

The Role of Regulatory Focus on Consumer Response to Minimum Purchase Requirement  
Sales Promotion

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# **The Role of Regulatory Focus on Consumer Response to Minimum Purchase Requirement Sales Promotion**

## **Abstract:**

A minimum purchase requirement (MinPR) deal is a form of sales promotion that asks consumers to meet a requirement to redeem a benefit, for example, £10 off for every £50 spent. This research examines how the consumer's regulatory focus influences their shopping behavior when they choose to use such deals. Four studies were conducted for this research and the findings show that prevention-focused consumers spend significantly less than promotion-focused consumers when they choose to use a MinPR deal, and the underlying reason is the higher level of knowledge regarding persuasion that prevention-focused consumers hold. Moreover, the results show that a MinPR sales message with a social identity norm can mitigate such negative effect for prevention-focused consumers. Our findings have important implications for marketing practitioners and retailers.

*Keywords: Sales Promotion, Regulatory Focus, Persuasion Knowledge*

*Track: Price & Promotions*

## **1. Introduction**

Imagine Diana and Julie are shopping in a clothing store which offers a promotion – Get £10 off on orders over £50. Diana is comfortable taking chances and plays to win, while Julie is a cautious decision-maker and plays it safe. Is Diana more likely to spend £50 than Julie? When both choose to redeem the deal, who spends more and why?

The minimum purchase requirement (MinPR) deal is a common type of sales promotion where consumers must spend a minimum amount to benefit, for example, “spend \$100, get 20% off” (Yoon & Vargas, 2010). Previous studies have focused on why consumers choose to use such deal (Yoon & Vargas, 2010), yet few have examined consumers’ shopping behavior afterwards. The present research tries to answer the following questions: what factors influence a consumer’s expenditure once they have accepted a MinPR deal? What is the underlying mechanism of such effect? How can marketers reverse such effect? We use regulatory focus (RF) theory and propose that promotion-focused consumers spend more than prevention-focused consumers when accepting a MinPR deal as well as the mechanism and moderator effect of such effect.

This research extends existing research in three ways. First, this research addresses the gap of post-deal-usage-stage consumer behavior by arguing that different regulatory focus could make a significant difference in expenditure, but does not make a significant difference in the probability of choosing the deal in the first place. Second, this research identifies the mechanism by stressing the importance of persuasion knowledge, which makes prevention-focused consumers spend less than promotion-focused consumers after accepting a MinPR deal. Third, this research demonstrates that the provision of social identity norms is effective in influencing a prevention-focused consumer’s response to MinPR deals because it relieves the concerns of persuasion knowledge towards the deals.

## **2. Minimum Purchase Requirement Deal And Consumer Regulatory Orientation**

Existing MinPR studies uses counterfactual thinking theory and anchoring theory to explain

why consumers use a MinPR deal (e.g. Roese, 1997; Wansink et al., 1998) but not investigate consumer behavior AFTER they have accepted the MinPR deal. We propose that consumers' orientation of regulatory focus plays an important role at the post-deal stage.

Regulatory focus theory suggests that consumers have different motivational systems directing how they achieve their goals: promotion focus or prevention focus (Higgins, 1998). Promotion focus is the extent to which one is focused on obtaining positive outcomes and related to hopes and aspirations, whereas prevention focus is the extent to which one is focused on avoiding negative outcomes and linked to duty (Higgins, 1998). Both promotion- and prevention-focused consumers are equally motivated to use a MinPR deal because promotion-focused individuals imagine receiving the benefit and being happier while prevention-focused individuals imagine not receiving the benefit and being regretful (Yoon & Vargas, 2010). However, when consumers accept a MinPR deal, promotion-focused consumers put more items in their shopping basket and spend more than their prevention-focused counterparts, because promotion-focused consumers' natural tendency is to approach matches to their goals (Righetti et al., 2011), and they tend to include as many options as possible to reach the MinPR. In contrast, prevention-focused consumers' natural tendency is to avoid mismatches with their goals, and they are more likely to be in a state of vigilance that entails considering more restrictively appropriate options (Higgins, 1998). In other words, prevention-focused consumers are conscious of their spending by avoiding waste once they reach the MinPR. Thus, we hypothesize:

*Hypothesis 1:* When accepting the MinPR deal, prevention-focused consumers spend less than promotion-focused consumers. However, when rejecting the MinPR deal, there is no difference between prevention and promotion-focused consumers in their expenditure.

### **3. The Mediating Role Of Persuasion Knowledge**

We argue that prevention- (vs. promotion-) focused consumers spend less money after choosing a MinPR deal due to the activation of persuasion knowledge. Persuasion knowledge concerns how consumers understand companies' marketing activities, specifically their beliefs

regarding marketers' persuasion motives, strategies and tactics (Campbell & Kirmani, 2000). Promotion-focused consumers are sensitive to gains and advancements and are therefore more willing to take risks and capture opportunities to ensure their advancement (Righetti et al., 2011). Thus, they are less sensitive to marketers' manipulative intentions and less influenced by their persuasion knowledge. In contrast, prevention-focused consumers' avoidance tendencies make them more likely to focus on negative signals (Kirmani & Zhu, 2007). In attempting to make a good decision, prevention-focused individuals are inclined to think in terms of how to avoid being unduly persuaded and thus become more vigilant against manipulation, leading to the activation of negative persuasion knowledge and greater skepticism regarding marketers' intentions. This leads to the next hypothesis:

*Hypothesis 2:* Having accepted a MinPR deal, prevention-focused consumers spend significantly less than promotion-focused consumers due to enhanced persuasion knowledge.

#### **4. Social Norms As A Moderator**

We argue that social norms may influence consumer expenditure after choosing a MinPR deal. Social norms are "rules and standards that are understood by members of a group, and that guide and/or constrain social behavior without the force of laws" (Cialdini & Trost, 1998, p. 152). This research focuses specifically on social identity norms, as consumers usually behave in the same way as other group members in order to express belonging to the group and the strength of their social identity (Cialdini & Trost, 1998). We argue that if prevention-focused consumers have a greater persuasion knowledge about the deal (H2), the presence of a social identity norm will mitigate the negative effect of persuasion knowledge and thus encourage prevention-focused consumers to increase their expenditure. Prior research shows that a sense of belonging from social identity norm elicits a sense of security in the consumers because the deal message is personally relevant with who they are (Pechmann & Wang, 2010). The certainty of their existence and status value reduces their anxiety regarding the environment, which fits prevention-focused consumers as they are more sensitive to the risks of not following the majority (Lee et al., 2000). On the other hand, promotion-focused consumers are less sensitive

to social identity norms because promotion focus is associated with being independent and focusing on personal preferences (Lee et al., 2000). We therefore propose:

*Hypothesis 3:* When accepting a MinPR deal, prevention-focused consumers spend more when a social identity norm is presented (vs. not), whereas the presence of social identity norms does not affect the expenditure of promotion-focused consumers.

The three hypotheses are tested across four studies. Study 1 and 2 test H1 by manipulating consumer's temporary regulatory focus. Study 3 tests the underlying mechanism of persuasion knowledge (H2) and Study 4 tests the moderating effect of social identity norms (H3).

## 5. Study 1

One hundred and thirty participants were recruited from Amazon MTurk to participate in a 2 (promotion vs. prevention) X 2 (accept vs. reject deal) between-subject design. First, participants were asked to think about their hopes and aspirations (promotion focus) or their duties or obligations (prevention focus) and write down three (adapted from Ghiassaleh et al., 2020). Next, participants shopped on a simulated furniture website. Before checking out, participants saw a MinPR deal advertisement – “20% off for every £300 spent today”, followed by a notice of their current expenditure. Participants could either accept the deal by clicking “yes” and continue shopping or reject the deal by clicking “no” to directly check out. Finally, participants were asked two attention check questions, familiarity with the products, prior preference of the products, and demographic information.

A pre-test was conducted to check the effectiveness of the manipulation of RF. Forty-seven participants (21 females;  $M_{age} = 44.5$ ) were recruited from Amazon Mturk and their RF was manipulated in the same way with the main study. Next, the participants were asked three bipolar questions for the focus of their thoughts (e.g., 1 = *avoiding unwanted outcomes/focus on what I had to do*, 7 = *achieving desired outcomes/focus on what I wanted to do*; Cronbach's  $\alpha = .87$ ), followed by demographic information. The results indicate a successful manipulation of RF ( $M_{promotion} = 5.57$ ,  $M_{prevention} = 4.67$ ,  $F(1, 46) = 9.15$ ,  $p = .004$ ).

One hundred and twenty-three participants passed the attention check questions (61 females;  $M_{age} = 37$ ). The same exclusion criteria were used in all four studies. The results of a chi-square test show that there was no difference in the percentage of promotion-focused (51%) and prevention-focused (49%) participants who used the MinPR deal ( $\chi^2(1, N = 123) = 1.152, p > .14$ ). The results of a 2 (RF) X 2 (accept vs. reject deal) analysis of variance (ANOVA) indicate a marginally significant interaction effect ( $F(1, 122) = 2.79, p = .09$ ). A contrast analysis shows that when accepting the MinPR deal, promotion-focused participants spent significantly more than their prevention-focused counterparts ( $M_{promotion} = 751.27, M_{prevention} = 521.08, F(1, 119) = 4.01, p = .05$ ). When rejecting the MinPR deal, there was no significant difference in spending ( $M_{promotion} = 699.27, M_{prevention} = 718.72, F(1, 119) = .04, p > .83$ ). The results of Study 1 confirm H1. The findings show that there is no significant difference between promotion- and prevention-focus when it comes to deciding whether to use a MinPR deal. However, after choosing a MinPR deal, promotion-focused consumers spend significantly more than prevention-focused consumers.

## 6. Study 2

Study 2 uses a managerially relevant manipulation of RF, a larger sample size and a different product category for a robust finding confirming H1. Three hundred and twenty participants were recruited from Prolific for the 2 (RF) X 2 (accept vs. reject deal) design. First, participants read a lemon soda ad with either a promotion-focused description (focusing on its energetic and refreshing features) or a prevention-focused description (focusing on its ability to prevent health issues). Next, participants shopped on a simulated online soft drink store. All the other procedures were similar to those in Study 1, except the MinPR deal message (“£3 off for every £15 spent”), and the manipulation check questions of RF (the extent participants focused on “boosting energy”, “enjoying a great taste”, “avoiding extra sugar”, “preventing health issues” “nutritional ingredients”, 1 = *not at all*, 7 = *extremely*; Cronbach’s  $\alpha_{promotion} = .68$ ; Cronbach’s  $\alpha_{prevention} = .75$ ).

Filtered by the attention check questions, 299 participants were left (105 females;  $M_{age} =$

27.7). The manipulation of RF was successful. The percentage deal usage is the same among promotion-focused (50%) and prevention-focused (50%) participants ( $\chi^2(1, N = 299) = .03, p > .87$ ). There is a significant interaction effect between regulatory focus and deal usage on the total expenditure ( $F(1, 298) = 16.43, p < .01$ ). The planned contrast shows that when consumers accepted the MinPR deal, promotion-focused participants spent significantly more than prevention-focused participants ( $M_{promotion} = 23.81, M_{prevention} = 19.19, F(1, 295) = 17.23, p < .01$ ). When participants did not accept the MinPR deal, expenditure in both regulatory orientations were not significantly different ( $M_{promotion} = 5.97, M_{prevention} = 6.48, F(1, 295) = .72, p > .3$ ). Study 2 provides a robust result to confirm H1 and further confirms that the likelihood of using a MinPR deal is not different between regulatory orientations.

### 7. Study 3

The purpose of Study 3 is to examine the role of persuasion knowledge (H2). Four hundred and thirty-two participants from Prolific participated in a 2 (RF) X 2 (accept vs. reject deal) between-subject design. Same as in Study 1, participants were first primed with a RF. Then, participants shopped on a simulated online health and beauty store. All the procedures were similar to those in Study 1 except the MinPR deal “£10 off for every £50 spent” and manipulation check questions of RF (e.g., 1 = *avoid unwanted outcomes/choose products to help me avoid negative outcomes*; 7 = *achieve desired outcomes/choose products to help me achieve positive outcomes*; Cronbach’s  $\alpha = .66$ ), as well as three-item persuasion knowledge towards the deal questions (e.g., “unconvincing/convincing, unbelievable/believable, not truthful/truthful” on a 7-point scale; all reverse coded, Cronbach’s  $\alpha = .88$ ).

Four hundred respondents were left for analysis (204 females;  $M_{age} = 36.1$ ). The manipulation of RF was successful. There is a significant interaction effect between RF and deal usage on final expenditure ( $F(1, 399) = 3.76, p = .05$ ). The results of planned contrast analysis are consistent with those in previous studies, which proves H1. In terms of moderated mediation analysis of persuasion knowledge, there is a significant interaction effect between RF and usage of deal on the persuasion knowledge scale ( $F(1, 399) = 4.24, p = .04$ ). The



planned contrast analysis reveals that promotion-focused participants were significantly less concerned about marketing strategies than prevention-focused participants in deal acceptance condition ( $M_{promotion} = 5.26$ ,  $M_{prevention} = 6.04$ ,  $F(1, 396) = 3.99$ ,  $p = .04$ ). In deal rejection condition, there is no significant difference in persuasion knowledge ( $M_{promotion} = 5.47$ ,  $M_{prevention} = 5.18$ ,  $F(1, 396) = .77$ ,  $p > .38$ ). The regression analysis shows that persuasion knowledge accounts for a significant variation in expenditure ( $\beta = -.24$ ,  $t(400) = -4.89$ ,  $p < .001$ ). Finally, a moderated mediation analysis is conducted (Model 8 in PROCESS 3). Bootstrapping with 10,000 resamples reveals a significant moderated mediation (index =  $-3.89$ ,  $SE = 2.28$ ,  $95\% CI = [-8.94, -.15]$ ). The indirect effect of RF on expenditure through persuasion knowledge was significant in deal acceptance condition ( $\beta = 1.20$ ,  $SE = 1.03$ ,  $95\% CI = [0.98, 4.10]$ ) but not significant in deal rejection condition ( $\beta = -2.69$ ,  $SE = 1.67$ ,  $95\% CI = [-6.38, .11]$ ). The results of Study 3 confirm H2. When participants chose to use the deal, prevention-focused participants were more concerned about the manipulative intention of the marketers and more suspicious about the deal than promotion-focused participants.

## 8. Study 4

Eight hundred and nine participants were recruited from Prolific to participate in a 2 (RF) X 2 (accept vs. reject deal) X 2 (social identity norm vs. no norm) between-subjects design. The procedures for the experiment was similar to those in Study 3 except the MinPR deal message “*SAVE £10 when you spend £50 or more*” (no social norm condition) and same message adding “*Join other men and women who are benefiting from this new deal*” (social identity norm condition; adapted from Goldstein et al., 2008), and the manipulation check questions of social identity norm (think of your identity as “a male/female”, or “an ordinary consumer” 1 = *not at all*, 7 = *to a great deal*; adapted from Goldstein et al., 2008).

Seven hundred and ninety participants were left for analysis (572 females;  $M_{age} = 34.7$ ). The manipulation of social identity norm was successful ( $M_{social\ identity} = 5.20$ ,  $t(393) = 12.83$ ,  $p < .001$ ;  $M_{no\ social\ identity} = 4.51$ ,  $t(395) = 5.91$ ,  $p < .001$ ). The manipulation of RF was also successful. A three-way ANOVA on expenditure shows a significant three-way interaction ( $F$

(2,788) = 6.95,  $p < .01$ ). Within the prevention focus condition, there was a significant interaction between the social norm and deal usage on expenditure ( $F(1,403) = 5.44, p = .02$ ). No significant interaction was observed in promotion focus condition ( $F(1,385) = 2.05, p > .15$ ). The planned contrast analysis shows that within the prevention focus condition, social identity norm made participants spend significantly more than without social norm in deal acceptance condition ( $M_{social\ norm} = 83.36, M_{no\ norm} = 71.78, F(1, 400) = 6.81, p < .01$ ) but no significant difference in deal rejection condition. These results support H3. When prevention-focused participants chose to use the MinPR deal, those who saw the message with the social identity norm spent significantly more than without the social norm frame.

## 9. General Discussion

Overall, this research makes several important contributions to the literature. First, whereas prior research on MinPR deals mainly focuses on why consumers use the deal (Wansink et al., 1998; Yoon & Vargas, 2010), this research has identified and explained consumer behavior after choosing to use a MinPR deal according to self-regulatory orientation and shows that RF does not influence the likelihood of using the deal. The results from this research moves the field one step further. Second, this research provides a theoretical explanation for the negative effect of a prevention focus on expenditure in the presence of a MinPR deal – the activation of persuasion knowledge among prevention-focused consumers. The concerns and suspicions attached to the intent of marketers lead to lower expenditure for prevention-focused consumers. This finding is consistent with Kirmani and Zhu's (2007) research that prevention-focused consumers, who want to avoid being unduly persuaded, are more sensitive to the manipulative intent of marketers than promotion-focused consumers. Third, most research on the effect of social norms on consumer behavior focuses on green consumption and societal benefits (e.g. Goldstein et al., 2008). This research fills in the gap by showing that social identity norms are effective in boosting the purchase behavior of prevention-focused consumers. Furthermore, this research provides clear insights for retailers and marketing practitioners. Retailers may need to consider consumers' RF which can be identified from consumers' purchasing history (e.g.,

product attributes of past purchases) and search history (e.g., the wording consumers use; Ghiassaleh et al., 2020). Marketers can also temporarily activate a promotion focus by presenting promotion-focused cues in advertisements. Finally, a deal message with social identity norm information is an effective tool for increasing spending amount.

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