

Loss Aversion and COO Effects: Experimental Evidence

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Abstract

Drawing on prospect theory and COO research, we investigate loss aversion in the context of purchase decisions for products differing in their degree of product ethnicity and hedonism/utilitarianism. We also examine the extent to which consumers' decision-making styles as captured by faith in intuition, maximization tendency and elaboration on potential outcomes further moderate loss aversion. Our findings offer evidence that loss aversion is manifested in tangible product decisions and that it is quite robust although less pronounced than expected. Implications for research and practice are considered and suggestions for future research made.

Keywords: *loss aversion; product ethnicity; riskless choice*