



The underlying mechanism of self-regulatory focus impact on compromise choice[☆]



Gangseog Ryu^{a,1}, Kwanho Suk^{a,2}, Song-Oh Yoon^{a,3}, Jongchul Park^{b,*}

^a Korea University Business School, Korea University, 145 Anam-ro, Seongbuk-gu, Seoul 136-701, Republic of Korea

^b Division of Business Administration, Chosun University, 309 Pilmun-daero Dong-gu, Gwangju 501-759, Republic of Korea

ARTICLE INFO

Article history:

Received 1 March 2014

Received in revised form 1 April 2014

Accepted 30 April 2014

Available online 14 May 2014

Keywords:

Self-regulatory focus

Compromise effect

Temporal distance

Goal

Decision weight

ABSTRACT

The current research examines the psychological process underlying the differential sensitivity to the compromise effect associated with a distinct self-regulatory focus. In particular, we test two competing hypotheses: one based on the different weights assigned to decision components, and the one that draws on biased perception. This issue is explored via the statistical derivation of decision weights (Study 1), manipulation of the temporal frame of choice (Study 2), and altering the risks associated with decision-making (Study 3). The results of these three studies consistently support the differential weight account: Promotion-focused participants assign greater weight to the desirability (or hedonic value) of the choice outcome, whereas prevention-focused participants place greater weight on the likelihood (or risk) of achieving that outcome. However, perceptions regarding the desirability and the risk of the given choice are similar among those with a distinct self-regulatory focus.

© 2014 Elsevier Inc. All rights reserved.

1. Introduction

With growing interest in the motivational influence on consumer behavior, a sizeable body of research has examined the role of self-regulatory focus in consumer decision-making (e.g., Chernev, 2004b; Murali, Böckenholt, & Laroche, 2007; Zhou & Pham, 2004). Promotion focus, which is associated with advancement and achievement, leads to high-risk-seeking behavior, resulting in a preference for changes, actions, and new options. In contrast, prevention focus, which is associated with protection and safety needs, leads to greater risk aversion, resulting in a preference for stability, inaction, and status quo alternatives. Consistent with this notion, Murali et al. (2007) have found that consumers' regulatory orientations affect their preference for compromise options (Simonson, 1989; Simonson & Tversky, 1992). According to the study, preference for compromise options is much greater for prevention-focused than for promotion-focused consumers.

Although existing research has provided valuable insights into the role of self-regulatory focus in the relative preference for the compromise choice, the exact mechanism underlying this phenomenon is yet to be explained. Therefore, the aim of this study is to investigate the

factors driving differential susceptibility to the compromise effect associated with a distinct self-regulatory focus. In particular, this research focuses on testing two potential drivers. First, it is possible that self-regulatory focus is correlated with *weights* assigned to the different components integral to the choice: the desirability (or hedonic value) of the choice outcome and the likelihood (or risk) of achieving that outcome. Alternatively, a self-regulatory focus can alter consumers' *perceptions* regarding these two components. Although these two alternative views predict the same choice outcomes, the psychological processes leading to these effects differ significantly.

To achieve this goal, the current research employs various approaches. Study 1 assesses two alternative mechanisms by directly measuring participants' perceived desirability and likelihood related to the given choice and statistical derivation of weights assigned to these two dimensions. Studies 2 and 3 provide additional evidence for the hypothesized mechanism by manipulating temporal proximity and the risks of the choice decision, two of which play a role of potential moderators. Study 3 extends the potential impact of self-regulatory focus on the compromise effect to choices involving enriched and impoverished options.

The present investigation has important theoretical and practical implications. Despite substantial research linking self-regulatory focus and consumer decision-making, the exact mechanism underlying this relationship has not been tested systematically. Scholars, at the most, have approached this issue with assumptions or propositions about some possibilities (e.g., Murali et al., 2007; Zhou & Pham, 2004). The authors intend to directly tackle the underlying mechanism, which will further develop a deeper understanding of the relationship between self-regulatory focus and the compromise effect. In addition, it

[☆] The authors gratefully acknowledge the financial support provided by the KUBS Faculty Research Grant, given to the first author. They also thank the editor and anonymous reviewers for their helpful comments.

* Corresponding author. Tel.: +82 62 230 7577; fax: +82 62 226 9664.

E-mail addresses: gryu@korea.ac.kr (G. Ryu), ksuk@korea.ac.kr (K. Suk), soyoon@korea.ac.kr (S.-O. Yoon), pjc4887@chosun.ac.kr (J. Park).

¹ Tel.: +82 2 3290 1911; fax: +82 2 922 7220.

² Tel.: +82 2 3290 2612; fax: +82 2 922 7220.

³ Tel.: +82 2 3290 2829; fax: +82 2 922 7220.

will help us understand potential variables that may moderate the existing relationship. From a practical standpoint, this study helps improve the decision utility of consumers. The compromise effect represents one of the most commonly used decision heuristics used by consumers in the marketplace. While the use of heuristics reduces decision-making efforts, it is not without cost. Context-driven choices often lead to outcomes that are less reflective of one's true internal preferences and that deviate from the optimal solution. Therefore, a deeper understanding of and insight into the nature of context-driven choices can help consumers make better decisions and hence maximize their subjective well-being. The knowledge regarding the underlying processes will also enable marketers to formulate more effective strategies for promoting their products and services.

2. Theory and hypotheses

2.1. The influence of self-regulatory focus on choices

Self-regulatory focus theory (Higgins, 1997), which refers to the dominant process through which people approach pleasure and avoid pain, suggests two types of self-regulation systems—promotion focus and prevention focus—which differ in their relevant goals (Pham & Higgins, 2005). Promotion focus is associated with achievement, advancement, and growth, whereas prevention focus is associated with safety, security, and nurturing. The differences in salient goals result in a differential sensitivity to positive and negative outcomes (Higgins, 1998). With a high proclivity to attain advancement-related goals, promotion focus is more sensitive to the presence and absence of positive outcomes. In contrast, with a high proclivity to avoid missing safety-related goals, prevention focus tends to be more sensitive to the presence and absence of negative outcomes.

Consistent with this proposition, a great deal of consumer research provides evidence for differential propensity toward risk in choices between promotion- and prevention-focused consumers (Chernev, 2004b; Crowe & Higgins, 1997; Zhou & Pham, 2004). For example, Chernev (2004b) shows that the prevention goal is related to the preference for the original alternatives over a new one, thus resulting in a greater susceptibility to status quo bias (Chernev, 2004b; Liberman, Idson, Camacho, & Higgins, 1999). In Zhou and Pham (2004), the activation of prevention focus results in a greater allocation of money to more conservative financial products (e.g., retirement accounts), whereas the activation of promotion focus leads to a preference for riskier financial choices (e.g., common stocks). Furthermore, Murali et al. (2007) demonstrate different susceptibility to the compromise effect depending on the decision-maker's dominant self-regulatory focus. Individuals with high promotion focus are more likely to select extreme options with greater potential for both success and failure, whereas those with salient prevention focus tend to prefer compromise options that are safer and easier to justify.

These findings are assumed to be driven by different primary concerns of promotion and prevention focus when making a choice. In particular, promotion-focused individuals, whose main goal is to attain positive outcomes, are more sensitive to the potential benefits or hedonic values delivered by the choice. Conversely, prevention-focused individuals guided by a motivation to avoid making errors and mistakes are more sensitive to the potential risk that a given option will not offer the desired outcome. However, such different levels of "sensitivity" toward the positive and negative aspects of choices can manifest through two different forms of psychological process, as discussed in the next section.

2.2. Examination of the underlying mechanism

The traditional model of rational choice suggests that consumer choice is determined by two factors: the desirability of the outcome expected from the choice and the likelihood that the choice will deliver

the desired outcome (e.g., Anderson, 1981; Raghurir, 2006; Yeo & Park, 2006). The first factor indicates the degree to which consumers expect to find pleasure from selecting a particular option. Thus, this concept is closely related to the predicted ideal or the positive consequences of the choice. The second factor reflects the likelihood that such desired consequences are obtained. Thus, it is related to the perceived risk associated with choosing the particular alternative. The evaluation of the option, hence, is a function of these two factors and the relative weights attached to each component. To express this formally,

$$U(x) = w_e E(x) + w_p P(x), \quad (1)$$

where $U(x)$ denotes the overall utility of the option x , $E(x)$ denotes the predicted desired outcome of the option, and $P(x)$ indicates the probability that the choice will result in the desired outcome. The weights, w_e and w_p , represent the relative importance of $E(x)$ and $P(x)$, respectively, in the decision-making process (i.e., $w_e + w_p = 1$).

According to this model, at least two different psychological processes are responsible for the different preferences for compromise options. First, self-regulatory focus may differ in the relative weights assigned to the outcome desirability ($E(x)$) vs. the likelihood of attaining the outcome ($P(x)$). In this case, promotion- (vs. prevention-) focused consumers assign greater weight to the hedonic value expected from the choice (w_e), whereas prevention- (vs. promotion-) focused consumers apply greater weight to the risk or uncertainty that the option may or may not deliver the promised outcome (w_p). Because compromise alternatives are characterized by relatively lower hedonic values and lower risk, as compared to extreme options, greater w_p among those with high prevention focus will result in a preference for compromise alternatives. Although this assumption has been suggested in previous research under the rubric of differential sensitivity to risk (e.g., Murali et al., 2007; Zhou & Pham, 2004), so far, no direct evidence has been provided.

Second, an alternative explanation that draws on perceived change is also plausible. Self-regulatory focus may affect subjective perceptions with regard to outcome desirability and likelihood, independent of the weights assigned to them (Mogilner, Aaker, & Pennington, 2008). According to this view, prevention-focused (vs. promotion-focused) individuals underestimate the relative desirability and/or overestimate the relative choice risk associated with extreme options. In other words, prevention-focused consumers tend to perceive that the compromise option will deliver more hedonic pleasure and that it is associated with lower risk, as reflected in the higher $E(x)$ and lower $P(x)$, in Eq. (1). To some extent, this possibility is consistent with the theory of motivated reasoning (Kunda, 1990), which indicates that people tend to support the conclusions they are motivated to reach through biased perception and information search. Kunda (1990) suggests that a primary process underlying motivated reasoning is confirmation bias; that is, people form the desired hypotheses and then tend to find support for them (Klayman & Ha, 1987).

H1. Prevention (vs. promotion) self-regulatory focus is associated with a lower weight for the desirability of choice outcomes and a greater weight for the likelihood of achieving the outcomes.

H1_{ALT}. Prevention (vs. promotion) self-regulatory focus is associated with the overestimation of the relative desirability of compromise options and the underestimation of the potential risk of compromise options.

3. Study 1a

The purpose of Study 1a is to test H1 and H1_{ALT} with regard to the underlying psychological process through which self-regulatory focus influences the preference for compromise versus extreme options. This proposition is examined in a conventional compromise effect

Download English Version:

<https://daneshyari.com/en/article/1017481>

Download Persian Version:

<https://daneshyari.com/article/1017481>

[Daneshyari.com](https://daneshyari.com)