

## **Money does not buy happiness, but what about buying trust? The effectiveness of financial compensation in restoring trust after double deviation**

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### **Resumo**

Literature shows that following an unsuccessful failure resolution (i.e. double deviation), a company could enhance consumer trust by applying psychological tactics such as apology and promise that the failure will not repeat in the future. Therefore, situations in which a financial compensation is effective to rebuild trust after a double deviation have been neglected by the marketing literature. The results of three experimental studies show that a financial compensation (immediate or delayed) could be more effective than non-financial recovery tactics (i.e., apology and promise) in trust restoration after double deviation when the initial failure causes a financial loss for the client; attribution of benevolence is the mechanism that explains this effect. When the initial failure does not refer to monetary losses, all three tactics had similar effects on trust recovery.

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**ABSTRACT**

Literature shows that following an unsuccessful failure resolution (i.e. double deviation), a company could enhance consumer trust by applying psychological tactics such as apology and promise that the failure will not repeat in the future. Therefore, situations in which a financial compensation is effective to rebuild trust after a double deviation have been neglected by the marketing literature. The results of three experimental studies show that a financial compensation (immediate or delayed) could be more effective than non-financial recovery tactics (i.e., apology and promise) in trust restoration after double deviation when the initial failure causes a financial loss for the client; attribution of benevolence is the mechanism that explains this effect. When the initial failure does not refer to monetary losses, all three tactics had similar effects on trust recovery.

**Key-words:** trust violation, failure, double deviation, trust recovery, financial compensation.

**INTRODUCTION**

Trust is a crucial component in building strong relationships between companies and customers, since it corresponds to the expectation that the service provider can be relied on to fulfill on its promises and is dependable (SIRDESHMUKH; SINGH; SABOL, 2002). However, despite its vital role as a relational resource, trust is vulnerable to a variety of threats, being commonly violated (FERRIN et al., 2007).

Trust is violated when “evidence disconfirms the confident positive expectations regarding another’s conduct” (TOMLINSON; DINEEN; LEWICKI, 2004, p. 167). Therefore, service failures represent a customer’s trust violation (WANG; HUFF, 2007), and an inappropriate failure repair, which corresponds to double deviation, results in the increment of trust violation (BASSO; PIZZUTI, 2016).

Studies (e.g. TOMLINSON; DINEEN; LEWICKI, 2004; FERRIN et al., 2007; DESMET; CREMER; DIJK, 2010) highlights the need for trust recovery actions after its violation to maintain relationships, so that the client neither abandons nor undertakes initiative of revenge against the company (GREGOIRE; TRIPP; LEGOUX, 2009). In this line, after a trust violation episode companies may apply tactics to restore it, among them the most relevant are: apology (TOMLINSON; DINEEN; LEWICKI, 2004; KIM et al., 2006; FERRIN et al., 2007; CREMER, 2010; BASSO; PIZZUTTI, 2016), promise that the failure will not happen again (BASSO; PIZZUTTI, 2016), reticence (FERRIN et al., 2007), denial (FERRIN et al., 2007), and monetary compensation (CREMER, 2010; DESMET; CREMER; DIJK, 2010; DESMET; CREMER; DIJK, 2011; DESMET; CREMER; DIJK, 2011b; BASSO; PIZZUTTI, 2016). Note that the literature addresses contexts of simple failures in much greater proportion than those of double deviation. In fact, to the best of our knowledge, only Basso and Pizzutti (2016) address the trust recovery after a double deviation.

In their work, Basso and Pizzutti (2016) state that following a double deviation, the company is able to signal regret and empathy to the client and, consequently, enhance feelings of trust much more through psychological tactics such as apology and promise than through giving tangible benefits for the victim, such as a voucher. Corroborating this perspective, they found that apology and promise that the failure will not recur are more effective tactics to rebuild trust after an unsuccessful recovery than a financial compensation. This finding is surprising because compensation, a tangible benefit offered by the company to fix a service failure (DAVIDOW, 2003), has been considered the most effective tactic to recover service failures (GELBRICH; ROSCHK, 2011; ROSCHK; GELBRICH, 2014; GELBRICH; GÄTHKE; GREGOIRE, 2014).

Nevertheless, it is important to note that in their research, Basso and Pizzutti (2016) used only delayed financial compensation (i.e. discount in a next purchase); and did not include, in any experiment, trust violations (i.e., service failures) that incurred in financial damage for consumer. Hence, we propose that when the initial failure imposes a financial loss for customer that it is not appropriate compensated during the complaint handling (i.e. a double deviation situation), financial compensation is more effective for recovering trust than psychological tactics (i.e. apology and promise). This corroborates with the cue diagnosticity approach (SKOWRONSKI; CARLSTON, 1987), which advocates that when there is congruence of the signals transmitted by the recovery tactic and the signals transmitted by the type of violation, the trust levels are higher than when there is no congruence. Moreover, the effect of financial compensation on trust is explained by attributions of benevolence associated with it.

## TRUST VIOLATION AND RECOVERY

Consumer's trust is related to how dependable and reliable a provider is and despite being a key part of an ongoing relationship, it is commonly violated (FERRIN et al., 2007; LEUNISSEN; CREMER; FOLMER, 2012). From a service marketing perspective, a service failure is a customer's trust violation (WANG; HUFF, 2007), and trust can be harmed even more in contexts of poor failure recovery, since expectations are disconfirmed twice (BASSO; PIZZUTTI, 2016). Studies have shown the negative impact of inadequate recovery on trust (TAX; BROWN; CHANDRASHEKARAN, 1998; PIZZUTTI; FERNANDES, 2010).

Despite that, trust damaged by an untrustworthy behavior can be repaired when the violated party perceives a coherent range of trustworthy actions (SCHWEITZER; HERSHEY; BRADLOW, 2006). Trust recovery efforts comprehend the "activities directed at making a trustor's trusting beliefs and trusting intentions more positive after a violation is perceived to have occurred" (KIM et al., 2004, p. 105). One of trust recovery tactics more applied and studied in service marketing is the financial compensation. It has been especially studied after single failures (WIRTZ; MATTILA, 2004; GREWAL; ROGGEVEEN; TSIROS, 2008; ROSCHK; GELBRICH, 2014; GELBRICH; GÄTHKE; GREGOIRE, 2014).

To the best of our knowledge, Basso and Pizzutti (2016) is the only study that investigated the effectiveness of monetary compensation in restoring trust after a double deviation. Nevertheless, they identify that in the context of double deviation the tactic of financial compensation was not an effective one to rebuild trust when compared to apology and promise of not repeating the failure. This finding is surprising, since compensation has been proved to be a relevant tactic in the complaint handling of single failures (ROSCHK; GELBRICH, 2014; GELBRICH; GÄTHKE; GREGOIRE, 2014).

Given that monetary compensation may be effective in restoring trust when the client suffers a tangible loss in an exchange relation (CREMER, 2010; DESMET; CREMER; DIJK, 2011), it is plausible to believe that financial compensation will be an effective tactic to recover trust after a double deviation when the initial failure results in a financial loss for the consumer. This logic is according to the cue diagnosticity approach, by which trust levels would be higher when the signals transmitted by the type of violation and by the recovery tactic are congruent (BASSO; PIZZUTTI, 2016). Taking this into account, it is possible to argue that in a context of double deviation, when trust violation causes customer's monetary loss, a financial compensation would be more effective than tactics that do not involve financial compensation, as apology and promise that the failure will not recur.

Following the same reasoning, we propose that a non-financial trust recovery tactic could be more effective to restore trust after a double deviation when the initial failure does not imply in financial loss for the customer, following Basso and Pizzutti (2016) findings, i.e., an apology and promise that the failure will not recur were better in repairing trust than delayed compensation in non-financial loss situations. Therefore, we propose that:

**H1:** Following a double deviation, a financial compensation given by the company leads to greater trust recovery than a non-financial tactic (i.e. an apology or a promise of non-reoccurrence of the failure) when the initial failure includes a financial loss to the customer.

**H2:** Following a double deviation, a non-financial tactic given by the company leads to greater trust recovery than a financial compensation when the initial failure does not include a financial loss to the customer.

In addition, according to the cue diagnosticity approach, the type of violation committed by the company is a clue used by customers to assess its integrity and competence (SKOWRONSKI; CARLSTON, 1987; BASSO; PIZZUTTI, 2016). Integrity perception represents the impression of the customer that the company complies with a set of principles considered acceptable (MAYER; DAVIS; SCHOORMAN, 1995). In turn, the competence perception occurs when the company is considered highly competent in some technical area because it has skills, competencies and abilities to perform tasks related to that area (MAYER; DAVIS; SCHOORMAN, 1995).

Basso and Pizzutti (2016) found that after a double deviation, the level of attribution of the company's integrity mediates the effect of the apology made by the company on customer trust and the level of attribution of the company's competence mediates the effect of company's promise that the failure will not recur on customer trust. These mediations can be explained by the cue theory. According to this theory, cues transmitted by a promise are seen as indicators of competence, making customers interpret that there are no other explanations for the failure and attribute a greater level of competence to the firm (DIRKS *et. al.*, 2011; BASSO; PIZZUTTI, 2016). Similarly, signals transmitted by an apology are seen as indicators of integrity, which lead clients to judge the company's principles and values and to expect integrity in the company's future behavior (BASSO; PIZZUTTI, 2016). Based on this, we propose that:

**H3a:** After a double deviation, when there was a non-financial failure, the level of attribution of the company's integrity mediates the effect of the apology made by the company on customer trust.

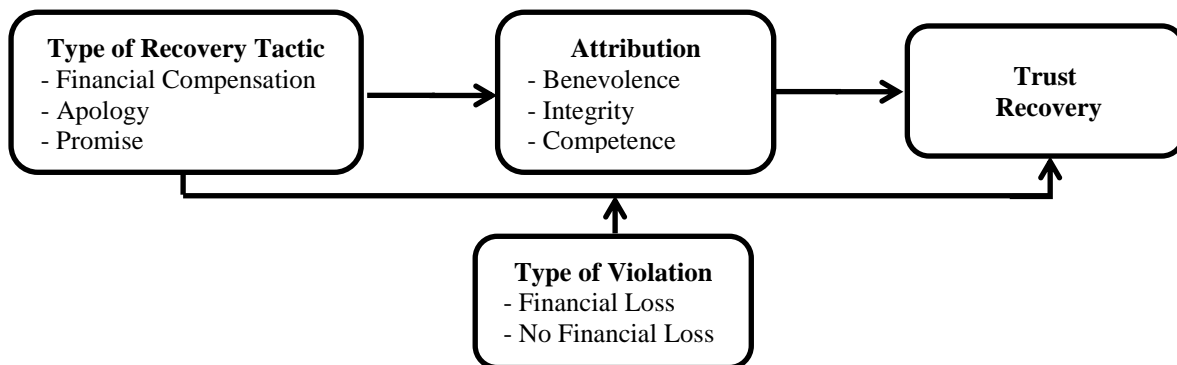
**H3b:** After a double deviation, when there was a non-financial failure, the level of attribution of the company's competence mediates the effect of the promise made by the company on customer trust.

Besides, it can be inferred that after a double deviation, when the initial failure imposes a financial loss for customer and it is not resolved in an appropriate way during the complaint handling, an attribution of benevolence relating to the violation may arise. By not refunding the customer, the company demonstrates a lack of benevolence, as it does not demonstrate to want to do good to the customer, but only thinks about its own profit. On the other hand, as "benevolence trust is a trust expectation resulting from goodwill—that firms will not act opportunistically, even given the chance" (WU; HUANG; HSU, 2014, p.195), and will considerate the client's interests in decision-making (NGUYEN, 2010), by compensating the consumer, the company will be considered benevolent and that would be the mean by which trust would be recovered. Thus, it is proposed that:

**H3c:** After a double deviation, when there was a financial failure, the level of attribution of the company's benevolence mediates the effect of the financial compensation given by the company on customer trust.

As a result of the research hypothesis presented during the theoretical discussion of this paper a theoretical model was elaborated, which is presented below in Figure 1.

Figure 1: Theoretical model.



Source: Elaborated by the authors (2018).

## STUDY 1

We designed the first study to examine H1 and H2. We conducted a factorial 2 (type of failure: financial; non-financial) x 3 (trust recovery: immediate compensation; apology; promise) between-subjects design with random assignments. From the original database (155) incomplete questionnaires (28) and outliers (3) were removed, resting 124 undergraduate students (55% female, average age=24) who voluntarily answered a printed questionnaire.

We adapted a scenario used by Basso and Pizzutti (2016). A pre-test was conducted with 31 undergraduate students. In the final experiment, first a double deviation scenario was presented to participants. Then, the trust recovery tactics manipulations were applied. In the situation presented Pedro is going to travel abroad for vacations but his flight has been canceled (single deviation) and he can fly only six hours later. Pedro makes a complaint to the supervisor and explains that due to the delay of that international flight, he will miss a domestic flight from another airline. Pedro will be able to reschedule the passage of this domestic flight for later, but in the financial failure scenario he has to pay something around R\$500.00. In both conditions asks the supervisor to find a way to get him to his destination as soon as possible, but after trying to solve the problem the supervisor says there is nothing he can do (double deviation).

After applying the double deviation manipulation, participants were asked about their feelings regarding trust in the airline (T1). Then, it was applied the trust recovery tactics manipulation. It was said that after one week, Pedro received an email from the airline manager that offered an immediate compensation (R\$ 500.00), an apology, or a promise that the failure would not occur again. After the manipulation of the trust recovery tactic, trust levels after tactics manipulation (T2), manipulation checks, control and demographic variables were measured.

Trust was measured using the scale of Sirdeshmukh, Singh and Sabol (2002). To analyze trust recovery a trust delta (TR – trust recovery) was calculated (T2-T1) as Basso and Pizzutti (2016). Several control variables were measured, such as participants' general satisfaction with airline services in real experiences and the severity of the failure. According to the results of the analysis of covariance (ANCOVA) no control variable had significant effect on trust recovery, and then none of them was included in the final model. We found similar results on covariables for the next 2 studies and will not present them for space's sake.

Participants were asked whether the situation of the experiment was realistic or not ( $M=5.92$ , in a 7-point scale). The realism was statistically significantly higher than the midpoint of the scale (4) ( $t(123)= 16.080$ ;  $p=.000$ ) and the realism of conditions was similar (financial failure  $M=6.06$ , non-financial failure  $M=5.78$ ). Again, we found similar results on realism for the next 2 studies and will not present them for space's sake.

**Manipulation Check:** Regarding the situation of financial loss, 87.1% perceived that Pedro had a financial loss and in the situation of no financial loss, 63% pointed out that he had



not. The percentage of respondents that perceived correctly each tactic was: immediate compensation 77.5%, apology 97.4%, promise 80%. About double deviation perception, 86.3% of respondents totally agreed or agreed that Pedro had complained and 72.6% totally disagreed or disagreed that the manager has solved his problem. Similar results about double deviation checking were found in the next two studies and will not be presented for space's sake.

**Trust Recovery:** An ANOVA test shows that only trust recovery tactics had a significant effect on trust ( $F(2,118) = 5.173$ ;  $p = .007$ ). Immediate compensation ( $M = 1.64$ ) was more effective than apology ( $M = .79$ ) ( $p = .001$ ) and promise ( $M = 1.17$ ) ( $p = .054$ ). Promise and apology were equally effective ( $p = .158$ ). Type of failure with financial loss ( $M = 1.19$ ) or not with financial loss ( $M = 1.21$ ),  $F(1,18) = .004$ ;  $p = .948$  and the interaction between type of failure and tactic,  $F(2,118) = 1.737$ ;  $p = .181$ , had no significant effect on trust.

In order to better explore the results of the study, a spotlight analysis was performed because some significant differences could be disclosed only in a more detailed test of each situation. In financial failure situation, tactics showed a significant difference in trust recovery ( $F(1,120) = 7.407$ ;  $p = .007$ ). Immediate compensation ( $M = 1.91$ ) restored significantly more trust than apology ( $M = .58$ ),  $F(1,120) = 13.087$ ,  $p = .000$ , and promise ( $M = 1.09$ ),  $F(1,120) = 5.046$ ,  $p = .026$ . Apology and promise did not presented significant difference in trust recovery,  $F(1,120) = 1.234$ ,  $p = .269$ . Meanwhile, in the scenario of non-financial failure there was no difference,  $F(1,120) = .200$ ;  $p = .656$ , comparing immediate compensation ( $M = 1.38$ ) with apology ( $M = 1.00$ ),  $F(1,120) = 1.026$ ,  $p = .313$  and promise ( $M = 1.25$ ),  $F(1,120) = .068$ ,  $p = .794$ , as well as between apology and promise,  $F(1,120) = .435$ ,  $p = .511$ . Figure 2 displays these findings.

The results of this study support H1, since an immediate compensation recovers more trust than the apology and promise in the financial failure situation, but do not support H2, since there was no difference between financial tactic and non-financial tactics in the scenario with no financial loss. Also, it seems that the scenario of financial loss presents two initial failures, since besides missing the flight Pedro lost R\$500.00, which may have generated a response bias. The next studies are designed to explore these factors and test H3 as well.

## STUDY 2

The second study was designed to reexamine H1 and H2, as well as H3. The design was a factorial 2 (type of failure: financial; non-financial) x 4 (trust recovery: immediate compensation; apology; promise; none) between-subjects design with random assignment. This study was about a fictitious company – an auto repair service.

The original database was composed of 292 Mechanical Turk – MTurk subjects. After removing incomplete questionnaires (5) and outliers (5), the final sample was 282 respondents (59% male, average age=34).

The scenarios of financial and non-financial failure were adapted from monetary and interpersonal failures scenarios of Roschk and Gelbrich (2014). The scenarios presented a situation in which Peter has the stained passenger seat of his car cleaned at an auto repair service. In the *financial/monetary* failure situation, Peter discovers that he was over charged, as he paid the original price for the seat cleaning (US\$60) instead of paying the promotional price of US\$40. In the *non-financial/interpersonal* failure situation, while Peter is at the auto repair service, the service person receives a cell phone call, returns to his office without an explanation, and returns 15 min later, after having had a coffee with his colleague. In all conditions Peter complains to the auto repair service manager, who cannot help to solve the problem (double deviation).

In all conditions the tactic manipulation is presented like that: A week later Peter receives a cell phone call from the auto repair service manager, who says the company will give him an immediate compensation (US\$20)/ an apology/ a promise that the failure will not occur again. In the control condition participants were informed the company's new address.

After the occurrence of the double deviation trust (T1) was measured. Trust (T2) and levels of integrity, competence and benevolence attributions were measured after the application of the recovery tactic manipulation.

The same measures of Study 1 were applied in this study. Attributions of integrity and competence were measured with Kim *et al.* (2004) scales and benevolence attribution was adapted from Sirdeshmukh, Singh, & Sabol (2002) scale.

**Manipulation Check:** In the financial failure situation 87.7% answered correctly and in the non-financial failure scenario, 90.2%. Also, in the financial failure situation, 79.5% of participants stated that Peter had a financial loss and in the non-financial failure situation, 72.7% suggested that Peter had no financial loss.

When the message contained an apology, 93.9% of the participants stated that the car company offered an apology; when the message contained a promise, 85.5% of the participants stated that the company had made a promise; when it contained compensation, 87.7% of them state that the company had offered a compensation; and finally, when only informed the new address, 86.9% confirmed that.

**Trust Recovery:** Findings from the ANOVA test show that type of failure had no significant effect on trust recovery ( $F(1,273)=.303$ ;  $p=.582$ ). On the other hand, trust recovery tactics had a significant effect on trust recovery ( $F(3,273)= 39.705$ ;  $p=.000$ ), as well as the interaction between type of failure and tactics ( $F(3,273)=5.290$ ;  $p=.001$ ). Immediate compensation ( $M=2.20$ ) was more effective than apology ( $M=.87$ ) ( $p=.000$ ), than promise ( $M=1.05$ ) ( $p=.000$ ) and control condition ( $M=-.008$ ) ( $p=.000$ ). Meanwhile, promise was as effective as apology ( $p=.556$ ) and both (promise and apology) were more effective than control condition ( $p=.000$ ).

A spotlight analysis was performed (control condition was not included in this analysis). In the financial failure situation, tactics showed significant difference in trust restoration,  $F(1,191)=30.662$ ;  $p=.000$ . Trust recovery through immediate compensation ( $M=2.76$ ) was significantly higher than through apology ( $M=.73$ ) ( $F(1,191)=33.875$ ,  $p=.000$ ) and promise ( $M=.83$ ),  $F(1,191)=30.622$ ,  $p=.000$ . There was no significant difference in trust recovery between apology and promise,  $F(1,191)=.000$ ,  $p=.990$ .

In the case of non-financial failure situation, no difference between tactics was found ( $F(1,191)=1.177$ ;  $p=.279$ ). Immediate compensation ( $M=1.64$ ) recovered trust as apology ( $M=1.01$ ) ( $F(1,191)=3.249$ ,  $p=.073$ ) and promise ( $M=1.28$ ) ( $F(1,191)=1.177$ ,  $p=.279$ ). Once more, there was no significant difference in trust recovery between apology and promise ( $F(1,191)=.618$ ,  $p=.433$ ). Results are presented in Figure 2.

**Mediation:** Since apology and promise did not have the expected positive effect on trust in non-financial failure situation, we will not present the mediations tests (which show no significant mediations) for spaces' sake. For the mediation test of H3c only financial failure situation was used. The independent variable was trust recovery tactic (0=financial compensation tactic; 1=control condition) and the mediator was attribution of benevolence. The path between the independent variable and the mediator variable was negative and significant ( $a=-1.8413$ ;  $t=-4.8039$ ;  $p=.000$ ) and the path between the mediator variable and the dependent variable was positive and significant ( $b=.3418$ ;  $t=4.3754$ ;  $p=.000$ ). The indirect effect of immediate financial compensation on trust recovery, through benevolence attribution, was also significant ( $a \times b=-.6293$ ;  $z=-3.1971$ ;  $p=.001$ ) and did not include zero or null effect (-1.1523 to -.2557). Likewise, the direct effect of this tactic on the dependent variable was also significant ( $c=-2.1385$ ;  $t=-7.3251$ ;  $p=.000$ ), what indicates partial mediation.

### STUDY 3

The third study was also designed to reexamine H1, H2 and H3. A factorial 2 (type of failure: financial; non-financial) x 3 (trust recovery: delayed compensation; double apology;

promise) between-subjects design with random assignment about the same fictitious company – an auto repair service used in Study 2. The original database was composed of 234 Mechanical Turk – MTurk subjects. Incomplete questionnaires (51) and outliers (3) were removed, leaving a final sample with 180 respondents (54% male, average age=35).

The scenarios used in this study were the same used in Study 2. However, there were three innovations in this study: (1) in all conditions the tactic manipulation was presented using an audio recording that represented the cell phone call received for Peter from the auto repair service manager, to improve realism; (2) instead of an immediate compensation, it was offered to Peter a delayed compensation (voucher to use in the next buy); and (3) instead of a simple apology (apology from the initial failure - single deviation), a double apology was presented (apologies from the initial failure *and* the poor recovery), to explore if ‘reinforcing’ the excuses could lead to stronger effects, particularly for non-financial failure situation.

**Manipulation Check:** In the monetary failure situation 75% answered correctly and in the non-financial failure scenario, 79.5%. In the financial failure situation, 92.7% of participants stated that Peter had a financial loss and in the non-financial failure situation, 74.7% of participants pointed out that Peter had no monetary loss. When a delayed compensation tactic was presented, 86.9% perceived that correctly; when the manager call contained a promise, 70.2%; and when presented a double apology, 93.5%.

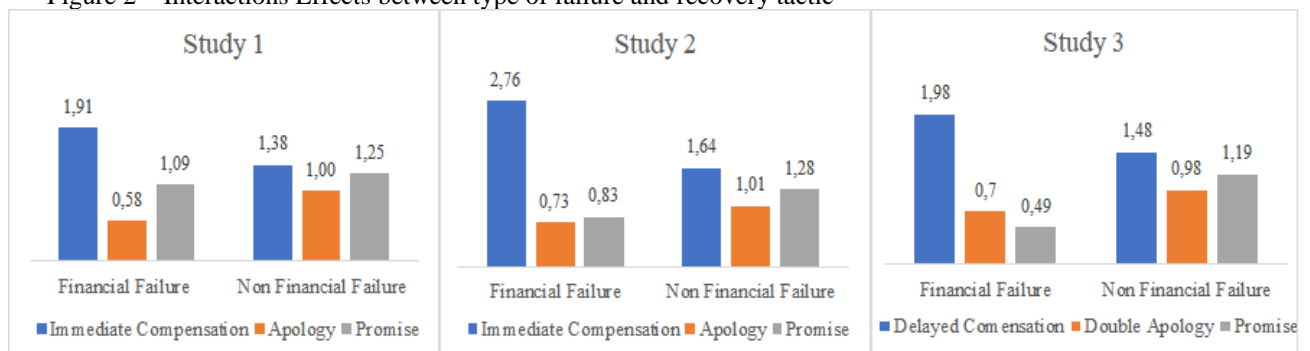
**Trust Recovery:** Type of failure had no significant effect on trust recovery,  $F(1,174)=.733$ ;  $p=.393$ . On the other hand, trust recovery tactics,  $F(2,174)= 9.911$ ;  $p=.000$  and the interaction between type of failure and tactics had a significant effect on trust recovery,  $F(2,174)=3.390$ ;  $p=.036$ . In general, delayed compensation ( $M=1.73$ ) was more effective than double apology ( $M=.84$ ) ( $p=.000$ ) and promise ( $M=.84$ ) ( $p=.000$ ). However, there was no significant difference in trust recovery between double apology and promise ( $p=.991$ ).

A spotlight analysis was performed. For the financial failure situation, trust recovery presented significant difference among tactics,  $F(1,176)=21.250$ ;  $p=.000$ . Delayed compensation ( $M=1.98$ ) recovered significant more trust than double apology ( $M=.70$ ),  $F(1,176)=16.745$ ;  $p=.000$  and promise ( $M=.49$ ),  $F(1,176)=22.156$ ;  $p=.000$ . Among the other tactics there was no difference (double apology and promise),  $F(1,176)=.170$ ;  $p=.680$ .

In the case of the non-financial failure situation, as in the previous studies, there was significant no statistical difference between tactics,  $F(1,176)=2.141$ ;  $p=.145$ . Delayed compensation ( $M=1.48$ ) was as effective as double apology ( $M=.98$ ),  $F(1,176)=2.086$ ;  $p=.150$  and promise ( $M=1.19$ ),  $F(1,176)=.708$ ;  $p=.401$ , and the last two tactics were equally effective too,  $F(1,176)=.340$ ;  $p=.560$ .

Figure 1 presents the interactions results per study.

Figure 2 – Interactions Effects between type of failure and recovery tactic



Source: Research Data, 2016-2017

### Mediation

As in study 2, as apology and promise did not have the expected positive effect on trust in non-financial failure situation, we will not present the mediations tests (which show no



significant mediations) for spaces' sake. For the mediation test of benevolence attribution, the financial failure situation was used. The independent variable was trust recovery tactic (0=financial compensation; 1=non-financial compensation tactics) and the mediator was attribution of benevolence. The path between the independent variable and the mediator variable was negative and significant ( $a=-1.4330$ ;  $t=-3.8117$ ;  $p=.000$ ) and the path between the mediator variable and the dependent variable was positive and significant ( $b=.4060$ ;  $t=6.4579$ ;  $p=.000$ ). The indirect effect of financial compensation on trust recovery, through benevolence attribution, was also significant ( $a \times b=-.5818$ ;  $z=-3.2537$ ;  $p=.001$ ) and did not include null effect ( $-.9715$  to  $-.2570$ ). The direct effect of this tactic on the dependent variable was also significant ( $c=-.7953$ ;  $t=-3.2296$ ;  $p=.002$ ), what indicates partial mediation and that there are other possible mediators that were not included in the model.

This study, as the previous, confirmed H1 and H3c, but did not support H2, H3a and H3b. In this study we changed immediate to delayed compensation, as well as simple to double apology to see if the results found in study 2 would remain similar.

## FINAL CONSIDERATIONS

This research examines situations in which financial compensation is more effective than no financial tactics (e.g. apology) in recovering trust after a double deviation. In doing so, this research focuses on the moderation of the type of violation (if financial or not) in the effect of different tactics on trust recovery after the double deviation; and test the mediations of the attributions of benevolence, integrity and competence in the effect of immediate financial compensation, apology and promise on trust recovery after the double deviation.

To accomplish these purposes, three experimental studies were carried out. Findings show that after a double deviation, when the initial failure implies in customer's monetary loss, immediate and delayed compensations are more effective than simple/double apology and promise in trust recovery (these last two with the same efficacy), supporting H1. These results are in agreement with justice (WIRTZ; MATTILA, 2004) and cue theory (BASSO; PIZZUTTI, 2016), which claim that when the client suffers a tangible loss in an exchange relation, financial compensation may be effective in restoring trust because monetary interests matters (CREMER, 2010; DESMET; CREMER; DIJK, 2011).

On the other hand, when the initial failure does not cause client's financial damage, despite the direction of the effects corroborates what we proposed (higher/lower means after non-financial than financial failures for apology and promise/compensation), these three tactics had equivalent performance in trust repairing, therefore, not supporting H2. These results remain similar when we change the context and use immediate or delayed compensations and double or simple apology. They are contrary to Basso and Pizzutti (2016) findings, which found that for non-financial failures, both, apology and promise, were more effective than financial compensation to repair trust. The reason for the different results may be due to the fact that they used different double deviation situations, as they used a delay in service delivery, while we used a failure in interpersonal treatment.

The mediations of integrity and competence attributions (H3a and H3b) on the effect of apology and promise on trust recovery were not confirmed. Basso and Pizzutti (2016) show that after a double deviation, the level of attribution of the company's integrity mediates the effect of the apology made by the company and the level of attribution of the company's competence mediates the effect of company's promise that the failure will not recur on customer trust. However, it is worth to mention that they manipulated the scenarios with integrity and competence violations/failures, specifically.

Differently, Hypothesis 3c was tested and supported. This result implies that the attribution of benevolence mediates at least partially the effect of immediate financial compensation on trust recovery after a double deviation which initial failure causes client's

monetary loss. With that in mind, it can be said that by compensating the consumer in that situation, the firm is considered benevolent, what helps to repair customer's trust.

This research has academic contributions, as no research has examined the effectiveness of financial compensation in restoring trust after a double deviation when the trust violation involves financial loss. Our findings also have managerial contributions, by showing in which situation financial compensation can be effective to rebuild the violated trust in double deviation, that is, when the initial failure causes client's financial loss. We found that, apparently, even a small compensation, such as the compensation applied in Study 2 and 3 (US\$20), can at least partially restore the trust lost in the unsuccessful recovery process. Furthermore, when the initial failure did not include a monetary loss for customer, managers could apply non-financial recovery tactics considering that providing a financial compensation requires the company to spend more resources than apologizing or promising, and the effectiveness is the same.

Even though this research contributes to academy, it presents some limitations. First of all, experimental studies performed in this research only presented fictitious scenarios. Another limitation is that our experimental studies did not manipulate integrity and competence violations as Basso and Pizzutti (2016), so different results could be found. We suggest future research to investigate through different service's contexts and to explore other kinds of non-financial recovery tactics and financial recovery tactics. We also recommend longitudinal studies as researches highlight the relevance of studying timing as a factor of recovery tactics effectiveness (WIRTZ; MATTILA, 2004).

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