

# Rebuilding trust after negative feedback: the role of communication

Sonja Utz  
Vrije Universiteit Amsterdam  
Communication Science

vrije Universiteit



amsterdam

## agenda

- ◆ eBay as noisy environment
- ◆ Research on noise
- ◆ The effect of negative feedback on trust
- ◆ How to rebuild trust after negative feedback?
  - the role of time
  - the role of communication

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## noise

- ◆ (eBay as social dilemma)
- ◆ ... in a noisy environment!
- ◆ Noise: "Discrepancies between intended and actual outcomes for an interaction partner due to unintended errors." (Van Lange, Ouwerkerk, & Tazelaar, 2002, p. 768)
- ◆ negative noise => outcomes are worse than intended
- ◆ => stronger effect on intention to trust

- took 3 weeks to get product - average product quality Buyer [redacted]  
**Reply by [redacted]:** shipping was delayed 4 mem. day and Reagans death. buyer never contacted me
- thank you soo much for not answering a single email. paid and never received Buyer gu  
**Follow-up by [redacted]** seller was out of town misunderstanding thanks  
**Reply by [redacted]:** I was on a business trip, package was shipped and customer is happy.
- No GPS software! Will cost 139.00 more! Fraud! Beware of this Liar! wont answer  
**Reply by [redacted]:** Impatient, received software...no reply because computer problems.
- No payment...no contact...over 3 MONTHS!!! Unbelievable! You paid before!!! =(  
**Reply by [redacted]** I'm sorry, I was called up on active military duty. Very short notice.
- Jeans were Hilfiger fakes,states she didn't know.Was sorry and offered a refund. Buyer da  
**Reply by [redacted]:** I really had no clue, I try to satisfy my buyers, I failed this time~feel awful

## noise in eBay

- ◆ truth or lame excuses?
- ◆ millions of transactions every day
- ◆ even if reasons sound like lame excuses, in some cases they might be true...people become sick, computers crash, the postal service loses parcels,...
- ◆ => negative feedback does not necessarily indicate that the seller is dishonest



## research on noise

- ◆ computer simulations: noise has detrimental effects on cooperation (e.g. Bendor, Kramer, & Stout, 1999; Molander, 1985)
- ◆ especially in case of reciprocal strategies (tit-for-tat)
- ◆ => more generous, forgiving strategies do better (Kollock, 1993)
- ◆ same finding in laboratory studies (Van Lange et al., 2002)
- ◆ but: repeated interaction with the same interaction partner  $\Leftrightarrow$  eBay: different interaction partners



## Study 1

- ◆ Effects of time of negative feedback
- ◆ Laboratory study
- ◆ interest in effects of negative feedback on trust
- ◆ probability of sale and price are only proxies for trust
- ◆ influenced by many other factors: minimum bid, picture, type of picture, length and quality of description, ...

## Sample and design

- ◆ 165 students of Chemnitz University of Technology
- ◆ 8 profiles (4 filler)
- ◆ 2 (percentage: 97 vs. 83) x 2 (number negative feedback: 1 vs. 4) x 4 (time negative feedback) - design
- ◆ dependent measure: trust, scale from 1-15 (probability of bidding)

## eBay id-card

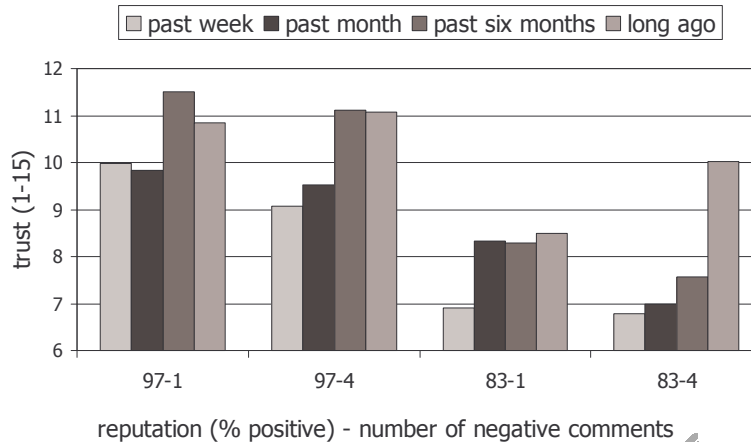
243 positives.  
223 are from  
unique users and  
count toward the  
final rating.

0 neutrals.

6 negatives. 6  
are from unique  
users and count  
toward the final  
rating.

eBay™		ID card		sellerX (217)	
Member since June, 2002					
Summary of Most Recent Comments					
	Past 7 days	Past month	Past 6 mo.		
Positive	1	21	127		
Neutral	0	0	0		
Negative	0	0	0		
<b>Total</b>	<b>1</b>	<b>21</b>	<b>127</b>		

## Effects of feedback and time of negative feedback on trust



## Discussion

- ◆ strong effect of relative amount of negative feedback (percentage)
- ◆ but also effect of time of negative feedback
- ◆ trust increases if negative feedback occurred some time ago => people are willing to forgive!
- ◆ trust increases already if negative incident occurred six months ago => effect is not only due to the fact that the feedback does not appear on the ID-card anymore
- ◆ But: eBay changed the system: past month, past 6 months, past 12 months
- ◆ => second study



## Study 2

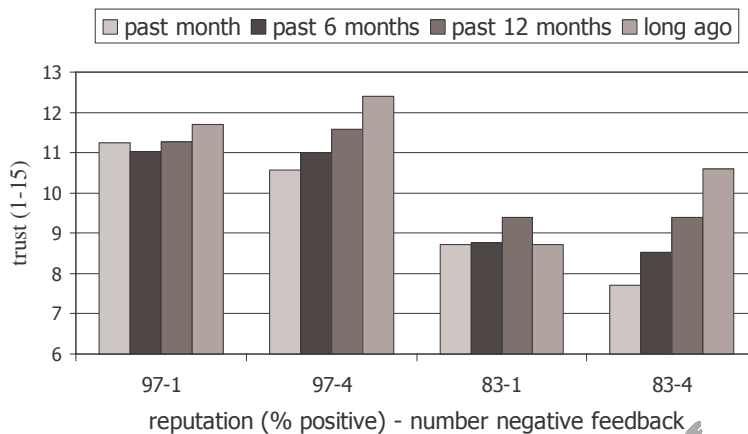
- ◆ replication of Experiment 1, only labels on top of the id cards were changed
- ◆  $n = 119$  VU students



## Comparison of filler profiles (baselines)

	Study 1	Study 2
0:	5.84	7.49
50%:	5.00	6.24
100% (3):	10.39	10.56
100% (30):	12.63	12.77

## Effects of feedback and time of negative feedback on trust - study 2



## Discussion

- ◆ Effects slightly different => no effect of time if there is only one negative feedback
- ◆ => one mistake is always forgiven
- ◆ the more negative the profile, the more influential the time of negative feedback
- ◆ => implication for eBay: change in display (artificially) increases overall level of trust!
  
- ◆ not studied so far: the cause of the negative feedback and (possible) reactions

⊖ Waited past deadline for payment. No contact. No payment.

⊖ Hello, I received the Tropical Birds today, but number 19 is missing.

Buyer [chi](#)

**Reply** by [diyjeff6366](#): Please look at ad again, you will find that it was stated that No 19 was missing

⊖ BEWARE! Bag was not LEATHER as described (strap, belt and piping are vinyl).

**Reply** by [mixologist1](#): READ DESCRIPTION !

⊖ Item has not been shipped yet!

Buyer [airmedic1](#)

**Reply** by [angela50405](#): Only recivd. payment 6 days ago, And I waited 2 weeks for your payment...MORON!

⊖ WARNING!!!! LYING CHEAT YOU OUT OF YOUR MONEY NO GOOD SELLER!

**Reply** by [acna4](#): YOUR FEEDBACK TELLS ALL..... LYING LOSER.....

## The role of communication

- ◆ studies on noise in social dilemma's:
- ◆ communication can rebuild cooperation
- ◆ communication can explain that there is noise and what the real intentions have been
- ◆ Tazelaar, Van Lange, & Ouwerkerk (2004):  
=> communication in a noisy dilemma compensates the negative effects of noise
- ◆ Bottom, Gibson, Daniels & Murnighan (2002):  
communication can rebuild cooperation

**Communicating with your Trading Partner - Microsoft Internet Explorer**

Bestand Bewerken Beeld Favorieten Extra Help

Adres <http://pages.ebay.com/help/tp/lpi-communication.html>

home | pay | register | services | site map

Buy Sell My eBay Community Help

Hello! Sign in or register

Powered By IBM

Home > Help > Transaction Problems > Protection for Sellers > Unpaid Item Disputes > Communicating with your Trading Partner

**Help** ?

**eBay Help**

Help Topics  
A-Z Index  
eBay Acronyms  
eBay Glossary  
Contact Us

**Related Links**

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eBay University  
Security Center  
About Customer Support  
Community Answer Center

**Search Help**

communication Search Help tipz

**Communicating with your Trading Partner**

**Some tips on how to work out problems**

The key to successful transactions on eBay is direct communication between buyers and sellers. However, from time to time, misunderstandings do occur. Here are some tips for communicating with your buyers or sellers to improve your ability to work things out:

**Presume good faith from the other side**

Don't go into a dialogue with your buyer or seller assuming they're acting unfairly or unreasonably. Usually problems are a result of simple miscommunication or mistaken assumptions. Make it clear to your trading partner from the start that you see the situation as resolvable, and that you don't assume they've acted with bad intentions. They will usually reciprocate, and you'll work out the vast majority of problems without a hitch.

**Focus on the problem, not the person**

Talk about the situation you want to resolve and potential solutions, not your assessment of your trading partner's character. It may feel temporarily satisfying to "tell off" your trading partner if you think they've acted in an inappropriate manner, but it almost always makes the situation more difficult to resolve.

**Threats and insults almost always backfire**

Internet

## Types of reactions

- ◆ apologies vs. denial
- ◆ Kim, Ferrin, Cooper & Dirks (2004):
- ◆ difference between competence vs. integrity based violations of trust
- ◆ positive-negative asymmetry in person perception

## Competence vs. integrity

- ◆ assumption:
- ◆ integrity: honest people behave always honestly, but bad people behave sometimes honestly as well => negative behavior is diagnostic, positive behavior is not
- ◆ competence: even intelligent people make sometimes stupid mistakes, but stupid people can never do something very intelligent => positive behavior is diagnostic, negative behavior is not
- ◆ therefore: apologies work better in case of competence-based violations of trust, denials in case of integrity-based violations of trust

## The role of communication

- ◆ Does this also hold true for eBay?
- ◆ prior research: 2-person dilemma's, communication about intent - communication directed at the interaction partner
- ◆ eBay: often no future interaction with the same person - communication directed at all potential future interaction partners



## Study 3

- ◆ 2 (integrity-based vs. competence-based violation of trust) x 3 (reaction: apology, none, denial) - design
- ◆ Feedback score 92% in all cases
- ◆ dependent measures: trust, guilt-attributions, impression of the seller, judgment of the reaction (friendly, credible,...)



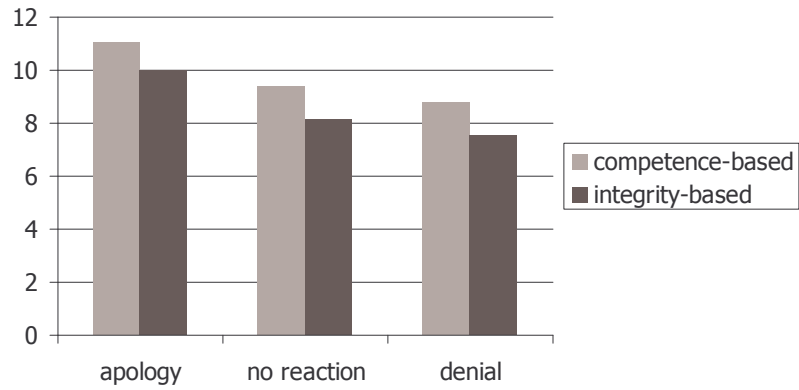
## Scenario integrity

- ◆ Sends broken product, soundcard did not work!
- ◆ Apology: Sorry, I offered refund!
- ◆ Denial: Did work at my place! Not my fault if he cannot install it!

## Scenario competence

- ◆ used wrong ZIP-code, took therefore quite a long time
- ◆ Apology: sorry, my mistake, I mixed up two ciphers!
- ◆ Denial: Not true, buyer gave me the wrong ZIP-code!

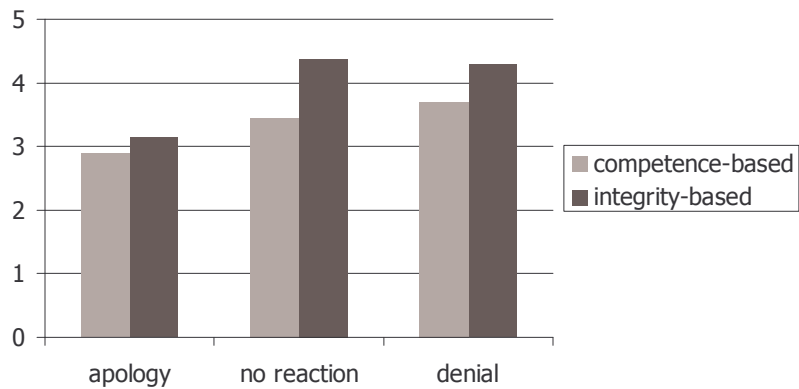
## trust in seller (1-15)



both main effects  $p < .05$

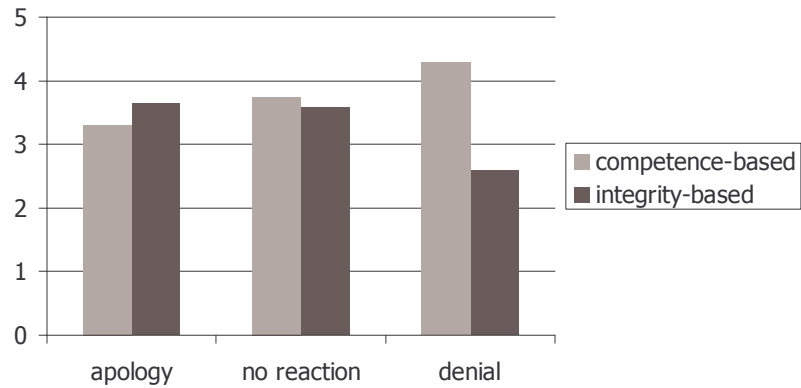
Trust and cooperation in online interaction

## attribution: seller's fault, on purpose



both main effects  $p < .05$

## attribution: somebody else's fault

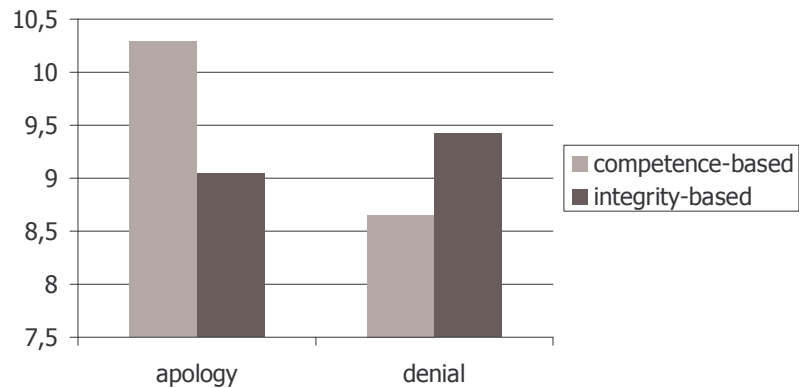


type of violation  $p < .10$ , interaction  $p < .05$

## Mediation analysis

- ◆ effects on trust are mediated by guilt attributions
- ◆ communication  $\Rightarrow$  guilt-attribution  $\Rightarrow$  trust

## trust: credibility of reaction as covariate



main effects no longer sign., interaction  $p < .10$

## Discussion

- ◆ comment per se (without a reaction) influences trust  
=> first attribution what type of trust-violation/guilt  
(difference in trust between the two "no reaction"-  
conditions)
- ◆ apology always the best strategy
- ◆ predicted interaction type of trust violation x type of  
reaction not significant
- ◆ but: scenario's differ in terms of severeness of the  
trust violation (difficult to find similar ones)

## Discussion

- ◆ if credibility is used as a covariate, the expected interaction pattern occurs - some evidence for the basic assumption!
- ◆ many denials on eBay - integrity-based violations assumed?
- ◆ Processes: communication influences guilt attributions which in turn influence trust
- ◆ implication for eBay: design of the site influences trust levels
- ◆ communication can rebuild trust, more research on denial needed