Inaction Inertia and the Role of Experienced and Anticipated Regret

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ABSTRACT

The present research investigates the phenomenon of *inaction inertia*– consumers' tendency to forgo a purchase opportunity after missing an initial attractive offer. Two experiments revealed that anticipated regret, not experienced regret, mediates the inaction inertia process, suggesting that forgoing the second offer eliminates anticipated regret, but does not reduce experienced regret. Moderation analyses further indicate that the inaction inertia effect occurs when consumers attribute reasons for their initial inactions externally rather than internally. This implies that when consumers blame external factors for their initial inaction, they do not feel regret until they encounter the second offer, which triggers anticipated regret. Consumers then forgo the second offer in an attempt to avoid the anticipated regret. In contrast, when consumers blame themselves, they already experience regret before encountering the second offer. In this case, forgoing the second offer does not reduce experienced regret, and therefore consumers do not exhibit the inaction inertia effect.

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Suppose you were in the market for the very latest in PDA's. Now suppose that a new PDA came on the market with a list price of $400, but at an introductory discount of 40%. How would you react if you somehow missed this limited time offer but later saw the same product, with the same list price, but at a discount of only 10%. If you are like most people who have faced this situation, it is unlikely that you would buy the PDA when given the second chance. An interesting question is how you would react if the original discount had been only 16% less rather than 40%. Would you have been more or less unlikely to buy the PDA the second time you had a chance?

The phenomenon described above is an example of what is known in the psychology literature as the inaction inertia effect -- consumers' tendency to forgo an objectively attractive purchase opportunity after initially missing out on an even better deal (Tykocinski, Pittman and Tuttle, 1995). Essentially, the better the previous deal, the less likely you would be to take advantage of the current deal even when the current offer is attractive in objective terms (i.e., less expensive than the list price). The purpose of this paper is not merely to introduce the inaction inertia effect to the marketing literature, but more importantly, to examine the causal mechanisms that underlie it. Although past studies in psychology suggest that some kind of regret mediates the underlying mechanisms of the inaction inertia effect, extant research remains equivocal with respect to whether it is anticipated or experienced regret that operates in the process. We argue that this ambiguity stems partly from unclear conceptualization of the two regret constructs and consequent lack of direct measurement of these constructs in extant research. We address these issues by critically examining construct operationalization in past research, directly measuring the constructs, and testing rival hypotheses via formal mediation

analyses (Baron & Kenny, 1986). Moreover, we use consumer attribution as a moderator to investigate boundary conditions in which regret drives the inaction inertia effect and to gain further insight into the link between attribution and anticipated regret.

There has been a limited amount of attention to how consumers respond to increases and decreases in the value of promotional offerings (e.g., Dodson, Tybout, and Sternthal 1978, but see Blattburg, Briesch, and Fox 1995 for a review of promotional literature and open issues in the domain). Moreover, past literature on consumer attributions has focused largely on post-purchase phenomena, particularly consumers' responses to product failures (Folkes, 1988; Mizerski, Golden, & Kernan, 1979; Richins, 1983). As a result there has been little attention regarding the role of consumer attributions at the pre-purchase stage in general and regarding how promotional offerings affect these attributions in particular. Recent literature on mental simulations and regret has demonstrated that pre-decision mental simulations (i.e., prefactual thinking) and anticipated regret influence consumers' purchase decisions in such a way that consumers try to minimize potential feelings of regret (Gleicher et al., 1995; McConnell et al., 2000; Simonson, 1992). However, in these recent investigations, pre-purchase mental simulations and anticipated regret were studied in isolation from events that occurred prior to a purchase decision in question (Zeelenberg, van den Bos, van Dijk, & Pieters, 2002). Consequently, it remains unclear whether and how consumers' attributions and emotions associated with past events are interrelated with pre-purchase mental simulations and anticipated regret in a pre-purchase context.

Hence, we investigate the role of consumer attributions as a possible moderator of the inaction inertia effect. The present research examines whether internal locus (i.e., blaming the self) triggers feelings of regret, which in turn influence consumer behaviors in a *pre-purchase*

stage. By developing and testing the role of consumer attribution as a moderator in the context of the inaction inertia effect, we investigate interrelationships among consumer attributions, mental simulations, and experienced/anticipated regret. We develop and test competing hypotheses as to whether consumers who blame themselves for their initial inaction, versus those who blame others, are likely to exhibit the inaction inertia effect, contingent on whether experienced or anticipated regret mediates the underlying process.

Following the paradigm employed in extant inaction inertia research, the current investigation utilizes a scenario-based experiment approach in which we manipulate the size of the initially missed opportunity: *large-bargain* versus *small-bargain* conditions. In the large-bargain condition, consumers imagine a situation in which they first missed a large discount (40% off) then later found the second offer (10% off). In contrast, in the small-bargain condition, consumers first missed a small discount (16% off) then encountered the second offer (10% off). It should be noted that the second purchase opportunities (10% off) were identical across conditions, and that the offer is attractive in objective terms (i.e., less expensive than the regular price). Thus, comparing the large- and the small-bargain conditions enables us to distinguish consumer reactions to the different sizes of the initial offers from their reactions to the mere presence of the previous offer. The inaction inertia effect would be detected if passing up the first large-bargain offer, versus missing the small-bargain deal, results in a lower likelihood of taking the second opportunity.

The Inaction Inertia Effect

Past research in social psychology has extensively studied people's tendency to persist in a course of action, termed action inertia. Examples include the commitment effect, in which

one's public action produces resistance to changing attitude and behavior (Kiesler, 1969), the sunk cost effect or escalation effect, in which people tend to sustain a loss by continuing to invest in the initial course of failing action (Arkes & Blumer, 1985; Staw, 1981), and the foot-in-the-door effect, in which an initial favor of a smaller cost is likely to result in subsequent engagement of a larger cost (Cialdini, 1985).

Recently, Tykocinski and her colleagues (Tykocinski & Pittman, 1998, 2001; Tykocinski et al., 1995) demonstrated a similar effect in the case of inaction, which they termed the *inaction inertia effect*. That is, when consumers miss out on an attractive purchase opportunity, they tend to continue forgoing subsequent opportunities. For instance, in one experiment (Tykocinski et al 1995), participants in the large-bargain condition imagined a situation in which they missed an opportunity to buy a $100 ski pass at a discounted price of $40 ($80 in the small-bargain condition). When they later found another opportunity to buy the same pass at a discount price of $90, participants in the large-bargain condition were significantly less likely to buy the pass than those in the small-bargain condition. Subsequent research replicated the inaction inertia effect for both monetary (e.g., discounts, rebates) and non-monetary offers (e.g., rewards, gifts) in a wide variety of product and service purchase contexts.

In the current research paradigm, we seek to replicate the inaction inertia effect and offer the following formal hypothesis:

> **H1:** Consumers in the large-bargain condition, versus those in the small-bargain condition, are less likely to purchase at the second offer.

Roles of Experienced versus Anticipated Regret as Mediators

Past inaction inertia research has repeatedly found that regret plays a key role in the underlying mechanism of the inaction inertia effect (Arkes, Kung, & Hutzel, 2002; Butler & Highhouse, 2000; Tykocinski & Pittman, 1998, 2001; Tykocinski et al., 1995). However, a

critical theoretical basis still remains equivocal. Specifically, past studies produced competing evidence with respect to whether it is anticipated or experienced regret that mediates the inaction inertia effect.

For example, Tykocinski and her colleagues argue that avoidance of anticipated regret drives the inaction inertia effect. Their rationale is as follows. When learning about the subsequent opportunity, consumers tend to juxtapose it with the initial, more attractive opportunity. This juxtaposition triggers upward prefactual thinking, which compares the actual state with the better but unrealized situation (e.g., “If I take this deal now, I would feel that I could have bought the product for an even lower price.”). Upward prefactual thinking spontaneously evokes negative emotions, especially anticipated future regret (McConnell et al., 2000; Miller & Taylor, 1995; Sherman & McConnell, 1995). As long as one is entertaining the thought of taking the second opportunity, one is likely to continue engaging in upward prefactuals and anticipating future regret. By quickly turning down the subsequent opportunity, however, one can avoid thinking about the inferior current opportunity that triggers anticipated regret. Thus, Tykocinski and her colleagues theorize that the continued inaction reflects the consumer’s attempt to minimize anticipated regret.

Tykocinski and Pittman (1998) tested this argument by demonstrating that, when consumers perceive that forgoing the second offer would not reduce anticipated regret, they did not exhibit the inaction inertia effect. For example, they found that the inaction inertia effect was mitigated when the avoidance of the missed opportunity was impossible (e.g., One passes by two sports centers in one’s everyday commute, the one where the bargain was previously missed and the other where the bargain is currently available. In this case, consumers will be constantly reminded of the two offers even after forgoing the offer.). In addition, their content analysis on a

thought-listing task revealed that participants were more likely to list regret-related thoughts when forgoing the second offer could reduce their anticipated regret. However, their content analysis categories did not specifically differentiate between experienced and anticipated regret and they stated, "At this point, we cannot say which of these processes, escape (from experienced regret) or avoidance (of anticipated regret), motivates inaction inertia…" (Tykocinski and Pittman, 1998, p.615, words in parentheses added).

In contrast, Arkes, Kung, and Hutzel (2002) posit that escape from experienced regret triggers the inaction inertia effect. Their reasoning is as follows: Consumers experience regret after missing out on the first offer. When encountering the second offer, consumers are reluctant to evaluate the second opportunity seriously because it reminds them of the regret that they have already experienced with the first offer. Instead, consumers can escape from experienced regret by turning from consideration of the second opportunity, thus resulting in continued inaction. They validated this logic in a modified version of Tykocinski et al.'s (1995) ski pass study by conducting a formal mediation analysis with measured experienced regret.

Besides testing the role of regret as a mediator, past studies also investigated alternative cognition-based processes. For example, Tykocinski et al. (1995) studied the alternative mechanisms implied by cognitive dissonance theory (Festinger, 1957). Cognitive dissonance theory suggests that consumers experience dissonance due to discrepancy between the attractiveness of the initial opportunity and their failure to take it. Consumers try to minimize the dissonance by justifying their initial inaction (e.g., "The product was not so great," "The deal was not that attractive."). Consequently, in order to maintain consistency, consumers continue forgoing subsequent offers. Tykocinski et al. (1995) tested this alternative account by manipulating level of personal responsibility, arguing that the need to justify one's prior inaction

is larger when one is personally responsible for the decision (Cooper & Fazio, 1984). They posit that, if the cognitive dissonance mechanism operates, consumers in the high responsibility condition should exhibit more inaction inertia than those in the low responsibility condition. Tykocinski et al. (1995) found that, contrary to the prediction suggested by the dissonance account, personal responsibility had no effect on the inaction inertia effect.

In addition, Arkes et al. (2002) pitted another cognition-based explanation, the anchoring effect, against the proposed regret-based mechanism. The anchoring account suggests that, once a product is offered as a bargain, people tend to perceive the product to be lower value (Burger, 1986). In the current research context, consumers use the price offered at the first deal as an anchor in judging the value of the product. Therefore, according to this alternative account, consumers who initially passed the large bargain will be willing to pay less for the product than those who missed the small bargain. Arkes et al. (2002) tested this alternative explanation by measuring consumers' willingness to pay. Results from the mediation analyses revealed that regret perfectly mediated the inaction inertia effect, whereas the anchoring effect only partially mediated it.

Thus, both lines of research rule out competing explanations and agree that the inaction inertia effect is a consequence of consumers' attempt to reduce regret. However, the two streams differ on the issue of whether it is anticipated regret or experienced regret that drives the effect. To the best of our knowledge, little effort has been made to reconcile these alternative accounts by directly measuring both regret constructs within one study. For instance, Tykocinski and associates have neither measured nor manipulated experienced regret in their studies, and Arkes et al. (2002) measured experienced regret but not anticipated regret.

However, Arkes et al. (2002, Experiment 2) did consider anticipated regret and tested this explanation by attempting to create situations in which they hold anticipated regret constant while manipulating experienced regret. Arkes et al. compared the classic inaction inertia condition (missing a large bargain and then being presented with a more modest bargain) with a situation in which the consumer accepted the large bargain in the past and is now presented with the opportunity to take the more modest bargain. Arkes and his colleagues assumed that anticipated regret would be held constant across these conditions while experienced regret would differ. Unfortunately, the researchers did not measure either regret construct, so their assumption could not be tested directly. Moreover, the assumption that anticipated regret was held constant goes against the notion that anticipated regret is the result of the juxtaposition of the offer at hand to the missed offer because there was no missed offer in the second condition. Arkes et al state that anticipated regret results from the desire to avoid feeling like a "sucker" for buying an item that cost less a short time ago. Consequently, it remains unclear which of the two mechanisms drives the inaction inertia effect. The present research explicitly addresses this void in the literature.

Specifically, we cast two competing hypotheses, the experienced-regret-as-a-mediator and the anticipated-regret-as-a-mediator. Consistent with Arkes et al. (2002), H2a predicts experienced regret as a mediator. This hypothesis will hold if consumers forgo the second offer in order to escape from their experienced regret. Next, in line with Tykocinski and associates (Tykocinski & Pittman, 1998, 2001; Tykocinski et al., 1995), H2b proposes anticipated regret as a mediator. This hypothesis will be supported if consumers do not take the second offer in order to avoid anticipated regret. In addition, it is possible that both H2a and H2b are supported, suggesting that both experienced and anticipated regret operate in the underlying mechanism. If

that is the case, we must further examine the relative effects of the two regret constructs and explore interrelationships between the two types of regret.

H2a: Experienced regret mediates the effect of the initial inaction on the likelihood of purchase at the second offer, and/or

H2b: Anticipated regret mediates the effect of the initial inaction on the likelihood of purchase at the second offer.

One reason that past research has not directly measured both experienced and anticipated regret may stem from ambiguous conceptualization of the two regret constructs in that research. In particular, it should be noted that the conceptualization of anticipated regret is unique to the current research context. In past literature outside of the inaction inertia research (e.g., Simonson 1992), anticipated regret was traditionally studied in isolation of events prior to a consumer decision in question. As a result, anticipated regret was typically conceptualized as an emotion resulting from consumers' mental simulation that compares the *current* action/inaction vis-à-vis the *future* consequences (e.g., "What if I take this offer now, and later find a better deal?" "What if I don't take this offer now, then run across a less attractive deal in the future?" cf. McConnell et al. 2000). In contrast, in the present research context, a past event (i.e., inaction on the first offer) guides consumers' pre-decision mental simulation in such a way that they evaluate the *current* action/inaction vis-à-vis the *past* outcome (e.g., "If I take this offer now, it would remind me that I could have saved even more before."). Thus, the conceptualization of anticipated regret includes the past event as a reference point, unlike traditional operationalizations of anticipated regret with the future event as a reference point. Consequently, distinction between anticipated and experienced regret becomes blurred as Arkes et al. (2002) acknowledged: "Despite the distinction made both by Tykocinski and Pittman (1998) and by us … concerning these two types of regret, we suggest that the future purchase opportunity and the earlier missed one are

closely linked in many instances. This is due to the fact that confronting the future purchase opportunity can cue the prior one. A person might shun the new purchase opportunity to escape the experienced regret produced by the forsaken bargain, but it is the future opportunity that awakens the experienced regret occasioned by the earlier event. … The experienced regret is thus made salient and the new purchase opportunity is avoided to escape this 'negative psychological situation.'" (Arkes, et al. 2002, p. 383).

The distinction between experienced and anticipated regret becomes further obfuscated especially when the two constructs are measured after consumers already know about the second opportunity. As soon as they find the second offer, consumers appear to spontaneously juxtapose the two opportunities (Tykocinski et al., 1995). Therefore, as long as one measures experienced regret after consumers find the second deal, as did Arkes et al. (2002), it is difficult to distinguish it from anticipated regret. Therefore, in order to separate out the two regret constructs more clearly, we measure experienced regret before consumers learn of the second offer. Further details on our measurement approach will be discussed later in the description of empirical study.

Study 1 attempted to confirm the inaction inertia effect (H1) and reconcile the competing regret-based mediation mechanisms (H2a, H2b). Study 2 investigated the moderating role of consumer attributions.

STUDY 1

Participants and Procedure

Ninety-five undergraduate marketing students participated for course credit. The study was administered in a paper-pencil format in September 2002. The initial inaction condition was manipulated by randomly assigning each participant to one of three conditions: no-bargain

(control), small-bargain (16% discount), and large-bargain (40% discount). Constructs for consumers' propensity to adopt innovation were measured. Study design and procedures are summarized in Table 1.

Insert Table 1 about here.

In Part I of the study, participants read a hypothetical scenario, similar to those used in past inaction inertia research (Tykocinski & Pittman, 1998, 2001; Tykocinski et al., 1995). A next-generation internet-enabled cellular phone was selected as the scenario setting. The product was at the very early stage of diffusion at the time of the study and it was relevant to the participant population. For the large-bargain condition, the scenario read as follows:

> "Three months ago, you saw an advertisement from your cellular phone company. The ad featured a next generation internet-enabled cellular phone, which had major technological advancements from all the cellular phones in the current market. Key features include: a large color screen, high-speed always-on internet connection, and email and instant messaging capability. The regular price of this next generation cellular phone was $150.00. There was no need to upgrade your current calling plan. Therefore, there would be no additional charge on your monthly bill. The ad you saw three months ago was featuring a limited-time promotional price of $90.00 (40% discount, $60.00 less). Although you were very interested in the deal at the time, you chose not to take it. Now you have missed its deadline."

For the small-bargain condition, the introductory offer was $126.00 (16% discount, $24.00 less). In the no-bargain control condition, participants received no information about the initial offer and proceeded directly to Part II. After reading the first part of the scenario, the other participants completed a manipulation check question that rated the perceived attractiveness of the missed offer, and indicated their levels of experienced regret about having missed the first offer (experienced regret I), and their willingness to pay for the product.

Participants then proceeded to Part II on a separate page of the instrument. Participants in all the three conditions read the following identical paragraph:

> "… Last week, you saw the same company's advertisement for the same cellular phone. This time, the advertisement was featuring a limited-time promotional price of $135.00 (10% discount, $15.00 less)."

After reading the second part of the scenario, participants answered questions about their experienced regret about the missed offer after they learned about the second offer (experienced regret II), their anticipated regret regarding taking or not taking the second offer, an open-ended question as to their reasons for anticipated regret, and the likelihood of purchase at the second offer.

Measures

Manipulation Check. The effectiveness of the initial inaction manipulation (large-bargain vs. small-bargain) was checked with an 11-point scale that measured perceived attractiveness of the first offer. For example, the question for the large-bargain manipulation was as follows: "In your opinion, how good is the deal of $90.00 (40% discount, $60.00 less)?" (Anchors: "0. Not at all" and "10. Extremely good").

Experienced Regret. Experienced regret regarding the first offer was measured twice, experienced regret I (measured *before* participants read about the second offer) and experienced regret II (measured *after* participants read about the second offer). Because of the timing of their measurement, we expect that experienced regret I will be distinct from anticipated regret, while experienced regret II may not be distinguishable from anticipated regret. For example, the question for the large-bargain condition was as follows: "How much do you think you might regret having missed the limited-time promotional price of $90.00 (40% discount, $60.00 less)?" (Anchors: "1. Not at all" and "7. Extremely").

Anticipated Regret. Anticipated regret was measured in both absolute and relative terms. Absolute scales measured consumers' anticipated regret about action and inaction separately.

That is, anticipated action (inaction) regret was measured with questions such as “How much do you think you might regret if you decide *to buy* (*not to buy*) the cellular phone at the second promotional price of $135.00 (Anchors: “1. Not at all” and “7. Extremely”). The relative scale was measured with the following question: “Which do you think you might feel more regret, when you buy or do not buy the cellular phone at the second promotional price of $135.00 (10% discount, $15.00 less)?” (Anchors: “1. When you do not buy” and “7. When you buy”).

Purchase Intentions. Consumers’ intentions to purchase at the second offer were measured in two ways. First, following past inaction inertia research, participants indicated the likelihood of their purchase on an 11-point scale ranging from 0 (not at all likely) to 10 (extremely likely) (Tykocinski & Pittman, 1998; Tykocinski et al., 1995). Participants were also asked to select one of the three possible courses of action: (a) Now (“I will buy this product at the second promotional price.”), (b) Later (“I will reject the second promotional price, and postpone my purchase decision.”), and (c) Never (“I will reject the second promotional price, and decide that I will never buy this product.”).

Results

Manipulation Check. The initial inaction condition (large-bargain vs. small-bargain) was checked with the perceived attractiveness of the first offer. As intended, the large-bargain offer was perceived as significantly more attractive than the small-bargain offer ($M_{\text{Small-bargain}} = 6.37$, $M_{\text{Large-bargain}} = 7.94$, $F\ (1, 59) = 5.89$, $p < .01$). In addition, participants in the control condition evaluated the attractiveness of the second offer as 5.18 on a 0 to 10 scale, above the mid-point, indicating that the offer was at least not unattractive.

Preliminary Analyses. Correlations among key variables are reported in Table 2. First, the initial inaction condition (small-bargain = 0, large-bargain = 1) was negatively correlated with

likelihood of purchase (r = -.46, p < .01), suggesting the existence of the inaction inertia effect (H1). The initial inaction condition did not correlate with experienced regret I, but correlated significantly with experienced regret II and anticipated regret in the expected directions ($r_{\text{Initial Inaction – Exp. Regret II}}$ = .32, p < .05, $r_{\text{Initial Inaction – Ant. Regret (Action)}}$ = .54, p < .01, $r_{\text{Initial Inaction – Ant. Regret (Inaction)}}$ = -.33, p < .05, $r_{\text{Initial Inaction – Ant. Regret (Relative)}}$ = .40, p < .01). In addition, experienced regret I did not correlate with any of the anticipated regret constructs, whereas experienced regret II significantly correlated with anticipated action regret (r = .43, p < .01). These results suggest that it is difficult to distinguish experienced regret and anticipated regret when both are measured after the second offer. In addition, the likelihood of purchase correlated significantly with anticipated regret constructs, but not experienced regret constructs, suggesting support of the anticipated-regret-as-a-mediator hypothesis (H2b) instead of the experienced-regret-as-a-mediator account (H2a). These findings are tested formally in ensuing subsections.

Insert Table 2 bout here.

The Inaction Inertia Effect. In H1, we predicted that consumers in the large-bargain condition, versus those in the small-bargain condition, are less likely to purchase at the second offer. To test the predicted main effect of initial inaction, one-way ANOVA was conducted. Results are reported in Table 3.

Insert Table 3 bout here.

Consistent with H1 the likelihood of purchase at the second offer was significantly lower in the large-bargain condition than in the small-bargain condition ($M_{\text{Small-bargain}}$ = 5.90, $M_{\text{Large-bargain}}$ = 3.19, F(1, 59) = 15.78, p < .001). Also as expected, when compared with the control

condition ($M_{Control}$ = 4.39), the likelihood of purchase was lower in the large-bargain condition, and the difference was marginally significant (F (1, 57) = 3.55, $p < .10$). Interestingly, the purchase likelihood was significantly higher in the small-bargain condition than in the control condition (F(1, 56) = 5.77, $p < .05$). This result is consistent with Zeelenberg, van den Bos, van Dijk, and Pieters (2002) who demonstrate that, if prior inaction results in a negative outcome and if the next opportunity is perceived to be the similar to the previous one, people are likely to act on the subsequent opportunity.

As a further test of H1, when asked to select a possible course of action, only 13% of the participants in the large-bargain condition answered that they would purchase "now," while 83% answered "later," and the remaining 3% said "never". In contrast, in the small-bargain condition, 57% answered "now," 33% said "later," and 10% said "never". The difference in responses across the conditions was found to be statistically significant based on a chi-square test of independence (χ^2 = 19.78, $p < .001$). These results further support H1.

Table 3 also reports ANOVA results for the regret variables. When measured before finding the second offer, experienced regret I did not differ significantly between the two conditions ($M_{Small\text{-}bargain}$ = 4.68, $M_{Large\text{-}bargain}$ = 4.37, F(1, 59) = .32, *ns*). However, when measured after finding the second offer, experienced regret II was significantly higher in the large-bargain condition than in the small-bargain condition ($M_{Small\text{-}bargain}$ = 5.36, $M_{Large\text{-}bargain}$ = 4.28, F(1, 59) = 3.25, $p < .05$). Similarly, anticipated action regret was significantly higher ($M_{Small\text{-}bargain}$ =3.66, $M_{Large\text{-}bargain}$ =5.13, F(1, 59) = 23.59, $p < .001$), and anticipated inaction regret was significantly lower ($M_{Small\text{-}bargain}$ =3.93, $M_{Large\text{-}bargain}$ = 2.77, F(1, 59) = 7.04, $p < .05$), in the large-bargain than in the small-bargain condition. The relative measure of anticipated regret (1 for inaction regret, 7 for action regret) also produced consistent results ($M_{Small\text{-}bargain}$ = 3.83, $M_{Large\text{-}bargain}$ = 5.32, F(1,

59) = 11.23, $p < .01$). These results suggest that anticipated regret, not experienced regret, is more likely to mediate the process, and that experienced regret measured after the consumer finds the second offer may not differ from anticipated regret. These findings are tested with formal mediation analyses in the next section.

We earlier argued that a past event (i.e., inaction on the first offer) guides consumers' pre-decision mental simulations and anticipated regret in such a way that consumers use past outcome, instead of future consequence, as a reference point to evaluate the current decision on action/inaction. In order to demonstrate that this was actually the case, we asked participants to list reasons for their level of anticipated regret (relative measure). We content-analyzed their responses by using the following three categories: (1) Past event as a reference point (e.g., "I would feel more regret if I bought it because I know that I could have gotten it at a lower price," "I would regret it more if I didn't buy, because I already missed the first discount."), (2) Future event as a reference point (e.g., "If I didn't purchase the phone and the price goes up then I would regret it," "I would feel more regret to buy because I would think there would be a better deal later in the future for a lower price."), and (3) Neither (e.g., "I wouldn't feel regret either way, it is only a phone." "There are other cell carriers that may be better.").

As expected, compared to the control condition (past 4%, future 61%, neither 41%; the sum exceeds 100% because that some participants mentioned multiple references), participants are more likely to list a past event as a reference point in both the small-bargain (past 61%, future 26%, neither 26%) and the large-bargain conditions (past 76%, future 28%, neither 16%) ($F(2,68) = 20.79$, $p < .001$), although the two conditions did not differ significantly from each other. The lack of difference between the two conditions motivated us to take a closer look into the verbatims for the "past" category. We found that, in the large-bargain condition, all the

participants (100%) who listed a past event as a reference point focused on the fact that they could have purchased at a cheaper price (e.g., “You could have bought the phone at a lower price.”), whereas only about half (57%) of the counterparts in the small-bargain condition made a similar statement. The other half (43%) rather concluded that they should not make the same mistake again (e.g., “Because I missed the deal before, now I better not miss this one.”). Lastly, consistent with past literature, people are more likely to use a future event as a reference point in isolation of past events (control condition) than in their presence (large- and small-bargain conditions) ($F(2,68) = 4.05$, $p < .05$).

Mediational Effects of Experienced and Anticipated Regret. In H2, we cast competing predictions, the experienced-regret-as-a-mediator account (H2a) and the anticipated-regret-as-a-mediator hypothesis (H2b). The mediation effects were tested by following the three-step multiple regression approach (Baron & Kenny, 1986). The standardized regression coefficients are reported in Figure 1.

Insert Figure 1 bout here.

As shown in Figure 1 (a) and (b), the main effect of the initial inaction on experienced regret I was not significant, while the main effect on experienced II was significant. In both Figure 1 (a) , when experienced regret I was added to the regression model, and Figure 1 (b), when experienced regret II was added to the model, the coefficient for the main effect on purchase likelihood did not decrease either in size or in significance. These results suggest that neither experienced regret I (measured before consumers read about the second offer) nor experienced regret II (measured after consumers read about the second offer) mediated the inaction inertia process. Thus, H2a was not supported.

In contrast, anticipated regret partially mediated the underlying process (Figure 1 (c)), supporting H2b. First, anticipated regret regarding the second offer (relative measure: 1 = inaction, 7 = action) was regressed on the initial inaction condition (dummy coded: 0 = small-bargain, 1 = large bargain). The standardized coefficient was positive and significant ($\beta = .40$, $t(58) = 3.35$, $p < .001$), implying that consumers in the large-bargain condition, compared to those in the small-bargain condition, were likely to anticipate stronger regret about action than about inaction. Second, when the purchase likelihood at the second offer (11 point: 0 to 10) was regressed on the initial inaction condition, the standardized coefficient was negative and significant ($\beta = -.46$, $t(58) = 3.97$, $p < .001$), consistent with the earlier correlation analyses and ANOVA test. Third, when anticipated regret was added as an independent variable, the standardized coefficient of anticipated regret was positive and significant ($\beta = -.58$, $t(57) = -5.52$, $p < .001$). The coefficient for the effect of the initial inaction on purchase likelihood decreased in size and significance although it still remained significant ($\beta = -.22$, $t(57) = -2.07$, $p < .05$), implying a partial mediation effect. The significance of this partial mediation effect was confirmed with a follow-up Sobel test ($z = 2.87$, $p < .01$) (Baron & Kenny, 1986; Preacher & Leonardelli, 2001). Thus, results support H2b.

Discussion

Study 1 confirmed the existence of the inaction inertia effect. Consumers who missed an attractive offer to buy the next generation cellular phone tended to continue forgoing the subsequent opportunity (H1). The present study is the first attempt to directly measure both experienced and anticipated regret and to test competing mediational processes within one study. Mediation analyses revealed that anticipated regret, not experienced regret, mediated the inaction inertia effect (H2b).

STUDY 2

The inaction inertia effect was established and competing explanations of the mediational mechanisms were reconciled in Study 1. Study 2 sought to replicate the inaction inertia effect, further validate the role of anticipated regret as the driving force of the inaction inertia effect, and investigate the role of consumer attributions as a moderator.

Role of Consumer Attribution

Study 1 provided evidence that anticipated regret mediates inaction inertia, but experienced regret has little effect. To further test this notion, we manipulated the locus of attribution in Study 2. We crossed the large versus small bargain manipulation with a locus of attribution manipulation. Specifically, we indicated that the attribution of fault for missing the initial offer was internal (you missed the deadline) or external (the mailing with the initial offer arrived after the offer had expired).

We posit that if consumers make an internal attribution for missing the initial offer, they are likely to experience regret. Because experienced regret was shown to have little effect on purchase decisions in Study 1, we hypothesize that the inaction inertia effect will be mitigated when consumers make internal attributions. This is because, we suggest, forgoing the second offer does not reduce the experienced regret from missing the first offer, so consumers are not motivated to avoid the second offer. Furthermore, when attributions are internal, people are less likely to feel like a “sucker” because no one else is to blame for missing the offer. In contrast, when consumers make external attributions for missing the initial offer, there is little reason for them to experience regret. However, when consumers encounter the second offer, they will likely juxtapose the two offers and anticipate regret (McConnell et al., 2000; Tykocinski & Pittman, 1998, 2001; Tykocinski et al., 1995). Thus, avoiding the second offer would eliminate feelings of

anticipated regret. Given this logic, we propose that the inaction inertia effect will hold only when consumers make external attributions.

H3: Consumers who blame themselves for the initial inaction, versus those who blame others, are *less* likely to exhibit the inaction inertia effect.

Furthermore, we suggest that internal attribution should produce higher levels of experienced regret in the large bargain condition than in the small bargain condition, while anticipated regret should not be affected. In contrast, external attributions should produce higher anticipated regret in the large bargain condition than in the small bargain condition, but experienced regret should not differ.

H4a: Consumers who blame themselves for the initial inaction, versus those who blame others, should report higher experienced regret in the large bargain condition than in the small bargain condition.

H4b: Consumers who blame others for the initial inaction, versus those who blame themselves, should report higher anticipated regret in the large bargain condition than in the small bargain condition.

Lastly, as in Study 1, we expect that the differential levels of anticipated regret will mediate the inaction inertia effect.

Participants and Procedure

Sixty-eight undergraduate marketing students participated for course credit. The study was administered in a paper-pencil format in November 2002. Each participant was randomly assigned to one of four conditions in a two (initial inaction: large-bargain vs. small-bargain) x two (consumer attribution: internal locus vs. external locus) between-subjects design.

Participants read one of four scenarios. The scenario setting was similar to that of Study 1 except that consumers learned of the offers by receiving a mail from their current cellular phone

company instead of reading a newspaper advertisement. The initial inaction manipulation was identical to Study 1, except that the control condition was dropped in Study 2. For the locus attribution manipulation, Part I of the scenario for internal attribution condition ended with the following paragraph:

> "You were very interested in the deal at the time. However, you set aside the mail and forgot about the deal until it expired. Now you have missed its deadline."

In contrast, the scenario for external attribution condition ended with the following:

> "You were very interested in the deal at the time. However, you found that, when you received the mail, the deal had already expired. Now you have missed its deadline."

The procedure for the study was identical to Study 1, as shown in Table 1.

Measurement

Most of the constructs were measured with the same scales used in Study 1 except for the addition of manipulation check questions for the locus attributions. Consumers' attributions of locus were measured in both absolute terms (i.e., "To what extent do you blame yourself for the fact that you missed the deal?" and "To what extent do you blame somebody or something other than yourself for the fact that you missed the deal?" with "1. Not at all" and "7. Very much" as anchors) and a relative term (i.e., "Who should be blamed more?" with "1. Myself," "4. Neither myself nor others," and "7. Others" as anchors.) (Folkes and Kotsos 1986).

Results

Manipulation Check. The consumer attribution manipulation (internal locus vs. external locus) was checked with the locus attribution measure. As intended, participants in the internal locus condition blamed self more than those in the external locus condition ($M_{\text{Internal locus}} = 5.62$, $M_{\text{External locus}} = 2.65$, $F(1, 62) = 63.04$, $p < .001$). Likewise, those in the external locus condition blamed others than those in the internal locus condition ($M_{\text{Internal locus}} = 2.12$, $M_{\text{External locus}} = 4.97$,

$F(1, 62) = 53.90$, $p < .001$). The relative locus measure also confirmed these results ($M_{\text{Internal locus}} = 1.91$, $M_{\text{External locus}} = 4.76$, $F(1, 62) = 56.18$, $p < .001$).

As in Study 1, the prior inaction condition (large-bargain vs. small-bargain) was checked with the perceived attractiveness of the first offer. As intended, the large-bargain offer was perceived significantly more attractive than the small-bargain offer ($M_{\text{Small-bargain}} = 4.45$, $M_{\text{Large-bargain}} = 7.48$, $F(1, 60) = 61.25$, $p < .001$).

The Inaction Inertia Effect and Consumer Attributions. To test for the inaction inertia effect (H1) and the moderation effect of consumer attributions (H3), purchase likelihood was submitted to a two-way ANOVA. To interpret patterns of effects in detail, simple main effect analyses were also conducted with one-way ANOVAs. Results are reported in Table 4.

Insert Table 4 about here.

Results revealed the that the initial inaction main effect for the size of bargain was marginally significant ($M_{\text{Small-bargain}} = 4.47$, $M_{\text{Large-bargain}} = 3.21$, $F(1, 64) = 3.31$, $p < .10$), replicating the inaction inertia effect (H1). There was no main effect for locus of attribution. However, the size of bargain x consumer attribution interaction effect was significant ($F(1, 64) = 4.35$, $p < .05$). Simple main effect analyses revealed that purchase likelihood was significantly lower in the large-bargain condition than in the small-bargain condition when consumers blamed others for the initial inaction ($M_{\text{Small-bargain}} = 5.12$, $M_{\text{Large-bargain}} = 2.61$, $F(1, 32) = 6.74$, $p < .05$), but purchase likelihood did not differ between the large-bargain and the small-bargain conditions when consumers blamed themselves ($M_{\text{Small-bargain}} = 3.89$, $M_{\text{Large-bargain}} = 3.88$, $F(1, 32) = .00$, *ns*). Thus, as also plotted in Figure 2 (a), only consumers who blamed others exhibited the inaction inertia effect, whereas those who blamed themselves did not display the effect, supporting H3.

Insert Figure 2 about here.

The support of H3 further implies that anticipated regret, instead of experienced regret, mediated the inaction inertia effect. Consistent with the finding, a look at the simple main effect analyses reveals starkly different patterns of results in the external attribution condition versus in the internal attribution condition. In the external attribution condition, results replicated those of Study 1. First, as reported in Table 4, experienced regret (experienced regret I: $M_{\text{Small-bargain}} = 3.69$, $M_{\text{Large-bargain}} = 4.39$, $F(1, 32) = 1.91$, *ns*) did not differ between the large-bargain and the small-bargain conditions. However, anticipated regret (relative measure: $M_{\text{Small-bargain}} = 4.06$, $M_{\text{Large-bargain}} = 5.50$, $F(1, 32) = 6.88$, $p < .05$) was significantly higher in the large-bargain condition than in the small-bargain condition. Thus H4b was supported. Together with the finding that purchase likelihood differed significantly between the two conditions, these results suggest that, as before, anticipated regret, but not experienced regret, mediated the inaction inertia effect.

In contrast, the patterns were reversed in the internal attribution condition. First, experienced regret (experienced regret I: $M_{\text{Small-bargain}} = 3.17$, $M_{\text{Large-bargain}} = 5.00$, $F(1, 32) = 18.04$, $p < .001$) was significantly higher in the large-bargain condition than in the small-bargain condition. However, anticipated regret did not differ between the two conditions (relative measure: $M_{\text{Small-bargain}} = 4.72$, $M_{\text{Large-bargain}} = 5.25$, $F(1, 32) = .99$, *ns*). These results confirmed H4a. Because purchase likelihood did not differ between the two conditions despite the fact that experienced regret did, the pattern of results suggests that experienced regret did not mediate the inaction inertia effect.

These findings were tested via formal mediation analyses (Baron & Kenny, 1986). Similar to Study 1, a multiple regression approach was used for the external attribution condition

data (the mediation analyses were not conducted for the internal attribution condition since the simple main effect on purchase likelihood was not significant). Results are reported in Figure 3.

Insert Figure 3 about here.

As shown in Figure 3, experienced regret constructs (I and II) did not mediate the effect of initial inaction on purchase likelihood at the second offer (Figure 3 (a) and (b)). In contrast, anticipated regret perfectly mediated the effect: When controlled for anticipated regret, the standardized coefficient for the inaction inertia effect changed from significant ($\beta = -.42$, $t(31) = -2.60$, $p < .05$) to non-significant ($\beta = -.06$, $t(30) = -.60$, *ns*) (Figure 3 (c)). Again, these results provide clear evidence that anticipated regret drives the inaction inertia effect.

Discussion

Study 2 demonstrated a boundary condition of the inaction inertia effect: the effect operates only when consumers blame others for their initial inaction, but not when people blame themselves. Study 2's finding that consumers with external attributions exhibited the inaction inertia effect is consistent with the Study 1 finding that anticipated regret mediated the inaction inertia process. When consumers blame others for their initial inaction, they do not feel regret until they encounter the second offer, which triggers spontaneous juxtaposition and anticipated regret. If anticipated regret mediates the inaction inertia effect, it implies that consumers' forgoing the second offer will eliminate their anticipated regret. Consequently, consumers with external attributions, who are likely to anticipate regret, have motivation to forgo the second offer, thus exhibiting the inaction inertia effect.

Additionally, the Study 2 finding that consumers with internal attributions did not show the inaction inertia effect is further confirmation that experienced regret does not mediate the

inaction inertia effect. When consumers blame themselves for their initial inaction, they experience regret before they encounter the second opportunity, but there is no explicit impetus to anticipate feeling like a sucker. Given that there is no difference in anticipated regret when consumers blame themselves and experienced regret does not mediate the inaction inertia effect, consumers' have no more motivation to forgo the second offer in the large bargain condition than in the small bargain condition.

Furthermore, the detection of the inaction inertia effect only in the external attribution condition, but not in the internal attribution condition, suggests that participants in past inaction inertia research may have spontaneously put themselves into the external attribution condition. In other words, without being provided with particular reasons why they missed the initial offer, consumers may have blamed external factors rather than themselves for their initial inaction (i.e., self-serving attribution bias, cf. Miller and Ross 1975). By blaming others, they did not experience regret until they encountered the second offer, which triggered spontaneous juxtaposition of the two offers and anticipated regret. In order to avoid potential feelings of regret, they rejected the second opportunity.

GENERAL DISCUSSION

Two scenario-based experiments revealed that anticipated regret, instead of experienced regret, mediates the inaction inertia process. It suggests that consumers continue to forgo purchase opportunities in order to avoid anticipated regret, instead of trying to escape from experienced regret. The interaction with attribution further indicated that the inaction inertia effect occurs especially when consumers blame others, rather than themselves, for their initial inactions. This implies that, once consumers hold themselves responsible for the initial inaction, they already feel regret, and forgoing the subsequent offer does not nullify experienced regret.

Additionally, when the attribution for missing the initial offer is internal, it is unlikely that consumers would anticipate feeling like a sucker because they only have themselves to blame for missing the offer. In contrast, if consumers blame others for the initial inaction, they clearly anticipate regret via the juxtaposition of the two offers. In this case, rejecting the second offer effectively eliminates anticipated regret.

It is interesting to note that some but not all of the results in the current study are consistent with the inaction effect described by Zeeelenberg et al (2002). As noted in Study 1, purchase likelihood was significantly higher in the small-bargain condition than in the control condition. This result is consistent with Zeelenberg, et al. (2002), who demonstrate that, if prior inaction results in a negative outcome and if the next opportunity is perceived to be the similar to the previous one, people are likely to act on the subsequent opportunity, whereas after a positive outcome, people will regret action if it leads to a negative outcome (i.e., “if it ain't broke, don’t fix it!”). However, when previous outcomes are negative, people regret inaction more if the final outcome is negative. In the latter case, action becomes the "normal" response so inaction would be regretted more. In Study 2, a similar pattern is observed for the small bargain condition in the external attribution condition. However, while this focused pattern is consistent with Zeelenberg et al. (2002), the overall pattern is not. In fact, in the large bargain condition, in which the previous outcome is most negative, inaction is more evident compared to the small bargain condition. We should note that the situations in the two studies are quite different. The subjects in Zeelenberg et al. made their assessment as observers in retrospect, after the outcomes of both actions were known. The subjects in the current study make a first person assessment of what they would do when faced with the second choice. It may be that the difference in findings stems from this task difference. Still, there are clearly some interesting theoretical issues to be sorted

out, and we believe that reconciling the current findings with the inaction effect identified by Zeelenberg et al. merits further research.

Theoretical contributions of the present investigation are three-fold. First, by distinguishing the operationalization of experienced and anticipated regret and directly measuring them within one study, the current research reconciled the past theoretical ambiguity with respect to the role of anticipated versus experienced regret as a mediator. Second, by investigating the role of consumer attribution as a moderator, the present research set a boundary condition of the inaction inertia effect. Lastly, at a broader conceptual level, the current research shed some light on how consumer attributions, mental simulations, and specific emotions are interrelated in pre-purchase consumer behaviors.

The current research also suggests that inaction inertia may have considerable managerial relevance. In particular, the study demonstrated the existence of inaction inertia, but it demonstrated this existence in a consumer innovation adoption context in contrast to previous work, which has used products in either a mature or decline stage of the product life cycle. These results suggest that aggressive launch campaigns of innovative products, if missed or passed over by potential early adopters, could unintentionally cause these individuals to continue not to adopt. By understanding the mechanisms underlying the inaction inertia effect, however, marketers may be able to control the inaction inertia effect. For example, our findings indicate that inaction inertia operates only when consumers attribute their initial inaction externally. Thus, by letting consumers internalize their initial inaction, marketers could contain the inaction inertia effect. These speculations suggest an interesting basis for future research.

Lastly, it is important to note that the present as well as previous studies of the inaction inertia effect have all been laboratory experiments based on scenario simulations. Furthermore,

the study context in the current investigation is limited to the purchase of internet-enabled cellular phones. To what extent the current findings can be generalized outside of the scenario-based experiments and a few product categories should be examined in future research. In addition, as the current research directly asked participants about their level of various regret constructs at multiple times during the study process, it may have heightened regret's role in the underlying mechanisms. We suggest that this is probably not a significant issue given that the pattern that the dependent variable takes (i.e., purchase likelihood) across conditions is directly in line with patterns in past research that did not explicitly measured the regret constructs included in the present research. Nevertheless, future research could devise a way to account for potential effects of direct measurement.

CONCLUSION

The present research demonstrated the inaction inertia effect in the context of innovation adoption. The effect, mediated via anticipated regret, operates especially when consumers blamed others for their initial inaction. As the first study that directly measured anticipated and experienced regret, the current investigation sets a theoretical boundary condition on the inaction inertia effect through consumers' locus attribution and brings managerial attentions to inadvertent consequences of aggressive new product marketing practices.

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TABLE 1. STUDY PROCEDURES

	Part I		**Part II**		
	- Read about the 1st Offer	- Experienced Regret I	- Read about the 2nd Offer	- Experienced Regret II - Anticipated Regret	- Purchase Intentions
Large-Bargain Condition	X (40% off)	X	X (10% off)	X	X
Small-Bargain Condition	X (16% off)	X	X (10% off)	X	X
No-Bargain Condition	---	---	X (10% off)	X	X

TABLE 2. CORRELATIONS AMONG KEY VARIABLES (STUDY 1)

	1	2	3	4	5	6	7
Initial Inaction Condition							
1. Small-Bargain (0) vs. Large-Bargain (1)	---						
Regret Variables							
2. Experienced Regret I	.10	---					
3. Experienced Regret II	.32 *	.49 **	---				
4. Anticipated Regret - Action	.54 **	.11	.43 **	---			
5. Anticipated Regret - Inaction	-.33 *	.26	.14	-.41 **	---		
6. Anticipated Regret - Relative	.40 **	-.08	.15	.50 **	-.51 **	---	
Behavioral Intentions							
7. Likelihood of Purchase	-.46 **	.26	.08	-.48 **	.71 **	-.63 **	.---

Correlation is significant at ** p < .01, * p < .05

TABLE 3. ANOVA AND CHI-SQUARE TEST (STUDY 1)

	Control		Small-Bargain		Large-Bargain	
	1st: ---		1st: $126 (16% off)		1st: $90 (40% off)	
	2nd: $135 (10% off)		2nd: $135 (10% off)		2nd: $135 (10% off)	
	N = 28		30		31	
Regret Variables						
Experienced Regret I (measured before finding the 2nd Promotion, 1-7)	---		4.37		4.68	ns
Experienced Regret II (measured after finding the 2nd Promotion, 1-7)	---		4.28		5.36	bb
Anticipated Regret - Action (1-7)	4.39		3.66	aa	5.13	aa bbb
Anticipated Regret - Inaction (1-7)	3.43		3.93	ns	2.77	ns bb
Anticipated Regret - Relative (1: Inaction, 7: Action)	4.57		3.83	ns	5.32	ns bbb
Reference Point of Anticipated Regret						
Past Event	4%		61%	aaa	76%	aaa ns
Future Event	61%		26%	aaa	28%	aaa ns
Neither	41%		26%	ns	16%	ns aa
Behavioral Intentions						
Purchase Likelihood (0-10)	4.39		5.90	aa	3.19	a bbb
Purchase Timing[c]						
Now	18%		57%		13%	
Later	68%		33%		83%	
Never	14%		10%		3%	
	100%		100%		100%	

[a] Controll vs. Small, Control vs. Large: [aaa] $p < 0.01$, [aa] $p < 0.05$, [a] $p < 0.1$ (Based on Dunnete family error rate for multiple comparisons)

[b] Small vs. Large: [bbb] $p < 0.01$, [bb] $p < 0.05$, [b] $p < 0.1$

[c] Chi-square test of independence: Chi-square (4) = 19.78, p = .001 ***

TABLE 4. ANOVA AND CHI-SQUARE TEST (STUDY 2)

	TWO-WAY ANOVAs			ONE-WAY ANOVAs (Simple Main Effects)			
				External Attribution		Internal Attribution	
	Initial Inaction Main Effect (Small vs. Large)	Locus Attribution Main Effect (External vs. Internal)	Initial Inaction x Locus Attribution Interaction Effect	Small Bargain n = 16	Large Bargain 18	Small Bargain 18	Large Bargain 16
Regret Variables							
Experienced Regret I (measured before the 2nd promotion, 1-7)	***	ns	*	3.69	4.39 [ns]	3.17	5.00 [aaa]
Experienced Regret II (measured after the 2nd promotion, 1-7)	***	ns	ns	3.50	5.17 [aaa]	4.00	5.12 [a]
Anticipated Regret - Action (1-7)	***	ns	ns	3.69	4.94 [a]	3.61	5.06 [aa]
Anticipated Regret - Inaction (1-7)	ns	ns	*	3.56	3.06 [ns]	2.39	3.13 [ns]
Anticipated Regret - Relative (1: Inaction, 7: Action)	**	ns	ns	4.06	5.50 [aa]	4.72	5.25 [ns]
Behavioral Intention							
Purchase Likelihood (0-10)	*	ns	**	5.12	2.61 [aa]	3.89	3.88 [ns]
Purchase Timing [b]							
Now				50%	11%	28%	24%
Later				44%	67%	61%	59%
Never				6%	22%	11%	18%
				100%	**100%**	**100%**	**100%**

* Main Effect, Interaction Effect: *** p < .01, ** p < .05, * p< .10

[a] Simple Main Effect: [aaa] p < .01, [aa] p < .05, [a] p< .11

[b] Chi-square test of independence:

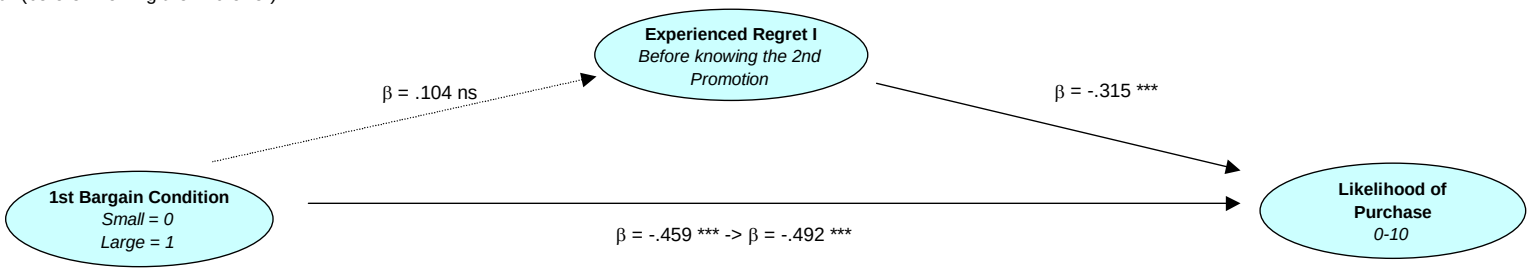
All the Four Conditions: Chi-square (6, n=68) = 7.37, p = .288 ns

External-Small vs. External-Large: Chi-square (2, n=34) = 6.62, p = .036 **

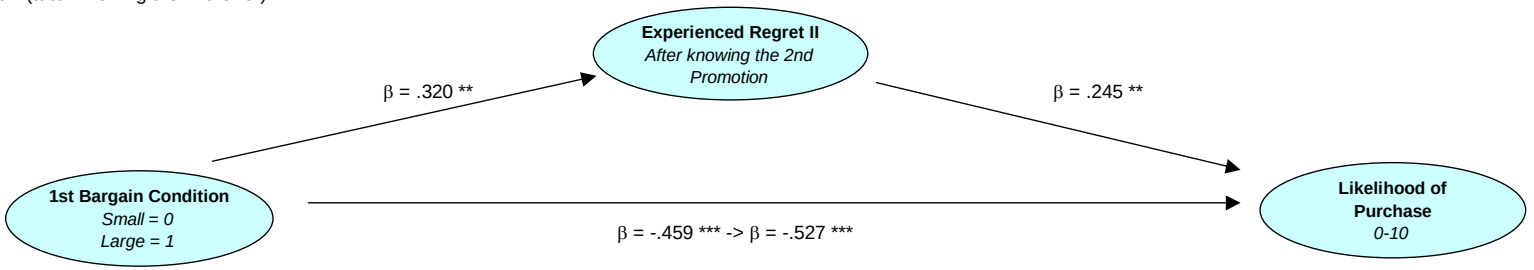
Internal-Small vs. Internal-Large: Chi-square (2, n=34) = .33, p = .848 ns

FIGURE 1. MEDIATION ANALYSIS (STUDY 1)

(a) Experienced Regret I (before knowing the 2nd offer)



(b) Experienced Regret II (after knowing the 2nd offer)



(c) Anticipated Regret (relative measure)

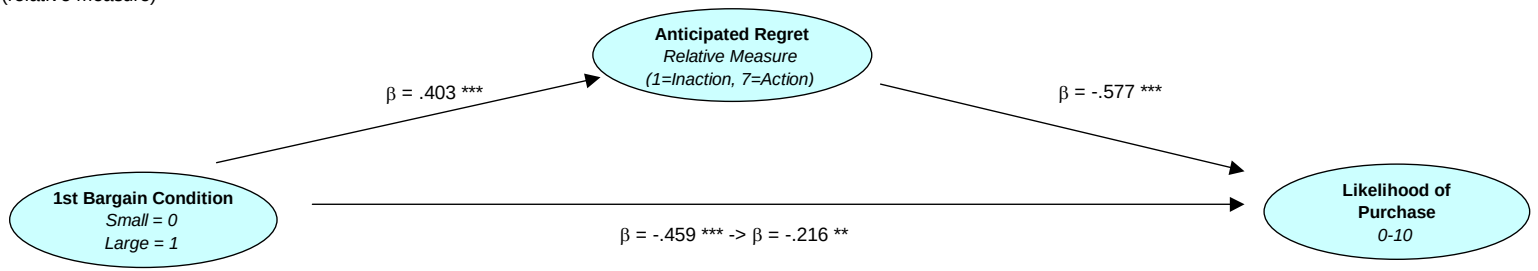
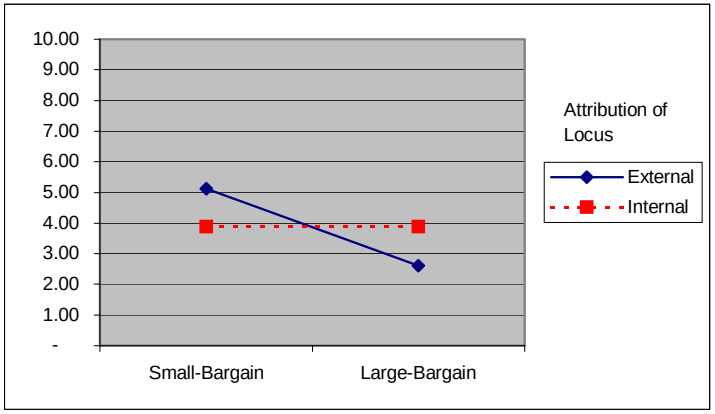
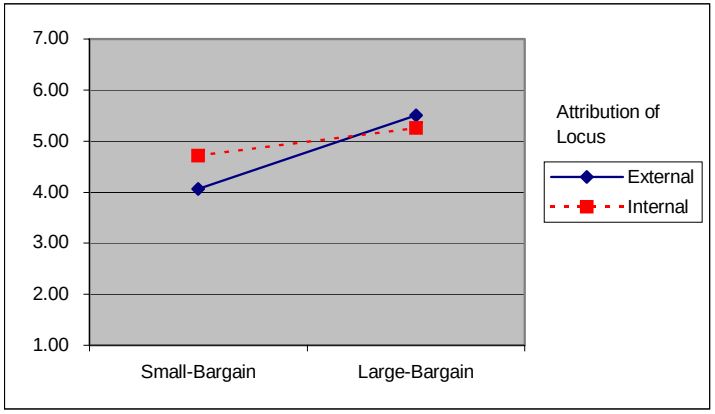


FIGURE 2. INTERACTION PLOTS (STUDY 2)

(a) DV: Likelihood of Purchase at the 2nd Offer (0-10)



(b) DV: Anticipated Regret (Relative: 1=Inaction, 7=Action)



(c) DV: Experienced Regret I (1 = Not at all, 7 = Extremely)

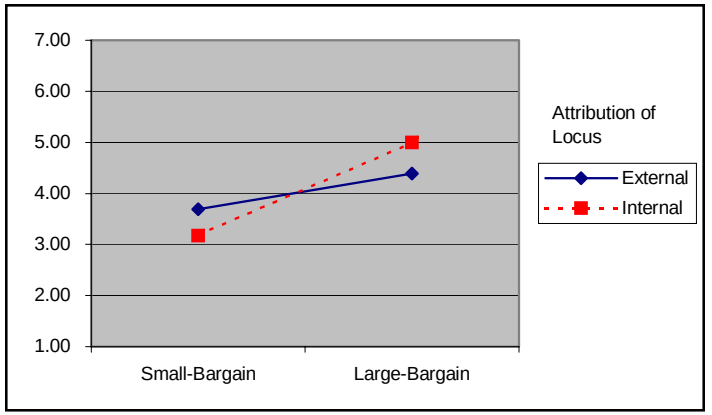
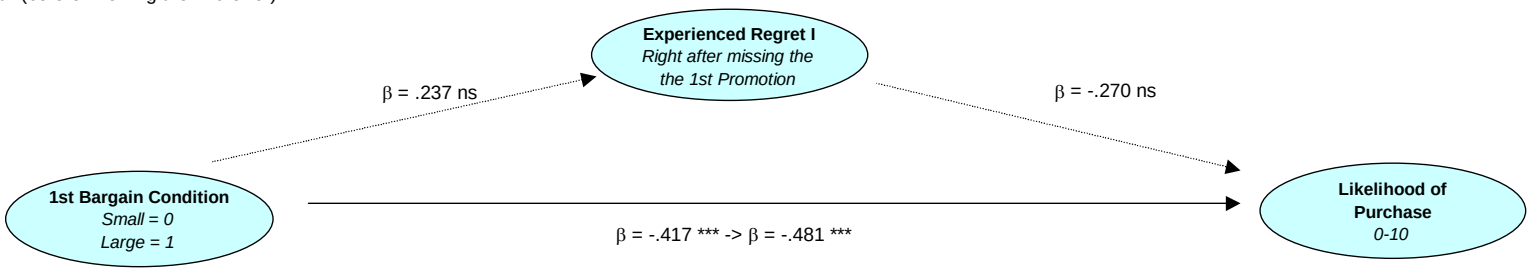
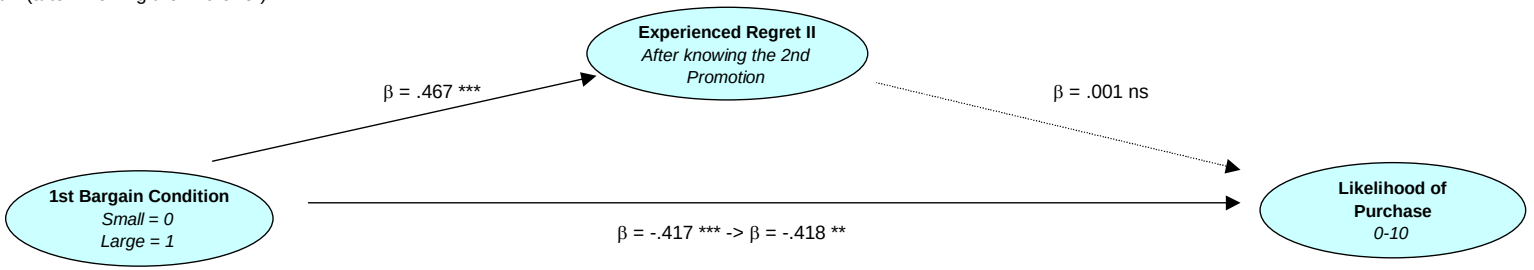


FIGURE 3. MEDIATION ANALYSIS - EXTERNAL ATTRIBUTION CONDITON ONLY (STUDY 2)

(a) Experienced Regret I (before knowing the 2nd offer)



(b) Experienced Regret II (after knowing the 2nd offer)



(c) Anticipated Regret (relative measure)