Focal versus background goals in consumer financial decision-making
Trading off financial returns for self-expression?

Jaakko Aspara
*Department of Marketing, Aalto University School of Business,
Aalto University, Helsinki, Finland*

Amitav Chakravarti
*Department of Management,
London School of Economics and Political Science, London, UK and
University of California, Riverside, California, USA, and*

Arvid Hoffmann
*Department of Finance, School of Business and Economics,
Maastricht University, Maastricht, Netherlands*

Abstract

Purpose – This study aims to examine the interplay between focal and background goals in consumer financial decision-making and identify conditions that lead individuals to trade-off financial returns for background goals.

Design/methodology/approach – The current research reviews the relevant literature on consumer financial decision-making and goal systems theory to develop a set of hypotheses that is tested using three experiments.

Findings – The experiments show that individuals who have been subtly primed with self-expressive background goals, or experienced progress toward the focal goal of financial returns, accept lower financial returns for the opportunity to invest in stocks that allow for increased self-expression. Further, while subtly primed background goals exert a non-normative influence on investment decisions, explicit cues about an investment's background goal-instrumentality create a backlash effect, and decrease individuals' willingness to trade-off financial returns.

Research limitations/implications – Future research could confirm the robustness of the findings of the present research by using different priming tasks and alternative ways of making the background goal explicit to individuals.

Practical implications – To achieve greater attraction among individual investors, it helps to frame a financial product or stock in communications materials in a way that sends subtle signals with which investors can identify. Such signals could include stressing the product/company's home country

(addressing individuals' patriotism) or a particular product domain (addressing individual investors' desire for interesting/exciting current/future products).

Originality/value – While previous research suggests that investment choices may be influenced by self-expressive motivations, to date, it remains unclear whether and when individual investors are actually willing to trade-off the focal goal of maximizing financial returns for the opportunity to satisfy alternative background goals.

Keywords Background goals, Consumer financial decision-making, Focal goals, Household finance, Self-expression

Paper type Research paper

Introduction

Research on consumer financial decision-making increasingly notes the importance of investigating consumers' investment choices, as these choices are risky, involve high stakes and can have lifelong consequences (Goldstein *et al.*, 2008; Lynch, 2011; Morrin *et al.*, 2012; Raghubir and Das, 2010; Townsend and Shu, 2010). The present research focuses on examining the interplay between the normative *focal goal* of maximizing risk-adjusted financial returns from financial products vs satisfying less normative *background goals* such as fulfilling a need for self-expression[1]. The central research question is the following: Under what conditions are individuals more likely to trade-off financial returns for increased self-expression?

Indeed, with respect to consumers' financial decisions, standard (rational) models of decision-making emphasize only one *focal goal*: to maximize risk-adjusted financial returns (Clark-Murphy and Soutar, 2004). The normative status of this focal goal stems from finance theory (Aspara, 2009; Clark-Murphy and Soutar, 2004), as well as common investment advice (Campbell, 2006). Nevertheless, past research also suggests that individuals' investment choices sometimes deviate from the normative principle of maximizing risk-adjusted financial returns. Individual-level propensities for self-expression and social signaling, for example, may influence consumers' investment choices (Aspara and Tikkanen, 2010; Fama and French, 2007; Hoffmann and Broekhuizen, 2009; Morse and Shive, 2011; Statman, 2004). For instance, some investors prefer to invest in the stocks of companies whose products they find personally meaningful or likeable, such as Apple: The *LA Time*s notes that in the late 2010s, consumers bought equally enthusiastically the "shares [of Apple stock at the same time] as they bought Apple's popular devices"[2]. Forbes (2012), in turn, recently reported that individuals' willingness to invest in a company is driven 60 per cent by their subjective perceptions of the company in general, and 40 per cent by their subjective perceptions of the company's products, in particular. As another example, some investors aim to express their loyalty to the company they work for by investing a big portion of their pension assets in their employer's stock. In particular, Cohen (2009) finds that employees of Pfizer invest almost 90 per cent of their pension assets in Pfizer stock[3].

The present research adds to this growing body of evidence regarding how consumers' decisions to buy financial products may deviate from the prescribed norm of maximizing risk-adjusted financial returns in several ways. First, while previous research suggests that investment choices may be partially influenced by self-expressive motivations, it remains unclear whether and when consumers are actually willing to *trade-off* the focal goal of maximizing financial returns for the opportunity to satisfy such alternative background goals. There are several common

1116

situations where this may occur: For instance, investing in the stock of a prestige brand company may provide self-expressive, identification benefits to the individual, but the often (already) high price level of such stocks may mean that the subsequent stock price development is compromised (Statman *et al.*, 2008). Similarly, if the investor's patriotic motivation is a very strong driver of his or her investment choices, he or she may miss out investment targets with higher risk-adjusted returns abroad (Huberman, 2001)[4].

Second, the present research introduces a new theoretical lens with which to view such investment decisions. Past research has largely concentrated on individual-level traits (e.g. demographics, attitudes and values) in explaining deviations from the norm of maximizing financial returns. In contrast, by focusing on the interplay between focal goals (i.e. maximizing financial returns) and background goals (e.g. satisfying the need for self-expression), the present research provides a framework for anticipating the *situations or conditions* under which individuals will deviate from (vs conform to) the financial returns-maximizing norm. Third, by providing this framework, the present research contributes to the literature on consumers' "goal systems" (Kruglanski *et al.*, 2002; Kruglanski, 2006). While the focal vs background goals distinction has been used in other decision-making domains (e.g. the consumption of virtue vs vice snacks), its application to consumer financial decision-making accords the opportunity to investigate some unique theoretical angles. In particular, a combination of a heavy emphasis on the normative focal goal and relatively suppressed background goals, make investment choices unique. In other consumption choices, normative goals (e.g. eating healthy) are relegated to the background, while hedonic goals (e.g. eating tasty) assume greater prominence. With investment choices, however, the converse is true: the normative goal of maximizing financial returns assumes the focal role, while hedonic background goals tend to be suppressed in the background.

In the sections that follow, the related literature is reviewed and hypotheses are formulated. Next, three experiments to test these hypotheses are presented, some of which use samples of actual investors. The paper concludes with an overview of its contributions to research, implications for practice and avenues for future research.

Theoretical framework

Goal systems theory considers goals to be mental representations that are interconnected with means of goal attainment as well as with alternative goals (Fishbach *et al.*, 2003; Kruglanski *et al.*, 2002, Kruglanski, 2006; Zhang *et al.*, 2007). In particular, each goal (e.g. "losing weight") may be associatively linked to several means of attaining the goal (e.g. "exercising regularly" and "eating healthy"). Each means (e.g. "exercising regularly"), in turn, can also be associated with several other goals (e.g. "looking good") that it can possibly serve (Zhang *et al.*, 2007). Consumers' tendency to associate a given means (or means object) to multiple goals is referred to as "multifinality" (Kruglanski *et al.*, 2005). In terms of financial decision-making, this would imply that consumers may perceive stock investments as means associated with multiple goals – most notably, the normative goal of maximizing risk-adjusted financial returns, but possibly also other goals. Recent research has shown that such non-financial goals as self-expression or identification can influence investment choices (Aspara and Tikkanen, 2010; Fama and French, 2007; Hoffmann and Broekhuizen, 2009; Morse and Shive, 2011; Statman, 2004). For example, after the September 11 terrorist

attacks in 2001, US Treasury Bonds were renamed Patriot Bonds to appeal to self-expression, and their sales rose 43 per cent over the next year (Sulon, 2001).

Focal vs background goals and their subconscious influence
A particular aspect of goal systems theory that is especially relevant for the present research, is the distinction between *focal* and *background* goals (Chun *et al.*, 2011; Fishbach and Dhar, 2005; Kim and Mitchell, 2008; Kruglanski *et al.*, 2005). That is, even as consumers deliberately pursue an important focal goal, a background goal of secondary importance may also influence their choices. Often these background goals exert their influence *outside* of the consumer's conscious awareness (Fishbach and Dhar, 2005; Kim and Mitchell, 2008; Kruglanski *et al.*, 2002)[5]. For instance, Chun *et al.* (2011) found that the choice of a beverage (Coke vs Pepsi) depended on, besides the focal goal of good taste, whether the background goal of identifying with the USA was subtly primed (since Pepsi was perceived "less American" than Coke). Laran (2010) showed how activating different goal systems by subtly priming individuals with either self-control or indulgence unconsciously guides subsequent choice behavior between vices and virtues.

Maximizing financial returns clearly is the focal goal of investment choices. Nevertheless, background goals such as self-expression can also affect stock investing. In particular, we expect that situationally activating such goals (by priming) increases an individual's preference for a stock that is relatively more instrumental in terms of the background goal (i.e. self-expression) but relatively less instrumental in terms of the focal normative goal (i.e. financial returns) *over* a stock that has the converse properties (i.e. high financial returns but low self-expression). This hypothesized effect of self-expression can explain why individuals are willing to hold a concentrated portfolio of stocks from their home country, although doing so hurts them financially by missing the benefits of diversification to foreign markets (Morse and Shive, 2011):

H1. The situational activation (through priming) of self-expression as a background goal increases an individual's willingness to trade-off financial returns for greater self-expression.

The role of goal progress
Recent studies highlight another counterintuitive effect of goal progress: making initial progress on a focal goal often leads to a lower motivation and effort to attain that goal (Fishbach and Dhar, 2005; Fishbach *et al.*, 2006; Koo and Fishbach, 2008; Laran and Janiszewski, 2008). Thus, it is precisely when consumers have made progress toward the focal goal that they might become more susceptible to other background goals, often at the expense of the focal goal. Translating this to the context of consumer financial decision-making that we are interested in, imagine an individual choosing among two stocks: a stock that is more instrumental in terms of the focal normative goal but less instrumental in terms of the background goal (i.e. has higher expected financial returns but is less self-expressive), and a stock that is less instrumental in terms of the focal normative goal but more instrumental in terms of the background goal (i.e. has lower expected financial returns but is more self-expressive). An example of such a scenario would be an investor choosing between Dell's and Apple's stock; the former might appear "cheaper" and thus provide greater potential for financial returns, but offers a relatively lower opportunity for self-expression than the latter. According to the

normative focal goal, the former stock should be preferred. Given the ironic effects demonstrated in previous research (Fishbach and Dhar, 2005), however, the preference for the latter stock is likely to increase when an individual achieves (or perceives) progress toward the focal goal of attaining financial returns:

H2. Achieving (or perceiving) progress toward the focal normative goal of financial returns increases an individual's willingness to trade-off financial returns for greater self-expression.

The role of conscious deliberations vs subconscious thoughts
Although prior research on focal and background goals mostly deals with the *subconscious* effects of background goal activation, for investment scenarios, it is important to consider the impact of both *conscious* deliberations and *subconscious* thoughts. At the outset, basing choices on a clear norm (which is likely the case with investments, as discussed above) may often not require conscious deliberation of the norm and can be relatively effortless and automatic (Aarts and Dijksterhuis, 2003; Ajzen and Fishbein, 2000). However, being freed of the onus of having to consciously deliberate on the normative goal might make a consumer's cognitive apparatus more vulnerable to the influence of background goals. Thus, it is important to consider the interplay between conscious and subconscious influences. The central question is what happens if the presence of the less normative background goal is made explicit to the decision-maker?

We anticipate that making the presence of a background goal explicit will lead consumers to refocus on the normative focal goal. Making individuals aware of the presence of a less normative background goal is likely to suggest that the individual is violating a norm, and lead to heightened salience of that norm. This, in turn, increases "reflective judgments" (Sunstein, 1996) and leads to more normed decisions (Kahneman and Miller, 1986). Thus, it is expected that explicit cues about the instrumentality of choice options in terms of a background goal remind individuals about the importance of the normative goal, and ironically (contrary to *H1*), decrease their preferences for the stock that is highly instrumental in terms of the background goal and increase their preferences for the stock that is highly instrumental for the focal normative goal. That is, we predict a backlash effect when the cues regarding the background goal are made explicit:

H3. Explicit cues about a stock's background goal-instrumentality in terms of self-expression decreases an individual's willingness to trade-off financial returns for greater self-expression.

H4. The negative backlash effect of explicit, background goal-related cues, on an individual's willingness to trade-off financial returns for greater self-expression is related to her/his perceptions of having encountered unexpected, norm-violating (i.e. non-financial) information.

Experiment 1
Experiment 1 tests the influence of background goal priming (*H1*) and focal goal progress (*H2*) on consumers' investment choices. Identifying with one's home country (or patriotism) is chosen as the background goal because prior work on consumer financial decision-making suggests that patriotism can serve as a self-expressive

investment motive (Statman, 2004; Morse and Shive, 2011). Previous work, however, does not consider whether consumers are actually willing to sacrifice expected financial returns to express themselves, nor do they examine the specific conditions under which this trade-off is most likely to occur.

Method

Participants. Ninety-two individuals following a course in business administration at a large university in Finland participated in the experiment. The individuals had a good understanding of finance and investments, as they were graduate students of business administration taking their specialization studies. Up to 41 per cent stated that they had actual experience of stock investing, and the average stock portfolio size of the participants was €3,100 and 2.4 stocks. Of the participants, 57 per cent (43 per cent) were female (male), and the mean age was 24.3 years (SD = 2.52). The participants were all native Finns, which is an important fact as one of the key experimental manipulations involved appealing to an individual's identification with their home country.

Study design. The experiment was initially designed to employ a 2 (Background Goal Prime: Home Country Identification vs Home Country Dissociation) × 3 (Focal Goal Progress: Low Framed-Progress, High Framed-Progress, High Objective-Progress) experimental design. However, as the High Framed-Progress and High Objective-Progress conditions did not differ significantly in the manipulation checks, these two conditions were collapsed for later analyses. In other words, the final design was: 2 (Background Goal Prime) × 2 (Focal Goal Progress: Low Progress vs High Progress [whether framed or objective progress]). The operationalization of each factor is explained below. Participants were randomly assigned to the conditions.

Procedures, stimuli, and manipulations. The study comprised two ostensibly unrelated tasks. First, participants went through the "Student Opinions" study that was designed to prime participants with the background goal. Second, participants went through the "Stock Investment" study that contained the focal goal progress manipulation and measured the dependent variable.

In the "Student Opinions" study, participants were told that the researchers were interested in learning about their opinions on study habits, personality characteristics, and some current affairs. The background goal manipulation was similar to that of Chun *et al.* (2011) (who refer to background goals as "implicit goals")[6]. In particular, background goals were primed via a news story about Finland that was either about Finland being nominated as "the best country in the world" by Newsweek (identification condition), or about Finland having problems with the number of guns owned by its citizens and recent shooting incidents (dissociation condition). All other questions were held constant across conditions.

Participants then moved on to the "Stock Investments" study, in which they had to indicate their relative preference for investing in the stocks of two companies. Both companies were introduced as producing "outdoor clothing, backpacks, tents, and sleeping bags". It was explicitly mentioned that "besides having comparable products, the companies are also similar otherwise; both have enjoyed, for instance, similar growth in international markets in recent years".

The next section of the description of this investment scenario comprised the focal goal progress manipulation. There were three levels of the goal-progress factor: Low Framed-Progress, High Framed-Progress, and High Objective-Progress. In all three

conditions, participants were instructed to imagine the same savings goal: "to have €4,000 of savings by the end of 2012, to make a holiday trip" (after graduation)[7]. However, the three conditions differed in what the participants were told next. In the Low Framed-Progress and High Framed-Progress conditions, participants were told that they had so far saved €2,000 of the aspired €4,000. The High Framed-Progress condition, however, suggested that the participant had "already" saved half of the aspired €4,000, while the Low Framed-Progress condition suggested that the participant had "only" saved half of the aspired €4,000. Thus, while actual progress was held constant in both conditions, the conditions differed in how the progress was framed. The High Objective-Progress condition, in turn, suggested that actual progress was high in absolute terms as well, by asking participants to imagine that they had so far saved €3,100 of the €4,000 goal (in contrast to the €2,000 in the other two conditions).

Participants then went on to making an investment decision between two stocks. One of the stocks concerned a company that was based in the participants' home country, thereby being instrumental to the background goal of self-expression (i.e. patriotic identification). The other stock concerned a foreign company, and, therefore, was not instrumental to the background goal. In addition, the foreign company was manipulated to have higher instrumentality for the focal goal. In particular, the foreign company had a two percentage points higher financial return. Both companies were real and existing companies. The specific instructions were as follows:

> When it comes to returns that you can expect for your money, the investment bank that organizes the share issues of Fjällräven [foreign/Swedish company] and Halti [domestic/Finnish company] estimates that the stocks are equally risky (please assume there is not any currency risk either) and have the following expected returns:

- If you invest 2,000 Euros [3,100 Euros in the High Objective-Progress condition] in the stock of the Swedish company Fjällräven in 2011, you are likely to get a return of about 28 per cent over two years, which is about 560 [870] Euros. Thus, you would increase your savings to 2,560 [3,970] Euros (by the end of 2012).
- If you invest 2,000 Euros [3,100 Euros in the High Objective-Progress condition] in the stock of the Finnish company Halti in 2011, you are likely to get a return of about 26 per cent over two years, which is about 520 [810] Euros. Thus, you would increase your savings to 2,520 [3,910] Euros (by the end of 2012).

Measures. The dependent variable "Investment Allocation" was measured by asking participants: "How much would you invest in Fjällräven and how much in Halti, in case you were to invest all of the 2,000 Euros [3,100 Euros in the High Objective-Progress condition]?" The dependent variable used in the analyses was the proportion of money that participants allocated to the background goal-instrumental vs the focal goal-instrumental stock. As age (Korniotis and Kumar, 2011), gender (Barber and Odean, 2001), financial expertise (Hoffmann and Broekhuizen, 2010) and company brand recognition (Frieder and Subrahmanyam, 2005) can influence investment choices, the experimental materials also included measures for these control variables. Age was self-reported in years. Gender was self-reported as male or female. Financial expertise was measured through participants' education (i.e. finance vs other major). Company brand recognition was measured with the following question for both companies: "Did you recognize [company X] beforehand?", with responses recorded as "Yes" or "No".

Results
Manipulation checks. As is common in experiments with subtle goal priming, manipulation checks are not required for the priming manipulation (as it is considered to be subconscious). For the Focal Goal Progress factor, a manipulation check was done[8]. The analysis revealed that the perceived goal progress rating in the High Objective-Progress condition ($M = 5.85$) was significantly higher than in the Low Framed-Progress ($M = 4.77$, $p < 0.05$) and High Framed-Progress ($M = 5.03$, $p < 0.05$) conditions. Perceived progress in the High Framed-Progress condition was not significantly higher than in the Low Framed-Progress condition ($p > 0.2$). Thus, based on this manipulation check, it was concluded that the High Objective-Progress condition (€3,100 savings gathered so far) was effective in engendering greater feelings of goal progress toward the focal goal (saving €4,000), compared to both of the two "mere" framing conditions. As the two framing conditions were not significantly different in terms of perceptions of goal progress, they were collapsed in subsequent analyses, as mentioned before. In the remainder of the manuscript, this collapsed framing condition is referred to as the Low Progress condition and the High Objective-Progress condition as the High Progress condition.

Hypotheses testing. An analysis of covariance (ANCOVA) with Background Goal Prime (Home Country Identification vs Home Country Dissociation) and Focal Goal Progress (Low vs High) as key factors of interest revealed a significant main effect of Background Goal Prime ($F(1, 80) = 3.94$, $p = 0.05$), supporting *H1*. Participants allocated a greater proportion of their investment to the background goal-instrumental stock in the identification condition ($M = 46.6$ per cent of available money) than in the dissociation condition ($M = 37.2$ per cent of available money). See Figure 1, Panel A. The analyses also revealed a significant main effect of Focal Goal Progress ($F(1, 80) = 3.92$, $p = 0.05$), supporting *H2*. Participants in the low progress condition invested less in the background goal-instrumental stock ($M = 36.8$ per cent of available money) than did participants in the high progress condition ($M = 47.0$ per cent of available money). See Figure 1, Panel B. There was no interaction between Focal Goal Progress and Background Goal Prime ($F(1, 79) = 0.96$, $p > 0.3$). Finally, of the covariates, only gender was significant ($F(1, 80) = 13.9$, $p < 0.01$): male participants allocated less money to the background goal-instrumental stock (b = -0.19, SE = 0.05). This result is consistent with Pan and Statman (2013), who find that female investors typically rank higher on personality measures related to self-expression than do male investors.

Discussion
Extending prior research on choices with asymmetric focal vs background goals (Chun *et al.*, 2011; Kruglanski and Kopetz, 2009), Experiment 1 showed that even when the focal goal is highly normative, priming a background goal can increase individuals' preference for the choice alternative that has higher instrumentality for the background goal but lower instrumentality for the focal goal. Furthermore, while recent studies suggest that consumers may have non-financial investment motivations (Aspara and Tikkanen, 2010; Fama and French, 2007; Hoffmann and Broekhuizen, 2009; Morse and Shive, 2011; Statman, 2004), Experiment 1 demonstrated that individuals are actually willing to *trade-off* financial returns to satisfy such background goals.

While Experiment 1 provides support for *H1* and *H2*, it leaves several questions unanswered. Most importantly, Experiment 1 did not test what happens if

1122
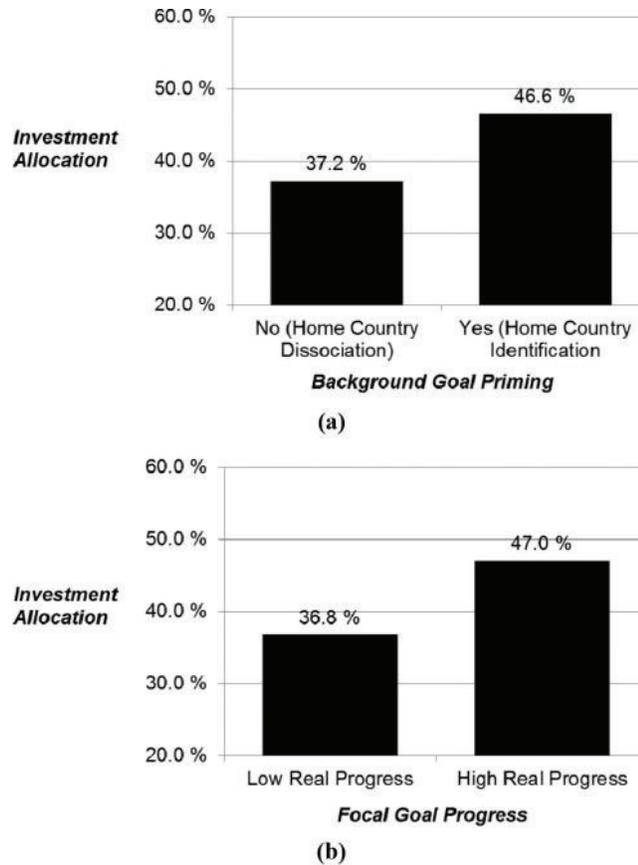
Notes: (a) Investment allocation to stock with high background goal-instrumentality (i.e. patriotic stock) but low focal goal-instrumentality (i.e. low returns) – *by background goal priming;* (b) investment allocation to stock with high background goal-instrumentality (i.e. patriotic stock) but low focal goal-instrumentality (i.e. low returns) – *by focal goal progress*

Figure 1.
Experiment 1:
Results

decision-makers are explicitly confronted with the background goal (*H3*). Moreover, while the manipulation of progress toward the focal financial goal was effective in Experiment 1, an interesting question is whether progress could also be manipulated in an alternative manner. For example, would reminders of recent financial gains vs losses also engender feelings of high vs low goal progress, respectively? This is ecologically important because consumers often make investment decisions close on the heels of recent other, successful or unsuccessful, investment decisions (see Strahilevitz *et al.*, 2011). Finally, it is possible that in Experiment 1, high (low) focal goal progress might have engendered a good (bad) mood. Given Pan and Statman's (2012) suggestion that such emotions may influence investment choices, it is important to check whether

participants' mood varies across the focal goal progress conditions. Experiment 2 was designed to answer these questions.

Experiment 2

Experiment 2 tests the assertion that explicit cues about the self-expressive nature of stocks create a "backlash" effect and decrease individuals' willingness to trade-off financial returns (*H3*). In addition, Experiment 2 was intended to replicate the findings of Experiment 1 with regards to *H1* (influence of background goal priming) and *H2* (influence of focal goal progress) by alternative ways of priming the key concepts. Experiment 1 primed focal goal progress by describing the recent progress that participants made toward saving money for a holiday trip, and primed the background goal by presenting them a news story on their country. Experiment 2 primed focal goal progress by presenting participants a scenario of recent financial gains (vs losses), and primed the background goal via a Scrambled Sentence task (Srull and Wyer, 1979). As a final point of difference, Experiment 2 also checked whether participants' mood varied across the two focal goal progress conditions.

Method

Participants. Seventy-one individuals, on completing a finance course at a large university in The Netherlands, participated in the experiment. Most of the individuals had some practical experience with investing, as well as a clear theoretical understanding because they were graduate students of a specialized "marketing–finance" master's program. Forty-four per cent stated that they had personal experience of stock investing, and the average stock portfolio size of the participants was €4,000 and 2.6 stocks. Many also had a job in the financial sector. Of the participants, 41 per cent (59 per cent) were female (male), the mean age was 22.7 years (SD = 1.41).

Study design. The experiment employed a 2 (Focal Goal Progress: High vs Low) × 3 (Background Goal Priming: No Prime vs Prime vs Prime and Explicit Cues) experimental design. Participants were randomly assigned to one of the six experimental conditions.

Procedures, stimuli and manipulations. Participants first received instructions on how the companies/stocks and their financial returns would be presented. This instruction was followed by the scenario pertaining to the Focal Goal Progress manipulation. Subsequently, participants completed the Scrambled Sentence task pertaining to the Background Goal manipulation. Then, the companies were presented and the key investment-related dependent measure was elicited.

Focal Goal Progress was manipulated by presenting participants with either a recent progress/win scenario or a recent lack of progress/loss scenario. In the High Progress condition, participants were told that they had received a reward of €8,000 for good academic performance, and that during the past year they made an additional gain of €2,000 by investing the €8,000 in the stock market. In the Low Progress condition, participants were told that they had received a reward of €12,000 for study performance, but lost €2,000 of it during the past year in the stock market. Note that in both conditions, the amount of money at the participant's disposal was identical (€10,000), and the conditions only differed in terms of the recent focal goal progress.

The Scrambled Sentence task used for administering the Background Goal manipulation was built on prior research in psychology (Chartrand and Bargh, 1996; Srull and Wyer, 1979). Under the guise of a linguistic assignment, participants were presented with 15 scrambled sentences, each of which comprised five words. For each such sentence, participants were asked to unscramble the words and form a grammatically correct sentence using four of the five words. Prime words were included in twelve of the fifteen sentences. Prime words in the background goal priming conditions related to self-expressive motivations such as "myself", "meaningful", "interesting", "valuable", "identity", "fascinating", "fun", "enjoyable", "excited" and "feels"[9]. For the neutral/no priming condition, neutral words were used like "back", "extensive", "white", "normal", "idea", "thick", "ordinary" and "moves". Apart from the prime words, all other words in the sentences were identical across the experimental conditions, as was their ordering.

Recall that the Background Goal Priming factor comprised three conditions: No Prime, Prime, and Prime and Explicit Cues. In the No Prime condition, participants completed the scrambled sentence task with neutral words, were presented the company presentations and subsequently indicated their relative preference for investing in the two stocks. The Prime condition was structured similarly, but the words in the scrambled sentence task related to self-expressive motivations. The Prime and Explicit Cues condition was implemented by adding headings to the company presentations which highlighted the nature of their products, thereby bringing explicit attention to the underlying identity of the company and its products.

A pretest with individuals from the same university as the participants (excluded from the main experiment) showed that a relevant identity was that of "people interested in music". In contrast, "renovators and handy-men/women" was not seen to be relevant. Accordingly, a producer of electronic components for hi-fi stereo equipment components was chosen as the company with high instrumentality for the background goal, and a producer of electronic components for drills and other tool components as a company with low instrumentality for the background goal. To minimize industry-related confounding effects (e.g. differences in expected risk and returns), both companies were electronic component manufacturers. For the high self-expressiveness company, the heading was, "Are you ready to become a shareowner of an electronic components manufacturer of hi-fi stereo equipment?" For the low self-expressiveness company, the heading was, "Are you ready to become a shareowner of an electronic components manufacturer of drills and tools?"

Apart from the differences highlighted above, the experimental materials included the same company presentations in each condition. As in Experiment 1, the company with high background-goal instrumentality was manipulated to have a two percentage points lower financial return than the company with low background goal-instrumentality.

Measures. The dependent variable "Preference to Invest" was measured by a single-item scale gauging participants' relative preference for investing in the two stocks A (low self-expressiveness) vs B (high self-expressiveness). In particular, participants were asked: "In relative terms, would you prefer to invest [your 10,000 Euros] in Company A's stock or Company B's stock?" Responses were recorded on a bipolar scale anchored at 1 = "I would totally prefer Company A" and 9 = "I would totally prefer Company B". As in Experiment 1, the experimental materials also included

measures for the control variables age, gender, financial expertise and company brand recognition. Age was self-reported in years. Gender was self-reported as male or female. Financial expertise was measured by asking participants "How would you describe your abilities as an investor?" Responses were recorded on a five-point scale, anchored at 1 = "my abilities are considerably weaker than those of an average investor" and 5 = "my abilities are considerably better than those of an average investor". As Experiment 2 did not use real brand names like in Experiment 1, but simply labeled the companies as "Company A" and "Company B", company brand recognition was not measured as in Experiment 1. Instead, a measure for the exact degree to which participants identified with the underlying identities of these two companies (i.e. "people interested in music" for the high self-expressiveness company vs "handymen/-women" for the low self-expressiveness company) was included. In particular, participants were asked whether these groups described them personally (anchored at 1 = "does not describe me" and 7 = "describes me perfectly"), whether they feel they identify with these groups (anchored at 1 = "I don't identify with the group in any way" and 7 = "I strongly identify with the group") and whether they would like to belong to these groups (anchored at 1 = "I wouldn't like to belong to the group at all" and 7 = "I would very much like to belong to the group"). Finally, to check whether participants' moods differed across the Focal Goal Progress conditions, participants were asked "What is your mood right now?" Responses were recorded on a nine-point scale, anchored at 1 = "Bad" and 9 = "Good".

Results

Pre-tests and manipulation checks. Participants were not explicitly asked how much they identified with the target companies and how self-expressive investing in these companies would be, as such questions could reveal the hypotheses. Nevertheless, a separate sample of similar individuals (excluded from the main experiment) was asked about their identification with the target companies. The results of this pre-test are presented in the upper panel of Table A1 in Appendix. As expected, the mean identification score was significantly higher for the high self-expressiveness company than for the low self-expressiveness company, and the mean difference in the identification scores was significantly different from zero ($p < 0.001$). With this sample, it was also checked whether the high self-expressive company (hi-fi component company) was relevant (Reed, 2004) to the music-liking identity, and whether the low self-expressive company (drills and tools company) was relevant to the handy-men/-women identity. The lower panel of Table A1 confirms that this is the case.

It was also necessary to confirm that the two companies presented to the participants differed in terms of their degree of instrumentality for the background goal. Results indicate that participants' identification with "people interested in music" was substantially higher than their identification with "renovators and handy-men/women". The differences between the identification scores for these identities were also different from zero ($p < 0.001$). See Table A2.

Furthermore, with regards to the Focal Goal Progress factor, it was necessary to check whether the manipulation (i.e. recent gain vs loss scenario) was putting participants into different moods (so that mood rather than goal progress would drive the results). A one-way ANOVA indicated that participants' moods did not differ across the Focal Goal Progress conditions ($F(1, 67) = 0.08$, $p > 0.7$). Hence, it is unlikely that mood instead of focal goal progress drives the results.

Hypotheses testing. An ANCOVA with Focal Goal Progress and Background Goal Priming as key factors of interest revealed a significant main effect of Background Goal Priming ($F(2, 61) = 3.18$, $p < 0.05$), supporting *H1*. In particular, the relative preference for investing in the background goal-instrumental stock was higher in the background goal priming condition ($M = 4.26$) than in the non-priming condition ($M = 3.30$), with marginal significance ($p = 0.085$). See the left and center columns of Figure 2, panel A. The analysis also revealed a significant main effect of Focal Goal Progress ($F(1, 61) = 5.26$, $p < 0.05$), providing support for *H2*. Specifically, the relative preference for investing in the background goal-instrumental stock was significantly higher in the High Progress condition ($M = 4.03$) than in the Low Progress condition ($M = 2.65$) ($p = 0.025$). See Figure 2, panel B.

While these findings replicate those of Experiment 1, Experiment 2 was also designed to test whether *explicit cues* about the background goal would backfire and decrease the preference for the background goal-instrumental stock. Indeed, in support

Figure 2.
Experiment 2:
Results
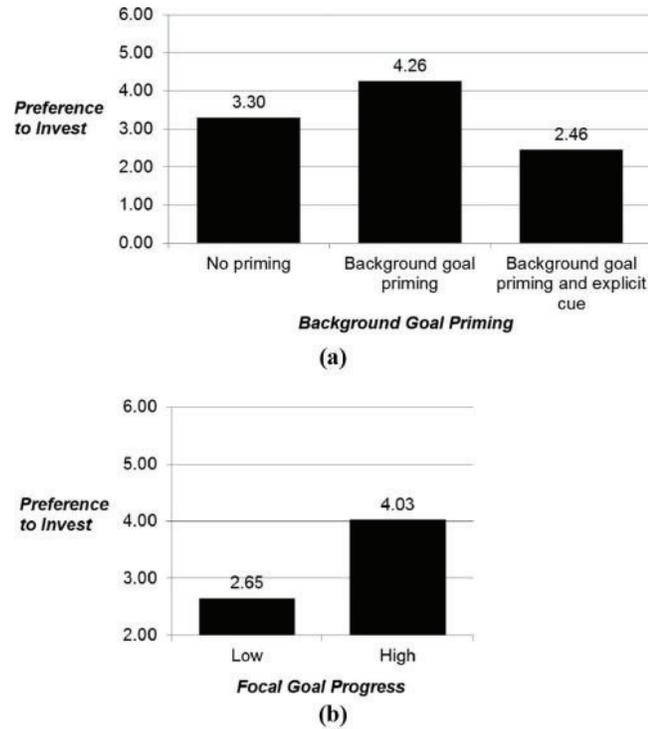
Notes: (a) Preference to invest in stock with high background goal-instrumentality (i.e. identification) but low focal goal-instrumentality (i.e. low returns) – *by background goal priming;* (b) preference to invest in stock with high background goal-instrumentality (i.e. identification) but low focal goal-instrumentality (i.e. low returns) – *by focal goal progress*

of *H3*, the relative preference for investing in the background goal-instrumental stock was significantly *lower* in the background goal priming and explicit cues condition ($M =$ 2.46) than in the background goal priming condition ($M = 4.26$) ($p = 0.01$). See the rightmost columns of Figure 2, panel A. The preference for the background goal-instrumental stock in the explicit cues condition was also lower ($M = 2.46$) than in the non-priming condition ($M = 3.30$), but this difference was not significant ($p = 0.12$). Thus, while the activation (priming) of the background goal increases investment interest, the addition of explicit cues about the investment's background goal-instrumentality eliminates this interest. Note that when explicit cues are added it does not necessarily lead to lower investment interest than when there is a total absence of background goal activation. In other words, the backlash effect elicited by the explicit cues can be considered moderate or leveling in nature (instead of being a fully negative effect that decreases investment interest compared to when there's an absence of a background goal).

There was no significant interaction between the Focal Goal Progress and the Background Goal Priming factors on the relative preference for investing measure ($F(2, 59) = 1.27$, $p > 0.25$). Of the covariates, only identification with the company-associated identities was marginally significant ($F(1, 61) = 3.09$, $p = 0.08$). The positive sign of the former term ($\beta = 0.072$) shows that the relative preference for investing in the background goal-instrumental stock does not depend on the experimental factors alone (i.e. Focal Goal Progress and Background Goal Priming), but is also affected by the precise degree to which participants identify with the underlying identities.

Discussion
Experiment 2 used alternative ways of priming to show the robustness of Experiment 1's results. In addition, Experiment 2 extends prior work by examining the influence of *explicit cues* about background goal-instrumentality on consumers' investment choices. The results show that explicit cues ironically decrease the willingness to trade-off financial returns for greater self-expression. Explicitly cueing the instrumentality of choice options in terms of the background goal (i.e. self-expression) seems to reinforce the normative focal goal (i.e. financial returns). Finally, Experiment 2 showed that participants' mood does not explain the observed results.

To further examine the process underlying this "backlash" effect, Experiment 3 was conducted. In particular, this experiment tested whether explicit cues about a stock's instrumentality in terms of a background goal lead to a feeling of being confronted with unexpected, norm-violating information (i.e. information that is non-financial) (*H4*). Such a feeling is expected to stimulate individuals to engage in a process of active deliberation, resulting in an increased commitment to the normative goal of maximizing financial returns.

Experiment 3
Experiment 3 was designed to replicate the "backlash" results of Experiment 2, as well as to provide support for the hypothesized process explanation for this "backlash" effect. Specifically, participants in Experiment 3 were confronted with the same investment scenarios, as in Experiment 2. However, as Experiments 1 and 2 have already established the effect of focal goal progress, Experiment 3 focused on the effects

of the presence (vs absence) of background goal priming and explicit cues. To examine the process underlying the backlash effect and test hypothesis *H4*, Experiment 3 also measured (as a manipulation check) participants' perceptions of being confronted with unanticipated, norm-violating information when explicit cues about a stock's background-goal instrumentality are present.

Method

Participants. Eighty-four individuals following a course in business administration at a large university in the UK participated in Experiment 3. The participant pool was a combination of undergraduate and graduate students, with individuals being very familiar with financial products. Many had personal and professional experience with investing: up to 57 per cent of these individuals had confirmed job offers from companies in the financial sector (mostly investment banking, banking and financial consultancies) at the time the study was conducted. Of the participants, 58 per cent (42 per cent) were female (male). The age distribution was as follows: 18-21 years $=$ 46 per cent; 22-29 years $=$ 42 per cent; 30-39 years $=$ 10 per cent; 40-49 years $=$ 1 per cent; 50 years or older $=$ 1 per cent.

Study design. The experiment employed a design consisting of the three Background Goal Priming conditions: No Priming vs Priming vs Priming and Explicit Cues. Participants were randomly assigned to one of these three between-subjects conditions.

Procedures, stimuli and manipulations. The questions pertaining to the control variables, the procedures, stimuli and manipulations were similar to Experiment 2.

Measures. Experiment 3 deployed two items as the key dependent measure (i.e. participants' willingness to trade-off the normative goal of financial returns). The first indicator, "Preparedness to Trade-off Financial Returns", was measured by asking participants after the company presentations: "What is the minimum difference in expected returns between the two companies that is needed to have an impact on your investment decisions here?" The responses were recorded by having participants write down a number in percentage points. A lower value indicates a lower willingness to trade-off financial returns. For the second indicator, "Indifference to Financial Returns", participants were referred to the company presentations and asked how much the difference in the expected financial returns of the two presented stocks would influence their investment decisions. Responses were recorded on a bipolar scale anchored at 1 $=$ "Such a difference would have no influence at all" and 7 $=$ "Such a difference would have a decisive impact". Here, a lower value indicates a higher willingness to trade-off financial returns. Accordingly, participants' responses to this question were reverse-coded.

Results

*Manipulation Check (*H4*).* To check that any (backlash) effect by the explicit cues about the investment's background goal-instrumentality would be due to participants' perceptions of being confronted with unanticipated, norm-violating information (as hypothesized in *H4*), we measured participants feelings of being confronted with unexpected, norm-violating information by asking participants the following questions after the company presentations:

> Considering your thoughts when you first saw and read the company presentations on the previous page, do you agree or disagree with the following statements?

- The presentations included non-financial information that I wouldn't normally expect to see in a company presentation directed to investors (1 = strongly disagree […] 7 = strongly agree).
- Looking at the company presentations, the amount of information which was not relevant in financial terms took me a bit by surprise (1= strongly disagree […] 7 = strongly agree).

As a manipulation check, we analyzed the differences between the two conditions Prime vs Prime and Explicit Cues. The results of an ANOVA revealed that explicit cues about a stock's background goal-instrumentality indeed elicited feelings of being confronted with unexpected, norm-violating information ($t = 1.65, p < 0.05$). This provides support to the theory that a (backlash) effect of the explicit cues about the investment's background goal-instrumentality would likely be due to participants' perceptions of being confronted with unanticipated, norm-violating information[10].

Further test of H3. To examine whether the backlash effect found in Experiment 2 would be replicated, an ANCOVA on "Preparedness to Trade-off Financial Returns" with Background Goal Priming (No Prime vs Prime vs Prime and Explicit Cues) as the main factor was conducted. This ANOVA replicated the expected main effect ($F(2, 81) = 2.36, p < 0.10$). Similar to Experiment 2, subtle background goal priming increased the financial returns participants were willing to trade-off ($M_{\text{No Priming}} = 3.65$, $M_{\text{Priming}} = 5.48, t = 1.91, p < 0.05$). As before, adding an explicit cue about the stocks' background goal-instrumentality produced a backlash effect, decreasing participants' preparedness to trade-off financial returns ($M_{\text{Priming}} = 5.48$; $M_{\text{Priming \& Explicit Cues}} = 3.74$, $t = 1.84, p < 0.05$; see Figure 3). Again, while the preparedness to trade-off financial returns was significantly higher in the priming condition than in the non-priming condition, this preparedness was not significantly different in the priming and explicit cues condition than in the non-priming condition ($M_{\text{No Priming}} = 3.65, M_{\text{Priming \& Explicit Cues}} = 3.74, p > 0.10$). Thus, the conclusion is the same as in Experiment 1: while the activation (priming) of the background goal creates extra investment willingness beyond financial returns, the addition of explicit cues about the investment's background goal-instrumentality produces a nullifying backlash effect that eliminates this extra willingness (but does not necessarily lead to lower investment interest than in a total absence of background goal activation).
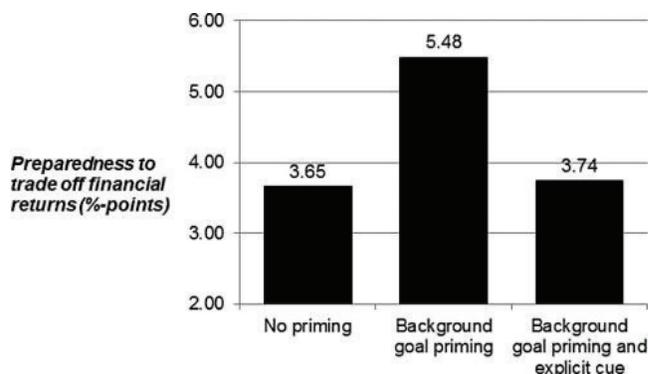

Figure 3.
Experiment 3:
Results for
Preparedness to
Trade-off Financial
Returns

For the second dependent variable, "Indifference to Financial Returns", the results were similar. Participants' indifference to financial returns was higher in the background goal priming condition, compared to the no prime condition ($M_{\text{No Priming}} = 3.56$, $M_{\text{Priming}} = 4.24$, $t = 1.72$, $p < 0.05$), but was again lower in the condition where the explicit cues about the background goal were also present ($M_{\text{Priming \& Explicit Cues}} = 4.07$).

Discussion
Experiment 3 provided empirical support for the process explanation underlying the backlash effect of explicit cues. In particular, it was found that explicit cues about a stock's background-goal instrumentality lead to a feeling of being confronted with unexpected, norm-violating information. In line with *H4*, this feeling, in turn, makes individuals refocus on the focal, normative goal and, thereby, become less prepared to trade-off financial returns.

General discussion
Contributions to research
The findings of this research contribute to two bodies of research. First, they add to the nascent literature on how consumers make financial decisions (e.g. Goldstein *et al.*, 2008; Lynch, 2011; Morrin *et al.*, 2012; Raghubir and Das, 2010; Townsend and Shu, 2010) by showing how the different aspects of an individual's goal system affect his or her investment choices. In particular, the results extend emerging research that suggests that consumers may have non-financial investment motivations (Aspara and Tikkanen, 2010; Fama and French, 2007; Hoffmann and Broekhuizen, 2009; Statman, 2004; Townsend and Shu, 2010; Morse and Shive, 2011). Specifically, the results add to this research by demonstrating that individuals are not only affected by self-expressive background goals, but are actually willing to *trade-off* financial returns (albeit non-consciously) for the opportunity to invest in stocks that allow for increased self-expression, and by identifying the *specific conditions* under which such a substitution of the normative focal goal for an alternative background goal is most likely to occur. Such conditions include circumstances when a background goal is subtly activated by the situation, or when individuals have made recent progress on the focal goal of maximizing financial returns.

Additionally, the findings indicate a "backlash" effect with regards to the conscious activation of background goals. That is, when an investment's background-goal instrumentality is explicitly cued, individuals' extra willingness to trade-off the normative goal of financial returns for a background goal is eliminated (compared to the situation when the background goal is subtly activated but not explicitly cued). This finding extends Townsend and Shu (2010), who show that when individuals are asked to explicitly reflect on the degree to which aesthetic (i.e. non-financial) factors influence their investment decisions, the influence of such aesthetically pleasing information diminishes. While the present backlash results are consistent with these prior findings, a different trigger of such "automatic correction" processes is identified in the present research: the feeling of being unexpectedly confronted with norm-violating (i.e. non-financial) information. Moreover, it is shown that such backlash effects can occur even in situations when individuals are not instructed to reflect on such background goals; simply making an investment's background-goal instrumentality salient through headings in a company presentation is sufficient to generate a backlash. The backlash

effect of explicit cues might be unique to an investment context, in which the normative goal of maximizing financial returns assumes the focal role, while hedonic background goals tend to be suppressed in the background. In other consumption choices, normative goals (e.g. eating healthy) are usually relegated to the background, while hedonic goals (e.g. eating tasty) assume greater prominence and immediacy.

Second, the present research contributes to goal systems literature by examining choice settings where the goal system involves a heavy emphasis on a *normative* focal goal over alternative background goals. This is novel, as most prior work examined situations in which the focal normative goal is in the background (e.g. a health goal while having a snack), while the less normative goal (e.g. taste or how filling a snack is) looms more prominently in the foreground (Fishbach and Dhar, 2005; Kim and Mitchell, 2008; Kruglanski *et al.*, 2002). The present research contributes to this literature by showing that the background goal can override a highly normative focal goal, even when the background goal is very subtly primed. Moreover, explicit cues about a choice alternative's background-goal instrumentality can create a "backlash" effect and it is proposed that such an effect is due to the normative nature of the focal goal in an investment context. That is, explicit cues about the background goal create a feeling of being confronted with unanticipated, norm-violating information and, therefore, refocus an individual's attention on the importance and (social) desirability of the normative focal goal.

Implications for practice

The results of the present research have clear implications for marketers of financial products (e.g. mutual funds) as well as investment relations professionals of companies that aim to increase the attractiveness of their stock as an investment target. In particular, to achieve greater attraction among individual investors, it may pay off to frame a financial product or stock in communications materials in a way that sends subtle signals with which individual investors can personally identify. The results suggest that such signals may include stressing the company's home country (addressing patriotism) and/or its product domain (interesting/exciting current/future products). The results on the backlash effect of explicit cues demonstrate, however, that these signals need to be rather subtle. Indeed, if a company makes the self-expressive nature of their stock their key "selling point", or bluntly emphasizes them in their communication materials, then the result can be *less* investor attraction instead of *more*.

Besides adapting their communications materials, investor-oriented marketers can also strategically segment their investor audience (cf. Sullivan and Miller, 1996), to specifically find and target those individual investors who readily identify with the company's product domain or home country. The results show that the cost of such investors' capital will be lower than that of others. Said differently, the targeted investors will have an interest in investing in the company even if the expected financial returns are not maximal or there is heightened risk involved (due to, for example, futuristic or high-tech products of the company). However, even in targeting and contacting such investors who readily have an affinity for the company's product domain or home country, the company should not over-emphasize the product domain or home country, but provide the signals in a subtle manner, so as to avoid generating a backlash effect. Indeed, a careful balance is necessary in this regard so as to avoid consumer skepticism and/or reactance against a company's marketing actions (cf. Thakor and Goneau-Lessard, 2009).

Limitations and future research

One limitation of the present research is that it does not consider the exact degree to which the goal of maximizing financial returns has been internalized by individuals as both focal and normative – despite the fact that prevalent finance theory and advice supports this assumption. While maximizing financial returns is indeed likely to be normative and focal in consumers' investment choices, the exact degree of normativeness of the goal may vary across individuals. Future research could attempt to capture this possible variation. In the present research, however, most participants were well-trained in finance and had investment-related work experience. Hence, maximizing financial returns likely was a normative goal for the participants in question.

The experimental setup of the present research offers the advantage of a clear identification of the psychological factors influencing individuals' willingness to invest in background-goal instrumental stocks and the trade-offs that they are willing to make regarding the focal goal of maximizing financial returns, without having to deal with the possible confounding effects associated with field studies. Nevertheless, the use of laboratory experiments also has limitations. While the dependent variable in the present research reflects individuals' *preference to invest* in background-goal instrumental stocks, it may not fully reflect individuals' *behavior* in real life. Future research could replicate our experimental results with a field study. It is important to note, however, that most of the participants in the present experiments had experience investing themselves and either had working experience in the financial sector or confirmed job offers from the financial industry. Moreover, the use of a sample of finance students actually biases against our results. That is, if there are any groups of participants who should display normative financial return maximizing behavior, then our samples would definitely be one of them.

Another interesting avenue for future research concerns the different ways in which the background goal could be primed as well as how to provide explicit cues about the investment alternatives' background-goal instrumentality. Future research could confirm the robustness of the present findings by using different priming tasks and alternative ways of making the background goal explicit, such as by asking individuals to rate the importance of the background goal. Finally, future work could identify individual-level personality factors that explain why explicit cues might lead to greater "backlash" effects for some individuals and smaller "backlash" effects for others. Also, self-other differences, in terms of whether the observed effects differ depending on whether individuals invest their own money vs advise others on how to invest, seems a promising avenue for future research (Kray and Gonzales, 1999; Polman, 2012).

Notes

1. In the remainder of this paper, the term "financial returns" always refers to risk-adjusted financial returns.

2. http://articles.latimes.com/2012/mar/21/business/la-fi-apple-windfall-20120322

3. Self-expression is not the only alternative background goal that individuals may aim to satisfy. Statman (2004) provides an overview of such alternative goals, including status, social responsibility and fairness.

4. Although the present research is especially interested in this issue, pursuing a background goal does not necessarily always need to come at the expense of the focal goal of maximizing

financial returns. For example, investments in socially responsible companies – or "firms of endearment" or of "conscious capitalism" (Sisodia *et al.*, 2007; Sisodia, 2011) – might satisfy both the background goal of self-expression and provide good returns (Derwall *et al.*, 2005).

5. The present research primarily examines how background goals, such as self-expression, affect stock investing when situationally activated or subtly primed. Individuals can also deliberately pursue non-financial goals. For example, they might prefer to invest in wind energy companies over nuclear power companies, all else equal. This research does not examine such instances in which individuals deliberately and consciously sacrifice financial returns. Our *H3* and *H4* touch on this issue.

6. Note that identification with one's country could also be considered a relatively stable individual characteristic or belief, partly based on personality (Roccas *et al.*, 2008) (akin to a chronic goal) which is not a (situational) goal to be activated. However, we follow Chun *et al.* (2011), who consider that (country) identification is also, at least partly, an implicit goal that can be situationally activated. We thank an anonymous reviewer for mentioning this point.

7. At the time of the study, it was the beginning of 2011.

8. For this, participants were asked after their investment choice: "Thinking about the previous scenario, does the initial 2,000 Euros [3,100 Euros in the High Objective-Progress condition] that you had in savings constitute much or little progress, considering the final goal of saving 4,000 Euros by the end of 2012?" Responses were recorded on a nine-point scale, anchored at 1 = "It would not be much progress yet" and 9 = "It would be a lot of progress".

9. Note that on the prime word list, some words are more explicitly (e.g., "myself" and "meaningful") and some words less explicitly related to one's self concept and self-expression (e.g., "fun" and "excited"). However, all these words relate to intrinsic, self-related, autonomous motivations – more so than extrinsic motivators (such as financial rewards). Thus, for the purposes of this experiment, even the words that do not explicitly include the word "self", for instance, are adequately associated with intrinsic, self-related motivations. Most of the same words were also used to prime an intrinsic, autonomous mindset in Levesque and Pelletier (2003).

10. Following Fishbach *et al.* (2006) and Zhao *et al.* (2010), we also estimated a full path model with structural equation modeling. The latent dependent variable included the reflective indicators "Preparedness to Trade-off Financial Returns" and "Indifference to Financial Returns", and the latent variable "Unexpected Information Unrelated to Normative Focal Goal", included the two items discussed above. Both variables had adequate reliability (Cronbach's alpha > 0.6). In an estimation with partial least squares path modeling (Tenenhaus *et al.*, 2005), explicit cues about a stock's background goal-instrumentality indeed elicited feelings of being confronted with unexpected, norm-violating information ($\beta = 0.19$, $p < 0.05$). These feelings, in turn, had a significant negative effect on participants' willingness to trade-off financial returns ($\beta = -0.25$, $p = 0.05$). The mediation is full, as the direct path from explicit cues to willingness to trade-off financial returns turns insignificant when the mediating variable was included.

References

Aarts, H. and Dijksterhuis, A. (2003), "The silence of the library: environment, situational norm, and social behavior", *Journal of Personality and Social Psychology*, Vol. 84 No. 1, pp. 18-28.

Ajzen, I. and Fishbein, M. (2000), "Attitudes and the attitude-behavior relation: reasoned and automatic processes", *European Review of Social Psychology*, Vol. 11 No. 1, pp. 1-33.

Aspara, J. (2009), "Aesthetics of stock investments", *Consumption Markets and Culture*, Vol. 12 No. 2, pp. 99-131.

Aspara, J. and Tikkanen, H. (2010), "Consumers' stock preferences beyond expected financial returns: The influence of product and brand evaluations", *International Journal of Bank Marketing*, Vol. 28 No. 3, pp. 193-221.

Barber, B.M. and Odean, T. (2001), "Boys will be boys: gender, overconfidence, and common stock investment", *Quarterly Journal of Economics*, Vol. 116 No. 1, pp. 261-292.

Campbell, J.Y. (2006), "Household finance", *Journal of Finance*, Vol. 61 No. 4, pp. 1553-1604.

Chartrand, T.L. and Bargh, J.A. (1996), "Automatic activation of impression formation and memorization goals: nonconscious goal priming reproduces effects of explicit task instructions", *Journal of Personality and Social Psychology*, Vol. 71 No. 3, pp. 464-478.

Chun, W.Y., Kruglanski, A.W., Sleeth-Keppler, D. and Friedman, R. (2011), "Multifinality in implicit choice", *Journal of Personality and Social Psychology*, Vol. 101 No. 5, pp. 1124-1137.

Clark-Murphy, M. and Soutar, G.N. (2004), "What individual investors value: some Australian evidence", *Journal of Economic Psychology*, Vol. 25 No. 4, pp. 539-555.

Cohen, L. (2009), "Loyalty-based portfolio choice", *Review of Financial Studies*, Vol. 22 No. 3, pp. 1213-1245.

Derwall, J. Guenster, N., Bauer, R. and Koedijk, C.G. (2005), "The eco-efficiency premium puzzle", *Financial Analysts Journal*, Vol. 61 No. 2, pp. 51-63.

Fama, E.F. and French, K.R. (2007), "Disagreement, tastes, and asset prices", *Journal of Financial Economics*, Vol. 83 No. 3, pp. 667-689.

Fishbach, A. and Dhar, R. (2005), "Goals as excuses or guides: the liberating effect of perceived goal progress on choice", *Journal of Consumer Research*, Vol. 32 No. 3, pp. 370-377.

Fishbach, A., Dhar, R. and Zhang, Y. (2006), "Subgoals as substitutes or complements: the role of goal accessibility", *Journal of Personality and Social Psychology*, Vol. 91 No. 2, pp. 232-242.

Fishbach, A., Friedman, R.S. and Kruglanski, A.W. (2003), "Leading us not onto temptation: momentary allurements elicit overriding goal activation", *Journal of Personality and Social Psychology*, Vol. 84 No. 2, pp. 296-309.

Forbes (2012), "The companies with the best CSR reputations", available at: www.forbes.com/sites/jacquelynsmith/2012/12/10/the-companies-with-the-best-csr-reputations/ (accessed 24 June 2014).

Frieder, L. and Subrahmanyam, A. (2005), "Brand perceptions and the market for common stock", *Journal of Financial and Quantitative Analysis*, Vol. 40 No. 1, pp. 57-85.

Goldstein, D.G., Johnson, E.J. and Sharpe, W.F. (2008), "Choosing outcomes versus choosing products: consumer-focused retirement investment advice", *Journal of Consumer Research*, Vol. 35 No. 3, pp. 440-456.

Hoffmann, A.O.I. and Broekhuizen, T.L.J. (2009), "Susceptibility to and impact of interpersonal influence in an investment context", *Journal of the Academy of Marketing Science*, Vol. 37 No. 4, pp. 488-503.

Hoffmann, A.O.I. and Broekhuizen, T.L.J. (2010), "Understanding investors' decisions to purchase innovative products: drivers of adoption timing and range", *International Journal of Research in Marketing*, Vol. 27 No. 4, pp. 342-355.

Huberman, G. (2001), "Familiarity breeds investment", *Review of Financial Studies*, Vol. 14 No. 3, pp. 659-680.

Kahneman, D. and Miller, D.T. (1986), "Norm theory: comparing reality to its alternatives", *Psychological Review*, Vol. 93 No. 2, pp. 136-153.

Kim, H.J. and Mitchell, A.A. (2008), "Background goals in the foreground: the overriding effect of nonconscious goals on consumer choice", *Advances in Consumer Research*, Vol. 35 No. 1, pp. 665-666.

Koo, M. and Fishbach, A. (2008), "Dynamics of self-regulation: how (un)accomplished goal actions affect motivation", *Journal of Personality and Social Psychology*, Vol. 94 No. 2, pp. 183-195.

Korniotis, G.M. and Kumar, A. (2011), "Do older investors make better investment decisions?", *Review of Economics and Statistics*, Vol. 93 No. 1, pp. 244-265.

Kray, L. and Gonzales, R. (1999), "Differential weighting in choice versus advice: i'll do this, you do that", *Journal of Behavioral Decision-Making*, Vol. 12 No. 3, pp. 207-217.

Kruglanski, A.W. (2006), "The nature of fit and the origins of 'feeling right': a goal-systemic perspective", *Journal of Marketing Research*, Vol. 43 No. 1, pp. 11-14.

Kruglanski, A.W., Chun, W.Y., Sleeth-Keppler, D. and Friedman, R.S. (2005), "On the psychology of quasi-rational decisions: the multifinality principle in choice without awareness", *Advances in Consumer Research*, Vol. 32 No. 4, pp. 331-332.

Kruglanski, A.W. and Kopetz, C. (2009), "What is so special (and non-special) about goals? A view from the cognitive perspective", in Moskowitz, G.B. and Grant, H. (Eds), *The Psychology of Goals*, The Guilford Press, New York, NY, pp. 27-55.

Kruglanski, A.W., Shah, J.Y., Fishbach, A., Friedman, R., Chun, W.Y. and Sleeth-Keppler, D. (2002), "A theory of goal systems", in Zanna, M.P. (Ed.), *Advances in Experimental Social Psychology*, Academic Press, New York, NY, pp. 331-378.

Laran, J. (2010), "Choosing your future: temporal distance and the balance between self-control and indulgence", *Journal of Consumer Research*, Vol. 36 No. 6, pp. 1002-1015.

Laran, J. and Janiszewski, C. (2008), "Behavioral consistency and inconsistency in the resolution of goal conflict", *Journal of Consumer Research*, Vol. 35 No. 6, pp. 967-984.

Levesque, C. and Pelletier, L.G. (2003), "On the investigation of primed and chronic autonomous and heteronomous motivational orientations", *Personality and Social Psychology Bulletin*, Vol. 29 No. 12, pp. 1570-1584.

Lynch, J.G. (2011), "Introduction to the journal of marketing research special interdisciplinary issue on consumer financial decision making", *Journal of Marketing Research*, Vol. 48 No. S1, pp. Si-Sv.

Morrin, M., Inman, J.J., Broniarczyk, S.M., Nenkov, G. and Reuter, J. (2012), "Investing for retirement: the moderating effect of fund assortment size on the 1/n heuristic", *Journal of Marketing Research*, Vol. 49 No. 4, pp. 537-550.

Morse, A. and Shive, S. (2011), "Patriotism in your portfolio", *Journal of Financial Markets*, Vol. 14 No. 2, pp. 411-440.

Pan, C. and Statman, M. (2012), "Questionnaires of risk tolerance, regret, overconfidence, and other investor propensities", *Journal of Investment Consulting*, Vol. 13 No. 1, pp. 54-56.

Pan, C. and Statman, M. (2013), "Investor personality and investor questionnaires", *Journal of Investment Consulting*, Vol. 14 No. 1, pp. 48-56.

Polman, E. (2012), "Self-other decision-making and loss aversion", *Organizational Behavior and Human Decision Processes*, Vol. 119 No. 2, pp. 141-150.

Raghubir, P. and Das, S.R. (2010), "The long and short of it: why are stocks with shorter runs preferred?", *Journal of Consumer Research*, Vol. 36 No. 6, pp. 964-982.

Reed, A. (2004), "Activating the self-importance of consumer selves: exploring identity salience effects on judgments", *Journal of Consumer Research*, Vol. 31 No. 2, pp. 286-295.

Roccas, S., Sagiv, L., Schwartz, S., Halevy, N. and Eidelson, R. (2008), "Toward a unifying model of identification with groups: integrating theoretical perspectives", *Personality and Social Psychology Review*, Vol. 12 No. 3, pp. 280-306.

Sisodia, R. (2011), "Conscious capitalism: a better way to win", *California Management Review*, Vol. *53* No. 3, pp. 98-108.

Sisodia, R., Wolfe, D. and Sheth, J. (2007), *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose*, Upper Saddle River, Pearson Prentice Hall.

Srull, T.K. and Wyer, R.S. (1979), "The role of category accessibility in the interpretation of information about persons: some determinants and implications", *Journal of Personality and Social Psychology*, Vol. 37 No. 1, pp. 1660-1672.

Statman, M. (2004), "What do investors want?", *Journal of Portfolio Management*, Vol. 30 No. 5, pp. 153-161.

Statman, M., Fisher, K.L. and Anginer, D. (2008), "Affect in a behavioral asset pricing model", *Financial Analysts Journal*, Vol. 64 No. 2, pp. 20-29.

Strahilevitz, M., Odean, T. and Barber, B.M. (2011), "Once burned, twice shy: how naïve learning, counterfactuals, and regret affect the repurchase of stocks previously sold", *Journal of Marketing Research*, Vol. 48 No. S1, pp. S102-S120.

Sullivan, M.K. and Miller, A. (1996), "Segmenting the informal venture capital market: economic, hedonistic, and altruistic investors", *Journal of Business Research*, Vol. 36 No. 1, pp. 25-35.

Sulon, B. (2001), "Savings bonds appeal to patriotic Pennsylvania investors", *The Patriot News*, 20 November.

Sunstein, C.R. (1996), "Social norms and social roles", *Columbia Law Review*, Vol. 96 No. 4, pp. 903-968.

Tenenhaus, M., Vinzi, V.E., Chatelin, Y-M. and Lauro, C. (2005), "PLS path modeling", *Computational Statistics & Data Analysis*, Vol. 48 No. 1, pp. 159-205.

Thakor, M.V. and Goneau-Lessard, K. (2009), "Development of a scale to measure skepticism of social advertising among adolescents", *Journal of Business Research*, Vol. 62 Nos 1/2, pp. 1342-1349.

Townsend, C. and Shu, S.B. (2010), "When and how aesthetics influences financial decisions", *Journal of Consumer Psychology*, Vol. 20 No. 4, pp. 452-458.

Zhang, Y., Fishbach, A. and Kruglanski, A.W. (2007), "The dilution model: how additional goals undermine the perceived instrumentality of a shared path", *Journal of Personality and Social Psychology*, Vol. 92 No. 3, pp. 389-401.

Zhao, X., Lynch, J.G. and Chen, Q. (2010), "Reconsidering Baron and Kenny: myths and truths about mediation analysis", *Journal of Consumer Research*, Vol. 37 No. 2, pp. 197-206.

Further reading

Fishbach, A., Shah, J.Y. and Kruglanski, A.W. (2004), "Emotional transfer in goal systems", *Journal of Experimental Social Psychology*, Vol. 40 No. 6, pp. 723-738.

Förster, J., Liberman, N. and Friedman, R.S. (2007), "Seven principles of goal activation: a systematic approach to distinguishing goal priming from priming of non-goal constructs", *Personality and Social Psychology Review*, Vol. 11 No. 3, pp. 211-233.

Appendix

Question wording and answer options	Mean$_{\text{Hifi company}}$	Mean$_{\text{Tool company}}$	Mean difference
Identification with the companies "If you think about [companyX] presented on the left, would you yourself consider the company to be somehow personally relevant to you?" 1 = "not relevant at all" […] 7 = "very relevant"	3.98	2.25	1.74*** ($t = 6.75$, df 52, $p < 0.001$)
"Do you feel that you identify with [companyX]?" 1 = "I don't identify with the company in any way"[…] 7 = "I strongly identify with the company"	3.68	2.00	1.68*** ($t = 6.24$, df 52, $p < 0.001$)
Relevance of the companies for the identities Identity			
Music people	4.11[a]	2.28[b]	1.15*** ($t = -6.48$, df 52, $p < 0.001$)
Handymen/-women	2.96[c]	3.72[d]	−1.43*** ($t = -19.1$, df 52, $p < 0.001$)

Notes: [a]Mean response to question "Do you think that Company B [hi-fi company] would somehow seem personally relevant to a person who identifies with (or belongs to) the group 'people interested in music?', on a scale ranging from 1 = 'not relevant at all' […] 7 = 'very relevant'"; [b]mean response to question "Do you think that Company A [tool company] would somehow seem personally relevant to a person who identifies with (or belongs to) the group 'people interested in music?', on a scale ranging from 1 = 'not relevant at all' […] 7 = 'very relevant'"; [c]mean response to question "Do you think that Company B [hi-fi company] would somehow seem personally relevant to a person who identifies with (or belongs to) the group 'renovators and handyman/-women?', on a scale ranging from 1 = 'not relevant at all' […] 7 = 'very relevant'"; [d]mean response to question "Do you think that Company B [tool company] would somehow seem personally relevant to a person who identifies with (or belongs to) the group 'renovators and handyman/-women?', on a scale ranging from 1 = 'not relevant at all' […] 7 = 'very relevant'"; ***denotes statistical significance at the 1% level

Table A1.
Experiment 2: pre-test on company identification and relevance for identities

Question wording and answer options	Mean$_{\text{Music people}}$	Mean$_{\text{Handy(wo)men}}$	Mean difference
Identification with company-associated identities			
"Does this group describe you personally (or who you are)?" 1 = "does not describe me" [. . .] 7 = "describes me perfectly"	5.11***[a]	2.74***[b]	2.37*** (t = 9.06, df 70, $p < 0.001$)
"Do you feel that you identify with the group?" 1 = "I don't identify with the group in any way" [. . .] 7 = "I strongly identify with the group"	4.83***[a]	2.51***[a]	2.31*** (t = 8.81, df 70, $p < 0.001$)
"Would you like to belong to the group (perhaps in future)?" 1 = "I wouldn't like to belong to the group at all" [. . .] 7 = "I would very much like to belong to the group"	4.85***[a]	3.70*[b]	2.33*** (t = 9.00, df 70, $p < 0.001$)

Notes: ***[a] denotes mean score is statistically significantly above the scale midpoint (4) at the 1% level; ***[b] denotes mean score is statistically significantly below the scale midpoint (4) at the 1% level; *[b] significantly below the scale midpoint (4) at the 0.10 level; *** denotes statistical significance at the 1% level

Table A2.
Experiment 2: manipulation check on identification with company-associated identities

Corresponding author
Arvid Hoffmann can be contacted at: a.hoffmann@maastrichtuniversity.nl