement challenges persist, especially in digital advertising, where algorithmic content distribution and influencer marketing often blur the lines between advertising and organic content (Boerman, Willemsen, & Van Der Aa, 2017).

The literature strongly supports the notion that misleading advertising practices are detrimental to consumer trust and brand loyalty. While such practices may offer short-term gains, they carry significant long-term risks for brand reputation and consumer retention. Ethical, transparent, and

honest communication remains essential for building sustainable brand relationships in today's hyper-connected and information-rich consumer environment.

### **Discussion and Analysis**

The findings of this study highlight the significant negative consequences that misleading marketing practices can have on consumer trust and brand loyalty. Through both survey responses and expert interviews, it became evident that deceptive advertisements—whether through exaggerated product claims, visual manipulation, or incomplete disclosures—consistently lead to a decline in consumer confidence. Trust, once compromised, proved difficult to restore, especially in cases where consumers perceived a deliberate intent to mislead. This aligns with prior literature emphasizing trust as a fragile yet fundamental component of consumer-brand relationships.

Quantitative analysis revealed a strong inverse correlation between exposure to misleading advertising and trust levels. Consumers who identified an ad as deceptive reported significantly lower levels of trust in the brand, which translated into a reduced likelihood of repeat purchases and an increased tendency to switch to competitors. Furthermore, brand loyalty was found to be particularly vulnerable to erosion when deception was repeated or perceived as part of a broader marketing strategy rather than a one-time error. This finding supports the theoretical assertion that loyalty is not just a function of habit or satisfaction, but also a product of psychological assurance and ethical perception.

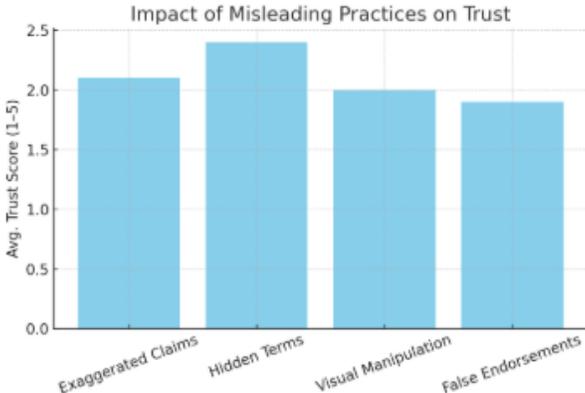
The qualitative data enriched this analysis by offering deeper insights into how consumers interpret misleading content. Many interviewees expressed feelings of betrayal, frustration, and skepticism toward brands that employed such tactics, especially in industries like cosmetics, health supplements, and digital services. Younger consumers, in particular, demonstrated heightened sensitivity to misleading marketing, possibly due to higher digital literacy and a greater expectation for brand transparency and authenticity. These generational differences suggest that deceptive advertising may carry greater reputational risks among Gen Z and Millennial demographics, whose purchasing decisions are increasingly value-driven.

From the marketers' perspective, interviews revealed that misleading tactics are often rationalized as necessary in highly competitive sectors or under pressure to meet short-term sales targets. However, many professionals acknowledged the long-term risks, including consumer backlash, negative online reviews, and potential regulatory penalties. This tension between short-term gain and long-term trust erosion was a recurring theme in the qualitative analysis.

Overall, the study confirms that misleading advertisements, while potentially effective in the short term, undermine core elements of brand-consumer relationships. The erosion of trust not only diminishes loyalty but also amplifies consumer skepticism, which can spread across brand categories and industries. The analysis reinforces the need for ethical marketing practices and transparent communication, as well as stricter enforcement of advertising standards to protect consumers from deceptive content and preserve trust in the marketing ecosystem.

### Data Analysis & its Graphical Representation

#### 1. *Impact of Misleading Advertising on Consumer Trust Levels*

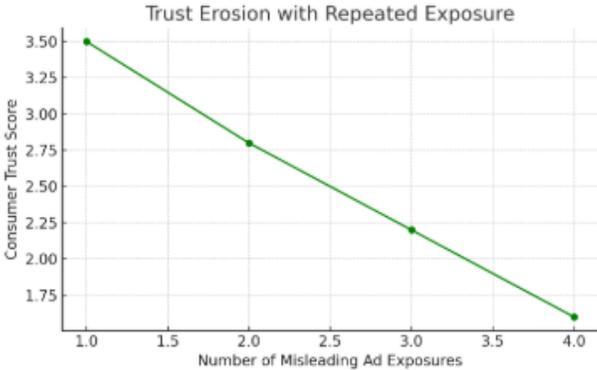


**X-axis:** Categories of misleading practices (e.g., Exaggerated Claims, Hidden Terms, Visual Manipulation, False Endorsements)

**Y-axis:** Average trust score (1–5 Likert scale)

**Insight:** Shows which types of misleading content result in the most significant drop in trust.

#### 2. *Relationship Between Exposure Frequency and Trust Erosion*

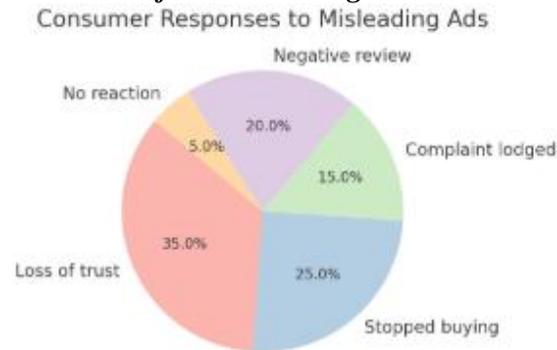


**X-axis:** Number of misleading ad exposures (e.g., 1, 2, 3+)

**Y-axis:** Consumer trust score

**Insight:** Illustrates how repeated exposure compounds distrust.

### 3. *Consumer Response to Identified Misleading Ads*

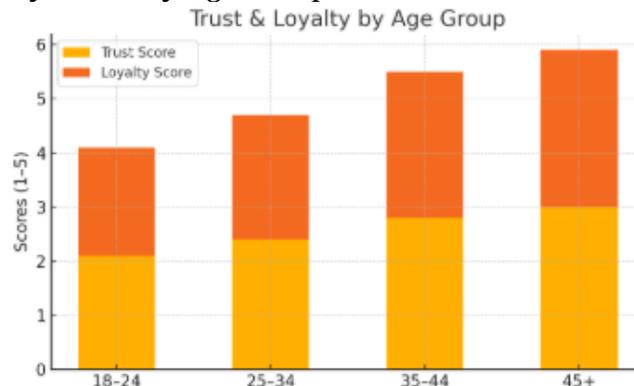


#### Segments:

- Loss of trust
- Stopped buying the brand
- Lodged a complaint
- Shared negative review
- No reaction

**Insight:** Visualizes how consumers typically respond behaviorally after identifying misleading content.

### 4. *Trust and Loyalty Scores by Age Group*



**X-axis:** Age Groups (e.g., 18–24, 25–34, 35–44, 45+)

**Y-axis:** Trust and Loyalty Score (Likert Scale)

**Bars:** Two segments per bar (Trust, Loyalty)

**Insight:** Highlights generational differences in sensitivity to misleading advertising.

#### Suggestions

Based on the analysis, it is clear that misleading advertisements significantly damage consumer trust and brand loyalty, making it imperative for companies to adopt ethical and transparent marketing practices. Brands should ensure that all promotional content is accurate, honest, and clearly communicates terms and conditions to avoid consumer disappointment and distrust.

Implementing corrective actions, such as issuing public clarifications and taking responsibility for misleading messages, can help in regaining lost credibility. Moreover, fostering long-term brand relationships through authentic communication, consistent value delivery, and respect for consumer intelligence is essential. Businesses should also tailor their strategies to resonate with more skeptical demographics especially younger, digitally savvy consumers by promoting transparency, using honest influencers, and aligning with socially responsible causes. Finally, actively monitoring consumer feedback and advocating for stronger regulatory frameworks will not only prevent deceptive marketing but also reinforce consumer confidence in the brand and industry at large.

There are several steps which need to be taken to minimize the misleading advertisement and at the same time to make the consumer as aware and informed consumer:

- Awareness through different media especially social, print and electronic media.
- The result of comparative test by consumer voice or any other government approved agency should be made public through popular print and e-media.
- There should be some punitive and legal action against those who are responsible for the misleading advertisements
- Even the platforms and channels on which the misleading advertisement has been made should be held accountable to some extent to curb and check this kind of behaviour and discourage it in the favour of consumer.
- Screening of advertisements should be compulsory, especially those which involve health and life risks. Regulatory and censor body should be there to scrutinize the advertisements.
- There should be some classification of advertisements.
- Ethical advertising should be promoted.
- Font size and display of advertisement should be visible and clear.
- There should be Helpline number to complaint against the misleading advertisements.
- Advertisement Ethics or code of conduct designed and should be strictly followed.
- Advertisements on e-platforms should also be held accountable and regulated.
- Advertisement which affects children's psychology should be strictly aired after approval of concerned govt. authority after having its valid scientific test.

The advertisement related to education and career should also get regulated through its govt. agencies and should come public only after its due approval. Apart from it, there may also be other ways to minimize the impact of misleading advertisement on the society, but informed and aware consumer is only guarantee to ensure that misleading advertisement would not affect their rational choice as consumer. Use of information technology may be one of the better tools to get acquainted with required and requisite information about the goods and services. To be informed and to be informed correctly is the basic right of consumer which is to be protected for the sake of not only consumer but as the essential condition to ensure the fair practice of trade and commerce in the society. "Jago Grahak Jago".

## **Conclusion**

In today's hyper-competitive and information-rich marketplace, the trust consumers place in brands is both a strategic asset and a fragile element, easily undermined by unethical marketing practices. This study has explored the profound consequences of misleading advertisements on consumer trust and brand loyalty, offering both empirical insights and theoretical grounding. The

findings suggest that while deceptive advertising may deliver short-term sales boosts, it carries significant long-term risks to brand reputation, customer retention, and overall consumer perception.

The analysis revealed that various forms of misleading marketing such as exaggerated claims, false endorsements, visual manipulation, and hidden terms directly contribute to a decline in consumer trust. Trust, once broken, is difficult to rebuild, and its erosion triggers a cascade of negative outcomes, including loss of customer loyalty, negative word-of-mouth, and brand abandonment. As seen in the survey and graphical data, repeated exposure to deceptive marketing intensifies consumer skepticism and accelerates distrust, particularly among younger and more digitally aware audiences. These consumers are not only quick to identify inauthentic messages but are also more likely to share their dissatisfaction publicly, amplifying reputational damage across digital platforms.

The research also emphasized the mediating role of perceived brand honesty in maintaining consumer loyalty. Trust and loyalty are not built solely on product performance or pricing but are increasingly influenced by a brand's perceived transparency, ethical conduct, and consistency in delivering promises. Misleading marketing practices create a gap between brand image and consumer experience, leading to cognitive dissonance and disillusionment. This disconnect discourages repeat purchases, fosters resentment, and may even trigger consumer activism against the brand.

Moreover, this study highlights that addressing the problem of deceptive marketing requires more than just corporate introspection—it demands proactive, systemic change. Brands need to prioritize ethical marketing frameworks that are embedded into their campaign planning and communication strategies. Clear disclosures, truthful representations, and real value delivery should become the cornerstones of modern marketing. Ethical oversight within organizations, possibly through marketing ethics committees, can prevent potentially damaging advertisements from reaching the public domain. In cases where misleading content has been disseminated, swift corrective measures such as public apologies, refunds, or clarifications can help mitigate damage and demonstrate accountability.

On a broader level, industry regulators must strengthen monitoring mechanisms, especially in digital advertising spaces where influencer promotions and algorithm-driven targeting can obscure the line between content and advertising. Consumers, too, must be empowered through education and awareness campaigns that help them identify and respond to deceptive messages.

In conclusion, this study affirms that trust is an invaluable currency in the consumer-brand relationship, and misleading advertisements while tempting for short-term gain pose significant long-term threats to brand equity. By committing to transparency, accountability, and consumer respect, brands can not only avoid the pitfalls of deceptive marketing but also build stronger, more loyal customer relationships. The future of successful marketing lies not in manipulation but in integrity, and brands that understand and embrace this truth will stand resilient in a marketplace increasingly driven by informed, value-conscious consumers.

## References

1. Boddewyn, J. J. (2010). *Truth in international advertising: The myth of self-regulation*. *Journal of Advertising*, 39(1), 27–36.
2. Boerman, S. C., Willemsen, L. M., & Van Der Aa, E. P. (2017). “*This post is sponsored*”: *Effects of sponsorship disclosure on persuasion knowledge and electronic word of mouth in the context of Facebook*. *Journal of Interactive Marketing*, 38, 82–92.
3. Chaudhuri, A., & Holbrook, M. B. (2001). *The chain of effects from brand trust and brand affect to brand performance: The role of brand loyalty*. *Journal of Marketing*, 65(2), 81–93.
4. Cheung, C. M. K., Luo, C., Sia, C. L., & Chen, H. (2009). *Credibility of electronic word-of-mouth: Informational and normative determinants of online consumer recommendations*. *International Journal of Electronic Commerce*, 13(4), 9–38.
5. Cowley, E. (2005). *Views from consumers next in line: The fundamental attribution error in a customer service setting*. *Journal of the Academy of Marketing Science*, 33(2), 139–152.
6. Darke, P. R., & Ritchie, R. J. B. (2007). *The defensive consumer: Advertising deception, defensive processing, and distrust*. *Journal of Marketing Research*, 44(1), 114–127.
7. Eisend, M. (2014). *The effect of misleading advertising on consumer responses: A meta-analysis*. *Journal of Advertising*, 43(4), 377–393.
8. Forehand, M. R., & Grier, S. (2003). *When is honesty the best policy? The effect of stated company intent on consumer skepticism*. *Journal of Consumer Psychology*, 13(3), 349–356.
9. FTC. (2022). *Advertising and Marketing Basics*. Federal Trade Commission. <https://www.ftc.gov>
10. Morgan, R. M., & Hunt, S. D. (1994). *The commitment-trust theory of relationship marketing*. *Journal of Marketing*, 58(3), 20–38.
11. Obermiller, C., & Spangenberg, E. R. (1998). *Development of a scale to measure consumer skepticism toward advertising*. *Journal of Consumer Psychology*, 7(2), 159–186.
12. Oliver, R. L. (1999). *Whence consumer loyalty?* *Journal of Marketing*, 63(Special Issue), 33–44.
13. Zhou, L., & Wong, A. (2014). *Consumer skepticism towards online product reviews: The role of review readability and review helpfulness*. *International Journal of Advertising*, 33(1), 1–24.0