

# The reparation of trust after negative feedback – the results of two online experiments among eBay users

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## Trust and reputation systems

- Trust is central problem in online markets
- reputation systems are regarded as THE solution of the trust problem
- Numerical feedback: e.g., absolute numbers of positive, neutral, and negative comments (eBay recently changed details!)
- Qualitative feedback: short text comment + short text reaction possible

### Prior research

- Numerical information about reputation has an effect; positive reputation pays (often) off (price premium, probability of sale)
- Extremely positive or negative text comments additionally explain variance in price premium (Pavlou & Dimoka, 2006)
- **Unclear:** Can short text reactions help to re-build trust once it has been damaged?



## Why is it important to rebuild trust?

- Ebay is a noisy environment
  - ” Discrepancies between intended and actual outcomes for an interaction partner due to unintended errors.” (Van Lange, Ouwerkerk, & Tazelaar, 2002, p. 768)
    - => delayed trains, empty battery, lost parcels, ...
- Disappointed buyers tend to generalize perception of low trustworthiness to the whole community of sellers (Pavlou & Gefen, 2005)

## How can trust be repaired?

Kim et al. (2004):

- two reparation strategies:
  - a) apology
  - b) denial
- two types of violation of trust:
  - a) competence-based violation
  - b) morality-based violation
- positive-negative asymmetry of diagnosticity of information
- competence-based violation: apology more successful than denial
- morality-based violation: denial more successful than apology
- further influence factors: dispositional trust, believability of the reaction





## Hypotheses

H1a: In case of a competence-based trust violation, apology results in higher trustworthiness judgments than denial.

H1b: In case of a morality-based trust violation, denial results in higher trustworthiness judgments than apology.

H2: The higher the dispositional trust, the higher the perceived trustworthiness.

H3: The effects of comments and reactions on trustworthiness are mediated by believability.



## Experiment 1, Method

- How to study that?
- => Online experiment
- Data collection among Dutch eBay users (recruited via Panel)
- => controlled manipulation of variables (vs. real eBay-data)
- => real eBay users as participants (vs. students)



## Experiment 1, Method

- n=1141, response rate: 44.3%
- Scenario: bidding for a modern, high quality digital camera (175-225 Euro)

### Design and Measures

- 2 (violation: competence vs morality) by 3 (reaction: none vs. apology vs. denial)- between subjects design
- two scenarios per person: broken product and delayed delivery (4 weeks)
- dispositional trust and believability of the reaction measured
- dependent variable: trustworthiness (1-15)



# Example

**Gebruikersprofiel: Verkoper 1 (21)**

**Feedbackscore: 21** recente feedback  
**Positieve feedback: 92%**

		afgelopen maand	afgelopen 6 maanden	afgelopen 12 maanden
23 positieve feedback	Positief	4	17	23
0 neutrale feedback	Neutraal	0	0	0
2 negatieve feedback	Negatief	1	1	2

**Commentar**

incompetente eBayer, product was kapot (slecht verpakt)!

**Reactie** van verkoper 1: sorry, mijn fout

**Van**

Koper Y



## Experiment 1, Method

Scenario 1: broken product

- **Competence-based**: Incompetent eBayer, product was damaged (badly packaged)
- **Morality**-based: Bad eBayer, product was damaged!
- Apology: I'm sorry, my **mistake/fault**
- Denial: **Was well packaged, not my fault if he drops it on the ground!**/Worked well when I sent it, not my fault if he is unable to install it!
- no reaction: -



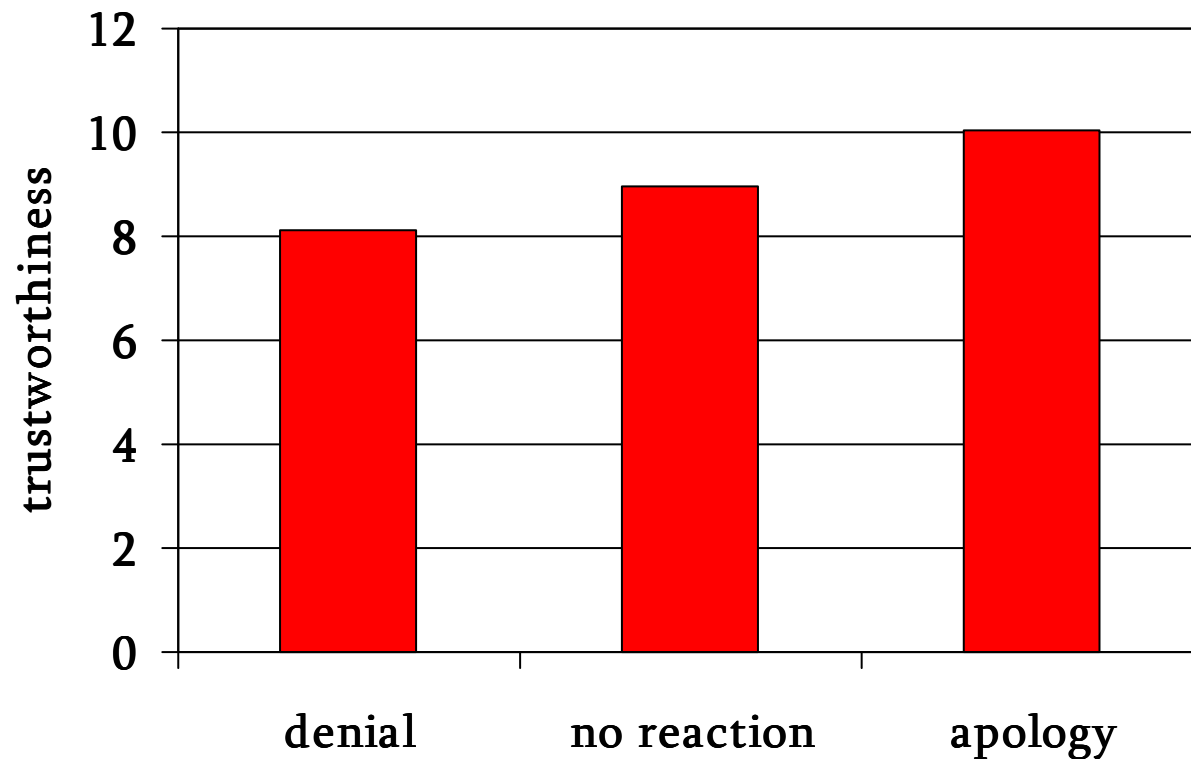
## Experiment 1, Method

Scenario 2: delayed delivery

- **Competence-based:** Wrong postal code, therefore took 4 weeks until I received product!
- **Morality-based:** Bad eBayer, took 4 weeks before I received the product!
- Apology: **I'm sorry, I interchanged two numbers./I'm sorry, I had an accident and had to go to the hospital.**
- Denial: **Buyer gave me wrong postal code, package came back!/ I sent it on time, don't know what happened with the mail delivery!**
- no reaction: -

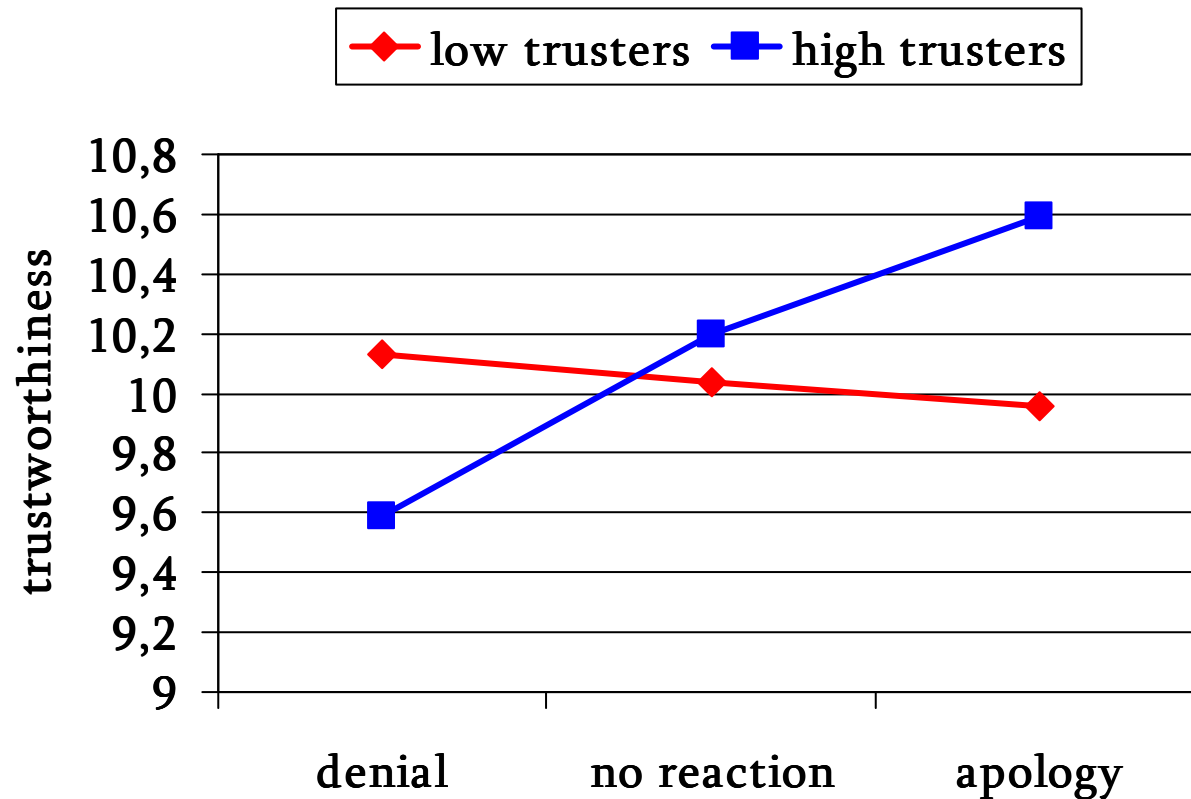


# Experiment 1, results, scenario 1: broken product



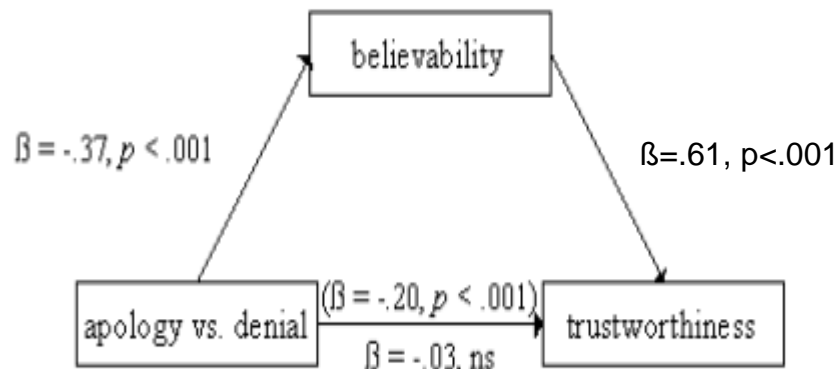


# Experiment 1, results, scenario 2: delayed delivery

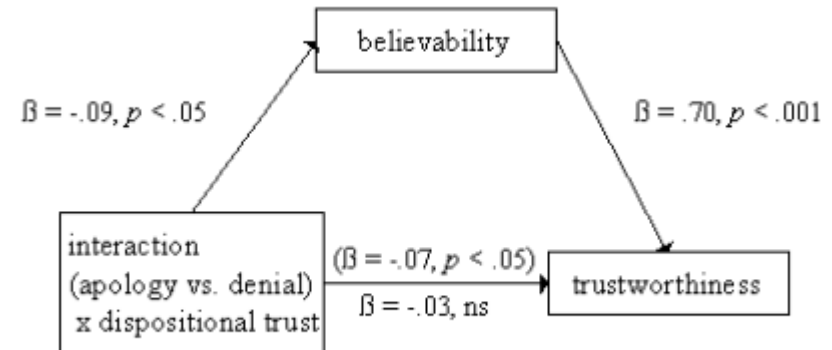


# Experiment 1, results mediation analyses

Broken product scenario



Delayed delivery scenario



Sobel test:  $z = -9.59, p < .001$

$z = -2.63, p < .01$



## Further results/discussion Experiment 1

- denial is not the most successful reaction in case of a morality-based trust violation!
- results mediated by believability of the reaction
- weaker effects in the delayed delivery scenario (only for high trusters)
- => delayed delivery not so severe?
- but also: different types of apologies: explanations vs. plain apologies (I'm sorry, my fault) in the broken product scenario
- only high trusters believe explanations?
- => Experiment 2

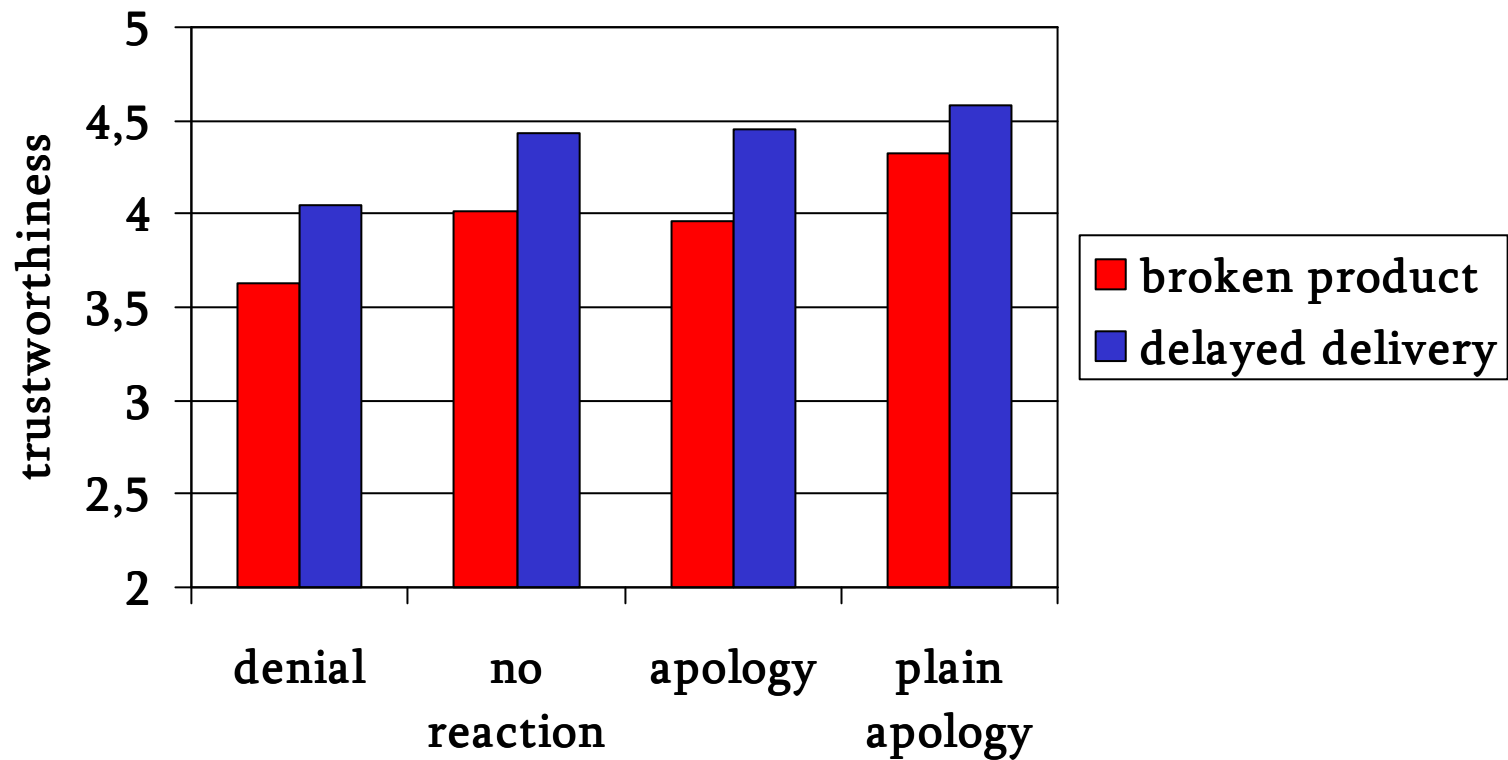


## Experiment 2, Method


- Data collection among Dutch eBay users, n=448
- same scenarios
- 2 (violation: competence vs morality) by 4 (reaction: none vs. apology vs. plain apology vs. denial)- between subjects design
- trust now measured with a scale (1-7)



## Experiment 2, results



# Discussion

- type of trust violation and severity affect trust
- reparation of trust via short text comments is possible => the detrimental effects of noise can be overcome!
- effects differed from predictions of Kim et al. (2004): plain apologies were under all conditions more successful than denials
- potential explanation: buyers treated denying eBay sellers as persons whose guilt was already proven
- implications for operators of online markets: offer the possibility to communicate!
- implications for sellers: say 



## Reflection on methodology, future research

- in comparison to real data from eBay:
  - efficient
  - controlled
- in comparison with experiments in the lab
  - more diverse sample, experienced eBay-users
- currently: similar experiments on the question how organizations should react on negative reviews in consumer communities