**What Makes You Happierba Nonloss Or a Gain? the Moderating Role of Regulatory Focus and Need For Cognition**

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EXTENDED ABSTRACT
Framing refers to equivalent but different descriptions of the same information (Tversky and Kahneman 1981). For instance, consider the case of a surcharge for paying by credit card rather than cash. The same situation can be framed as a loss (i.e., penalty for paying by credit card) or as a gain (i.e., discount for paying in cash). These two frames can lead to four framed outcomes—a loss (i.e., paying the penalty), a nonloss (i.e., avoiding the penalty), a gain (i.e., getting the discount), and a nongain (i.e., not getting the discount). While both a loss and a nongain represent negative outcomes of equal magnitude, a nonloss and a gain represent positive outcomes of the same magnitude.

The impact of such frames on individuals’ affective experiences can be viewed from two different perspectives—one based on prospect theory and another based on regulatory focus theory. Regarding negative outcomes of equal magnitude, both perspectives make the same prediction—that negative affect evoked by a loss will be greater than that evoked by a nongain. As for positive outcomes of equal magnitude however, these two perspectives differ. While prospect theory predicts that the positive affect evoked by a nonloss will be greater than that evoked by a gain, regulatory focus theory predicts exactly the opposite. It is this discrepancy that we aim to resolve in this paper. We try to figure out what makes people happier—a nonloss or a gain?

According to prospect theory (Kahneman and Tversky 1979), framing manipulations determine whether individuals will evaluate an outcome as a gain or a loss in relation to a reference point. Given that the loss portion of the prospect theory value function is steeper than the gain portion, the predictions that arise are that (1) for the same negative outcome, a loss feels worse than a nongain, and (2) for the same positive outcome, a nonloss feels better than a gain. Regulatory focus theory (Higgins 1997, Edson et al. 2000) presents a different view of framing effects. According to this theory, a gain/nongain situation encourages a promotion focus, which in turn is likely to make a current goal seem like a maximal goal. In contrast, a loss/nonloss situation induces a prevention focus, which in turn is likely to make the same goal seem like a minimal goal. While minimal goals are those that one must achieve, maximal goals represent those that one aspires to achieve. Accordingly, failing to achieve a minimal goal (e.g., a loss) should be more aversive than failing to achieve a maximal goal (e.g., a nongain), whereas achieving a higher order maximal goal (e.g., a gain) should be more pleasurable than achieving a minimal goal (e.g., a nonloss). Notice that the latter prediction of gains being more pleasurable than nonlosses is the exact opposite of the prospect theory prediction.

In order to reconcile this discrepancy, we argue that one factor ignored by both theories is the regulatory focus that individuals have when they approach framed situations. We suggest that affect will be more positive when regulatory fit (Higgins 2000, Higgins et al. 2003) exists between individuals’ regulatory focus, and the frame. Regulatory fit occurs when the strategic manner of one’s goal pursuit is aligned with his or her regulatory orientation. Specifically, eagerness means fit a promotion focus and vigilance means fit a prevention focus. Accordingly, we propose that promotion focus individuals should experience fit when they encounter gain frames (i.e., eagerness means), whereas prevention focus individuals should experience fit when they encounter nonloss frames (i.e., vigilance means). In terms of affect therefore, we should observe that gain frames lead to more favorable affect than nonloss frames (i.e., the regulatory focus theory prediction) when individuals adopt a promotion focus, but nonloss frames lead to more favorable affect than gain frames (i.e., the prospect theory prediction) when individuals adopt a prevention focus.

These effects should however hold only when individuals have the processing motivation required to perceive the fit/misfit. Research related to need for cognition (NFC) suggests that high NFC individuals, compared to low NFC individuals, are more sensitive to, and are more likely to elaborate on, the congruency/incongruency of information (Cacioppo and Petty 1982; Strull, Lichtenstein, and Rothbart 1985). Accordingly, high NFC people should be more sensitive to the level of fit between regulatory focus and frame, and exhibit such sensitivity in their affective judgments. Low NFC individuals, however, should be relatively immune to the differences in fit, and therefore exhibit comparable levels of affect. Specifically, we predict:

H1: When individuals approach a frame with a prevention regulatory focus, those high in NFC should experience more positive affect for nonloss rather than gain frames. This difference in affect should however diminish for low NFC individuals.

H2: When individuals approach a frame with a promotion regulatory focus, those high in NFC should experience more positive affect for gain rather than nonloss frames. This difference in affect should however diminish for low NFC individuals.

We use a series of scenario-based experiments to understand how regulatory focus might be induced in framed situations, and how this might have implications for affect. We first demonstrate (pretest 1) that buying situations induce a promotion focus whereas selling situations induce a promotion focus. Consequently (experiment 1), in support of our hypotheses, we observe an interesting reversal among high NFC participants, such that nonlosses produce more favorable affect than gains in buying situations, but gains produce more favorable affect than nonlosses in selling situations. This effect is absent among low NFC participants. We next replicate the buying situation results using a different scenario (pretest 2). Finally (experiment 2), we find further support for our theorizing by employing the same buying situation, but inducing a global, frame-unrelated regulatory focus before individuals actually see the frame.

Overall, our results demonstrate that, given adequate processing motivation, the prospect theory prediction (i.e., nonloss>gain) holds for prevention focus individuals and the regulatory focus theory prediction (i.e., gain>nongain) holds for promotion focus individuals. This research presents insights into not only framing effects, but also the broader issue of how it is not only the ends, but also the means that matter.

REFERENCES


