Recovering Trust: What Would be Effective Strategies in the Times of Different Negative Incidents?

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Sports have been in the center of public interest, thus, media are always eager to find any newsworthy stories. This means that if anything happens to athletes and sport organizations, the media are not likely to miss it. Often times, sport organization and athletes are involved with various scandals such as strikes, cheatings, and off-the-court violence to name a few. Whenever this happens, negative publicity and potential stigma are likely to follow, which erodes fans' trust in the respective entities. Because people tend to pay more attention to negative information (Fiske, 1980), once negative publicity is out, the damage is already done even if it may not be entirely true.

The damage inflicted on the athletes who are involved with scandals could be ranging from losing sponsorship deals to ending his/her career as an athlete. Sometimes, an individual's scandal has a magnifying result on a whole organization. For example, the scandal of NBA referee, Tim Donagh, made fans question about the integrity of NBA games, which further lead distrust of the entire NBA. When these negative incidents happen, people tend to lose their trust in the respective individual or organization. Although it would be desirable to prevent any negative incidents altogether, since it is impossible, exploring effective strategies for negative incidents and publicity would be important. Although some principles of crisis management have been known, such as "Speak early and often” "stay with the facts” and "be open and concerned, not defensive”, the effective reactions considering different situations have not been researched. From an organization's standpoint, knowing better strategies as a response to negative publicity is an important issue in terms of recovering fan/consumer trust and minimizing the damage. Therefore, this topic warrants further research.

As indicated above, negative incidents can possibly ruin the trust. While the trust can be defined differently by researchers, many researchers (e.g. Mayer, Davis, & Schoorman, 1995; Sirdeshmukh, Singh & Sabol, 2002) agreed that the trust is mutual and interactive. In this study, Xie and Peng's (2009) three trustworthiness dimensions (competence, benevolence, and integrity) will be used to see the influence of different strategies on each dimension. In regard to the effectiveness of strategies in response to negative publicity, Kim, Ferrin, Cooper and Dirks (2004) argued that there was no universally effective strategies or methods, but it rather depends on the types of violations or negative incidents: Apology was more effective for the matters of competence, but denial was a more effective strategy for integrity-related matters (Kim et al., 2004). Lyon and Cameron (2004) not only studied different strategies (defensive and apologetic responses), but also considered the time factor to see how participants' responses changed over time. Xie and Peng (2009) suggested that there are three commonly used recovery strategies by companies, namely informational (e.g., disclosure), affective (e.g., apology) and instrumental (e.g., economic compensation). They found that affective and informational strategies were more effective compared to an instrumental method. Ahluwalia, Burnkrant, and Ugnava (2000) studied how consumers process negative information about brands and companies and found that commitment of the consumer toward the brand works as a moderator of negative information effects. This implies that individual differences influence the process of negative publicity. Similarly, Dietz-Uhler, End, Demakakos, Dickirson, and Grantz (2002) found an in-group bias on fans' perception on law-breaking athletes. Based on these studies, it can be assumed that fans' reaction to negative publicity caused by athletes or sport organizations would be different by individuals' level of identification with the entity in question. Therefore, it is hypothesized that highly identified fans can resist to negative publicity, so negative effect might be less apparent among those individuals.

Based on the literature review, the researchers will develop a total of six different scenarios: Two different situations illustrating two incidents which would generate negative publicity. Then, these situations will be paired up with three different strategies of a) apology, b) denial, and c) reticence. The participants' trust level in terms of competence, benevolence and integrity will be examined after giving only the first part of the scenario (the incidents). After that, second part of response strategies will be given, and the extent to which participants change their trust level will be examined again. Participants’ identification level will be used as a covariate. Data will be
analyzed using MANCOVA to see how three different strategies on three dimensions of trust (i.e., competence, benevolence, and integrity) with a covariate of fan identification. The result of this study will provide useful information to sport marketers and practitioners in the sport industry illuminating what would be more effective strategies in the times of different negative incidents.