

# The Role of Regulatory Focus and Message Framing in Online Luxury Goods Purchase Intentions

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**ABSTRACT:** *This study suggests that message framing plays a moderating role in the influence of individual regulatory focus on luxury purchase intention online. Facing different message framing, individual regulatory focus will have different influences on luxury purchase intention online. Specifically, when the information is expressed by the gain framing, individuals who have promotion focus are more willing to buy luxury goods online than individuals who have prevention focus. However, when the information is expressed by the loss framing, the individual who have prevention focus is more willing to buy luxury goods online than the individual who have promotion focus.*

**KEY WORD:** *Message framing; Regulatory focus; Luxury purchase intention online*

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## I. INTRODUCTION

In recent years, the domestic luxury goods market is growing. According to report published by McKinsey & Company, the consumption of luxury goods in China reached RMB 770 billion in 2018, accounting for one third of the total consumption of global luxury goods. From 2012 to 2018, more than half of the growth of global luxury goods market came from China. These trends show that the Chinese market is becoming more and more important in the global luxury consumption, and in China, the younger generation supports half of the luxury consumption. It is predicted that by 2025, more than 40% of the consumption in the whole luxury market will come from younger generation. Compared with other people, these consumers want to interact with brands through various digital platforms, not just traditional channels. Globally, due to the development of e-commerce network and social media, consumers' lifestyles and purchasing behaviors have begun to change, and "digitalization" has become the "key" for brands to please the younger generation. Therefore, luxury brands have to consider how to conduct online business in order to meet the new demands of consumers in the digital age, and to better understand the influencing factors of consumers' online purchase intention which has become a problem that luxury brands must consider.

In the past ten years, luxury brands can usually find a delicate balance between exclusivity and availability, so that they can obtain considerable financial benefits. With the development of digital phenomenon, luxury goods have been challenged in terms of exclusiveness and rarity (Kapferer, 2014). Compared with daily commodities, luxury goods contain social, personal and functional attributes, and consumers show different motives when purchasing luxury goods (Shukla & Purani, 2012), such as face awareness, conspicuous consumption and so on. Therefore, luxury brands are afraid of overexposure in digital media and online, and how to carry out online business without weakening brand value has become the main challenge for luxury goods in the digital age. However, with more and more consumers making online purchase decisions, some researchers pointed out that luxury online business will account for 20% of total sales (McKinsey & Company, 2018) until 2025. Nowadays, more and more people think that the main problem for luxury goods is not whether to carry out digital strategy, but how to carry out it (Okonkwo, 2009). In order to adapt to the development of e-commerce network and the needs of the younger generation, online luxury goods have become a "must" choice.

At present, about 80% of international luxury brands have decided to adopt different digital strategies in China, and directly face consumers through websites or third-party platforms (Rovai, 2018). As far as the overall market performance is concerned, consumers are keen to get in touch with luxury brands through various new media and e-commerce platforms, and learn about relevant brand knowledge and information. However, at present, only 8% of the total sales are made by consumers to purchase luxury goods online (Deloitte, 2018). Therefore, it is necessary to study the influencing factors of luxury online purchase intention, so as to help luxury brands to conduct online business in an effective way and enhance consumers' willingness to purchase luxury online, so as to seek breakthrough changes and effectively promote the development of luxury e-commerce.

## II. LITERATURE

### 2.1 Message framing

Information can be expressed in different frameworks, achieving different persuasion effects. Message framing refers to the language strategy of expressing the same meaning in different ways which can be divided into gain framing and loss framing (Kahneman, Daniel, Tversky, & Amos, 1984; Wilcox, Kim, & Sen, 2009). The gain framing emphasizes taking certain actions to get good results, or not taking certain actions to prevent bad results from happening. The loss framing emphasizes that taking certain actions will lead to bad results, or failing to take certain actions will lead to losses (Kim, 2006). Different message framing can stimulate individuals to look at problems from different angles. Which message framing is more convincing to the consumers depends on situational factors and personal characteristics (Isaac & Poor, 2016). With the introduction of regulatory fit theory, some studies have pointed out that when the individual's regulatory focus matches the advertising information frame, the advertising information will be more convincing (Lee & Aaker, 2004). Compared with the individuals who have prevention focus, the advertisements using the gain framing have a more significant positive impact on the individuals who promotion focus. That is, there is a match between the individual's regulatory focus and the message framing of advertising.

### 2.2 Regulatory focus

Regulatory focus theory (RFT) is an important theoretical basis to study how consumers regulate their own behavior. Originally put forward by Higgins in 1997 on the basis of self-discrepancy theory, it is used to explain the internal motivation of human behavior. According to the theory of self-discrepancy (T, 1987), there are two different End-state in the process of pursuing ideal self and responsible self. The ultimate ideal state represents a strong ideal, which are the hope and desire of oneself and important others. The ultimate state of responsibility represents strong responsibility, which are the duty and obligation of oneself and important others. Higgins believes that the pursuit of two different desired ultimate states leads to two distinct tendencies of individual regulatory focus, which promotion focus and prevention focus. The people who have different regulatory focus will have different react on behavioral motivation, the strategy adopted and the emotional experience. The promotion focus is centered on progress, pursuit and profit, while the prevention focus is centered on obligation, responsibility and non-loss. Specifically, the promotion focus pay attention to the goals related to the ideal self. Out of enterprising motivation, the goal result is to strive to realize the individual's ideals, hopes and aspirations, pay more attention to personal development and the realization of self-goals, and often adopt the promotion strategy of actively pursuing the goal. The prevention focus pays more attention to the realization of the goals related to the real self. For prevention motives, the goal result is to try to avoid failures and mistakes, pay attention to fulfilling personal responsibilities and obligations, and meet other people's expectations, and often adopt defensive strategies to prevent mistakes and achieve goals. As for the preference of results, the consumers who have promotion focus pay more attention to positive results, while the consumers who have prevention focus are more sensitive to negative results (T, 1997).

## III. HYPOTHESES

The purchase and use of luxury goods bring consumers social status and exclusiveness, as well as a sense of connection with a certain social group (Kastanakis & Balabanis, 2012). At the same time, luxury is also an ideal choice for hedonism, because besides functional utility, luxury can also arouse "subjective intangible interests" in emotional attributes, such as sensory pleasure, beauty and satisfaction (Vigneron & Johnson, 2004). When consumers make a decision to buy goods or services, they will use different regulatory focus processes to achieve their goals (Chernev, 2004). Therefore, in the face of the same consumption scenario, different consumers will have different behavioral reactions. Consumers who have promotion focus are easily attracted by products with dominant hedonic characteristics, while consumers who have prevention focus are more easily attracted by products with dominant utilitarian characteristics (Roy & Ng, 2012). Therefore, individuals who have the different regulatory focus pay attention to the interests and purchase motives of luxury brands are different. Online shopping is risky, especially for luxury goods with a large amount of money. Existing paper indicates that consumers who have promotion focus are more likely to accept more high-risk new technologies and products than consumers who have prevention focus (Herzenstein, Posavac, & Brakus, 2007). Therefore, considering the different interests of individuals, as well as the different choice preferences for risks and the different ways of pursuing goals, consumers' regulatory focus will have different impacts on luxury online purchase willingness.

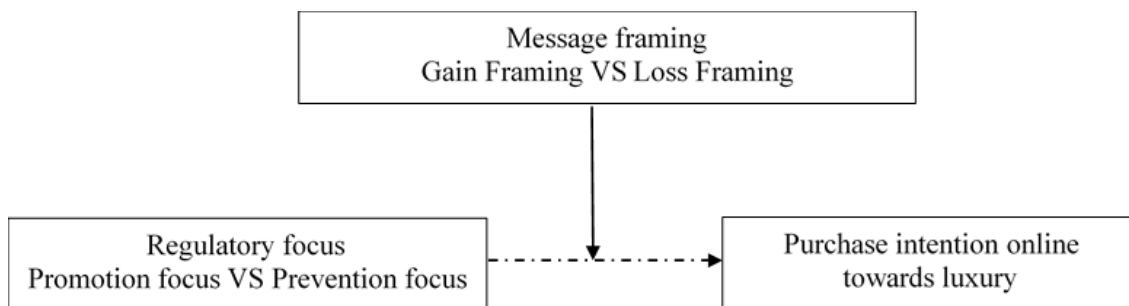
According to the regulatory focus theory, consumers who have promotion focus are more sensitive to positive results and tend to adopt aggressive strategy, while consumers who have prevention focus are more sensitive to negative results and tend to adopt evasive strategy. Message framing contain strategies to achieve different goals, and regulatory fit can suit their preferences. Regulatory fit will make the individual feel "correct" about his current behavior, and strengthen the motivation of action (AAKER & LEE, 2006). Therefore, for

consumers with different regulatory focus, choosing the appropriate message framing will make the information more convincing. At the same time. When regulatory fit, the tendency of individuals clicking on online advertisements will be greater(Mowle, Georgia, Doss, & Updegraff, 1984). This kind of feeling will increase the input of consumers, enhance the value of an action, protect the selected products from stimulation and emotion, and be willing to pay higher prices. When making decisions, individuals who have promotion focus tend to rely more on internal information, while individuals who have prevention focus rely more on external environment(Pham & Avnet, 2004). When facing loss framing, the online purchase intention of individuals who have prevention focus is significantly improved(Fazeli, Shukla, & Perks, 2020). At the same time, the online purchase scenario of luxury goods expressed by the gain framing accords with the pursuit of benefits by consumers who have promotion focus, while the online purchase scenario expressed by the loss framing accords with the avoidance of losses by consumers who have prevention focus. When regulatory fit, they feel stronger sense of correctness and value, and are more easily persuaded by information. Therefore, the purpose of this study is to explore the moderating effect of message framing on the relationship between consumers' regulatory focus and luxury online purchase intention. Based on the message framing theory and the regulatory focus theory and their fit effect, the following hypotheses are put forward:

H1: Message framing plays a moderating role in the relationship between regulatory focus and luxury online purchase intention. Specific as follows,

H1a: Under the gain framing, compared with prevention focus, consumers who have promotion focus have a higher online purchase willingness of luxury goods,

H1b: Under the loss framing, compared with promotion focus, consumers who have prevention focus have a higher online purchase willingness of luxury goods.



**Figure 1: Conceptual Framework**

#### **IV. METHODOLOGY**

The purpose of the study is to examine the moderating effect of message framing on the relationship between individual's regulatory focus and online luxury purchase intention. Based on this, we used the situation experiment method and used watches with neutral characteristics as stimuli. Through the specific consumption scenario manipulation, the relationship among regulatory focus, message framing and luxury purchase intention online was studied and verified.

##### **4.1 Sample and Procedure**

The data were collected in China through the online professional research platform(Sojump.com). Questionnaire links were sent to the participants through WeChat, e-mail, and QQ. A total of 332 individuals provided valid data that was suitable for analysis. Of the respondents, 62.7% were female, the mean of age was 30.28, 79.8% had a bachelor's degree or junior college, 55.1% had an annual income of 110,000–250,000 RMB, and 43.7% claimed that they had experience in purchasing luxury products online and offline. Generally speaking, according to the above descriptive statistical analysis, the participants in this study had a good overall sample representation.

The questionnaire in the study consisted of four sections. In the first section, the aim was to measure regulatory focus of participants. Secondly, the participants are randomly assigned to the online purchase scenarios of luxury goods in the gain framing or the loss framing. Thirdly, the participants' willingness to purchase luxury goods online was measured. Finally, participants completed some statistical answers to basic information, such as luxury consumption experience, gender, age, education and income.

##### **4.2 Results**

###### **(1) Reliability analysis and Manipulation Checks**

The reliability analysis and manipulation check were carried out. The reliability analysis results show that Cronbach's  $\alpha$  coefficient values of each scale: the scale of regulatory focus is 0.811 and online luxury

purchase willingness is 0.715. Both are greater than 0.7(Churchill, 1979),proving that these scales have good reliability.

A one-way analysis of variance (ANOVA) revealed that respondents in the gain framing condition reported significantly higher benefit perception than those in the loss framing condition ( $M_{promotion} = 5.38$  vs.  $M_{prevention} = 4.53$ ;  $t(332) = 17.131, P < 0.001$ ). Therefore, the manipulation was successful.

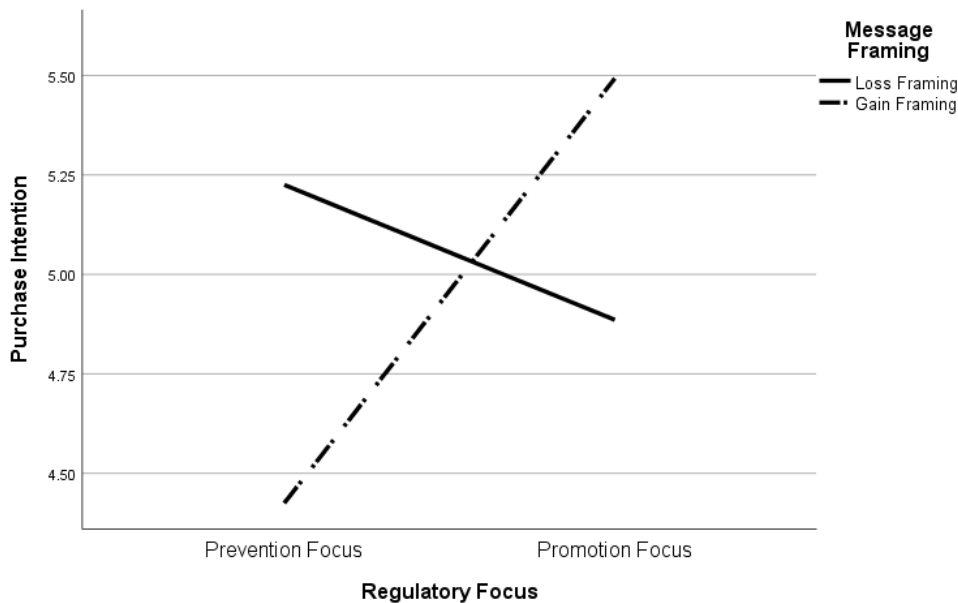
**(2) Hypotheses testing**

In this study, regulatory focus and message framing both belong to category variables, so two-factor ANOVA analysis is used to test the moderating effect. As Table 1 shows, regulatory focus and message framing have significant interaction on online luxury purchase intention ( $F(1, 332) = 51.257, p < 0.001, \eta^2 = 0.135$ ). At the same time, the main effect of regulatory focus on online luxury purchase intention is significant ( $F(1, 332) = 13.737, p < 0.001, \eta^2 = 0.040$ ), while the message framing has no significant effect to purchase online luxury goods ( $F(1, 332) = 0.965, p = 0.327, \eta^2 = 0.003$ ).

**Table 1** The moderating role of message framing

Dependent variable	Independent variable	IIIsum of squares	df	Mean Square	F	P
Purchase intention	Regulatory focus	10.720	1	10.720	13.737	0.000
	Message framing	0.753	1	0.753	0.965	0.327
	Regulatory focus	40.000	1	40.000	51.257	0.000
	*Message framing					

In order to judge the moderating role of message framing more intuitively, the interactive effect diagram Figure 2 is drawn. It can be seen that under the gain framing, the purchase intention of promotion focus individuals is significantly higher than prevention focus. However, under the loss framing, the positive influence of promotion focus on individual purchase intention is significantly weakened, and the purchase intention of prevention focus individual is higher.



**Figure 2** The moderating role of message framing between regulatory focus and purchase intention

Further, the simple effect analysis of the data shows that under the gain framing, compared with the prevention focus, the individuals who have promotion focus are more willing to buy luxury goods online ( $M_{promotion} = 5.4926, M_{prevention} = 4.4250, p < 0.001$ ). That is, the gain framing enhances the positive relationship between promotion focus and purchase intention. Under the loss framing, the purchase intention of promotion focus is significantly lower than that of prevention focus, that is, the loss framing weakens the positive impact of promotion focus on online luxury purchase intention ( $M_{promotion} = 4.8857, M_{prevention} = 5.2250, p = 0.024$ ).

**Table 2** Interaction effect of regulatory focus and message framing on purchase intention

	Promotion focus		Prevention focus		MS	P
	M	SD	M	SD		
Gain framing	5.4926	0.7735	4.4250	0.6155	54.500	0.000
Loss framing	4.8857	1.0070	5.2250	1.0570	4.029	0.024

## V. DISCUSSION

On the basis of previous studies on regulatory focus theory and digitalization of luxury goods, this paper explores the relationship among message framing, regulatory focus and online luxury goods purchase intention through data collection methods of online recruitment participants and data analysis methods such as descriptive statistical analysis, two-factor variance analysis and simple effect analysis. The results prove that the relationship between consumers' regulatory focus and online purchase intention of luxury goods will be affected by the message framing. Under the gain framing, the online purchase intention of luxury goods by promotion focus is significantly higher than prevention focus. However, under the loss framing, prevention focus is significantly more willing to purchase luxury goods online than promotion focus. The hypothesis has been verified, that is, the message framing will change the role of regulatory focus on luxury online purchase intention, and the message framing plays a moderate role in it.

For brand managers of luxury goods enterprises, mastering the results of this study can improve consumers' willingness to purchase luxury goods online by adopting more targeted online marketing strategies, and convey different luxury consumption concepts to different consumer groups, which has important practical significance for managing luxury goods online consumption in the digital age.

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