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The role of customer regulatory orientation and fit in online shopping across cultural contexts

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ABSTRACT

This study offers valuable and timely contributions to the e-retailing and regulatory focus literature by investigating the influence of regulatory fit in the online shopping experience context, along with the mechanism underlying the fit effect. Through experimental studies conducted across different countries, we use two different technology product websites and use chronic and situationally induced regulatory focus to illustrate that the degree of fit between an individual's regulatory focus and the type of shopping experience offered by a website has a great influence on their perception and purchase intention. We find that when facing a hedonic website, promotion-focused individuals have a stronger purchase intention and a more positive attitude towards it, and that the reverse is true for prevention-focused individuals. Moreover, our findings indicate that the regulatory fit effect on purchase intention and attitude is mediated by an individual's engagement level and varies between developed countries and emerging markets.

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1. Introduction

Global internet usage has increased significantly in the past few decades. However, the percentage of website visitors who purchase goods is still low (Kukar-Kinney & Close, 2010), despite the fact that consumers are provided with limitless product information and convenient shopping methods through electronic commerce. In the United States, e-commerce's share of overall retail sales remains modest—only 8% in 2013—although 87% of the U.S. population uses the internet on a daily basis (Internet Retailer, 2014). In the emerging Asian markets (EAMs), e-commerce's pace and acceptance level is even slower (Ashraf, Thongpapanl, & Auh, 2014): the *Global Information Technology Report (2013)* ranked many developing Asian countries (e.g., Pakistan, India, Bangladesh, Indonesia) low in terms of their network readiness (i.e., a country's ability to exploit the opportunities offered by information and communications technology). Hence, it is crucial for e-retailers who now face ever-increasing levels of global and domestic customer demands and competition to develop a deeper comprehension of the driving forces that not only attracts online customers but also motivates them to take a desired action and/or make a purchase on a website.

Website homepages for online businesses are arguably the first point of contact between the business and its potential customers (Wang, Minor, & Wei, 2011). They offer varying levels of pivotal shopping experiences through their functionality and appeal (Van der Heijden, 2004). The type of online shopping experience, whether it is hedonic (aesthetically appealing, experimental, and enjoyment-related) or utilitarian (instrumental, practical, and functional), is not only important for customers' decision-making processes, but also helps shape their initial impressions of an e-retailer and determines whether or not customers will respond to and explore the website further (Yang, Cai, Zhou, & Zhou, 2005). Similarly, consumer behavior research has shown that individuals' decisions are influenced by their regulatory orientation (Avnet & Higgins, 2006; Wang & Lee, 2006; Hong & Lee, 2008). Regulatory focus literature defines regulatory orientation/focus as how a person pursues future goals, “in accordance with their own personal values and beliefs” (Church & Iyer, 2012, p. 292). Surprisingly, while both customer regulatory orientation/meta-motivational states (Avnet & Higgins, 2006) and website characteristics (Wang et al., 2011) are critical factors that affect consumers' decisions, these issues have been studied mainly in isolation in the online context. Deng and Poole (2010), among others, have been calling for more studies that provide a clearer and more complete understanding of how these important variables work together.

In order to further our knowledge of online consumer decision making, our view is that in the online context, it is not merely the product

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that plays a vital role in the decision-making process: the type of shopping experience (Van der Heijden, 2004) and the consumer's goal orientation (Higgins, 1997; Wang & Lee, 2006) may also contribute significantly towards the selection of an e-retailer and the subsequent actualization of the purchase decision (Babin, Darden, & Griffin, 1994). In other words, we propose that a web user's evaluation of and purchase intention from a website are determined by the interaction of the shopping experience offered (hedonic versus utilitarian) with the user's regulatory focus (promotion versus prevention). In this regard, our conceptualization of websites with respect to customers' regulatory orientation provides a rich and comprehensive view that furthers prior work in e-commerce and e-retailing literature.

Furthermore, the empirical literature on regulatory focus and regulatory fit effects have predominantly used samples from U.S. participants for empirical validation (Chen, Ng, & Rao, 2005). Our research, however, examines the interactive effects of regulatory focus and fit across three different countries: Canada, Australia, and Pakistan. Validating our hypotheses across three geographical contexts will allow us to capture the degree to which, and the manner in which, the interactive effect of regulatory focus and shopping experience (or the regulatory fit) varies across different countries and at different e-commerce adoption stages.

Moreover, our research investigates and obtains empirical evidence for the mechanisms underlying the regulatory fit effect on online consumers' decision-making processes. Some studies in the offline context have proposed that when there is a match between an individual's regulatory orientation and product or information attributes, it stimulates a subjective experience of engagement (Avnet & Higgins, 2006; Lee & Aaker, 2004). However, little is known about the role of engagement stimulated due to a match between an individual's regulatory orientation and an online shopping experience.

2. Theoretical background and hypotheses

Retailers use the internet to implement and control commerce activities in a number of ways, with company websites being the most popular platform for this purpose. Past studies have identified several website types with varying purposes. For example, Van der Heijden (2004) classified websites into two categories based on their inherent nature and termed them as hedonic (those providing self-fulfilling value) or utilitarian (those providing instrumental value).

2.1. Hedonic versus utilitarian shopping experience

Any shopping experience, whether bricks-and-mortar or online, provides the consumer with both hedonic and utilitarian benefits (Babin et al., 1994). In line with the e-retailing literature, we conceptualize the online shopping experience as having both hedonic and utilitarian dimensions (Babin et al., 1994; Kukar-Kinney & Close, 2010), and define it in terms of consumers' impressions based on their exposure to a combination of hedonic and utilitarian website attributes. The utilitarian experience provides customers with instrumental and functional benefits. In contrast, the hedonic experience provides an experience of pleasure and fun (Babin et al., 1994). The utilitarian shopping experience allows consumers to purchase a product in a deliberate and efficient manner, whereas the hedonic shopping experience focuses more on fun, playfulness, experimental, and enjoyment-related experiences (Childers, Carr, Peck, & Carson, 2001; Falk, Hammerschmidt, & Schepers, 2010). The dominant design objective of a website offering a utilitarian experience is to allow customers to effectively and efficiently perform or fulfill their purchasing task (Van der Heijden, 2004). In contrast, the dominant design objective of a website offering a hedonic experience is to encourage exploration, enrich users' shopping experience and increase the pleasure of recreational shoppers (Falk et al., 2010; Van der Heijden, 2004).

2.2. Regulatory fit and regulatory focus

Regulatory fit literature posits that the value of a decision made by an individual can be a function of the relationship between an individual's aims and interests during the decision-making process and the strategic manner in which the decision is made (Aaker & Lee, 2006; Avnet & Higgins, 2006). Recent research reports that people experience regulatory fit when they process information or make trade-off decisions in a way that sustains their regulatory orientation (Motyka et al., 2013). For example, Florack and Scarabis (2006) presented pictures of two sun lotion brands with a claim for each, such that one brand had a claim with prevention focus (e.g., provides safe protection), whereas the other had a claim with a promotion focus (e.g., enjoy the sun). Their study revealed that participants were more likely to prefer a product whose advertisement focused on a claim that was compatible with their regulatory focus. Regulatory fit is, therefore, a broad concept that can be used for any motivational orientation with a desired manner of goal pursuit, such as the need for closure or regulatory mode. To date, the majority of research has used individuals' regulatory focus as a vehicle for testing regulatory fit effects (for details, see Motyka et al., 2013).

Regulatory focus literature proposes that people can achieve their goals by adopting either an achievement/accomplishment-oriented, promotion-focused strategy or a safety/security-oriented, prevention-focused strategy (Higgins, 1997). Although both of these strategies allow individuals to achieve their goals, their characteristics are distinct: a prevention-focus strategy emphasizes responsibility, security, and safety, whereas a promotion-focus strategy stresses hope, achievement, and advancement (Pham & Avnet, 2004). Compared to promotion-focused individuals, their prevention-focused counterparts tend to make more conservative investments (Zhou & Pham, 2004), prefer status quo options (Chernev, 2004b) and are more doubtful of manipulative persuasion attempts (Kirmani & Zhu, 2007). In contrast, promotion-focused individuals are more open to investment risk (Zhou & Pham, 2004), rely more on their feelings, and are more willing to explore new options and to accept new courses of action (Pham & Avnet, 2004).

2.3. Regulatory fit, regulatory focus and online shopping experience

The promotion and prevention focuses represent two complex motivational systems and are associated with different activities that are responsible for sustaining or diminishing a person's regulatory focus, depending on whether or not the activity fits their focus. The fit between promotion focus/hedonic experiences and prevention focus/utilitarian experiences can be explained through the lens of cognitive tuning framework which posits that promotion- and prevention-focused individuals tend to differ in terms of their cognitive processes. Promotion-focused individuals fixate on positive states and therefore tend to view their environment as benign and requiring no specific actions (Friedman & Förster, 2002); as such, they are more likely to engage in creative and exploratory behavior, attend freely to relationships among items, note higher-level abstractions, understand and evaluate ambiguous experiences, and be more playful (Arnold & Reynolds, 2009). Prevention-focused individuals fixate on negative states, and therefore tend to view their environments as potentially problematic and threatening (Friedman & Förster, 2002), and believe certain actions are required to rectify the situation. Thus, they assess matters carefully and in precise detail, think about items individually and in concrete, specific terms, engage in behaviors cautiously, and are more analytical (Arnold & Reynolds, 2009). Given the central role of symbolism, fantasy, and imagination in hedonic consumption (Hirschman & Holbrook, 1982), evaluating such an experience necessitates the deep abstraction and expansive thinking characteristics of the promotion focus. In contrast, utilitarian behavior is more rational and task-specific

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