

Effects of Perceived Channel Characteristics on Store Preference and Recommendation: The Moderating Role of Regulatory Focus

Introduction

It has become increasingly common for companies to adopt a multichannel strategy (Van Bruggen, Antia, Jap, Reinartz, & Pallas, 2010). In fact, many retail and service companies have online stores, such as direct websites and mobile apps, as well as traditional offline stores, such as real stores and catalogs. All kinds of goods, including food, apparel, and electrical appliances, are available at both online and offline stores (Neslin et al., 2006; Verhoef, Neslin, & Vroomen, 2007). Consumers who often shop at both types of store are known as multichannel shoppers. Given the rapid diffusion and utilization of the Internet and smart media, and the drastic increase in online shopping, it is likely that the number of multichannel shoppers will increase in the future (Kumar & Venkatesan, 2005; Kushwaha & Shankar, 2013). Therefore, one of the most important goals for industry and researchers is to deepen understanding of the behavior of multichannel shoppers.

To this end, previous studies of retail marketing and consumer behavior have investigated the conditions under which multichannel shoppers show a preference for certain types of stores (Huang & Oppewal, 2006; Montoya-Weiss, Voss, & Grewal, 2003). Most previous studies examined the effects of channel characteristics on multichannel shoppers' channel preferences. To date, numerous channel characteristics have been identified and classified into two types of factors, namely benefit factors, such as service quality and shopping enjoyment, and cost factors, such as access convenience and purchase risk. Previous studies have revealed that these two factor types affect shoppers' preference for certain types of stores (e.g., Verhoef et al., 2007; Y.-M. Wang, Lin, Tai, & Fan, 2016; Yu, Niehm, & Russell, 2011).

However, these studies did not focus on individual characteristics, which may be an important consideration because, when shopping, some consumers give more weight to benefit factors, whereas others give more weight to cost factors. Regulatory focus theory (Higgins, 1997, 1998) has been regarded as an appropriate approach to examining these individual characteristics. This theory proposes that consumers have two distinct motivations to pursue a goal. Promotion-focused people emphasize hope, advancement, and achievement. In contrast, prevention-focused people emphasize safety, security, and responsibility. The purpose of our study is to investigate the moderating role of regulatory focus in the causal relationships between channel characteristics and channel preferences. Specifically, based on regulatory focus theory, we hypothesized that promotion focus enhances the effects of benefit factors on store preferences, whereas prevention focus enhances the effects of cost factors.

We collected survey data from consumers in Japan. Participants were asked to consider a situation in which they searched for and purchased apparel at online and/or offline stores. The results showed that a promotion focus enhances the effects of service quality, which is among the benefit factors, whereas a prevention focus enhances the effects of purchase effort, which is among the cost factors. This study makes an important contribution to the literature by linking channel characteristics with individual characteristics.

Literature Review and Hypotheses

Channel characteristics: benefit and cost factors

Previous studies on multichannel shoppers have employed the theory of reasoned action (TRA), which was developed by Fishbein and Ajzen (1975) and is frequently used to examine various consumer behaviors, such as brand switching and ethical consumption. According to TRA, multichannel shoppers' beliefs with respect to channel characteristics determine their attitudes toward and preferences for a specific type of channel. Prior research employing this

theory classified channel characteristics into benefit and cost factors and investigated the effects of the two factors on channel characteristics (e.g., Verhoef et al., 2007; Y.-M. Wang et al., 2016). For example, benefit factors include service quality, defined as the perception of the service provided by a channel during the purchase, and shopping enjoyment, defined as the hedonic value of shopping via a particular channel. Cost factors include purchase effort, defined as the perceived difficulty and time cost of purchasing a product through a given channel, and purchase risk, defined as the perceived uncertainty associated with buying products through a given channel due to issues such as payment concerns and lack of privacy.

Wang, et al. (2016) employed the TRA and examined the effects of benefit and cost factors on perceptions of channel characteristics. They treated service quality and access convenience as benefit factors and purchase effort and purchase risk as cost factors. The results of their study showed that access convenience affects offline preferences, whereas service quality and purchase risk affect online preferences. In this framework, previous studies have emphasized the importance of benefit and cost factors. However, they have not considered the possibility that the effects of the two factors may differ depending on individual characteristics. Regulatory focus is considered to be one of the most useful individual factors.

Regulatory focus theory

Regulatory focus theory (Higgins, 1997, 1998) identifies two distinct motivational orientations related to pursuing a goal and argues that these two types of orientation have different effects on human emotions, thoughts, and behaviors. According to this theory, because promotion-focused people emphasize hope, advancement, and achievement, they are sensitive to the presence or absence of positive outcomes. In contrast, because prevention-focused people emphasize safety, security, and responsibility, they are sensitive to the presence or absence of negative outcomes (Higgins, 1997). Regulatory focus theory assumes that consumers' regulatory focus can be determined both chronically and temporally (Haws, Dholakia, & Bearden, 2010). Several empirical studies have treated regulatory focus as a persistent trait and assessed participants' regulatory orientations accordingly (e.g., Arnold & Reynolds, 2009; Das, 2016; Lockwood, Jordan, & Kunda, 2002), whereas others have treated it as a transient state and explored participants' situational regulatory orientations in that context (e.g., Aaker & Lee, 2001; J. Wang & Lee, 2006).

Regulatory focus can be regarded as being among the motivational factors that influence the goals pursued by consumers, and as one of the needs that they seek to satisfy, through the generation of certain thoughts (Pham & Higgins, 2005). Therefore, marketing and consumer behavior researchers have employed regulatory focus theory in various contexts, including shopping for, promoting, and advertising goods. Ishii and Kikumori (2018) and Kushwaha and Shankar (2013) employed regulatory focus theory to analyze multichannel shoppers' behaviors. Their findings revealed that, because prevention-focused consumers are risk-averse, they are more likely to choose offline stores over online stores. These studies investigated the direct effects of shoppers' regulatory focus on channel preferences; however, regulatory focus may indirectly affect channel preferences by modifying the perception of channel characteristics. Thus, herein we examine the moderating effects of regulatory focus on the relationships between channel characteristics and preferences.

Moderating role of regulatory focus

Based on the findings of previous studies, we focus on four channel characteristics: service quality, shopping enjoyment, purchase effort, and purchase risk. The former two characteristics can be regarded as benefit factors, and the latter two as cost factors. Figure 1 depicts our conceptual model. It demonstrates that benefit factors have positive effects on channel preferences, whereas cost factors have negative effects. Additionally, it shows that regulatory

focus moderates these effects. Specifically, a promotion focus enhances the effects of benefit factors, whereas a prevention focus enhances the effects of cost factors.

[Insert Figure 1 near here]

Regulatory focus theory suggests that, when shopping, some consumers give more weight to benefit factors, and others to cost factors. On the one hand, because promotion-focused consumers are sensitive to the presence and absence of positive outcomes, they will emphasize benefit factors. On the other hand, because prevention-focused consumers are sensitive to the presence and absence of negative outcomes, they will emphasize cost factors. Therefore, we propose the following hypotheses:

- H1 A promotion focus enhances the effect of service quality of online store (vs. offline store) on online store preference.
- H2 A promotion focus enhances the effect of shopping enjoyment of online store (vs. offline store) on online store preference.
- H3 A prevention focus enhances the effect of purchase effort of online store (vs. offline store) on online store preference.
- H4 A prevention focus enhances the effect of purchase risk of online store (vs. offline store) on online store preference.

Methods

Data collection

To test the proposed hypotheses, we collected a dataset using a survey method and performed quantitative analyses on the data. The sample consisted of 287 Japanese university students who were offered course credit as an incentive for participation. Of these participants, 62.3% were female and 37.7% were male. Most participants (80.1%) were aged 20–21 or 22–23 years (17.3%). Consistent with prior research (e.g., Chocarro, Cortiñas, & Villanueva, 2013; Hand, Dall’Olmo Riley, Harris, Singh, & Rettie, 2009), we asked participants to first imagine that they were purchasing apparel and then to answer questions.

Manipulation

We manipulated the moderating variable, regulatory focus, by asking participants to complete a paper-and-pencil maze task. In this task, a cartoon mouse was trapped inside a maze and the participants was asked to find the way for the mouse. Under the promotion-focused condition (N = 119), a piece of cheese was placed outside the wall, and participants were asked to guide the mouse to reach the cheese. Under the prevention-focused condition (N = 168), a large snake was depicted outside the wall, and participants were asked to guide the mouse to safety. The aim of this task was to prime participants’ regulatory focus. Specifically, the piece of cheese, acting as a promotion cue, activated a procedural representation of movement toward the desirable end state of nurturance, while a large snake, acting as a prevention cue, activated a procedural representation of moving toward the desirable end state of security.

Measures

To measure the dependent variable of online store preference, we developed two items based on previous studies (Arnold & Reynolds, 2009; Huang & Oppewal, 2006) and asked participants to rate each item on a seven-point Likert scale anchored by strongly disagree and strongly agree. The independent variables were four types of channel characteristics: service quality, shopping enjoyment, purchase effort, and purchase risk. To measure these variables, we asked participants to indicate which store type they preferred, by rating each channel

characteristic on a seven-point scale anchored by physical store and online store. All variables were based on Yu et al. (2011) and Wang et al. (2016). Shopping enjoyment was measured with three items, whereas the other variables were measured with two items.

Results

As the proposed hypotheses concerned moderating effects, we performed a multiple-group analysis using covariance-based structural equation modeling (SEM). We divided our sample into promotion-focused (N = 119) and prevention-focused (N = 168) groups. To test our hypotheses, we compared the coefficients between the two groups.

Figure 2 shows the results of the analysis. The results indicated a good model fit ($\chi^2 = 113.25$ [d.f. = 74, $p < 0.01$], $\chi^2/\text{d.f.} = 1.53$, GFI = 0.99, RMSEA = 0.061, CFI = 0.95, TLI = 0.93). Hypothesis 1 (H1) addressed the moderating effect of a promotion focus on the relationship between service quality and channel preference. The results showed that service quality had a positive and significant effect on channel preferences in promotion-focused individuals ($\beta = 0.25$, $p < 0.10$), but not in prevention-focused individuals ($\beta = 0.00$, $p > 0.10$). Thus, H1 was supported. Hypothesis 2 (H2) addressed the moderating effect of a promotion focus on the relationship between shopping enjoyment and channel preferences. The results showed that shopping enjoyment had a positive and significant effect on channel preferences in both promotion-focused ($\beta = 0.30$, $p < 0.05$) and prevention-focused ($\beta = 0.31$, $p < 0.01$) individuals. Additionally, no significant difference in the coefficients of the two groups was found. Thus, H2 was not supported.

[Insert Figure 2 near here]

Hypothesis 3 (H3) addressed the moderating effect of a prevention focus on the relationship between purchase effort and channel preferences. The results showed that purchase effort did not have a significant effect on channel preferences in promotion-focused individuals ($\beta = -0.18$, $p > 0.10$), but it did have a significant negative effect in prevention-focused individuals ($\beta = -0.17$, $p < 0.10$). Thus, H3 was supported. Hypothesis 4 (H4) addressed the moderating effect of a prevention focus on the relationship between purchase risk and channel preferences. The results showed that purchase risk did not significantly affect channel preferences in either promotion-focused ($\beta = -0.10$, $p > 0.10$) or prevention-focused ($\beta = -0.03$, $p > 0.10$) individuals. Thus, H4 was not supported.

Discussion

Conclusion

Previous studies have suggested that channel characteristics determine consumers' channel preference, but they have not considered the effects of individual characteristics. This study focused on regulatory focus as an individual characteristic because it has been regarded as one of the important factors for the recent consumer research. And then, we examined whether regulatory focus moderated the effects of channel characteristics on consumers' channel preference. As the results of multiple group structural equation modeling, it was found that a promotion focus enhanced the effect of service quality while a prevention focus enhanced the effect of purchase effort on store preference. The results implied that promotion-focused consumers focus on the benefit factors such as service quality and shopping enjoyment in their formation of channel preference while prevention-focused consumers focus on the cost factors such as purchase effort and purchase risk. This study might be helpful to the understanding of the multi-channel shoppers' behavior by examining the moderating effect of regulatory focus.

Moreover, this study succeeded in indicating that the regulatory focus theory is one of the effective framework for examining consumers' shopping behavior. The regulatory focus theory

was proposed by Higgins (1997) and has been widely employed in marketing and consumer research, especially in the area of marketing communication such as advertising and sales promotion. Few studies in the area of retailing and shopping behavior have employed the regulatory focus theory. Therefore, previous studies have pointed out the need for examining the relationship between regulatory focus and consumers' shopping behavior (Arnold & Reynolds, 2009; Das, 2016). This research responded such a need and investigated the effect of regulatory focus on consumers' store preference and recommendation. This attempt contributed to the progress of the research about regulatory focus theory.

Limitations and future research

This study had several limitations that should be addressed in future research. First, we treated regulatory focus as a temporal state and manipulated it empirically. However, as mentioned earlier, promotion and prevention focus can be conceived of as persistent traits (Haws et al., 2010). Thus, future research that treats regulatory focus as a persistent trait may be needed to validate our results.

Second, the results showed that regulatory focus is not a significant moderator of shopping enjoyment and purchase risk. One possible reason for this is that our sample was limited to young students. Regardless of their degree of regulatory focus, this population might shop at stores that offer an enjoyable experience, and may not care about purchase risk. Future research should test our hypotheses in demographically diverse samples.

Finally, we focused on channel preferences at the purchase stage. However, to advance our understanding of multichannel shoppers' behaviors, we may need to address channel preferences at the search stage (Verhoef et al., 2007). It has been found that benefit factors, such as information availability, and cost factors, such as search effort, affect consumer searches for channels (Y.-M. Wang et al., 2016). Future research may be required to address the moderating role of a regulatory focus in the relationship between channel characteristics and channel preferences at the purchase stage.

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Figure 1. Conceptual model

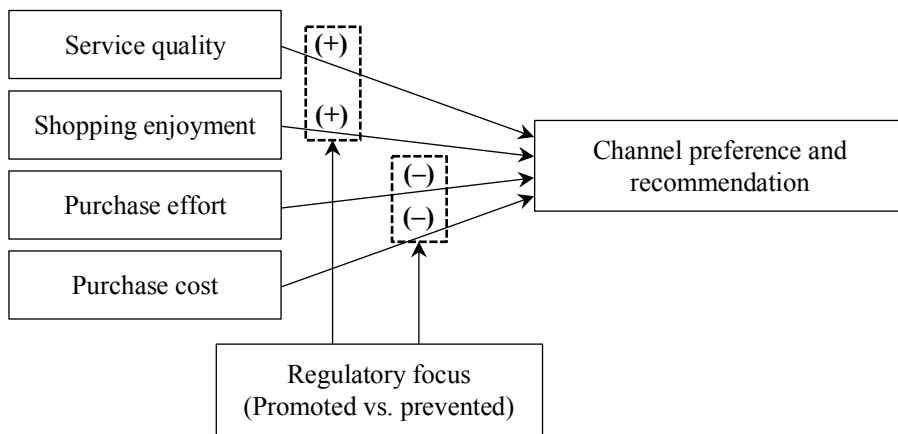
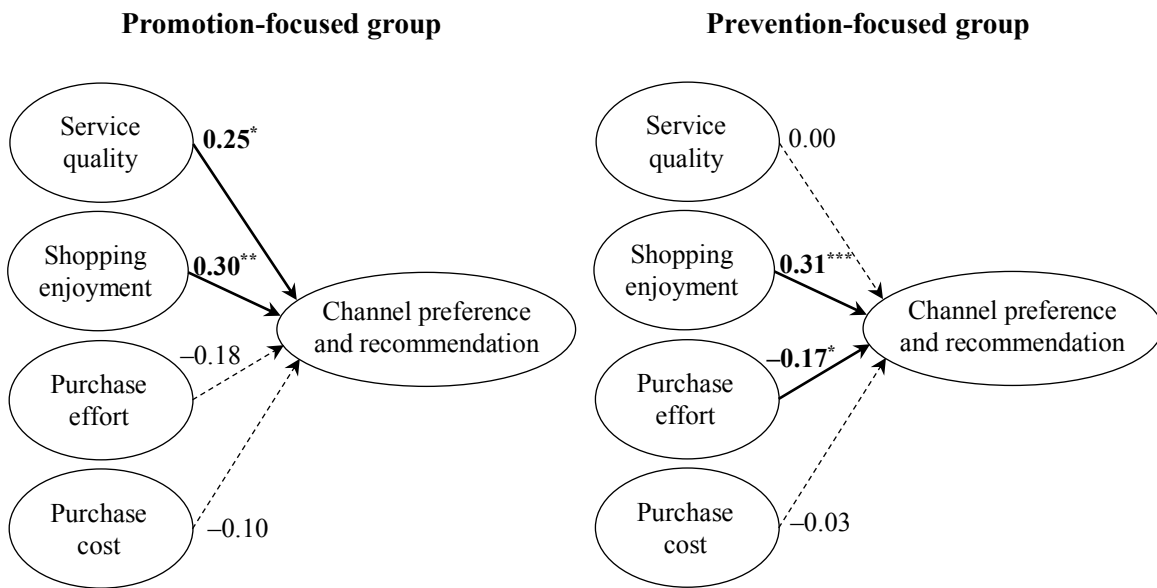


Figure 2. Results of multi-group analysis



*** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$