

# Digital Buying Behavior: The Role of Regulatory Fit and Self-construal in Online Luxury Goods Purchase Intentions

## ABSTRACT

Drawing on regulatory focus theory, this research examines how consumers' promotion and prevention focus influences luxury purchase intentions in an online domain. The research further investigates the interactive effects of regulatory focus, goal orientation and self-construal through four studies. Study 1 shows that promotion-focused versus prevention-focused consumers have a greater tendency to purchase luxury goods online and in-store. Contrary to extant research regarding the compatibility between message frame and consumers' regulatory focus, using varying manipulations, Studies 2 and 3 find the primacy of prevention-framed messages in influencing online luxury purchase intentions for promotion- and prevention-focused consumers. Further, unlike prior studies, Study 4 shows no significant interaction effect between regulatory focus, goal orientation and self-construal and adds a possible boundary condition by demonstrating how regulatory focus and self-construal effects differ for luxury purchase online. Overall, the studies offer important contributions to theory and practice relating to luxury consumption in cyberspace.

**Keywords:** *luxury goods, regulatory fit, promotion focus, prevention focus, self-construal, online purchase*

Consumption of luxury goods has long been an important issue in the global economy because of its unique market value and significant role in today's global marketplace (Keller, 2009). Compared to regularly purchased goods consumers demonstrate a number of distinct motivations in purchasing luxury products due to involvement of social, personal and functional value-related attributes (Wiedmann, Hennigs, & Siebels, 2009; Shukla & Purani, 2012). The significant growth in the luxury goods market in the last two decades (Bain, 2019) and unique symbolic motivations associated with the purchase of luxury goods has stimulated substantial research interest (Chandon, Laurent, & Valette-Florence, 2016; Ko, Phau, & Aiello, 2016). The overall luxury goods market is predicted to be worth more than \$286 billion by the end of 2019 (Bain 2019). In parallel with the growth in the markets for luxury products and consumption analysts predict that online luxury commerce will generate revenues of more than €74 billion by 2025, representing 20% of total sales (McKinsey, 2018) as consumers increasingly make their luxury purchasing decisions online. This trend is occurring, as online shopping provides consumers with knowledge about a variety of products, a chance to compare prices, and an opportunity to purchase products without having to attend a physical store. However, online shopping raises concerns for consumers about delivery cost (Kim, 2014), security (Mousavizadeh, Kim, & Chen 2016) and the absence of direct interaction between the seller and buyer to discuss the product (Shukla, 2014). As the financial and socio-psychological commitments are more apparent in the domain of luxury goods, the purchase risks are significantly higher (Hennigs, Wiedmann, & Klarmann, 2012).

When making purchasing decisions about goods and services consumers use different self-regulation processes to achieve their goals (Chernev, 2004; Guidice, Mero, Matthews, & Greene, 2016; Som & Lee, 2012). Self-regulation has been theorized as a process whereby people seek to align their behavior with relevant goals (Higgins, 1997). The self-regulation process has two

regulatory orientations, promotion focus and prevention focus. People with a promotion focus pursue their goals in an approach strategy and are sensitive to presence or absence of a positive outcome. Promotion-focused people place a greater emphasis on ambitions, advancement, and gains and adopt eagerness-related means in pursuing their goals to achieve a match with a desired end-state. On the other hand, people with a prevention focus follow their goals through an avoidance strategy and are sensitive to absence or presence of a negative outcome. Prevention-focused people place emphasis on duties, commitment and non-losses and adopt a vigilance-related means in pursuing their goals to prevent a mismatch with a desired end-state (Chernev, 2004; Higgins, 1997). With concerns and risks in purchasing luxury goods online highlighted earlier, the first aim of the research is to examine the influence of the differing regulatory orientations in the unique setting of online luxury purchase intentions.

Further, a match between regulatory focus and an orientation toward a goal produces a state of regulatory *fit* (Higgins, 2005). Regulatory fit occurs when an individual's underlying regulatory orientation aligns with the strategic means during their goal pursuit. Thus, regulatory fit allows an individual to derive additional utility from the degree to which the means used are compatible with the individual's regulatory focus (Higgins, 2005). Consequently, when individuals perceive a regulatory fit, they experience heightened motivation and a sense that 'it just feels right' (Aaker & Lee, 2006). This feeling, increases a consumer's engagement in a task, enhances an action's values, and frees the selected product from the effects of stimulation and mood (Avnet & Higgins, 2006; Hamstra, Van Yperen, Wisse, & Sassenberg, 2013), and triggers a willingness to pay a higher price (Higgins, Idson, Freitas, Spiegel, & Molden, 2003). Therefore, the second aim of the research is to explore the moderating impact of regulatory fit in influencing the relationship between regulatory orientation and online luxury purchase intentions.

Besides this regulatory orientation consumers are influenced by how they define themselves. The self is a complex structure with multiple manifestations in a “constellation of thoughts, feelings, and actions concerning one’s relationship to others such as the self being distinct from others or connected to others” (Singelis, 1994, p. 581). How an individual sees themselves in relation to others has been phrased as either independent or interdependent self-construal (Markus & Kitayama, 1991). Independent self-construal is characterized by an individual’s separateness from others, by attention to one’s abilities, traits and preferences, and the primacy of one’s individual goals over those of in-groups. Interdependent self-construal, on the other hand, is characterized by a sense of fundamental connectedness with others, by attention to one’s role in in-groups, and by the primacy of group goals over individual goals. Different kinds of self-construal are formed during the socialization process and considered a chronic human trait. However, either of them can be primed in a certain condition or at different times, and when activated an individual’s chronic self-construal can alter social perceptions and behavior (Aaker & Lee, 2001). Prior studies identify a positive relationship between peoples’ self-construal and regulatory focus (Aaker & Lee, 2001; Lee, Aaker, & Gardner, 2000) wherein they find alignment between independent self-construal and promotion focus and interdependent self-construal and prevention focus. Consequently, the third aim of the research is to examine the interaction between regulatory focus, regulatory fit and self-construal.

By employing and focusing on the theoretical lens of self-regulatory processes and examining the moderating role of self-construal, this research empirically tests the interactive effect of these theories on consumer purchases of online luxury goods. In so doing, the present research makes four contributions to the body of knowledge and practice. First, while Regulatory Focus Theory (RFT) has been researched in other areas such as health (Berezowska, Fischer, &

van Trijp, 2018; Lee & Aaker, 2004), consumers' preference for the status quo (Chernev, 2004), preference for hedonic versus utilitarian products (Khajehzade, Oppewal, & Tojib, 2014; Roy & Ng, 2012), and perceived risk in selecting new products (Herzenstein, Posavac, & Brakus, 2007), there is a shortage of scrutiny and empirical testing of RFT in the sphere of online luxury consumption. To the best of our knowledge, this is the first attempt to empirically examine RFT in the luxury market environment. Second, we extend the extant research that predominantly examines compatibility between consumers' regulatory focus and goal orientation in different offline contexts (Aaker & Lee, 2006; Florack, Keller, & Palcu, 2013) by comparing consumer decision-making in an offline (in-store) and online environment using the unique context of luxury goods. Third, while regulatory focus, goal orientation and self-construal have been studied in several decision-making domains (Aaker & Lee, 2001; Lin et al., 2012; Sung & Choi, 2011), this is the first attempt to examine the interactive effects of these constructs in the online decision-making of luxury goods. In doing so, it offers novel contextual examination and offers a possible boundary condition with regards to these interactions. Finally, the research offers important guidance for managerial practice on how to effectively market luxury brands online given the challenges of replicating the exclusive experience of in-store luxury purchase (Okonkwo, 2009) and low brand loyalty within the online domain when shopping cart abandonment is high (Serrano, 2018). Figure 1 depicts the conceptual framework. This is followed by the hypotheses development and testing for the study.

Insert figure 1 here

### **Chronic Regulatory Focus and Consumption Motives**

Purchases and consumption of luxury products brings social status and exclusiveness for its consumers as well as the feeling of connection with a certain social group (Kastanakis & Balabanis, 2012; Chandon et al., 2016). Luxury goods are the ideal candidates for hedonic consumption as, apart from their functional utilities, they could evoke 'subjective intangible benefits' in terms of emotional attributes such as sensory pleasure, beauty, and satisfaction (Vigneron & Johnshon, 2004; Wiedmann et al., 2009). Consumers with a promotion focus are attracted to products with dominant hedonic features, whereas those with a prevention focus attracted to products with dominant utilitarian features (e.g., Roy & Ng, 2012).

Further, purchasing of goods online is inherently risky because of security and trust concerns, and the lack of an opportunity to examine products, (Bart, Shankar, Sultan, & Urban, 2005; Shukla, 2014). However, extant research shows that consumers with a chronic promotion focus own more high-risk new technology and products than prevention-focused consumers (Herzenstein et al., 2007). In contrast to promotion-focused consumers, in risky situations, prevention-focused consumers tend to take the status quo options to avoid losses and expected regret (Chernev, 2004). Hence, given their risky-choice preference and the preference for products with dominant hedonic features coupled with the desire to pursue goals that satisfy nurturance needs of gain and advancement, promotion-focused people will be more inclined to purchase luxury goods online than prevention-focused people (Crowe & Higgins, 1997; Liberman, Molden, Idson, & Higgins, 2001). Further, this study posits that the socio-psychological status achieved from purchasing of luxury goods will align well with the promotion-focused consumers who are motivated by gains and hence they will spend significantly more amount of money on these products online. Hence it is proposed that:

**H1:** Promotion-focused consumers will be (a) more inclined to purchase luxury goods

online and (b) spend more on luxury goods online than prevention-focused consumers.

### **The Effect of Regulatory Fit**

When there is compatibility between regulatory focus and goal orientation, individuals experience regulatory fit, and this increases the value of action and persuasion (Higgins, 2005). The activated regulatory fit can trigger preferences for consumers such that emphasizing a decision task in terms of gains or losses interacts with the chronic regulatory focus and thus in turn, influences the final decision. For example, compatibility (regulatory fit) between consumers' regulatory focus and information processing increases choice preferences of selected options (Mourali & Pons, 2009; Kao, 2012). From this it can be inferred that when consumers' prevention focus is dominant, they have a stronger preference for information that is framed in prevention-cue format. Conversely, promotion-focused consumers have a stronger preference for information that is framed in a promotion-cue format (Mourali & Pons, 2009). Kim and Sung's (2013) research in the context of advertising, using Gucci as a sophisticated and Old Navy as a sincere brand, demonstrates that the promotion-framed message is more persuasive when advertising a sophisticated brand, whereas the prevention-framed message is more persuasive when advertising a sincerity brand. Similarly, Mowle, Georgia, Doss and Updegraff (2014) reveal that when the frame of a message is compatible with an individual's regulatory focus, there is a larger tendency to click on an online advertisement. Thus, prior research suggests that compatibility of regulatory focus and goal orientation (regulatory fit) drives decision-making. Therefore, hypothesis two is developed as follows:

**H2:** Compatibility between consumers' chronic regulatory focus and goal orientation

influences online luxury purchase intentions, such that,

**H2a:** When promotion-focused consumers are exposed to a gain/non-gain framed-message (fit), their online luxury purchase intentions are higher than when they are exposed to a loss/non-loss framed-message (non-fit). And,

**H2b:** When prevention-focused consumers are exposed to a loss/non-loss framed-message (fit), their online luxury purchase intentions are higher than when they are exposed to a gain/non-gain framed-message (non-fit).

### **The Moderating Role of Self-construal**

Prior studies identify a positive relationship between peoples' self-construal and regulatory focus (Aaker & Lee, 2001; Lee et al., 2000). Individuals with an independent (interdependent) self-construal tend to differentiate themselves from others in a positive way, focus on possible achievements and gains (Markus & Kitayama, 1991), and pursue promotion-focused (prevention) goals (Aaker & Lee, 2001; Sung & Choi, 2011). Lin, Chang and Lin (2012) confirm that when independent self-construal is dominant, a promotion-framed message leads to higher buying intentions, whereas the prevention-framed message is consistent with the interdependent self-construal and also generates higher buying intentions. Because promotion-focused information highlights possible gains, people with an independent self-construal perceive this approach more convincing than the use of prevention-focused information (Lee et al., 2000). In contrast, an important motive for individuals with an interdependent self is to maintain a connection, accomplish different social roles, and sustain harmony with others in the social context. Individuals with this perspective emphasize the negative features of themselves and the situation in order to avoid possible failure by attempting to improve their behavior to fit into a specific



social setting (Markus & Kitayama, 1991) and perceive prevention-focused information more convincing than promotion-focused information (Lee et al., 2000). The current study aims to test the integrated constructs of the regulatory focus and self-construal by extending their application to online luxury purchase intentions. Therefore, hypothesis three is developed as follows:

**H3:** Compatibility between consumers' chronic self-construal (independent versus interdependent), chronic regulatory focus (promotion versus prevention) and goal orientation (gain/non-gain versus loss/non-loss) influences online luxury purchase intentions. Wherein:

**H3a:** When consumers with an independent self-construal and a promotion focus are exposed to a gain/non-gain framed-message (fit), their online luxury purchase intentions are higher than when they are exposed to a loss/non-loss framed-message (non-fit).

**H3b:** When consumers with an interdependent self-construal and a prevention focus are exposed to a loss/non-loss framed-message (fit), their online luxury purchase intentions are higher than when they are exposed to a gain/non-gain framed-message (non-fit).

### **Overview of the Studies**

The hypotheses are tested using four experiments that examine differences in the effect on purchase intentions of regulatory focus arising from the goal orientation for individuals with independent and interdependent self-construal. In the first study, a comparison between prevention- and promotion-focused consumers and their online versus in-store purchase

intentions is examined in the context of luxury goods. Study 2 examines how purchase intentions between prevention- and promotion-focused consumers differ in an online domain when they are exposed to either compatible or non-compatible messages. In doing so, Study 2 extends Study 1 by examining how compatibility of message frame can trigger a behavioral response among prevention- and promotion-focused consumers. Study 3 employs a significantly different purchase situation and in doing so offers a robustness check for Study 2. Study 4 further extends the earlier experiments by examining the role of self-construal and shows the interactive effects of regulatory focus, goal orientation and self-construal.

## **STUDY 1**

In this study, the aim is to examine the differences in online and in-store purchase intentions between promotion- and prevention-focused consumers. Specifically, the study examined if there were any purchase frequency (volume) and purchase amount (value) differences between promotion- and prevention-focused consumers.

### **Method**

*Procedure.* The participants were recruited via a mall intercept on high streets where there were a number of established luxury stores in the South East of the UK. To avoid cultural biases, non-British participants were not included in the study. To set an appropriate contextual focus, participants were also filtered based on their previous online luxury shopping experiences. More than 450 respondents in the South East of the UK were requested to voluntarily participate with a final usable sample of 226 (response rate = 50.22%).

Respondents were randomly assigned to either an online purchase or an in-store purchase

condition. This allowed us to demonstrate the differences that underpin purchase intentions between these two settings. The questionnaires consisted of four sections. Section one aimed at drawing respondents' attention to the luxury concept. Respondents were asked to read a luxury definition (Vigneron & Johnson, 2004), followed by questions regarding their past luxury purchases and favorite brands as well as their future luxury purchase intentions. Section two consisted of the 11-item regulatory focus questionnaire (Higgins et al., 2001), which captures both chronic promotion ( $\alpha = 0.73$ ) and prevention focus ( $\alpha = 0.80$ ). Section three captured both financial ( $\alpha = 0.79$ ) and product ( $\alpha = 0.90$ ) risk perceptions (Forsythe, Liu, Shannon, & Gardner, 2006) of respondents about purchasing luxury goods in either an online/in-store setting. Section four consisted of demographic questions (i.e., age, gender, education, occupational status, and marital status), including online/in-store spending habits and the largest ever transaction on a luxury item, respondents had made online/in-store in the past 6 months. Respondents were asked to answer two questions to measure their online spending habits (i.e., Have you ever bought any luxury item on the Internet?, using a 5-point scale ranging from 1 (never) to 5 (very often), and How frequently do you purchase luxury items online?, with asking them to select one answer from the options that are; 'once a year', 'once every six months', 'once every quarter', 'once a month', and 'once a week or more'. Respondents' largest ever transaction was measured by a question (i.e., What was your largest ever transaction for buying luxury items online?). The respondents were asked to write the transaction amount in GBP. Respondents' purchase intention was measured using a question (i.e., Would you consider buying them online in future?). Ratings were made on a 5-point scale ranging from 1 (never) to 5 (Absolutely). For the in-store version the term 'online' was changed to 'in-store'. Section two, three and four were counterbalanced to avoid demand effects.

## Results

The mean age of the respondents was 31.17 years (SD = 12.01). Females represent 56.5% of the total participants with the highest level of participants in full-time employment (30.7%) followed by students (23.9%), people employed part-time (22.5%), and self-employed (13.3%). More than half of the participants were single (55.4%), with 20.7% married and 19.8% living with a partner. In terms of education, 28.0% studied up to A-levels (pre-university), 28.9% bachelors, 12.8% had a post-graduate degree and 15.1% had professional qualifications.

To establish that online luxury goods purchase is a significantly different setting than in-store purchase setting, we examined the differences in risk perceptions relating to them. A one-way ANOVA was conducted to analyze these aspects and the results show that there is a significant difference in the financial ( $F(1, 223) = 29.74$ ) and product risk ( $F(1, 223) = 152.63$ ) between online and in-store purchase. Respondents felt greater financial risk when purchasing luxury goods online ( $M_{\text{online}} = 3.67$ ;  $SD = 1.67$ ) than in-store ( $M_{\text{in-store}} = 2.44$ ;  $SD = 1.33$ ). Similarly, product risk was also observed to be greater when purchasing luxury goods online ( $M_{\text{online}} = 4.84$ ;  $SD = 1.33$ ) than in-store ( $M_{\text{in-store}} = 2.59$ ;  $SD = 1.17$ ). The results suggest that online luxury buying is a significantly different purchase context than in-store setting and requires further attention. The study further posits that promotion-focused consumers will be more inclined to purchase luxury goods online than prevention-focused consumers. To analyse hypothesis 1a, a multiple regression was carried out. The results show that promotion-focused consumers are significantly inclined to purchase luxury goods online ( $\beta = .22$ ;  $t = 4.44$ ) while the relationship was non-significant for prevention-focused consumers ( $\beta = .02$ ;  $t = 0.54$ ). As differences were observed between promotion and prevention-focused consumers in an online luxury purchase context,

further analysis was carried out to measure if socio-demographics as covariates may demonstrate differences in luxury purchase intentions in an online domain among respondents. The results demonstrate that age ( $\beta = .03$ ;  $t = 3.51$ ) and gender ( $\beta = -.38$ ;  $t = -2.11$ ) have a significant positive and negative influence respectively on luxury purchase intentions in an online domain. When controlling for these effects, promotion-focused consumers demonstrated a significant positive influence on online luxury purchase intentions ( $\beta = .17$ ;  $t = 3.45$ ) while prevention-focused consumers showed non-significant influence ( $\beta = .02$ ;  $t = 0.73$ ) as shown in Table 1. These results suggest that with increasing age, promotion-focused consumers tend to increase their online luxury purchase intentions. Further, the findings demonstrate that promotion-focused males prefer more online luxury purchase than females.

Insert Table 1 here

To test H1b, the study examined the overall spending difference in transactions between promotion- and prevention-focused consumers. Furthermore, to establish the unique differences that online purchasing context offers, the study examined the differences in an online versus in-store setting. To avoid the confounding of simultaneous promotion and prevention focus among respondents (Higgins, 1997), a stringent median split analysis was conducted (Escalas & Bettman, 2005) to identify respondents with a chronic promotion or prevention focus. While several scholars have argued against the practice of applying a median split, recently other academics suggest that median splits are perfectly acceptable to use when independent variables are uncorrelated (Iacobucci, Posavac, Kardes, Schneider, & Popovich, 2015). Based on the median split, those respondents with a higher than median score for promotion and lower than

median score for prevention were included as promotion-focused customers and those with lower than median score for promotion and higher-than median score for prevention were included as prevention-focused customers. Those with higher than median scores on both prevention and promotion dimensions and similarly lower than median scores on both dimensions were removed from the analysis. Such stringent analysis allowed identification of chronic promotion ( $n_{\text{online}} = 46$ ;  $n_{\text{instore}} = 29$ ) and prevention focus ( $n_{\text{online}} = 47$ ;  $n_{\text{instore}} = 26$ ) in respondents in an online and in-store context respectively. However, it reduced the sample size ( $n = 148$ ).

An independent samples t-test revealed that there was a significant difference in online shopping frequency among promotion ( $M = 3.94$ ;  $SD = .79$ ) and prevention-focused ( $M = 3.37$ ;  $SD = 1.16$ ) consumers ( $p < .001$ ). However, there was no significant difference between promotion- and prevention-focused consumers in an in-store setting ( $p > .05$ ). This further demonstrates that the online luxury purchase is a significantly unique context.

Further, as hypothesized, when asked about their largest online transaction in the past 6 months, promotion-focused respondents spent a significantly higher amount online ( $M = \text{£}735$ ;  $SD = \text{£}275$ ) than those with a prevention focus ( $M = \text{£}354$ ;  $SD = \text{£}158$ ;  $t(91) = 2.86$ ,  $p < .005$ ). On the other hand, the difference between luxury purchase intentions among promotion and prevention-focused consumers was significant at  $p = 0.04$  level for the in-store context wherein promotion-focused consumers spent somewhat higher amount in their purchases ( $M = \text{£}564$ ;  $SD = \text{£}275$ ) than prevention-focused consumers ( $M = \text{£}489$ ;  $SD = \text{£}122$ ) as shown in Figure 2.

Insert Figure 2 here

Considering the differences in risk perceptions, luxury goods purchase frequency and

overall spending amount, the results demonstrate that online luxury purchase is a distinct context in its own regard and needs further examination. Moreover, the results disclose that the promotion and prevention foci of consumers are significant in explaining variations in consumers' behavioral intention in an online decision-making domain. The results support hypothesis 1b, which extends the findings of the previous studies (e.g., Crowe & Higgins, 1997; Herzstein et al., 2007) regarding purchase behavior of promotion-focused individuals. The current findings indicate that promotion-focused consumers are more likely to shop online and spend more money on buying luxury goods than prevention-focused consumers.

## **Study 2**

This study examines whether compatibility between chronic regulatory focus and goal orientation influences consumers' online luxury purchase intentions. A 2 regulatory focus (promotion focus vs. prevention focus) x 2 goal orientation (gain/non-gain frame vs. loss/non-loss frame), between-subjects experimental design was employed. Consumers' goal orientation was manipulated using two different scenarios.

### **Pre-study prior to Study 2**

Prior to Study 2, a pre-study was conducted in order to identify the appropriate online luxury product category and goal orientation frame that can influence consumer online purchase of luxury goods. These two aspects facilitated the manipulation of goal orientation. Respondents in the South East of the UK were invited to participate voluntarily (n = 48; Female = 52%). Respondents were shown 18 product categories of luxury goods (e.g., watches, cosmetics, bags, shoes, casualwear, jewelry, etc.) in a random order and asked to choose the product category they

were most likely to purchase online in a 5-point likelihood Likert scale with extremely unlikely and extremely likely as anchors. Respondents were also asked to answer a set of questions about possible hindrances in online shopping (e.g., delivery cost, size problem, delivery time, etc.) that would allow us to manipulate goal orientation framing, with a 7-point Likert type scale. The pre-study results show that the most popular luxury online purchase category was casual wear ( $M = 3.76$ ;  $SD = 1.19$ ). Delivery cost ( $M = 5.61$ ;  $SD = 1.29$ ), was identified as the major hindrance in online shopping. Based on the above findings, casualwear and delivery costs were used in building the scenario for Study 2.

## **Method**

**Procedure.** Similar to Study 1, in Study 2 participants were recruited voluntarily via a mall intercept on high streets where there were a number of established luxury stores in the South East of the UK with a final usable sample of 371 and a response rate of 61.83% (Age  $M = 30.13$  years; Female: 48.7%). As Study 1 demonstrates that online luxury purchase is a distinct context, rather than comparing online and in-store luxury purchase intentions, Study 2 particularly focuses on the online consumption context only. The cover story and the first two sections of Study 2 were similar to that in Study 1. Section three, however, aimed to manipulate the goal orientation of respondents. The structure of the scenario was framed in either a gain format or loss format. Respondents were randomly assigned to either a gain-framed or a loss-framed scenario. Respondents in the gain-framed situation read: *“Imagine that you are purchasing a fashion luxury t-shirt on the Internet. You come across a t-shirt you really like and plan to purchase it. The price for the t-shirt is £75. When you go to the checkout section you find that there is a delivery charge of £5.99. It is also mentioned that when you pay for delivery and complete your*



*transaction, you will receive a £10 voucher to spend on your next shopping. So, if you pay for delivery you will gain a £10 voucher; however, if you do not pay for delivery you will not gain the £10 voucher as well as the t-shirt*". Respondents in the loss frame situation read a similar scenario with the last statement as follows: "*So, if you pay for delivery you will not lose the £10 voucher; however, if you do not pay for delivery you will lose the £10 voucher as well as the t-shirt*". By avoiding use of a real brand in the scenario the study decreased the potential confounding effects of existing real brand-based associations.

Respondents were then asked to evaluate the scenario using the question, "overall how do you feel about the scenario?" on a 7-point scale ranging from 1 (very undesirable) to 7 (very desirable), to measure their overall feelings toward the information provided. Next, purchase intention (dependent variable) of the product presented in the scenario was measured using five behavioral intentions battery questions (i.e., how likely would you be to buy the t-shirt?, if you were faced with the decision of whether to buy the t-shirt today, how likely is it that you would do so?, how likely would you recommend this website to others?, how likely would you buy from this website in the future?, and how likely the voucher motivates you to buy the t-shirt?). Ratings were made on a 7-point scale ranging from 1 (extremely unlikely) to 7 (extremely likely). These items were adopted from prior studies (i.e., Arnold, Reynolds, Jones, Tugut, & Gabler, 2014; Florack, Friese, & Scarabis, 2010; Lin et al., 2012) and modified in order to fit with the nature of the current study.

To measure if the manipulation check was successful, respondents were asked if "the above scenario places more emphasis on the gain (loss) associated with purchasing the t-shirt?" based on the scenario they were exposed to a 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). The independent variables were chronic promotion ( $\alpha = 0.61$ ) and prevention (

$\alpha = 0.74$ ) foci of respondents (Higgins et al., 2001). Other independent variables were manipulated in the scenario in order to stimulate respondents' goal orientation. The key dependent variable used in this study was respondents' purchase intentions ( $\alpha = 0.85$ ) toward the luxury goods online.

**Manipulation checks.** In order to understand whether the framing manipulation was perceived as intended, an independent-samples t-test was conducted. The results revealed that the loss and gain-framed manipulation was successful as the respondents in the loss-framed situation ( $M = 4.32$ ;  $SD = 2.02$ ) reported that the scenario focused more on avoiding loss and respondents in the gain-framed situation reported that the scenario focused more on gains ( $M = 5.49$ ;  $SD = 1.88$ );  $t(361) = 5.69$ ,  $p < 0.001$ ). Moreover, evaluating the respondents' overall feelings toward the scenario indicated that the average scores were similar apart from the two different versions of the scenario; that is the gain-framed scenario ( $M = 4.19$ ;  $SD = 1.53$ ) and for the loss-framed scenario ( $M = 4.13$ ;  $SD = 1.57$ ;  $t(366) = 0.30$ ,  $p > 0.05$ ). Thus, the results revealed that although respondents' evaluations of each scenario's desirableness were equal, the respondents accurately recognized the emphasis that the scenarios were intended to convey. This means that the gain/loss manipulation was not confounded by the desirableness of the scenario evaluations.

## Results

To measure the compatibility effect as hypothesized in H2, the interaction between regulatory focus and a goal orientation frame was analyzed using PROCESS macro Model 1 (Hayes, 2013). The analysis demonstrates a statistically significant direct effect of goal orientation ( $\beta = 0.53$ ;  $p < 0.001$ ; LLCI = .31, ULCI = .86). However, no direct effect of regulatory focus was observed.

The interaction effect between regulatory focus and goal orientation was statistically significant ( $\beta = 0.23$ ;  $p < 0.05$ ; LLCI = .01, ULCI = .49) as shown in figure 3.

Insert figure 3 here

Contrary to expectations, when consumers with a chronic promotion focus were shown a prevention-framed message ( $M = 3.21$ ), they were more inclined to purchase luxury goods online than when exposed to a promotion-framed message ( $M = 2.93$ ). This result demonstrates the influence of non-compatibility effect in online luxury shopping. We posit that due to the triggered loss aversion (Ariely, Huber, & Wertenbroch, 2005) in this unique context, prevention-framed message offers a temporary fit with the chronic promotion focus of consumers. In the case of consumers with a chronic prevention focus when exposed to prevention-framed message ( $M = 3.80$ ), their online luxury goods purchase intentions were observed to be higher than when they were exposed to a promotion-framed message ( $M = 3.61$ ). Thus, for prevention-focused consumers, regulatory fit drives their purchase intentions.

### STUDY 3

To check the robustness of our surprising and noteworthy results observed in Study 2 (i.e., purchase intention of promotion-focused consumers increased when they were shown a prevention-framed message (non-fit) than when exposed to a promotion-framed message), we decided to examine this incompatibility effect of regulatory focus and goal orientation through a different scenario setting in this study. A 2 regulatory focus (promotion focus vs. prevention focus) x 2 goal orientation (gain/non-gain frame vs. loss/non-loss frame), between-subjects

experimental design was employed. Consumers' goal orientation was manipulated using two different scenarios.

## Method

*Procedure.* While Study 2 focused on a sample within the South East of the UK, Study 3 employed a sample from across the UK using the online panel of a market research agency. Respondents were requested to participate in the study (n = 228; Age M = 33.85 years; Female: 76.1%). While similar to Study 2, the context of the scenario changed substantially in Study 3. Respondents were randomly assigned to either a gain-framed or a loss-framed scenario. Respondents in the gain-framed situation read: *“Imagine that you are purchasing a luxury perfume on the Internet. You came across a perfume you really like based on the reviews you have read and are planning to purchase it. The price for the perfume online is £450 on most websites. However, you have found a new website which is offering the perfume at discounted price of £399 as their inaugural promotion for 24 hours. So, if you buy from this new and unknown website you will gain approximately £50 discount; however, if you decide not to buy from this website, you will not gain the £50 discount that you have on offer”*. Respondents in the loss frame situation read a similar scenario with the last statement as follows: *“So, if you buy from this new and unknown website, you will secure/not lose the £50 discount; however, if you do not buy from this website, you will lose approximately £50 discount that you have on offer”*. By avoiding use of a real brand in the scenario the study decreased the potential confounding effects of existing real brand-based associations.

Respondents were then asked to evaluate the desirability of the scenario and their purchase intentions were measured followed by manipulation check related question similar to Study 2.

The independent variables were chronic promotion ( $\alpha = 0.62$ ) and prevention ( $\alpha = 0.77$ ) foci of respondents (Higgins et al., 2001). Other independent variables were manipulated in the scenario in order to stimulate respondents' goal orientation. The key dependent variable used in this study was respondents' purchase intentions ( $\alpha = 0.70$ ) of luxury goods online.

*Manipulation checks.* In order to understand whether the framing manipulation was perceived as intended, an independent-samples t-test was conducted. The loss and gain-framed manipulation was successful as respondents in the loss-framed situation ( $M = 5.04$ ;  $SD = 2.14$ ) reported that the scenario focused more on avoiding loss and respondents in the gain-framed situation reported that the scenario focused more on gains ( $M = 5.99$ ;  $SD = 2.06$ );  $t(228) = 3.99, p < 0.001$ ). Thus, the results show that the respondents accurately recognized the emphasis that the scenarios were intended to convey.

## Results

To measure the compatibility effect as hypothesized in H2, the interaction between regulatory focus and a goal orientation frame was analyzed using a between group ANOVA. The analysis demonstrates a statistically significant direct effect of goal orientation ( $F(1, 226) = 8.79$ ;  $p < 0.001$ ). However, no direct effect of regulatory focus was observed. The interaction effect between regulatory focus and goal orientation was statistically significant ( $F(1, 226) = 3.83$ ;  $p < 0.05$ ) as shown in figure 4.

Insert figure 4 here

Similar to Study 2 and contrary to the received wisdom, when consumers with a chronic promotion focus were shown a prevention-framed message ( $M = 4.38$ ), they were more inclined to purchase luxury goods online than when exposed to a promotion-framed message ( $M = 3.63$ ). In the case of consumers with a chronic prevention focus when exposed to prevention-framed message ( $M = 4.19$ ), their online luxury goods purchase intentions were observed to be higher than when they were exposed to a promotion-framed message ( $M = 3.51$ ). Thus, the study again demonstrates the influence of non-fit between regulatory focus and goal orientation for promotion-focused consumers. It also shows the primacy of prevention-framed message in regards to online luxury purchase intentions.

#### **STUDY 4**

Extending the earlier regulatory focus and goal orientation compatibility hypothesis, showing unique consumer behavior in an online decision-making domain in the context of luxury purchase intentions, Study 4 investigates the moderating role of self-construal. This study hypothesizes that compatibility between consumers' self-construal, regulatory focus, and goal orientation, influences their purchase intention toward luxury products online. A 2 (independent self vs. interdependent self) x 2 (promotion focus vs. prevention focus) x 2 (gain/non-gain frame vs. loss/non-loss frame), between-subjects experimental design was employed.

#### **Method**

**Procedure.** Similar to studies 1 and 2, participants were recruited via a mall intercept on high streets in the South East of the UK with a final sample of 870 and the response rate of 72.25% ( $n = 870$ ; (Age  $M = 27.83$  years; Female = 51.9%). The design of this study was identical to Study

2, except for the self-construal measurement, to identify respondents' chronic independent versus interdependent self-construal that were added in the questionnaire before 11-item regulatory focus scale. Following Escalas and Bettman (2005), we used the shortened version of the self-construal scale developed by Singelis (1994). Four items, two for interdependent self-construal (i.e., I often have the feeling that my relationships with others are more important than my own accomplishments and it is important for me to respect decisions made by the group) and two for independent self-construal (i.e., I'd rather say 'No' directly than risk being misunderstood and I enjoy being unique and different from others in many respects) were selected for self-construal measurement. Items were rated on a 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). Participants were randomly assigned to either a gain-framed or a loss-framed scenario.

**Manipulation checks.** Similar to the previous studies, a manipulation check was carried out asking if the respondents felt the scenario focused on gain or loss on a 7-point scale. Results revealed that the loss and gain framing manipulation was successful as the respondents in a loss-framed situation reported that the scenario focused more on avoiding losses ( $M = 4.63$ ;  $SD = 1.97$ ) and respondents in the gain-framed situation reported that the scenario focused more on gains ( $M = 5.58$ ;  $SD = 1.92$ );  $t(868) = 7.20, p < 0.001$ .

## **Results**

To test the interaction between regulatory focus, goal orientation and self-construal, we employed moderated multiple regression using PROCESS macro (Hayes, 2013, model 2). The results show a significant direct influence of regulatory focus ( $\beta = -.26$ ;  $p < 0.001$ ;  $LLCI = -.40$ ,  $ULCI = -.11$ )

and of goal orientation ( $\beta = .59$ ;  $p < 0.001$ ; LLCI = .42, ULCI = .77). However, no direct influence of self-construal was observed. The three-way interaction was not significant. However, similar to Study 2 and Study 3, the two-way interaction between regulatory focus and goal orientation was significant ( $\beta = .19$ ;  $p < 0.05$ ; LLCI = .02, ULCI = .36).

Hypothesis 3 predicts that when consumers with an independent self-construal and a promotion focus are exposed to a gain/non-gain framed-message (fit), their online luxury purchase intentions are higher than when they are exposed to a loss/non-loss framed-message (non-fit). And when consumers with an interdependent self-construal and a prevention focus are exposed to a loss/non-loss framed-message (fit), their online luxury purchase intentions are higher than when they are exposed to a gain/non-gain framed-message (non-fit). Contrarily, Study 4 shows no significant interaction effect among self-construal, regulatory focus and goal orientation. This result demonstrates that regulatory focus and self-construal effects differ for luxury goods purchase online. When probing the two-way interaction further by estimating conditional indirect effects at the two values of the regulatory focus (1 = promotion focus and -1 = prevention focus) and goal orientation (1 = promotion framed message and -1 = prevention framed message), the results disclose a similar direction as that in Study 2 and Study 3. Consumers with chronic prevention focus, when exposed to a prevention-framed message ( $M = 3.71$ ), were more inclined to purchase luxury goods online than when exposed to a promotion-framed message ( $M = 3.27$ ). The chronic promotion-focused consumers again exhibited greater propensity to purchase luxury goods online when exposed to a prevention-framed message ( $M = 3.28$ ), while their purchase intentions to buy luxury goods online was observed to be lower when they were exposed to a promotion-framed message ( $M = 2.82$ ) as illustrated in figure 5. Thus, the primacy of prevention-framed message in the context of luxury purchase intentions in an online



decision-making domain is further established.

Insert figure 5 here

## **GENERAL DISCUSSION AND IMPLICATIONS**

Given the rapid growth of the visibility and purchase of luxury brands online during the last decade, a lacuna exists with regard to how consumers' self-regulation and goal orientation influence luxury purchase intention in an online domain. This study examines the influence of regulatory focus, regulatory fit and the moderating role of self-construal on consumers' online luxury purchase intentions. The findings of the study are that online luxury purchase is a unique context in comparison to in-store shopping. The study, thus, extends prior research into the online decision-making domain within the unique context of luxury consumption. Compared to prevention-focused consumers, this study reveals that promotion-focused consumers demonstrate increased shopping frequency for purchasing luxury goods online. Purchasing luxury goods brings esteem, hedonic pleasure and emotional benefits to its purchaser (Vigneron & Johnson, 2004). Such socio-psychological benefits in terms of self-enhancement and social status fit with the nourishment needs of promotion-focused individuals that get reflected in hopes, advancements, and gains (Higgins, 1997). Hence, positive outcomes in the purchase of luxury goods may act as an internal motivational force influencing promotion-focused consumers to spend significantly larger amounts than prevention-focused consumers in both an online and in-store setting. The findings confirm earlier studies carried out in an offline setting that show greater risk taking among promotion-focused consumers (Crowe & Higgins, 1997; Herzstein et al., 2007).

Further the study finds the primacy of a prevention-framed message for both promotion- and prevention-focused consumers with regards to online luxury purchase intentions. This finding contributes to the extension of RFT into the context of online luxury goods, whereby promotion-focused individuals employ vigilance related means, which are primarily used by prevention-focused individuals when purchasing luxury goods online. The results show that regulatory fit plays a significant role for prevention-focused consumers and leads to higher purchase intention. However, contrary to earlier findings (Higgins, 2005; Murali & Pons, 2009; Mowle et al., 2014), in the case of the promotion-focused consumers, regulatory non-fit plays a significant role.

The primacy of prevention-framed message for promotion-focused consumers could be explained through the lens of prospect theory (Kahneman & Tversky, 1979). According to prospect theory, individuals perceive uncertainty under particular conditions, which triggers loss aversion and that in turn, can stop these individuals taking action to avoid potential loss. Recent findings regarding prospect theory also suggest that loss aversion is reference dependent (Novemsky & Kahneman 2005; Ariely, Huber, & Wertenbroch, 2005). The present findings highlight the reference dependency in loss aversion in that when faced with an online luxury purchase decision, promotion-focused consumers adopt vigilance-related means. Hence, a prevention-framed message highlighting loss offers a temporary fit with their psychological state in this particular situation. Such a state can influence promotion-focused consumers' desire to further purchase the product due to increased emotional attachment to avoid loss (Ariely et al., 2005). Moreover, Carmon and Ariely (2000) reveal that in any exchange situation, consumers naturally focus on the loss-aspects of exchange as loss-aversion is triggered. Purchasing luxury goods online prompts both emotional and cognitive primes. For example, it is well established

that consumers demonstrate significant emotional attachment to luxury brands. Moreover, most consumers have to make significant economic sacrifices when purchasing luxury goods (Shukla & Purani, 2012). Hence, due to the substantial emotional attachment and cognitive engagement, when promotion-focused consumers are purchasing luxury goods online, loss-aversion is triggered which leads them to employ vigilance related means and if they observe a message that focuses on loss, they find a temporary fit which leads them to take decisive action. In other words, the avoidance or vigilance strategy does not simply mean holding back or being discouraged, but also involves promise from and responsibility for the action (Shah, Higgins, & Friedman, 1998).

The study also adds a possible boundary condition by demonstrating that there is no significant interaction between regulatory focus, goal orientation and self-construal within the unique context of online luxury purchase setting. While research examining the interaction between self-construal and regulatory focus reveals a positive relationship (Hamilton & Biehal, 2005), the current study demonstrates the impact of regulatory-focus and goal orientation on online luxury purchase intentions is not moderated by consumers' self-construal. This level of inconsistency could be attributed to the investigation of the interaction in different contexts such as different cultural background (Markus & Kitayama, 1991), chronically or temporarily accessible self-construal (Lee et al., 2000) and/or the level and type of risk involved in the decision-making process (Lin et al., 2012). For example, in promoting healthy behavior, research demonstrates that when perceived risk is high, information with a prevention frame is more effective for people regardless of the type of self-construal (Lin et al., 2012). The present study adds to these findings and demonstrates that the purchasing of luxury goods coupled with an online decision-making domain creates a unique context wherein primacy of the prevention-

framed message prevails, no matter whether the consumers have an independent or interdependent self-construal perspective.

Finally, the current research offers a number of managerial implications for luxury brand managers and retailers to develop more effective online marketing communications including their website, social media content, and advertising. As promotion-focused consumers spend more on purchasing luxury goods online and in-store than prevention-focused consumers, this study suggests that managers should particularly attempt to target promotion-focus among their online and in-store consumers. This can be achieved by promoting unique societal gains, social and personal rewards and by highlighting uniqueness, quality and accomplishments of the brands that fit with the prospective consumers' preferences.

However, in an online setting once the consumer has identified a product to purchase and is examining their shopping basket, the current findings recommend that managers switch the framing of the message. Given our finding that there is a primacy of the prevention-framed message, managers should highlight loss-driven messages when consumers are at the payment stage of the decision. Such messages would find a stronger regulatory fit for both promotion and prevention-focused consumers as vigilance related means are triggered. Shopping cart abandonment is a major challenge within the online marketplace. Serrano (2018) finds that on average 79% of all shopping baskets are abandoned hence more than three quarters of all online shoppers choose to leave the site without completing a purchase. This effect is further pronounced in the case of mobile devices that are increasingly used for online purchases. The present research offers a novel way to address this substantial challenge by offering prevention-framed messages that may find a fit with the vigilance related means demonstrated by both promotion- and prevention-focused consumers in such a situation. The focus on prevention-

framed message may increase the overall cognitive engagement and emotional attachment at this particular stage of purchase and in turn overcome consumer skepticism leading to purchase and thus reducing the chances of shopping cart abandonment.

While offering a number of noteworthy theoretical and managerial implications, limitations of this research offer several directions for future exploration. The scope of this study is limited to the UK consumers; however, it would be interesting to conduct a cross-cultural study. It would be interesting to include interactive influence of luxury consumption motives, such as, avoiding falling behind others in social networks, gaining mileage among significant others and other conspicuous motives. Additionally, future research should measure different dimensions of risk such as social, psychological, performance, physical and financial risks (Peter & Tarpey, 1975) to reveal the mechanism underlying the effect of regulatory fit versus non-fit conditions in the particular context of online luxury purchasing. Incorporating control variables such as income may further benefit future studies. Moreover, as the current study is limited to only luxury goods, future research may benefit from focusing on the context of the increasing use of online experiential luxury or luxury services. Finally, although, two sides of the self can exist within a person (Aaker & Lee 2001; Escalas & Bettman, 2005), there are several cross-cultural studies demonstrating there are different self-construal process outcomes due to diverse culturally based behaviors (Lee et al., 2000; Markus & Kitayama, 1991). Therefore, future studies should measure the effect of self-construal as a consequence of the different cultural backgrounds of consumers. In doing so, future studies can confirm the possible boundary condition observed in our study.

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Table 1: Multiple regressions showing the effects of socio-demographics and self-regulation on online luxury purchase intentions

		Model 1	Model 2
Socio-demographics			
	Age	0.04 (4.47)**	0.03 (3.51)**
	Gender	-0.38 (-2.11)*	-0.38 (-2.02)*
	Education	0.03 (0.37)	0.02 (0.24)
	Occupation	0.00 (0.08)	0.02 (0.43)
	Marital status	-0.03 (-0.28)	-0.08 (-0.70)
Regulatory focus			
	Promotion focus		0.17 (3.45)**
	Prevention focus		0.02 (0.73)
Adjusted R <sup>2</sup>			

*Note: Figures in brackets denote the t-value. \* =  $p < 0.05$ ; \*\* =  $p < 0.001$ .*

Figure 1: Conceptual framework

Figure 2: Spending differences among consumers within online and in-store setting based on their regulatory focus (Study 1)

Figure 3: The effect of regulatory focus and goal orientation compatibility (Study 2)

Figure 4: The effect of regulatory focus and goal orientation compatibility (Study3)

Figure 5: The effect of regulatory focus and goal orientation compatibility (Study 4)