

Espinoza Petersen, Francine

**Working Paper**

## When do consumers indulge in luxury? Emotional certainty signals when to indulge to regulate affect

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# ESMT Working Paper

## WHEN DO CONSUMERS INDULGE IN LUXURY?

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EMOTIONAL CERTAINTY SIGNALS WHEN TO INDULGE TO  
REGULATE AFFECT

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FRANCINE ESPINOZA PETERSEN, ESMT

# Abstract

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When do consumers indulge in luxury? Emotional certainty signals when to indulge to regulate affect

**Author(s):\*** Francine Espinoza Petersen, ESMT

Current theorizing suggests that the valence of an affective state alone cannot explain indulgent consumption but that this is contingent on whether indulging can improve a negative state or will not hurt a positive state. This research shows that when an emotion is associated with the appraisal of uncertainty (certainty), consumers infer that their affective state can (cannot) change. As a result, people in a negative affective state will indulge more when their affect is associated with uncertainty because indulging can help repair the negative state, but people in a positive affective state will indulge more when their affective state is associated with certainty because indulging will not hurt their positive state. Reconciling earlier research reporting apparently inconsistent results linking emotional valence, affect regulation, and indulgence, these findings suggest that the certainty appraisal of specific emotions is important in predicting indulgent consumption to regulate one's affect. Implications are discussed.

**Keywords:** emotion, certainty, appraisal, affect regulation, indulgence, luxury consumption

\* Contact: Francine Espinoza Petersen, ESMT, Schlossplatz 1, 10178 Berlin,  
Phone: +49 (0) 30 21231-1526, francine.espinoza@esmt.org.

### Emotional Certainty Signals When to Indulge to Regulate Affect

Consider a consumer in a negative and a consumer in a positive affective state, both facing an opportunity to buy a designer handbag. Who would be more likely to indulge to manage their affective state? While some people may engage in “retail therapy” when they feel bad, others embark on a shopping spree the minute they feel good. Thus, the valence of the affective state alone cannot fully explain indulgent consumption. We propose that the effect of the valence of an emotional experience on indulgence is contingent on the certainty appraisal associated with the feeling, which will signal consumers whether their affect can change or not. Given that retail environments often induce different emotions on consumers via factors such as store atmosphere (Donovan and Rossiter, 1982; Matilla and Wirtz 2001), product appeals (Kim, Park, and Schwarz, 2010), mall variety and environment (Wakefield and Baker, 1998), and more specifically in luxury retailing via art and magic (Dion and Arnould 2011), it is important to understand how such emerging feelings affect consumers’ preferences.

Earlier research has shown that different emotions of the same valence may produce different judgments and behaviors, depending on their underlying appraisals (Lerner, Small, & Loewenstein, 2004; Tiedens & Linton, 2001; Zeelenberg, Nelissen, Breugelmans, & Pieters, 2008). For example, Lerner and Keltner (2001) show that fear, a negative emotion with appraisals of uncertainty, leads to risk aversion. Anger, an emotion of the same negative valence but with appraisals of certainty, leads to risk seeking. Similarly, Raghunathan and Pham (1999) show that anxiety and sadness may influence behavior differently because their differing appraisals activate different implicit goals. While anxiety primes the goal of uncertainty reduction, sadness primes the goal of reward replacement, and thus anxious people are more risk averse than sad people. Hence, recent research contends that the influence of emotions on

judgment and decision making depends not only on valence but also on other core cognitive dimensions forming an emotional experience (Zeelenberg et al., 2008).

We focus on the certainty-uncertainty component of emotions and investigate the extent to which this component influences indulgent behavior as a way to regulate affect. Certainty is a particularly interesting dimension of emotions because certainty conveys that something is clearly established or assured, thus carrying information that a given situation can or cannot change. Building upon the appraisal tendency framework (Lerner et al., 2004), we posit that the “absolute like the firmness of the earth” aspect of certainty signals people whether their current affective state can change. Thus, the certainty appraisal dimension of an emotional experience may affect the degree to which people engage in indulgent behavior to regulate affect.

### Theoretical Background

People want to be happy. Affect regulation relies on a hedonic goal pursuit assumption whereby positive affect represents the final goal (Morris & Reilly, 1987). Although people can regulate their feelings by using several different coping strategies (Gross, 1998; Schmidt, Tinti, Levine, & Testa, 2010), we focus on engaging in indulgent behavior as a way to regulate affect. Indulgent consumption is critical to affect regulation because of its concurrent positive hedonic consequences (e.g., the pleasure associated with purchasing a luxury product) and negative hedonic consequences (e.g., the guilt associated with spending so much money), which potentially lead people to experience positive and negative feelings at the same time (Ramanathan & Williams, 2007). Thus, indulgences are desirable, but they come with associated costs.

Given the final desired outcome and the ambiguous quality of indulgent behavior, people in a positive or a negative affective state have been shown to have different approaches to

indulgence due to different affect regulation motivations. While individuals in negative affect are motivated to indulge to repair their negative state, people in positive affect are motivated to refrain from indulgence to maintain their positive state (Clark & Isen, 1982). However, this will only happen when indulgence is perceived to assist the affect regulation motivation, that is, when indulgence helps people improve a negative state or does not hurt a positive state (Andrade, 2005). Thus, before engaging in indulgent behavior, individuals will examine the hedonic consequences that this behavior will produce given their current affective state and associated motivations (Wegener & Petty, 1994).

A number of studies have found that people in negative states tend to indulge to repair their mood. For example, sad people prefer to consume “comfort foods” such as chocolate as opposed to healthier alternatives (Wansink, Cheney, & Chan, 2003) and are more likely to indulge in consumption of rewarding food than are happy people (Garg, Wansink, & Inman, 2007). However, this only occurs if the current negative state can change, that is, if such behavior offers the chance for improvement of feelings (Andrade, 2005; Shen & Wyer, 2008; Tice, Bratslavsky, & Baumeister, 2001). For example, Tice et al. (2001) demonstrated that distressed participants who believed their mood was changeable engaged in impulsive decisions as a way to regulate affect, but those distressed participants who believed that their mood was “frozen,” that is, unchangeable, were less likely to be impulsive. Shen and Wyer (2008) found that negative moods increase indulgence only when people are motivated to eliminate the unpleasant state. Labroo and Mukhopadhyay (2009) provided further evidence that individuals are more prone to indulge when they believe action is needed to improve their moods.

On the other hand, people in a positive affective state are generally inclined to refrain from indulgence to keep their good mood. However, this only occurs if the current positive state

can change, that is, if such behavior will result in the loss of positive feelings (Andrade, 2005; Isen & Geva, 1987; Isen & Simmonds, 1978). For example, people who anticipate the experience of negative emotions such as guilt, regret and sadness are less likely to indulge (Bagozzi & Pieters, 1998). Andrade (2005) found that if something threatens the current positive mood, people refrained from indulging to preserve their good mood. Kemp and Kopp (2011) showed that consumers in positive affective states may engage in hedonic consumption when they are motivated to maintain their positive state.

In sum, the literature suggests a distinction between indulgence of people in a positive and a negative affective state. This distinction comes down to the prospective consequences of the indulgent behavior. People in a negative affective state tend to ask themselves “is this action going to help me feel better?”, whereas those in a positive affective state are more likely to question “is this action going to hurt my positive feeling?”. Thus, before engaging in indulgent behavior, individuals intuitively forecast the affective consequences likely to emerge from the behavioral activity in which they are about to engage (Andrade, 2005). Those in a negative mood, who are motivated to improve their current negative feelings, concentrate on the promising consequences of indulgence. Those in a positive mood, who are motivated to avoid threats to their current positive feelings, focus on potential negative consequences of indulgence. Thereby, valence alone cannot predict whether people will consume luxury goods to regulate their affective state but this behavior will also depend on how people perceive the indulgence to influence their future affective state.

We propose that the certainty appraisal of emotions plays a significant role in determining when people indulge in luxury consumption to regulate affect. Appraisal theories of emotion (Ellsworth & Smith, 1988; Lazarus, 1991; Roseman, Spindel, & Jose, 1990; Smith &

Ellsworth, 1985) have shown that some emotions, for example happiness, contentment, disgust and anger, are characterized by a feeling of certainty about what is happening in the current situation, the cause of the situation, and what may happen next. Other emotions, including hope, surprise, fear and worry, are associated with feelings of uncertainty about the current situation, its causes, and possible consequences.

When an emotion is associated with certainty, people may infer that their affective state is certain and unchangeable, and thus their subsequent behavior cannot change their affective state. If the emotion is negative and associated with certainty, indulging would not help people feel better, which would make them less likely to indulge. The opposite should happen for positive affect. If the emotion is positive and associated with certainty, indulging would not hurt one's positive affect, which would make people more likely to indulge.

In contrast, when an emotion is associated with uncertainty, individuals infer that their affective state is uncertain and changeable, and thus their subsequent behavior can change their affective state. If the emotion is negative and uncertain, the immediate pleasure of indulging, even at long-term costs, can help people feel better, so they would be more likely to indulge. If the emotion is positive and uncertain, the costs of indulging could hurt the uncertain positive affect, which would lead people to be less likely to indulge to preserve their good mood.

In sum, we predict that a feeling associated with uncertainty (certainty) can (cannot) change as a consequence of a behavior such as indulging in luxury consumption. The implication is that people in a negative affective state will indulge more when their affect is associated with uncertainty because indulging can help repair the negative state, but people in a positive affective state will indulge more when their affective state is associated with certainty because indulging will not hurt their positive state. We test this proposition in two studies.



## Study 1: Fear, Anger, Hope and Happiness

### Method

Eighty undergraduate students from an American university (43.8% female, average age = 21.46) participated in the 2 (valence: negative vs. positive) x 2 (certainty: uncertain vs. certain) between-subjects design study as part of a one-hour research session in exchange for extra credit.

We manipulated emotion by asking participants to write about an emotional event that has happened to them (Schwarz & Clore, 1983). To obtain the four conditions of our experimental design, we manipulated four different emotions based on previous literature (Roseman, Antoniou, & Jose, 1996; Smith & Ellsworth, 1985; Tiedens & Linton, 2001). In the negative uncertain condition, we induced fear; in the negative certain condition, we induced anger; in the positive uncertain condition we induced hope; and in the positive certain condition we induced happiness.

After vividly recalling and describing an episode that has made them scared, angry, hopeful or happy, participants responded to manipulation check items of valence (“How pleasant was this experience?”) and certainty (“How certain were you about what was happening in that situation?” and “Did you feel that you could have predicted the occurrence of the event?”;  $r = .65, p = .000$ ). The items were adapted from Smith and Ellsworth (1985) and scales ranged from 1 (not at all) to 9 (very much).

Then, we measured participants’ disposition to indulge in luxury products. Participants rated their preference for two wallets, a plain black wallet and a red wallet with a Ferrari logo, and their preference for two scarfs, a plain black scarf and a Burberry print scarf. Both wallets and both scarves were of the same brand and of the same price range; however, the indulgent counterparts presented either the logo or the traditional print of the brand so that participants

could use this indulgent consumption opportunity as a way to regulate their affect. Preferences were captured with 9-point scales whose end-points were pictures of the products (e.g., “I prefer this scarf,”  $r = .29, p = .01$ ).

### Results

A 2 (valence: negative vs. positive) x 2 (certainty: uncertain vs. certain) ANOVA with pleasantness as dependent variable revealed a main effect of valence ( $F(1, 76) = 136.12, p = .000, \eta^2 = .642$ ) showing that the valence manipulation was effective ( $M_{\text{negative}} = 2.58, M_{\text{positive}} = 7.06$ ). A similar 2 x 2 ANOVA with the certainty index as dependent variable revealed a main effect of certainty ( $F(1, 76) = 4.60, p = .035, \eta^2 = .057$ ) showing that the certainty manipulation was also effective ( $M_{\text{uncertain}} = 4.46, M_{\text{certain}} = 5.56$ ).

A similar 2 x 2 ANOVA with the indulgence index as dependent variable revealed only an interaction between valence and certainty ( $F(1, 76) = 8.51, p = .005, \eta^2 = .101$ ). Planned contrasts suggest that when participants felt the negative uncertain emotion of fear ( $M = 6.13$ ) they were more likely to indulge than when they felt the negative certain emotion of anger ( $M = 4.53; F(1, 76) = 4.62, p = .035, \eta^2 = .057$ ). Planned contrasts also suggest that when participants felt the positive uncertain emotion of hope ( $M = 4.64$ ) they were less likely to indulge than when they felt the positive certain emotion of happiness ( $M = 6.08; F(1, 76) = 3.90, p = .05, \eta^2 = .049$ ). Figure 1 illustrates these results.

These results support our proposition that the certainty appraisal associated with an emotion signals when to indulge to regulate affect. When the valence of the emotion is negative, we observe more indulgence when the emotion is uncertain and indulging can improve one's affect. When the valence of the emotion is positive, we observe more indulgence when the emotion is certain and indulging cannot hurt one's affective state.

Although results were consistent with our prediction, our emotion manipulation does not allow us to control for differences other than valence or certainty. For example, anger and fear are likely to be different in other dimensions (e.g., the agent who caused the emotion). A more conservative test of our hypotheses involves a comparison between the same emotion associated with uncertainty or with certainty. Study 2 addresses this concern.

### Study 2: Sadness and Pride

In study 1 we chose emotions based on the appraisal theory of emotions that have been found to be either associated with uncertainty (fear, hope) or certainty (anger, happiness; (Tiedens & Linton, 2001). Some emotions, however, do not present such clear position in the certainty spectrum. Sometimes the emotions of sadness and pride may be associated with greater certainty but at other times these emotions may be associated with greater uncertainty (Smith & Ellsworth, 1985; Tiedens & Linton, 2001). This allows us to compare the effect of the certainty appraisal within the same emotion, thus providing a cleaner test of our hypotheses.

### Method

Sixty one female undergraduate students from an American university (average age = 21.08) participated in the 2 (valence: negative vs. positive) x 2 (certainty: uncertain vs. certain) between-subjects design study in exchange for extra credit. The procedure to induce emotion was almost identical to that used in study 1. One crucial difference is that we manipulated only one negative emotion (sadness) and only one positive emotion (pride). To manipulate certainty, we emphasized that these emotions should be uncertain or certain. Thus, the four conditions were obtained by asking participants to remember, relive, and vividly recall an event that has made them really sad/proud and uncertain/certain. As in study 1, they were asked to experience the event again as vividly as possible.

After describing the episode, participants responded to a valence manipulation check where they rated the degree to which the experience was pleasant and to a certainty manipulation check where they rated how certain they were about what was happening in the situation. The items were adapted from Smith and Ellsworth (1985) and scales ranged from 1 (not at all) to 9 (very much).

Participants were then asked to rate their preference for two Coach branded tote bags, a plain black bag and a brown/taupe bag with the Coach logo, and their preference for two Tiffany & Co. earrings, one of them with a visible logo. As in study 1, the indulgent counterparts were shown accompanied by the brand logos so that participants could use this indulgence opportunity as a way to regulate their affect. Preferences were captured with 9-point scales whose end-points were pictures of the products (e.g., “I prefer this tote,”  $r = .69, p = .000$ ).

### Results

A 2 (valence: negative vs. positive) x 2 (certainty: uncertain vs. certain) ANOVA with pleasantness as dependent variable revealed a main effect of valence ( $F(1, 57) = 199.57, p = .000, \eta^2 = .778$ ) showing that the valence manipulation was effective ( $M_{\text{sadness}} = 1.93, M_{\text{pride}} = 7.84$ ). A similar 2 x 2 ANOVA with certainty as dependent variable revealed a main effect of certainty ( $F(1, 57) = 5.70, p = .020, \eta^2 = .091$ ) showing that the certainty manipulation was also effective ( $M_{\text{uncertain}} = 4.79, M_{\text{certain}} = 6.33$ ).

A similar 2 x 2 ANOVA with the indulgence index as dependent variable revealed a main effect of emotion ( $F(1, 56) = 4.77, p = .033, \eta^2 = .079$ ) suggesting that pride ( $M = 5.41$ ) led to greater indulgence than sadness ( $M = 4.42$ ). More importantly and supporting our hypothesis, this main effect was qualified by the predicted interaction between valence and certainty ( $F(1, 56) = 9.16, p = .004, \eta^2 = .141$ ). Planned contrasts suggest that when sadness was associated with

uncertainty ( $M = 5.13$ ), participants were more likely to indulge than when sadness was associated with certainty ( $M = 3.70$ ;  $F(1, 56) = 4.97, p = .029, \eta^2 = .075$ ). Planned contrasts also suggest that when pride was associated with uncertainty ( $M = 4.75$ ), participants were less likely to indulge than when pride was associated with certainty ( $M = 6.07$ ;  $F(1, 56) = 4.21, p = .045, \eta^2 = .069$ ). Figure 2 illustrates these results.

### General Discussion

The results of this research demonstrate that the certainty appraisal associated with an emotion influences people's willingness to engage in indulgence as a way to regulate their affect. First, we demonstrated that people in a negative affective state associated with uncertainty (e.g., fear) were more likely to indulge than those in a negative affective state associated with certainty (e.g., anger) because indulging would help them repair their affective state. People in the certain negative affective state were less likely to indulge because in this case indulging would not help them repair their affective state (i.e., affect regulation is not possible). These findings are consistent with Tice et al. (2001), who showed that participants who believed that their negative mood was frozen (i.e., unchangeable) were less likely to seek immediate gratification. Second, we showed that participants in a positive affective state associated with uncertainty (e.g., hope) were less likely to indulge than those in a positive state associated with certainty (e.g., happiness) because indulging could hurt their positive feeling, which they wish to maintain. These findings are consistent with Andrade (2005), who showed that when affect is changeable people in positive affect indulge less to preserve their good mood, but if affect cannot change people in a positive affect condition indulge more.

One important theoretical implication of this research is reconciling previous research reporting apparently inconsistent results linking emotional valence, affect regulation, and

indulgence. By suggesting that the certainty appraisal of emotions is also important in predicting indulgent behavior to regulate one's affect, we integrate and contribute to research in emotions, affect regulation, and indulgent behavior. More generally, this research improves our understanding of when people in a positive or negative affective state will engage in indulgent behavior.

An interesting avenue for future research is to examine these effects in the domain of helping others. Helping behavior can be used to manage affect due to its positive hedonic consequences, but it also involves effort and thus can also bring negative hedonic consequences (Wegener & Petty, 1994). Under these conditions, we expect that our results would be replicated for helping behavior. However, because the mixed positive and negative consequences of helping behavior may not be as clear as they are for indulgent behavior, we recommend caution in extrapolating our findings to this domain.

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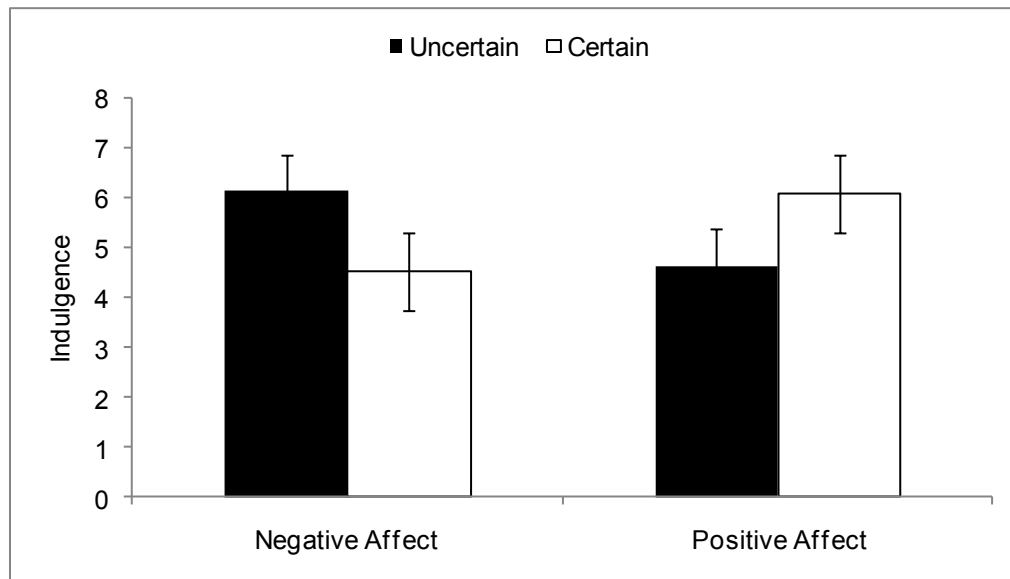
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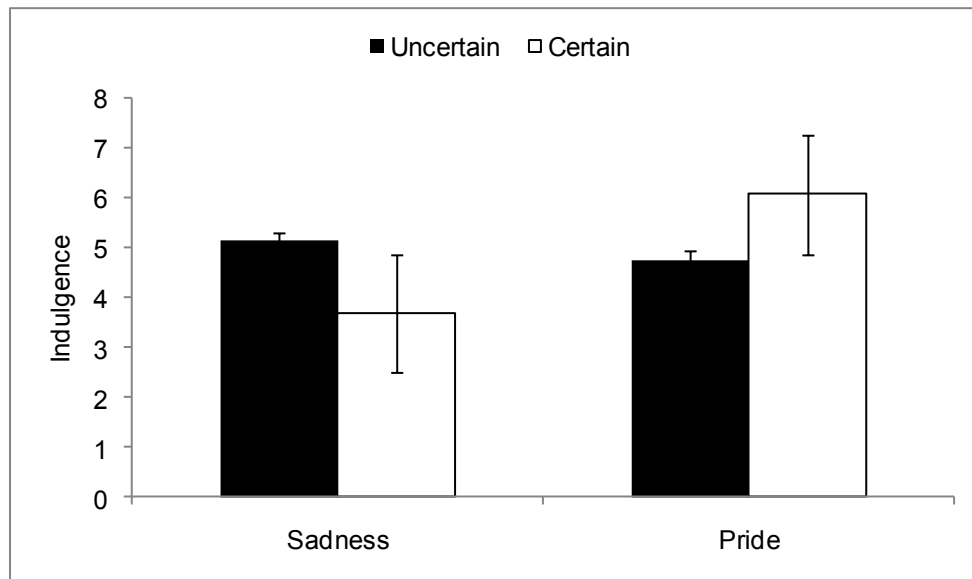
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Figure 1. Willingness to indulge for negative and positive affective states depends on certainty of emotion (N = 80).



Note. Standard errors are represented in the figure by the error bars attached to each column.

Figure 2. Willingness to indulge for sad and proud participants depends on certainty of emotion (N = 61).



Note. Standard errors are represented in the figure by the error bars attached to each column.

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