



One Size Does (Not) Fit All: Effect of Regulatory Focus on Perceived Risk and Investment towards Online Mass-Customized Products

Gargi Bhaduri and Jihyun Kim, Kent State University

Keywords: regulatory focus, risk, investment, mass-customization

Today's millennial and generation-z consumers detest 'one size fits all' products. They prefer products that allow them to express individuality and collaborate with brands to co-create mass-customized products (MCPs) that better fit their needs, using mostly online platforms owing to rise of digital retailing. MCPs mutually benefit brands and consumers through higher customer satisfaction, loyalty, and prediction of product demands (Lee & Moon, 2015).

In spite of its benefits, purchasers often face multiple risks/concerns for online MCPs such longer lead time/complexity of the product acquisition process, increased price, and/or lack of functional/social/psychological satisfaction for MCPs compared to mass-produced products (MPPs) (Lee & Moon, 2015). Literature indicates that one's evaluation of risks may depend on his/her personality traits, such as chronic regulatory focus (Higgins et al., 2001). Promotion-focused purchasers are concerned with growth/accomplishment, have a hedonic-oriented purchase motive and are concerned about their purchase aligning with their self-image resulting in attractive appearance/pleasant feeling (Micu & Chowdhury, 2010). Thus by acquiring MCPs, compared to MPPs, to fit their image, high (than low) promotion focused purchasers may perceive lower risk of the product not aligning with their self-image and/or how they are perceived (that is, psychological and social risk). Conversely, prevention focused consumers are concerned with safety/security, have a utilitarian-oriented purchase motive and are concerned with their purchase avoiding a loss/solving a problem (*idem*). Thus by acquiring MCPs, compared to MPPs to solve a problem/avoid a loss, high (than low) prevention focused purchasers may perceive less risk of losing money, wasting effort or products not meeting their functional needs. Additionally, high, than low, promotion (or prevention) focus may influence purchasers to invest money, time and effort to create an MCP compared to an MPP that better aligns with their self-image (or needs). Thus we hypothesized for MCP: Psychological risk will be lower for high (than low) promotion-focus (H1a); Monetary, effort, and functional risks will be lower for high (than low) prevention-focus (H1b); Willingness to invest will be higher for high (than low) promotion- (H2a) and prevention- (H2b) focus.

A survey was administered to adult undergraduates in a fashion program at a major US university. Out of 393 usable responses (95.6% female), participants who had purchased an MCP in the past ($n = 251$) were selected for the study. Participants indicated their chronic regulatory focus using 11 items (promotion: 6 items: $\alpha = 0.76$; prevention: 5 items: $\alpha = 0.83$) (Higgins et al., 2001), perceived risk for purchase of an MCP compared to an MPP using 1 item each for monetary, functional, social, psychological, and delivery time risks, and 2 items for effort risk ($\alpha = .747$) (adapted from Lee & Moon, 2015), and additional investment using 3 items (Wulf, Odekerken-Schröder, & Iacobucci, 2001). For data analyses, 2 (Promotion-focus: high vs low) X 2 (Prevention-focus: high vs low) ANOVAs were conducted. Participants who scored in the top and bottom third of the distribution for promotion were identified as high ($n = 55$; $\bar{x} = 6.2$, $SD =$

.44) and low ($n = 60$; $\bar{x} = 4.28$, $SD = .56$) promotion-focused respectively ($t = -26.16$, $p < .001$). Similarly, participants were identified as high ($n = 63$; $\bar{x} = 6.14$, $SD = .56$) and low ($n = 52$; $\bar{x} = 3.34$, $SD = .74$) prevention-focused ($t = -27.37$, $p < .001$).

Results indicated significant effect of promotion focus ($F = 3.7$, $p = .03$) on perceived psychological risk but not on social risk ($p = .24$), partially supporting H1a. Participants with high (than low) promotion focus perceived lower psychological risk ($\Delta\bar{x} = -0.7$). In addition, there was no significant difference in perceived risk monetary/functional/effort/delivery time risks for high and low promotion focus ($p = .43$ to $.21$). There was significant effect of prevention focus on perceived monetary risk ($F = 2.9$, $p = .05$), psychological risk ($F = 3.4$, $p = .03$), and effort risk ($F = 4.1$, $p = .03$), but not for functional risk ($p = .43$), partially supporting H1b. Participants with high (than low) prevention focus perceived lower monetary ($\Delta\bar{x} = .5$), psychological ($\Delta\bar{x} = 0.6$), and effort ($\Delta\bar{x} = .7$) risks. Also, there was no significant effect of prevention on social and delivery time risks ($p = .21$ to $.28$). Moreover, promotion significantly influenced additional monetary ($F = 5.75$, $p = .009$), effort ($F = 7.29$, $p = .004$), and time ($F = 8.46$, $p = .002$) investment, supporting H2a. High (than low) promotion focused participants were willing to spend an additional 5% money, 7.9% effort and 7.6% time towards MCPs, compared to MPPs online. However, there was no statistical difference between high and low prevention-focused participants for willingness to invest ($p = .81$ to $.38$) lacking support for H2b.

Results indicated that for MCPs, regulatory focus can be a predictor of perceived risk and investment. High (than low) promotion-focused hedonic-oriented purchasers perceived MCPs, compared to MPPs, to be better aligned with their self-image, and were willing to make additional investments to obtain MCPs. Given that MCPs mostly require additional time, money and effort investments, brands, especially offering products focusing on hedonic-oriented attributes, might be able to target promotion-focused consumers to increase customer satisfaction, fostering active customer brand engagement, and eventually benefit bottom line. Conversely, high (than low) utilitarian-oriented promotion-focused purchasers perceived their effort/money to be at less risk and products better aligned with their self-image for MCPs compared to MPPs. Thus, even for prevention-focused consumers who do not intend to make additional investments, brands might be able to offer value for money MCPs, making them feel that they are not losing anything yet can better solve their needs, and in turn, align with their utilitarian self-image. Future research analyzing consumers' perceived value for MC products might be helpful.

References

- Higgins, E. T., Friedman, R. S., Harlow, R. E., Idson, L. C., Ayduk, O. N., & Taylor, A. (2001). Achievement orientations from subjective histories of success: Promotion pride versus prevention pride. *European Journal of Social Psychology*, *31*, 3–23.
- Lee, H. H., & Moon, H. (2015). Perceived risk of online apparel mass customization: Scale development and validation. *Clothing and Textiles Research Journal*, *33*(2), 115-128.
- Micu, C. C., & Chowdhury, T. G. (2010). The effect of message's regulatory focus and product type on persuasion. *Journal of Marketing Theory and Practice*, *18*(2), 181-190.
- Wulf, K. D., Odekerken-Schröder, G., & Iacobucci, D. (2001). Investments in consumer relationships: A cross-country and cross-industry exploration. *Journal of Marketing*, *65*(4), 33-50.