

**Get more or pay less? The influence of regulatory focus and
type of consumption on consumers'
sales promotion preferences**

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Extended Abstract

In the increasingly competitive marketplace, many companies have shifted their strategic focus from traditional advertising methods to sales promotions, such as bonus packs and price discounts, in order to attract consumers and stimulate purchasing decisions. Despite the widespread use of these promotions, implementing effective sales promotion strategies remains challenging due to a lack of understanding regarding consumers' preferences for specific type of promotions. Most research has primarily focused on situational factors (e.g. Mishra & Mishra, 2011; Yu et al., 2020) to examine preferences between bonus packs and price discounts, yet there is still a lack of research exploring the impact of consumers' personal characteristics on the effectiveness of these promotions. To date, a recent study (i.e. Yao et al., 2020) has investigated the influence of regulatory focus – a trait-like motivational disposition that centers around the pursuit of goals – on the preferences between bonus packs and price discounts. However, the authors raised the limitation of their study, which solely focused on situational priming, thereby disregarding the potential interference arising from incongruity between situational and chronic regulatory focus (Lisjak et al., 2012). This paper aims to address the limitation and enhance the robustness of the findings by focusing on chronic regulatory focus.

Building upon regulatory focus theory (Higgins, 1997) and framing effect (Diamond & Campbell, 1989), it is proposed that promotion-focused consumers are more likely to achieve regulatory fit when purchasing products offered with bonus packs, as the notion of obtaining additional items aligns with their goals of maximizing gains. On the contrary, prevention-focused consumers are more likely to achieve regulatory fit when purchasing products offered with price discounts, as the notion of reducing economic costs aligns with their goals of minimizing losses. The psychological mechanism underlying the effect is based on decision-making process which is often associated with preferences for options that mitigate the potential feeling of regret (Yang & Carmon, 2010), suggesting that in the context of sales promotion, consumers are likely to adjust their choices to minimize/anticipate regret by selecting a product

with a promotional deal aligned with the benefits that they value more. It is further proposed that the strength of preferences may vary depending on the hedonic-utilitarian dimensions of consumption. Specifically, the goal-attribute compatibility (Chernev, 2004) between promotion (prevention) focus and hedonic (utilitarian) attributes in consumption will result in heightened preferences for bonus packs (price discounts).

This paper used a 2 (regulatory focus: promotion vs prevention) \times 2 (consumption type: hedonic vs utilitarian) between-subject experimental design. A total of 269 participants recruited from MTurk were randomly assigned to one of the two experimental conditions related to type of consumption. In each condition, participants were presented with a description emphasizing either the hedonic or utilitarian attributes of yogurt. Subsequently, participants were instructed to imagine themselves purchasing the yogurt, which was on sale at two different stores they frequently visit. They then indicated their preference for sales promotions by rating the strength of their preference for purchasing the yogurt with a “price-off” promotion versus an “extra-product” promotion, using a continuous bipolar scale with both promotions offered an equivalent price per unit. Afterwards, participants responded to 4 statements adapted from Leder et al. (2015) assessing the intensity of their anticipated regret associated with choosing the promoted product under each sales promotion on a continuous bipolar scale. They also provided their agreement with statements related to their goals adopted from Haws et al. (2010), serving as a measure of their trait or chronic regulatory focus. Additionally, participants completed single-item measures related to the manipulation check to examine whether the type of consumption was perceived as intended and provided some demographic information.

To facilitate analysis and interpretation, two measures were created. First, participants’ regulatory focus scores were categorized as either promotion focus or prevention focus using the median split method. The five promotion items and five prevention items (reversed-coded) were averaged to create a chronic regulatory focus index, with higher values indicating higher promotion focus ($\alpha = .80$). Participants scoring above the median were categorized as

promotion focus (coded as 1), while those scoring below were categorized as prevention focus (coded as 0). Second, the ratings for the anticipated regret items were averaged to form an anticipated regret index, with higher values indicating a greater regret for not choosing the extra-product promotion ($\alpha = .867$).

An independent-samples t-test was performed to assess whether the type of consumption was perceived as intended. Results showed that the type of consumption manipulation was successful ($p < .05$). In addition, a mediation analysis was conducted using Hayes (2013) PROCESS Model 4 with 5,000 bootstrap resampling, with sales promotion preferences (i.e. higher values indicate preferences for bonus packs) as the dependent variable, regulatory focus as the independent variable, and anticipated regret index as the mediator. Results revealed a significant total effect between regulatory focus and sales promotion preferences, indicating that promotion-focused consumers preferred bonus packs more than prevention-focused consumers did ($b = 1.3615$, $SE = .2328$, $95\% CI [.9032, 1.8197]$). Furthermore, it also revealed that there was a significant indirect effect, demonstrating that the preferences for bonus packs among promotion-focused consumers was mediated by the anticipated regret ($b = 1.1413$, $SE = .2141$, $95\% CI [.7141, 1.5711]$). Nevertheless, the direct effect between regulatory focus and sales promotion preference also remained significant with the presence of anticipated regret ($b = .2202$, $SE = .1046$, $95\% CI [.0142, .4262]$). This concluded that there was a partial mediation.

A moderated mediation analysis was conducted using Hayes (2013) PROCESS Model 7 with 5,000 bootstrap resampling, a moderated mediation analysis was conducted, with sales promotion preferences as the dependent variable, regulatory focus as the independent variable, anticipated regret index as the mediator, and type of consumption (1 = hedonic, 0 = utilitarian) as the moderator. The results showed that anticipated regret mediated the interaction effect between regulatory focus and type of consumption on sales promotion preference ($index = .7853$, $SE = .3839$, $95\% CI [.0311, 1.5322]$). Specifically, the conditional indirect effect was

higher when in hedonic consumption condition ($b = 1.5335$, $SE = .2824$, $95\% CI [.9655, 2.0802]$) than in utilitarian consumption condition ($b = .7482$, $SE = .2670$, $95\% CI [.2382, 1.2672]$) among promotion-focused consumers.

This paper addressed Yao et al.'s (2020) limitation by investigating the influence of chronic regulatory focus on preferences for bonus packs and price discounts, and thus has provided the robustness of the propositions. Additionally, given that the concept of regret has just begun being used in the behavioral marketing literature (Zhou & Gu, 2015), this paper has extended the regret theory in the context of sales promotion, contributing to the existing literature in behavioral marketing. Furthermore, this paper explores interaction effect between regulatory focus and type of consumption, shedding light on how preferences for bonus packs and price discounts can be enhanced based on the intended consumption of products. These findings provide deeper insights into the existing retailing and consumer decision-making literature.

Retailers and brand managers can leverage consumer motivational orientations to design effective sales promotional strategies. By utilizing consumer data and customer relationship management tools (e.g. membership program), retailers and brand managers can segment their customer base and customize their sales tactics, aligning bonus packs and price discounts with consumers' regulatory focus. Understanding the role of regret in the consumer decision-making process can also enhance sales promotional strategies. Retailers can assess consumers' anticipation of regret based on the promotion formats, mitigating potential negative emotions and increasing overall satisfaction. Strategic use of bonus packs for products emphasizing hedonic attributes and price discounts for products emphasizing utilitarian attributes can cater to the preferences of promotion-focused and prevention-focused consumers, respectively, maximizing the effectiveness of each promotion type. These insights, facilitated by the anticipated feeling of regret, provide valuable guidance for retailers and brand managers seeking to implement effective "shopper marketing" strategies (Ailawadi et al., 2009).

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