Is It Worth the Money? the Effect of Regulatory Focus on Consumers’ Price and Quality Sensitivity

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Drawing upon regulatory focus theory, we predict that consumers with a promotion (prevention) focus will pay more attention to product quality (price). The differential attention to price and quality information should, in turn, lead to preferences for products of high quality (low prices) by promotion (prevention)-focused consumers.

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The Effect of Regulatory Focus on Consumers’ Price and Quality Sensitivity

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EXTENDED ABSTRACT

Many consumption decisions involve choosing between a more expensive product with better quality and a cheaper product with inferior quality. Despite the prevalence of such trade-offs, little research has examined consumers’ sensitivity to price relative to their sensitivity to quality. In this research, we examine this issue through the theoretical lens of regulatory focus (Higgins 1997).

Regulatory focus theory distinguishes between two basic motivational orientations that individuals employ in the pursuit of their goals: promotion and prevention. One robust finding in this literature is that promotion-oriented people are more sensitive to gains, whereas prevention-oriented people are more sensitive to losses (Avnet and Higgins 2006; Wang and Lee 2006; Aaker and Lee 2001). While quality information can be either promotion or prevention focused (Wang and Lee 2006; Aaker and Lee 2001), to the extent that price is a “give” component to be minimized and quality is a “get” component to be maximized (Monroe 2003; Zeithaml 1988), we propose that relatively speaking promotion-oriented consumers will pay more attention to product quality, whereas prevention-oriented consumers will pay more attention to product price. The differential attention paid to price and quality information should, in turn, lead to preferences for products of high quality by promotion-oriented consumers, and preferences for products with low prices by prevention-oriented consumers.

In addition, we further predict that the proposed effect should only exhibit itself under circumstances in which price and quality compete for attention. Under circumstances where price and quality do not compete for attention, we predict that the effect of consumers’ regulatory focus on their choices will diminish. For example, consumers may have a high reference point such that they have a sufficiently large budget to afford even the more expensive product, but they have also high quality expectations that cannot be met by either product. In other words, both products represent gains on price and losses on quality. On the other hand, consumers may have a low reference point such that they have a budget that is insufficient to afford even the cheaper product, but they also have low quality expectations that can be satisfied by both products. In other words, both products represent losses on price and gains on quality. Under those circumstances, consumers may be more attentive to the attribute on which both products represent a loss and thus they may pick the product that minimizes the loss, thus mitigating the effect of consumers’ regulatory focus on their product choices.

We conducted two pretests and three experiments to test our underlying assumptions and predictions. In the first pretest, we found that participants were more likely to mention “quality” in thinking about what they wanted to get and they were more likely to mention “price” in thinking about what they wanted to avoid in making a purchase, confirming our assumption that quality is a get component to be maximized and price is a give component to be minimized in a purchase.

In a second pretest, participants were asked to sort a list of 26 words into two groups; in addition to price and quality, the list included 12 promotion-related words and 12 prevention-related words. The results indicate that the word ‘quality’ is more likely to be grouped with promotion words while the word ‘price’ is more likely to be grouped with prevention words, supporting the proposed association between quality (price) and a promotion (prevention) focus.

Experiment 1 then tested the effect of regulatory orientations on consumers’ product choices by measuring people’s chronic regulatory focus. The results demonstrated that, as predicted, consumers with a chronic promotion (vs. prevention) focus were more likely to choose a more expensive smartphone with better quality over a cheaper smartphone with less quality. We replicated these results in a second experiment by manipulating regulatory focus, using digital cameras as the focal product.

In our final experiment, we tested the proposed boundary condition due to reference point as well as the underlying process of the effect. Consistently with our predictions, we replicated the effect of regulatory focus in the middle reference point condition where the budget and quality expectations were between the two products. However, in the high and low reference point conditions, where price and quality did not compete for consumers’ attention, the effect of regulatory orientation was diminished such that participants in the high (low) reference point condition tended to prefer the more expensive (cheaper) product regardless of their regulatory orientations. We also found that attention to quality versus price mediated the effect of regulatory orientation on product preferences.

Our research contributes to the literature in marketing and regulatory focus theory in several important ways. First, by introducing motivation into the equation on price (vs. quality) sensitivity, we contribute to extant research that has modeled price sensitivity as a function of situational factors (e.g., consumption occasion; Wakefield and Inman 2003), strategic variables (e.g., competition; Van Heerde et al. 2008), consumer demographics (e.g., income; Hoch et al. 1995) and other consumer attributes (e.g., brand loyalty; Bell and Lattin 2000).

Second, most research on regulatory focus has centered around the fit between quality-related product attributes and consumers’ motivational orientations and typically employs price as a dependent variable to measure the consequences of such a fit (e.g., Avnet and Higgins 2006, 2003; Higgins, Idson, Freitas and Molden 2003). The current research expands upon these studies by considering both price and quality as relevant product features that can simultaneously affect the consequences of the regulatory fit. In doing so, we contribute to regulatory focus theory by introducing price as a critical component into this theoretical framework.

The findings of this research are relevant to marketing practitioners as well. For example, marketers may be able to influence the inclinations of consumers who are deciding between products with different prices and quality. In addition, given the link between culture and regulatory focus (Aaker and Lee 2001; Lee, Aaker and Gardner 2000), our findings can also help companies competing in an increasingly global market to better tailor their marketing campaigns to consumers from different cultural backgrounds.

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