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The Effects of Mood, Variety Seeking and Regret in Consumer Decision Making

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Abstract

This paper conducts experimental method to explore the relations among mood, variety-seeking, regret, and loyalty for the consumer choice behavior. The results show that when customer is negative mood to make the purchase decision, the tendency of variety-seeking will increase and regret of this outcome will become higher. In addition, when consumers engage in a high degree of variety-seeking and regret switching to other brands, the performance of other brands is not as good as the forgiven brand then the loyalty of original brand will increase. These results can provide a management application for manufacturers and retailers to reduce the factors that will induce negative emotions. Because the negative emotion will improve less regret tendency of customer and the customer will become low loyal to the brand.

1. Introduction

In the competitive marketing environment, consumers are often faced with a large number of alternatives and a great deal of information available from many online sources [11]. With the unprecedented increase in the number of competing product alternatives in the present decade, there has been a clear decrease in the number of such loyal consumers who purchase an alternative as their favorite brands, thus exhibiting divided loyalties among few brands. Davvetas [6] proposed that a consumer who consistently alternates between two brands as a "loyal consumer with divided loyalty" whereas Givon [13] labels the same consumer an "extreme variety-seeker" [29]. The pattern of switching among brands can be induced by manipulation of marketing variables by the desire for variety. Consumers typically seek variety among hedonic products such as restaurant, hair salon or leisure activities [24]. But variety-seeking contains uncertainty. Customers seek to variety brand they don't use before. It means that they are not sure the performance of this product usage. Past research has demonstrated the importance of risk and/or uncertainty avoidance within the buying process [1] [30]. Uncertainty motivates consumers to search for more and better information resulting in a better comparison of alternatives, and avoid to feel regret for their decision.

Regret arises from individuals expending cognitive efforts to consider the chosen option against the rejected options [11]. If the result of the comparison is perceived to be unfavorable (i.e. the foregone option is perceived to be better than the present option), then individuals are prone to feeling regret over their actions. The product of the customer decides to repurchase is dependent on the degree of regret [5] [9] [29]. If the foregone alternative outperforms the chosen alternative, the consumer may intend to switch to the forgone alternative at the next purchase occasion, even if he or she is highly

satisfied with the chosen alternative [6] [32] [34]. Thus, it is interesting to find that when the customer tends to seek variety, the uncertainty will increase the degree of probability of regret. The more regret will incurred two results: if customer seek variety to another brand, he might show more repurchase intendency to the forgone brand (which he is used to before), or if the customer is low variety-seeking (he chooses the brand which he is used to before), then he might show less repurchase intendency to the chosen alternative or more purchase intention to forgone alternative (other brands). Thus the variety-seeking and regret are two relative important topics that should be discuss not only in customer decision area but also in purchase intention research.

Also, in purchase decision process, there is another variable that will influence the variety-seeking and play an important role on customer decision. According to the mood-behavior model [18], mood affects people's behavior and affects behavior related judgment [26]. Positive mood is found to increase a variety-seeking behavior. Because positive mood can improve expectations about neutral to positive stimuli and this expectation accelerates people to seek more exciting and interesting variety behavior [7]. This process prompts variety seeking by mood.

Variety-seeking, mood and regret are three relative important concepts toward decision making but they have not yet been much explored and discuss together (at the same time). In light of these concerns, this research first discusses the tendency of variety-seeking of people will be influenced by positive or negative mood and propose the hypothesis and research model. Secondly, the experiment method is used to test these relations. The design of experiments process, subjects and measurement will be demonstrated in section 3. In section 4, it will show the testing results of research model through SEM. The hypothesis test will also be displayed. Finally, the effect of regret on the loyalty of customer to the brand will be discussed.

2. Literature Review

Mood-as-information theory suggests that moods provide people with information about situations and that the effects of moods on cognitive processes and behavior can be understood in terms of their informative effects [26]. Positive mood improves a person's expectations about the likely outcome of anticipated positive experiences or events and also prompts people to engage in more elaboration and thinking about neutral things in which they are interested [28]. Generally, positive mood has been found to enhance creative problem solving and flexible yet careful thinking. This will increase variety-seeking behavior in choice sets [18] [25]. Because variety-seeking tendency (degree) is a person who expresses the desire to try new and different things [2] [7]. Variety-seeking tendency is rooted in need for a change in an attempt to resolve the boredom associated with a brand and a product [1] [10] [20] [21]. Hence, if a person is in the positive mood, he will show more tendencies

to try new things. Thus, we propose hypothesis 1:

H₁: When consumers in a positive mood will show more tendency to variety-seeking.

The literature on variety seeking suggest that variety can deliver stimulation and novelty to bored or understimulated consumers [5] [38]. Consumers try to increase stimulation in such situations by seeking something different or new relative to their previous choice [2] [25]. But high optimum stimulation level shows higher risk when consumer tries more unfamiliar products [6]. Therefore, high variety-seeking contributes the uncertainty of the results associate the risk [14] [24].

Risk-taking behaviors is linked negative emotions [29]. When making decisions, consumers try to maximize their own satisfaction or utility while choosing an option that protects them from negative emotion and regret has been identified as a primary negative emotion [6] [19]. Thus, we can infer that risk enhances regret.

Regret is also defined as customer's considering the chosen option against the rejected options [38]. According to norm theory, changing the status quo results in more regret than maintaining it [5]. Because the maintaining the status quo is considered to be more normal, thus switching produces more regret [19] [27] [29]. The status quo effect is defined as the consumer's tendency to feel more regret following a decision to switch than following a decision to repeat a past decision [11] [20].

If customer is variety-seeking behavior which means he switches to other brands rather than maintaining repeat purchase, the outcome of chosen options(switched brand) results high uncertainty and risk comparing to the rejected options(the maintaining brand). And the switching behavior case more regret than repeat behavior. Thus, we propose hypothesis 2:

H₂: Variety-seeking has a positive effect on regret.

The research of [8] shows that whether or not decision makers expect post-decisional feedback on rejected alternatives has a profound influence on the decisions they make.

Regret is a negative conscious and emotional reaction to personal past acts and behaviors. Consumers to give up the purchased product and the product after rating the regret, it will affect (reduce) their satisfaction with the purchased product [3]. Some studies [8] [15] [17] [22] show that regret has direct negative effect on overall satisfaction. Based on satisfaction and loyalty research [23] [31] [37], a customer who is more satisfy to a brand will led more loyalty to this brand. Thus, under variety –seeking situation, if a consumer is regret toward his chosen options(switched brand), it can refer that he feels less satisfy to the chosen option than to the rejected options (the maintaining brand). As a result, he will be less loyal to the switched brand than to the maintaining brand. Loyalty prevents the consumers to switch to other brands and is considered effective to maintain [8] [16].

On the other hand, if this customer is more regret to his switched brand, he may show more loyal tendency to the

former (rejection option) brand which he is used to chose before variety-seeking. Hence, we propose hypothesis 3:

H₃: In Variety-seeking behavior, regret has a positive effect on brand loyalty toward former brand (the brand he closed before variety-seeking)

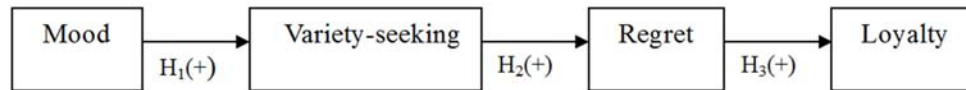


Figure 1. Research framework.

3. Method

This paper conducts experimental method to explore the relations among mood, variety-seeking, regret, and loyalty for the consumer choice behavior. A two (induced by mood stimuli: positive vs. negative) by two (outcome of chosen regret compared to forgone outcome: higher vs. lower) independent group factorial design were conducted.

3.1. Subjects

Subjects are 218men and 221 women from *Aletheia University* participation in response experiments. We randomly assign them into four scenarios. Scenario 1 (positive mood and higher regret) are 109, Scenario 2 (positive mood and lower regret) are 107, Scenario 3 (negative mood and higher regret) are 112 and Scenario 4 (negative mood and lower regret) are 111.

3.2. Design

The participants read a scenario which is about going to hair salon to cut hair. First, the mood of participants will be manipulated. The positive and negative mood of subjects are stimulated by reading a joke (positive mood) or an accident news (negative mood). After reading, The Positive and Negative Affect Schedule [36] are used to measure the results of mood manipulation and to make sure the mood of participants are successfully controlled by our manipulation. Secondly, subjects are asked to choose a hair salon from 7 options which include the one the subject is used to go before. Before making decision, the scenario is show that there was a hair salon, the participant is used to go in the past and their experiment of consumption toward this salon is ok(does not feel unsatisfied). Then, if the subject takes action as choosing another one salon comparing the past one, it refers to variety-seeking. If he still chose the past one, then this participant will be marked as not variety-seeking. After making alternative, variety-seeking questionnaires [35] are fulfilled by the subjects. Thirdly, a depiction of the result that subject cut hair by their chosen salon is demonstrated to manipulate regret. The scenario shows that "a friend" talks to subject about the result of cutting style on his option which is different from the choice of the subject. If the foregone option(which is manipulate by the friend's choice) is perceived to be better than the present option, then individuals are prone to feeling regret over their actions. After reading this depiction, the participants also finish the questionnaires of regret scale. Finally, the loyalty level of

According to hypothesizes 1, 2 and 3, we demonstrate our research framework as Figure 1. In the next section, we conduct experimental method to test these three hypothesizes.

subjects toward past salon he is used to go before will be measured by participants.

3.3. Measurement

3.3.1. Mood

The Positive and Negative Affect Schedule [36] which included 10 positive adjectives (e.g., interested, proud, active) and 10 negative adjectives (e.g., nervous, upset, scared). All items were scored on five-point labeled Likert scales ranging from "completely disagree" to "completely agree."

We conduct the stimuli which were pretested for their affective valence and reaction, and their mood toward produce. Indeed, the simplicity of mood measurement surely contributes to the enormous popularity of mood research.

3.3.2. Variety-Seeking

There are two kinds of measurements to display the subject is variety-seeking or not. One is use the variety seeking scale which are based on Vázquez-Carrasco and Foxall [35] and four Questionnaires are included (they are demonstrated in table 2) with five-point Likert scales to make ranking. Another measurement is to provide the other six choices of hair salons comparing the one that subject is used to go before. If the subject chooses the other one, then he will be ranked as variety seeking; if he chose the used one, it means he is not variety seeking.

3.3.3. Regret

We use Tsiros and Mittal [34] and Tsiros [33] to measure the variable of regret which includes five questionnaires with five-point Likert scales. The questionnaires are demonstrated in table 2.

3.3.4. Loyalty

According Chiou, Droge and Hanvanich [4], we use four questionnaires to measure wheatear the subject is loyal to his used hair salon or not. It is also with five-point Likert scales to make ranging from "completely disagree" to "completely agree." The questionnaires are also demonstrated in table 2.

4. Results and Discussion

This study uses a structure equation model to test the relations among the variables of mood, variety-seeking, regert and loyalty. The measurement model with three factors corresponding with the three scales, shows a good fit(see table 1), with all the fit-indices better than or close to the cut-off

values recommended by Gefen, Straub and Boudreau [12].

Table 1 demonstrates the results of good of fit in three models. We compared three models: model 1 and 2 are respectively to test variety-seeking vs. no variety-seeking which can reveal from the result of hair salons choice. If the

subjects choose the used one, this subject will be categorized as no variety seeking. If he chose another seven salons, then he will be ranked as variety seeking. Model 3 is the full model in which we use the questionnaires to measure his variety tendency.

Table 1. The Results of SEM.

	χ^2/df	RMSEA	NNFI	GFI	CFI	NFI
Model 1	1.9(<3)	0.079(<0.08)	0.95(>0.9)	0.93(>0.9)	0.95(>0.9)	0.91(>0.9)
Model 2	2.3(<3)	0.068(<0.08)	0.96(>0.9)	0.91(>0.9)	0.97(>0.9)	0.95(>0.9)
Model 3	2.9(<3)	0.066(<0.08)	0.97(>0.9)	0.97(>0.9)	0.97(>0.9)	0.95(>0.9)

() is the cut-off values of fit-indices by Gefen, Straub and Boudreau [12].

Table 2 presents the estimates of the parameters and their corresponding t-values. The value of average variance extracted (AVE) is > 0.5, which indicates that the structure has discriminant validity; the CR (composite reliability) is > 0.7, and the factor loading is larger than 0.5.

Table 2. The Result of the Measurement Model.

Latten variable		Factor loading	CR	AVE
Mood	I feel interested after reading this article.	0.93	0.96	0.72
	I feel scared after reading this article.	0.79		
	I feel pleasant after reading this article.	0.97		
	I feel distressed after reading this article.	0.83		
	I feel happy after reading this article.	0.96		
	I feel afraid after reading this article.	0.76		
	I feel excited after reading this article.	0.72		
	I feel nervous after reading this article.	0.61		
	I feel fun after reading this article.	0.97		
Variety-seeking	I feel angry after reading this article.	0.86	0.77	0.40
	I like to try new things.	0.70		
	I like to experiment change	0.78		
	I like immutable thing.	0.42		
	I don't like to change	0.62		
Regret	I feel regret choosing this hair salon.	0.92	0.90	0.69
	I feel sorry to make this choice.	0.94		
	I should have chosen other hair salon.	0.79		
	I don't feel regret after making this choice.	0.65		
Loyalty	I am happy about my decision to choose this hair salon.	0.83	0.77	0.50
	I will go to this salon in the next.	0.57		
	I will recommend my friends to this salon.	0.53		
	I will consider this hair salon for my first choice.	0.75		

* : $p < 0.05$; ** : $p < 0.01$; *** : $p < 0.001$

Table 3 gives the LISREL specification of the proposed model. Supporting hypothesis 1 in Model 2 and 3, the path between mood and variety-seeking is significantly positive. But hypothesis 2 is not supported in three models. As predicted by Hypothesis 3, variety-seeking affects regret positively. The result shows that only in the model 3 the

relations of these two variables are significance but variety-seeking affects regret negatively. Thus H3 is not supported. According H4, loyalty is influenced by regret positively. But in model 1, 2 and 3, regret positively affects loyalty significantly. H4 is not supported.

Table 3. The Results of Hypotheses Testing.

	Mood→Variety-seeking (H ₁)	Variety seeking →Regret (H ₂)	Regret→Loyalty (H ₃)
Model 1 (no variety-seeking)	0.06(0.60)	-0.16(-1.66)	-0.44(-4.80***)
Model 2 (with variety-seeking)	0.15* (2.16) Support	-0.13(-1.91) Not Support H3	-0.29(-7.57*) Not Support H4
Model 3 (full model)	0.12* (2.13)	-0.12(-2.25*)	-0.23(-5.76***)

*p-value < 0.05; **p-value < 0.01; *** p-value < 0.00

5. Conclusions

The study found that consumers with positive mood are tend to variety-seeking. And the customer who is tend to

variety –seeking show less regret. Because the customer who is motivate to variety seeking which reveals he is not satisfied with repurchasing the same brand but like to try new and different thing. Thus he takes the initiative to show

variety-seeking and bear the uncertainty and risk of switching choice. Then, he is less regret when the forgone alternative is better than the chosen alternative.

This study also finds that the customer with low regret is tend to show high loyalty toward his maintaining brand. These results can provide a management application for manufacturers and retailers to reduce the factors that will induce negative emotions. Because the negative emotion will improve less regret tendency of customer and the customer will become low loyal to the brand.

This article makes some contributions in consumer decision-making. This study proposes and tests mood, variety-seeking and regret as antecedents of loyalty. Now it is proved that variety-seeking, regret and satisfaction enhance brand loyalty. The hair salon industry can improve customer loyalty based on the proposed model. It shows that customers have lower regret will have higher loyalty.

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