"SERVICE WITH A SMILE" AND ENCOUNTER SATISFACTION: EMOTIONAL CONTAGION AND APPRAISAL MECHANISMS

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Abstract

Primitive emotional contagion has been proposed to explain why 'service with a smile' predicts encounter satisfaction. We provide a comprehensive test of this mechanism by examining mimicry and mood as mediators in service encounters, contrasted with a direct path through perceived service quality. Independent coders recorded the smiling strength of employees and customers at three points in time during real service encounters, and 173 customers completed a post-encounter survey. Mimicry effects were supported; however, only service quality appraisals, and not customers' affect, fully mediated the relationship of employee smiling and encounter satisfaction.

KEYWORDS: emotional contagion, customer service, emotional labor, mimicry, service appraisal, mood, encounter satisfaction

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"When you're smilin', keep on smilin'
The whole world smiles with you."[1]

In customer service settings, "service with a smile" is a job requirement found to enhance tipping (Tidd & Lockard, 1978), intentions to return to the store (Tsai, 2001), and customer satisfaction (Brown & Sulzer-Azaroff, 1994). Previously, service researchers proposed that service with a smile impacts customer attitudes and behaviors through the effect on cognitive appraisals of the behaviors, such as perceived service quality or met expectations (Oliver, 1997; Parasuraman, Zeithaml, & Berry, 1985). More recently, *primitive emotional contagion*, a non-conscious process by which moods are transferred through mimicry of the displays (Hatfield, Cacioppo, & Rapson, 1994), has been implicated as the primary mechanism. Indeed, research has shown that positive displays predict customer attitudes and intentions through their effect on customers' post-encounter mood (Pugh, 2001; Tsai & Huang, 2002).

In the current study, we extend this research in three ways. First, we examine a typically omitted but critical component of the emotional contagion process, *facial mimicry*, to see if customers' expressions change as a function of employees' expressions as proposed by others (e.g., Pugh, 2001). Second, we compare emotional contagion mechanisms against the direct appraisal of service quality as explanations for the employee smiling—encounter satisfaction relationship. Finally, we specifically focus on "service with a smile" by measuring smiling strength (Tidd & Lockard, 1978) rather than more general "positive behaviors" (e.g., greetings, eye contact) used previously (Mattila & Enz, 2002; Pugh, 2001; Sutton & Rafaeli, 1988).

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[1] From "When You're Smiling" written by Shay, Fisher, and Goodwin, recorded by Louis Armstrong on September 10, 1929.

WHY DOES SERVICE WITH A SMILE PREDICT ENCOUNTER SATISFACTION?

Encounter satisfaction represents a customer's attitude about a service interaction he or she has just experienced (Oliver, 1997). Though referring to a single encounter, this attitude is an important performance indicator; researchers have shown that encounter satisfaction is associated with desired customer behaviors (e.g., Athanassopoulos, Gounaris, & Stathakopoulos, 2001; Gottlieb, Grewal, & Brown, 1994). "Service with a smile" results in satisfying encounters (Brown & Sulzer-Azaroff, 1994), but explanations for this relationship are not well understood.

The process of **primitive emotional contagion,** as discussed by Hatfield et al. (1994), refers to how expressed moods are infectious to others by an automatic process involving two mechanisms: (1) *mimicry* and (2) *feedback* (Hatfield et al., 1994; Neumann & Strack, 2000). *Mimicry* is the synchronous imitation of others' expressions that facilitates social interactions (e.g., during interviews, between mothers-infants) (e.g., Meltzhoff & Moore, 1992). The typically argued motive for this mimicry is to affiliate or empathize with others which might seem unlikely in a short service encounter; however, others have argued that mimicry occurs among strangers without an affiliation goal (Chartrand & Bargh, 1999). In fact, mimicry is thought to be a primitive behavioral reflex that occurs at the physiological and non-conscious level (e.g., Lundqvist, 1995). Since mimicry is typically found in laboratory settings, "the question of whether individuals mimic the type of expressions they are likely to encounter in everyday life deserves further investigation" (Hess & Blairy, 2001, p. 131). Previous service research has proposed, but not tested, that mimicry occurs during a service encounter (e.g., Pugh, 2001, see p. 1020). Thus, we propose:

***Hypothesis 1*:** Employee smiling predicts customer smiling during service encounters.

The theory of primitive emotional contagion further suggests that this mimicked expression mediates the effect of an observed expression on felt mood due to *feedback* mechanisms. The individual who has imitated a smile may now feel happier due to either physiological changes, such as increased oxygen enhancing exuberance (Zajonc, 1985), or from inferences about one's enjoyment based on self-perception of the behaviors (Chartrand & Bargh, 1999; Neumann & Strack, 2000). Extensive laboratory research has demonstrated the feedback effect (e.g., Duclos & Laird, 2001; Soussignan, 2002; Stepper & Strack, 1993), though research conducted with more realistic and less prototypical facial expressions have been less supportive (Hess & Blairy, 2001). In the service context, studies have shown that employees' expressions predict customer's post-encounter moods (Pugh, 2001; Tsai & Huang, 2002) and that customer displays during encounters predict their post-encounter moods (Mattila & Enz, 2002), but none have previously shown that mimicry mediates the relationship of employees' expressions on customer moods. We expect that employee smiling relates to customer mood, and that customer smiling explains this relationship.

Hypothesis 2: Customer smiling during the encounter mediates the relationship of employee smiling on post-encounter customer mood.

Though not explicitly part of contagion theory, service researchers have argued that once customer mood is influenced by "service with a smile", mood can influence appraisals of the encounter through affect infusion (Forgas, 1995; Pugh, 2001). Affect infusion proposes how and when mood acts as information that influences judgments. A positive mood is most likely to lead to more positive reactions and less critical thinking when the appraiser is making quick global judgments that have little personal relevance (Forgas, 1995), resulting in better performance appraisals (Baron, 1987; Sinclair & Mark, 1995) and satisfaction ratings of the

target (Brief, Butcher, & Roberson, 1995). Customers' judgments about service encounters fit these conditions. In fact, research supports that customers' positive moods predict higher quality service appraisals (Pugh, 2001; Mattila & Enz, 2002). Thus, employee smiling is proposed to predict appraisals of service performance and encounter satisfaction through customer mood.

***Hypothesis 3*:** Customer post-encounter mood mediates the relationship of employee smiling with service appraisals (3a) and overall encounter satisfaction (3b).

Alternatively, the effect of employee smiling on encounter satisfaction may be due to cognitive appraisals of the employee rather than contagion or mood processes. "Service with a smile" is a well-known job expectation in the United States, and as such is linked with quality service in customers' minds (Rafaeli & Sutton, 1987). In general social interactions, smiling indicates a desire to affiliate with others and to continue the current interaction (Manstead, Fischer, & Jakobs, 1999). Such behaviors indicate good customer service in comparison to an encounter where the expression suggests a lack of desire to continue the interaction.

More specifically, smiling employees may create satisfied customers by influencing **appraisals of service quality** (Grove & Fisk, 1989; Oliver, 1997). Parasuraman and colleagues (1985) identified behaviors that represent high service quality, including social behaviors such as responsiveness and caring, along with more task-oriented behaviors such as efficiency, reliability and competence. In general, people appraise others who express positive emotions as being more likeable and courteous, all else being equal, even when they are in a transactional or business relationship (Clark & Taraban, 1991; Harker & Keltner, 2001), and the same has been supported in service contexts (Grandey, 2003; Tsai & Huang, 2002). Moreover, positive expressions are linked to competence attributes such as efficiency and high overall performance (Grandey, Fisk, Mattila, Jansen, & Sideman, 2005; Staw & Barsade, 1993), and high service quality specifically

(Pugh, 2001). High service quality appraisals directly predict encounter satisfaction (Cronin & Taylor, 1992; Gottlieb et al., 1994), and thus a smiling employee may increase customers' satisfaction with the encounter by improving the appraisal of the service quality, and not necessarily through imitated expressions or mood of the customer.

***Hypothesis 4*:** Appraisals of service quality mediate the relationship between employee smiling and encounter satisfaction.

In summary, this is the first known study to examine whether mimicry occurs in a service context and whether it explains why service with a smile predicts customer mood. We also examine whether mood explains the relationship of "service with a smile" with encounter satisfaction, or whether satisfaction is explained as employee smiling being appraised as "quality service". See Figure 1 for a representation of the proposed links. These are not necessarily competing hypotheses: it is possible that mimicry, affect infusion, and service appraisals all help explain the relationship of 'service with a smile' with encounter satisfaction.

Insert Figure 1 about here

METHOD

A total of 220 employee-customer encounters in food/coffee services was observed by two trained coders who recorded either employee or customer behaviors. Customers were then asked to report their mood, service quality appraisals, and encounter satisfaction. The different sources were matched with code numbers on the observational sheets and the survey.

Training Procedures

The coders were 20 pairs of first-year undergraduate students from two semesters of a special topic seminar at a large university in the northeastern United States. The authors provided a 75-minute training session on distinguishing facial expressions and completing the observation sheets using photographs, videos, and role-play. Coders also practiced using the observation procedure and forms at on-campus restaurants prior to actual data collection. Coders had four weeks to complete their 10 to 12 official observations for this study.

Previous studies have used single coders (Pugh, 2000) and multiple coders (Tsai & Huang, 2002) to record *employee* displays in service encounters and have shown that trained coders can reliably record the occurrence of smiling, eye contact, and vocal greetings (Rafaeli & Sutton, 1990). Though multiple coders are needed to demonstrate inter-rater reliability, our study would have required four raters to have two raters for both the employee and customer. Given the need to remain unobtrusive to avoid demand effects on behavior, this was not practical, particularly for our small food services locations. To check the reliability of observations for our study, a subset of seven pairs of coders conducted practice observations in coffee stores, and each pair observed the same target (i.e., the employee). They recorded smiling at the beginning, middle and end of the encounter (described more below), the occurrence of verbal greetings and farewells, and the occurrence of eye contact. The coding matched 95% of the time for smiling (20/21 matches). There was 100% accuracy for verbalizations (14/14) and eye contact (7/7). The high reliability is probably due to the brief duration of these encounters as well as our training procedures. Thus, we were confident that our coders could reliably record the behaviors of interest for our study.

Data Collection Procedures

All observations were done in October, to avoid holiday and end-of-semester factors, and in the same downtown area in a mid-sized university town to minimize differences in the clientele. Observations occurred in seven stores that offered food services. These stores were selected because they had counter-only service with seating such that our coders could sit separately from each other, keeping observations independent, while having a clear front or side view of the target. Coders nonverbally indicated to each other when they were ready to begin observations, and the next customer who entered *alone* was the observational target, to avoid confounding social factors. Observations were conducted only when there were few people waiting at the counter, since previous research shows that expectations for positive displays differ during busy times (Rafaeli & Sutton, 1990). As the customer left the counter with the product, a team member asked the customer to fill out a survey. It was made clear that the survey was for research and was not affiliated with the store to avoid social desirability bias in the participants' ratings. All responses were anonymous; each survey had a code to match it with the raters' corresponding observation sheets. Coders also recorded the time of each encounter from the customer's approach to the counter to when they departed that same counter. The encounters lasted about two minutes on average (M = 118.57 seconds, SD = 83.10).

Participants

The 220 observed customers were asked to complete the exit survey and 173 (78.6%) agreed, with the most common explanation for non-compliance being "too busy". The demographics of the respondents were not different from the observed sample of 220. In the final sample of 173 encounters, 74.5% (76.7% in the observed sample) involved female employees, consistent with data on service workers (Hochschild, 1983). Of the customers,

59.5% (57.8% in the observed sample) were female. As expected for this region, 96% (96.4% in the observed sample) of the sample of employees were "White," with three employees coded as "Black" and three as "Hispanic." A majority – 85% (83% in the observed sample) – of customers was "White," though 17 were coded as "Asian," three as "Black," two as "Hispanic", two as "Indian", and there were 2 that could not be categorized. The racial composition of customers was similar to the broader community.

Measures

Employee and customer smiling. Previous emotional contagion studies in service settings (e.g., Pugh, 2001; Tsai & Huang, 2002) have assessed employee displays with the summed occurrence (e.g., yes or no) of smiling, eye contact, greeting and thanking (Rafaeli & Sutton, 1990). To assess effects of "service with a smile", we focus on the *strength* of smiling at three points during the encounter. Coders gave a rating of 0 if no smile occurred, 1 if the smile was minimal (corners of the mouth are upturned, but no teeth are showing), and 2 if the smile was maximal (corners of the mouth are upturned to expose teeth) (Tidd & Lockard, 1978). A maximal smile is more prototypical than a minimal smile and thus the most likely to induce mimicry and positive reactions (Frank, Ekman, & Friesen, 1993; Hess & Blairy, 2001). Coding teams recorded employee and customer smiling when the customer first approached the counter, as the order was being placed, and as the customer left the counter. To parsimoniously test our mediation hypotheses, we used an aggregated measure of overall smile strength. This was computed by averaging the smiling score (0, 1 or 2) across the three points in time (employee smile strength: $\alpha = .74$; customer smile strength: $\alpha = .77$).

Pre-encounter smiling. We also recorded the customers' smiling strength as they first entered the store. This was used to control for customers' positive expressivity and the

possibility that the customer's entering expression influenced the employee's encounter expressions. Previous researchers have either not controlled for pre-encounter expressions (Pugh, 2001), or have relied on recalled mood reported by the customer (Tsai & Huang, 2002).

Employees' other positive behaviors. We controlled for the occurrence of other positive behaviors as typically measured by others (Pugh, 2001; Sutton & Rafaeli, 1988). *Verbal greeting* was defined as an opening comment such as "Hello" or "How are you?" *Eye contact* occurred if the person faced the other person and gazed directly at them. *Verbal farewell* was marked by a polite concluding comment such as "Goodbye" or "Thanks." A score of 1 was given if the behavior occurred and a score of 0 if it did not. A summed composite was used in analyses.

Customer Survey Measures

These are listed in the order in which customers responded to them on the survey.

Post-encounter mood. Mood was measured with three items (Tsai & Huang, 2002) – contented, pleased, and excited – that tapped positive valence of both low and high arousal. The customers rated their mood on a five-point scale ranging from "Not at all" (1) to "Extremely" (5). The three items were then averaged to obtain an overall rating ($\alpha = .74$).

Service quality appraisal. Customers rated the extent that the employee exhibited quality service behaviors with five items – friendly, efficient, accurate, knowledgeable, and responsive (Parasuraman et al., 1985) – on a five-point, Likert-type scale ranging from "Not at all" (1) to "Extremely" (5). The items were averaged to represent overall service quality ($\alpha = .82$).

Encounter satisfaction. Three items were used to tap customers' overall encounter satisfaction. One asked about satisfaction with the "outcome or product" and another asked about how the customer was treated. These were answered on a scale of "Not at all" (1) to

"Extremely" (5). A third item asked about overall satisfaction from "Very dissatisfied" to "Very satisfied". A composite score of the three items was formed with an internal consistency of .85.

RESULTS

Confirmatory Factor Analysis

All three of the dependent variables, mood, service quality, and encounter satisfaction, were gathered from the customer at the same point in time. Thus, we needed to make sure that they were distinct constructs and not due to a common method factor. The measurement model was tested with nested models using confirmatory factor analysis. The three latent variables significantly covaried with each other from .38 to .43 ($p < .01$). This three-factor model was a significantly better fit to the data [$\chi^2 = 88.14$, $df = 41$, CFI = .95, RMSEA = .08] than a two-factor model representing mood and encounter appraisals [$\Delta\chi^2 = 21.69$, $\Delta df = 2$, $p < .001$, CFI = .92, RMSEA = .10], a two-factor model representing service quality and affective reactions [$\Delta\chi^2 = 43.18$, $\Delta df = 2$, $p < .001$, CFI = .90, RMSEA = .11], and a one-factor model representing a general response bias [$\Delta\chi^2 = 68.45$, $\Delta df = 3$, $p < .001$, CFI = .87, RMSEA = .12].

Bivariate Correlations

Customer pre-encounter smiling was significantly correlated with customer smiling during the encounter suggesting it represents the expressivity of the customer. Employee

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Insert Table 1 about here

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positive behaviors (eye contact, verbalizations) were related to employee's smiling and service quality as would be expected from previous research (e.g., Pugh, 2001). These paths are included in the model (see Figure 1) to act as control variables. Employee smiling correlated

with customer smiling (i.e., mimicry), and customer smiling was correlated with post-encounter mood (i.e., feedback). However, employee smiling was not associated with customer mood, thus not supporting a necessary link to demonstrate mediation (Baron & Kenny, 1986) in Hypotheses 2 and 3. Employee smiling was correlated with service quality and encounter satisfaction, supporting the links necessary to test Hypothesis 4.

Path Modeling

Path models were estimated using AMOS 5.0 maximum likelihood procedures with error variances constrained to one. Mediation hypotheses were tested by comparing nested models with the full model. Mediation was supported if (1) the predictor had a significant path with the proposed mediator but a non-significant path with the dependent variable in the full model, and (2) constraining the path from the mediator to the dependent variable significantly decreased the fit of the model and the direct path from the predictor to the dependent variable became significant. We use three fit indices to provide unique information about the fit of the model: the chi-square (χ^2), comparative fit index (CFI) and the root mean square error of approximation (RMSEA) (Browne & Cudeck, 1993). Other fit indices were consistent with these results.

The full model (see Figure 1) had a good fit with the data [χ^2 (9) = 20.14; CFI = .96, RMSEA = .09], and the path coefficients from employee smiling to both customer mood and encounter satisfaction were non-significant when the other variables were taken into account.

Employee smiling predicted customer smiling after controlling for pre-encounter customer smiling, supporting Hypothesis 1 regarding mimicry. Constraining the path from employee smiling to customer smiling significantly decreased the fit [$\Delta\chi^2$ (1) = 29.34, $p < .01$; CFI = .87, RMSEA = .15]. As a follow-up analysis to examine the synchrony of imitated expressions, we analyzed a separate model with freely estimated paths among pre-encounter

smiling and all three individual observations of employee and customer smiling. The initial employee smile predicted both the customer's initial smile (beyond the pre-encounter smile, standardized $b = .31$, $p < .01$), and subsequent smile (beyond the customer's initial smile, standardized $b = .15$, $p < .05$). No other paths were significant (e.g., customer smiling did not predict changes in employee smiling during the encounter)[2].

Hypothesis 2 proposed that customer smiling mediated the effect of employee smiling on customer mood. Since employee smiling was not correlated with customer mood, Hypothesis 2 could not be supported. However, constraining the path from customer smiling to post-encounter mood (standardized $b = .17$, $p < .05$) significantly decreased the fit compared to the full model [$\Delta\chi^2$ (1) = 4.44, $p < .05$; CFI = .95, RMSEA = .09], supporting the unique contribution of the feedback path to the model (see Figure 1).

Hypothesis 3 proposed that customer mood mediated the effect of employee smiling on customer reactions to the encounter. The non-significant relationship of employee smiling with mood rendered this mediation process unsupported. Constraining the effects of mood on service quality and satisfaction to zero did not substantially change the relationship of employee smiling with service quality (standardized $b = .17$, $p < .05$) nor with satisfaction (standardized $b = .04$, $p > .05$), though it significantly decreased the overall fit of the model [$\Delta\chi^2$ (2) = 112.42, $p < .01$; CFI = .66, RMSEA = .23], supporting the role of affect infusion on appraisals.

To test Hypothesis 4, we constrained the path from service quality to encounter satisfaction to zero. As above, this change robustly and significantly decreased the fit of the model compared to the full model [$\Delta\chi^2$ (1) = 80.21, $p < .001$; CFI = .77, RMSEA = .20). Moreover, employee smiling now had a significant coefficient with encounter satisfaction (standardized $b = .16$, $p < .05$), supporting that this effect was explained by service appraisals.

[2] These complete analyses are available from the second author upon request.

DISCUSSION

Satisfaction with a service encounter represents an attitude that has critical bottom-line outcomes for service organizations. This is the first known study to show that the strength of the smile – whether it was absent, minimal, or a maximal smile (Tidd & Lockard, 1978) – predicts encounter satisfaction, and that its effect is unique beyond other positive behaviors such as eye contact or greetings. The present study examined whether primitive emotional contagion combined with affect infusion, and/or the cognitive appraisal of service quality, explain why "service with a smile" relates to encounter satisfaction.

Researchers have theorized that primitive emotional contagion – specifically facial mimicry – mediates the relationship between employee displays and customer outcomes (e.g., Pugh, 2001; Tsai & Huang, 2002), but the present study was the first to test the mimicry process in the service context. We found that employee's overall smiling strength predicted overall customer's smiling strength during the encounter. This is interesting since the smiling of the employees and customers were rated by two different coders, and we controlled for the customer's tendency to smile prior to the encounter. Our study demonstrates that mimicry occurs between strangers (Chartrand & Bargh, 1999) and in a natural context, since previous studies have depended on persons with affiliation motives and have used prototypical expressions and laboratory settings (Hess & Blairy, 2001). It is interesting, however, that customer pre-encounter smiling did not predict employee smiling. This could reflect the intentionality of expressions for service employees compared to customers (Rafaeli & Sutton, 1989) and thus they are less likely to be influenced by "primitive" mechanisms; however, other studies have shown that dispositional customer expressivity influences the positive displays of

employees (Tan, Foo, & Kwek, 2004). The direction of the effect needs to be examined more specifically in future research.

The full process of primitive emotional contagion proposes that imitated expressions influence mood states through feedback mechanisms (Hatfield et al., 1994), and then affect infusion proposes that mood will predict customer appraisals (Forgas, 1995) as proposed by others (Pugh, 2001). We found that customer smiling during the encounter predicted post-encounter mood (suggesting feedback) and customer post-encounter mood uniquely predicted service quality and encounter satisfaction (suggesting affect infusion). However, employee smiling was not associated with customer post-encounter mood, thus the mediation processes predicted by emotional contagion and affect infusion was not supported. These findings run contrary to previous studies that have demonstrated a direct link between employee positive displays and customer mood (e.g. Pugh, 2001; Tsai & Huang, 2002). One explanation is our measurement: we used the strength of smiling rather than the broader positive displays measure typically used (Pugh, 2001). To explore this possibility, a composite similar to the traditional display measure (sum of occurrences of smiling, eye contact, verbalizations) was created. This also had a non-significant correlation with mood ($r = .05$, $p > .10$), and similar associations with service quality ($r = .27$, $p < .05$) and encounter satisfaction ($r = .22$, $p < .05$) compared to smiling strength. Thus, our results cannot be ascribed to measurement alone. Another explanation for our null results with mood could be due to the service context we selected. Previous studies have used more spatially intimate and longer duration encounters, such as tour guides and shoe salespersons (e.g., Price, Arnould, & Deibler, 1995; Tsai & Huang, 2002), whereas we used food services where the average encounter was about two minutes. Since emotional contagion may be more likely to occur when people are intimate or identify with each other (Hatfield, et al, 1994),

perhaps the length and intimacy of the encounter acts as a boundary condition on the extent that mood that is "caught" from service with a smile. Though research has shown that *mimicry* is reflexive and spontaneous, the relationship of displays on *moods* may be cumulative over time.

In contrast, we found evidence that "service with a smile" in these brief encounters was satisfying to the customer because it led to high ratings of quality service. This finding was consistent with other studies showing that a smiling person is viewed more positively on both interpersonal and competence dimensions than one who smiles less (e.g., Clark & Taraban, 1991; Staw & Barsade, 1993). This the first known study that has demonstrated a link between smiling strength and service quality ratings, suggesting it is not just the occurrence of a smile, but the intensity of that smile that makes customers appraise the employee as more friendly and competent, and thus the encounter as more satisfying. In the service context, a maximal smiling employee is more likely to be perceived as providing desired service behaviors than a minimal smile, which is better than no smile. It should be noted that though this process involves appraisals rather than reflexively mimicked expressions or congruent moods, that does not necessary mean that it is conscious; it may be automatic due to associations formed from marketing campaigns or prior expectations. In conclusion, though both customer post-encounter moods and service quality appraisals contributed uniquely to encounter satisfaction, only the appraisals fully explained the relationship of "service with a smile" with encounter satisfaction.

Limitations

First, the service context is limited to brief encounters within food services in one town; future research is needed to examine how contextual factors, such as duration of encounter and regional differences, influence these relationships and the process of contagion. Second, we did not code for other service behaviors (e.g., mistakes made, efficiency given size of the order). We

cannot rule out the possibility that employees who are actually more experienced and competent are more able to smile – they might be less frustrated or distracted by tasks and thus can relax and enjoy the interaction. Such additions would be valuable in future research. Third, we did not examine nested effects of encounters within individual employees or stores. Characteristics of the employee (e.g., personality) shared across encounters could change the relationship among our variables, though other studies using multi-level modeling have shown that the expressions during an encounter predicts customer reactions beyond individual employee effects (Grandey et al., 2005). Characteristics of the store might also influence the relationships; however, post-hoc analyses with dummy variables did not find evidence of such effects and others have not found that store climate predicted customer reactions beyond employee displays (Tsai & Huang, 2002). Finally, the three dependent variables are inflated by shared method variance such that one could argue that our mediation analyses are unfair comparisons. However, analyses demonstrated that these customer reactions were best viewed as three separate constructs and the significant relationships of the survey variables with the observed variables argues against our results being fully explained by methodological artifacts.

Practical Implications

This study provides evidence for the continued interest in encouraging "service with a smile" for employees on the front lines. Even in brief encounters, maximal smiling by employees made customers respond similarly, they perceived the employee as providing quality service, and they felt satisfied with the encounter overall. This supports having display rules for "service with a smile," and monitoring and providing rewards and recognition for emotional performance. However, a difficulty of this approach was demonstrated in a recent study, showing that supervisors' attention to "service with a smile" increase the stress of this job

requirement (Wilk & Moynihan, 2005). Furthermore, it is important to keep in mind that requiring smiles may have an ironic effect of decreasing their authenticity (Ashforth & Humphrey, 1993); both field and experimental research suggests that inauthentic displays of emotion reduce the positive outcomes (Grandey, 2003; Grandey et al., 2005; Soussignan, 2002; Surakka & Hietanen, 1998). To reduce such effects, managers need to hire employees who are more likely to be genuinely positive and to foster a workplace that enhances authentic positive moods and expressions. Previous research has posited that there are individual differences in emotionality (e.g. Arvey, Renz & Watson, 1998); thus, organizations may benefit from including, for example, a measure of positive emotional expressivity in their selection system. Emotionally intelligent leaders are likely to be able to create an authentically positive workplace when they are supportive of employees and positively expressive themselves, thus role modeling desired behavior and hopefully creating contagion in employees (George, 2000). As another application, our research findings could be used to justify display rules, perhaps during socialization of new employees, to make them more acceptable. Finally, our results show that, in brief service encounters, appraisals of service quality are more critical in explaining the effectiveness of employees' displays than affective mechanisms. Thus, it is important to make sure that hiring and training focuses on the quality of the service encounter overall (e.g., friendliness, efficiency, accuracy), rather than simply putting the customer in a good mood. Enhancing the training of technical skills may, in fact, increase the resources available to enjoy the interaction more authentically, and thus produce both higher service quality ratings and more satisfied customers.

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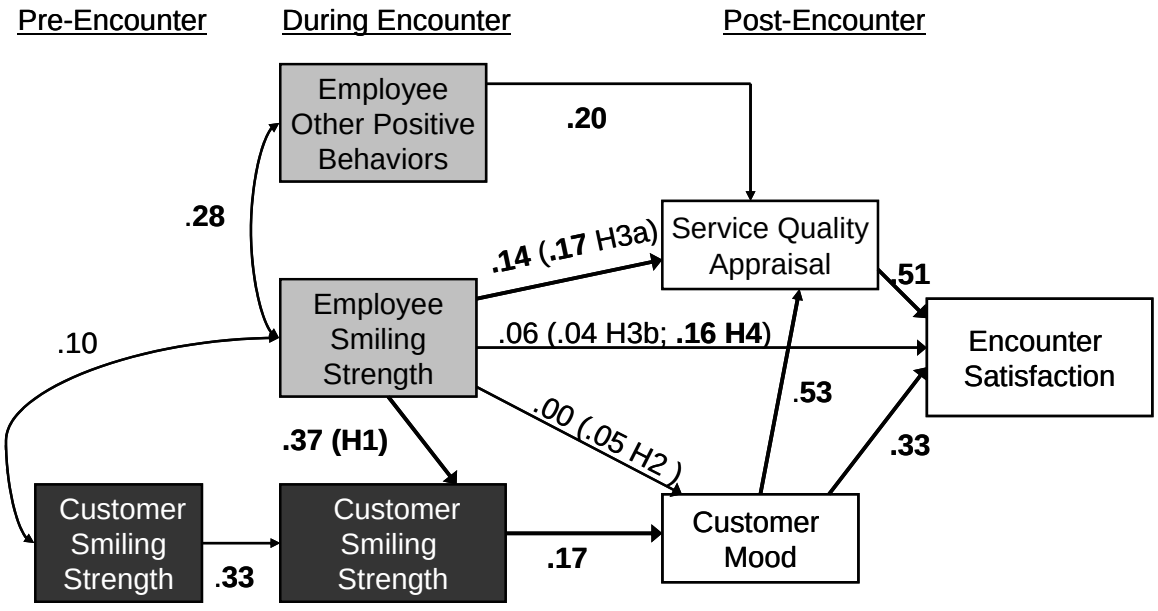
FIGURE 1

HYPOTHESIZED FULL MODEL AND RESULTS



Note: Different shading of the textboxes indicates different sources to measure variables. All coefficients are standardized, and values in bold are significant path coefficients ($p < .05$). Values in parentheses are the coefficients when the direct path of the mediation relationship is constrained to zero; the constrained paths were from customer smile strength to mood (H2); mood to service quality (H3a) and satisfaction (H3b), and service quality to satisfaction (H4).

TABLE 1

BIVARIATE CORRELATIONS AMONG STUDY VARIABLES

	M	*SD*	*1*	*2*	*3*	*4*	*5*	*6*	*7*
Customer Observations									
1. Pre-encounter Smiling[1]	.66	.74							
2. Encounter Smiling	.68	.54	.35**						
Employee Observations									
3. Encounter Smiling	.68	.55	.05	.39**					
4. Other Positive Behaviors[2]	2.42	.76	-.19*	-.04	.26**				
Post-Encounter Customer Survey									
5. Positive Mood	3.16	.89	.17*	.17*	.06	.07			
6. Service Quality Rating	3.85	.74	.21*	.24**	.22**	.27**	.55**		
7. Encounter Satisfaction	4.14	.74	.15*	.22**	.20*	.20**	.62**	.71**	

Note: [1]All smiling observations were scored as 0 = none, 1 = minimal smile, 2 = maximal smile, and averaged across three observations during the encounter. [2]Other Positive Behaviors = sum of occurrence (1 = yes, 0 = no) of verbal greeting, farewell, eye contact (range 0-3).

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